Innovating

ANNUAL REPORT
FY2018

CORPORATE **PROFILE**

Dual listed on the Mainboards of the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange, Inc, Del Monte Pacific Limited (Bloomberg: DELM SP/ DELM PM), together with its subsidiaries (the "Group"), is a global branded food and beverage company that caters to today's consumer needs for premium quality healthy products. The Group innovates, produces, markets and distributes its products worldwide.

The Group is proud of its heritage brands - *Del Monte, S&W, Contadina* and *College Inn* – majority of which originated in the USA more than 100 years ago as premium quality packaged food products. The Group has exclusive rights to use the *Del Monte* trademarks for packaged products in the United States, South America, the Philippines, Indian subcontinent and Myanmar, while for *S&W*, it owns it globally except Australia and New Zealand. The Group owns the *Contadina* and *College Inn* trademarks in various countries.

DMPL's USA subsidiary, Del Monte Foods, Inc (DMFI) (www.delmontefoods.com) owns other trademarks such as *Fruit Naturals, Orchard Select, SunFresh* and *Fruit Refreshers*, while DMPL's Philippines subsidiary, Del Monte Philippines, Inc (www.delmontephil.com), has the trademark rights to *Del Monte, Today's, Fiesta, 202, Fit 'n Right, Heart Smart, Bone Smart* and *Quick 'n Easy* in the Philippines.

The Group sells packaged fruits, vegetable and tomato, sauces, condiments, pasta, broth and juices, under various brands and also sells fresh pineapples under the *S&W* brand.

DMFI has joint ventures with Fresh Del Monte Produce Inc in chilled products - juices, packaged fruit, guacamole and avocado, and *Del Monte*-branded retail food and beverage outlets.

The Group owns approximately 95% of a holding company that owns 50% of FieldFresh Foods Private Limited in India (www.fieldfreshfoods.in). FieldFresh markets *Del Monte*-branded packaged products in the domestic market and *FieldFresh*-branded fresh produce. The Group's partner in FieldFresh India is the well-respected Bharti Enterprises, which is one of the largest conglomerates in India.

DMPL's USA subsidiary operates 10 plants in the USA and two in Mexico, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 25,000-hectare pineapple plantation in the Philippines and a factory that is about an hour's drive away. It also operates a beverage PET plant and a frozen fruit processing facility in the Philippines.

Except the joint venture companies with Fresh Del Monte Produce Inc, DMPL and its subsidiaries are not affiliated with the other Del Monte companies in the world, including Fresh Del Monte Produce Inc, Del Monte Canada, Del Monte Asia Pte Ltd and these companies' affiliates.

DMPL is 71%-owned by NutriAsia Pacific Ltd and Bluebell Group Holdings Limited, which are beneficially-owned by the Campos family of the Philippines. The NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines.

www.delmontepacific.com
www.delmontefoods.com
www.delmonte.com
www.swpremiumfood.com
www.contadina.com
www.collegeinn.com
www.delmontephil.com
www.lifegetsbetter.ph
www.fieldfreshfoods.in

For more information, please scan QR Code to access DMPL's website

“Creativity is thinking up new things.
Innovation is doing new things.”

- Theodore Levitt, Professor,
Harvard Business School

We chose the theme ***‘Innovating’*** for our Annual Report as innovation cuts across all functions and geographies of our Group. Innovation goes beyond launching new products and includes our processes, for example, agriculture, production and supply chain, marketing and trade promotion, sales, digital, support functions, energy resources -- and more. We aspire to achieve better results and cannot do more of the same. We need to cultivate a mindset that is constantly executing more efficient and more effective ways of achieving better results. It is imperative that we continue innovating across all functions and markets amidst the fast-changing consumer landscape, and execute against our strategy for future growth.

CONTENTS

OUR **VISION**

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.®

We nourish families by providing delicious food and beverages that make eating healthfully effortless – anytime and anywhere. We build brands with quality products that are perfectly wholesome and thoughtfully prepared.

OUR **CORE VALUES**

C	H	O	I	C	E
Championing Together	Healthy Families	Ownership with Integrity	Innovation	Commitment to Society & Environment	Excellence in Everything We Do

OUR **STRATEGY**

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.®

We nourish families by providing delicious food and beverages that make eating healthfully effortless – anytime and anywhere. We build brands with quality products that are perfectly wholesome and thoughtfully prepared.

ENABLERS

BUILD THE RIGHT CAPABILITIES, TALENT, CULTURE AND TEAM TO DELIVER AGAINST VISION

KEY BRANDS AND **BRAND OWNERSHIP**

DEL MONTE
(Packaged Products)

USA, SOUTH AMERICA, PHILIPPINES, INDIAN SUBCONTINENT AND MYANMAR

S&W
(For Both Packaged and Fresh Products)

GLOBALLY EXCEPT AUSTRALIA AND NEW ZEALAND

CONTADINA COLLEGE INN

THE GROUP ALSO OWNS THE CONTADINA AND COLLEGE INN TRADEMARKS

PRODUCTION FACILITIES

USA	Mexico	Philippines	India
10	2	3	1

"If you're competitor-focused, you have to wait until there is a competitor doing something. Being customer-focused allows you to be more pioneering."

- Jeff Bezos, Amazon

130 YEARS HERITAGE

1886
Del Monte is born in California

1926
Del Monte US sets up operations in the Philippines

OUR PASSION FOR QUALITY GOES BACK GENERATIONS.

The *Del Monte*® name has been synonymous with premium foods since its debut in 1886. For generations, our Company has proudly earned our reputation with a series of innovations and a singular dedication to quality.

Today that commitment to quality is deeply embedded in our culture. At Del Monte, we will always strive to cultivate the best wholesome vegetables, fruits, and tomatoes to help you and your family live a life full of vitality and enjoyment.

1979
RJR acquires Del Monte US, now called Del Monte Corporation (DMC)

1988
KKR buys RJR-Nabisco

1989
KKR sells DMC and breaks up the *Del Monte* brand

1996
DMC fully divests from Del Monte Philippines

1997
TPG acquires DMC

1999
- DMC lists on the New York Stock Exchange
- Del Monte Pacific Limited (DMPL) is incorporated as parent of Del Monte Philippines
- DMPL lists on the Singapore Exchange

TODAY
Del Monte sustains its quality promise for a new generation of consumers

2017
DMPL lists its Preference Shares on the PSE

2014
DMPL acquires the consumer food business of DMC from KKR for US$1.675 billion; re-unites with US company

2013
- DMPL lists on the Philippine Stock Exchange (PSE)
- NPL down to 67% stake

2011
KKR investor group reacquires DMC and takes it private

2007
- DMPL buys the *S&W* brand for Asia and EMEA from DMC
- DMPL enters into a joint venture with the Bharti group in India to form FieldFresh Foods Private Ltd

2006
NutriAsia Pacific Limited (NPL) acquires 85% of DMPL

FIVE-YEAR **SUMMARY**

FINANCIAL YEAR[1] (Amounts in US$ million unless otherwise stated)	FY2018	FY2017	FY2016 (As Restated)[2]	FY2015 (As Restated)[2]	CY2013
PROFITABILITY[3]					
Turnover	2,197.3	2,252.8	2,274.1	2,190.0	492.2
Gross Profit	432.5	494.9	485.8	411.5	115.6
EBITDA	102.3	194.0	241.3	89.7	42.3
EBITDA - without Non-Recurring items	165.0	211.8	208.2	149.3	68.8
Profit/(loss) from Operations	29.5	127.6	168.0	38.3	27.5
Net Profit Attributable to Owners	(36.5)	24.4	57.0	(40.3)	16.1
EPS (US cents)	(2.70)	1.21	2.93	(2.90)	1.24
Net Profit - without Non-Recurring items	12.0	45.5	25.2	(3.8)	33.9
EPS - without Non-Recurring items[4] (US cents)	(0.20)	2.29	1.30	(0.28)	2.62
Gross Margin (%)	19.7	22.0	21.4	18.8	23.5
EBITDA Margin (%)	4.7	8.6	10.6	4.1	8.6
Operating Margin (%)	1.3	5.7	7.4	1.7	5.6
Net Margin (%)	na	1.1	2.5	na	3.3
EPS Growth (%)	na	58.7	201.0	na	(49.8)
Return on Equity (%)	na	5.1	16.1	na	6.7
Return on Assets (%)	na	0.7	2.2	na	2.9
BALANCE SHEET					
Cash	24.2	37.6	47.2	35.6	132.9
Debt	1,465.2	1,714.0	1,843.8	1,718.5	276.7
Net Debt	1,441.0	1,676.4	1,796.6	1,682.9	143.8
Fixed Assets	610.9	657.2	661.2	679.3	99.5
Total Assets	2,509.1	2,757.1	2,706.4	2,628.4	617.6
Shareholders' Equity	608.3	578.6	377.0	330.5	228.4
Net Tangible Asset Per Share (US cents)	(5.5)	(8.4)	(19.2)	(22.1)	16.5
Net Debt to Equity Ratio (%)	236.9	289.8	476.6	509.2	62.9
CASH FLOW					
Cash Flow from Operations	322.9	187.1	108.0	308.6	27.8
Capital Expenditure	148.2	145.0	137.2	144.1	24.7
SHARE STATISTICS[5]					
Number of Outstanding Shares (m)	1,944.0	1,943.2	1,943.2	1,944.0	1,296.6
Number of Outstanding Preference Shares[6] (m)	30.0	20.0	-	-	-
Singapore Exchange					
Share Price[7] (S$)	0.20	0.34	0.42	0.57	0.56
Share Price (US$ equivalent)	0.15	0.24	0.31	0.41	0.44
Market Capitalisation (S$ m)	383.0	651.0	816.1	1,102.3	730.0
Market Capitalisation (US$ m)	287.2	466.4	606.8	834.4	575.2
P&L rate: US$1 : S$	1.33	1.40	1.35	1.32	1.27
Price Earnings Multiple[3] (x)	na	20.0	10.6	na	40.0
Philippine Stock Exchange					
Share Price[7] (Peso)	10.2	12.0	10.9	13.1	20.3
Share Price (US$ equivalent)	0.20	0.24	0.23	0.29	0.46
US$: Peso exchange rate	51.7	49.9	46.9	44.5	44.4
Market Capitalisation (US$ m)	382.6	467.3	453.4	572.9	592.6
Price Earnings Multiple[3] (x)	na	19.9	8.0	na	36.9
Share Price: Series A-1 Preference Shares[6] (US$)	10.1	10.0	-	-	-
Share Price: Series A-2 Preference Shares[6] (US$)	10.2	-	-	-	-
DIVIDEND					
Dividend Per Share (US cents)	-	0.61	1.33	-	0.62
Dividend Per Share (Singapore cents)	-	0.84	1.80	-	0.78
Dividend Yield (%)	-	2.5	5.2	-	1.1
Dividend Payout (%)	-	50.0	50.0	-	50.0

1 *DMPL's fiscal year ends in April in line with its USA subsidiary Del Monte Foods, Inc. For 2013, fiscal year was ending December.*

2 *DMPL adopted amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation for comparability.*

3 *The profitability of the Group from CY2013-FY2018 had been impacted by non-recurring items mostly in the USA. Please refer to the Operating and Financial Review section for more details.*

4 *EPS is calculated as earnings after preference share dividends resulting in a negative figure in FY2018.*

5 *DMPL ordinary shares were listed on 2 August 1999 on the Singapore Exchange and on 10 June 2013 on the Philippine Stock Exchange (PSE). Singapore share prices are converted to US cents for the purpose of computing financial ratios. DMPL did a 2:10 Bonus Issue with ex-date of 9 April 2013. It also did a Rights Issue in March 2015. New shares issued resulted in a 33% dilution.*

6 *Preference Shares started trading on the PSE on 7 April 2017 for Series A-1 and on 15 December 2017 for Series A-2.*

7 *Based on fiscal yearend prices, ie 30 April.*

FY2018 HIGHLIGHTS

- Group generated sales of US$2.2bn in FY2018, down 2.5% from prior year on higher Philippines and S&W Asia sales offset by lower USA and Europe sales
- The US business accounted for US$1.7bn or 75% of total sales
- The Philippine business delivered record sales of US$333.8m, up 7% in peso terms
- The S&W business in Asia generated record sales of US$106.1m, up 6%
- Without one-off items, the Group generated:
  - EBITDA of US$165.0m, down 22%
  - Net profit of US$12.0m, down 74%
  - Profitability impacted by unfavourable USDA and foodservice pricing in the USA, unfavourable sales mix and significantly lower industrial pineapple juice concentrate pricing in the international market
- Including one-off items, the Group generated:
  - EBITDA of US$102.3m, down 47%
  - Net loss of US$36.5m from net profit of US$24.4m in prior year
  - One-off expenses in the USA were due to planned closure of factories to streamline operations and become cost competitive, and write-off of deferred tax assets due to the change in Federal income tax rate
- Strengthened the US organisation since September 2017 with the appointment of a new CEO and CMO, amongst others
- Divested the underperforming Sager Creek business in USA
- Delevered the balance sheet
  - Additional US$100m of Preference Shares issued
  - Purchased US$125m of loans at a discount which will result in significant interest and principal savings
  - Almost doubled operating cash flow to US$323m, primarily on lower inventory in USA
  - Gearing reduced to 2.4x equity from 2.9x in FY2017
- Received Best Investor Relations (Gold) and Best Annual Report (Bronze) Awards from the Singapore Corporate Awards 2017, 12th SCA award since 2010
- Del Monte Philippines bagged the 7-Eleven Suppliers' Excellence Award, and FieldFresh Foods, our JV in India, received the Yum! Innovation Excellence Supplier Award

Notes on DMPL's Results

1. *Effective 1 May 2014, DMPL changed its financial yearend to 30 April instead of 31 December to align with that of its US subsidiary, Del Monte Foods, Inc (DMFI). FY2018 runs from 1 May 2017 to 30 April 2018.*
2. *DMPL's financial statements are based on IFRS. DMFI's financial statements were converted from US GAAP to IFRS for consolidation purposes.*
3. *DMPL's effective stake in DMFI is 89.4%, hence the non-controlling interest (NCI) line in the P&L. Consolidated net income in the narratives are net of NCI.*
4. *DMPL adopted amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation for comparability.*

LETTER TO **SHAREHOLDERS**

DEAR SHAREHOLDERS,

In FY2018, we focused on three key areas – deleveraging the balance sheet, strengthening our core business and innovating products and processes.

DELEVERAGING THE BALANCE SHEET

Since our leveraged acquisition of the consumer food business of Del Monte in the USA, we have raised about US$450 million of equity for debt repayment, of which we raised nearly US$300 million in April and December 2017 by issuing the first US dollar denominated Preference Shares listed on the Philippine Stock Exchange (PSE). We raised US$150 million of capital through a Rights Issue in 2015.

Secondly, as of April 2018, we purchased US$125 million of loans in the USA that has yielded significant principal and interest savings. These loans had been trading at a substantial discount to par value in the secondary market and are the highest interest-bearing credit facility of the Group.

Finally, our Group significantly improved our operating cash flow to US$322.9 million in FY2018 from US$187.1 million in the prior year, primarily by reducing inventory in the USA.

As a result of all these initiatives we have executed, we reduced our net debt at the end of FY2018 to US$1.4 billion, much lower than US$1.7 billion at the end of the prior year.

We ended FY2018 with a net debt to equity ratio of 2.4x, a reduction from 2.9x in the prior year, and more significantly, 7.5x four years ago post-acquisition.

To further improve our capital structure, we plan to sell about 20% of our stake in our wholly-owned subsidiary, Del Monte Philippines, Inc (DMPI), through a public offering on the PSE. Proceeds will be used for loan repayment which will strengthen our balance sheet further and also improve our profitability with lower interest expense. This capital-raising will also unlock the value of our subsidiary and the Group as a whole, creating immense benefit to DMPL and our shareholders, as well as to DMPI. We deferred the planned IPO in June 2018, as advised by our underwriters, due to volatile market conditions, and will update the public about the relaunch under more favourable equity markets.

STRENGTHENING OUR CORE BUSINESS

With our US business generating 75% of Group sales, it is imperative that we have the right leadership to steer it to profit and sustained growth. In FY2018, we strengthened our US leadership team with the appointment of a new Del Monte Foods, Inc (DMFI) CEO, Chief Marketing Officer, and Heads of Operations and Foodservice.

MR ROLANDO C GAPUD
Executive Chairman

MR JOSELITO D CAMPOS, JR
Managing Director and CEO

Our new DMFI CEO Gregory Longstreet joined us in September 2017. He has over 25 years of work experience in the food industry, having held critical commercial roles in sales, marketing and general management, including President and CEO.

Under this revitalised US leadership team, the company has become more market-driven, innovative and aligned with consumer preferences, supported by a strong operations team.

As part of continuing efforts to improve operational excellence and profitability, we divested the non-performing Sager Creek vegetable business in September 2017, closed its factory, and also shut another plant in Indiana. As a result of these, we booked one-off expenses amounting to US$62.7 million in FY2018. These planned closures will lead to improvement in margins starting FY2019 as well as generate stronger cash flow through lower inventories. We continue to review our manufacturing and distribution footprint in the US.

We also continued to strengthen our core business in Asia. Both the Philippines and S&W markets delivered record sales in FY2018.

INNOVATING PRODUCTS AND PROCESSES

The Group has been working on making product innovation more broad-based, and focusing on real innovation, not just mere renovation or product line extension.

Further to the successful innovation in packaged fruit and broth in the US, we are working on vegetable and tomato innovation, especially in packaging and more value-added products for the consumer, going beyond traditional, commoditised offerings.

Under new leadership, DMFI increased focus on innovation in the USA, significantly shifting project focus from base work to new product development.

We entered into a new category of frozen pineapple using Nice Fruit's breakthrough technology which allows fruits and vegetables to be frozen for up to three years and, once thawed, still retain their original properties just like fresh. This award-winning technology is a game-changer for both our foodservice and retail markets. We have started selling in Japan with excellent feedback, and have sent the product to the US, Europe, Middle East and other parts of Asia for market development.

Across our businesses and markets, we need to decommoditise the low-priced segment of our product portfolio, whether it's canned products in the US for retail and foodservice, or pineapple juice concentrate (PJC). While we have reduced our PJC sales over time and shifted capacity to branded retail and foodservice juices, we have not yet completely eliminated our exposure to this commodity.

Our innovation in the Philippines will go beyond focusing on beverage, and will include more new product launches in fruits and culinary, focusing on value-added and differentiated offerings.

Innovation goes beyond launching new products, includes our processes and cuts across all functions of our Company.

1. Agriculture: We have been transforming our plantation in the Philippines by allocating more land and resources to growing more premium MD2 or *Sweet 16* fresh pineapple to support the growth of our *S&W* business. We will continue to leverage precision agriculture and technology, such as drone technology, to improve our productivity.

2. Production and Supply Chain: Since FY2015, we have closed four plants in the US. We continue to review our manufacturing and distribution footprint in the US to improve operational efficiency. We will leverage co-packing opportunities and outsource product innovation to improve our agility and speed to launch new products. We will be more market-driven and not supply-driven.

3. Marketing: We will market as a brand leader and build brand equity, and not just rely on trade promotion, especially in the US. In fact, we are rationalising trade promotion that does not yield positive returns, and are driving spending efficiency. We are also entering the frozen food sector with a patented and award-winning process from Nice Fruit of Spain. This process gives frozen fruits and vegetables a shelf life of three years and retains the characteristics of fresh when thawed.

4. Sales: We will no longer focus solely on retail centre-of-store, but also on retail perimeter, convenience stores and foodservice. If we do not disrupt our traditional route to market, somebody else will.

5. Digital: We will continue to execute a strategy where we partner with e-commerce providers in order to sell more products online. Consumers have been changing the way they shop. Accordingly, we will increase the share of digital marketing. Millennials are spending more time online versus traditional media.

6. Support functions: We will continue to outsource back-office and support functions beyond accounting and IT to a cost-competitive global service provider. We have reinforced our cyber security systems. We will optimise G&A costs across our businesses.

LETTER TO **SHAREHOLDERS**

"Innovation distinguishes between a leader and a follower."

- Steve Jobs, Apple

7. Renewable energy: We will leverage alternative, renewable sources of energy, amidst rising energy costs. Our waste-to-energy facility in the Philippines reduced electricity cost by over 20%, reducing dependence on more expensive, less sustainable sources of energy.

These are examples of how we innovate our businesses and processes. We aspire to achieve better results and cannot do more of the same. We need to cultivate a mindset that is constantly seeking more efficient and more effective ways of achieving better results.

FY2018 RESULTS

Our Group generated sales of US$2.2 billion in FY2018, down 2.5% from prior year on higher Philippines and S&W Asia sales, offset by lower US and Europe sales.

Sales in the USA were down by 2.5% largely due to lower canned tomato sales, and unfavourable pricing in foodservice and US Department of Agriculture (USDA). We are deprioritising low-margin, non-core businesses of USDA and private label, and focusing on more value-added, less commoditised products both in retail and foodservice.

Our Philippine business delivered record sales of US$333.8 million, up 7% in peso terms as all product categories – packaged fruit, beverage and culinary – posted higher sales, while the fastest-growing foodservice channel continued to expand.

Sales of the S&W business in Asia and the Middle East reached a record US$106.1 million, 6% higher due to strong double-digit growth of the *S&W Sweet 16* fresh pineapple, mainly in North Asia.

Sales at our Indian joint venture (JV) FieldFresh Foods, which are equity accounted, were US$76.2 million in FY2018 driven by the 10% growth of the *Del Monte* business. FieldFresh sustained its positive EBITDA while our Company's share of loss in the JV was much lower at only US$0.3 million, nearing breakeven.

Without one-off items, the Group generated EBITDA of US$165.0 million, down 22%, and net profit of US$12.0 million, down 74%. Profitability was impacted by unfavourable USDA and foodservice pricing in the USA, unfavourable sales mix and significantly lower industrial PJC pricing in the international market. The Group has been shifting to more branded consumer beverage given the volatile nature of industrial and commodity PJC.

Including one-off items, the Group generated EBITDA of US$102.3 million, down 47%, and a net loss of US$36.5 million. One-off expenses were incurred in the USA due to the planned closure of factories to streamline operations and become cost competitive, and write-off of deferred tax assets due to the change in the US Federal income tax rate.

STRATEGY

Del Monte is an iconic brand, a household name in the United States with over 130 years of brand heritage. However, as with most canned food products, we are faced with structural declines in the industry. Our strategy must recognise the fundamental changes in the marketplace and technology for consumer goods. There are disruptions everywhere - in the centre store, distribution channels, supply chains, technological developments, consumer demographics and behaviour.

There has been a fundamental shift in how people purchase, prepare and enjoy their food, and the pace of change will only intensify. Success will require great execution against growth strategy areas.

We must think "outside the can". We have been introducing on-trend products in growing formats such as cups and cartons. We will intensify this with a medium-term target of 20% of US sales coming from innovation from only 1% in FY2018.

We will further develop new categories of frozen and snacking. We will increase the share of value-added products in both retail and foodservice.

With the Fresh Del Monte joint ventures on chilled fruit snacks, juices, guacamole and avocado products, and retail F&B, we formed the "Perimeter & Convenience team" in the US to unlock growth opportunities in the perimeter of store and the rapidly growing convenience store channel.

FY2018 was a year of transition for our US business marked by new leadership, and an updated long-range plan designed to build its brands, bring differentiated and innovative products to market, expand channels of distribution and optimise supply chain.

Our business is well positioned vis-à-vis the ongoing consumer trends for health, wellness and nutrition. There is latent market demand to consume more fruits and vegetables. We must recognise and seize opportunities that support this. We have the right leadership team that is more strategic, innovative and driven to deliver performance.

OUTLOOK

Barring unforeseen circumstances, DMPL is expected to be profitable in FY2019.

We will focus on strengthening the core business, while addressing changing consumer preferences. Innovation–through better product and packaging development, improved agriculture and manufacturing technology, and optimised production and supply chain–will continue to fuel growth initiatives.

Increased investment in marketing and rationalised trade promotion spend will strengthen our core business. We will remain vigilant in keeping costs down through supply chain synergies and G&A cost optimisation.

We continue to review our manufacturing and distribution footprint in the US to improve operational efficiency and further reduce costs.

Our Company will continue to expand our branded business in Asia, through the *Del Monte* brand in the Philippines where we are a dominant market leader. *S&W*, primarily fresh pineapples, will continue to grow as demand exceeds supply especially in North Asia, while our affiliate in India will continue to generate higher branded *Del Monte* sales and sustain its positive EBITDA towards delivering net profit.

SUSTAINABILITY

Throughout the long history of the *Del Monte* brand, our Group has strived to operate a sustainable business that produces quality products, creates jobs, acts with integrity, and contributes to the economic, environmental and social well-being of the local communities we serve. As a leading global food company, corporate sustainability is an important part of the Group's strategic plan. We will be publishing our first Sustainability Report by October 2018 in compliance with SGX guidelines. The summary is on pages 59-72 of this Annual Report.

Our Company stands by its commitment to grow its business in a manner that sustains a healthy balance among diverse interests of all stakeholders – our employees and their families, business partners, customers, consumers and host communities.

AWARDS

Since the Singapore Corporate Awards (SCA) began in 2006, we are truly honoured to have received 4 distinct awards – Best Managed Board, Best Chief Financial Officer, Best Investor Relations and Best Annual Report – and to be one of only 14 companies who have achieved this from about 750 companies listed in Singapore. DMPL has also won 2 Gold awards each for the Best Managed Board and Best Investor Relations, and is one of less than 10 companies to have achieved this recognition. In the SCA in July 2017, we won the Best Investor Relations (Gold) and Best Annual Report (Bronze) Awards.

Our Company also ranked 16th or top 3% amongst 606 Singapore-listed companies in the Singapore Governance and Transparency Index in August 2017.

On the commercial front, Del Monte Philippines bagged the 7-Eleven Suppliers' Excellence Award, while FieldFresh received the Yum! Innovation Excellence Supplier Award.

We are humbled and inspired to continuously uphold and advance corporate governance, innovation and excellent service.

APPRECIATION

We thank our employees for their hard work and dedication, and encourage them to continue ***Innovating*** across all businesses, functions and markets.

We are grateful to you, our shareholders, bankers, business partners and customers for your sustained support. And finally, we thank the Chairmen of our Board Committees, our Independent Directors and the rest of the Board members for their invaluable wise counsel.

MR ROLANDO C GAPUD
Executive Chairman

MR JOSELITO D CAMPOS, JR
Managing Director and CEO

17 July 2018

BOARD OF **DIRECTORS**

1. MR ROLANDO C GAPUD

Executive Chairman, 76
Appointed on 20 January 2006 and last re-elected on 30 August 2017

Mr Rolando C Gapud has over 35 years of experience in banking, finance and general management, having worked as CEO of several Philippine companies, notably Security Bank and Trust Company, Oriental Petroleum and Minerals Corp and Greenfield Development Corp. He was also the COO of the joint venture operations of Bankers Trust and American Express in the Philippines. He has served in the Boards of various major Philippine companies, including the Development Bank of the Philippines, the development finance arm of the Philippine Government. Mr Gapud is the Chairman of the Board of Del Monte Foods, Inc, DMPL's US subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Master of Science in Industrial Management degree from the Massachusetts Institute of Technology. He is a member of the Asian Executive Board of the Sloan School in MIT and the Board of Governors of the Asia School of Business, a joint venture between the Sloan School of MIT and Bank Negara, the Central Bank of Malaysia.

2. MR JOSELITO D CAMPOS, JR

Executive Director, 67
Appointed on 20 January 2006 and last elected on 28 April 2006

Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Chairman of Ayala-Greenfield Development Corp, two major Philippines property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. Mr Campos is the Vice Chairman of Del Monte Foods, Inc, DMPL's US subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of the Company with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Consul General in the Philippines for the Republic of Seychelles. He is also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council and the Philippines Center for Entrepreneurship; a National Advisory Council Member of the World Wildlife Fund-Philippines; and a Director of the Philippine Eagle Conservation Program Foundation, Inc. Mr Campos holds an MBA from Cornell University.

Directorships in other listed companies, both current and in the past three years:	
MR JOSELITO D CAMPOS, JR Director of Philippine-listed San Miguel Corporation (since 2010)	**MR GODFREY E SCOTCHBROOK** Independent Director of Singapore-listed Boustead Singapore Ltd (since 2000) and Non-Executive Director of Hong Kong-listed Convenience Retail Asia (since 2002)
DR EMIL Q JAVIER Independent Director of Philippine-listed Centro Escolar University (since 2002)	None of DMPL's Directors are Chairman in other listed companies

3. MR EDGARDO M CRUZ, JR

Executive Director, 63

Appointed on 2 May 2006 and last re-elected on 28 August 2015

Mr Edgardo M Cruz, Jr is a member of the Board of the NutriAsia Group of Companies. Mr Cruz is a Director of Del Monte Foods, Inc, DMPL's US subsidiary. He is the Chairman of the Board of Bonifacio Gas Corporation, Bonifacio Water Corporation and Bonifacio Transport Corporation. He is a member of the Board of Evergreen Holdings Inc, Fort Bonifacio Development Corporation and the BG Group of Companies. He is also a Board member and Chief Financial Officer of Bonifacio Land Corporation. He sits on the Boards of Ayala Greenfield Development Corporation and Ayala Greenfield Golf and Leisure Club Inc. He is a member of the Board of Trustees of Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. Mr Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University. He is a Certified Public Accountant.

4. MR BENEDICT KWEK GIM SONG

Lead Independent Director, 71

Appointed on 30 April 2007 and last re-elected on 30 August 2017
Appointed as Lead Independent Director on 11 September 2013

Mr Benedict Kwek Gim Song is a Director of Del Monte Foods, Inc, DMPL's US subsidiary. Mr Kwek was Chairman of previously SGX-listed Pacific Shipping Trust from 2008 to 2012. He was also a Director and Chairman of the Audit Committee of listed companies including Ascendas REIT. He has over 30 years of banking experience, having served as the President and CEO of Keppel TatLee Bank. He has held various key positions at Citibank in the Philippines, Hong Kong, New York and Singapore. He holds a Bachelor of Social Science (Economics) degree from the then University of Singapore and attended a management development programme at Columbia University in the United States.

5. MR GODFREY E SCOTCHBROOK

Independent Director, 72

Appointed on 28 December 2000 and last re-elected on 28 August 2015

Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with more than 40 years of experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and a Non-Executive Director of Hong Kong-listed Convenience Retail Asia. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations. He is also a Director of Del Monte Foods, Inc, DMPL's US subsidiary. Mr Scotchbrook earned his DipCam PR having studied Media and Communications at City University, London.

6. DR EMIL Q JAVIER

Independent Director, 77

Appointed on 30 April 2007 and last re-elected on 30 August 2016

Dr Emil Q Javier is a Filipino agronomist widely recognised in the international community for his academic leadership and profound understanding of developing country agriculture. He was until recently the President of the National Academy of Science and Technology of the Philippines. He has served as Philippines Minister of Science and President of the University of the Philippines. He was the first and only developing country scientist to Chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research (CGIAR). He was Chairman of the Board of the International Rice Research Institute (IRRI); Chair and Acting Director of the Southeast Asia Center for Graduate Study and Research in Agriculture (SEARCA); and Director General of the Asian Vegetable Research and Development Center (Taiwan). Dr Javier is a Director of Del Monte Foods, Inc, DMPL's US subsidiary and is an Independent Director of Philippine-listed Centro Escolar University. He holds doctorate and masteral degrees in plant breeding and agronomy from Cornell University and the University of Illinois. He completed his bachelor's degree in agriculture at the University of the Philippines at Los Baños.

7. MRS YVONNE GOH

Independent Director, 65

Appointed on 4 September 2015 and last re-elected on 30 August 2016

Mrs Goh is a Director of UNLV Singapore Limited, the Singapore campus of the University of Nevada Las Vegas (UNLV), USA. Mrs Goh is also a Director of EQUAL-ARK Singapore Ltd, a charity registered under the Charities Act and an Institution of a Public Character (IPC), assisting at-risk-kids through equine-assisted learning. She also serves on the Board of Del Monte Foods, Inc, DMPL's US subsidiary. Mrs Goh was previously Managing Director of the KCS Group in Singapore, a professional services organisation and Managing Director of Boardroom Limited, a company listed on the SGX. Mrs Goh had served on the Board of WWF Singapore Limited, a registered charity and an IPC, and the Singapore chapter of WWF International, a leading global NGO. She had served as a Council Member and Vice Chairman of the Singapore Institute of Directors as well as Chairman of its Professional Development Committee. Mrs Goh was also a Director of the Accounting and Corporate Regulatory Authority (ACRA) and a past Chairman of the Singapore Association of the Institute of Chartered Secretaries and Administrators. Mrs Goh is a Fellow of the Singapore Institute of Directors and a Fellow of the Institute of Chartered Secretaries and Administrators, UK.

SENIOR
MANAGEMENT

MR JOSELITO D CAMPOS, JR
Managing Director and Chief Executive Officer
Joined the DMPL Group on 16 March 2006

Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Chairman of Ayala-Greenfield Development Corp, two major Philippines property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. Mr Campos is the Vice Chairman of Del Monte Foods, Inc, DMPL's US subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of the Company with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Consul General in the Philippines for the Republic of Seychelles. He is also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council and the Philippines Center for Entrepreneurship; a National Advisory Council Member of the World Wildlife Fund-Philippines; and a Director of the Philippine Eagle Conservation Program Foundation, Inc. Mr Campos holds an MBA from Cornell University.

MR LUIS F ALEJANDRO
Chief Operating Officer
Joined the DMPL Group on 16 March 2006

Mr Luis F Alejandro has over 30 years of experience in consumer product operations and management. He started his career with Procter & Gamble where he spent 15 years in brand management before joining Kraft Foods Philippines Inc as President and General Manager. Later, he joined Southeast Asia Food Inc and Heinz UFC Philippines, Inc, two leading consumer packaged condiment companies of the NutriAsia Group, as President and Chief Operating Officer. He then became President and Chief Operating Officer of ABS-CBN Broadcasting Corporation, a leading media conglomerate in the Philippines. Mr Alejandro is a Director of Del Monte Foods, Inc, DMPL's US subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management.

MR IGNACIO C O SISON
Chief Corporate Officer
Joined the DMPL Group on 1 August 1999

Mr Ignacio C O Sison is responsible for strategic planning, sustainability, risk management and investor relations. He has been with DMPL since 1999 and was the group's Chief Financial Officer for nine years. Mr Sison has over 25 years of finance experience spanning corporate and strategic planning, financial planning, treasury, controllership and corporate sustainability. Before joining Del Monte Pacific, he was CFO of Macondray and Company, Inc, then DMPL's parent company, for three years. He also worked for Pepsi-Cola Products Philippines and SGV & Co, the largest audit firm in the Philippines. Mr Sison holds an MSc degree in Agricultural Economics from Oxford University; an MA, Major in Economics, from the International University of Japan; a BA in Economics, magna cum laude, from the University of the Philippines; and an International Baccalaureate from the Lester B Pearson United World College of the Pacific in Canada. In 2010, Mr Sison received the Best CFO award from the Singapore Corporate Awards.

MR PARAG SACHDEVA
Chief Financial Officer
Joined the DMPL Group on 21 September 2015

Mr Parag Sachdeva has more than 20 years of management and finance experience spanning planning and controllership, performance management, mergers and acquisitions, treasury, IT and human resources. Before joining DMPL, he was with Carlsberg Asia for more than a year and supported efficiency and effectiveness programmes across the Asian and African regions. Prior to Carlsberg, he was with HJ Heinz for 20 years and held leadership positions in Asia Pacific regions in finance, IT and human resources. Mr Sachdeva graduated from the Aligarh Muslim University in India, Major in Accounting and Commerce. He also has an MBA degree, Major in Finance from the same university.

MR ANTONIO E S UNGSON
Chief Legal Counsel, Chief Compliance Officer and Company Secretary
Joined the DMPL Group on 16 August 2006

Mr Antonio E S Ungson is Chief Legal Counsel, Chief Compliance Officer and Company Secretary of the Company. He is also Head of the Legal Department of Del Monte Philippines, Inc since March 2007. Prior to joining the Group in 2006, Mr Antonio E S Ungson was a Senior Associate in SyCip Salazar Hernandez & Gatmaitan in Manila, where he served various clients for eight years in assignments consisting mainly of corporate and transactional work including mergers and acquisitions, securities and government infrastructure projects. He also performed litigation work and company secretarial services. Mr Ungson was a lecturer on Obligations and Contracts and Business Law at the Ateneo de Manila University Loyola School of Management. He obtained his MBA from Kellogg HKUST, his Bachelor of Laws from the University of the Philippines College of Law and his undergraduate degree in Economics, cum laude and with a Departmental award at the Ateneo de Manila University.

MR RUIZ G SALAZAR
Chief Human Resource Officer
Joined the DMPL Group on 12 October 2016

Mr Ruiz G Salazar is a Human Resources and Organisation Development Leader with over 25 years of professional career focused on delivering strategic and effective solutions as a value-driven partner to business, most of which was spent with Johnson & Johnson (J&J). He was Regional Human Resources Director of J&J Asia Pacific, where he was responsible for talent management, organisation transformation, succession pipelining and capability development covering mostly J&J's Consumer Division across the region. Prior to J&J, he was also Group Head – Human Resources and Organisation Development of NutriAsia Food, Inc. Mr Salazar completed the J&J's Senior Management Program at the Asian Institute of Management in 1996, and the J&J's Advanced Management Program at the University of California in 1995. He obtained his Bachelor of Arts degree (Major in Economics) from the University of Santo Tomas.

MS MA BELLA B JAVIER
Chief Scientific Officer
Joined the DMPL Group on 5 February 2007

Ms Ma Bella B Javier has more than 30 years of experience in R&D from leading fast moving consumer goods in the food industry. She spent 20 years at Kraft Foods, with her last assignment as the Director for Asia Pacific Beverage Technology and Southeast Asia Development. In her present role, she heads the Consumer Product and Packaging Development and the Quality Assurance functions for the Group. She is driving the Technology Development roadmap for the Company, including plantation research programmes that impact consumer product development. She is a Certified Food Scientist from the Institute of Food Technologists, Chicago, Illinois, USA. Ms Javier is a Licensed Chemist with a Bachelor's degree in Chemistry from the University of the Philippines (UP). She sits in the Board of Trustees of UP's Chemistry Alumni Foundation. Ms Javier was accorded the 2015 UP Distinguished Alumni in the field of Science and Technology.

SENIOR **MANAGEMENT**

DEL MONTE FOODS, INC

DEL MONTE PHILIPPINES, INC

S&W FINE FOODS INTERNATIONAL LTD

DEL MONTE FOODS, INC

1. **JOHN CLARK**
   SVP, Chief Human Resources Officer
2. **GENE ALLEN**
   SVP, Chief Financial Officer
3. **DAVID MEYERS**
   Chief Operating Officer
4. **GREGORY LONGSTREET**
   President and Chief Executive Officer
5. **WILLIAM SAWYERS**
   SVP, General Counsel, Chief Compliance Officer, Secretary
6. **BIBIE WU**
   SVP, Chief Marketing Officer
7. **GARY THOMAS**
   SVP, Operations

DEL MONTE PHILIPPINES, INC

1. **AMANTE AGUILAR**
   Group Head, Supply Chain
2. **EILEEN ASUNCION**
   Group Head, Marketing
3. **FRANCISCO MOLAS**
   Group Head, Mindanao Operations
4. **ANTONIO UNGSON**
   Chief Legal Counsel, Chief Compliance Officer and Company Secretary
5. **PARAG SACHDEVA**
   Chief Financial Officer
6. **JOSELITO CAMPOS, JR**
   President and CEO
7. **LUIS ALEJANDRO**
   General Manager and COO
8. **CESAR CANLAS**
   Group Head, Information Technology
9. **GERARD BAUTISTA**
   Group Head, Corporate Human Resources
10. **LANA PARUNGAO**
    Group Head, Customer and Channel Development
11. **ANGEL GATCHALIAN, JR**
    Group Head, Corporate Procurement

S&W FINE FOODS INTERNATIONAL LTD

1. **MARCO VERDEFLOR**
   Commercial Manager, China, Korea, Taiwan and Middle East (Fresh)
2. **FRITZ MATTI**
   Commercial Manager, Japan (Fresh and Packaged)
3. **SUMARLEKI AMJAH**
   Head, ASEAN, MENA and Indian subcontinent (Packaged)
4. **SHARIN REBOLLIDO**
   Commercial Manager, China, Korea, Hong Kong and Taiwan (Packaged)
5. **TAN CHOOI KHIM**
   General Manager
6. **RICHARD LIN**
   Commercial Manager, China (Fresh and Packaged)
7. **WARUNEE 'GAYE' KARNASUTA**
   Commercial Manager, Europe, Middle East and Africa (Packaged)
8. **YAP SIEW LING 'ISON'**
   Commercial Manager, Europe, Middle East and Africa (Packaged)

"You've got to make your team have value, innovation, and vision."

- Jack Ma, Alibaba

INNOVATIONS

Grab-and-go Fruit Cup® with spork

Healthier range of College Inn® broth products

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.®

With our vision, we would like to share our Innovation journey across our markets. Innovation is at the heart of being able to nourish families with delicious food and beverages that make eating healthfully effortless – anytime and anywhere. By doing so, it is our hope that we are enriching lives every day.

DEL MONTE, S&W, CONTADINA AND COLLEGE INN IN USA

In the four years since Del Monte Pacific acquired the Del Monte consumer food business in the US, significant strides have been made in introducing new, more convenient and environment-friendly products to the American public especially in FY2018. DMPL's US subsidiary, Del Monte Foods, Inc (DMFI), has taken a leadership role in meeting consumer preferences.

To make adult snacking solutions more relevant in the growing centre of store channel and grab-and-go kiosks, DMFI introduced the grab-and-go Singles. Each exciting adult Fruit Cup® variety comes with a spork, allowing immediate consumption.

Following the successful launch of *Fruit Refreshers®*, the first adult focused Fruit Cup®, DMFI introduced its second adult Fruit Cup® line, *Del Monte® Fruit & Chia™* in June 2017. In its first year, *Fruit & Chia™* surpassed initial projected growth. Retailer support was strong and sales have been highly incremental to the category leading some retailers to begin carving out adult Fruit Cup® segment on shelves. Marketing efforts drove significant trial, with over six million households trying the product line. Consumers have reacted very favourably to the product and is over indexing with the younger, millennial target demographic.

Encouraged by the success of *Fruit Refreshers®* and *Fruit & Chia™*, DMFI recently extended the Fruit Cup® line into a new segment with *Del Monte® Fruit & Oats™* – a unique ready-to-eat product combining fruit with whole grain oats. These new products were launched to address consumer trends of healthy living, snacking and convenience. Nearly 50% of US food consumption is in snacking, hence, the exciting potential in this Fruit Cup® segment.

Consumers are increasingly aware of nutritious ingredients and are seeking transparency. They want high-quality, clean, and simple ingredients. In response, *College Inn®* has improved its broth in cartons. The new formula tastes delicious and is all-natural, with no artificial ingredients or flavours, no MSG, gluten free, and non-GMO.

Del Monte Foods has met American consumer expectations for transparency in labeling and for non-GMO products by certifying that the majority of *Del Monte®* vegetable products, 95% of *Del Monte®* tomato products, and all *Del Monte®* Fruit Cup® snacks are made without genetically engineered ingredients. The vegetables, tomatoes, and fruits used in *Del Monte®* products have always been non-GMO, but other ingredients like sweeteners, thickeners, and seasonings were not. It took innovative product development and supply chain assurance programmes to make this happen.

DMFI has also been an innovative leader in working with its packaging suppliers to develop, qualify through rigorous testing, and commercially implement BPA-NI (BPA Non-Intent) packaging. These programmes now permit 100% of *Del Monte®* tomato products, and nearly all of *Del Monte®* vegetable and fruit products, to be packaged in containers that do not use BPA in the packaging production. This packaging innovation helps ensure that *Del*

Shift to non-GMO and non-BPA cans

Del Monte® Fruit & Chia™, a category first combining fruit with wholesome chia

Monte® is a trusted source of high-quality food products and satisfies evolving regulatory requirements.

DEL MONTE IN THE PHILIPPINES

In the past ten years, the Group has launched a slew of new products using breakthrough technologies in ingredients, packaging and processes. Health and wellness has been the anchor for new product introductions, with the consumers' health needs in mind. Finding solutions to address emerging health issues has led to a host of innovative products that offer clinically-proven benefits, from promoting weight management and body fat reduction, to cholesterol lowering and bone health advantage.

The beverage portfolio in the Philippines offers a range of *Del Monte Fit 'n Right Juice Drinks* with Green Coffee Extract and L-Carnitine proven to result in body fat reduction with diet and exercise; *100% Pineapple Juice Heart Smart with Reducol™*, a special blend of plant sterols and stanols that help lower bad cholesterol; and *100% Pineapple Juice Bone Smart™*, a calcium-fortified juice that has twice the level of calcium than a glass of milk, designed to provide the same benefit to the lactose-intolerant consumers.

The portfolio of products that offer healthier choices has expanded: *100% Pineapple Juice* fortified with vitamins A, C & E, *100% Fiber-Enriched Pineapple Juice*, Lycopene-rich tomato sauces and ketchup, no-MSG culinary sauces and cooking aids.

In FY2017, the Group entered the isotonic segment, a new category – with the launch of *Del Monte*

Innovative Del Monte beverages

Del Monte Juices in a new 1-litre carton format

Fit 'n Right Active, the first 2-in-1 Isotonic drink with Electrolytes for rehydration and L-Carnitine for fat reduction.

With the strong volumes delivered by the *Del Monte Juice Drinks* in 1-litre carton format, *100% Pineapple Juices (A-C-E, Fiber-Enriched, Heart Smart & Bone Smart)* in 1-litre carton format were launched in FY2018 and positioned to promote family consumption. For the growing juice drinks segment, more flavour variants - *Pineapple Strawberry, Pineapple Blueberry, White Grape and Mango Peach* - were introduced.

Further expanding the beverage portfolio are new fruit-based juice drinks, made more exciting for the teens with the addition of fruit bits (pineapple and nata de coco or coconut gel), branded as *Del Monte Juice & Chews*.

Under the *Fit 'n Right* brand, the Group further expanded the line-up by introducing *Fit 'n Right Juice Drinks with Crushed Pineapple*

Del Monte Juice & Chews, the new fun snack-in-a-drink

Del Monte Fit 'n Right Juice Drinks with Crushed Pineapple for fibre benefit

for fibre benefit. Flavours include *Pineapple* and *Four Seasons*.

S&W AND CONTADINA IN ASIA PACIFIC

S&W is our brand platform for Asia outside of the Philippines and the Indian subcontinent, and it is adaptable to the diverse tastes of its markets. Our approach has been to launch products from our existing portfolio and, at the same time, adjust to local tastes and needs.

S&W "Pina Coolada", a refreshing Pineapple Fruit Drink with Coconut flavour, was introduced in Israel with trail-blazing success and is now expanding to Turkey. The first-in-market combination of two favourite tropical fruits - pineapple and coconut - providing a delicious and exotic beverage.

S&W Organic Apple Cider Vinegar

INNOVATIONS

S&W pineapples in revolutionary Clear Can selling in China and Korea

Del Monte Juices in a new 1-litre carton format

Pineapple Stick sold in 7-Eleven Japan

In Southeast Asia, S&W launched the organic version of the staple *Prune Juice*. This changed the game in the prune juice segment in terms of product positioning where S&W rode on the trend for organic and holistic food. This was followed by the launch of the organic version of *Apple Cider Vinegar* in Malaysia and Singapore.

In FY2018, the Group launched *S&W Pineapple Slices and Chunks* in Clear Can which is a breakthrough package execution in China and Korea. Clear Cans are see-through plastic containers with metal lids, which allow consumers to see the product and be assured of its premium quality. This product won the International Innovation Award from Enterprise Asia on 2 December 2017 in Shanghai. The Group is looking to expand to Japan and the Middle East soon.

Not From Concentrate (NFC) Pineapple Juice in 1-litre carton was launched in China to compete in the growing NFC juice market.

Also in China, tomato and pasta sauces under the *S&W* and *Contadina* brands found their way in Chinese dishes, while the same sauces were launched in the Middle East.

With the success of *Del Monte Fruit & Chia*™ in the USA, the Group brought this product to Singapore and Hong Kong under the *S&W* brand. This product, which combines fruit and chia, resonates well with consumer trends of healthy living.

The Group recently entered a new category – frozen fruit - using Nice Fruit's revolutionary technology. Extra sweet and golden yellow pineapples from fully ripened fruits are cut into spears then frozen. Individually packaged frozen "Pineapple Stick" started selling in 7-Eleven Japan, positioned as an on-the-go healthy snack in the store's chiller section. It is now available in over 90% of 7-Eleven outlets or about 19,000 stores in Japan with good feedback. The revolutionary technology allows the frozen or newly thawed pineapple to have the same physical properties as fresh cut pineapple. For more information on Nice Fruit, please see pages 36-37.

DEL MONTE IN INDIA

In our 9-year journey in India, Del Monte has worked continuously to establish itself as the lead player in the alternative cuisine and gourmet food products space.

Del Monte was an early entrant into condiment categories like Chinese sauces and 100% Vegetarian Dips and Spreads with unique flavours such as *Eggless Mayo, Mint Mayo, Tandoori Mayo* and *Cheesy Garlic Mayo*.

Tapping into the growing consumer trend for healthier snacking alternatives amongst young working adults, Del Monte was one of the first to introduce a range of packaged dried fruits - *Cranberries, Blueberries and Prunes* - that gave consumers the benefit of a low-fat, low-sodium, high-fibre snack.

In 2017, Del Monte entered the 1-litre fruit drinks segment with a range of eight variants in carton format. The initial pilot in the north region is underway, getting a fantastic response and gaining fast traction in the foodservice and cash and carry segments.

Del Monte's innovation drive in India remains to be at the forefront of identifying and catering to the evolving food needs of the growing young and affluent consumer base.

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.®

New Contadina tomato and pasta sauces for China

Del Monte dips and spreads with unique flavours such as Tandoori Mayo and Mint Mayo

USA CLAIMS
TO FAME

FRUIT PLANT
VEGETABLE PLANT
TOMATO PLANT
DMFI-OPERATED DISTRIBUTION CENTRE

WHERE WE GROW, PROCESS, DISTRIBUTE
99+% of our vegetables & tomatoes are grown in the U.S.
70% of our fruits are grown in the U.S.

10 DMFI-Owned Manufacturing Plants

3 DMFI-Owned Distribution Centres

2 Mexico DMFI-Owned Manufacturing Plants

1 DMFI Seed Operations Facility

OUR CLAIMS TO FAME

WE OFFER ABOUT **200 PRODUCTS** FROM ABOUT **40** DIFFERENT TYPES OF HEALTHFUL **FRUITS, VEGETABLES & TOMATOES** *picked, cooked & packed at the peak of ripeness.*

Del Monte® is the **FIRST** consumer-facing manufacturer to work with the **USDA** for **NON-GMO CERTIFICATION** for corn products.

97% of all Del Monte® products are **PRESERVATIVE-FREE**

IN 2016, WE BEGAN LABELING MOST OF OUR VEGETABLES, FRUIT CUPS, AND MANY MORE TOMATO PRODUCTS AS NON-GMO.

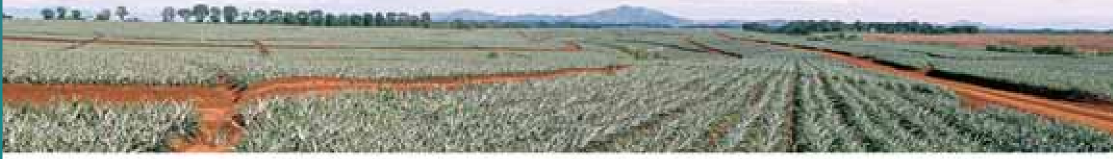
The fruit, vegetables, and tomatoes we use in our products have always been Non-GMO.

OUR FRUIT REFRESHERS® PRODUCT WON **2017 PRODUCT OF THE YEAR!**

We converted 100% of our branded tomato products, and nearly 100% of our branded fruit and vegetable products to NON-BPA LININGS.

WE SUPPORT ABOUT 1,000 U.S. GROWERS

DEL MONTE FLIES DRONES TO MAP ITS PLANTATION

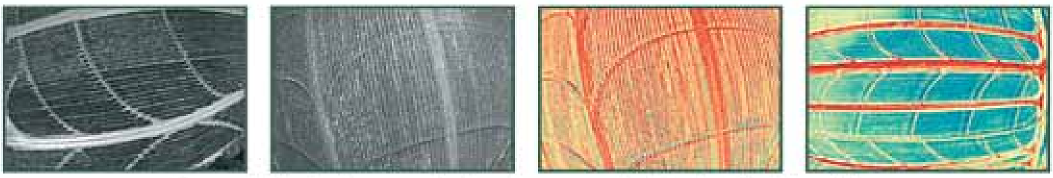


The pioneers of **Del Monte Philippines, Inc. (DMPI)** started farming in Bukidnon in 1926 and laid the foundation of the company's sustainable land use. Over 90 years of plantation operations are a testament to Del Monte's sustainable farming across generations.

It takes 18 months to grow a pineapple before it is harvested. DMPI's agricultural practices improve yield through ecologically-friendly land preparation, efficient water and fertilizer use, planting, growing and harvesting. Company practices include measures to mitigate the risk of El Niño or La Niña. Del Monte's pineapple plantation is certified with Global GAP (Good Agricultural Practices), Philippine GAP and ISO 9001, affirming its world class plantation management system. The certification further attests that DMPI conforms to international standards in food safety, workers' health and safety, environmental protection, and conservation of wildlife.

Drones: Eye in the Sky | Del Monte started its Drone Program in October 2015 as an early adopter of Unmanned Aerial Vehicles (UAV) or Agricultural Drone technology in the Philippines. The drones are used to map and monitor the health and vigor of pineapple plants in the fields during various stages of growth across 25,000 hectares of plantation area. Drones provide a full macro view of the plantation fields for monitoring growth, yield, early detection of pest and infestation, and harvest. The drones fly over the fields of Bukidnon from east to west, north to south, collecting various types of images including topography and color. On board this small aircraft are sensors for flight altitude, speed and imaging, along with its control system that connects to a computer.

The distinct responses of the field are colorized to identify field features such as roads, canals, and soil. Plant health, vigor, and level of nutrition are indicated based on their color responses.



Raw and derivative images taken by a drone to monitor the plants' health and vigor

GPS Technology: Farm to Cannery | DMPI leverages other technology in agriculture such as GPS technology to monitor plantation ground assets and truck deliveries. Tracking hundreds of ground assets working round the clock, day and night, across the vast plantation at varying stages of farming, can be complex, but GPS technology is a solution that enables DMPI to optimize the efficient use of these assets, maximizing productivity and safety. In the course of harvest deliveries from the farm to the cannery, GPS locates and identifies trucks going in and out of the fields, providing real-time information — location, speed, time of arrival, which is important for queuing, identification of vehicles, and estimated loads. Deployment of assets can be planned well and effectively carried out in exact field locations and with precise timing. DMPI also continues to seek other technology platforms to optimize its operations.

Quality, which is part of Del Monte's logo, is at the center of DMPI's brand promise, which traces its roots in the plantation where it grows quality. The core values of DMPI include *innovation, a commitment to society and the environment*, and *excellence in everything we do*, sustaining its growth into the future.

Del Monte Philippines uses technology in agriculture to sustain its plantation, in line with its strategic pillar to improve operational excellence and sustainability, and to achieve Del Monte's vision:

Nourishing families. Enriching lives. Every day.

https://www.lifegetsbetter.ph

DEL MONTE POWERS UP WITH RENEWABLE ENERGY

AN IDEAL MODEL OF SUSTAINABILITY • NURTURING NATURE

ENVIRONMENT	ECONOMIC	COMMUNITY	GOVERNANCE
Minimizes and cleans wastewater discharge	Reduces cost of power and electricity	Sustains community livelihood	Complies with environmental laws

Carbon Footprint and Climate Change | While most manufacturing companies, including food companies, are carbon positive, meaning they emit more carbon dioxide into the atmosphere than they sequester or absorb, the carbon footprint of Del Monte Philippines Inc. (DMPI) is negative. DMPI is the largest producer of pineapples in the country and its vast 25,000-hectare pineapple plantation and forest areas reduce the amount of carbon dioxide, offsetting any emissions in the atmosphere. There are not many companies that are carbon negative or even carbon neutral. Less carbon emissions are better for the environment. DMPI, a leading manufacturer of food and beverages, is uniquely positioned among food companies to help mitigate climate change.

Renewable Energy | As the company assesses opportunities to further improve its carbon footprint, Del Monte Philippines pursues renewable energy solutions that are good from an environmental, economic, community, and governance perspective. Del Monte embarked on a renewable energy project and installed a waste-to-energy plant that produces methane gas from the wastewater of its cannery in Bugo, Cagayan de Oro, which is converted to steam that generates 2.8MW of electricity. Power generated from biomass, such as waste, contributed only 1.09% of Philippine electricity supply in 2016, a largely untapped resource for renewable energy.

Waste-To-Energy Biogas Plant

The waste-to-energy plant highlights DMPI's commitment to environmental stewardship – nurturing nature. The cleansed effluent discharged at the coastal waters of Macajalar Bay, adjacent to the cannery, has BOD (biological oxygen demand) levels that are compliant with government regulation, in fact, below government mandated levels. This is good for the environment and the fishermen that rely on the sea for their livelihood. Moreover, the plant reduces greenhouse gas emissions (GHG) in compliance with the Clean Air Act of the government. Cleaner air emissions are good for the neighboring local communities around the cannery. This waste-to-energy facility takes over the job done by an equally eco-friendly, but power-intensive aerobic treatment plant, hence reducing overall energy consumption.

This plant reduces the energy cost of the company by approximately P40 million per year, over 20% cheaper than the grid which is mostly reliant on coal-fired plants since it is less costly to generate energy from biogas. Lower operating costs improve the competitiveness of DMPI and its ability to sustain its profitability. Finally, the power plant serves as a buffer against unstable power supply, in times of power shortages, and as a shield against power cost increases. The waste-to-energy facility is indeed an excellent model of sustainability from an environmental, economic, community and governance perspective, benefiting multiple stakeholders simultaneously. Quality, which is part of Del Monte's logo, is at the center of DMPI's brand promise, which also encompasses the environment and community where it operates. The core values of DMPI include a commitment to society and environment, healthy families, and excellence in everything we do, sustaining our growth into the future.

Del Monte Philippines will continue to seek out energy reduction opportunities across all its facilities and invest in improvements that are not only environment-friendly but also cost-efficient. This is in line with one of DMPI's strategic pillars to improve operational excellence and sustainability and Del Monte's vision:

Nourishing families. Enriching lives. Every day.

PRODUCTS

DEL MONTE
IN THE
UNITED STATES

DEL MONTE IN THE PHILIPPINES

PRODUCTS

S&W IN ASIA AND THE MIDDLE EAST

DEL MONTE
IN INDIA

OUR JOURNEY **IN THE PHILIPPINES**

Sales in the Philippines in the past 10 years have expanded more than three-fold to P16.9 billion in FY2018. This is the core market of the Group in Asia with its topline growth, leading market positions and profitability.

Innovation anchored on health and wellness contributed to about 20% of the growth of the Company in the past decade.

The Group's subsidiary in the Philippines, Del Monte Philippines, Inc (DMPI, www.delmontephil.com) started operating in the country over 90 years ago in 1926. Since then, DMPI has been expanding its pineapple plantation in Bukidnon, now one of the largest in the world, spanning an area of about 25,000 hectares and fully integrated with production facilities. With the rights to the *Del Monte* trademark for the Philippines for processed products, DMPI is a leading producer, distributor and marketer of premium quality, healthy food and beverage products.

The Philippine market accounts for about two-thirds of DMPI sales.

Within the Philippines, Del Monte holds dominant market leadership position, as well as the most expansive distribution across channels, in its main categories: packaged fruits (26% contribution to total sales), culinary which comprises tomato-based sauces and condiments (36%), and ready-to-drink juices in canned and carton formats (38%). Philippine market sales are well-diversified and growth is broad-based across all categories.

Bringing to life health and wellness is at the heart of DMPI's success story. It has been the primary driver of the brand's expanded household penetration, consumer base expansion and consumption frequency improvements in recent years.

DEL MONTE BEVERAGE

In ready-to-drink juices, its innovation on basic *100% Pineapple Juice* into functional health anchored variants (*ACE* for immunity, *Fiber-Enriched* for daily detoxification, *Heart Smart* for cholesterol management and *Bone Smart* for bone strength) has not only

Fit 'n Right drinks to block sugar and reduce fat

refreshed the line for the new generation. It has also expanded the relevance of the brand beyond its previous core consumers, i.e. moms and mature adults, to also now include growing consumption amongst young adults for whom these health issues are becoming increasingly more relevant.

DMPI's *Fit 'n Right Juice* brand is most known for its weight management proposition. Fortified with Green Coffee Extract, it has been clinically proven to block sugar and reduce fat, making it the best juice drink to pair with healthy meals. It has recently expanded the brand footprint into isotonic beverages with the launch of *Fit 'n Right Active*. Fortified with L-Carnitine, it is marketed to a growing base of young adults proactively pursuing a fitness lifestyle as the only isotonic drink with electrolytes for rehydrating, and L-Carnitine that helps reduce up to double the amount of fat.

Beyond functional health, however, DMPI drives to increase its share of meal-pairing as a key consumption occasion through its *Juice Drinks* line, positioned as mom's easy way of livening up family dinners with its exciting fruit juice combinations that help deliver nutrients equivalent to a platter of fruit. The launch of its 1-litre carton formats has also helped drive resurgent growth for its multi-serve segment.

Recently, DMPI also launched the *Juice & Chews* line, a line of juice blends with nata and pineapple bit particulates, positioned as a snack-in-a-drink. It is DMPI's first attempt to expand its brand footprint amongst the teens market.

DEL MONTE CULINARY & PACKAGED FRUITS

Affinity for the *Del Monte*

100% Pineapple Juices with functional health benefits

Del Monte Juice Drinks in exciting flavours

Del Monte Juice & Chews, the new fun snack-in-a-drink

"Come Home" campaign encouraging families to have family date nights at home

brand amongst moms has been handed down over generations, and has been built over time through continuous messaging that puts any *Del Monte*-based dish at the heart of family meals that help strengthen family bonds.

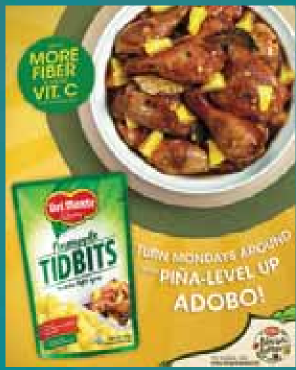
In an era of fast food and quick serves, its *Tomato Sauce* line continues to grow behind its award-winning "Come Home" advertising campaign that encourages families to make time for a once-a-week family date nights at home.

Its *Spaghetti Sauce* line holds the most expansive range of variants *(Italian, Sweet, Filipino, Carbonara, Creamy & Cheesy)* that helps provide differentiation against lower-priced brands that tend to only highlight sweetness. With *Contadina Bottled Pasta Sauces (Formaggio, Napoletana, Arrabiata, Pesto, Aglio Arrostito)*, DMPI has also expanded its leadership to include the imported segment of the category. DMPI markets its sauces with its complementary pasta line.

As more women join the workforce, DMPI has started to invest in building leadership in the meal mixes category with its *Quick 'n Easy* line, positioning it as every busy working mom's convenient way of preparing a variety of delicious recipes that help her go beyond just fried dishes. It seeks to differentiate from other brands by highlighting the use of real ingredients in every pack.

DMPI has also successfully expanded penetration and use for its *Pineapple Solids and Mixed Fruits* line, traditionally used only for Christmas, beyond special occasions into regular meals and weekend desserts behind successful advertising that positions

Contadina Pesto and Del Monte Creamy & Cheesy Spaghetti Sauce



Encouraging the use of pineapple for everyday meals

both as mom's easy way of elevating the taste, the visual appeal and the nutritional value of simple viands and desserts.

Even as it strengthens equity and builds new uses and consumption occasions behind thematic brand-led campaigns, its corporate Del Monte Kitchenomics programme, the biggest culinary club in the country, has also served as its primary affinity-building and recipe education and expansion initiative. Launched in the mid-1980s as a budget-saving thematic campaign for *Del Monte Tomato Sauce*, it has since been expanded to include DMPI's other product lines to provide a more holistic approach to menu planning. Today, it has 3 million followers on Facebook where it shares recipes on a daily basis, as well as a growing base of subscribers on YouTube (+50K) since the channel was relaunched. Its weekly cooking segment on GMA7, one of the country's biggest TV networks, is also amongst the highest-rating programmes of the network, a feat for a branded programme. Its recipes are housed and regularly updated with new uploads in www.lifegetsbetter.ph and are accessible to the public on 24/7 basis.

CHANNEL GROWTH

Philippine market sales in FY2018 were P16.9 billion, higher by 6.7% in Philippine peso terms. In retail, DMPI enjoys the most expansive distribution levels across relevant channels in the category it participates in. It holds preferred supplier status amongst major Modern Trade accounts (30% contribution to Philippine sales) where it also generally enjoys dominant share-of-shelf position. Through a network of distributors, DMPI also penetrates the General Trade (50% contribution), i.e. fragmented secondary and tertiary trade, currently covering about 125,000 outlets, but with plans to continue to expand presence in these channels behind increased coverage and improved productivity.

DMPI also optimises growth opportunities by participating in the booming food service channel in the Philippines behind its popular juice dispenser expansion programme, as well as its partnership with key customers on menu ideation, as well as sauce and condiments customisation. Today, you will find *Del Monte* juices, sauces and condiments served in the top quick-

Quick 'n Easy meal mixes for quick meal preparation

Marketing and Customer and Channel Development Teams during their immersion-teambuilding in Del Monte plantation, Bukidnon

service restaurants and major convenience stores. Generating close to 20% of total Philippine sales, foodservice is the fastest growing channel, expanding by a robust 15% to P3 billion in FY2018.

INNOVATION

DMPI's innovation strategy has always been consistent with its mission of bringing to life health and wellness. Its most successful innovations have always been anchored on an in-depth understanding of unmet consumer needs, and sometimes, unarticulated consumer wants.

The aggressive growth of its beverage line in recent years, for example, has been anchored on new news. By pivoting from just pure, natural refreshment into a consumer-relevant functional benefit platform, and highlighting immunity, detoxification, cholesterol management, bone strength, weight management and rehydration across its different beverage product lines, Del Monte has been able to build affinity and relevance across a broader base of consumers and across an expanded range of consumption occasions.

Packaging format innovation has also been central to DMPI's success.

Its pioneering launch of the Stand-Up Pouch (SUP) formats in both the culinary and fruits category not only transformed the industry traditionally dependent on expensive and bulky can formats. Its significant head start versus competition also allowed the brand to win big behind more competitive pricing, improved dominant on-shelf impact in the modern trade, and expanded distribution in the secondary and tertiary trade channels.

In more recent periods, its launch of the 1-litre carton format for beverages reignited consumer interest and generated resurgent growth for the multi-serve segment which has been previously decelerating due to inconvenient and bulky can formats.

Del Monte Philippines bags the 7-Eleven Suppliers' Excellence Award

AWARDS AND RECOGNITION

The Philippine Market team has been awarded and recognised multiple times, attesting to its standards of excellence, including the following recognition: 7-Eleven Philippines' Best Supplier of the Year Award, Most Innovative Supplier and Best in Account Management; Robinsons' Gold Apple Award (Food Division); and Tomato Sauce's "Come Home" Campaign Tambuli Award. Del Monte Kitchenomics has won numerous awards over the years, including Spark Awards for Media Excellence: Gold for Best App, Gold for Best Use of Branded Content, and Silver for Best Media Solution.

PHILIPPINE JOURNEY

Philippine sales expanded in the past three years to P16.9 billion in FY2018 at a compounded annual growth of 8.1%, driven by the 12.4% CAGR of the foodservice channel and 9.2% CAGR of the culinary category. During this period, operating income grew to P3.3 billion at a CAGR of 10%.

The Philippine market drives the growth of DMPI, the second largest and most profitable subsidiary of Del Monte Pacific Ltd. Del Monte has grown with the Philippine economy with the trust and loyalty of millions of Filipino consumers. As the economy continues to grow, and the Philippine market innovates with new healthy products, and expands into new channels and market segments, the company is well positioned to grow further. The Philippine market is expected to continue to deliver higher revenue and profits with its household *Del Monte* brand.

OUR JOURNEY **IN INDIA WITH DEL MONTE**

Del Monte Pacific expects the joint venture (JV) in India, FieldFresh Foods Private Ltd, to be a growth area for the Group as it continues to scale up its business and starts to generate profits. With sales over 4 billion Indian rupees, the JV has begun to generate positive EBITDA in recent years.

DMPL entered into a JV agreement with Bharti Enterprises in October 2007. The JV had historically been a company selling fresh produce under the *FieldFresh* brand and private label. In May 2009, FieldFresh (www.fieldfreshfoods.in) launched the *Del Monte* brand in India for packaged food and beverage products, with the brand being sublicensed to the joint venture by Del Monte Pacific.

Bharti Enterprises is one of India's leading business groups, with interests in telecom through market leader Bharti Airtel, insurance through Bharti AXA, real estate, hospitality and food, amongst others.

FieldFresh Board members Mr Rolando Gapud, Mr Rakesh Bharti Mittal, Mr Yogesh Bellani and Mr Luis Alejandro at an official dinner in India

Since the launch of the *Del Monte* brand from scratch nine years ago, the packaged food and beverage sales of FieldFresh have grown to over 4 billion Indian rupees as of FY2018; with a retail portfolio that has expanded significantly and now covers five categories: Ketchup & Culinary Sauces, Emulsions, Italian, Packaged Fruits & Vegetables, and Fruit Drinks. Emulsions include mayonnaise and its derivatives, while the Italian range includes pasta, pasta sauces, olives and olive oil.

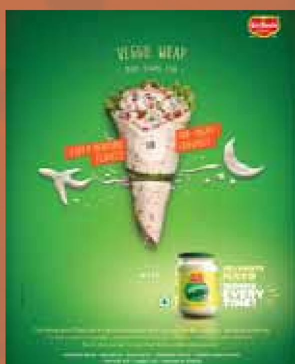
Del Monte is today a fast growing, premium brand in retail and foodservice in India with more than 200 SKUs, both manufactured in India and imported, and has come a long way from the limited assortment of products it started its brand footprint with in 2009, all of which were imported then. The brand was virtually unknown in India a decade ago.

FieldFresh's growth has been guided by its vision of *"Creating Delightful Food Experiences"*, and its mission to be an integrated, food solutions company that delivers high quality products to its consumers and customers through superior food knowledge, passion and innovation capabilities, with integrity and utmost honesty towards its people, partners, customers and the environment.

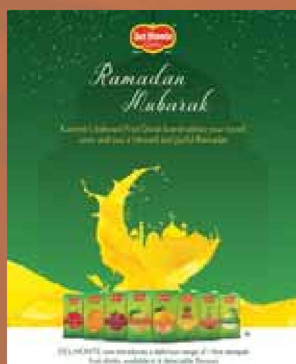
B2B PLATFORM FOR GROWTH

In the initial years, the focus of FieldFresh was on building a strong base

Del Monte Tomato Ketchup single-serve sachet



Print campaign on Del Monte's innovative Eggless Mayo



Print campaign to support the launch of Del Monte 1-litre carton range in the Kashmir valley around Ramadan in B2B (both international Quick Service Restaurant [QSR] customers as well as foodservice) and leveraging B2B to expose the *Del Monte* brand and its products to a large, relevant audience on an everyday basis.

There is no better example of how this was done than the company's single-serve tomato ketchup sachet. Today, FieldFresh sells about 80 million sachets of *Del Monte Tomato Ketchup* via its QSR partners and foodservice channels every month, creating 80 million branded touch points and consumption moments.

A large part of *Del Monte's* current success in retail is on account of the work done in building the brand in the B2B segment. The *Del Monte* brand is now number 1 in imported Pasta and table Olives and number 2 in Olive Oil in retail in India. *Del Monte* is also a strong number 2 in Emulsions in modern trade, and the number 3 national brand in Ketchup and Culinary Sauces in modern trade.

BUILDING THE BRAND

As a premium food brand in India, FieldFresh has leveraged print media and digital channels to reach out to its consumer base in order to build awareness and affinity for *Del Monte*. The brand is extremely active in digital and has won awards for its social media campaigns. The #Dontbeasucker campaign for Fruit Drinks was voted as one of the top 50 social media campaigns of 2016.

Print media has been used tactically to support new launches such as for the mayonnaise glass bottle range and the recent carton Fruit Drinks introduction.

The company has relied heavily on in-store activations predominantly in modern trade, like wet sampling, paid visibility and store branding, to generate trials and awareness and showcase the brand in all its resplendence.

GROWTH CHANNELS

In India's modern trade, FieldFresh sells *Del Monte* products across international stores, including Walmart, Metro, Tesco, and Auchan, as well as leading local chains such as D'mart, Big Bazaar, Reliance, and Aditya Birla Retail, across key cities with a significant footprint in Metro and "semi Metro" cities.

The company has partnered with modern trade accounts whose distribution network supports the premium product range of *Del Monte*, making it one of the most recognised and preferred brands in the channel. FieldFresh also has a growing presence of *Del Monte* products on e-commerce platforms such as Amazon, Big Basket, Paytm, and Flipkart.

In general trade, which is the dominant format of retail in India, the company has built an extensive direct distribution infrastructure from the ground up, and currently sells *Del Monte* products in over 35,000 outlets across 80 cities through more than 100 distributors.

B2B sales are an important component indeed of the company's business and *Del Monte* is one of the best distributed brands in foodservice in India - hotels, restaurants, caterers and bakeries - reaching out to almost 20,000 customers via 400 plus distributors in over 250 cities.

As a food solutions company, the company is a preferred partner of all international QSR chains in India, namely, Dominos, Pizza Hut, KFC, McDonald's, Subway, Burger King, and Starbucks. The company has also built an international business over the years and caters to Dominos, Pizza Hut and Burger King in Asia Pacific markets.

HOSUR PLANT

In December 2010, FieldFresh started operating its state-of-the-art manufacturing facility in Hosur, Tamil Nadu, near Bangalore. This ensures the company's quality standards, reliability of supply and cost competitiveness as the plant produces a majority of the company's diverse range of products including: Culinary Sauces (ketchup, salsa, pizza sauce, mustard and cooked sauces), Emulsions (mayonnaise and its derivatives, salad dressing and any emulsion with particulates), Fruit Drink and Juices (range of juices in can and bottles), and Canned Vegetables (whole corn, baby corn and baked beans).

The Hosur Plant promotes sustainability through its environment-friendly and energy-efficient processes including the optimal use of natural light, natural air turbo ventilator system, agricultural waste and biomass to run the boiler for energy savings, closed loop cooling tower and chilled water system, rainwater harvesting and ground water recharge systems, and zero discharge from the effluent treatment plant.

Pasta sampling in Modern Trade

QUALITY CERTIFICATIONS

The *Del Monte* brand has a rich heritage spanning over 130 years, embodied by its iconic logo with the "Quality" seal, the promise of the brand to guarantee the highest quality of products.

FieldFresh has obtained numerous certifications which validate the company's quality and compliance with food safety, environmental and labour standards. These include ISO/TS 22002-1 for Food Safety, HACCP, British Retail Consortium Ver. 6, Halal and Kosher certifications, and many more.

AWARDS AND RECOGNITION

FieldFresh has also been awarded and recognised multiple times, attesting to its standards of excellence as a company, including the following notable examples of such recognition:

- As a testament to its people practices, FieldFresh Foods was certified a Great Place to Work in 2017-18, ranking amongst the best in FMCG as well 24th among mid-sized companies in India in 2017 and amongst the Top 25 India's Best Workplaces in Manufacturing in 2018
- *Del Monte Fruit Drinks:* rated amongst the top 31 brand launches in India as per Nielsen
- Awarded the Confederation of Indian Industry National Award for Food Safety in 2015 & 2016
- A preferred partner for international QSR chains in India demonstrated via consistent recognition
    - Yum! Innovation Excellence Award in 2017
    - Best Supplier Award 6th time in a row, Dominos India at the Supplier's Meet, 2015
    - Best New Supplier, Burger King Asia Pacific, 2013
    - Special Recognition, Yum Restaurants India at the Supplier's Meet, 2013

THE ROAD TO PROFITABILITY

As FieldFresh has successfully scaled up its business, it has begun to generate positive EBITDA in recent years. Since 2009, the company has grown its *Del Monte* brand footprint across product categories, channels, cities and consumers across India directed by the vision and commitment of its joint venture partners, and the sustained execution of its leadership team.

For the coming years, FieldFresh will intensify its focus on adding healthier variants of products in line with consumption trends. Some of its products such as juices and olive oil are naturally aligned towards health. It will endeavour to make a stronger statement in the health and wellness space, which is an important commitment for FieldFresh as a food company. This may include bringing in products from the global portfolio of Del Monte Pacific.

While FieldFresh focuses on growing its retail distribution directly in the top 50 cities, the company is focusing on widening its indirect distribution in other regions through wholesale distributors and super stockists. Given the huge potential for growth in India, FieldFresh will continue to target strong double-digit sales growth for the next few years.

Chef Rishi Bhardwaj (NPD) and Abhishek Goyal (KA Manager) accepting the Innovation Excellence Award from the Yum! senior leadership

Management team of FieldFresh Foods

From left to right: Abhinev Aggarwal (CFO), Alphonse Michael (QA & Regulatory Head), Sandeep Tiwari (Sales Head), Ankita Singh (HR Head), Yogesh Bellani (CEO), Naresh Guglani (NPD Head), Anshu Anand (Marketing Head) and Sriram Venkateswaran (Head Supply Chain)

OUR JOURNEY IN THE FRESH BUSINESS WITH S&W

The Group's fresh pineapple business is a main driver of revenue growth with sales of almost US$100 million in FY2018, mainly under the *S&W* brand, delivering the highest margins across all business units.

The growth of our fresh pineapple business has been phenomenal. Since 2006, our volume of fresh pineapple sold has grown exponentially from less than a million boxes to over 12 million boxes in FY2018. Our sales volume has increased more than 12 times in 12 years.

The demand for fresh pineapple continues to exceed supply as consumers move towards more natural food with a heightened awareness of nutrition, rising purchasing power, a higher predisposition to consume fresh and the superior sweet taste of MD2 pineapple. The market continues to expand and sustain the price of fresh pineapple.

Addressing this consumer trend, S&W has been expanding its supply of the MD2 variety of fresh

Our Plantation Director from Costa Rica, Alejandro Chavarria

pineapple. This is the most sought after variety, commonly known as golden pineapples in the premium market, with its exceptional sweetness and golden colour. S&W brands its MD2 pineapple as *"Sweet 16"* after the brix or sweetness of the fruit.

Our Plantation Director is from Costa Rica, which as a country grows the largest area of the MD2 variety, followed by the Philippines. He joined in 2010 to spearhead the expansion of *Sweet 16* and match the gold standard of Costa Rica. S&W's quality is on par with the best.

The growth of S&W's fresh business has been sustained not only by the growing demand for fresh but also by the expansion of our capacity to supply the market with consistent high quality of fresh fruit.

The increased supply of MD2 pineapple was made possible by the expansion of the overall hectarage of the plantation within the past decade and by the strategic and deliberate conversion of highly productive plantation fields from champaka pineapple, the principal variety historically grown by the Company for canning or processing, to the MD2 variety for the fresh market. Therefore, while the area of the plantation has increased during this period by about 30% to 25,000 hectares, the area planted to MD2 has increased approximately 10-fold, coupled with improvements in yield and the proportion of exportable quality of fresh pineapples. This conversion has been transformational to the Group in terms of revenue growth, margin expansion and return on capital.

KEY MARKETS

S&W is now amongst the top 3 suppliers of fresh pineapples in its main market of China, followed by Japan and South Korea. It is well-known in the industry that Japan has the largest and most competitive market for fresh pineapple in Asia, hence, S&W's market position is a testament to its quality and competitiveness.

Fresh pineapples under the *S&W* brand and private label are also exported to the Middle East and Singapore.

S&W sells fresh pineapples through various distributors in each of these markets. S&W also co-brands with Goodfarmer, one of the leading fresh companies in China, and Farmind, the largest cut fruit distributor in Japan.

SWEET 16 FRESH PINEAPPLE

S&W is proud to be a leading seller and marketer of some of the industry's best fresh pineapples. With the right amount of sunshine and rainfall in the verdant plateaus of Bukidnon, southern Philippines, carefully nurtured by experts who have been caring for pineapples for generations, using the most modern and sustainable farming methods, *S&W Sweet 16 pineapples* are known for their incredible taste. Every single pineapple is hand-picked, inspected, and carefully packed to preserve its natural freshness.

S&W Sweet 16 pineapples are also known for their amazing health benefits: high in vitamins (vitamin C and vitamin B2), minerals (manganese), with minimal

Sampling of S&W Sweet 16 pineapples in China

Our 25,000-hectare pineapple plantation on fertile plateau in Bukidnon, southern Philippines

fat and sodium, and cholesterol-free. They are also high in fibre and rich in bromelain which aids digestion, and have nutrients which help prevent cancer and heart ailments.

Bukidnon, a highland province located in Northern Mindanao, is considered as an agricultural haven. Blessed with rolling, fertile plateaus of rich and fertile volcanic soil, abundant sunshine, and cool climate, Bukidnon is one of the most ideal agricultural lands for pineapple farming.

FRESH CERTIFICATIONS

Subject to the most stringent quality control, only the finest pineapples are hand-picked to provide consumers with delicious and high quality food products - a sweet promise S&W delivers with *Sweet 16 pineapples*.

Certifications of quality for the pineapple plantation include Global GAP (Good Agricultural Practices), PhilGAP and ISO 9001:2015.

GLOBALG.A.P.
The Global Partnership for Good Agricultural Practice

Global GAP is a globally recognised private sector body that sets voluntary standards for agricultural products. This further affirms our management system focused on food safety, worker's health and safety, environmental protection and conservation of wildlife.

The pack house for fresh fruits has been certified ISO:9001 for packing of fresh fruits by SGS United Kingdom Ltd Systems and Services Certification body.

SUSTAINABILITY

The foundation of the Group's sustainable agriculture practices is efficient and productive land use, carried on from our pioneers who started farming the land in 1926.

Across over 90 years of operations, our land use practices are mainly aimed at improving plantation yield through ecologically friendly land preparation, plant disease management and chemical application, efficient water sourcing and drainage, and use of sustainable planting materials.

We installed soil conservation measures for better soil and drainage management, and planted trees along river banks near pineapple fields. We also reinforced technical competency through continuous training and education on soil management.

The plantation employs agricultural practices to mitigate the risk of climate change, including El Niño and La Niña.

FRESH JOURNEY

The growth of S&W's fresh business is consistent with the Group's vision of *"Nourishing families. Enriching lives. Every day.®"* and its strategic pillars of strengthening the core business (primarily in North Asia), expanding the product portfolio (with *S&W* as the Group's only brand vehicle for fresh), expanding markets (with *S&W's* growing footprint), improving operational excellence and sustainability, and striving for commercial excellence.

The significant expansion of S&W has been driven by rising demand and sustained by increased supply of high quality fresh pineapples. The Group will continue to leverage this fast-growing, high-margin business in driving revenue and profitability.

Fresh pack house in Bukidnon

S&W Fresh Commercial, led by its General Manager Tan Chooi Khim, is the powerhouse team that expands S&W Sweet 16's market presence across the region

OUR JOURNEY
WITH NICE FRUIT

Nice frozen fruit is an exciting area of growth for DMPL. It marks the entry of the Group to the Frozen Foods Category with a product that is protected by patents in major markets.

Nice Frozen Dry (NFD) is a new technology patented by Nice Fruit SL of Spain to make frozen produce. The process freezes fruits and vegetables, which, upon thawing, retains the original qualities of the fresh produce without any additives, preservatives or chemicals. It extends the shelf life of fruits and vegetables to three years.

The benefits of this technology include the availability of high quality fruit all year round, convenience as the fruits are already pre-peeled and pre-cut, and no wastage as the customer will not have to deal with other parts of the fruit (e.g. crown, pulp, in the case of pineapple). These are expected to result in cost savings to the foodservice industry. More importantly, with the fruits picked at optimal ripeness before freezing, the thawed fruit is of superior quality.

The technology has won numerous international awards and its products have been accepted in various markets.

Nice Fruit products won "Best Product of the Year" in the foodservice category at the prestigious Salon International de l'alimentation or SIAL in 2014. Nice Fruit also won the FABI prize (Food and Beverage) for its revolutionary product from amongst 2,000+ companies at the National Restaurant Association or NRA Show in Chicago in 2015. Recently, it won the Taste '15 in ANUGA's Fair in Germany for being a product with a significant impact in the market.

In 2014, DMPL entered into a joint venture (JV) agreement with Nice Fruit SL and another partner to build a de-hydro freezing facility in the Philippines using this NFD technology to freeze our premium MD2 pineapple and other fruits, and sell to the international markets. MD2 pineapple is the most sought after pineapple variety for its exceptional sweetness which DMPL has been producing for the fresh market under the *S&W* brand and private label. We have expanded our premium MD2 pineapple into the frozen category.

The facility in Bukidnon, southern Philippines, adjacent to DMPL's pineapple plantation, started commercial operations in May 2017. DMPL's subsidiary in the Philippines has the exclusive right to supply pineapple to the JV.

Sales to the Japanese market have been received enthusiastically. In June this year, individually packaged frozen pineapple spears or "Pineapple Stick" from the Bukidnon facility started selling in 7-Eleven Japan, positioned as an on-the-go healthy snack in the store's chiller section. "It can be eaten like sherbet," as a TV ad says in Japanese. The "Pineapple Stick" is now available in over 90% of 7-Eleven outlets or about 19,000 stores in Japan with good feedback. Frozen or newly thawed pineapple has the same physical properties as fresh cut pineapple.

Our subsidiary, Del Monte Foods, Inc (DMFI) is the exclusive distributor of Nice Fruit products in the

Nice Frozen Dry revolutionary technology

Best Product of the Year in SIAL Paris in 2014

Winner in Anuga's Fair in Germany

De-hydro freezing plant in the Philippines that produces frozen pineapple

Pineapple Stick sold in 7-Eleven Japan

Pineapple Sticks served during DMPL's results briefing

Frozen pineapples served

US. The JV has sold frozen pineapple spears, chunks and tidbits to DMFI for the foodservice sector, and has also sold to Korea and Nice Fruit Spain.

The product has also been sent to Europe, Middle East and other parts of Asia for market development. These include fast food outlets, restaurants, pizza chains, catering, airlines, hotels, theme parks and hospitals. This is an exciting market using Nice Fruit's award-winning technology. Given the immense benefits of high quality fruit year round, convenience and no wastage, this NFD technology is expected to result in improved stock management and cost savings to the foodservice industry.

For consumers, fruits are picked at optimal ripeness before freezing, which ensures the superior quality of the fruit, as good as fresh. Frozen fruit is a new way of eating fruit and foresees radical changes in food consumption habits.

The joint venture essentially combines two leading technologies, the proprietary cutting-edge freezing technology of Nice Fruit and the premium high quality MD2 production of our Company. We expect this to be a game changer in opening up new markets and opportunities for DMPL globally, and we expect robust growth in both the foodservice and retail sectors from the consumption of this high quality product.

Prototype of packaged frozen pineapples for USA

AWARDS AND CITATIONS

DMPL's Chief Corporate Officer, Ignacio 'Iggy' Sison, and Investor Relations Manager, Jennifer Luy, receiving the Best Investor Relations and Best Annual Report Awards

Winning the International Innovation Award for S&W Pineapples in Clear Can

GOVERNANCE

DEL MONTE PACIFIC WINS AT THE SINGAPORE CORPORATE AWARDS

Since the Singapore Corporate Awards (SCA) began in 2006, Del Monte Pacific Ltd has received 4 distinct awards -- Best Managed Board, Best Chief Financial Officer, Best Investor Relations and Best Annual Report – and is one of only 14 companies to have achieved this from about 750 companies listed in Singapore.

DMPL has won 2 Gold awards each for the Best Managed Board and Best Investor Relations, and is one of only less than 10 companies to have achieved this.

In the SCA held on 18 July 2017, DMPL was honoured to receive the Best Investor Relations (Gold) and Best Annual Report (Bronze) Awards for mid-cap companies.

Receiving the Investor Relations Website Award

The Company has won a total of 12 awards for 8 consecutive years since 2010, a significant achievement amongst companies listed in Singapore.

The SCA comprises 5 of Singapore's key corporate awards, including Best CEO, to recognise and celebrate the best in corporate governance amongst listed companies in Singapore. The Awards are organised by the Institute of Singapore Chartered Accountants, Singapore Institute of Directors and The Business Times, supported by the Accounting and Corporate Regulatory Authority and Singapore Exchange.

DEL MONTE PACIFIC RECEIVES A TRANSPARENCY AWARD

DMPL was awarded one of the Transparency Awards by the Securities Investors Association (Singapore) (SIAS) on 19 September 2017 for commendable standards in disclosure and transparency. This is the fourth time that SIAS has recognised the Company.

DEL MONTE PACIFIC WINS AN INVESTOR RELATIONS WEBSITE AWARD

EQS, together with the Investor Relations Professionals Association (Singapore), conducted a website survey for the first time in Singapore. The survey started in April 2017 and involved scoring 700 Singapore-listed companies on their website merits for Investor Relations. DMPL won first place for the mid-cap category.

HIGH CORPORATE GOVERNANCE RANKINGS IN SINGAPORE AND ASEAN

- Ranked #16 or Top 3% amongst 606 Singapore-listed companies in the Singapore Governance and Transparency Index in August 2017. This is the highest ranking DMPL has achieved
- Ranked #23 amongst Top 100 largest Singapore-listed companies in the ASEAN Corporate Governance Scorecard in April 2018

COMMERCIAL

S&W PINEAPPLES IN CLEAR CAN WINS INNOVATION AWARD

S&W Pineapples in Clear Can won the International Innovation Award from Enterprise Asia on 2 December 2017 in Shanghai. S&W developed a major innovation—a clear can package with a breakthrough fruit processing which allows consumers to see the product inside and be assured of its premium quality. The unique process locks in the natural taste and nutrients for a more enjoyable and healthier meal. The can is fully recyclable, resistant to dent and breakage, and lightweight. It will not rust or harm. It provides products a longer shelf life than average fresh fruits bought in stores.

DEL MONTE PHILIPPINES BAGS THE 7-ELEVEN SUPPLIERS' EXCELLENCE AWARD

Del Monte Philippines, Inc (DMPI) bagged the 7-Eleven Suppliers' Excellence Award for consistently improving its service level and account management in 2017 by ensuring frequent coordination with

FieldFresh India receives a Yum! Supplier Award

Del Monte Philippines bags the 7-Eleven Suppliers' Excellence Award

concerned departments. DMPI also received the commendation for exhibiting teamwork and close collaboration which was instrumental to the successful implementation of various initiatives such as new product launches, promotions, sponsorship of RUN 2017, and support for corporate promotions.

FIELDFRESH INDIA RECEIVES A YUM! SUPPLIER AWARD

DMPL's affiliate in India, FieldFresh Foods, received the Innovation Excellence Award from Yum! in January 2018 for being a strong innovation partner and demonstrating a high level of flexibility, speed and responsiveness with respect to the development of new product concepts.

FIELDFRESH INDIA NOMINATED FOR BEST QUALITY AWARD

FieldFresh Foods was nominated for the Best Quality Award by Aditya Birla Retail, one of India's leading supermarket chains, at their annual supplier awards meet, Vendor Vibes 2018, held on 28 March 2018.

HUMAN RESOURCES

GREAT PLACE TO WORK® TOP 25 IN INDIA

Continuing from last year where FieldFresh Foods was certified as a Great Place to Work by the namesake organisation, the company has been recognised as amongst the top 25 of India's best workplaces in the manufacturing sector in 2018. Great Place to Work® Institute is known globally as one of the pioneers in the practice of studying and recognising the best workplaces.

SUSTAINABILITY

1. Recognised as a 2017 Fruits & Veggies—More Matters® Role Model by Produce for Better Health Foundation in the USA
2. Awarded the Leadership Partner status by Feeding America for donating over 10 million pounds of food
3. Bagged the Bronze Excellence Award for the Recycle Smart Food Recovery Project
4. Certified Bay Area green business
5. Recognised as an EPA Green Power Partner for investing in renewable energy in the Hanford, USA facility as part of EPA's programme
6. Recognised as a supplier who joined Walmart's Project Gigaton - Walmart's initiative to reduce emissions in the global value chain by 1 billion metric tons (a gigaton) by 2030
7. DMPL's office in Manila, the JY Campos Centre, received the Don Emilio Abello Energy Efficiency Outstanding Award from the Department of Energy for achieving energy savings equivalent to 92,953 kilograms of CO2 equivalent
8. DMPL's affiliate, FieldFresh Foods, won two Golds at the 2017 Bharti Foundation Changemaker Awards. The first award was for Corporate Responsibility for Environment Conservation and Protection, and the second award for Best Contribution through Volunteering or Material Donation under the ACT programme. The Changemaker Awards, instituted by the Bharti Foundation in 2008, recognise Bharti Group companies and their CSR ambassadors for exemplary work in the area of corporate responsibility, volunteering and social community initiatives

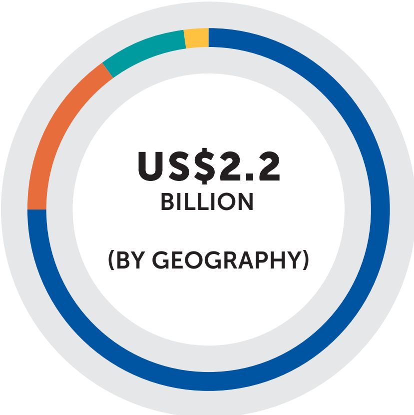
FieldFresh Foods, led by its CEO Yogesh Bellani, was recognised for its Corporate Responsibility and Social Community Initiatives

OPERATING AND **FINANCIAL REVIEW**

SALES

DMPL generated sales of US$2.2 billion in FY2018, lower by 2.5% versus the prior year as higher sales in the Philippines and S&W in Asia and the Middle East were offset by lower sales in the United States and Europe (on lower volume of the cyclical commodity pineapple juice concentrate (PJC) and significantly lower pricing due to oversupply situation in the international market).

DMPL FY2018 SALES



Americas	75%
Philippines	15%
Asia ex-Philippines	8%
Europe	2%

Packaged Fruit and Vegetable	68%
Culinary	18%
Beverage	7%
Fresh Fruit and Others	7%

USA

DMPL's US subsidiary, Del Monte Foods, Inc (DMFI), generated sales of US$1.7 billion or 75.3% of Group sales, lower by 2.5% versus prior year largely due to lower canned tomato sales, and unfavourable pricing in foodservice and US Department of Agriculture (USDA). The key retail segments of canned vegetable, canned fruit, broth and plastic fruit cup snacks all grew sales for the full year despite some category declines in the canned segment.

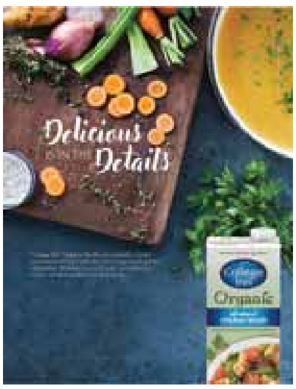
Del Monte Foods increasingly offers differentiated value propositions through meaningful product improvements, marketing campaigns, and innovation as well as effectively managing pricing fundamentals and executing well at the retail channel.

Two years ago, to meet the unique snacking needs of on-the-go adults, DMFI introduced *Del Monte® Fruit Refreshers®*, the first-ever adult fruit cup, bringing unexpected fruit flavours and exciting combinations in refreshing fruit waters. *Del Monte® Fruit Refreshers®* won the 2017 Product of the Year Award in the Healthy Snacking category in the USA. Last year, DMFI expanded the adult fruit cup snacking segment with the launch of *Del Monte® Fruit & Chia™*, a category first which combines luscious chunks of fruit with wholesome chia. This product exceeded the company's distribution and velocity targets.

Shortly thereafter, to unlock the on-the-go usage occasion, DMFI introduced the grab-and-go fruit cup snacks which are single-serve portable cups with 'sporks' in the lid, for convenient snacking on the go. It comes in four amazing flavours: *Grapefruit & Orange in Pomegranate Water, Mandarin Orange in Coconut Water, Peaches in Strawberry Dragon Fruit Chia* and *Pears in Blackberry Chia*.

These new products were launched to address consumer trends of healthy living, snacking and convenience. Nearly 50% of US food consumption is in snacking, hence, the exciting potential in this fruit cup segment.

Del Monte® Fruit & Chia™, a category first combining fruit with wholesome chia



Rich flavour of College Inn in a new organic variant

Del Monte Fruit Cups for healthy living

STRONG MARKET POSITION IN KEY CATEGORIES IN THE USA			
Products	Market Share	Market Position	Brands
Canned Vegetable	28.7%	#1	
Canned Fruit	37.3%	#1	
Plastic Fruit Cup	32.9%	#2	
Canned Tomato*	8.9%*	#2	

Canned market shares are for branded only, ex-private labels
** Combined share for Del Monte, S&W and Contadina brands*
Source: Nielsen Scantrack dollar share, Total US Grocery + WalMart, 12M ending 28 April 2018

Grab-and-go Fruit Cups with sporks

For broth, DMFI launched *College Inn Organic Chicken and Beef*, extending the rich flavour of *College Inn* into the organic variant. It also introduced *College Inn Liquid Broth Concentrates* which are concentrated broth - the easiest way to have flavourful broth on hand, anytime, for any use.

In FY2018, there was increased focus on innovation, significantly shifting DMFI's project focus from base work to new product development (NPD). NPDs accounted for 40% of focus, significantly higher than the 13% two years ago.

In the canned vegetable segment, the company solidified its leadership position through increased marketing investment and competitive brand rationalisation at several retailers. It also enhanced digital partnerships with premier food networks inspiring usage and reaching a younger consumer target.

DMFI increased its market share for the full year across key categories in retail, i.e. canned vegetable, canned fruit and fruit in plastic cups driven by compelling innovations, strong execution against fundamentals at retail, and sustained marketing investment to support its brands.

The *Del Monte* (www.delmonte.com) and *College Inn* (www.collegeinn.com) websites were redesigned in October 2017 with new engaging content and enhanced capabilities.

In foodservice, DMFI secured supply commitments from large US school districts for Fruit Cups. DMFI's Fruit Cups meet school requirements of a full ½ cup fruit (4.4 oz total). The new foodservice website for schools had just been launched (www.delmontefoodservice-k12.com.) DMFI has also extended successful retail items in packaged fruit, vegetable and broth categories to the foodservice channel, including grab-and-go fruit cup snacks to vending operators.

As part of DMPL's growth and globalisation initiative, the distribution of imported product from the Philippines has extended its reach beyond Asian Ethnic market to mainstream grocery channel in the US. To strengthen the Group's global supply chain network, DMFI will work to increase the cross-selling effort between the US and Asia by expanding its international product portfolio to meet the growing demand of Ethnic food product in the US.

DMFI has continued to export its *S&W* canned specialty fruits, corn and tomato products to Asia.

PHILIPPINES

The Philippine market delivered a record performance with sales of US$333.8 million, up 1% in US dollar terms and up 7% in peso terms as all product categories – packaged fruit, beverage and culinary – posted higher sales, driven by expanded penetration, increased consumption by driving inclusion of *Del Monte* products in consumers' weekly menu behind marketing campaigns across brands, and optimised opportunities in the rapidly-growing foodservice channel.

The Company's thrust on innovation continued. Non-canned beverages were the biggest contributor of growth with the launch of *Del Monte 100% Pineapple Juice* in a 1-litre carton format to complete its 1-litre juice offering in the Philippines, and isotonic drink *Del Monte Fit 'n Right Active*. The Group also entered the 'juice with particulates' market with the introduction

Del Monte 100% Pineapple Juices now in more convenient 1-litre carton

OPERATING AND **FINANCIAL REVIEW**

MARKET LEADER IN VARIOUS CATEGORIES IN THE PHILIPPINES

Products	Market Share	Market Position	Brands
Packaged Pineapple	85.9%	#1	Del Monte
Canned Mixed Fruit[1]	74.0%	#1	Del Monte, Today's
Canned and Tetra RTD Juices	83.3%	#1	Del Monte
Tomato Sauce	85.0%	#1	Del Monte
Spaghetti Sauce[2]	42.9%	#1	Del Monte, Today's, Contadina

1 Combined share for Del Monte and Today's brands
2 Combined share for Del Monte, Today's and Contadina brands
Source: Nielsen Retail Index, 12M to April 2018

of *Del Monte Juice & Chews* in December 2017, an innovative snack-in-a-drink combining nata and pineapple with fruit juice blends. This is becoming increasingly

Encourage new twists on classic tomato recipes

popular amongst teens. Del Monte also launched new seasonal flavours of *Mango Peach* and *White Grape* in the juice drink segment.

For the culinary segment, Del Monte upgraded label designs of stand-up-pouches to include recipes at the back and continued with recipe education through the Del Monte Kitchenomics programme with 3 million Facebook members and a highest rated branded content and cooking show. It also encouraged new twists on classic tomato recipes and empowered working moms to go beyond fried dishes.

DMPL maintained its dominant market share position in most categories it competes in.

Foodservice sales which accounted for 18% of total sales in the Philippines was the fastest growing channel. It expanded by 15% riding on the rapid expansion of quick service restaurants and convenience stores, as well as Del Monte Philippines' growth of its juice dispensers, meal partnerships and customised products.

Del Monte Philippines supplies Jollibee, the largest local fast food chain, with their pineapple

Del Monte Juice & Chews. the new fun snack-in-a-drink

juice requirements nationwide, and supplies Pizza Hut with all their pineapple tidbits requirements. Moreover, Del Monte Philippines' *100% Pineapple Juice* is now available in all of Cebu Pacific's domestic flights, while it continues to supply Philippine Airlines for all their domestic flights.

S&W IN ASIA AND THE MIDDLE EAST

Sales of the S&W business in Asia and the Middle East reached US$106.1 million in FY2018, 6% higher than the US$100.2 million in FY2017, a record for this brand since the Group acquired it in 2007. Improved sales were driven by the double-

Empower working moms to go beyond fried dishes

Del Monte Juices in Cebu Pacific and in Philippine Airlines

Meal partnership with Jollibee

digit growth of the *S&W Sweet 16* fresh pineapple mainly in China and the Middle East. However, the packaged segment's sales were lower due to unfavourable sales mix, and lower sales of packaged pineapple products in North Asia due to cheaper-priced competition from Thailand and Indonesia. These were partly offset by new product launches in new packaging formats in North Asia and the Middle East, and expansion into Turkey.

The fresh segment accounted for 72% of S&W's total sales in FY2018, while the packaged segment accounted for the balance 28%.

S&W's key initiatives in FY2018:

- New product launches:
  - *S&W Fruit & Chia* cups in 3 variants in NTUC Fairprice Singapore and in store chain 759 in Hong Kong, as an extension of the success of the *Del Monte Fruit & Chia* from the USA

Launch of S&W Fruit & Chia in Singapore

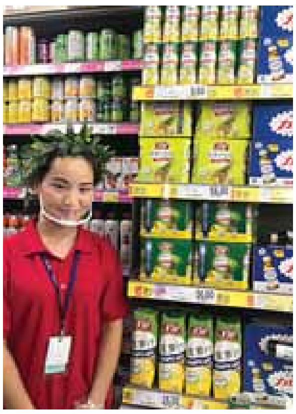
  - *S&W* pineapples in revolutionary Clear Can for pineapple slices and chunks in China and Korea. Clear Cans are see-through plastic containers with metal lids, which allow consumers to see the product and be assured of its premium quality. This product won the International Innovation Award from Enterprise Asia on 2 December 2017 in Shanghai.
  - *S&W 100% Pineapple Juice* in 1-litre carton in China

S&W pineapples in revolutionary Clear Can for pineapple slices and chunks in China and Korea

  - *Contadina* brand of pasta sauces in stand-up-pouch aluminium packaging in China. *Contadina* is a brand name known to American families for 100 years and is one of four key brands that the Group markets in the USA. *Contadina* takes to heart the Mediterranean philosophy of cooking with passion, using only the finest ingredients to deliver rich and authentic flavours. The Group now offers *Contadina* products in China.
  - *S&W Tomato and Pasta Sauces* from the Philippines and *S&W Juice Drinks* in new aluminium cans into certain markets in the Middle East

- New markets and channels
  - Expansion into Turkey, a new market for packaged products
  - Listing on Amazon Prime Now Singapore of *S&W* packaged products
  - Introduced *S&W 100% Pineapple Juice* into the mini bars of Marina Bay Sands hotel in Singapore by conducting launch trial in about 200 rooms

- Marketing programmes
  - Partnered with QSR Jollibee fast food chain in Singapore for their redemption programme via stamps collection by purchasing Chickenjoy Value



S&W 100% Pineapple Juice in 1-litre carton in China

Contadina pasta sauces in China

OPERATING AND **FINANCIAL REVIEW**

S&W Pineapple Juice and S&W Sweet 16 pineapple

New products in India – Sandwich Spread and Pizza Pasta Sauce in spout packs, and domestic pasta

Meal with *S&W Pineapple Juice*

- In-store displays as well as sampling activations to drive awareness and sales

FIELDFRESH INDIA (EQUITY ACCOUNTED)

Sales at FieldFresh Foods, our Indian joint venture (JV), which are equity accounted and not consolidated, were US$76.2 million in FY2018, 5% higher versus prior year. US$67.0 million came from the *Del Monte*-branded packaged segment and US$9.3 million from the *FieldFresh*-branded fresh segment.

The *Del Monte* business in India was up 10% on continued product innovation, as well as trade, marketing and digital campaigns. Building on the success of the *Del Monte Mayonnaise* spout pack format, the JV launched the *Del Monte Sandwich Spread* and *Del Monte Pizza Pasta Sauce* in stand up spout packs. The business saw growth in the pasta and pizza sauce category within four months of launch. Riding on the domestic pasta category's high growth, it also introduced the domestic pasta 200-gram pack to act as a trial generator.

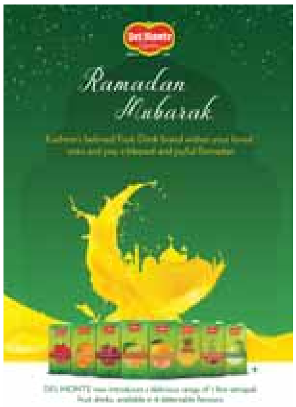
In 2017, Del Monte also entered the 1-litre fruit drinks segment with a range of eight variants in carton format. The initial pilot in the north region is underway, getting a fantastic response and gaining fast traction in the foodservice and cash and carry segments.

Digital campaigns included driving usage of *Del Monte Dried* and *Canned Fruit* range by giving consumers easy and indulging ways to use *Del Monte* products during summer. 15 unique video recipes were created showcasing *Del Monte* products as a core ingredient and content was shared across all social media platforms.

FieldFresh sustained its positive EBITDA while DMPL's share of loss in the FieldFresh joint venture in India was lower at US$0.3 million from US$1.6 million in the prior year as FieldFresh continued to invest behind the business to grow the *Del Monte* packaged business in India.

GROSS PROFIT AND MARGIN

DMPL generated a gross profit of US$432.5 million, lower by 13% versus the prior year, while gross margin decreased to 19.7% from 22.0% in the same period last year.



Del Monte Juices in new carton format

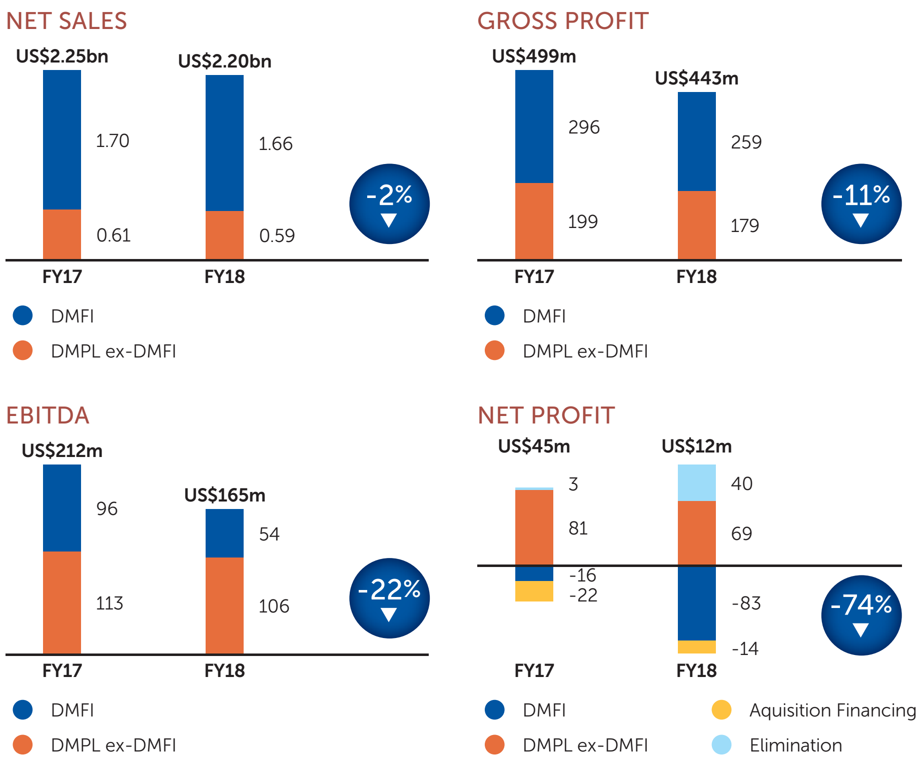
DMFI's gross margin declined to 15.0% from 17.2% in the same period last year mainly driven by unfavourable USDA and foodservice pricing, and unfavourable sales mix, amongst others.

DMPL ex-DMFI's gross profit at US$178.6 million

Digital campaign showcasing recipes with Del Monte packaged fruit

Marketing campaign promoting Del Monte Italian range products

DMPL FY2018 RECURRING PERFORMANCE



Excluding one-off items, Gross Profit, EBITDA and Net Profit were lower than prior year due to unfavourable sales mix and much lower PJC pricing

was lower than last year and its gross margin decreased to 30.4% from 32.5% due to unfavourable sales mix, significantly lower PJC pricing in the international market, and the unfavourable impact from revaluation of biological assets.

EBITDA AND NET PROFIT

DMPL's EBITDA of US$102.3 million was lower by 47.3%. Half of the decline was attributed to the reasons mentioned above that impacted gross profit while half was due to one-off expenses amounting to US$29.1 million after deducting the one-off gain.

As part of the Group's strategy to improve operational excellence and profitability, DMFI divested its underperforming Sager Creek vegetable business in the second quarter of FY2018. This involved shutting the production facility in Siloam Springs, Arkansas. DMFI also shut its Plymouth, Indiana tomato production facility in the third quarter of FY2018 to improve efficiency and streamline operations. These resulted in one-off expenses of US$62.7 million pre-tax. The one-off expenses also included a writedown of Sager Creek's inventory which the Group planned to dispose of in FY2019.

DMFI recorded a loss of US$9.0 million at EBITDA level. DMFI successfully executed the consolidation of its Indiana plant that had just been closed into its other tomato facility in California to improve the overall utilisation of packaged tomato assets.

Please refer to the table below for the schedule of one-off items.

Excluding one-off expenses, the Group's EBITDA would have been US$165.0 million, 22.1% lower versus the recurring EBITDA of US$211.9 million last year.

DMPL's net income without DMFI was US$54.8 million, down

NON-RECURRING EXPENSE/(INCOME) (IN US$M)	FY2017	FY2018	BOOKED UNDER
Closure of plants[1]	3.7	55.1	CGS, G&A and other expense
Gain due to loan purchase[2]	-	(33.6)	Interest income
Severance and others	14.2	7.6	G&A expense
Total expense (pre-tax basis)	**17.9**	**29.1**	
Write-off of Deferred Tax Asset at DMFI (gross and net basis)	11.5	39.8[3]	Tax expense
Total (net of tax and non-controlling interest of 10.6%)	**21.1**	**48.5**	

1 *As part of its multiyear restructuring project to streamline operations and improve profitability, the Group closed three plants in the US in FY2017-2018. It also shifted to a leaner organisation model in the US to drive channel growth and bring down costs in line with competition, hence, the severance costs.*

2 *Please refer to the "Cash Flow and Debt" section in the next page for the purchase of loan in the USA.*

3 *The Group wrote off US$39.8m of deferred tax assets at DMFI due to the change in Federal income tax rate from 35% to 21%. Other companies in the US with deferred tax assets have similar write-offs due to the reduction in income tax rates. However, this should be more than offset by the reduced tax rates in future years which will be substantial.*

OPERATING AND **FINANCIAL REVIEW**

A visit to the Philippine plantation and factory as part of new DMFI Leadership Team's orientation

versus prior year period's US$58.9 million mainly from unfavourable sales mix, reduced export sales and much lower PJC pricing, and unfavourable impact from revaluation of biological assets, amongst others.

The DMPL Group generated a net loss of US$36.5 million for the full year of FY2018, unfavourable versus prior year's net income of US$24.4 million mainly due to the one-off expenses of US$48.5 million (post-tax basis).

Excluding the one-off expenses, the Group's net income would have been US$12.0 million, lower versus the recurring net income last year of US$45.5 million mainly due to higher marketing investment in the USA to reinvigorate the business there in line with the Group's long-range plan, lower export sales and significantly reduced PJC pricing.

FY2018 was a year of transition for DMFI marked by new leadership, and a new long-range plan designed to build brands, bring differentiated and innovative products to market, optimise supply chain, and expand distribution channels. Several important initiatives were launched in FY2018 to improve the health of the Group's business in the USA and reverse the past several years of profit erosion:

- Reduced Trade Spend and Supply Chain Cost Reduction projects
- Deprioritised Margin Dilutive Businesses: Private label and USDA reductions
- Accelerated Innovation: New products created for centre store and perimeter / frozen
- Reduced and Idled Excess Production: On path to match supply with demand
- Focus on Branded Share and Distribution Growth: Retail and Foodservice channels

INVENTORIES

DMPL's inventories amounted to US$761.0 million as at 30 April 2018, lower than the US$916.9 million as at 30 April 2017 mainly due to planned reduction and divestiture of Sager Creek.

CAPEX

Capital expenditures (capex) were US$148.2 million in FY2018, slightly higher than the US$145.0 million in the prior year. DMFI accounted for US$37.3 million of Group capex in FY2018, lower than the US$44.6 million in FY2017 due to plant closures, while DMPL ex-DMFI's capex accounted for US$110.8 million, up from US$98.4 million in FY2017 due to higher spending on standing crops.

PREFERENCE SHARE OFFERING

In December 2017, the Company successfully completed the offering and listing of its second tranche of Preference Shares (Series A-2) in the Philippines generating US$100 million in proceeds for a combined US$300 million approximately for 2017, including the US$200 million (Series A-1) raised in April 2017. The Company used the net proceeds to substantially refinance a US$350 million BDO Unibank, Inc loan due in February 2019.

The coupon rate for Series A-1 is 6.625% while for Series A-2 is 6.5% per annum, both payable semi-annually.

The Preference Shares are redeemable by the Company at its option on the fifth anniversary.

CASH FLOW AND DEBT

The Group's cash flow from operations in FY2018 was US$322.9 million, significantly higher versus prior year's cash flow of US$187.1 million due to better working capital management, in particular the reduction in DMFI's inventory. Improvement in cash flow from operations contributed to the Group's debt reduction efforts.

As mentioned above, the Company successfully completed the offering and listing of its second tranche of Preference Shares in the Philippines generating approximately US$100 million in proceeds.

As of the Company's fiscal year end April 2018, it has also completed the purchase from certain lenders US$124.9 million worth of principal amount

"Remember my mantra: distinct... or extinct."

- Tom Peters, Business Management Author

(out of a total of US$260 million) of DMFI's Second Lien Term Loans, which have been trading at a discount in the secondary market. The Company purchased the notes at a 30% discount to par value.

The Second Lien Term Loans are the highest-interest bearing loans for DMFI with an interest rate of LIBOR plus 7.25% (currently 9.75% p.a.) and will mature in August 2021.

While the Second Lien Term Loans that have been acquired currently remain on DMFI's balance sheet as an obligation, the intercompany holdings of the loans and related interest expense is eliminated upon consolidation of the DMPL Group, thereby resulting in a reduction of leverage for the Group.

This loan purchase is in line with the Company's plan to delever its balance sheet and improve the capital structure and profitability of the DMPL Group, through a reduction in effective interest expense of US$8-10 million per annum and savings from the purchase price discount for the Second Lien Term Loans. The one-off gain of US$33.6 million pre-tax or US$25.3 million post-tax, booked in FY2018 was a result of principal savings given the 30% purchase discount.

The Group's net debt (cash and bank balances less borrowings) amounted to US$1.4 billion as at 30 April 2018, lower than the US$1.7 billion as at 30 April 2017 due to payment of borrowings, including the partial extinguishment of DMFI's Second Lien Term Loans.

Out of the total net debt of US$1.4 billion, DMFI accounted for US$806.4 million while DMPL ex-DMFI accounted for US$634.5 million.

The Group's net debt to equity ratio decreased to 237% from 290% in the prior year.

DIVIDENDS

In October 2017 and April 2018, respectively, the Company paid dividends to holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 April 2017 to 7 October 2017 and US$0.33125 for the six-month period 8 October 2017 to 7 April 2018.

In April 2018, the Company paid dividends to holders of the Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.20403 per Series A-2 Preference Share for the 113-day period from 15 December 2017 to 7 April 2018. The Series A-2 Preference Shares were listed on the Philippine Stock Exchange on 15 December 2017.

No dividends were declared for Ordinary shareholders due to the net loss position of the Company in FY2018.

JOINT VENTURE WITH FRESH DEL MONTE PRODUCE INC

In June 2017, DMFI entered into joint ventures with Fresh Del Monte Produce Inc (NYSE: FDP) in chilled products - juices, prepared fruit snacks, guacamole and avocado, and new *Del Monte*-branded retail food and beverage outlets modeled after an already successful FDP business in the Middle East. These joint ventures will initially focus on the US market with the potential for expansion into other territories where the companies' businesses complement each other.

The "Perimeter & Convenience team" was newly created to unlock growth opportunities, via these joint ventures, in the perimeter of store and the rapidly growing convenience store channel.

The team is developing a range of value-added prepared avocado

Preference Share Roadshow in the Philippines with COO Luis Alejandro on 28 November 2017

Gregory Longstreet, DMFI President and CEO, and Bibie Wu, DMFI CMO, addressing Bay Area questions from employees at DMFI's Town Hall held in May 2018

products to extend into the deli and new channels and is relaunching the *Del Monte Pure Earth* line of pineapple-based chilled juices, phasing geographically. The team is launching new value-added cups and snacks for the chilled fruit snack line and evaluatiing business models and opportunities that will best fit the *Del Monte* brand for the retail QSR F&B concept.

NEW USA LEADERSHIP TEAM

The Group strengthened its leadership team in the USA to be more strategic, innovative and driven to deliver performance.

Gregory Longstreet joined as CEO effective 5 September 2017. He has over 25 years of work experience in the food industry, having held critical commercial roles in sales, marketing and general management, including as President and CEO. While at Dole Foods Company, Greg was the Director of Marketing and New Product Development of the Packaged division and, at one point, had leadership roles in the Fresh Vegetable division where he led the strategic expansion of Dole Fresh Vegetable foodservice business. In his recent role as President and CEO of CytoSport (of the Hormel Foods Group), Greg's work included innovative brand and product expansion within the beverage, bar and powder segments of the sports nutrition category.

Greg appointed Bibie Wu as Chief Marketing Officer effective 28 February 2018. She has vast consumer packaged goods experience with many well-known and respected brands spanning food at General Mills and Campbell, and laundry and home care at Henkel.

To facilitate more synergies with the Innovation team in bringing DMFI's products to market, R&D is now part of the overall Marketing organisation under the CMO, an important step to drive innovation and support the investment in future products.

Brian Pitzele was appointed as Vice President to lead and strengthen foodservice effective 5 February 2018. Brian has deep experience in the foodservice industry, including more than 30 years at Hormel Foods Corporation, where he held multiple positions in sales, marketing, and management roles.

Gary Thomas also joined DMFI in July 2017 as Senior Vice President for Operations with vast experience in operations from supply chain, plant and production management to technical services. He was most recently with White Wave Foods leading their integrated fresh produce supply chain efforts and over 14 years with Kraft Heinz in various roles.

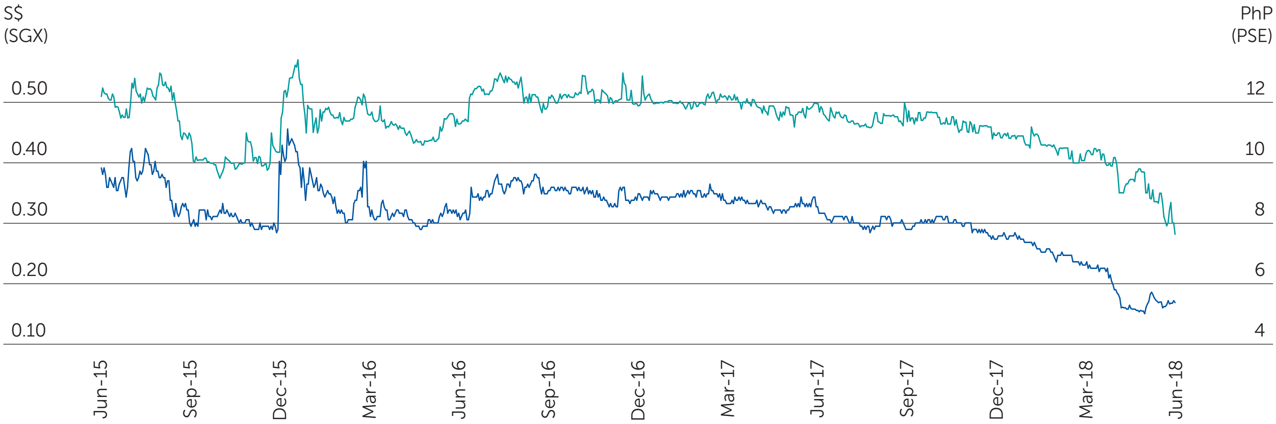
Under the new leadership team in the USA, the company has become more market-driven, innovative and aligned with consumer preferences, supported by a strong operations team.

"One of the only ways to get out of a tight box is to invent your way out."

- Jeff Bezos, Amazon

SHARE PRICE
AND CALENDAR

DEL MONTE PACIFIC SHARE PRICE ON THE SINGAPORE EXCHANGE AND THE PHILIPPINE STOCK EXCHANGE



— Share Price in S$ (SGX)
— Share Price in PhP (PSE)

DEL MONTE PACIFIC SHARE PRICE HIGHLIGHTS[1]

	in SGX (S$)				in PSE[2] (PhP)			
	Up to 10 July 2018	2017	2016	2015	Up to 10 July 2018	2017	2016	2015
Low	0.160	0.275	0.290	0.285	7.40	10.80	10.60	9.49
High	0.285	0.360	0.395	0.470	11.20	12.36	13.00	15.09
End of Period	0.180	0.275	0.340	0.385	7.74	10.92	12.90	13.44
Average	0.223	0.317	0.336	0.366	9.90	11.68	11.86	11.96

1 *Based on Calendar Year basis and adjusted for the Rights Issue in March 2015 and Bonus Issue in April 2013*
2 *DMPL shares were listed on the Philippine Stock Exchange on 10 June 2013*

CALENDAR FOR FY2019 (MAY 2018 - APRIL 2019)

17 Aug 2018	FY2018 Annual General Meeting
14 Sep 2018	1Q FY2018 results announcement
12 Dec 2018	2Q FY2018 results announcement
8 Mar 2019	3Q FY2018 results announcement
21 Jun 2019	4Q FY2018 results announcement

From December onwards, the schedule is indicative and is subject to changes. The final dates will be announced about two weeks before the results announcement.

DMPL Group's Senior Management during a results briefing in Singapore

BUSINESS **OUTLOOK**

Barring unforeseen circumstances, DMPL is expected to be profitable in FY2019.

The Group will focus on strengthening its core business, while addressing and capitalising on changing consumer trends. Innovation, through better product and packaging development, and improved agriculture and manufacturing technology, will continue to fuel growth initiatives.

DMPL's entry into the frozen pineapple segment through its joint venture with Nice Fruit will be further leveraged as the Group brings this leading Nice Frozen Dry technology and exciting product into new markets and applications for both retail and foodservice. Please refer to pages 36-37 for more information on Nice Fruit.

There will be more cross-selling across the different markets of the Group, bringing products from the USA to Asia and vice-versa, and more digital opportunities including e-commerce for its range of products.

It will remain vigilant in keeping costs down, amidst an inflationary environment and lower pineapple juice concentrate pricing, through supply chain synergies and G&A cost optimisation.

As part of the Group's deleveraging plan, DMPL plans to sell approximately 20% of its stake in wholly-owned subsidiary, Del Monte Philippines, Inc (DMPI), through a public offering on the Philippine Stock Exchange. The IPO was deferred due to volatile market conditions. The Company will announce as and when it relaunches this, subject to better market conditions.

USA

The Group faces headwinds from the long-term structural decline in canned categories in which it competes due to shifts in consumer preferences, shifts in the way American consumers are eating and shopping, as well as shifts in consumer demographics.

Its commercial strategy will continue to build on its *Del Monte* brand heritage and will realign its business with these consumer trends over time. Its plan focuses on business segments which are on-trend in which it will invest in marketing to strengthen its leadership positions, pursue innovation to address growing consumer needs for more convenient, healthy and flavourful solutions, as well as build its distribution base in the growing store perimeter and emerging channels. At the same time, it will rationalise non-profitable businesses, in particular the low-margin, non-branded segment.

With the four new joint ventures with Fresh Del Monte Produce Inc, the Group has the potential to greatly extend the reach of the *Del Monte* brand to the growing store perimeter while allowing both companies to optimise economies of scale. Business plans are being executed for chilled prepared fruit snacks, while business plans are being finalised for chilled juices, guacamole and avocado products, and Del Monte retail food and beverage outlets.

Over time, the product portfolio in the USA will no longer just be mostly canned but will have increasingly meaningful contribution from non-can formats such as cups, cartons and pouches. New categories of frozen and snacking will be further developed. It will no longer focus solely on retail centre-of-store, but also on retail perimeter,

BUILDING A CULTURE OF INNOVATION

DEL MONTE IN RECENT YEARS	DEL MONTE OF THE FUTURE
Focused on declining centre of the store categories and mature retail channels	Portfolio extended into high growth and high margin categories sold across diverse channels
Limited innovation and investment to contemporise brands (past decade)	Revitalised and strengthened brands supported by category-leading innovation and marketing
Pricing and margin erosion driven by increased trade promotion and non-strategic business	Best in class revenue management focused on strategically relevant categories
Significant decline in profits led by increased COGS and lower volumes (past decade)	A disciplined cost containment approach and a commitment to pass through net inflation
Bloated supply chain and manufacturing base that exceeds demand	Streamlined supply chain (internal and co-pack) supporting base demand and growth platforms
Lack of internal alignment, communication and culture of continuous improvement	A dynamic culture, cross functionally aligned on growth, innovation, execution, and continuous improvement
A CANNED FOOD COMPANY	A CONSUMER-DRIVEN PACKAGED FOOD INNOVATOR

convenience stores, foodservice and e-commerce.

The Group will continue to optimise its cost structure by driving spending efficiencies and productivity improvements annually as well as by investing in a multiyear restructuring project for its operations and supply chain footprint to more efficiently support its commercial strategy.

In summary, for the US market:

OUR IMPERATIVES
- Build Relevance – *Drive Our Advantage*
- Drive Innovation – *Think Outside of the Can*

BACK TO OUR ROOTS
- Market like a brand leader
- Packaging and product innovator
- Leader in plant-based goodness

RIGHT TO WIN
- Trusted, extendable equities
- Quality fruits and vegetables
- #1 brand with strong insights and category captaincy
- Strategic external partners to accelerate innovation

ASIA

DMPL will continue to expand its existing branded business in Asia, through the *Del Monte* brand in the Philippines, where it is a dominant market leader. *S&W*, both fresh and packaged, will gain more traction as it leverages its distribution expansion in Asia and the Middle East, while the Group's joint venture in India will continue to generate higher branded *Del Monte* sales and maintain its positive EBITDA.

PHILIPPINES
In the Philippines, the Group will continue to drive increased consumption frequency amongst a wider base of consumers through sustained investments in product innovation, advertising, and expanded trade availability.

In addition, it expects to take full advantage of the fast-growing foodservice industry by forging strategic tie-ups with key foodservice accounts, including quick service restaurants and convenience stores.

Del Monte has grown with the Philippine economy with the trust and loyalty of millions of Filipino consumers. As the economy continues to grow, and the Philippine market innovates with new healthy products, and expands into new channels and market segments, it is well positioned to grow further. The Philippine market is expected to continue to deliver higher revenue and profits with its household *Del Monte* brand.

ASIA THROUGH S&W
The significant expansion of *S&W* in recent years has been driven by rising demand for fresh pineapples and sustained by increased supply of high quality fresh pineapples from the Group's plantation in Bukidnon, Philippines. The Group will continue to leverage this fast-growing, high-margin business in driving revenue and profitability.

It will also expand its packaged segment through new markets, new products (including frozen pineapple that has been well-received in Japan) and partnerships, while growing the base products in retail and foodservice channels, as well as in e-commerce. Co-branding of *S&W* with *St Mamet* of France will be further developed, and cross-selling of products and brands from the USA and the Philippines to other markets in Asia will continue. The S&W team has already brought the Group's US *Contadina* brand to China.

INDIA
FieldFresh, our joint venture in India, will intensify its focus on adding healthier variants of *Del Monte* products in line with consumption trends. Some of its products such as juices and olive oil are naturally aligned towards health. It will endeavour to make a stronger statement in the health and wellness space, which is an important commitment as a food company. This may include bringing in products from the global portfolio of DMPL into India.

While the joint venture focuses on growing its retail distribution directly in the top 50 cities, it is focusing on widening its indirect distribution in other regions through wholesale distributors and super stockists. Given the huge potential for growth in India, it will continue to target strong double-digit sales growth for the next few years.

Del Monte® Fruit & Chia™, one of our new fruit cup snacks

"If you don't cannibalise yourself, someone else will."

- Steve Jobs, Apple

RISK
MANAGEMENT

ENTERPRISE-RISK MANAGEMENT PROGRAMME

The Group has an established enterprise-wide risk management programme that aims to provide a structured basis for proactively managing financial, operational, compliance, information technology and sustainability risks in all levels of the organisation.

Risk management is a regular board agenda item.

PRINCIPAL RISK	SPECIFIC RISK WE FACE	RISK MITIGATION
Strategic Plan and Innovation	The Group's branded business in the USA, the Philippines and the Indian subcontinent through the *Del Monte* brand, and in Asia and the Middle East through the *S&W* brand, is affected by evolving consumer preferences and trends towards fresh and increased shopping in perimeter of the store, convenient products, competition and consumer perception. Product innovation is one of the Group's strategic pillars. The success of new product launches is key to the attainment of the Group's strategic plan. Supply chain support and marketing plans are critical capabilities for new products to succeed and be profitable.	• Ensure new product launches and platform criteria are met to improve likelihood of new product success and breakthrough by implementing the following measures: – Increase resources on innovation – Extend our portfolio into attractive, growing and profitable adjacencies – Prioritise effective execution and project management to improve profitability and cash flow • Differentiate new products from existing categories, ensure high quality standard and appealing product design • Leverage our brand heritage for growth and position new products that address consumer needs and preferences • Compete effectively in existing and adjacent categories at a price consumers are willing to pay; penetrate new channels • Develop communication materials to highlight the product benefits and monitor competitors' responses; create the demand for these new products
Branded and Non-Branded Business	The Group's core categories in the US – Canned Vegetables, Canned Fruits and Canned Tomato – are large categories that generate strong cash flows but are slowing down. Certain non-branded business of the Group (including USDA and certain private label) requires a competitive bidding process which is speculative and volatile. The profitability of such bids is a challenge.	• Increase funding on product and packaging innovation, extend our portfolio in attractive adjacencies and expand distribution reach and penetration into new channels • Shift to branded, value-added and packaged products, limit private label business to select strategic customers and narrow the USDA business over time to limit potential future volatility • Leverage the Group's joint venture with Fresh Del Monte Produce, Inc. through collaboration on new product innovations such as chilled juices, fruit snacks and avocado products • Focus resources to grow the core business market share by reinforcing consumption-driven marketing communication strategies
Trade Spending	In the US, a large portion of sales expense is for trade promotion activities. Management of trade promotion activity is important.	• Assess efficiency of trade spending to adjust and optimise promotion strategies • Explore various programmes and tools to better manage and rely less on trade promotion • Channel funds to marketing, product investment and innovation

PRINCIPAL RISK	SPECIFIC RISK WE FACE	RISK MITIGATION
Supply Chain Optimisation	The Group's success with planned new products relies on the capabilities of its supply chain. New platforms necessitate changes in the Group's business model. The use of co-manufacturers will hasten the speed at which the Group develops new products. Food safety and compliance with the Food Safety Modernization Act impact brands, customer relationship and profitability.	• Executed the sale of the Sager Creek business and the shutdown of the Arkansas plant and the Plymouth plant in FY2018 • Rationalise the Group's manufacturing and distribution footprint • Implement a robust transformation programme that instills ownership and accountability across the supply chain to deliver the plans • Institute a robust co-manufacturer evaluation system for product and process qualification, monitor quality audit results and swiftly implement corrective actions
Financial Leverage and Capital Structure	The Group has long-term acquisition financing resulting in a leveraged balance sheet. Risks would arise if there is a general economic or industry slowdown that may impact the Group's performance, which subsequently may affect the Group's ability to service its interest and principal obligations.	• The Group successfully completed the offering and listing of about US$300 million Preference Shares in the Philippines in April and December 2017, with a coupon rate of 6.625% p.a. and 6.5% p.a., respectively • Net proceeds were used to partly refinance the US$350 million loan which was extended until February 2019 • The remaining balance of US$54 million of Preference Shares is issuable within 2 years • DMPL purchased US$125 million of Second Lien Term Loans (as of April 2018) at a 30% discount in the secondary market providing the Group with significant interest and principal savings • The Group also expects to meet its financial obligation by generating more cash flows through the following: – Improved cash flows in the US which accounts for approximately 75% of Group sales – Expected cost savings from selling, general and administrative expense reduction initiatives, managing working capital, production levels, productivity enhancements and operational efficiencies – Expected sales and profit growth in the Asian business with the continuous expansion of the *S&W* brand in Asia and the Middle East both in packaged and fresh products and growth of the Philippine business through its market leadership position • The Group manages its interest rate risk by swapping variables with fixed interest rates – The majority of the term acquisition loans in the USA have already been swapped to fixed rates in February 2014, which took effect beginning February 2016 until 2021
Working Capital Management	There is excess inventory due to challenges in demand planning, crop tonnage, sales forecast and order fulfillment.	• Improve demand planning and adjust production plan to manage inventories and reduce wastage and obsolescence • Conduct better oversight and monitoring of inventories using warehouse management system • Execute the Group's strategic plans to improve cash flow and profitability by strengthening the core business and introducing new product innovations and streamline operations

RISK
MANAGEMENT

PRINCIPAL RISK	SPECIFIC RISK WE FACE	RISK MITIGATION
Tax	In the Philippines, the government passed a new regulation, Tax Reform for Acceleration and Inclusion (TRAIN), which applies a tax on beverages with added sugar, petroleum products and coal, among others, which impact the cost of operation. Sixty percent of the Group's beverage products, namely 100% fruit and vegetable juices, are not subject to this tax. The Group may lose certain tax incentives should it fail to comply with the conditions for the tax incentive. The Group may be exposed to additional losses from write-offs of deferred tax credits should the operations in the US continue to incur losses.	• Implement plans to reduce the impact of the sugar tax by spreading the price adjustment across categories in order to temper the beverage price adjustment and protect consumption and volume • Optimise production of 100% juice which is exempt from the sugar tax and work on product reformulation to mitigate the impact • Work on cost savings from sales, general and administrative expense reduction initiatives, management of working capital, production levels, productivity enhancements and operational efficiencies • Implement measures to comply with conditions related to the tax incentive • Proper execution of the Group's strategic and annual operating plan to meet its projected income in the US
Operations	As an integrated producer of packaged and fresh fruit products for the world market, the Group's earnings are inevitably subject to certain other risk factors, which include general economic and business conditions, change in business strategy or development plans, international business operations, production efficiencies, input costs and availability, disruption of logistics and transportation facilities, litigious counterparties, insurgent activities and changes in government regulations, including, but not limited to, environmental regulations.	• Develop and execute a long-term strategic plan and annual operating plan supported by a business continuity plan, risk management and a corporate sustainability programme • Pursue productivity-enhancing and efficiency-generating work practices and capital projects • Continue to comply with new legislations on the environment, regulatory, taxation and labour that affect operations and proactively develop strategies to reduce the impact of these regulations • Manage security risks in its operating units in the Philippines by strengthening security measures and improve its stakeholder relations in the communities where it operates
Environmental Risks	Production output is subject to certain risk factors relating to weather conditions, catastrophes, crop yields, crop diseases, contract growers and service providers' performance and leasehold arrangements. There is no assurance that natural catastrophes or climate change will not materially disrupt the Group's business operations in the future or that the Group is fully capable to deal with these situations with respect to all the damages and economic losses resulting from these risks. Our business in the US operates and contractually grows food in the United States where water availability may be at risk due to drought and limited water supply, new regulations on fresh water use and grey water discharges and increasing cost.	• The Group develops and executes a long-term strategic plan and annual operating plan, supported by a contingency plan and risk management measures • The Group also has in place disaster recovery plans and business continuity plans to mitigate these incidents and has implemented programmes and initiatives to mitigate the effects of climate change • The Group has Good Agricultural Practices (G.A.P.) certifications and complies with proven agricultural practices • To manage any impact from heavy rainfall and floods, plantings are done in various locations to minimise tonnage loss, and towing units have been augmented to ensure continuity of harvest during wet conditions • The Group also works with insurance brokers to assess the risk exposure and secure adequate insurance coverage, if cost effective

PRINCIPAL RISK	SPECIFIC RISK WE FACE	RISK MITIGATION
Cyber Security	The increasing global incidence of cyber-attacks on Company servers and websites demonstrates the need to strengthen and improve security of the Group's systems and avoid breach. Cyber-attacks can disrupt operations such as exploiting weaknesses in network devices and servers, corrupting information and stealing confidential data which can lead to financial losses.	• The Group develops and implements the following measures to counter and eliminate cyber-attacks from outside sources: – Adopt industry best practice to strengthen network security such as updating security patches to the system and encrypting workstations – Continue to monitor progress, emerging risks and control and prioritise improvements by the Data Protection and Privacy Security Task Force – Design and implement security policies and control at each local site – Deploy effective security governance to outside sites • The Group has engaged a third party to audit its systems and mitigate such risks
Information Technology Optimisation	The Group implemented an Enterprise Resource Planning system (S.A.P.) in the US and outsourced its finance and accounting functions to a reputable global service provider in the Philippines. Given the new systems and processes involved, there are risks on potential security issues and system outages resulting in lost data, business interruption, timely and accurate processing of documents, monitoring of expenditures, order fulfillment and receivables.	• The Group has transitioned to a new global service provider which offers services that will improve IT operations, security, systems monitoring and control • Other measures include providing capital budget to improve network and systems and IT support
Talent Management	The Group's capability to acquire and retain talent has an impact on the execution of the strategic plan.	• In the US, the Group hired a new Chief Executive Officer, Chief Marketing Officer, Senior Vice President for Operations and the Vice President for Foodservice • The change in leadership will help attract and retain talent • Employee engagement is one of the strategies used to attract and retain talent
Group Assets	The Group assets are exposed to various risks relating to the assets of, and the possible liabilities from, its operations.	• To safeguard its assets, the Group assesses its risk exposure annually with its insurance brokers and insurance companies • Assets are generally insured at current replacement values • Additions during the current year are automatically included with provision for inflation protection • During the financial year in review, all major risks were adequately covered, except where the premium costs were considered excessive in relation to the probability and extent of a loss

THREE GENERATIONS OF MY FAMILY WORKED IN DEL MONTE FOR 97 YEARS

Ann Gilda S. Pozon

Del Monte Philippines, Inc. (DMPI) started operating in the Philippines in 1926 and I am proud to say that three generations of my family worked in the company for 97 years!

My father, Honorato Salazar, joined Del Monte in 1930. As the Plantation Land Preparation Head, he was in charge of preparing the fields for pineapple production, and building and maintaining new roads in the plantation. I still remember his story. When the Second World War was imminent, his crew buried the tractors and land preparation equipment in the fields. After the war, they dug them up and he went to Manila to buy parts for their repair.

My father packed 38 years of service until his retirement in 1971, which would have been 41 years if not for the interruption of the war. My dad continued to work for Del Monte as a consultant for its Davao banana plantation operations for 10 more years, serving the company for a total of 48 years.

I started working with Del Monte in 1972 when I was still a college senior. Since my Accounting course included two semesters of actual work experience, my father introduced me to the company's Chief Accountant who interviewed me. After taking the entrance exams, I was hired immediately.

Having grown up for 19 years with pineapples all around me during my father's tenure with Del Monte, I thought I would work elsewhere to broaden my horizon after graduation from college. But upon my parents' advice that Del Monte is the ultimate employer who takes good care of its employees even beyond retirement, I followed my father's footsteps and worked in the company for the next 41 years until 2013! I am now on my sixth year post-retirement, working with Del Monte as a consultant.

Twelve different assignments made my work interesting over four decades. My first memorable assignment was as Computer Programmer and Systems Analyst. My best project was the mapping and design of the computerization of accounting reports. Financial Planning and Analysis and Business Unit Reporting was the next best assignment for me when I was promoted to Manager.

My best assignment has been as Exports Director, preparing the company for the expiration of legacy supply contracts, forming a group to support the new exports business.

I had hoped that a third generation in my family would follow me after realizing how good Del Monte has been to us. My son, Paolo, joined DMPI in 2001 and had a 4-year stint with MIS and Sales. He now runs his own business.

Del Monte will take care of you as long as you remain a loyal employee. The compensation and benefits, like superior medical care, retirement and provident plans, and access to cooperatives, make employees stay long. At the plantation where I grew up, housing and utilities continue to be provided by the company. The company built communities so we do not have to go far for our schools, hospital, worship, stores, and even for our sports and entertainment. DMPI nurtures communities.

More than compensation and benefits, the challenge of my work assignments, kindness of my colleagues, and trust and compassion of Del Monte's leadership then and now, made me stay this long.

Isn't it awesome that three generations in my family worked with DMPI for 97 years! In fact, there are many other Del Monte families who have worked for two to three generations in the company.

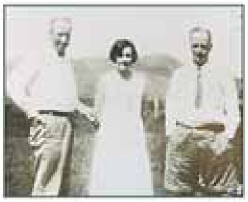
The core values of DMPI include *championing together, ownership with integrity (or malasakit),* and *excellence in everything we do.*

Del Monte truly nurtures generations.

Nourishing families.
Enriching lives.
Every day.

https://www.lifegetsbetter.ph

1926



Del Monte started operations in the Philippines

1930

My father joined the company

1957

My father and I in Camp 12

1972

With Internal Auditors after I joined Del Monte

2001

My dad on his 90th birthday

2003

My son Paolo with Sales

2018

With the Europe commercial team and our COO

DEL MONTE SUSTAINS COMMUNITIES, NOURISHES FAMILIES, ENRICHES LIVES

Del Monte Philippines, Inc. (DMPI) gives back to the community, a company tradition since the first pineapples were planted in Bukidnon over 90 years ago in the 1920's. DMPI's impact is felt in the life of communities around its farm and facilities. While its business supports the livelihood of at least 20,000 residents – from fruit growers, truckers to harvesters and maintenance crews – other residents greatly benefit from Del Monte. As a responsible corporate citizen, DMPI uplifts the quality of life of communities.

COMMUNITY SERVICE	MEDICAL & DENTAL MISSIONS	EDUCATIONAL SESSIONS	TECHNICAL SKILLS TRAINING	SCHOOL CHAIR DONATIONS	SCHOLARSHIPS
30,000	**2,200**	**2,000**	**1,100**	**680**	**340**
PATIENTS SERVED BY THE FOUNDATION'S MOBILE CLINIC	PATIENTS BENEFITTED FROM MEDICAL AND DENTAL MISSIONS	RESIDENTS ATTENDED COMMUNITY EDUCATIONAL SESSIONS	INDIVIDUALS ATTENDED VARIOUS TECHNICAL SKILLS TRAINING	CLASSROOM CHAIRS DONATED TO PUBLIC SCHOOLS	YOUTHS RECEIVED SCHOLARSHIPS TO VARIOUS SCHOOLS

*Data covers a period of one year.

Community Health and Wellness

Del Monte Foundation, Inc. spearheads DMPI's mission in its host communities and improves their health, wellness, and nutrition. Over a period of one year, the Foundation's mobile clinic caters to about 30,000 patients across over 50 communities around the plantation. The Foundation conducts nine medical and dental missions for about 2,200 patients with free treatment and medicine. It also conducts home care and community health education classes for over 2,000 homemakers, and rural residents on nutrition, prevention, and treatment of illnesses, family planning, and emergency care, among others. Over 200 community health workers have been trained to render better services. Twelve communities have received medical apparatus for health services.

Livelihood Programs

The Foundation provides technical skills training and livelihood development needed by communities to gain employment or engage in self-employment. The Foundation is accredited by the Technical Education and Skills Development Authority (TESDA). Workshops train students in welding, plumbing, driving, engine servicing, and cosmetology, among others. Over 1,100 out-of-school youths and unemployed heads of families benefit from technical skills training courses conducted in 30 municipalities. Training graduates are TESDA-certified and are helped with job placements. The Foundation partners with a local school to provide vocational courses.





Education, Scholarship, and Youth Development

The Foundation sponsors about 340 Del Monte scholars in different schools, from high school to college levels, through academic, community and sports scholarships, and the Jose Yao Campos Grants-in-Aid. Over 1,000 alumni of the scholarship program, which started in 1956, are now key contributors to community growth in the Philippines. The Foundation also harnesses the potential of the youth to lead and transform their communities for nation-building.

The Foundation provides material and labor to construct or restore classroom buildings and facilities, benefiting 34 schools so far. Using recycled wood, 680 classroom chairs for 25 public schools, and 13 sets of tables and chairs for day care centers and pre-schools in 10 towns were fabricated. The Foundation develops the skills of pre-school children in 16 communities. Eight local communities benefit from playground equipment fabricated by graduates of welding courses. The Foundation partners with Labor Management Councils to stage intercommunity sports tournaments.

Quality, which is part of Del Monte's logo, is at the center of DMPI's brand promise, which also encompasses the community where it operates. The core values of DMPI include a *commitment to society and environment, healthy families, and championing together*, sustaining its growth into the future.

Del Monte Philippines improves the quality of life of its host communities, in line with one of its strategic pillars to improve sustainability and achieve Del Monte's vision:

Nourishing families. Enriching lives. Every day.

https://www.lifegetsbetter.ph

Our new Del Monte Philippines corporate website is up!

We are pleased to launch our new corporate website with the following features:

Mobile-responsive and accessible via smartphones and tablets

★★★

Features our key brands – Del Monte, S&W and Contadina

★★★

Social media links to Facebook and Twitter

★★★

Easy to navigate sitemap and structure, to allow for easy access to key investor information

★★★

Come explore our brand heritage, trusted quality products, healthy recipes, advertisements, sustainability, governance and investor relations, plus more at

www.delmontephil.com

For our consumer website, please visit www.lifegetsbetter.ph

SUSTAINABILITY

SUSTAINABILITY – AT THE CORE OF OUR BUSINESS

At Del Monte, sustainability is one of the Group's strategic pillars and a key component supporting our vision *"Nourishing families. Enriching lives. Every day."*

We're fully committed to bringing high-quality, healthy and nutritious foods to people in a way that protects the environment, builds strong ties to our communities and enables our Group to grow and flourish.

SUSTAINABILITY

reflects the balanced consideration of people, planet and performance.
As such, we believe the following tenets are central to our sustainability efforts:

1. Nurturing Consumers
For over a century, we've delivered quality products that are safe and nutritious. We will continue to update our product portfolio to bring families a broad range of healthful and tasty food choices.

2. Nurturing Employees
We are a people-driven organisation committed to the well-being of our employees, our consumers and the communities in which we live and work.

3. Nurturing Nature
Our Group's success is based on preserving a healthy natural environment. We work to ensure the lasting productivity of our fields and that of our growers, and strive to ensure our operational standards and methods make a positive contribution to our environmental footprint.

4. Nurturing Governance
We are committed to the highest standards of corporate governance and support the principles of openness, integrity and accountability.

5. Nurturing Communities
We believe that the communities where we operate should also be nurtured to ensure we maintain our symbiotic relationship with them and our social license to operate.

6. Nurturing Growth
We continue to grow our business and the local economy to sustain profitability as well as ensure we take care of our people and the environment.

For more details, please refer to our Sustainability Report to be published by October 2018.

ORGANISATIONAL PROFILE

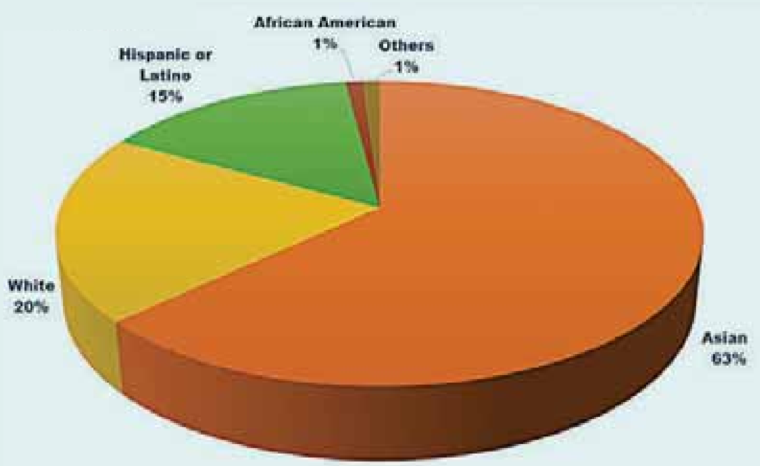
Del Monte Pacific Limited, together with its subsidiaries (the "Group"), is a global branded food and beverage company that caters to today's consumer needs for premium quality healthy products. The Group innovates, produces, markets and distributes its products worldwide.

The Del Monte® name has been synonymous with premium foods since its debut in 1886. For generations, our Group has proudly earned our reputation with a series of innovations and a singular dedication to quality.

Today, that commitment to quality is deeply embedded in our culture. At Del Monte, we will always strive to cultivate the best wholesome vegetables, fruits and tomatoes to help you and your family live a life full of vitality and enjoyment.

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY!

Refer to the Products Section in the Annual Report for the complete list of products.



EXECUTIVES

66% 34%

MANAGEMENT

61% 39%

SUPERVISORY

59% 41%

STAFF

65% 35%

OUR APPROACH TO SUSTAINABILITY

We believe that conducting business is not just for profit but also for the well-being of our people and stewardship of our planet. We have included sustainability as one of our strategic pillars in our business plans as a testament to our commitment to advance our sustainability goals.

Our Board of Directors oversees Del Monte's sustainability strategy, which was developed and managed by our management team and implemented by our Group. The Board meets with management to review sustainability objectives and performance, which encompasses environmental, social and governance factors affecting the Group. Understanding stakeholders' requirement for transparency, we strive to ensure that Del Monte adheres to the highest governance standards in doing business. For more information regarding our governance principles, please go to our website at (www.delmontepacific.com/corporate-governance.)

Our sustainability strategy is developed by a cross-functional team composed of the leadership team and experts in different functional areas. Each functional team implements and manages the programmes to address the key material priorities of the Group to achieve the sustainability goals. This brings to life our vision to nourish families and enrich lives every day.

MATERIALITY AND OUR PRIORITIES

In the prior year, we completed an independent materiality assessment process to identify and assess our priorities with respect to products, people, environmental and governance issues relevant to our industry, the business and our stakeholders. We engaged the services of an independent global consultant, a sustainability specialist firm, to ensure the independent process of assessment.

Wax bean field in Wisconsin, USA

Our materiality assessment had the following objectives:

1. Identify the sustainability priorities, drawing on our knowledge of our Group and external sources to compile a list of issues specific to the food industry. Based on the list of issues, we categorised 30 environmental, social and governance priorities to frame our discussion with internal and external stakeholders.

2. Conduct a survey with internal stakeholders, i.e. employees, regarding the business impact of sustainability issues, which includes the scope and breadth of the issue, possible risk and magnitude of its impact, current regulatory and statutory regulations and concerns from consumers, customers, communities and the government.

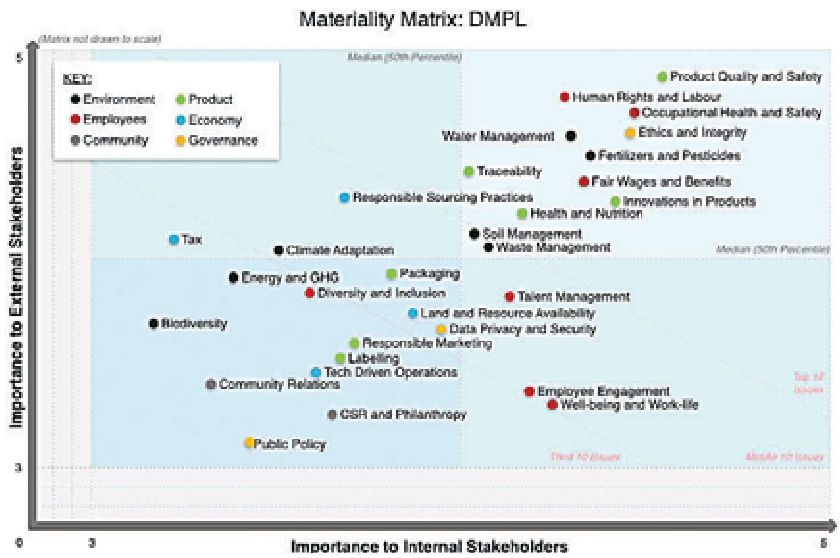
3. Send a similar survey to key external stakeholders to determine the issues they are concerned with, which they would like the Group to address. The external stakeholders include customers, government and community organisations, industry and trade associations, certification bodies, non-government organisations, business partners, suppliers, academes, lending institutions and investors.

4. Map these issues based on the importance to internal and external stakeholders to understand the most important issues that the Group needs to prioritise.

Our material priorities based on the independent assessment are as follows:

RANK	OUR PRIORITIES
1	Product Quality and Safety
2	Occupational Health and Safety
3	Ethics and Integrity
4	Human Rights and Labour Standards
5	Fertilizers and Pesticides Use
6	Innovation in Products
7	Water Management
8	Fair Wages and Benefits
9	Health and Nutrition
10	Traceability

SUSTAINABILITY



Aside from these priorities, we also included in our report some emerging issues – soil management, talent management and data protection, privacy and cybersecurity. The Group provided a section on climate change adaptation, energy efficiency, seed breeding, Corporate Social Responsibility and philanthropy as these are essential to our operations.

REPORTING STANDARDS

We follow the best practice standards and international guidelines in reporting our sustainability performance. The Group uses the Global Reporting Initiative (GRI) Sustainability Reporting guidelines.

The Group has integrated the sustainability strategies and embedded them in the organisation. Our Quality Policy, Code of Conduct, Code of Business Ethics and Sustainability and Environmental Policies enable us to live up to the standards set by the GRI. This is closely monitored and reported, as illustrated throughout this report.

The Group's companies are members of several sustainability-related organisations. Some of the affiliations of Del Monte in the United States include the Stewardship Index for Specialty Crops, the US Environmental Protection Agency's Pesticide Environmental Stewardship Programme and the Canned Food Alliance Executive Committee. Del Monte in the Philippines is a member of the Supplier Ethical Data Exchange (SEDEX).

The Group's operating units have been certified for the following:

DEL MONTE FOODS IN THE UNITED STATES

1. Food and Drug Administration (FDA) and United States Department of Agriculture (USDA) Regulations and Compliance Standards
2. Global Food Safety Initiative (GFSI)
3. Academy of International Business (AIB) guidelines
4. Kosher Certification
5. Halal Certification

DEL MONTE IN THE PHILIPPINES

1. Global Good Agricultural Practices (GLOBALG.A.P.)
2. Philippine Good Agricultural Practices (PhilG.A.P.)
3. Food Safety Systems Certification (FSSC)
4. ISO 9001:2015
5. Kosher Certification
6. Halal Certification

We continue to focus on building long-term resiliency for our business as we deepen our understanding of the global business environment and remain mindful of the impact of our activities on the future of our planet.

Guided by our vision, values and goals to provide health and wellness, environmental stewardship and employee welfare, we strive to ensure that we *nourish families, enrich lives, every day!*

Tomato harvest in California, USA

Del Monte employees in the Philippines

OUR PERFORMANCE

* British Retail Consortium (BRC) standard is 4 hours

** Department of Labour and Employment (DOLE) Philippines

*** Philippine Dietary Reference Intake (PDRI) recommends 63 grams maximum added sugar

NURTURING CONSUMERS

As a leading global food company, we are passionate about cultivating good food for a better life by bringing high-quality, healthy and nutritious food to our consumers and customers. Our brands are some of the best known and most trusted in the marketplace today. It is our commitment to ensure we maintain and keep this trust.

PRODUCT QUALITY AND SAFETY

Drawing strength from our heritage of quality, food safety and reliability, we produce globally competitive food products in the safest way possible. The Group has comprehensive quality and food safety policies that ensure our products are of the highest quality and meet the strictest food safety standards.

Both DMPI and DMFI food safety policies ensure consumers understand our commitment to providing food products that conform to food safety standards and to statutory and regulatory requirement through a food safety management system. We require our toll manufacturers to adhere to the

Examining the quality of beverage products

same commitment in delivering our products to market.

Our agro-industrial processes are accredited by the world's leading food certifying bodies, Global Food Safety Initiative (GFSI) or British Retail Consortium (BRC), with 88 quality audits across our production facilities and toll manufacturers in the United States and 24 audits in the Philippines. The audits were performed during the year by reputable, independent international auditors, business partners and customers. Audit results confirm that our processes meet or exceed standards for the supply and export of food products to certain countries.

Del Monte Philippines' Quality Policy is committed to Total Customer Satisfaction in providing food products that meet the highest global standards in quality, food safety, hygiene and service. Our operations in the Philippines

Consumers enjoying S&W juices

Product tasting led by DMFI CEO

have elevated the bar on quality manufacturing with its Food Safety Systems Certification (FSSC) from Société Générale de Surveillance Philippines (SGS) in all our manufacturing facilities. The Toll Manufacturers' Quality Management Programmes (TMQMP) plan includes FSSC 22000 certification for all our manufacturing facilities. This is to ensure that all Del Monte products, whether produced in-house or by our toll manufacturers, are safe and of high quality.

The key requirement for marketing our products worldwide, GFSI and FSSC, incorporates key systems – International Standards Organisation (ISO), Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practice (GMP) standards – into a single system.

INNOVATION IN PRODUCTS

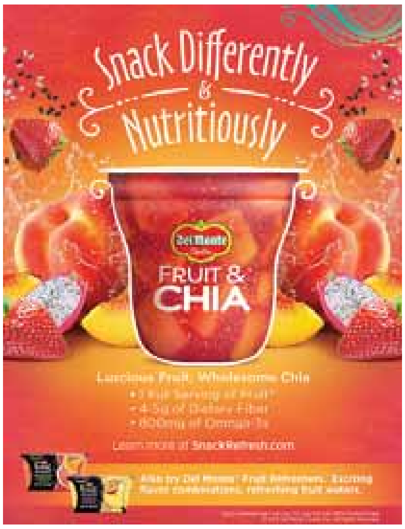
Our Vision statement sums up what innovation is to Del Monte:

"We nourish families by providing delicious food and beverages that make eating healthfully effortless – anytime and anywhere. We build brands with quality products that are perfectly wholesome and thoughtfully prepared."

Innovation is at the heart of being able to nourish families with delicious food and beverages. It is our hope that by doing so, we are able to enrich lives every day. In the period since Del Monte Pacific acquired the Del Monte consumer food business in the United States, significant strides have been made in introducing new, more convenient and environment-friendly products to consumers. We take a leadership role in meeting consumer preferences.

HEALTH AND NUTRITION

Our Vision statement demonstrates our commitment to Health and Nutrition. Consumers know and trust our brands. We work hard to earn and keep this trust and encourage consumers to contact us with any concerns about our products. We always consider ways to improve our products and customer service. Consumers can be assured that their feedback will be shared with key decision makers.



Del Monte Fruit & Chia

TRACEABILITY

Consumers want to understand the ingredients and sources of their products in simple language. Events relating to food contamination globally have raised consumer awareness and demand for better food quality and transparency, especially among millennials. In light of this, we aim to communicate with our consumers effectively to maintain their trust and ensure quality and safety of our products.

Part of our commitment to ensure that our products are safe is having a robust traceability programme in place for both DMPI and DMFI. With globalisation, our products reach more consumers. In order to protect consumers' health, the traceability programme allows us to quickly identify the origin of the product should an event arise – from its source and production to retailer. With this knowledge, the companies are equipped to handle consumer questions with confidence and in a timely manner. Having a reliable traceability programme enables the Group to have an effective and efficient process to identify a defective product or component and to execute the recall process if warranted.

PRODUCT PACKAGING

Our Group understands the need to have a packaging that protects our product, attracts consumers, is convenient to use and strives to make a positive influence on the environment. By ensuring that our packaging is environment-friendly, we help decrease the amount of packaging waste ending up in landfills.

Contadina products in the Philippines

Del Monte packaged products

Del Monte employees in the US

Del Monte workers in a corn processing plant in Wisconsin, USA

We believe more efforts need to be exerted to ensure we maintain the quality and safety of our products as well as regulate our environmental impact. It gives us a double incentive to rework our product packaging in a more environment-friendly manner.

Our goal is to ensure the safety of our products as we nourish consumers, enrich lives, every day!

NURTURING EMPLOYEES

We are a people-driven organisation committed to growing wellness and a high quality of life through harmonious working relationships with all stakeholders, including customers, employees, business partners and investors. Our employees are our most valuable resource. Some 5,600 regular employees of the Group work at our plantation, manufacturing facilities and administrative and marketing offices. About 2,100 regular employees work in United States and Mexico, while 3,500 are full-time employees based in the Philippines and Singapore.

We are committed to fundamental human rights and adherence to labour standards. The farm and production facilities employ people from surrounding villages in the Philippines. Workers are paid above average rates in the industry and are informed of the terms and conditions of employment prior to their appointment. They undergo medical examinations annually and whenever required. Child and forced labour and any other form of exploitation are not allowed.

Discrimination on the grounds of nationality, ethnicity, religion, age and gender is against the Group's Code of Business Ethics.

OCCUPATIONAL HEALTH AND SAFETY

We are committed to ensure our employees' health and safety. Providing employees with a safe work environment is one of our priorities. We value our employees in a way that makes life better for every member of the organisation. Moreover, ensuring the health and safety of our employees also reduces costs arising from lost-time injuries and medical leaves.

Both DMFI and DMPI provide ongoing safety training to plantation and cannery employees and enforce the use of personal protective equipment (PPE) required in performing their assigned duties and responsibilities.

Work committees identify potential safety improvements and concerns to ensure workplace health and safety.

HUMAN RIGHTS AND LABOUR STANDARDS

The Group has a Code of Conduct for employees and suppliers that strengthens our commitment to fundamental human rights and adherence to labour standards. The Group is also a member of the Supplier Ethical Data Exchange (SEDEX).

In the Philippines, the Company performs periodic audits of contract manufacturers and certain direct suppliers. Some

CBA signing with COO Luis F Alejandro and the cannery and plantation labour unions in the Philippines

Del Monte employees in the Philippines with COO Luis F Alejandro

independent and unannounced audits are used to address quality assurance and compliance issues. Labour-Management Cooperation (LMC) councils meet regularly to discuss and decide issues affecting employees, their families, the Company and the community.

FAIR WAGES AND BENEFITS

In the United States, employee benefits are designed to provide employees the ability to select a package of coverage that meets their unique needs and their dependents, including children, spouses and domestic partners. DMFI offers additional benefits that help our employees improve their quality of life, including an adoption assistance programme, community service day allocation (one volunteer day time-off per year), product donations and floating holidays (at designated locations).

In the Philippines, Del Monte complements government-mandated privileges for all full-time employees and qualified dependents with a broad range of free medical and dental services, a comprehensive retirement package and voluntary plans for providential and insurance benefits.

Memorandums of agreement with the labour unions stipulate wage increases and enhancements in benefits for farm and factory workers from year to year.

Take your child to work day in the US

WELL-BEING AND WORK-LIFE INTEGRATION

Del Monte helps employees integrate their work with their personal lives. Providing employees programmes that help balance their work and family life will assist the Group and employees in fulfilling their goals both inside and outside work.

Del Monte in the United States offers monthly wellness webinars through a benefits provider, rewards employees for their fitness programmes and hosts on-site employee appreciation events.

Del Monte in the Philippines launched several programmes to improve the employees' work-life integration such as sports and family events, movie nights, educational talks and symposiums, pre-retirement seminars and trainings on health and safety.

TALENT MANAGEMENT

In the United States, professional development is part of our performance system and links to our core values and competencies. DMFI management supports and encourages employees to participate in career development activities that will contribute to their ability to deliver value and ensure further growth and success for themselves and the Company.

"We choose to be excellent in everything we do." This is DMPI's commitment, embedded in our CHOICE Values, in building our employees' competencies to better equip them for the future.

Del Monte in the Philippines "Roadmap to Global Competitiveness" starts with building on the capabilities of each employee on the ground with the Centre of Excellence on Talent Management. We have developed a competency framework for key leaders at the plantation, cannery and Philippine market that will guide their teams towards achieving the Company's strategic roadmap. The framework

Del Monte employees in Singapore


Pineapple field in Bukidnon, Philippines

pinpoints the specific technical and operational skill set each team member must develop to deliver high performance.

NURTURING NATURE

The success of our business is intertwined with responsible stewardship of nature which is the source of our products and profits. As such, we continuously build on our agricultural knowledge and experience and communicate DMFI's and DMPI's Environmental Policy to our stakeholders as we support resource efficient processes to enhance our environmental footprint.

DMFI's and DMPI's Environmental Policy is updated periodically to reflect new advances in best practice and to better serve the Group's operating needs. This policy is posted in facilities, communicated to facility management and also incorporated in the training for environmental and operations staff.

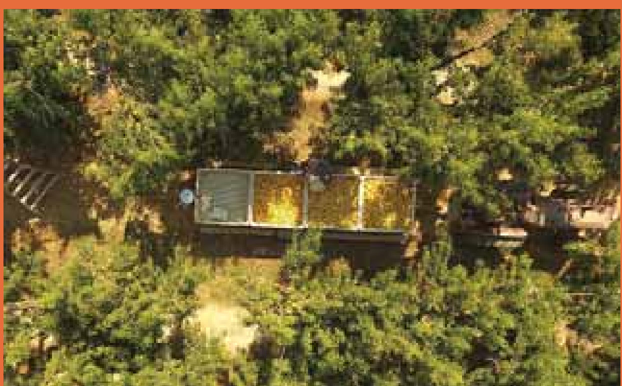
DMFI is also an active participant in the Stewardship Index for Specialty Crops, a multi-stakeholder organisation piloting on-farm metrics with growers to track and monitor agricultural inputs to drive continuous improvement and gained efficiencies.

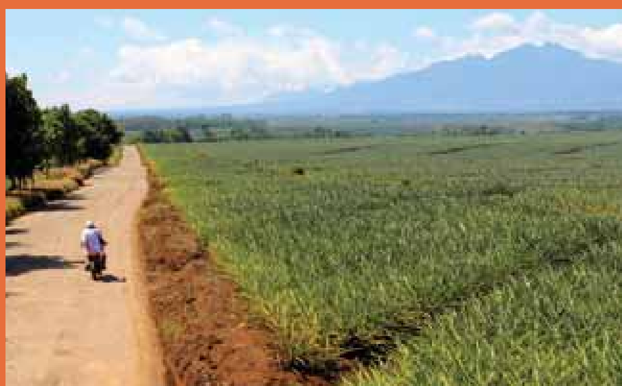
Our crops are locally sourced and travel less than an average of 160 kilometres from the field to the manufacturing gate and an average of 560 kilometres from distribution centre to retailer.

DMFI is unique compared to our competitors because we have our own dedicated agricultural Seed Operations Research Team. The team provides growers with majority of our seeds for certain crops, including the Blue Lake, Romano and wax beans and other crops such as peas, corn and spinach. We are able to generate a higher yield for our corn and green beans.

In the Philippines, the foundation of DMPI's sustainable agriculture practices is efficient land use. Ecologically-minded land use management was carried on from our pioneers who started farming in 1926. These pioneers did not clear forests to give way to pineapple fields. Additional land acquired later by our pioneers was already cultivated for other crops.

Across over 90 years of operations, our land use practices are mainly aimed at improving plantation yield through ecologically friendly land preparation, plant disease management and chemical application, efficient water sourcing and drainage and use of sustainable planting materials.


Peach harvest in California, USA


Pineapple plantation in Bukidnon, Philippines

SUSTAINABILITY

DMPI flies drones for mapping in Bukidnon, Philippines

One of the projects created to maintain DMPI's world class plantation management system was the Drone Programme which allows us to monitor the condition of the 25,000-hectare pineapple field in Bukidnon, Philippines. It captures pictures, including topography and colour, which help determine the health of the plants. Global Positioning System (GPS) technology is also now being used to monitor the plantation and truck deliveries to ensure efficiency, productivity and safety at work.

Part of our Quality Policy in the Philippines is our commitment to environmental and sustainability objectives, statutory and regulatory compliance and continuous improvement of our quality system by adhering to the highest ethical standards within our operations and in dealing with our business partners.

FERTILIZERS AND PESTICIDES USE

In the United States, DMFI has helped growers apply the principles of Integrated Pest Management (IPM) to minimise the amount of pesticides used to control insects, other pests and crop diseases. Del Monte field staff and growers closely monitor crop conditions through field scouting, pheromone traps and cultural tools to help avoid situations that could contribute to pest outbreaks. Additionally, DMFI employs CropTrak™ crop data management system to track sustainability metrics with vegetable growers to monitor recycling, water usage, soil health and fertilizer and pesticide application.

By limiting pesticide use, we reduce the potential for contaminated runoff from fields, protect the health of farm workers, prevent the destruction of beneficial insects and other field organisms and ultimately decrease the chance that any pesticide residue remains on the crop when it is harvested and processed. We have participated in a number of IPM-related partnerships and initiatives to share knowledge and best practice.

Del Monte researchers investigate crop density as a way to increase yield per hectare while cutting pesticide and fertilizer use. We continue to explore the possibility of rolling out high-density techniques to other crops.

WATER MANAGEMENT

In the United States, our growers use various irrigation systems to supplement natural rainfall and ensure a steady and reliable water supply for their crops. Water scarcity is a real and pressing environmental concern. We work with our growers in implementing the least water-intensive cultivation methods possible and encourage the use of more water-efficient irrigation systems and techniques to use less water.

Our agricultural teams work closely with local farmers to adopt agronomic measures that can mitigate adverse consequences of crop agriculture on soil and water conservation. Responsible farming focuses on sustainable crop cultivation and efficient drainage systems, with innovative as well as tried-and-tested practices, including minimising build-up of surface water during heavy rain and positioning grass strips at strategic points to slow down water flow.

We look for ways to optimise water use in all of our toll manufacturing operations, reduce water usage and increase water reuse and recycling.

SOIL MANAGEMENT

Our plantation in the Philippines is Global Good Agricultural Practices (GLOBALG.A.P.) certified, further affirming a management system focused on Food Safety, Workers' Health and Safety, Environmental Protection and Conservation of Wildlife. GLOBALG.A.P. is a globally recognised private sector body that sets voluntary standards for agricultural products. Our plantation and pack house for fresh fruits were certified ISO 9001:2015 for growing, harvesting and packing of fresh fruits

Checking the sweet corn quality by a Del Monte employee in Wisconsin, USA by SGS United Kingdom Ltd. Systems and Services Certification body.

Our participation in the GLOBALG.A.P. Certification process was voluntary and was a strategic response to customers' demand for food safety worldwide. A Philippine Good Agricultural Practices (PhilG.A.P.) certificate issued by the Philippine Department of Agriculture also attests that our farms grow, pack and distribute fresh produce in conformance with international standards on food safety and quality.

CLIMATE CHANGE ADAPTATION AND ENERGY EFFICIENCY

The Group continually assesses our investment opportunities in renewable energy solutions in each of our facilities. A number of renewable energy projects were implemented across our facilities in the Philippines and United States.

As early as 2009, DMFI installed 6,400 solar panels covering over 37 square kilometres and producing 1.8 MM kWh which amounts to more than 8% of total electricity requirements during non-pack season at our primary tomato production facility in Hanford, California. The solar panel installation at our Hanford facility has enabled us to become members of the Environmental Protection Agency (EPA) Green Power Programme.

In the Philippines, Del Monte embarked on a Renewable Energy project that produces biogas using the Cannery Wastewater. The waste-to-energy facility generates 2.8 MW of electricity. More significantly, cleansed water discharged at coastal waters of Macajalar Bay has Biochemical Oxygen Demand (BOD) levels below government mandated levels. The waste-to-energy facility supports our Company's long-range plan for increased production which ensures 100% wastewater treatment, and serves as a shield against unstable power supply and power cost increases.

We will continue to seek out energy reduction opportunities across all our facilities and invest in the improvements that collectively reduce both our air emissions, including greenhouse gases (GHG), and our operating costs.

DMPI Plantation Director Alejandro Chavarria inspecting a pineapple field in the Philippines

Benefits derived from the Cannery's waste-to-energy system

WASTE MANAGEMENT

In the United States, we are currently benchmarking our waste management practices and specifically comparing landfilling to recycling rates to ensure that we are managing our waste streams in the most efficient manner possible. We instituted a "Ner0 (Near Zero) Landfill" policy where we aim to divert up to 98% from reaching the landfill based on the Environmental Protection Agency's Waste Reduction Hierarchy.

In the Philippines, we are committed to sustainable waste management across our operations. We aim to reduce the overall consumption and usage of raw materials in all facets of our operation, including toll manufacturers. In line with this, we encourage the reuse of materials in all areas of operation. We promote the concept of recycling and the benefits of utilising recycled materials. When disposal is the only option, we seek to dispose materials in an environmentally safe and responsible manner. We understand that the correct handling, storage and disposal of waste materials is essential to comply with environmental regulations and pollution prevention.

Our pineapple pulp waste disposal system, a pioneering effort which started in the 1950s, converts a by-product of the cannery into feed for our cattle farm at the plantation. This helps us reduce waste and cut costs.

BIODIVERSITY AND THE ENVIRONMENT

Under our new sustainability framework, we have significantly enhanced our stakeholder advocacy

Apricot orchard bloom and bees in California, USA programme for environmental conservation. In the Philippines, our carbon footprint remains carbon-negative. However, we still undertake many initiatives during the year to reduce process residues, strengthen energy conservation in all worksites and plantation homes and explore more efficient energy sources.

NURTURING GOVERNANCE

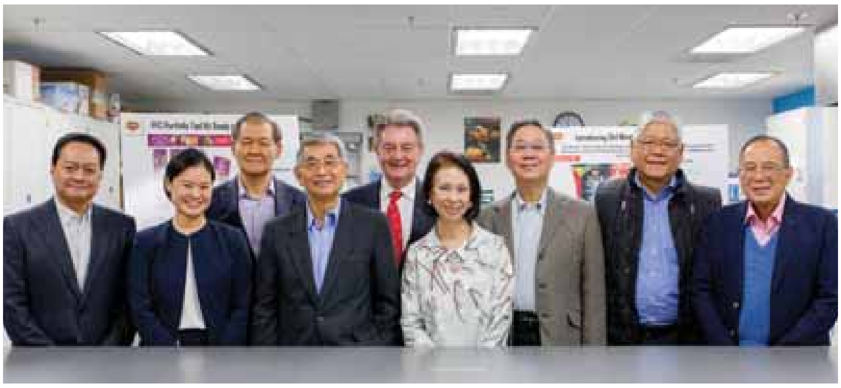
We have a strong and comprehensive governance structure accountable to the shareholders and stakeholders to ensure we operate in an ethical and responsible manner. The Board of Directors directs the long-term strategy of the Group, reviews material issues and provides guidance on matters relating to governance.

We were honoured to receive the Best Managed Board (Gold) Award from the Singapore Corporate Awards twice.

ETHICS AND INTEGRITY

Del Monte Pacific Limited is committed to the highest standards of corporate governance as it supports the principles of openness, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited (SGX), Philippine Stock Exchange, Inc (PSE) and the Philippine Securities and Exchange Commission (SEC).

The Board of Directors and Management have committed to use their best endeavours to align the Group's governance framework with the recommendations of the Revised Code of Corporate Governance issued on 2 May 2012 by the Monetary Authority of Singapore, the Governance and Transparency Index, the ASEAN Corporate Governance Scorecard and the SEC's Philippine Code of Corporate Governance for Publicly Listed Companies.



Del Monte Pacific Board of Directors and Executives led by the Chairman and CEO

The Corporate Governance Manual of the Group contains the framework of principles, guidelines, policies and terms of references that govern the performance of the Board and Management and their responsibilities that serve both corporate objectives and the long-term interests of the Group's shareholders and other stakeholders.

The Group implements a Whistleblower Policy that aims to deter and uncover any corrupt, illegal, unethical, fraudulent or other conduct detrimental to its interest committed by officers and employees as well as third parties or any other persons such as suppliers and contractors.

The Anti-Corruption procedures require DMFI employees to follow a specific due diligence process and obtain prior written approval from the Law Department before retaining any consultant, agent or other third party who may reasonably be expected to interact with any foreign government official on behalf of Del Monte.

NURTURING COMMUNITIES

The Del Monte family prides itself in giving back to the community. This has become our tradition since the first pineapple was planted in the 1920's. To this day, Del Monte employees keep this tradition as we visit various communities. The Group's employees volunteer their time to help make lives better for the less fortunate.

As a responsible corporate citizen, the Group continues to contribute to the development and upliftment of the quality of life in communities where we operate.

During the fall of 2017, DMFI quickly acted to deliver over 453,600 kilograms of food to Hurricane Harvey residents rescue efforts in Texas, Louisiana and Puerto Rico, as well as fire recovery efforts in California and to earthquake responders in Mexico.

Additionally, each US-based manufacturing facility donates to local food banks on a regular basis. In 2017, their efforts resulted in over 3.6 million kilograms of food donated to food banks near where

Preferred share listing in the PSE led by Director Edgardo M Cruz Jr and COO Luis F Alejandro

Del Monte Foundation scholars with DMPL CEO Joselito D Campos Jr and Olivia M Campos

Greg Longstreet, DMFI CEO and President, and Del Monte volunteers pack various food products for local residents near its headquarters in Walnut Creek, CA

Del Monte Foundation mobile clinic serving far flung communities in Bukidnon, Philippines

they operate. DMFI corporate offices in Walnut Creek, CA; Rogers, AR; and Pittsburgh, PA also coordinated volunteer efforts to help pack donatable goods for local families in need in their respective food banks near the offices.

COMMUNITY HEALTH AND WELLNESS

Del Monte Foundation, Inc, a non-stock and non-profit organisation in the Philippines, spearheads our efforts as we expand our reach in the local community. The Foundation employs a framework for identifying and selecting community projects, in coordination with the DMPI Plantation and Cannery teams.

The Foundation's mission is to raise the level of global health and wellness by bringing greater awareness of health, nutrition and food safety to our host communities.

Through the Del Monte Foundation, we help address various community concerns on sanitation, health and wellness.

LIVELIHOOD PROGRAMMES

Our main Community Education Centre received official accreditation from the Philippine Technical Education and Skills Development Authority (TESDA) highlighting public-private sector cooperation for community education. The Foundation has channelled funds for enhanced learning in five centres – all the satellite training centres of the government. Fully-equipped workshops welcome students in food processing, commercial cooking, baking, cosmetology, electronics, welding and woodworking.

School classrooms donated by the Foundation led by Executive Director Bella G Quimpo

SUSTAINABILITY

EDUCATION, SCHOLARSHIP AND YOUTH DEVELOPMENT

Through the Del Monte Foundation, gifted children earn quality education from pre-school and primary levels up to post-graduate studies through our academic, grants-in-aid and sports scholarships. The Jose Yao Campos College Grants-in-Aid Scholarships, launched in 2008, are funded through the personal contribution of our DMPL CEO Joselito D Campos, Jr.

Aside from scholarships, we work closely with the community to harness the potential of the youth to lead and transform their communities into self-sufficient units for nation-building.

NURTURING GROWTH

The economic impact of Del Monte Pacific benefits more than the 5,600 regular employees of the Group. In addition, we have engaged service providers in all areas of our operation.

In the United States, Del Monte contracts with almost 1,000 farmers across North America – 100% of the tomatoes, 99% of the vegetables and about 70% of the fruit we produce are grown in the US. Many growers are third generation Del Monte farmers, especially in fruit where we have families that have produced for Del Monte for over 70 years.

Our pineapple plantation in the Philippines encompasses ten municipalities in Bukidnon and seven towns in Misamis Oriental, Mindanao. We engage with over 50 supplier partners which provide various goods and services to the Company. An estimated 15,000 families or approximately 75,000 individuals directly or indirectly depend on the Company in southern Philippines.

Del Monte products

Overall, our presence has immensely contributed to the region's economic growth, creating a multiplier effect in the local economy by fuelling local business, supporting the Group's operations as well as serving day-to-day needs of our employees and their families.

RESPONSIBLE SOURCING PRACTICES

The Group acknowledges the importance of building a healthy relationship with its suppliers. Accordingly, the Group conducts business with all customers on the basis of integrity, mutual interest and fairness. The Group prohibits the practice of forced and child labour.

In the United States, DMFI has in place a Supplier Code of Conduct that applies to any entity providing goods or services, including suppliers and subcontractors. The objective is for suppliers to practice and uphold ethical business standards. Del Monte's Supplier Diversity Programme enables small and diverse businesses to be considered fairly as subcontractors and suppliers.

In selecting suppliers, Del Monte in the Philippines uses its Supplier Quality Management Programme (SQMP) which assesses the quality and delivery performance, feedback, recognition and continuous improvement programme for all direct materials suppliers and toll manufacturers.

FOR MORE DETAILS, PLEASE REFER TO OUR SUSTAINABILITY REPORT TO BE PUBLISHED BY OCTOBER 2018.


Fresh grapes for delivery from an orchard in California, USA

CORPORATE **GOVERNANCE**

Del Monte Pacific Limited (the Company or DMPL) is committed to the highest standards of corporate governance and supports the principles of openness, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited (SGX-ST), and similarly upheld by The Philippine Stock Exchange, Inc (the PSE) and the Philippine Securities and Exchange Commission (the SEC).

The Board of Directors (the Board) and Management are also committed to use their best endeavours to align the Company's governance framework with the recommendations of the revised Code of Corporate Governance which was issued on 2 May 2012 by the Monetary Authority of Singapore (the 2012 Code) and the SEC Code of Corporate Governance for Publicly Listed Companies which took effect on 1 January 2017 (the SEC CG Code), as well as the Singapore Governance and Transparency Index (SGTI) and the ASEAN Corporate Governance Scorecard (ACGS).

The Company confirms that it has adhered to the principles and guidelines set out in the 2012 Code and the SEC CG Code, where applicable, and has identified and explained areas of non-adherence in this report.

This report describes the Company's corporate governance policies and practices with specific reference made to each of the principles of the 2012 Code (where stated) in compliance with the Listing Manual of the SGX-ST.

BOARD MATTERS

Principle 1
The Board's Conduct of Affairs

The Board oversees Management and ensures that the long-term interests of the Company's shareholders are served.

The Board provides entrepreneurial leadership and sets the strategic direction for the Company which includes sustainability matters. The Company's summary Sustainability Report can be found in the "Sustainability" section of this Annual Report (the full Sustainability Report is available for download from www.delmontepacific.com and upon request starting October 2018).

The Board is responsible for the overall policies and integrity of the Group to ensure success. The Board will, amongst other things, review on an annual basis: (i) the vision, mission and strategy of the Company; and (ii) Management's performance. The Board had, on 28 June 2018, reviewed and confirmed the vision and strategy of the Company.

The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. These include approval of the Group's strategic plans, appointment of Directors and Key Management Personnel, annual budgets, major investment proposals, and review of the financial performance of the Group. Key Management Personnel refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board also, on the recommendation of the Remuneration and Share Option Committee (RSOC), approves all remuneration matters of Key Management Personnel.

The Company has established guidelines setting forth matters reserved for the Board's decision. Management was also given clear directions on matters (including set thresholds for certain operational matters relating to subsidiaries) that require the Board's approval.

Certain material corporate actions or material transactions that require the Board's approval include:

- the Group's strategic plans;
- the Group's annual operating plans (AOP);
- quarterly results announcements;
- annual results and financial statements;
- issuance of shares or securities, grant of share awards or options;
- remuneration and HR matters;
- declaration of dividends;

- convening of shareholders' meetings;
- merger and acquisition transactions;
- certain interested person transactions;
- major transactions and investments exceeding certain thresholds;
- capital expenditure exceeding certain material limits;
- gearing levels and appetite of the Group; and
- succession plans for Key Management Personnel, including the appointments of and appropriate level of compensation.

The Company's Memorandum and Articles of Association require the Directors to abstain from participating in Board discussions on a particular agenda item if they are conflicted.

The Board likewise reviews and approves all corporate actions for which shareholders' approval is required.

To facilitate effective management, certain functions have been delegated to various Board committees, each of which has its own written terms of reference (TOR) and whose actions are reported to and monitored by the Board.

The Board committees, namely, the Audit and Risk Committee (ARC), the Nominating and Governance Committee (NGC), and the RSOC support the Board in discharging its responsibilities. The roles and powers of the Board committees are set out separately in this Report. All committees have been constituted with clearly written TORs which set out the duties, authorities and accountabilities of each committee. The TORs are reviewed on a regular basis (at least once annually) to ensure continued relevance and to be in line with the 2012 Code and the SEC CG Code.

To achieve its goals, the Board ensures that the Company is equipped with the necessary financial, technical and human resources. The Board, together with Management, shapes the Company's values and standards to be more strategic, innovative and global in its mindset and outlook.

The Board works closely with Management to drive the Group's business to a higher level of success. Management is accountable to the Board and its performance is reviewed by the Board annually. The Board approves the AOP with key performance metrics. The Board then sanctions and works with the Del Monte Performance Management System as a tool for alignment on annual key result areas (key results performance objectives, with assigned weight and ratings).

The Board has also put in place a framework of prudent and effective controls that allows risks to be assessed and managed, including the safeguarding of shareholders' interests and the Company's assets.

The Board ensures that obligations to shareholders and other stakeholders are understood and complied with. Stakeholders include shareholders, business partners, suppliers, communities (in areas where the Group has a presence), customers and employees. With the Company Secretary's assistance, the Board and Management are kept continually apprised of their compliance obligations and responsibilities arising from various regulatory requirements and changes.

The Board meets at least quarterly, or more frequently when required, to review and evaluate the Group's operations and performance, and to address key policy matters.

Board meetings are scheduled to enable the Board to perform its duties. These meetings are scheduled before the start of each financial year. Management endeavours to provide Board papers to the Board at least five business days before the date of meetings.

During the year in review, the Board held five meetings. The Company's Articles of Association allow for tele-conference and video-conference meetings to facilitate participation by Board members and Management.

Attendance for FY2018
(from 1 May 2017 to 30 April 2018)

Directors	Board Meetings	Audit and Risk Committee Meetings	Remuneration and Share Option Committee Meetings	Nominating and Governance Committee Meetings
Mr Rolando C Gapud	5	NA	NA	2
Mr Joselito D Campos, Jr	3	NA	NA	NA
Mr Edgardo M Cruz, Jr	5	NA	NA	2
Mr Benedict Kwek Gim Song	5	4	3	2
Mr Godfrey E Scotchbrook	5	4	3	2
Dr Emil Q Javier	5	4	3	2
Mrs Yvonne Goh	5	4	3	2
Total No. of Meetings Held	**5**	**4**	**3**	**2**

New Directors undergo an orientation programme whereby they are briefed by the Company Secretary on their obligations as Directors, as well as the Group's corporate governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They are also briefed by Management on the Group's industry and business operations. Ongoing orientation includes visits to the Group's plantation and manufacturing facilities for Board members to gain a first-hand understanding and appreciation of the Group's business operations. During the year in review, there was no appointment of new Director in the Company.

Timely updates on developments in accounting matters, legislation, jurisprudence, government policies and regulations affecting the Group's business and operations are likewise provided to all Directors. The Board was duly updated on the 2012 Code and SEC CG Code, as well as on any developments or changes to relevant laws and related matters. The Board also receives regular training updates on matters affecting the Group's business and operations. In addition, all Directors are required to undergo annual continuing training as may be relevant to the effective discharge of their responsibilities, at the expense of the Company, as set out in the table below:

DIRECTORS AND OFFICERS TRAINING AND SEMINARS ATTENDED IN FY2018 (MAY 2017 – APRIL 2018)

Date	Location	No of hours	Training/Seminar/Conference	Organiser	Attendees
18 May 2017	Manila	3.5	SEC Roundtable Discussions on the Code of Corporate Governance for Publicly Listed Companies	SEC	Antonio Ungson
15 May 2017	Hong Kong	1.5	CRA Board Training – Latest Trends and Developments of O2O Retailing	CRA	Godfrey Scotchbrook
1 Aug 2017	Singapore	2	SGTI "Beyond Governance towards Performance"	SID	Yvonne Goh
12 Sep 2017	Singapore	7.5	The Sustainability Imperative	SID	Ignacio Sison
2017-2018	Hong Kong	1	Webcast on Duties of Directors and the Role and Functions of Board Committees	Hong Kong Stock Exchange	Godfrey Scotchbrook
2017-2018	Hong Kong	1	Webcast on Risk Management and Internal Control, ESG Reporting	Hong Kong Stock Exchange	Godfrey Scotchbrook
2017-2018	Hong Kong	1	Webcast on Corporate Governance – Director and Company Secretary's Roles	Hong Kong Stock Exchange	Godfrey Scotchbrook
2017-2018	Hong Kong	1	Webcast on Directors' Responsibilities at IPOs	Hong Kong Stock Exchange	Godfrey Scotchbrook
11-15 Sep 2017	Germany	40	Drinktec 2017 – Trade Fair for the Beverage and Liquid Food Industry (Processing + Filling + Packaging + Marketing)	Drinktec Worldwide	Ma Bella Javier
7 Nov 2017	Singapore	2	Singapore Board of Directors Survey	SID	Yvonne Goh
10 Nov 2017	Singapore	3.5	Overcoming Cognitive Biases in Boardroom Decision	SID	Benedict Kwek
16 Nov 2017	Singapore	2	AC Pit-Stop: Demystifying Sustainability Reporting and IR	SID	Yvonne Goh

Date	Location	No of hours	Training/Seminar/Conference	Organiser	Attendees
1-2 Dec 2017	China	16	International Innovations Summit 2017	Enterprise Asia	Ma Bella Javier
8-9 Jan 2018	Manila	16	Engagement Champion's Training	Gallup	Ruiz Salazar and Ma Bella Javier
10 Jan 2018	Manila	4	Creating an Engaging Workplace	Gallup	Luis Alejandro, Antonio Ungson and Ruiz Salazar
3 Apr 2018	Singapore	2	Launch of Women on Board Book and The ASEAN Corporate Governance Scorecard	SID	Yvonne Goh

The NGC has formalised procedures for the selection, appointment and re-appointment of Directors. Letters of appointment are issued to Directors setting out their duties, obligations and terms of appointment, as appropriate.

The Board is of the view that all Directors objectively discharge their duties and responsibilities at all times as fiduciaries, in the best interest of the Company.

The Board had received the Best Managed Board (Gold) Award twice from the Singapore Corporate Awards (for companies with a market capitalisation of between S$300 million to less than S$1 billion), and will continue to uphold the Company's high standards of corporate governance.

Principle 2
Board's Composition and Guidance

The Board comprises seven Directors, three of whom are Executive Directors. The four Non-Executive Directors are Independent Directors. The composition of the Board is as follows:

Mr Rolando C Gapud	Executive Chairman
Mr Joselito D Campos, Jr	Managing Director and CEO
Mr Edgardo M Cruz, Jr	Executive Director
Mr Benedict Kwek Gim Song	Lead Independent Director
Mr Godfrey E Scotchbrook	Independent Director
Dr Emil Q Javier	Independent Director
Mrs Yvonne Goh	Independent Director

The profiles of the Directors, including information on their appointments and re-appointments, are set out in the "Board of Directors" section of this Report.

<u>Lead Independent Director</u>

Mr Benedict Kwek Gim Song acts as the Lead Independent Director and is the principal liaison to address shareholders' concerns, in which direct contact through normal channels of the Chairman, CEO or Management had failed to resolve, or for which such contact is inappropriate. His role as Lead Independent Director includes the following:

Act as liaison between the Independent Directors and the Chairman of the Board, and lead the Independent Directors to provide a non-executive perspective in circumstances where it would be inappropriate for the Chairman to serve in such capacity, and to contribute a balanced viewpoint to the Board;

Advise the Chairman of the Board as to the quality, quantity and timeliness of information submitted by Management that is necessary or appropriate for the Independent Directors to effectively and responsibly perform their duties;

Assist the Board in better ensuring compliance with, and implementation of, governance guidelines; and

Serve as a liaison for consultation and communication with shareholders.

The Board is of the view that a strong element of independence is present in the Board with Independent Directors making up more than half the Board. The Board exercises objective and independent judgment on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against pre-determined goals and objectives. Their views and opinions provide an alternative and objective perspective to the Group's business. The Directors exercise independent judgment and discretion on the Group's business activities and transactions, in particular, in situations involving conflicts of interest and other complexities.

The NGC, on an annual basis, determines whether or not a director is independent, taking into account the 2012 Code's definition.

Independence is taken to mean that Directors have no relationship with the Company, or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. Disclosures of Directors' interests and interest in transactions are standing agenda items in all Board meetings and would be circulated and tabled for Board members' information, as appropriate.

The 2012 Code states that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

Consistent with previous practice, the NGC had undertaken a rigorous review of the independence of each Independent Director, including those whose tenure had exceeded nine years from the date of their appointment. Led by the NGC Chairperson and facilitated by Boardroom Corporate & Advisory Services Pte Ltd, the Company's external corporate secretarial service provider, the assessment was conducted by means of a confidential and incisive questionnaire completed by each Director and confirmation completed by the Independent Directors.

In particular, Board members were invited to share their comments and observations on why the Directors whose tenure had exceeded nine years, namely Messrs Benedict Kwek Gim Song, Emil Q Javier and Godfrey Scotchbrook, should be considered independent, citing as appropriate, specific instances or examples.

The results were analysed and discussed at the NGC and Board meetings. It was concluded that there is a strong sense of independence amongst all Board members. Management is constantly challenged and questioned on proposals that come before the Board with all Directors engaging in thorough, robust discussion and deliberation and taking into consideration the interest of the Group's stakeholders.

Each member of the NGC had abstained from deliberations in respect of the assessment on his own independence.

Based on the assessment, Messrs Benedict Kwek Gim Song (first appointed on 30 April 2007), Emil Q Javier (first appointed on 30 April 2007) and Godfrey E Scotchbrook (first appointed on 28 December 2000) have demonstrated independent mindedness and conduct at Board and Board committee meetings. The NGC is also of the firm view and opinion that these Directors continue to exercise independent judgment in the best interest of the Company in the discharge of their duties as Directors, and their more than nine years of exemplary service on the Board have not in any way affected their independence as during these years they continually challenged and provided constructive feedback to Management.

Our Directors also bring invaluable experience, extensive business network and expertise in specialised fields, such as strategic planning, mergers and acquisitions, corporate finance and restructuring, accounting, marketing and business development, risk and crisis management, corporate communications, investor relations, corporate governance and agronomy.

The size, composition, range of experience and the varied expertise of current Board members allow discussions on policy, strategy and performance to be critical, informed and effective.

The Board has adopted a Board Diversity Policy which recognises the importance of diversity. The Board firmly believes that its effectiveness and decision-making will be enhanced as it harnesses the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of its own diverse Board. The Board includes one female Director, however, the Board recognises that gender diversity is not the only element in diversity that should be embraced.

The NGC is responsible for administering this policy and for evaluating it annually.

During the year in review, the Independent Directors met more than once without the presence of Executive Directors and Management.

Principle 3
Chairman and Chief Executive Officer

There is a clear division of executive duties and responsibilities in the Company, providing checks and balances to ensure that there is no concentration of power, in any one individual and that accountability is increased. The Company's business is managed and administered by the Managing Director and CEO, Mr Joselito D Campos Jr, whilst the Board is headed by Mr Rolando C Gapud as Executive Chairman. The Chairman of the Board and the CEO are not related to each other.

The duties of the Executive Chairman include, amongst other things, providing leadership to the Board and ensuring the effectiveness of the Board in all aspects, leading the Company in its relationships with stakeholders and setting the course for the Company to reach greater heights. He works closely with the CEO, as well as the business unit heads on strategic planning. He leads the Board in charting the strategic roadmap of the Company including setting the vision and the key initiatives to achieve it. He is in the forefront of any acquisitions, joint ventures and strategic alliances of the Company.

The Executive Chairman also sets the tone of Board meetings to encourage proactive participation and constructive discussions on agenda topics. During Board meetings, he ensures that adequate time is available for discussion of all agenda items, in particular, discussions on strategic matters and issues. Constructive relations between the Board and Management are encouraged, as with Executive Directors and Non-Executive Directors. The Executive Chairman ensures that Directors and shareholders alike, receive clear, timely and accurate information from Management, thus maintaining the Company's high standards of corporate governance.

The duties of the CEO include, amongst other things, determining the Company's strategic direction, formulating, executing and implementing the strategic plan together with its Key Management Personnel. He communicates and implements the Company's vision, mission, values and overall strategy, and promotes any organisation change in relation to the same. He oversees the operations of the Company, and manages the human and financial resources in accordance with the strategic plan. The CEO ensures that he has an intimate working knowledge of the Company's industry and market, and keeps up to date with developments in both. He also directs, evaluates and guides the work of the Company's Key Management Personnel, provides the Board with timely information, and interfaces between the Board and Management. He builds the corporate culture and motivates the Company's employees, and serves as the link between the Company and its stakeholders.

Principle 4
Board Membership

The Nominating Committee was set up on 7 February 2003 and had been renamed on 29 June 2017 as the Nominating and Governance Committee to include corporate governance matters in its functions. The members of the NGC remain the same. It currently comprises the following members, a majority of whom, including the Chairperson, are Independent Directors:

Mrs Yvonne Goh	NGC Chairperson
Mr Benedict Kwek Gim Song	Member
Mr Godfrey E Scotchbrook	Member
Dr Emil Q Javier	Member
Mr Rolando C Gapud	Member
Mr Edgardo M Cruz, Jr	Member

Under its TOR, the NGC is responsible for reviewing the Board's composition and effectiveness, and determining whether Directors possess the requisite qualifications and expertise and whether the independence of Directors is compromised. The NGC is also tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices recommended by the 2012 Code and the SEC CG Code.

All appointments and re-appointments of Directors are first reviewed and considered by the NGC and then recommended for approval by the Board. The NGC has formalised this process and has adopted procedures for the selection, appointment and re-appointment of Directors in order to increase transparency of the nominating process.

The NGC evaluates the balance of skills and competencies on the Board and, in consultation with the Chairman of the Board and Management, determine the desired skill sets and qualities for a particular appointment.

The NGC does not usually but may consider engaging the services of search consultants to identify prospective Board candidates if the need so arises. The NGC currently considers recommendations and referrals from other sources, provided the prospective candidates meet the qualification criteria established for the particular appointment.

The NGC undertakes the process of identifying the quality of Directors aligned with the Company's strategic directions. The NGC evaluates the suitability of a prospective candidate based on her or his qualifications and experience, ability to commit time and effort in the effective discharge of duties and responsibilities, independence, past business and related experience, and track record. The NGC identifies any core competencies that will complement those of current Directors on the Board.

The NGC is also tasked with reviewing the performance and contribution of the Directors in order to nominate them for re-election or re-appointment. The NGC will review, in particular, the Directors' attendance and participation at meetings of the Board and Board committees, and their efforts and contributions towards the success of the Group's business and operations.

The NGC reviews and determines the independence of each Director on an annual basis.

Details of each Director's academic and professional qualifications, directorships or chairmanships in other companies, and other major appointments (where applicable) are presented in the "Board of Directors" section of this Annual Report.

DMPL's policy on Directors' conflict of interest states that Directors should consult the Chairman of the Board and the Chairperson of the NGC prior to accepting any appointments to the Board of Directors or advisory Board of another listed company or its principal subsidiaries, or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate guidelines and the Policy.

In cases where a Director has multiple Board representations, the NGC also assesses whether such Director has been adequately carrying out his duties as a Director of the Company.

To address competing time commitments when Directors serve on multiple boards, the Board had set a maximum limit of four directorships and/or chairmanships that Executive Directors may hold concurrently for listed companies, and a maximum limit of five directorships and/or chairmanship in listed companies for Independent and Non-Executive Directors. None of the Directors hold multiple board seats in other listed companies.

Under Article 88 of the Company's Articles of Association, all Directors hold office for a maximum period of three years whereupon they shall retire, but they are eligible for re-election.

Directors Retiring Under Article 88

Mr Edgardo M Cruz, Jr
Executive Director
Appointed on 2 May 2006
Re-elected on 30 April 2012 and 28 August 2015

Mr Godfrey E Scotchbrook
Independent Director
Appointed on 28 December 2000
Re-elected on 30 April 2012 and 28 August 2015

In reviewing the nomination for the re-election of Directors retiring under Article 88 of the Company's Articles of Association, the NGC had considered the contributions and performance of each Director, taking into account his attendance and participation at Board and Board committee meetings, as well as his independence.

All Directors retiring have consented to continue in office and have offered themselves for re-election at the Company's AGM.

Both Mr Cruz and Mr Scotchbrook are not family-related to the other directors, substantial shareholders, or shareholders who own at least 10% of the Company. Please refer to the "Board of Directors" section of this Annual Report for more information on Mr Cruz's and Mr Scotchbrook's directorships in other listed companies and other principal commitments (where applicable).

Accordingly, the NGC supports the nomination of Mr Cruz and Mr Scotchbrook for re-election as Directors of the Company.

In its long term drive towards excellence, the Company recognises the importance of sustainable leadership. To support this, a Succession Planning Programme has been established where a leadership talent bench is developed. DMPL is committed to building and sustaining leadership capabilities by strengthening the talent pipeline, rolling out a programme that identifies and sets out plans to develop expected leadership competencies, identifying high performers, and executing development and retention plans for these high performers. The Company further drives functional excellence via an integrated employee development programme which includes training, on-the-job learning, coaching and mentoring.

There is a set retirement age for Key Management Personnel. The NGC conducts a regular review of the succession plan for Board members, CEO and Key Management Personnel of the Company.

The NGC implements an annual evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves NGC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of NGC meetings
- Training and resources available
- Reporting to the Board
- Process for selection and appointment of new Directors
- Nomination of Directors and re-election
- Independence of Directors
- Board performance evaluation
- Succession planning
- Multiple Board representations
- Standards of conduct
- Communication with shareholders

The evaluation process takes into account the views of each NGC member and provides an opportunity for members to give constructive feedback on the workings of the NGC, including procedures and processes adopted, and if these may be improved upon.

During the year in review, the NGC held two meetings.

Principle 5
Board Performance

The Board, through the NGC, implements an annual evaluation process to assess the effectiveness of the Board as a whole. The evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to:

- Board composition
- Information to the Board
- Board procedures
- Board accountability
- Communication with CEO and Key Management Personnel
- Succession planning of Key Management Personnel
- Standards of conduct by the Board

The evaluation process takes into account the views of each Board member and provides an opportunity for Directors to provide constructive feedback on the workings of the Board, including its procedures and processes and if these may be improved upon.

Led by the NGC Chairperson and facilitated by an external service provider, this collective assessment was conducted by means of a confidential questionnaire completed by each Director, which is collated, analysed and discussed with the NGC and the Board with comparatives from the prior period evaluation. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

None of the Directors have appointed any alternate Director(s).

Board Performance Criteria

Most of the Company's industry peers are not listed entities in Singapore. Comparative financial information and ratios are not easily obtainable for comparison and benchmarking purposes.

The NGC and the Board, having considered Management's rationale, concurred that it was not feasible for the Company to disclose the following details as recommended under Guideline 5.2 of the 2012 Code:

- performance criteria, which allow for comparison with industry peers;
- how the Board has enhanced long-term shareholder value; and
- justification by the Board on the circumstances that deem the changes on the performance criteria to be necessary.

The NGC would continue to review, on an ongoing basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

Individual Director Evaluation

There is no formal individual evaluation carried out for each Director on an annual basis.
When nominating Directors who are retiring by rotation for re-election at the AGM, the NGC reviews each retiring Director's contribution, performance, attendance and participation at the Board and/or Board Committee meetings, and adequate time devoted to the affairs of the Group to discharge their duties as Directors of the Company.

The NGC and the Board is cognizant of the recommendations as set out under Guideline 5.3 of the 2012 Code and would continue to review, on an ongoing basis, and recommend appropriate changes to the Company's practices and disclosures as and when deemed feasible and appropriate for the Company.

Principle 6
Access to Information

Management endeavours to provide the Board with timely and complete information at least five business days prior to Board meetings and on an ongoing basis. These include relevant information and explanatory notes for matters that are presented to the Board, such as budgets and forecasts.

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

The Directors have separate and independent access to Management and the Company Secretary. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure the effective functioning of the Board, and that the Company's Memorandum and Articles of Association, and relevant rules and regulations are complied with.

The Company Secretary also assists in the preparation of the Agenda for Board and Board committee meetings, and attends and prepares minutes of all Board and Board committee meetings.

The Company Secretary ensures the flow of qualitative information within the Board and its committees, and between senior Management and the Non-Executive Directors. He is the primary channel of communication between the Company and the SGX-ST, the PSE and the SEC.

The Company Secretary advises newly-appointed Directors on their duties and obligations as Directors, the Group's governance practices, and relevant statutory and regulatory compliance matters, as part of an orientation programme. In addition, he assists with the professional development and training of Board members, as appropriate.

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

The Company Secretary, Mr Antonio E S Ungson, is a lawyer by profession. He had previously served as company secretary in various companies during the course of his career. He also has an understanding of basic financial and accounting matters.

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

Remuneration Matters

Principle 7
Procedures for Developing Remuneration Policies

The RSOC was set up on 7 February 2003 and for the year in review, the RSOC comprises the following members who are all Independent Non-Executive Directors:

Mr Godfrey E Scotchbrook	RSOC Chairman
Mr Benedict Kwek Gim Song	Member
Dr Emil Q Javier	Member
Mrs Yvonne Goh	Member

The RSOC's principal function is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the Directors as well as the Key Management Personnel of the Group. It is at liberty to seek independent professional advice as appropriate and has periodically sought the advice of remuneration consultants on remuneration matters for Directors and Key Management Personnel.

Under its TOR, the RSOC is responsible for reviewing and recommending a remuneration framework for the Board and Key Management Personnel. The RSOC considers all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options, share awards and other benefits-in-kind. All remuneration matters are ultimately approved by the Board.

In conjunction with the review of remuneration matters of the Company's Key Management Personnel, the RSOC works with the Company's human resource department in reviewing individual performance appraisal reports and benchmark studies conducted by Management.

The RSOC's recommendation for Directors' fees had been made in consultation with the Chairman of the Board and had been endorsed by the entire Board, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of the RSOC or the Board participated in the deliberation of his own remuneration.

The RSOC implements an annual evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves RSOC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of RSOC meetings
- Scope of remuneration matters reviewed
- Reporting to the Board
- Standards of conduct
- Communication with shareholders

The evaluation process takes into account the views of each RSOC member and provides an opportunity for members to give constructive feedback on the workings of the RSOC, including procedures and processes adopted and if these may be improved upon.

During the year in review, the RSOC held three meetings.

Principle 8
Level and Mix of Remuneration

The remuneration of the Company's Directors and Key Management Personnel has been formulated to attract, retain and motivate these executives to run the Company successfully. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company. Relative to industry practice, trends and norms, the Company has measurable standards to align the performance-based remuneration of the Executive Directors and Key Management Personnel with the long-term interests of the Company.

Where appropriate, the RSOC reviews the service contracts of the Company's Executive Directors and Key Management Personnel.

In reviewing the recommendation for Non-Executive Directors' remuneration for FY2018, the RSOC continued to adopt a framework based on guidelines of the Singapore Institute of Directors, which comprises a base fee, fees for membership on Board committees, as well as fees for chairing Board committees. The fees take into consideration the amount of time and effort that each Board member is required to devote to their role.

Directors' Fee Structure

- Board Chairman: US$79,200 per annum
- Directors: US$43,200 per annum
- ARC Chairman: US$19,800 per annum
- RSOC Chairman: US$9,900 per annum
- NGC Chairman: US$9,900 per annum
- ARC Members: US$10,800 per annum
- RSOC Members: US$5,400 per annum
- NGC Members: US$5,400 per annum

The compensation structure for Key Management Personnel of Group subsidiaries consists of two key components – fixed cash and a short term variable bonus. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises a performance-based bonus which is payable upon the achievement of individual and corporate performance targets such as revenue and net profit.

Restricted Share Plan/Performance Share Plan:

The Company had two share plans – the Restricted Share Plan (RSP) and the Performance Share Plan (PSP) (collectively the Share Plans) which were also administered by the RSOC. The RSP and PSP were long-term incentive schemes based on participants achieving pre-set operating unit financial goals, individual performance, as well as achieving corporate financial goals in the case of the PSP.

The purpose of the Share Plans was to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, currently targeted at executives holding key positions to excel in their performance. These were also designed to align the interest of these executives with those of the Company's shareholders.

Under the Share Plans, shares were delivered after the participant has served the Group for a specific period or after a further period beyond completion of prescribed performance targets.

The aggregate number of shares which may be offered under the Share Plans should not exceed 10% of the Company's total issued capital. The terms of Share Plans are described in more detail in the Directors' Statement.

The Share Plans which were first adopted on 26 April 2005 had a duration of ten years and had expired on 25 April 2015. The RSOC would review and consider the necessity to adopt new share plans in the future. All share awards previously granted under the Share Plans had since 21 August 2017 completed its vesting and there are no further outstanding share awards under the Share Plans.

Share Option Plan:

The Company adopted a new plan, the Del Monte Pacific Executive Share Option Plan 2016 (ESOP 2016), which was approved by the shareholders at the general meeting held on 30 August 2016. The purpose of the ESOP 2016 is to provide an opportunity for Group executives and directors to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 shall be valid for a period of ten years; however, it has yet to be implemented and no options have been granted to-date under the ESOP 2016.

Principle 9
Disclosure on Remuneration

The remuneration of Directors and the CEO are disclosed in bands of S$250,000/– with a maximum disclosure band of S$500,000/– and above.

The remuneration of the top five Key Management Personnel are similarly disclosed in bands of S$250,000/– with a maximum disclosure band of S$500,000/– and above.

Although the disclosure is not in compliance with the recommendation of the 2012 Code, the Board is of the view that it is in the best interest of the Company to not disclose such remuneration information in detail, given the confidentiality and commercial sensitivity (within the industry and within the Group itself) attached to remuneration matters and for personal security reasons, disclosure in bands of S$250,000/– in excess of S$500,000/– is not provided. Also for personal security reasons, the names of and the aggregate remuneration paid to the Company's top five Key Management Personnel are not disclosed. Similarly, the aggregate remuneration paid to the Executive Directors is not disclosed.

Employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year

Ms Jeanette Beatrice Campos Naughton is Vice President, Strategic Planning of the Company's USA subsidiary, Del Monte Foods, Inc (DMFI). She is the daughter of Mr Joselito D Campos, Jr, DMPL's Managing Director and CEO, and DMFI's Vice Chairman and Director. Ms Naughton is responsible for spearheading DMFI's strategic planning function, with principal involvement in DMFI's mid-to-long term corporate vision, financial goals and key measures, business strategies and resources requirements. Her remuneration for the period in review was in the range of S$500,000-S$550,000. Ms Naughton formerly held management positions at Google in their Mountain View, California headquarters. She has an MBA from the Sloan School of Management of the Massachusetts Institute of Technology.

DISCLOSURE ON REMUNERATION OF DIRECTORS FOR FY2018

Remuneration Bands and Names of Directors	Fixed Salary/ Consultancy Fees %	Director Fees %	Variable Income / Bonus %	Benefits In Kind %
EXECUTIVE DIRECTORS				
Above S$500,000				
Mr Joselito D Campos, Jr	43	2	55	–
Mr Rolando C Gapud	82	18	–	–
Mr Edgardo M Cruz, Jr	71	11	17	1
NON-EXECUTIVE DIRECTORS				
Below S$250,000				
Mrs Yvonne Goh	–	100	–	–
Dr Emil Q Javier	57[1]	38	5	–
Mr Benedict Kwek Gim Song	–	100	–	–
Mr Godfrey E Scotchbrook	–	100	–	–

Notes:
1 Refers to consultancy fees
Details of the share options and share awards granted to each Director are shown in the Directors' Statement

DISCLOSURE ON REMUNERATION OF TOP FIVE KEY MANAGEMENT PERSONNEL[1] FOR FY2018

Remuneration Bands and Number of Key Management Personnel	Fixed Salary %	Variable Income / Bonus %	Benefits in Kind %
Above S$500,000			
1	47	52	1
1	72	17	11
1	80	19	1
1	80	19	1
S$250,000 to below S$500,000			
1	80	19	1

Notes:
1 Key Management Personnel who are not Directors

ACCOUNTABILITY AND AUDIT

Principle 10
Accountability

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

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board. Information such as disclosure documents, quarterly results, profit and loss statements, cash flow statements, working capital requirements and borrowing levels are presented using comparative figures between actual results, budgeted levels and prior year's results.

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

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

Principle 11
Internal Controls

The Group maintains an effective system of internal controls addressing financial, operational, compliance and information technology (IT) risks. These controls are designed to provide reasonable assurance as to the adequacy, effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The adequacy and effectiveness of these controls is subject to review by the Group's Internal Audit department and is monitored by the ARC. In addition, the Company's external auditors also review the effectiveness of the Group's key internal controls as part of their audit for the year with respect to financial reporting. Significant non-compliance in internal controls, if any, together with recommendations for improvement, is reported to the ARC. A copy of this report is also issued to the relevant department for follow-up action.

Risk assessment and evaluation takes place as an integral part of the AOP. Having identified key risks to the achievement of the Group's AOP, mitigating actions are formulated in respect of each significant risk. Identified risks are also included and monitored in the corporate risk register, and mitigating measures are followed up. The approach to risk management is set out in the "Risk Management" section of this Annual Report.

IT issues are also regularly reported to the Board through the ARC. Reports include matters on business continuity, disaster recovery and cybersecurity amongst others. The Board, through the ARC, provides directions on these matters which Management executes and Internal Audit monitors.

Amongst the significant control initiatives that came out of this process is the Cybersecurity Remediation project. This initiative is intended to significantly improve the cybersecurity posture of the Company to better manage emerging cybersecurity threats. In FY2017, the Company completed the first phase of the project which involved network infrastructure upgrade, restructuring and segmentation, installation of advanced persistent threat protection systems, updating and developing the IT security policy and awareness programme. In FY2018, the Company started rolling out the implementation of the second phase which involved the adaptation of data loss protection and encryption systems, advanced persistent threat protection for end-point systems, and the development and implementation of the cybersecurity and awareness programme which will be fully completed within FY2019.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and the ARC, the ARC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 30 April 2018.

For the year in review, the Board had received the written confirmation from the CEO and the Chief Financial Officer that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems remained adequate and effective.

The Board will, on a continuing basis, endeavour to further enhance and improve the Company's system of internal controls and risk management policies.

The Group's internal audit team, led by Head of Internal Audit, Mr Gil Ramon S Veloso reports directly to the ARC on a quarterly basis. The ARC reports all material updates to the Board. Hence the Board is of the view that it is not necessary to establish a separate risk committee to oversee and monitor the Group's risk management framework and policies as recommended under Guideline 11.4 of the 2012 Code.

Principle 12
Audit and Risk Committee

The Audit Committee was set up on 9 July 1999 and renamed Audit and Risk Committee (ARC) on 25 June 2015 as the Audit Committee had always served the function of overseeing the Company's risk management framework and policies. The ARC comprises the following members who are all Independent Non-Executive Directors:

Mr Benedict Kwek Gim Song	ARC Chairman
Mr Godfrey E Scotchbrook	Member
Dr Emil Q Javier	Member
Mrs Yvonne Goh	Member

The members of the ARC are highly qualified with two members having the requisite financial management experience and expertise.

The ARC implements an annual evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves ARC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of ARC meetings
- Training and resources available
- Financial reporting processes
- Financial and operational internal controls
- Risk management systems
- Internal and external audit processes
- Whistle-blowing reporting processes
- ARC's relationship with the Board

The evaluation process takes into account the views of each ARC member and provides an opportunity for members to give constructive feedback on the workings of the ARC including procedures and processes adopted and if these may be improved upon.

Led by the ARC Chairman, a summary of findings prepared based on responses from the completed questionnaires was discussed with feedback noted.

Under its TOR, the ARC reviews the scope and results of the Company's annual audit and its cost effectiveness. The ARC also ensures the independence and objectivity of the external auditors. Likewise, it reviews the non-audit services provided by the Company's external auditors.

For FY2018, the ARC had reviewed the audit and non-audit services of the external auditors and was satisfied that the auditors continue to be independent. Non-audit fees include services related to tax advisory and transfer pricing review. A breakdown of the aggregate fees paid for audit and non-audit services is set out below:

	Year ended 30 April 2018 (US$'000)
AUDIT FEES	
– paid to the auditors of the Company	340
– paid to other auditors	1,064
NON-AUDIT FEES	
– paid to the auditors of the Company	–
– paid to other auditors	150

The ARC also reviews significant financial reporting issues to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance. The ARC further conducts periodic reviews of all interested persons transactions.

Except as disclosed, for FY2018, the Company did not enter into any other material contracts involving the interests of its CEO, Directors or controlling shareholders.

The ARC has the authority to investigate any matter within its TOR, has unrestricted access to Management and the Head of the Internal Audit department, and has full discretion to invite any Director or executive officer to attend its meetings.

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

The Company has a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation. A Whistleblower Policy has been in place since 2004 to promote the highest standards of business and personal ethics in the conduct of the Group's affairs. As representatives of the Group, officers and employees must practise honesty and integrity, and strictly comply with all applicable laws, rules and regulations.

The said policy aims to deter and uncover corrupt, illegal, unethical, fraudulent or other conduct detrimental to the interest of the Group committed by officers and employees, as well as third parties, such as, but not limited to, suppliers and contractors. The Group encourages its officers, employees, suppliers and contractors to provide information that evidences unsafe, unlawful, unethical, fraudulent or wasteful practices. It does not disregard anonymous complaints.

This policy enables the Group to effectively deal with reports from whistleblowers in a manner that will protect the identity of the whistleblower and provide for the appropriate use of the information provided. It also establishes the policies for protecting whistleblowers against reprisal by any person internal or external to the Company, and provide for the appropriate infrastructure, including the appointment of a "Whistleblower Protection Officer", a "Whistleblower Investigations Officer" and alternative means of reporting.

The Board, together with the Chairman of the ARC, had appointed the Group CFO as the Protection Officer, as well as the Head of Internal Audit as the Investigations Officer, to administer the Company's Whistleblower programme. These are the contact details:

For legal compliance: +632 856 2557, +63 917 872 1472, or email legalcompliance@delmonte-phil.com

For other matters: +6388 855 2090, +63 917 712 0311, or email othercompliance@delmonte-phil.com

The ARC also makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors, including the remuneration and terms of engagement of the external auditors. Once approved by the Board, this is then ratified by the shareholders at a general meeting (GM). For any change in the external auditor, the Company provides the reason for the change in its disclosure to the regulators.

In appointing the external auditors for the Company and its subsidiaries, the Group has complied with Rule 712 of the SGX Listing Manual in having appointed a suitable auditing firm to meet its audit obligations, and one that is registered with the Accounting and Corporate Regulatory Authority of Singapore (ACRA). The Group has also complied with Rule 715 in having engaged the same auditing firm based in Singapore to audit its Singapore-incorporated subsidiaries and significant associated companies, and for having appointed suitable auditing firms for its significant foreign-incorporated subsidiaries and associated companies. The Group has also complied with the requirements of SRC Rule 68 in selecting an SEC-accredited auditing firm in the Philippines.

Consistent with the Company's rotation policy, the ARC and the Board undertake to conduct a comprehensive review of the external auditors at least every five years.

The ARC meets with the Group's external auditors and with the Head of Internal Audit department without the presence of Management at least once a year. During the year in review, the ARC had met with the Group's external auditors without the presence of Management more than once and Head of Internal Audit, without the presence of Management once.

During the year in review, the ARC held four meetings.

Principle 13
Internal Audit

The Group's Internal Audit department is staffed by qualified, experienced and trained personnel who are members of the Institute of Internal Auditors. Their duties are appropriately segregated. The Head of Internal Audit is Mr Gil Ramon S Veloso who reports functionally to the ARC and administratively to the CEO.

This department commands a respectable standing within the Company and is responsible for reviewing the risk management, internal control and governance processes to ensure these are adequate and effectively implemented.

It is the Group's policy to support the Internal Audit department in complying with the International Professional Practices Framework set by The Institute of Internal Auditors. Training and development opportunities are provided for the Internal Audit department staff to upgrade their technical knowledge and skill sets to ensure they remain current and relevant.

The ARC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The Internal Audit department has unfettered access to all company documents, records, properties and personnel, including access to the ARC.

The ARC annually reviews the adequacy and effectiveness of the internal audit function and it is of the view that the Company's internal audit function is adequate.

Principle 14
Shareholder Rights

The Group treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Moreover, the Group continually reviews and updates such governance arrangements.

Shareholders are informed of changes in the Company's business that are likely to materially affect the value of the Company's shares.

The Group ensures that shareholders have the opportunity to participate effectively in, and vote at GMs. Shareholders are informed of the rules and voting procedures that govern AGMs and GMs. The results of the votes taken during the AGM or GM are disclosed and made available to the public on the same day, and likewise uploaded on the Company's website within five days from the date of the meeting.

The Company's Memorandum and Articles of Association do not allow corporations which provide nominee or custodial services to appoint more than two proxies to vote. At present, only the Central Depository (Pte) Ltd is permitted to appoint more than two proxies. The Company does, however, allow non-shareholders to attend the AGM or GM as observers.

The Company's dividend payment policy for Ordinary Shares has been to distribute a minimum of 33% of full year profit. For FY2018, the Company did not declare dividends to Ordinary shareholders due to its net loss position. The dividend policy and terms, including the declaration dates from previous years, are provided in the Company's website. The Company endeavours to pay dividends within 30 days after declaration date.

Principle 15
Communication with Shareholders/Investor Relations

The Group is committed to engaging its stakeholders and providing easy and regular access to timely, effective, fair, pertinent and accurate information about the Company. The Group has an Investor Relations policy that clearly articulates and promotes this.

The Company's Investor Relations is handled in-house. It has a dedicated Investor Relations team comprising the Chief Corporate Officer and Investor Relations Manager who regularly engage and communicate with the investing community. Various IR and communication modes are employed by the Company to provide information and also to gather feedback and address questions and concerns. Insights and feedback gathered are taken and, where appropriate, acted upon.

The Company strengthens its relationship with the investing community and solicits their views through one-on-one meetings, participation in at least two annual conferences, forums and road shows organised by stock broking and investing companies. Between May 2017 and April 2018, the Company met with 84 investors, brokers and lenders, including conference calls, and did a roadshow for the second tranche of the Company's Preference Shares offering.

To maintain an open channel of communication, the Company also has an email alert system whereby emails on its developments and updates are sent out to investors. Such information is also announced to the public via the SGX-ST and PSE portals.

The Company has organised visits to its plantation and cannery, as well as trade checks, for the investing community, providing them with a first-hand appreciation and understanding of the Group's operations and markets.

The Company provides descriptive and detailed disclosures whenever possible and avoids boilerplate disclosures, and immediately announces any material information on the Company or any of its subsidiaries or associated companies.

CORPORATE **GOVERNANCE**

Material information, including the Company's financial position, performance, ownership, strategies, activities and governance, are disclosed to all shareholders and the investing community via SGX-ST and the PSE portals, upholding the principle of no selective disclosure.

The Company observes a closed-window period of two weeks prior to the announcement of its quarterly results and one month prior to the announcement of its full year results. During this period, the Company does not meet nor communicate with the investing community to ensure no selective disclosure is made.

The Company announces its financial results on a quarterly basis within the prescribed timeframe and holds joint briefings or conference calls with the investing community. The briefings are held in an accessible central location. These briefings are also broadcast via webcast to global viewers, with a recording available for six months. Key Management Personnel are present during the briefings. The Company uploads on its website the materials for media briefings and press conferences.

The Management Discussion and Analysis (MDA) report, press release and presentation on the Company's financial results are disseminated through the SGX-ST and PSE portals, the Company's email alerts and website all on the same day.

In March 2017, the Company successfully revamped its corporate website (www.delmontepacific.com) with an international design to promote DMPL as a global food and beverage player, while also improving the structure and sitemap to allow easy navigation and access to key investor information. The website features the Company's four key brands (*Del Monte, S&W, Contadina* and *College Inn*), the international business and DMPL's various awards across many sectors. It also has links to other subsidiaries' and brands' websites, and includes social media links to DMPL's subsidiaries' Facebook, Instagram, Twitter, Pinterest and LinkedIn pages. Most importantly, the website is mobile-responsive and accessible from tablets and smartphones.

The corporate website has a dedicated and comprehensive IR section that is user-friendly with easily downloadable and updated press releases, announcements, quarterly reports, presentations, annual reports and analyst reports. Announcements are uploaded as soon as they are released to the SGX-ST and PSE portals, including other disclosures and reports submitted to the Philippine SEC.

The following are also included in the IR site: IR policy, IR calendar, AGM and GM Minutes, dividend policy and payout details, share information and the Company's top 20 shareholders. The following are also available on the website: Sustainability, Corporate Governance, bio-data of Directors and Senior Management, Memorandum and Articles of Association, Code of Business Ethics and other policies.

The IR email address (jluy@delmontepacific.com) and telephone number (+65 6594 0980) are listed prominently on the IR homepage and in the annual report, making DMPL's IR manager accessible. The IR team endeavours to reply to emails and requests within a day.

DMPL is guided by strong principles grounded on the guidelines of the 2012 Code, the SEC CG Code, the SGX Listing Manual, the GTI and the ACGS to strengthen stakeholder relations. DMPL's IR is guided by the principles of trust; good corporate governance; transparency, openness and quality of disclosure; fairness; timeliness; pro-activeness and engagement; accessibility; employment of IT; and continuous improvement.

The Company received the Best Investor Relations (Gold) and the Best Annual Report (Bronze) Awards in July 2017 from the Singapore Corporate Awards (SCA) for companies with a market capitalisation of between S$300 million to less than S$1 billion.

Since the SCA began in 2006, DMPL has won two Gold awards for the Best Managed Board and Best Investor Relations. DMPL is one of only less than ten companies from the 750 companies listed in Singapore to have achieved this.

DMPL has also received four distinct awards including that for the Best CFO and Best Annual Report and is one of only 14 companies to have achieved this.

DMPL has won a total of 12 awards for eight consecutive years, since 2010.

The Company was ranked 16th amongst 606 Singapore-listed companies or within the top three percentile in the August 2017 SGTI. This is the highest ranking DMPL has achieved. DMPL also ranked 23rd amongst 100 largest Singapore-listed companies in the April 2018 ACGS.

As part of the Company's ongoing effort to improve investor relations, it will continue to review and update governance arrangements with stakeholders. The Company also benchmarks against peers and industry best practices by having the relevant executives attend seminars and forums, joining IR organisations, and keeping abreast of the 2012 Code and similar guidelines and recommendations.

Principle 16
Conduct of Shareholder Meetings

The Company encourages shareholder participation at GMs and ensures that the venue for GMs is in a central location easily accessed by public transportation.

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

Resolutions on each distinct issue are tabled separately at GMs.

At GMs, shareholders are given the opportunity to communicate their views and direct questions to Directors and Senior Management regarding the Company. The Chairman of the Board, the respective Chairman of the ARC, NGC and RSOC, two other Directors, Senior Management including the CEO, and the external auditors were present at the most recent AGM to assist the Board in addressing shareholders' questions.

For greater transparency, the Company had since 2013 instituted electronic poll voting and all resolutions are put to vote by electronic poll at its AGMs and GMs. The voting procedures are discussed before the start of any meeting. The Company had also appointed independent scrutineers, Drewcorp Services Pte Ltd, to validate the votes at its most recent AGM. Announcement of the detailed results of the poll, including the number of votes cast for and against each resolution with the respective percentages, is made on the same day.

The AGM and GM Minutes mention that the shareholders are given the opportunity to ask questions and the Minutes include the questions and answers during the meetings. The Minutes are available on the Company's website after the meetings.

DEALINGS WITH SECURITIES

In 2013, the Company adopted and implemented a Securities Dealings Policy (which replaces and incorporates the guidelines set out in the Best Practices on Securities Transactions adopted by the Company in 2003) to govern dealings in the Company's securities by Directors, Key Management Personnel and certain designated employees having access to price sensitive information. With this policy, these individuals are required to seek the approval of the Chairman or the Board before dealing in the Company's shares. Directors are also required to report their dealings in the Company's shares within two business days from the date of transaction.

Directors, Key Management Personnel and certain designated employees had been advised that it is an offence to deal in the Company's securities when they are in possession of unpublished material price-sensitive information. They are also discouraged from dealing in the Company's securities on short-term considerations.

They are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year; and one month before the announcement of the Company's full-year financial results. For the year in review, these individuals had been compliant with the Securities Dealings Policy.

DIRECTORS' **STATEMENT**

The Directors are pleased to present their report to the members together with the audited financial statements of Del Monte Pacific Limited (the Company) and its subsidiaries (collectively, the Group) comprising the statements of financial position, income statements, statements of comprehensive income, statements of changes in equity and the statements of cash flow of the Group and Company for the financial year ended 30 April 2018.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2018 and the financial performance, changes in equity and cash flows of the Group and of the Company for the year then ended in accordance with International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due. The Group's net current assets position is US$226.9 million as at 30 April 2018 and the Company expects dividend payment from its subsidiaries with net earnings.

DIRECTORS

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

Mr Rolando C Gapud	(Executive Chairman)
Mr Joselito D Campos, Jr	(Managing Director)
Mr Edgardo M Cruz, Jr	(Executive Director)
Mr Benedict Kwek Gim Song	(Lead Independent Director)
Mr Godfrey E Scotchbrook	(Independent Director)
Dr Emil Q Javier	(Independent Director)
Mrs Yvonne Goh	(Independent Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed under the "Share Option and Incentive Plans" section of this report, neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

DIRECTORS' **STATEMENT**

DIRECTORS' INTERESTS

According to the registers kept by the Company, particulars of interests of Directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company are as follows:

Directors' Interest in Shares:

	Direct interests			Deemed interests		
	As at beginning of the year 1 May 2017	As at end of the year 30 April 2018	As at 21 May 2018	As at beginning of the year 1 May 2017	As at end of the year 30 April 2018	As at 21 May 2018
The Company						
Ordinary shares of US$0.01 each						
Mr Rolando C Gapud	2,063,140	2,291,903	2,291,903	–	–	–
Mr Joselito D Campos, Jr	7,621,466	7,621,466	7,621,466	1,303,256,961	1,344,766,730	1,386,276,498
Mr Edgardo M Cruz, Jr	2,881,635	2,984,632	2,984,632	–	–	–
Dr Emil Q Javier	534,851	611,828	611,828	–	–	–
Mr Benedict Kwek Gim Song	–	117,092	117,092	–	–	–
Mr Godfrey E Scotchbrook	–	117,092	117,092	–	–	–

Directors' Interest in Options:

	Direct interests			Deemed interests		
	As at beginning of the year 1 May 2017	As at end of the year 30 April 2018	As at 21 May 2018	As at beginning of the year 1 May 2017	As at end of the year 30 April 2018	As at 21 May 2018
Options to subscribe for ordinary shares at S$0.627 per share between 07/03/2010 to 06/03/2018						
Mr Benedict Kwek Gim Song	300,000	–	–	–	–	–
Mr Godfrey E Scotchbrook	360,000	–	–	–	–	–
Options to subscribe for ordinary shares at S$0.578 per share between 02/07/2015 to 06/03/2018						
Mr Benedict Kwek Gim Song	25,255	–	–	–	–	–
Mr Godfrey E Scotchbrook	30,306	–	–	–	–	–

The above unexercised options granted pursuant to the Del Monte Pacific Executive Stock Option Plan 1999, had lapsed on 6 March 2018.

DIRECTORS' INTERESTS (CONT'D)

Directors' Interest in Share Awards:

	Direct interest			Deemed interest		
	As at beginning of the year 1 May 2017	**As at end of the year 30 April 2018**	**As at 21 May 2018**	**As at beginning of the year 1 May 2017**	**As at end of the year 30 April 2018**	**As at 21 May 2018**
Grant of 593,000 share awards at S$0.84 per share vesting period from 22/08/2013 onwards*						
Mr Rolando C Gapud	211,000	–	–	–	–	–
Mr Edgardo M Cruz, Jr	95,000	–	–	–	–	–
Dr Emil Q Javier	71,000	–	–	–	–	–
Mr Benedict Kwek Gim Song	108,000	–	–	–	–	–
Mr Godfrey E Scotchbrook	108,000	–	–	–	–	–

* The above share awards had completed vesting on 21 August 2017 and awards released to Directors on 20 September 2017.

	Direct interest			Deemed interest		
	As at beginning of the year 1 May 2017	**As at end of the year 30 April 2018**	**As at 21 May 2018**	**As at beginning of the year 1 May 2017**	**As at end of the year 30 April 2018**	**As at 21 May 2018**
Grant of 49,921 share awards at S$0.385 per share vesting period from 22/08/2016 onwards**						
Mr Rolando C Gapud	17,763	–	–	–	–	–
Mr Edgardo M Cruz, Jr	7,997	–	–	–	–	–
Dr Emil Q Javier	5,977	–	–	–	–	–
Mr Benedict Kwek Gim Song	9,092	–	–	–	–	–
Mr Godfrey E Scotchbrook	9,092	–	–	–	–	–

** The above share awards had completed vesting on 21 August 2017 and awards released to Directors on 20 September 2017.

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

DIRECTORS' CONTRACTUAL BENEFITS

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 26 and 38 to the financial statements, since the end of the last financial year, no Director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTION AND INCENTIVE PLANS

The Del Monte Pacific Executive Stock Option Plan 1999 (ESOP 1999) of the Company was approved and amended by its shareholders at general meetings held on 30 July 1999 and 21 February 2002, respectively. No further options could be granted pursuant to the ESOP 1999 as it had expired on 24 July 2009. Any options granted by the Company prior to 24 July 2009 would continue to be valid for a period of ten years from the date of the grant of options. All options previously granted under the ESOP 1999 had since lapsed on 6 March 2018 and there are no further outstanding options under the ESOP 1999.

The Company adopted a new plan, the Del Monte Pacific Executive Share Option Plan 2016 (ESOP 2016), which was approved by the shareholders at the general meeting held on 30 August 2016. The purpose of the ESOP 2016 is to provide an opportunity for Group executives and directors to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 shall be valid for a period of ten years; however, it has yet to be implemented and no options had been granted to-date under the ESOP 2016.

The Company also had two share plans, the Del Monte Pacific Restricted Share Plan (Del Monte Pacific RSP) and the Del Monte Pacific Performance Share Plan (Del Monte Pacific PSP) (collectively the Share Plans), which were approved by the Company's shareholders at a general meeting held on 26 April 2005. The Share Plans sought to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, targeted at executives holding key positions. The Share Plans expired after ten years or on 25 April 2015. Any share awards granted prior to the expiration of the Share Plans would continue to be valid. All share awards previously granted under the Share Plans had since 21 August 2017 completed its vesting and there are no further outstanding share awards under the Share Plans.

The ESOPs and Share Plans are administered by the Remuneration and Share Option Committee (RSOC) comprising of the following members:

Mr Godfrey E Scotchbrook	(RSOC Chairman)
Mr Benedict Kwek Gim Song	(Member)
Dr Emil Q Javier	(Member)
Mrs Yvonne Goh	(Member)

Other information regarding the ESOP 1999 is set out below:

Under the ESOP 1999, two types of options were granted:

- Initial Public Offering Options (IPO Options); and
- Market Price Options

<u>IPO Options</u>

At the time of the Company's initial public offering in July 1999, a total of 11,428,571 IPO Options were granted at an exercise price of US$0.504 each. None of the IPO Options granted were exercised and all IPO Options granted have since lapsed.

SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Market Price Options

(a) A Market Price Option confers the right to subscribe for shares granted under the ESOP 1999 one year after the Listing Date.

(b) A Market Price Option may be granted only after the lapse of one year from the Listing Date.

(c) The period for the exercise of a Market Price Option commences after the second anniversary of the date of grant of the option and expires on the tenth anniversary of such date of grant.

(d) The exercise price of a Market Price Option may be set at a discount not exceeding 20% of the market price at the date of grant.

In March 2001, a total of 14,050,000 Market Price Options were granted at an exercise price of S$0.490 each. All of the 14,050,000 Market Price Options have either been exercised or have lapsed following the mandatory conditional cash offer by NutriAsia Pacific Ltd in January 2006.

On 7 March 2008, a total of 1,550,000 Market Price Options were granted at an exercise price of S$0.627 each being the average last done price of the Company's share for the last three market days preceding the date of grant. The options are valid for ten years from 7 March 2008.

On 30 April 2013, the Company approved the grant of 150,000 Adjustment Options to three Non-Executive Directors of the Company, arising from the bonus issue of two bonus shares for every ten existing ordinary shares (Bonus Issue) carried out by the Company on 18 April 2013. The grant of the additional 150,000 options represented a 20% adjustment to the number of unexercised options previously granted by the Company. The rationale for the adjustment is to account for the dilutive effect arising from the Bonus Issue on the unexercised options.

On 1 July 2015, the Company approved the grant of 75,765 Adjustment Options to three Non-Executive Directors, arising from the rights issue of shares carried out by the Company on 10 March 2015. The grant of the additional 75,765 options was for the adjustment to account for the dilutive effect arising from the rights issue on the unexercised options.

On 6 March 2018, all unexercised options granted under the ESOP 1999 had lapsed.

Del Monte Pacific RSP

Other information regarding the Del Monte Pacific RSP is set out below:

(a) No minimum vesting periods are prescribed.

(b) The length of the vesting period(s) in respect of each award granted will be determined on a case-to-case basis by the RSOC.

(c) Delivery of shares upon vesting of the share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

On 7 March 2008, three employees of related companies were granted an aggregate of 1,725,000 share awards at the market price of S$0.615 per share.

On 20 May 2008, 1,611,000 shares were awarded at the market price of S$0.680 per share to Mr Joselito D Campos, Jr, an associate of a controlling shareholder, approved by shareholders at the Annual General Meeting (AGM) of the Company held on 28 April 2008.

SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Del Monte Pacific RSP (cont'd)

On 12 May 2009, six employees of related companies were granted an aggregate of 3,749,000 share awards at the market price of S$0.540 per share.

On 29 April 2011, 2,643,000 shares were awarded at the market price of S$0.485 per share to Mr Joselito D Campos, Jr, an associate of a controlling shareholder, approved by shareholders at the AGM of the Company held on 29 April 2011.

On 21 November 2011, 67,700 shares were awarded to a Non-Executive Director of the Company at the market price of S$0.455 per share.

On 30 April 2013, the Company approved the grant of 486,880 share awards to Mr Joselito D Campos, Jr and five employees of related companies at a market price of S$0.81 per share, arising from the bonus issue of two bonus shares for every ten existing ordinary shares (Bonus Issue) carried out by the Company on 18 April 2013. The grant of the additional 486,880 share awards represented a 20% adjustment to the number of unvested share awards previously granted by the Company. The rationale for the adjustment is to account for the dilutive effect arising from the Bonus Issue on the unexercised options.

On 22 August 2013, 688,000 shares were awarded at the market price of S$0.84 per share to Messrs Rolando C Gapud, Edgardo M Cruz, Jr, Emil Q Javier, Benedict Kwek Gim Song, Patrick L Go and Godfrey E Scotchbrook.

On 1 July 2015, 57,918 shares were awarded at the market price of S$0.385 per share to six Directors, arising from the rights issue of shares carried out by the Company on 10 March 2015. The grant of the additional 57,918 share awards was for the adjustment to account for the dilutive effect arising from the rights issue on the unvested share awards previously granted by the Company.

On 21 August 2017, all share awards granted under the Del Monte Pacific RSP had completed its vesting and there are no further outstanding share awards.

Del Monte Pacific PSP

Other information regarding the Del Monte Pacific PSP is set out below:

(a) Vesting periods are not applicable.

(b) Shares awarded are released at the end of the performance period (typically, at the conclusion of a financial year end) once the RSOC is satisfied that the prescribed performance target(s) have been achieved by awardees.

(c) Delivery of share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

As at the date of this report, no share awards have been granted pursuant to the Del Monte Pacific PSP.

SHARE OPTION AND INCENTIVE PLANS (CONT'D)

At the end of the financial year, details of the options granted under the ESOP 1999 on the unissued ordinary shares of the Company, are as follows :

Date of Grant	Exercise Price S$	Number of options outstanding at 1 May 2017	Options Granted	Options exercised	Options forfeited/ exercised	Number of options outstanding at 30 April 2018*	Number of option holders at 30 April 2018	Exercise period
07/03/2008	0.627	750,000	–	–	–	–	3	Up to 60%: 07/03/2010 – 06/03/2011 40%: 07/03/2011 – 06/03/2018
30/04/2013	0.627	150,000	–	–	–	–	3	100% from 07/03/2011 onwards
01/07/2015	0.578	75,765	–	–	–	–	3	100% up to 06/03/2018
		975,765	–	–	–	–		

* On 6 March 2018, all unexercised options granted under the ESOP 1999 had lapsed.

At the end of the financial year, details of share awards granted under the Del Monte Pacific RSP are as follows:

Date of grant	Market price on date of grant S$	Number of share awards granted as at 30 April 2018	Number of share award holders at 30 April 2018	Vesting period
07/03/2008	0.615	1,725,000	3	Up to 60%: 07/03/2010 – 06/03/2011 40%: 07/03/2011 – 06/03/2012
20/05/2008	0.680	1,611,000	1	Up to 60%: 20/05/2010 – 19/05/2011 40%: 20/05/2011 – 19/05/2012
12/05/2009	0.540	3,749,000	6	Up to 60%: 12/05/2011 – 11/05/2012 40%: 12/05/2012 – 11/05/2013
29/04/2011	0.485	2,643,000	1	Up to 60%: 12/05/2011 – 11/05/2012 40%: 12/05/2012 – 11/05/2013
21/11/2011	0.455	67,700	1	No vesting period imposed, shares were released to the grantee on 12 December 2011
30/04/2013	0.810	486,880	6	No vesting period imposed, shares were released to the grantee on 12 May 2013
22/08/2013	0.840	688,000	6	Up to 60%: 22/08/2013 – 21/08/2016 40%: 22/08/2016 – 21/08/2017
01/07/2015	0.385	57,918	6	Up to 60%: 22/08/2016 until 21/8/2017 40%: 22/08/2017 until 21/08/2018
		11,028,498		

SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Details of options granted to Directors of the Company under the ESOP 1999 are as follows:

Name of Director	Options granted in financial year ended 30 April 2018	*Aggregate options granted since commencement of ESOP 1999 to 30 April 2018	*Aggregate options exercised since commencement of ESOP 1999 to 30 April 2018	Aggregate options outstanding as at 30 April 2018
Mr Rolando C Gapud	–	400,000	400,000	–
Mr Edgardo M Cruz, Jr	–	200,000	200,000	–
Dr Emil Q Javier	–	200,000	200,000	–
Mr Benedict Kwek Gim Song	–	325,255	–	–
Mr Godfrey E Scotchbrook	–	390,306	–	–
	–	1,515,561	800,000	–

* Excludes options granted prior to the mandatory conditional cash offer by NutriAsia Pacific Ltd in January 2006, all of which have either been exercised or have lapsed.

Details of share awards granted to Directors of the Company under the Del Monte Pacific RSP are as follows:

Name of Director	Share awards granted in financial year ended 30 April 2018	* Aggregate share awards granted since commencement of Del Monte Pacific RSP	Aggregate share awards outstanding as at 30 April 2018
Mr Rolando C Gapud	–	228,763	–
Mr Joselito D Campos, Jr	–	4,465,440	–
Mr Edgardo M Cruz, Jr	–	102,997	–
Dr Emil Q Javier	–	76,977	–
Mr Benedict Kwek Gim Song	–	117,092	–
Mr Godfrey E Scotchbrook	–	117,092	–

Except as disclosed above, no options or share awards have been granted to the controlling shareholders of the Company or their associates, or to Directors, or to employees of the Group, and no participant under the ESOP 1999 and Del Monte Pacific RSP has been granted 5% or more of the total options available under the ESOP 1999 and Del Monte Pacific RSP.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

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

AUDIT AND RISK COMMITTEE

The Audit Committee was on 25 June 2015 renamed the Audit and Risk Committee (ARC) as it had always served the function of overseeing the Company's risk management framework and policies. For the financial year ended 30 April 2018, the ARC comprised the following members:

Mr Benedict Kwek Gim Song	(ARC Chairman)
Mr Edgardo M Cruz, Jr	(Member)
Mr Rolando C Gapud	(Member)
Mr Godfrey E Scotchbrook	(Member)
Dr Emil Q Javier	(Member)
Mrs Yvonne Goh	(Member)

From 1 May 2017 to 30 April 2018, the ARC had held four meetings . The ARC reviews the effectiveness of the systems of internal controls in the Group, its accounting policies, annual financial statements and quarterly reports, the adequacy and effectiveness of the internal audit function, and the findings of both the external and internal auditors. The ARC may also examine whatever aspects it deems appropriate regarding the Group's financial affairs, its internal and external audits and its exposure to risks of a regulatory or legal nature. Furthermore, all interested person transactions are subject to regular periodic reviews by the ARC to ensure that they are carried out on arm's length commercial terms consistent with the Group's usual business practices and policies, and are not prejudicial to the Company's minority shareholders.

In performing its functions, the ARC reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. The ARC met with the internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company and the Group's system of internal controls. The ARC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 April 2018, as well as the external auditors' report thereon.

The ARC has full access to and cooperation of Management and the internal auditors. It also has full discretion to invite any Director or executive officer to attend its meetings. The Chief Financial Officer attends all meetings of the ARC. The auditors have unrestricted access to the ARC. The ARC has reasonable resources to enable it to discharge its functions effectively.

DIRECTORS' **STATEMENT**

INTERNAL CONTROLS

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the ARC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 April 2018.

AUDITORS

The auditors, Ernst & Young LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors,

Mr Rolando C Gapud
Executive Chairman

Mr Joselito D Campos, Jr
Executive Director

Date: 18 July 2018

INDEPENDENT **AUDITORS' REPORT**

to the members of Del Monte Pacific Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Del Monte Pacific Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 April 2018, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the Company *present fairly, in all material respects*, the financial position of the Group and the Company as at 30 April 2018, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements, ACRA Code and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Fair value of biological assets	
The gain on changes in the fair value of produce prior to harvest and harvested produce amounted to US$45.1 million for the year ended 30 April 2018. The valuation of biological assets was significant to our audit because the estimation process is complex, involves significant management estimate, and is based on assumptions that can be affected by natural phenomena. The key assumptions for the fair value of harvested produce include selling prices and gross margins. The key assumptions for the fair value of produce prior to harvest include future selling prices, gross margin, estimated tonnage of harvests and future growing costs. Refer to Note 11 to the financial statements.	We obtained an understanding of management's fair value measurement methodology and their process in valuing the biological assets. We tested the key assumptions used in the valuation, which include selling prices and gross margin for harvested produce; and future selling prices, gross margin, estimated tonnage of harvests and future growing costs for produce prior to harvest, by comparing them to external data such as selling prices in the principal market and historical information. We also assessed the methodology used in estimating the fair value. We also assessed the adequacy of the related disclosures on the assumptions underlying the measurement of these biological assets.
Recoverability of goodwill and indefinite life trademarks	
As at 30 April 2018, goodwill is carried at US$203.4 million, which represents 14% of the total non-current assets. Indefinite life trademarks were carried at US$408.0 million, which represents 27% of the total non-current assets. *(a) Goodwill and indefinite life trademarks allocated to Del Monte Foods, Inc. and its subsidiaries*	
The Group's goodwill is allocated to a Cash Generating Unit (CGU), Del Monte Foods, Inc. and its subsidiaries. Included within the CGU are the indefinite life trademarks "Del Monte" and "College Inn" in the United States of America (USA) amounting to US$394.0 million. The Group uses the value in use calculation to estimate the recoverable value of the CGU. The annual impairment test is significant to our audit because the valuation process is complex, involves significant management judgement, and is based on certain key assumptions, such as cash flow projections covering a five-year period and the long-term growth rate and discount rate of the CGU. Refer to Note 8 to the financial statements.	We obtained an understanding of the Group's impairment assessment process and the related controls. We tested the reasonableness of the key assumptions, which include revenue growth, gross margin and EBITDA margin, discount rate, long-term growth rate by comparing them to available market and historical information and management plans. Given the complexity of the valuation process, our internal valuation specialist was involved in performing some of these procedures. We also focused on the adequacy of the Group's disclosures in Note 8 to the financial statements, about those assumptions to which the outcome of the impairment test was most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the CGU.

Key Audit Matters (Cont'd)

Key audit matter

(b) Other indefinite life trademarks

As at 30 April 2018, other indefinite life trademarks were carried at US$14.0 million which comprises of the following trademarks: "Del Monte" in the Philippines and India, "S&W" in Asia, and "Todays" in the Philippines. The annual impairment tests are significant to our audit because the valuation process is complex, involves significant management judgment and estimates based on assumptions that can be affected by future market and economic conditions as well as trademark and royalty rates in the market.

The Group used the Royalty Savings Approach in valuing its Philippines and Asia S&W trademarks. This approach relies on the forecasted revenue for the related brand or trademark and applies the royalty rates in the market. For the India trademark, the Group used the discounted cash flow of the related CGU. This method relies on forecasted financial results which uses significant assumptions such as revenue growth rates, EBITDA and long-term margins, terminal value growth rate and discount rate.

Refer to Notes 7 and 8 to the financial statements.

How our audit addressed the matter

We assessed the reasonableness of the forecasted revenue and royalty rates used to derive the recoverable value of the brand and trademarks by comparing against available market and historical information.

We also evaluated the significant assumptions used in the financial forecast of the CGU, which include revenue growth rates, EBITDA and long-term margins, terminal value growth rate and discount rate, by comparing them against available market information, historical data and management plans.

Given the complexity of the valuation process, our internal specialist was involved in performing some of these procedures.

Recoverability of deferred tax assets

As at 30 April 2018, the Group has recognized net deferred tax assets of US$79.8 million, which includes deferred tax assets recognized by Del Monte Foods, Inc., a subsidiary in the United States of America (USA), amounting to US$77.8 million.

The recoverability of the deferred tax asset was significant to our audit because it involves significant management judgment and is based on assumptions that are affected by future market or economic conditions. The key assumptions in the taxable income forecast include revenue growth rates and gross and EBITDA margins.

Refer to Note 9 to the financial statements.

We assessed the recognition of deferred tax assets by comparing it to the taxable income forecast. We tested the key assumptions in the taxable income forecast such as revenue growth rates and gross and EBITDA margins against available market information, management plans, historical performance and industry/market outlook. We compared the consistency of management's taxable income forecasts with those included in the budget approved by the Board of Directors.

We assessed the robustness of management's forecasting process by comparing the actual results of the subsidiary against the forecast used in prior year.

We involved our internal specialist in reviewing the temporary differences.

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the matter
Valuation of defined benefit liability and asset	
The Group has defined benefit plans in the Philippines and the USA, giving rise to defined benefit liability of US$65.1 million and pension asset amounting to US$10.6 million as at 30 April 2018 which are measured using projected unit credit valuation methods. We considered this to be a key audit matter because of the magnitude of the amounts, management's judgement in the use of assumptions such as future salary increases, discount rates, mortality rates and health care trends and technical expertise required to determine these amounts. Refer to Note 21 to the financial statements.	Our procedures included, among others, involving our internal specialist to assist us in reviewing the valuation methodology and the actuarial and demographic assumptions used by management to value the Group's various pension obligations. We evaluated the competence, capabilities and objectivity of management's specialist. We evaluated the key actuarial assumptions such as future salary increases, discount rates, mortality rates and health care trends by comparing them to market data and historical information. We tested the employees' payroll data on a sample basis, and reviewed the reconciliation of the membership census data used in the actuarial models to the payroll data of the Group.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Group's 2018 Annual Report, but does not include the financial statements and our auditor's report thereon. The Group's 2018 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with ISAs.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Alvin Phua.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
13 July 2018

STATEMENTS OF **FINANCIAL POSITION**

As at 30 April 2018 and 2017

(In US$'000)

		Group		Company	
	Note	30 April 2018	30 April 2017	30 April 2018	30 April 2017
Noncurrent assets					
Property, plant and equipment – net	5	**610,889**	657,185	**–**	–
Investments in subsidiaries	6	**–**	–	**707,644**	831,888
Investments in joint ventures	7	**25,195**	25,797	**1,636**	1,924
Intangible assets and goodwill	8	**714,651**	741,026	**–**	–
Deferred tax assets – net	9	**79,829**	92,786	**9**	2
Biological assets	11	**1,629**	1,420	**–**	–
Pension assets	21	**10,607**	5,517	**–**	–
Other noncurrent assets	10	**41,223**	27,112	**–**	–
Due from a related company	37	**–**	–	**88,880**	–
		1,484,023	1,550,843	**798,169**	833,814
Current assets					
Biological assets	11	**41,963**	44,347	**–**	–
Inventories	12	**760,981**	916,892	**–**	–
Trade and other receivables	13	**161,627**	164,447	**180,948**	119,703
Prepaid expenses and other current assets	14	**30,782**	43,046	**212**	328
Cash and cash equivalents	15	**24,246**	37,571	**2,709**	6,767
		1,019,599	1,206,303	**183,869**	126,798
Noncurrent assets held for sale	16	**5,504**	–	**–**	–
		1,025,103	1,206,303	**183,869**	126,798
Total assets		**2,509,126**	2,757,146	**982,038**	960,612
Equity					
Share capital	17	**49,449**	39,449	**49,449**	39,449
Share premium	18	**478,323**	390,320	**478,462**	390,459
Retained earnings	18	**95,505**	159,169	**95,505**	159,169
Reserves	18	**(64,082)**	(71,860)	**(64,082)**	(71,860)
Equity attributable to owners of the Company	38	**559,195**	517,078	**559,334**	517,217
Non-controlling interests	38	**49,065**	61,477	**–**	–
Total equity		**608,260**	578,555	**559,334**	517,217
Noncurrent liabilities					
Loans and borrowings	19	**983,603**	1,264,268	**129,594**	281,854
Employee benefits	21	**76,905**	87,599	**3**	–
Environmental remediation liabilities	22	**144**	6,198	**–**	–
Deferred tax liabilities – net	9	**7,128**	3,913	**–**	–
Other noncurrent liabilities	20	**35,195**	44,018	**–**	–
		1,102,975	1,405,996	**129,597**	281,854
Current liabilities					
Loans and borrowings	19	**481,620**	449,698	**206,034**	43,070
Employee benefits	21	**37,645**	22,165	**–**	–
Trade and other current liabilities	23	**276,618**	299,545	**87,073**	118,471
Current tax liabilities		**2,008**	1,187	**–**	–
		797,891	772,595	**293,107**	161,541
Total liabilities		**1,900,866**	2,178,591	**422,704**	443,395
Total equity and liabilities		**2,509,126**	2,757,146	**982,038**	960,612

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

INCOME **STATEMENTS**

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

		Group			Company		
	Note	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016
Revenue	24	**2,197,309**	2,252,783	2,274,085	**–**	–	–
Cost of sales	25	**(1,764,835)**	(1,757,891)	(1,788,269)	**–**	–	–
Gross profit		**432,474**	494,892	485,816	**–**	–	–
Distribution and selling expenses	25	**(221,433)**	(203,168)	(201,031)	**–**	–	–
General and administrative expenses	25	**(163,378)**	(165,074)	(147,837)	**(8,823)**	(15,906)	(13,968)
Other income (expenses) – net		**(18,162)**	960	31,038	**839**	673	67
Results from operating activities		**29,501**	127,610	167,986	**(7,984)**	(15,233)	(13,901)
Finance income	26	**41,472**	5,809	2,231	**1,086**	47	2
Finance expense	26	**(105,653)**	(111,068)	(99,581)	**(16,275)**	(22,829)	(21,703)
Net finance expense		**(64,181)**	(105,259)	(97,350)	**(15,189)**	(22,782)	(21,701)
Share in net income (loss) of joint ventures and subsidiaries	29	**(1,552)**	(1,909)	(1,717)	**(13,303)**	62,393	92,585
Profit (loss) before taxation	25	**(36,232)**	20,442	68,919	**(36,476)**	24,378	56,983
Tax expense	27	**(14,844)**	(551)	(8,943)	**(16)**	(12)	(5)
Profit (loss) for the year		**(51,076)**	19,891	59,976	**(36,492)**	24,366	56,978
Profit (loss) attributable to:							
Owners of the Company		**(36,492)**	24,366	56,978	**(36,492)**	24,366	56,978
Non-controlling interests		**(14,584)**	(4,475)	2,998	**–**	–	–
		(51,076)	19,891	59,976	**(36,492)**	24,366	56,978
Earnings per share							
Basic earnings (loss) per share (US cents)	28	**(2.70)**	1.21	2.93			
Diluted earnings (loss) per share (US cents)	28	**(2.70)**	1.21	2.93			

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **COMPREHENSIVE INCOME**

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

	Note	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016
Group				
Profit (loss) for the year		**(51,076)**	19,891	59,976
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences		**(13,428)**	(18,276)	(13,476)
Effective portion of changes in fair value of cash flow hedges		**9,330**	18,140	(10,553)
Income tax effect on cash flow hedges	9	**(4,098)**	(6,893)	4,090
		(8,196)	(7,029)	(19,939)
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement plans	21	**23,329**	20,337	(428)
Income tax effect on remeasurement of retirement plans	9	**(5,472)**	(6,360)	7,647
Gain on property revaluation	5	**–**	4,119	–
Tax impact on revaluation reserve	9	**–**	(1,236)	(1,504)
		17,857	16,860	5,715
Other comprehensive income (loss) for the year, net of tax		**9,661**	9,831	(14,224)
Total comprehensive income (loss) for the year		**(41,415)**	29,722	45,752
Total comprehensive income (loss) attributable to:				
Owners of the Company		**(28,824)**	31,675	42,614
Non-controlling interests		**(12,591)**	(1,953)	3,138
		(41,415)	29,722	45,752

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **COMPREHENSIVE INCOME**

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016
Company			
Profit (loss) for the year	**(36,492)**	24,366	56,978
Other comprehensive income			
Items that will or may be reclassified subsequently to profit or loss:			
Share in currency translation differences of subsidiaries	**(13,428)**	(18,274)	(13,478)
Share in effective portion of changes in fair value of cash flow hedges of a subsidiary	**8,777**	16,224	(9,323)
Income tax effect on cash flow hedges	**(4,098)**	(6,165)	3,543
	(8,749)	(8,215)	(19,258)
Items that will not be reclassified to profit or loss:			
Share in remeasurement of retirement plans of subsidiaries	**16,417**	12,641	6,398
Share in the revaluation reserve of a subsidiary, net of tax	**–**	2,883	(1,504)
	16,417	15,524	4,894
Other comprehensive income (loss) for the year, net of tax	**7,668**	7,309	(14,364)
Total comprehensive income (loss) for the Year	**(28,824)**	31,675	42,614

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

		Attributable to owners of the Company											
	Note	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plans	Hedging reserve	Share option reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
Group													
2018													
At 30 April 2017		39,449	390,320	(78,087)	10,885	1,808	(7,443)	1,779	(802)	159,169	517,078	61,477	578,555
Total comprehensive income (loss) for the year													
Loss for the year		–	–	–	–	–	–	–	–	(36,492)	(36,492)	(14,584)	(51,076)
Other comprehensive income													
Currency translation differences		–	–	(13,428)	–	–	–	–	–	–	(13,428)	–	(13,428)
Remeasurement of retirement plans, net of tax	21	–	–	–	–	16,417	–	–	–	–	16,417	1,440	17,857
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	4,679	–	–	–	4,679	553	5,232
Total other comprehensive income (loss)		–	–	(13,428)	–	16,417	4,679	–	–	–	7,668	1,993	9,661
Total comprehensive income (loss) for the year		–	–	(13,428)	–	16,417	4,679	–	–	(36,492)	(28,824)	(12,591)	(41,415)
Transactions with owners of the Company recognised directly in equity													
Contributions by and distributions to owners of the Company													
Issuance of preference shares	17	10,000	90,000	–	–	–	–	–	–	–	100,000	–	100,000
Transaction costs from issue of preference shares		–	(2,085)	–	–	–	–	–	–	–	(2,085)	–	(2,085)
Share options expired		–	138	–	–	–	–	(138)	–	–	–	–	–
Release of share awards		–	(50)	–	–	–	–	(466)	516	–	–	–	–
Value of employee services received for issue of share options	25	–	–	–	–	–	–	198	–	–	198	179	377
Dividends	18	–	–	–	–	–	–	–	–	(27,172)	(27,172)	–	(27,172)
Total contributions by and distributions to owners		10,000	88,003	–	–	–	–	(406)	516	(27,172)	70,941	179	71,120
At 30 April 2018	18	49,449	478,323	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,195	49,065	608,260

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

		Attributable to owners of the Company											
	Note	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plans	Hedging reserve	Share option reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
Group													
2017													
At 30 April 2016		19,449	214,843	(59,813)	8,002	(10,833)	(17,502)	1,031	(802)	160,631	315,006	61,971	376,977
Total comprehensive income (loss) for the year													
Profit (loss) for the year		–	–	–	–	–	–	–	–	24,366	24,366	(4,475)	19,891
Other comprehensive income													
Currency translation differences		–	–	(18,274)	–	–	–	–	–	–	(18,274)	(2)	(18,276)
Gain on property revaluation, net of tax		–	–	–	2,883	–	–	–	–	–	2,883	–	2,883
Remeasurement of retirement plans, net of tax	21	–	–	–	–	12,641	–	–	–	–	12,641	1,336	13,977
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	10,059	–	–	–	10,059	1,188	11,247
Total other comprehensive income (loss)		–	–	(18,274)	2,883	12,641	10,059	–	–	–	7,309	2,522	9,831
Total comprehensive income (loss) for the year		–	–	(18,274)	2,883	12,641	10,059	–	–	24,366	31,675	(1,953)	29,722
Transactions with owners of the Company recognised directly in equity													
Contributions by and distributions to owners of the Company													
Issuance of preference shares	17	20,000	180,000	–	–	–	–	–	–	–	200,000	–	200,000
Transaction costs from issue of preference shares		–	(4,523)	–	–	–	–	–	–	–	(4,523)	–	(4,523)
Reclassification of non-controlling interest contribution		–	–	–	–	–	–	–	–	–	–	1,317	1,317
Value of employee services received for issue of share options	25	–	–	–	–	–	–	748	–	–	748	142	890
Dividends	18	–	–	–	–	–	–	–	–	(25,828)	(25,828)	–	(25,828)
Total contributions by and distributions to owners		20,000	175,477	–	–	–	–	748	–	(25,828)	170,397	1,459	171,856
At 30 April 2017	18	39,449	390,320	(78,087)	10,885	1,808	(7,443)	1,779	(802)	159,169	517,078	61,477	578,555

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

	Note	Attributable to owners of the Company											
		Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plans	Hedging reserve	Share option reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
Group													
2016													
At 1 May 2015		19,449	214,843	(46,335)	9,506	(17,231)	(11,722)	318	(629)	103,653	271,852	58,644	330,496
Total comprehensive income for the year													
Profit for the year		–	–	–	–	–	–	–	–	56,978	56,978	2,998	59,976
Other comprehensive income													
Currency translation differences		–	–	(13,478)	–	–	–	–	–	–	(13,478)	2	(13,476)
Tax impact on revaluation reserve		–	–	–	(1,504)	–	–	–	–	–	(1,504)	–	(1,504)
Remeasurement of retirement plans, net of tax	21	–	–	–	–	6,398	–	–	–	–	6,398	821	7,219
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	(5,780)	–	–	–	(5,780)	(683)	(6,463)
Total other comprehensive income (loss)		–	–	(13,478)	(1,504)	6,398	(5,780)	–	–	–	(14,364)	140	(14,224)
Total comprehensive income (loss) for the year		–	–	(13,478)	(1,504)	6,398	(5,780)	–	–	56,978	42,614	3,138	45,752
Transactions with owners of the Company recognised directly in equity													
Contributions by and distributions to owners of the Company													
Acquisition of treasury shares		–	–	–	–	–	–	–	(173)	–	(173)	–	(173)
Value of employee services received for issue of share options	25	–	–	–	–	–	–	713	–	–	713	–	713
Capital injection by non-controlling interests		–	–	–	–	–	–	–	–	–	–	189	189
Total contributions by and distributions to owners		–	–	–	–	–	–	713	(173)	–	540	189	729
At 30 April 2016	18	19,449	214,843	(59,813)	8,002	(10,833)	(17,502)	1,031	(802)	160,631	315,006	61,971	376,977

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

	Note	Share capital	Share premium	Share in translation reserve of subsidiaries	Share in revaluation reserve of subsidiaries	Share in remeasurement of retirement plans of subsidiaries	Share in hedging reserve of a subsidiary	Share option reserve	Reserve for own shares	Retained earnings	Total equity
Company											
2018											
At 30 April 2017		39,449	390,459	(78,087)	10,885	1,808	(7,443)	1,779	(802)	159,169	517,217
Total comprehensive income for the year											
Loss for the year		–	–	–	–	–	–	–	–	(36,492)	(36,492)
Other comprehensive income											
Currency translation differences		–	–	(13,428)	–	–	–	–	–	–	(13,428)
Remeasurement of retirement plans, net of tax	21	–	–	–	–	16,417	–	–	–	–	16,417
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	4,679	–	–	–	4,679
Total other comprehensive income (loss)		–	–	(13,428)	–	16,417	4,679	–	–	–	7,668
Total comprehensive income (loss) for the year		–	–	(13,428)	–	16,417	4,679	–	–	(36,492)	(28,824)
Transactions with owners of the Company recognised directly in equity											
Contributions by and distributions to owners of the Company											
Issuance of preference shares	17	10,000	90,000	–	–	–	–	–	–	–	100,000
Transaction costs from issue of preference shares		–	(2,085)	–	–	–	–	–	–	–	(2,085)
Value of employee services received for issue of share options	25	–	–	–	–	–	–	198	–	–	198
Share options expired			138					(138)	–	–	–
Release of share awards		–	(50)	–	–	–	–	(466)	516	–	–
Dividends	18	–	–	–	–	–	–	–	–	(27,172)	(27,172)
Total contributions by and distributions to owners		10,000	88,003	–	–	–	–	1,373	516	(27,172)	70,941
At 30 April 2018		49,449	478,462	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,334

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

	Note	Share capital	Share premium	Share in translation reserve of subsidiaries	Share in revaluation reserve of subsidiaries	Share in remeasure-ment of retirement plans of subsidiaries	Share in hedging reserve of a subsidiary	Share option reserve	Reserve for own shares	Retained earnings	Total equity
Company											
2017											
At 30 April 2016		19,449	214,982	(59,813)	8,002	(10,833)	(17,502)	1,031	(802)	160,631	315,145
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	–	–	24,366	24,366
Other comprehensive income											
Currency translation differences		–	–	(18,274)	–	–	–	–	–	–	(18,274)
Gain on property revaluation, net of tax		–	–	–	2,883	–	–	–	–	–	2,883
Remeasurement of retirement plans, net of tax	21	–	–	–	–	12,641	–	–	–	–	12,641
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	10,059	–	–	–	10,059
Total other comprehensive income (loss)		–	–	(18,274)	2,883	12,641	10,059	–	–	–	7,309
Total comprehensive income (loss) for the year		–	–	(18,274)	2,883	12,641	10,059	–	–	24,366	31,675
Transactions with owners of the Company recognised directly in equity											
Contributions by and distributions to owners of the Company											
Issuance of preference shares	17	20,000	180,000	–	–	–	–	–	–	–	200,000
Transaction costs from issue of preference shares		–	(4,523)	–	–	–	–	–	–	–	(4,523)
Value of employee services received for issue of share options	25	–	–	–	–	–	–	748	–	–	748
Dividends	18	–	–	–	–	–	–	–	–	(25,828)	(25,828)
Total contributions by and distributions to owners		20,000	175,477	–	–	–	–	748	–	(25,828)	170,397
At 30 April 2017	18	39,449	390,459	(78,087)	10,885	1,808	(7,443)	1,779	(802)	159,169	517,217

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

	Note	Share capital	Share premium	Share in translation reserve of subsidiaries	Share in revaluation reserve of subsidiaries	Share in remeasure-ment of retirement plans of subsidiaries	Share in hedging reserve of a subsidiary	Share option reserve	Reserve for own shares	Retained earnings	Total equity
Company											
2016											
At 1 May 2015		19,449	214,982	(46,335)	9,506	(17,231)	(11,722)	318	(629)	103,653	271,991
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	–	–	56,978	56,978
Other comprehensive income											
Currency translation differences		–	–	(13,478)	–	–	–	–	–	–	(13,478)
Tax impact on revaluation reserve		–	–	–	(1,504)	–	–	–	–	–	(1,504)
Remeasurement of retirement plans, net of tax	21	–	–	–	–	6,398	–	–	–	–	6,398
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	(5,780)	–	–	–	(5,780)
Total other comprehensive income (loss)		–	–	(13,478)	(1,504)	6,398	(5,780)	–	–	–	(14,364)
Total comprehensive income (loss) for the year		–	–	(13,478)	(1,504)	6,398	(5,780)	–	–	56,978	42,614
Transactions with owners of the Company recognised directly in equity											
Contributions by and distributions to owners of the Company											
Acquisition of treasury shares		–	–	–	–	–	–	–	(173)	–	(173)
Value of employee services received for issue of share options	25	–	–	–	–	–	–	713	–	–	713
Total contributions by and distributions to owners		–	–	–	–	–	–	713	(173)	–	540
At 30 April 2016	18	19,449	214,982	(59,813)	8,002	(10,833)	(17,502)	1,031	(802)	160,631	315,145

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CASH FLOWS**

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

	Note	Group			Company		
		Year ended 30 April 2018	**Year ended 30 April 2017**	**Year ended 30 April 2016**	**Year ended 30 April 2018**	**Year ended 30 April 2017**	**Year ended 30 April 2016**
Cash flows from operating activities							
Profit (loss) for the year		**(51,076)**	19,891	59,976	**(36,492)**	24,366	56,978
Adjustments for:							
Amortisation of intangible assets	8	**7,784**	9,347	9,327	**–**	–	–
Depreciation of property, plant and equipment	5	**140,061**	138,995	139,991	**–**	–	–
Impairment loss (reversal of impairment) of property, plant and equipment	5	**24,534**	(330)	4,928	**–**	–	–
Loss (gain) on disposal of property, plant and equipment	25	**(11,317)**	729	1,052	**–**	–	–
Equity-settled share-based payment transactions	25	**377**	890	713	**30**	96	161
Share in net loss (profit) of joint ventures and subsidiaries		**1,552**	1,909	1,717	**13,303**	(62,393)	(92,585)
Finance income	26	**(41,472)**	(5,809)	(2,231)	**(1,086)**	(47)	(2)
Finance expense	26	**105,653**	111,068	99,581	**16,275**	22,829	21,703
Tax expense – current	27	**11,701**	6,730	12,729	**25**	14	5
Tax credit – deferred	27	**3,143**	(6,179)	(3,786)	**(9)**	(2)	–
Ineffective portion of cash flow hedges		**846**	(1,070)	5,193	**–**	–	–
Defined benefit plan amendment	21	**–**	–	(39,422)	**–**	–	–
Impairment losses on noncurrent assets held for sale	25	**–**	–	1,659	**–**	–	–
		191,786	276,171	291,427	**(7,954)**	(15,137)	(13,740)
Changes in:							
Other assets		**(5,169)**	1,786	(13,277)	**–**	–	–
Inventories		**147,643**	(64,858)	(103,705)	**–**	–	–
Biological assets		**(34,575)**	(12,550)	(8,427)	**–**	–	–
Trade and other receivables		**12,716**	(331)	22,851	**(1)**	(5)	(2)
Prepaid expenses and other current assets		**10,600**	(8,602)	(2,787)	**(143)**	(102)	(83)
Trade and other payables		**(11,777)**	(7,255)	(97,072)	**(6,833)**	3,360	2,834
Employee benefits		**16,298**	5,052	18,989	**–**	–	–
Operating cash flows		**327,522**	189,413	107,999	**(14,931)**	(11,884)	(10,991)
Taxes paid		**(4,574)**	(2,344)	(38)	**(22)**	–	–
Net cash flows provided by (used in) operating activities		**322,948**	187,069	107,961	**(14,953)**	(11,884)	(10,991)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

		Group			Company		
	Note	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016
Cash flows from investing activities							
Interest received		**550**	476	357	**5**	–	–
Proceeds from disposal of property, plant and equipment and noncurrent assets held for sale		**41,241**	2,191	3,775	**–**	–	–
Acquisitions of property, plant and equipment		**(110,738)**	(144,123)	(137,230)	**–**	–	–
Investments in joint ventures	7	**(949)**	(3,570)	(1,947)	**(949)**	–	–
Repayments from joint venture		**–**	–	–	**6,013**	–	–
Advances to joint venture		**–**	–	–	**(1,570)**	–	–
Advances to related company		**–**	–	–	**(97,335)**	–	–
Dividend income		**–**	–	–	**57,989**	–	–
Net cash flows used in investing activities		**(69,896)**	(145,026)	(135,045)	**(35,847)**	–	–
Cash flows from financing activities							
Interest paid		**(94,961)**	(103,098)	(85,682)	**(12,370)**	(24,183)	(19,907)
Proceeds from borrowings	19	**807,822**	930,901	1,113,193	**154,570**	52,650	233,000
Repayment of borrowings	19	**(1,053,042)**	(1,056,280)	(986,800)	**(145,500)**	(205,580)	(207,000)
Proceeds from issuance of share capital	17	**100,000**	200,000	–	**100,000**	200,000	–
Payment of transaction costs related to issuance of share capital		**(2,085)**	(4,523)	–	**(2,085)**	(4,523)	–
Capital injection by non-controlling interests of subsidiaries		**–**	–	189	**–**	–	–
Acquisition of treasury shares		**–**	–	(173)	**–**	–	(173)
Repayments of advances from related companies		**–**	–	–	**(281,994)**	247	(6,170)
Advances from related companies	37	**–**	–	–	**262,025**	25,542	5,485
Payment of debt related costs		**(4,515)**	–	–	**(730)**		
Dividends paid	18	**(27,172)**	(25,828)	–	**(27,172)**	(25,828)	–
Net cash flows provided by (used in) financing activities		**(273,953)**	(58,828)	40,727	**46,744**	18,325	5,235

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS

Years ended 30 April 2018, 2017 and 2016

(In US$'000)

		Group			Company		
	Note	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2016
Net increase (decrease) in cash and cash equivalents		**(20,901)**	(16,785)	13,643	**(4,056)**	6,441	(5,756)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		**7,576**	7,153	(2,058)	**(2)**	(35)	(9)
Cash and cash equivalents at beginning of year		**37,571**	47,203	35,618	**6,767**	361	6,126
Cash and cash equivalents at end of year	15	**24,246**	37,571	47,203	**2,709**	6,767	361

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL **STATEMENTS**

For the financial year ended 30 April 2018

These notes form an integral part of the financial statements.

The accompanying financial statements were approved and authorised for issuance by the Board of Directors (the "Board" or "BOD") on 13 July 2018.

1. DOMICILE AND ACTIVITIES

Del Monte Pacific Limited (the "Company") was incorporated as an international business company in the British Virgin Islands on 27 May 1999 under the International Business Companies Act (Cap. 291) of the British Virgin Islands. It was automatically re-registered as a company on 1 January 2007 when the International Business Companies Act was repealed and replaced by the Business Companies Act 2004 of the British Virgin Islands.

The registered office of the Company is located at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

The principal activity of the Company is that of investment holding. Its subsidiaries are principally engaged in growing, processing, and selling canned and fresh pineapples, pineapple juice concentrate, tropical mixed fruit, canned peaches and pears, canned vegetables, tomato-based products, and certain other food and beverage products mainly under the brand names of "Del Monte", "S&W", "Today's", "Contadina", "College Inn" and other brands. The Company's subsidiaries also produce and distribute private label food products.

The immediate holding company is NutriAsia Pacific Limited ("NAPL") whose ultimate shareholders are NutriAsia Inc. ("NAI") and Well Grounded Limited ("WGL"), which at 30 April 2018, 2017 and 2016, held 57.8% and 42.2% interests in NAPL, respectively, through their intermediary company, NutriAsia Holdings Limited. NAPL, NAI and WGL were incorporated in the British Virgin Islands.

On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Ordinary Shares of the Company were also listed on the Philippine Stock Exchange Inc. ("PSE") on 10 June 2013. The first tranche of the Company's Preference Shares was listed on 7 April 2017 and the second tranche on 15 December 2017.

On 6 August 2010, the Company established DM Pacific Limited-ROHQ ("ROHQ"), the regional operating headquarters of the Company in the Philippines. The ROHQ is registered with and licensed by the Securities and Exchange Commission ("SEC") to engage in general administration and planning, business planning and coordination, sourcing and procurement of raw materials and components, corporate financial advisory, marketing control and sales promotion, training and personnel management, logistics services, research and product development, technical support and maintenance, data processing and communication, and business development. The ROHQ commenced its operations in October 2015.

The financial statements of the Group as at and for the year ended 30 April 2018 comprise the Company and its subsidiaries (together referred to as the "Group", and individually as "Group entities"), and the Group's interests in joint ventures.

2. GOING CONCERN – THE COMPANY

The Company's current liabilities are higher by US$109.2 million compared to current assets as at 30 April 2018 (30 April 2017: US$34.7 million).

Management believes that the Company will be able to pay its liabilities as and when they fall due. Accordingly, the use of going concern assumption is appropriate taking into account the following:

- the Group's net current assets position of US$227.2 million as at 30 April 2018 (30 April 2017: US$433.7 million) and the Company expects dividend payment from its subsidiaries;

- the Group and the Company is getting new lines with banks for a period of more than 12 months. Additionally, the Group continues to improve debt-equity ratio and bring the same down through raising additional equity.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS includes statements named IFRS and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), and International Financial Reporting Interpretations Committee interpretations and Standing Interpretations Committee Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), respectively.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the succeeding notes below.

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgements

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

Note 5 – Bearer plants
Note 6 – Determination of control over subsidiaries
Note 7 – Classification of the joint arrangement
Note 16 – Classification of assets held for sale
Note 36 – Contingencies

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

Estimates and underlying assumptions

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

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the next financial year are included in the following notes:

Note 5	–	Useful lives of property, plant and equipment, revaluation of freehold land, estimate of yield for bearer plant's depreciation
Note 5	–	Impairment of property, plant and equipment
Note 6	–	Recoverability of investments in subsidiaries
Note 7	–	Recoverability of investments in joint ventures
Note 8	–	Useful lives of intangible assets and impairment of goodwill and intangible assets
Note 9	–	Realisability of deferred tax assets
Note 11	–	Future cost of growing crops and fair value of livestock, harvested crops, and produce prior to harvest and future volume of harvest
Note 12	–	Allowance for inventory obsolescence and net realisable value
Note 13	–	Impairment of trade receivables
Note 16	–	Estimation of fair value less cost to sell of assets held for sale
Note 20	–	Measurement of workers' compensation accruals
Note 21	–	Measurement of employee benefit obligations
Note 23	–	Estimation of trade promotion accruals
Note 22	–	Estimation of environmental remediation liabilities
Note 27	–	Measurement of tax
Note 34	–	Determination of fair values
Note 36	–	Contingencies

3.5 Measurement of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3. BASIS OF PREPARATION (CONT'D)

3.5 Measurement of fair value (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group applied for the first time certain pronouncements, which are effective for annual periods beginning on or after 1 May 2017.

Amendments to IFRS 12*, Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard (Part of Annual* Improvements to IFRSs 2014 – 2016 Cycle*).* The amendments clarify that the disclosure requirements in IFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. Adoption of these amendments did not have any impact on the Group's consolidated financial statements.

Amendments to IAS 7*, Statement of Cash Flows, Disclosure Initiative.* The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Group has provided the required information in Note 40 to the consolidated financial statements. As allowed under the transition provisions of the standard, the Group did not present comparative information for the year ended 30 April 2017.

Amendments to IAS 12*, Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses*. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have no significant effect on the Group's financial position and performance.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 3.6, which addresses the changes in accounting policies.

4.1 Basis of consolidation

(i) Business combination

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other components of non-controlling interests are measured at acquisition-date fair value unless another measurement is required by another standard.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period it occurs, provisional amounts for the items for which the accounting is incomplete is reported in the financial statements. During the measurement period, which is not more than one year from acquisition date, the provisional amounts recognised are retrospectively adjusted, and any additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Comparative information for prior periods are revised, as needed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(i) Business combination (cont'd)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Company has less than majority of the voting rights or similar rights to an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Company's voting rights and potential voting rights.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date control is transferred to the Company and cease to be consolidated from the date control is lost. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intra-group assets and liabilities, equity, income expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

(iii) Acquisition under common control

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the income statement.

(v) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill on initial recognition, see Note 8

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of the joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the joint ventures.

Impairment of goodwill is discussed in Note 4.11.

(vi) Investments in joint ventures

Joint ventures are those entities in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transactions costs.

Subsequent to the initial recognition, the financial statements include the Group's share of profit or loss and other comprehensive income of the joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Impairment of investments in joint ventures is discussed in Note 4.11.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) Investments in subsidiaries and joint ventures in the separate financial statements

Interest in subsidiaries and joint ventures are accounted for using the equity method. It is initially recognised at cost, which includes transactions costs. Subsequent to the initial recognition, the financial statements include the Company's share of profit or loss and other comprehensive income of the equity-accounted investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

When the Company's share of losses exceeds its interest in subsidiaries and joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation to fund the investee's operations or has made payments on behalf of the investee.

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the income statement, except for differences which are recognised in OCI arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollars using monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

When the settlement of a monetary item that is a receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

4.3 Current versus noncurrent classification

The Group presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within 12 months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Intangible assets

(i) Indefinite useful life intangible assets

Intangible assets are measured at cost less accumulated impairment losses.

The Group assess intangible assets having indefinite useful life if there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the entity.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the income statement as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

(v) Amortisation

Amortisation is calculated based on the cost of the asset.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and, from the date that they are available for use. The estimated useful lives for the current period and comparative years are as follows:

Trademarks	–	10 to 20 years
Customer relationships	–	20 years

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVPL), held-to-maturity (HTM) financial assets, loans and receivables and available-for-sale (AFS) financial assets. The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Classification is determined at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. The Group has no financial assets and liabilities at FVPL, HTM financial assets, and AFS financial assets as at 30 April 2018 and 2017, and 2016.

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Non-derivative financial assets comprise of loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of due from a related party, note receivable under "Other noncurrent assets", trade and other receivables, refundable deposits, and cash and cash equivalents. Cash and cash equivalents comprise of cash on hand, cash in banks and short-term placements.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, are cancelled or expire.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

When a financial liability (or part of a liability) is extinguished, the difference between the carrying amount of the financial liability (or part of a liability) and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in income statement. If the Group repurchases only a part of a financial liability, it calculates the carrying value of the part disposed of by allocating the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities comprise loans and borrowings, and trade and other payables.

(iii) Derivative financial instruments, including hedge accounting

The Group uses derivative financial instruments for the purpose of managing risks associated with interest rates, currencies, transportation and certain commodities. The Group does not trade or use instruments with the objective of earning financial gains on fluctuations in the derivative instrument alone, nor does it use instruments where there are no underlying exposures. All derivative instruments are recorded in the statement of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the instrument has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Group designates the hedging instrument based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in the income statement as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(iii) Derivative financial instruments, including hedge accounting (cont'd)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to the income statement.

4.6 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for freehold land, which are stated at its revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluation is carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in the revaluation amount is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from other comprehensive income to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

A bearer plant is a pineapple and papaya living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales

Costs related to bearer plants are capitalised up to point of maturity of the bearer plants, including costs during the ratoon crop cycle. These costs include land preparation, cultural, spraying and plantation overhead costs.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Construction in-progress represents plant and properties under construction or development and is stated at cost. This includes cost of construction, plant and equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item, and is recognised net within other income/other expenses in the income statement.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation (except bearer plants) is recognised in the income statement on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

For bearer plants, units of production method is used. Depreciation is charged according to the cost of fruits harvested at plant crop and ratoon crop harvest months.

The estimated useful lives for the current period and comparative years are as follows:

Buildings, land improvements and leasehold improvements	–	3 to 50 years or lease term, whichever is shorter
Machineries and equipment	–	3 to 30 years

Bearer plants are depreciated based on the ratio of actual quantity of harvest over the estimated yield for both plant crop and ratoon crop harvests. Plant crop harvest usually occurs within 16 to 18 months after planting while ratoon crop harvest occurs at the 32nd to 34th month after planting. Depreciation is determined on a per field basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Biological assets

The Group's biological assets include: (a) bearer plants consisting of pineapple and papaya and its harvested and unharvested agricultural produce; (b) breeding and dairy herd; (c) growing herd; and (d) cattle for slaughter and cut meat from these cattle.

The Group's biological assets are accounted for as follows:

Bearer Plants

Bearer plants are measured at cost less accumulated depreciation recognised at point of harvest. Bearer plants are presented as part of property, plant and equipment. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and direct expenses during the cultivation of the primary ratoon and, if needed, re-ratoon crops. The accumulated costs are deferred and are amortised as raw product costs upon harvest. Raw product cost is recognised as depreciation based on the actual volume of harvest in a given period.

Units-of-production method is used for depreciating the bearer plants. Depreciation is charged according to the cost of fruits harvested at plant crop and ratoon crop harvest months.

Bearer plants are depreciated based on the ratio of actual quantity of harvest over the estimated yield for both plant crop and ratoon crop harvests. Plant crop harvest usually occurs within 16 to 18 months after planting while ratoon crop occurs at the 32nd to 34th month after planting. Depreciation is determined on a per field basis.

Breeding and Dairy Herd

The breeding and dairy herd are measured at cost. The breeding and dairy herd have useful lives of 3 ½ to 6 years. The cost method was used since fair value cannot be measured reliably. The breeding and dairy herd have no active markets and no similar assets are available in the relevant markets. In addition, existing sector benchmarks are irrelevant and estimates necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value. Breeding and dairy herd are classified as noncurrent assets in the statement of financial position of the Group.

Growing Herd

Growing herd is measured at cost. The cost method was used since the fair value cannot be measured reliably. Growing herd has no defined active market since it has not yet been identified if this will be for breeding or for slaughter. Growing herd is classified as noncurrent assets in the statement of financial position of the Group.

Cattle for Slaughter

Cattle for slaughter is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise. Cattle for slaughter is classified as noncurrent assets in the statements of financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Biological assets (cont'd)

The Group's agricultural produce are accounted for as follows:

Agricultural Produce

The Group's growing produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Group uses the future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing cost as the basis of fair value. The Group's harvested produce to be used in processed products are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell and adjusted for margin associated to further processing. The Group's harvested produce to be sold as fresh fruits are measured at fair value at the point of harvest based on the average selling price of fresh fruit reduced by cost to sell.

Cutmeat

Cutmeat is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise.

4.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or

(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

A series of transactions that involve the legal form of a lease is linked and is accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole. This is the case, for example, when the series of transactions are closely interrelated, negotiated as a single transaction, and takes place concurrently or in a continuous sequence. This requires an evaluation of the substance of the lease arrangement, including the conveyance of the right to use an asset for an agreed period of time.

Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Inventories

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

The cost of raw materials, packaging materials, traded goods, cost of production materials and storeroom items is based on the FIFO (First-in First-out) method. Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of conversion include costs directly related to the units of production, and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

The allocation of fixed production overheads is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average for the periods or seasons under normal circumstances, taking into account the seasonal business cycle of the Group.

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

The cost of growing crops transferred from biological assets is its fair value less cost to sell at the date of harvest.

4.10 Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less that are subject to insignificant risk of change in value.

4.11 Impairment

(i) Non-derivative financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) have occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the income statement.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use (VIU) and its fair value less costs to sell. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss recognised in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Joint ventures and investments in subsidiaries

An impairment loss in respect of joint ventures is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Goodwill

Goodwill that forms part of the carrying amount of an investment in a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in a joint venture may be impaired.

When conducting the annual impairment test for goodwill, the Group compares the estimated fair value of the CGU containing goodwill to its recoverable amount.

Goodwill is allocated to a CGU or group of CGUs that represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The recoverable amount is computed using two approaches: the value-in-use approach, which is the present value of expected cash flows, discounted at a risk adjusted weighted-average cost of capital; and the fair value less cost to sell approach, which is based on using market multiples of companies in similar lines of business.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill attributable to acquisition of a subsidiary is not reversed.

Intangible assets with indefinite useful lives, are components of the CGU containing goodwill and the impairment assessment is as described above.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Noncurrent assets held for sale

Noncurrent assets held for sale are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in the consolidated income statement. Once classified as held-for-sale, property, plant and equipment are no longer depreciated. If it is no longer highly probable that an asset will be recovered primarily through sale, the asset ceases to be classified as held-for-sale and is measured at the lower of its carrying amount before the asset was classified as held-for-sale adjusted for any depreciation that would have been recognised had the asset not been reclassified as held for sale and its recoverable amount at the date of the subsequent reclassification. The required adjustment to the carrying amount of an asset that ceases to be classified as held-for-sale is included in the consolidated income statement. The Group classified certain assets in Plymouth, Indiana and Siloam Springs, Arkansas as held-for-sale as of 30 April 2018 (see Note 16). The Group did not have any assets held for sale as of 30 April 2017.

4.13 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

(ii) Defined benefit pension plan

A defined benefit pension plan requires contributions to be made to separately administered funds. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits (cont'd)

(ii) Defined benefit pension plan (cont'd)

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in staff cost in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement.

When the plan amendment or curtailment occurs, the Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement. In fiscal 2016, a plan amendment was implemented for certain medical and dental benefits (see Note 21).

Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to certain union employees. The Group accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as other defined benefit plan. For certain union employee related retirement plans where sufficient information is not available to use defined benefit accounting, the Group accounts for these plans as if they were defined contribution plans.

(iii) Other plans

The Group has various other non-qualified retirement plans and supplemental retirement plans for executives, designed to provide benefits in excess of those otherwise permitted under the Group's qualified retirement plans. These plans are unfunded and comply with Internal Revenue Service (IRS) rules for non-qualified plans.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

(v) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognised as an expense once the Group has announced the plan to affected employees.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits (cont'd)

(vi) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(vii) Share-based payment transactions

The Group grants share awards and share options to employees of the Group. The fair value of incentives granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and accounted for as described below.

Share awards

The fair value, measured at grant date, is recognised over the period during which the employees become unconditionally entitled to the shares.

Share options

The fair value, measured at grant date, is recognised over the vesting period during which the employees become unconditionally entitled to the options. At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee benefit expense and as a corresponding adjustment to equity over the remaining vesting period.

4.14 Share capital and retained earnings

(i) Share capital

Ordinary shares

Ordinary shares are classified as equity. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Preference shares

Preference shares are classified as equity. Holders of these shares are entitled to cash dividends based on the issue price, at the dividend rate per annum from the issue date, payable every 7 October and 7 April of each year following the issue date, upon declaration by the BOD.

The transaction costs directly attributable to the issue of ordinary and preference shares are accounted for as deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Share capital and retained earnings (cont'd)

(i) Share capital (cont'd)

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Share premium

Share premium represents the excess of consideration received over the par value of ordinary and preference shares net of transaction costs from issuance of share capital, share options exercised and released of share awards granted.

(ii) Retained Earnings

Retained earnings include profit attributable to the equity holders of the Group and reduced by dividends declared on share capital.

(iii) Dividends

Dividends are recognised as a liability and deducted from retained earnings when they are declared.

4.15 Provisions

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

(i) Environment remediation liabilities

In accordance with the Group's environment policy and applicable legal requirements, a provision for environmental remediation obligations and the related expense is recognised when such losses are probable and the amounts of such losses can be estimated reliably. Accruals for estimated losses for environmental remediation obligations are recognised no later than the completion of the remedial feasibility study. These accruals are adjusted as further information develops or circumstances change.

(ii) Retained insurance liabilities

The Group accrues for retained insurance risks associated with the deductible portion of any potential liabilities that might arise out of claims of employees, customers or other third parties for personal injury or property damage occurring in the course of the Group's operations.

A third-party actuary is engaged to assist the Group in estimating the ultimate cost of certain retained insurance risks. Additionally, the Group's estimate of retained insurance liabilities is subject to change as new events or circumstances develop which might materially impact the ultimate cost to settle these losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of transfers of risks and rewards varies depending on the individual terms of the contract of sale but usually occurs when the customer receives the product.

Direct trade promotions such as retail store displays, listing fees, and volume incentives are recognised as reduction from revenue at the point of sale.

4.17 Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

Rent expense is being recognised on a straight-line basis over the life of the lease. The difference between rent expense recognised and rental payments, as stipulated in the lease, is reflected as deferred rent in the statements of financial position.

4.18 Finance income and finance costs

Finance income comprises interest income earned mainly from bank deposits and due from a related party of the Company. Interest income is recognised as it accrues in the income statement, using the effective interest method.

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

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.19 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.20 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise the restricted share plan and share options granted to employees.

4.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of non-recurring expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

4.23 New standards and interpretations issued but not yet adopted

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company and the Group do not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company and the Group intends to adopt the following pronouncements when they become effective.

Applicable for annual periods beginning on or after 1 May 2018

- IFRS 9 *Financial Instruments (2014)*

  IFRS 9 (2014) replaces IAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of IFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). IFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. IFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management. The new standard is to be generally applied retrospectively for annual periods beginning on or after 1 January 2018, subject to certain exemptions provided by the standard. The Company and the Group is still determining the optimal transition approach to adopting IFRS 9. The assessments made by the Company and Group below is preliminary and incomplete, and therefore may be subject to change.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for annual periods beginning on or after 1 May 2018 (cont'd)

- IFRS 9 *Financial Instruments (2014) (cont'd)*

Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its assessment, the Company and Group does not believe that the new classification requirements will have a material impact on its accounting for trade and other receivables, and notes receivable which are expected to be similarly accounted for as at amortised cost.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to the Group's financial assets measured at amortised cost and any contract assets recognised under IFRS 15 *Revenue from Contracts with Customers*.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. Lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.

The Company and Group is still assessing and has not yet reasonably estimated the quantitative impact on its financial statements resulting from the new impairment requirements of IFRS 9.

Hedge Accounting

When initially applying IFRS 9, there is an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group expects to apply the new requirements of IFRS 9.

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for annual periods beginning on or after 1 May 2018 (cont'd)

- IFRS 9 *Financial Instruments (2014) (cont'd)*

  Under the new model, it is possible that more risk management strategies, particularly those involving a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting.

  Under IAS 39, for all cash flow hedges, the amounts accumulated in the cash flow hedging reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affect profit or loss. However, under IFRS 9, for cash flow hedges associated with forecast non-financial asset purchases, the amounts accumulated in the cash flow hedging reserve will instead be included directly in the initial cost of the non-financial asset when it is recognised.

  The types of hedge accounting relationships that the Group currently designates are expected to meet the requirements of IFRS 9 and are aligned with the entity's risk management strategy and objective.

  The Group is still assessing and has not yet reasonably estimated the quantitative impact on its financial statements resulting from the new hedge accounting requirements of IFRS 9.

  The amendment is not applicable to the Company.

- IFRS 15 *Revenue from Contracts with Customers* replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*

  The new standard introduces a new and more comprehensive revenue recognition model for contracts with customers which specifies that revenue should be recognised when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled.

  IFRS 15 requires a contract with a customer to be legally enforceable and to meet certain criteria to be within the scope of the standard and for the general model to apply. It introduces detailed guidance on identifying performance obligations which requires entities to determine whether promised goods or services are distinct. It also introduces detailed guidance on determining transaction price, including guidance on variable consideration and consideration payable to customers. The transaction price will then be generally allocated to each performance obligation in proportion to its stand-alone selling price. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer.

  The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

  The Group plans to adopt the standard retrospectively in the first quarter of fiscal 2019 with the cumulative effect of initially applying it recognised at the date of initial application ("cumulative effect method"). The Group is currently assessing the potential impact on its financial statements resulting from the application of IFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for annual periods beginning on or after 1 May 2018 (cont'd)

- IFRIC-22 *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognises a non-monetary asset or liability before recognising the related item.

- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*

  The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions.

The amendments address three main areas:

- *The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.* The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.

- *The classification of a share-based payment transaction with net settlement features for withholding tax obligations.* This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.

- *The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.* The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for annual periods beginning on or after 1 May 2018 (cont'd)

- Amendments to IAS 28 *Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*

  The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

  If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

  The amendments should be applied retrospectively and are effective from 1 May 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

- Amendments to IFRS 4 *Applying* IFRS 9 *Financial Instruments with* IFRS 4 *Insurance Contracts*

  The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

  Temporary exemption from IFRS 9

  The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: *Recognition and Measurement* while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for annual periods beginning on or after 1 May 2018 (cont'd)

- Amendments to IFRS 4 *Applying* IFRS 9 *Financial Instruments with* IFRS 4 *Insurance Contracts (cont'd)*

  The overlay approach

  The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income for designated financial assets.

  An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in other comprehensive income.

  The temporary exemption is first applied for reporting periods beginning on or after 1 May 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

- Amendments to IAS 40 *Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

  Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for the first annual reporting period that begins on or after 1 May 2019

- IFRS 16 *Leases* supersedes IAS 17 *Leases* and the related interpretations

  The new standard introduces a single lease accounting model for lessees under which all major leases are recognised in the Statement of Financial Position, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgements at each reporting date were introduced.

  Early application is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

- IFRIC-23 *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

  Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the entity's chosen tax treatment. If it is not probable that the tax authority will accept the entity's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty – either the most likely amount or the expected value. The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change – e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

  The interpretation is effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted.

- Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*

  The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

  The amendments apply for plan amendments, curtailments or settlements that occur on or after the beginning of the first annual reporting period that begins on or after 1 May 2019. Earlier application is permitted.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for the first annual reporting period that begins on or after 1 May 2019 (cont'd)

- *Annual Improvements to IFRSs 2015-2017 Cycle*

  This cycle of improvements contains amendments to four standards. The following are the amendments relevant to the Group:

  - *Previously held interests in a joint operations (Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements).* The amendments clarify that, when an entity obtains control of a business that is joint operations, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 May 2019. Earlier application is permitted.

  - *Previously held interests in a joint operations (Amendments to IFRS 11 Joint Arrangements).* The amendments clarify that a party that participates in, but does not have joint control of, a joint operation constitutes a business as defined in IFRS 3*, Business Combinations*. The amendments clarify that the previously held interests in that joint operations are not remeasured.

    An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 May 2019. Earlier application is permitted.

  - *Income tax consequences of payments on financial instruments classified as equity (Amendments to IAS 12 Income Taxes).* The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognised consistently with the transactions that generated the distributable profits (i.e. in profit or loss, OCI or equity).

    The amendments are effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

  - *Borrowing costs eligible for capitalisation (Amendments to IAS 23 Borrowing Costs).* The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

- Amendments to IFRS 10 and IAS 28 *Sale or contribution of assets between an investor and its associate or joint venture*

  The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investor's interests in the associate or joint venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for the first annual reporting period that begins on or after 1 May 2019 (cont'd)

- Amendments to IFRS 9 *Prepayment features with negative compensation*

  Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

- Amendments to IAS 28 *Long-term interests in associate and joint ventures*

  The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

  The Board also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28.

  The amendments are effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted.

Applicable for the first annual reporting period that begins on or after 1 May 2021

- *IFRS 17 Insurance Contracts*

  The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

  In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for the first annual reporting period that begins on or after 1 May 2021 (cont'd)

- *IFRS 17 Insurance Contracts (cont'd)*

  The main features of the new accounting model for insurance contracts are as follows:

  - The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
  - A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
  - Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
  - The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
  - The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
  - Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
  - Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
  - Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

  IFRS 17 is effective for reporting periods starting on or after 1 May 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

5. PROPERTY, PLANT AND EQUIPMENT – NET

	At cost				At appraised value	
	Buildings, land improvements and leasehold improvements US$'000	Machineries and equipment US$'000	Construction -in-progress US$'000	Bearer Plants US$'000	Freehold land US$'000	Total US$'000
Group						
Cost/Valuation						
At 30 April 2017	216,617	546,529	37,707	219,443	68,000	1,088,296
Additions	5,309	5,146	54,947	82,796	–	148,198
Disposals	(907)	(24,751)	–	–	(86)	(25,744)
Write off – closed fields	–	–	–	(34,038)	–	(34,038)
Reclassifications	(1,652)	31,580	(35,812)	–	(369)	(6,253)
Currency realignment	(1,417)	(6,420)	(901)	(7,777)	(436)	(16,951)
At 30 April 2018	217,950	552,084	55,941	260,424	67,109	1,153,508
At 1 May 2016	212,311	499,213	38,291	193,414	65,762	1,008,991
Additions	217	4,393	69,293	71,126	–	145,029
Revaluation	–	–	–	–	4,119	4,119
Disposals	(208)	(3,860)	–	–	–	(4,068)
Write off – closed fields	–	–	–	(32,402)	–	(32,402)
Write off – closed plant	(2,210)	(3,728)	–	–	(397)	(6,335)
Reclassifications	9,056	61,795	(69,270)	–	(890)	691
Currency realignment	(2,549)	(11,284)	(607)	(12,695)	(594)	(27,729)
At 30 April 2017	216,617	546,529	37,707	219,443	68,000	1,088,296
Accumulated depreciation and impairment losses						
At 30 April 2017	46,577	250,542	–	133,992	–	431,111
Charge for the year	11,284	51,553	–	77,224	–	140,061
Impairment loss	11,278	8,959	–	–	4,297	24,534
Disposals	(130)	(7,449)	–	–	–	(7,579)
Write off – closed fields	–	–	–	(34,038)	–	(34,038)
Reclassification	(700)	(91)	–	–	–	(791)
Currency realignment	(746)	(5,116)	–	(4,817)	–	(10,679)
At 30 April 2018	67,563	298,398	–	172,361	4,297	542,619
At 1 May 2016	38,638	212,935	–	95,795	390	347,758
Charge for the year	9,630	51,809	–	77,556	–	138,995
Reversal of impairment loss	(178)	(152)	–	–	–	(330)
Disposals	(49)	(1,918)	–	–	–	(1,967)
Write off – closed fields	–	–	–	(32,402)	–	(32,402)
Write off – closed plant	(2,210)	(3,735)	–	–	(390)	(6,335)
Currency realignment	746	(8,397)	–	(6,957)	–	(14,608)
At 30 April 2017	46,577	250,542	–	133,992	–	431,111
Carrying amounts						
At 30 April 2018	150,387	253,686	55,941	88,063	62,812	610,889
At 30 April 2017	170,040	295,987	37,707	85,451	68,000	657,185

5. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

The Group has amounts in accrued liabilities relating to property, plant and equipment acquisitions of US$6.4 million as of 30 April 2018 (30 April 2017: US$2.1 million). Downpayments made by the Group for acquisition of property, plant and equipment amounted to US$2.9 million as of 30 April 2018 (30 April 2017: US$3.0 million). Additional fields closed and written off in 2018 amounted to US$34.0 million (2017: US$32.0 million).

Bearer Plants

	Group	
	30 April 2018	**30 April 2017**
Hectares planted with growing crops		
– Pineapples	16,402	16,572
– Papaya	59	733
Fruits harvested from the growing crops: (in metric tons)		
– Pineapples	743,008	749,099
– Papaya	987	11,455

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

Leasehold Improvements

As at 30 April 2018 and 2017, the Group has no significant legal or constructive obligation to dismantle any of its leasehold improvements as the lease contracts provide, among other things, that the improvements introduced on the leased assets shall become the property of the lessor upon termination of the lease.

Freehold Land

The table below summarises the valuation of freehold land held by the Group as at 30 April 2018 in various locations:

Located in	**Valuation US$'000**	**Date of Valuation**
The Philippines	8,847	2016 (Various)
United States of America	44,885	31 December 2016
Singapore	9,080	9 September 2016
	62,812	

5. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

Freehold Land (cont'd)

The Group engaged independent appraisers to determine the fair values of its freehold land. Revaluations are performed at regular intervals to ensure that the fair value of the freehold land does not differ materially from its carrying amount. Management evaluated that the fair values of its freehold land at the respective valuation dates approximate their fair values as of the reporting date. The assumptions used in determining the fair value are disclosed in Note 34.

The Group reclassified US$0.4 million of its freehold land as held-for-sale and disposed US$0.1 million during the fiscal year.

The carrying amount of the Group's freehold land as at 30 April 2018 would be US$47.5 million (30 April 2017: US$52.7 million) had the freehold land been carried at cost less impairment losses.

Construction-in-Progress

Construction-in-progress includes on-going item expansion projects for the Group's operations.

Major items in the Construction in progress (CIP) include construction of in-house Tetra Pak line, increase tropical product line capacity and acquisition of Klearcan can-making facility. Most of the CIP items are expected to be completed within fiscal year 2019.

Plant closures and divestiture of Sager Creek business

In connection with the plant closures, the Group recognised impairment losses amounting to US$24.7 million in fiscal year 2018.

Plymouth Plant

The Group closed its Plymouth, Indiana plant during fiscal year 2018. In connection with the plant closure, the Group recognised impairment losses on related property, plant and equipment amounting to US$7.0 million in fiscal year 2018.

Under the termination plan, approximately 100 employees were affected, all of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US$2.3 million, with US$0.2 million outstanding as of 30 April 2018. The employee severance benefits are presented under "Employee benefits".

The Group reclassified the plant's land and building as held-for-sale as of 30 April 2018 (see Note 16).

Sager Creek – Siloam Springs, Arkansas

The Group also closed its Country production plant in Siloam Springs, Arkansas. The operations ceased in 20 September 2018.

Under the termination plan, approximately 230 employees were affected, the majority of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US$2.3 million, with US$0.4 million outstanding as of 30 April 2018. The employee severance benefits are presented under "Employee benefits".

The Group reclassified the plant's office building as held-for-sale as of 30 April 2018 (see Note 16).

5. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

Plant closures and divestiture of Sager Creek business (cont'd)

Northwest Arkansas Distribution and Warehouse Facilities

The Group announced on 19 January 2018 its intention to close its distribution and warehouse facilities in Northwest Arkansas. These closures will take place during the first half of fiscal year 2019.

Under the termination plan, approximately 125 employees were affected, the majority of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US$1.3 million, with US$1.1 million outstanding as of 30 April 2018. The employee severance benefits are presented under "Employee benefits".

Sager Creek – Turkey, North Carolina

In April 2016, the Group announced its intention to close Sager Creek's plant in Turkey, North Carolina. The Group closed the plant's canning facilities during fiscal year 2016 and the remainder of the production lines were redeployed to other production locations as of 30 April 2017. In connection with the plant closure, the Group recognised impairment losses on related property, plant and equipment amounting to US$5.0 million in fiscal year 2016.

Under the termination plan, approximately 300 employees were affected, about two-thirds of which were terminated by the end of fiscal year 2016, and the remainder terminated in fiscal year 2017. The Group recognised provisions for employee severance benefits amounting to US$1.4 million, with US$1.2 million outstanding as of 30 April 2016. The employee severance benefits are presented under "Employee benefits". Related equipment removal costs amounting to US$2.3 million, together with other related costs, were recognised in fiscal year 2016 and included under "Trade and other payables". These expenditures were incurred in fiscal year 2017 and there are no outstanding provisions as of 30 April 2017.

As of 30 April 2017, the Group has sold the Turkey plant and recognised a gain of US$0.7 million.

Source of estimation uncertainty

The Group estimates the useful lives of its buildings, land improvements, leasehold improvements and machineries and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experiences with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase recorded depreciation expense and decrease noncurrent assets.

The depreciation of bearer plants require estimation of future yield which is affected by natural phenomena and weather patterns.

The valuation of freehold land is based on comparable transaction subject to adjustments. These adjustments require judgement.

The recoverable amount of the impaired assets was based on fair value less cost to sell, which is subject to estimation.

6. INVESTMENTS IN SUBSIDIARIES

	30 April 2018 US$'000	30 April 2017 US$'000
Unquoted equity shares, at cost	640,699	640,699
Amounts due from subsidiaries (nontrade)	75,243	75,243
	715,942	715,942
Accumulated share in profit and other comprehensive income at the beginning of the year	115,946	44,956
Share in net profit of subsidiaries	(12,066)	62,627
Dividend declared by subsidiaries	(120,000)	–
Share in other comprehensive income of subsidiaries, net of tax	7,668	7,309
Others	154	1,054
	(8,298)	115,946
Interests in subsidiaries at the end of the year	707,644	831,888

The amounts due from subsidiaries are unsecured and interest-free. Settlement of the balances are neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company's net investments in the subsidiaries.

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2018 %	Effective equity held by the Group 30 April 2017 %
Held by the Company				
Del Monte Pacific Resources Limited ("DMPRL") [6]	Investment holding	British Virgin Islands	100.00	100.00
DMPL India Pte Ltd ("DMPLI") [2]	Investment holding	Singapore	100.00	100.00
DMPL Management Services Pte Ltd [2]	Providing administrative support and liaison services to the Group	Singapore	100.00	100.00
GTL Limited [6]	Trading food products mainly under the brand names: "Del Monte" and buyer's own label	Federal Territory of Labuan, Malaysia	100.00	100.00
S&W Fine Foods International Limited ("S&W") [6]	Selling processed and fresh food products under the "S&W" trademark; Owner of the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa	British Virgin Islands	100.00	100.00
DMPL Foods Limited ("DMPLFL") [7]	Investment holding	British Virgin Islands	89.43	89.43
Held by DMPRL				
Central American Resources, Inc. ("CARI")[6]	Investment holding	Panama	100.00	100.00

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2018 %	Effective equity held by the Group 30 April 2017 %
Held by CARI				
Del Monte Philippines, Inc ("DMPI") [1]	Growing, processing and distribution of food products mainly under the brand name "Del Monte"	Philippines	100.00	100.00
Dewey Limited ("Dewey")[7]	Mainly investment holding	Bermuda	100.00	100.00
Pacific Brands Philippines, Inc [1]	Inactive	State of Delaware, U.S.A.	100.00	100.00
South Bukidnon Fresh Trading Inc ("SBFTI") [1]	Production, packing, sale and export of food products	Philippines	100.00	100.00
Held by DMPI				
Philippines Packing Management Services Corporation [1]	Management, logistics and support services	Philippines	100.00	100.00
Del Monte Txanton Distribution Inc ("DMTDI") [b] [1]	Trading, selling and distributing food, beverages and other related products	Philippines	40.00	40.00
Held by Dewey				
Dewey Sdn. Bhd. [3]	Owner of various trademarks	Malaysia	100.00	100.00
Held by DMPLI				
Del Monte Foods India Private Limited ("DMFIPL") [a] [4]	Manufacturing, processing and distributing food, beverages and other related products	Mumbai, India	–	100.00
DMPL India Limited [4]	Investment holding	Mauritius	94.94	94.94
Held by S&W				
S&W Japan Limited[7]	Support and marketing services for S&W	Japan	100.00	100.00
Held by DMPLFL				
Del Monte Foods Holdings Limited ("DMFHL") [1]	Investment holding	British Virgin Islands	89.43	89.43
Held by DMFHL				
Del Monte Foods Holdings II, Inc. ("DMFHII")[5]	Investment holding	State of Delaware, U.S.A.	89.43	–

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2018 %	Effective equity held by the Group 30 April 2017 %
Held by DMFHII				
Del Monte Foods Holdings Inc. ("DMFHI") [5]	Investment holding	State of Delaware, U.S.A.	89.43	89.43
Held by DMFHI				
Del Monte Foods, Inc. ("DMFI") [5]	Manufacturing, processing and distributing food, beverages and other related products	State of Delaware, U.S.A	89.43	89.43
Held by DMFI				
Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.) [5]	Manufacturing, processing and distributing food, beverages and other related products	State of Delaware, U.S.A.	89.43	89.43
Del Monte Andina C.A. [8]	Manufacturing, processing and distributing food, beverages and other related products	Venezuela	–	–
Del Monte Colombiana S.A. [3]	Manufacturing, processing and distributing food, beverages and other related products	Colombia	73.31	73.31
Industrias Citricolas de Montemorelos, S.A. de C.V. (ICMOSA) [3]	Manufacturing, processing and distributing food, beverages and other related products	Mexico	89.43	89.43
Del Monte Peru S.A.C.[7]	Distribution of food, beverages and other related products	Peru	89.43	89.43
Del Monte Ecuador DME C.A. [7]	Distribution of food, beverages and other related products	Ecuador	89.43	89.43
Hi-Continental Corp. [7]	Lessee of real property	State of California, U.S.A.	89.43	89.43
College Inn Foods [7]	Inactive	State of California, U.S.A.	89.43	89.43
Contadina Foods, Inc.[7]	Inactive	State of Delaware, U.S.A.	89.43	89.43
S&W Fine Foods, Inc.[7]	Inactive	State of Delaware, U.S.A.	89.43	89.43
Del Monte Ventures, LLC ("DM Ventures")[c]	Investment holding	State of Delaware, U.S.A.	89.43	–

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2018 %	Effective equity held by the Group 30 April 2017 %
Held by DM Ventures				
Del Monte Avo, LLC[c]	Development, production, marketing, sale and distribution of UHP avocado products	State of Delaware, U.S.A.	51.00	–
Del Monte Chilled Fruit Snacks, LLC[c]	Development, production, marketing, sale and distribution of processed refrigerated fruit products	State of Delaware, U.S.A.	51.00	–
Held by Del Monte Andina C.A.				
Del Monte Argentina S.A.[8]	Inactive	Argentina	–	–

(a) 0.1% held by DMPRL. DMFIPL had been dissolved effective 23 June 2017.
(b) DMTDI is consolidated as the Group has de facto control over the entity.
Management believes that the Group has control over DTMTDI since it is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over DMTDI.
(c) In connection with the 27 June 2017 Settlement Agreement which resulted to the dismissal of the license dispute filed with the U.S. District Court for the Southern District of New York in December 2013, DMFI and Fresh Del Monte (FDP) entered into four joint venture agreements. To effect these joint ventures, the Group incorporated its subsidiary, Del Monte Ventures, LLC on 21 June 2017 which acquired interests in four joint venture entities which were all incorporated in the state of Delaware, USA. These joint ventures will pursue sales of expanded refrigerated offerings across all distribution and sales channels, and will establish a new retail food and beverage concept. These joint ventures will initially focus on the U.S. market, with the potential for expansion into other territories. These joint venture entities are in their pre-operating stages and have no material assets or liabilities as of 30 April 2018.
[1] Audited by SyCip Gorres Velayo & Co. ("SGV").
[2] Audited by Ernst and Young LLP ("EY") Singapore.
[3] Audited by Ernst & Young member firms in the respective countries.
[4] Audited by other certified public accountants. Subsidiary is not significant under rule 718 of the SGX-ST Listing Manual.
[5] Not required to be audited in the country of incorporation. Audited by SGV for the purpose of group reporting.
[6] Not required to be audited in the country of incorporation. Audited by Ernst and Young LLP, Singapore for the purpose of group reporting.
[7] Not required to be audited in the country of incorporation.
[8] Not required to be audited in the country of incorporation. The Venezuelan entity was deconsolidated in 2015.

The Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4. The Company determined that it exercised control on all its subsidiaries as it has all elements of control.

In fiscal year 2015, the Group deconsolidated its subsidiary, Del Monte Andina C.A., an entity which has operations in Venezuela. Venezuela has a hyperinflationary economy. The Venezuelan exchange control regulations have resulted in other-than-temporary lack of exchangeability between the Venezuelan Bolivar and US Dollar. This has restricted the Venezuelan entity's ability to pay dividends and obligations denominated in US Dollars. The exchange regulations, combined with other recent Venezuelan regulations, have constrained the Venezuelan entity's ability to maintain normal production. Due to the Group's inability to effectively control the operations of the entity, the Group deconsolidated the subsidiary with effect from February 2015. The equity interest in this entity is determined to be the cost of investment of the entity at the date of deconsolidation. The investment is carried at cost less impairment losses.

Source of estimation uncertainty

When the subsidiary has suffered recurring operating losses, a test is made to assess whether the interests in subsidiary has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the subsidiary, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

7. INVESTMENTS IN JOINT VENTURES

Name of joint venture	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2018 %	Effective equity held by the Group 30 April 2017 %
FieldFresh Foods Private Limited (FFPL) *	Production and sale of fresh and processed fruits and vegetable food products	India	47.47	47.47
Nice Fruit Hong Kong Limited (NFHKL) #	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	35.00

* Audited by Deloitte Haskins & Sells, Gurgaon, India.
\# Audited by Ernst and Young Hong Kong. Not material to the Group as at 30 April 2018.

The summarised financial information of a material joint venture, FFPL, not adjusted for the percentage ownership held by the Group, is as follows:

	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Revenue	76,588	72,914	65,838
Loss from continuing operations [a]	(633)	(3,140)	(3,398)
Other comprehensive income	–	–	(3)
Total comprehensive income	(633)	(3,140)	(3,401)
[a] Includes:			
– depreciation	151	177	168
– interest expense	1,522	2,086	2,605
Noncurrent assets	14,657	15,877	17,110
Current assets	21,882	20,907	23,842
Noncurrent liabilities	(17,992)	(19,927)	(25,271)
Current liabilities	(13,684)	(11,616)	(14,283)
Net assets	4,863	5,241	1,398
Proportion of the Group's ownership including non-controlling interest	50%	50%	50%
	2,432	2,621	699
Goodwill	20,000	20,000	20,000
Translation adjustment	1,125	1,251	(38)
Carrying amount of investment	23,557	23,872	20,661
Group's interest in net assets of FFPL at beginning of the year	23,872	20,661	20,419
Capital injection during the year	–	4,887	1,950
Group's share of:			
– loss from continuing operations	(315)	(1,676)	(1,705)
– other comprehensive income	–	–	(3)
Total comprehensive income	(315)	(1,676)	(1,708)
Carrying amount of interest at end of the year	23,557	23,872	20,661

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

The interest in the net assets of an immaterial joint venture, NFHKL, is as follows:

	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Group's interest in net assets of NFHKL at beginning of the year	1,925	2,159	2,171
Capital injection during the year	950	–	–
Group's share of:			
– loss from continuing operations	(1,237)	(234)	(12)
– other comprehensive income	–	–	–
Total comprehensive income	(1,237)	(234)	(12)
Carrying amount of interest at end of the year	1,638	1,925	2,159

The summarised interest in joint ventures of the Group, is as follows:

	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Group's interest in joint ventures			
FFPL	23,557	23,872	20,661
NFHKL	1,638	1,925	2,159
Carrying amount of investments in joint ventures	**25,195**	**25,797**	**22,820**

Determination of joint control and the type of joint arrangement

Joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has assessed that it has joint control in all joint arrangements.

The Group determines the classification of a joint venture depending upon the parties' rights and obligations arising from the arrangement in the normal course of business. When making an assessment, the Group considers the following:

(a) the structure of the joint arrangement.
(b) when the joint arrangement is structured through a separate vehicle:

   i. the legal form of the separate vehicle;
   ii. the terms of the contractual arrangement; and
   iii. when relevant, other facts and circumstances.

The Group determined that its interests in FFPL and NFHKL are joint ventures as the arrangements are structured in a separate vehicle and that it has rights to the net assets of the arrangements. The terms of the contractual arrangements do not specify that the parties have rights to the assets and obligations for the liabilities relating to the arrangements.

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

Source of estimation uncertainty

When the joint venture has suffered recurring operating losses, a test is made to assess whether the investment in joint venture has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the joint venture, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

Since its acquisition, the Indian sub-continent trademark and the investment in FFPL were allocated to the Indian sub-continent cash-generating unit ("Indian sub-continent CGU"). The recoverable amount of Indian sub-continent CGU was estimated using the discounted cash flows based on five-year cash flow projections.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, revenue growth rates, earnings before interest, taxes, depreciation and amortisation (EBITDA) margin and terminal value growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the industries and were based on both external and internal sources.

	30 April 2018 %	**30 April 2017** %
Pre-tax discount rate	14.1	13.2
Revenue growth rate	15.0 – 20.0	15.0 – 20.0
EBITDA margin	7.0 – 12.0	4.0 – 11.0
Long-term EBITDA margin	11.6	10.8
Terminal value growth rate	5.0	5.0

In fiscal year 2018, discount rate is a pre-tax measure estimated based on past experience, and industry average weighted-average cost of capital, which is based on a possible rate of debt leveraging of 15.7% (2017: 14.7%) at a market interest rate of 9.5% (2017: 9.7%).

Revenue growth rate is expressed as compound annual growth rates in the initial five years of the plan. In the first year of the business plan, revenue growth rate was projected at 18% (2017: 15%) based on the near-term business plan and market demand. The annual revenue growth included in the cash flow projections for four years was projected at the growth rate based on the historical growth in volume and prices and industry growth.

A long-term growth rate into perpetuity has been determined based on management's estimate of the long-term compound annual growth rate in the Indian economy which management believed was consistent with the assumption that a market participant would make.

EBITDA margin has been a factor of the revenue forecast based on business plan and market demand coupled with the cost saving initiatives.

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

Sensitivity to changes in assumptions

The estimated recoverable amount exceeds its carrying amount of interest in joint venture and trademark and accordingly no impairment loss is recorded.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	31 March 2018 %	**31 March 2017 %**
Group		
Discount rate	5.4	3.8
Revenue growth rate	(5.0)	(1.0)

8. INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill US$'000	Indefinite life trademarks US$'000	Amortisable trademarks US$'000	Customer relationships US$'000	Total US$'000
Cost						
At 1 May 2017		203,432	408,043	36,080	120,500	768,055
Disposal	5	–	–	(11,900)	(13,500)	(25,400)
At 30 April 2018		203,432	408,043	24,180	107,000	742,655
At 1 May 2016		203,432	408,043	36,080	120,500	768,055
At 30 April 2017		203,432	408,043	36,080	120,500	768,055
Accumulated amortisation						
At 1 May 2017		–	–	6,405	20,624	27,029
Amortisation	25	–	–	1,731	6,053	7,784
Disposal	5	–	–	(2,520)	(4,289)	(6,809)
At 30 April 2018		–	–	5,616	22,388	28,004
At 1 May 2016		–	–	4,096	13,586	17,682
Amortisation	25	–	–	2,309	7,038	9,347
At 30 April 2017		–	–	6,405	20,624	27,029
Carrying amounts						
At 30 April 2018		203,432	408,043	18,564	84,612	714,651
At 30 April 2017		203,432	408,043	29,675	99,876	741,026

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Goodwill

Goodwill arising from the acquisition of Consumer Food Business was allocated to DMFI and its subsidiaries, which is considered as one CGU.

Indefinite life trademarks

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks. These trademarks are expected to be used indefinitely by the Group as they relate to continuing businesses that have a proven track record with stable cash flows.

America trademarks

The indefinite life trademarks of US$394 million arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the "Del Monte" trademark in the United States and South America market, and the "College Inn" trademark in the United States, Australia, Canada and Mexico.

The Philippines trademarks

A subsidiary, Dewey, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines ("The Philippines trademarks") with carrying value amounting to US$1.8 million.

Indian sub-continent trademark

In November 1996, a subsidiary, DMPRL, entered into a sub-license agreement with an affiliated company to acquire the exclusive right to use the "Del Monte" trademark in the Indian sub-continent territories in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licenses to others ("Indian sub-continent trademark"). This led to the acquisition of a joint venture, FFPL in 2007 and the grant of trademarks to FFPL to market the Company's product under the "Del Monte" brand name. The trademark has a carrying value of US$4.1 million.

Asia S&W trademark

In November 2007, a subsidiary, S&W, entered into an agreement with Del Monte Corporation to acquire the exclusive right to use the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa for a total consideration of US$10.0 million. The trademark has a carrying value of US$8.2 million.

Impairment test

Management has performed impairment testing for all indefinite life trademarks and concluded that no impairment exist at the reporting date.

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Philippines trademarks

In 2018 and 2017, the recoverable amounts of these intangible assets were based on fair value less cost of disposal. The key assumptions used in the estimation of the fair value less cost of disposal are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

	2018 %	2017 %
Royalty rate	3.0	6.0
Discount rate	9.0	9.0
Revenue growth rate (five years average)	11.0	16.0

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years. It was assumed that sales price would increase in line with forecast inflation over the next five years.

Asia S&W trademark

In 2017, the recoverable amount of Asia S&W trademark was based on VIU. The key assumptions used in the estimation of the VIU are set out below.

	%
Revenue growth rate (five years average)	23.0
Gross margin	33.0 – 40.0
EBITDA margin	15.0 – 20.0
Discount rate	9.0

The cash flow projections included specific estimates for five years.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years.

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

In 2018, the recoverable amount was based on fair value less cost of disposal using the relief from royalty method (RFR). The key assumptions used in the estimation of the fair value less cost of disposal are set out below.

	%
Royalty rate	3.0
Revenue growth rate (five years average)	14.0
Discount rate	9.0

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Indian sub-continent trademark

The Indian sub-continent trademark and the investment in FFPL were allocated to Indian sub-continent CGU (see Note 7).

America trademarks and Goodwill

In 2017, the recoverable amount of the CGU was based on fair value less costs of disposal using market approach, being greater than the VIU. In 2018, the recoverable value was based on VIU:

	30 April 2018 US$'000	**30 April 2017 US$'000**
Value-in-use	2,630,000	1,870,000
Fair value less costs of disposal – market approach	1,920,000	1,990,000
Recoverable amount	2,630,000	1,990,000

The Americas trademarks were also included in the CGU used in the goodwill impairment testing.

As of valuation date in January 2018 and 2017, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$1,156.4 million andUS$177.7 million, respectively. Therefore, the CGU is not impaired.

Value-in-use

The VIU is the present value of expected cash flows, discounted at a risk-adjusted weighted-average cost of capital.

The key assumptions used in the estimation of the recoverable amount using the VIU approach are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

	2018 %	**2017 %**
Pre-tax discount rate	9.1	11.1
Terminal value growth rate	2.0	2.0
Long-term EBITDA margin	13.0	13.3
Revenue growth rate	(16.1) – 11.3	(6.2) – 5.8
Gross margin	14.3 – 25.4	18.4 – 27.0

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible range of debt leveraging of 44% as of 30 April 2018 (30 April 2017: 35%) at a risk free interest rate of 3.5% as of 30 April 2018 (30 April 2017: 3.5%).

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate consistent with the assumption that a market participant would make.

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Budgeted EBITDA was estimated taking into account past experience adjusted as follows:

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years. It was assumed that sales price would increase in line with forecast inflation over the next five years.
- The amounts are probability-weighted.

Fair value less costs of disposal

Fair value less costs of disposal is determined using the market approach, which makes use of prices and other relevant information generated by market transactions involving similar companies.

The Market Comparable Method was used in applying the Market Approach, making use of market price data of companies engaged in the same or similar line of business as that of DMFI and its subsidiaries. Stocks of these companies are traded in a free and open market or in private transactions. The process involves the identification of comparable companies, calculation and application of market multiples representing ratios of invested capital or equity to financial measures of DMFI and its subsidiaries, application of an appropriate control premium to the companies being compared, and adjustment for any non-operating assets or liabilities or working capital excess/deficit to arrive at an indication of Business Enterprise Value.

The approach involves the use of both observable inputs and unobservable inputs (e.g. projected revenue and EBITDA, and adjusted market multiples). Accordingly, the fair value measurement is categorised under level 3 of the fair value hierarchy.

Comparable companies were selected from comprehensive lists and directories of public companies in the packaged foods industry. Potential comparable companies were analysed based on various factors, including, but not limited to, industry similarity, financial risk, company size, geographic diversification, profitability, growth characteristics, financial data availability, and active trading volume. The following comparable companies were selected:

- B&G Foods Inc.
- Campbell Soup Company
- ConAgra Foods, Inc.
- General Mills, Inc.
- Hormel Foods Corporation
- Seneca Foods Corp.
- Treehouse Foods, Inc.

Calculation of the market multiples considered Market Value of Invested Capital (MVIC), the sum of the market values of a comparable company's common stock, interest-bearing debt and preferred stock, assuming that the book value of the comparable companies' debt approximated the market value of the debt. Adjustments to the market multiples were made to reflect the difference between the estimated size of DMFI and its subsidiaries and each comparable company, improving comparability based on relative size difference prospects. Relative size adjustment factors were calculated based on a regression of a Price / Earnings ratio using size as an independent variable. The market multiples selected and applied to the DMFI and its subsidiaries' financial results in the analysis were as follows:

	2018		2017	
	Selected multiple	**Assigned weight**	**Selected multiple**	**Assigned weight**
MVIC/Revenue – Last twelve months	1.1x	25%	1.0x	50%
MVIC/Revenue – Projected	1.3x	25%	1.1x	0%
MVIC/EBITDA – Last twelve months	13.3x	25%	13.6x	50%
MVIC/EBITDA – Projected	12.5x	25%	11.9x	0%

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Sensitivity analysis

Management has identified that a reasonably possible change in the market multiples could cause the carrying amount to exceed the recoverable amount. The following table shows the amount to which the market multiples would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

	Breakeven Multiple	
	2018	**2017**
MVIC/Revenue – Last twelve months	0.7x	0.9x
MVIC/Revenue – Projected	0.8x	–
MVIC/EBITDA – Last twelve months	12.6x	12.1x
MVIC/EBITDA – Projected	9.6x	–

The following table shows the amount to which the discount rate, and long-term EBITDA margin would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

	2018	**2017**
	%	**%**
Discount rate	12.2	7.9
Long-term EBITDA margin	7.7	13.6

Source of estimation uncertainty

Goodwill and the indefinite life trademarks are assessed for impairment annually. The impairment assessment requires an estimation of the VIU and fair value less costs of disposal of the CGU to which the goodwill and indefinite life trademarks are allocated.

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

Estimating fair value less costs of disposal requires the Group to calculate market multiples, derived from market price data of comparable companies, to be applied to the Group's financial measures. The estimated fair value would change depending on the assumptions used, such as the annual revenue growth rate, EBITDA margin, and adjusted market multiples.

Amortisable trademarks and customer relationships

	Net carrying amount		**Remaining amortisation period (years)**	
	30 April 2018 US$'000	**30 April 2017 US$'000**	**2018**	**2017**
Asia S&W trademark	4	22	0.2	1.2
America S&W trademark	1,162	1,363	5.8	6.8
America Contadina trademark	17,398	18,497	15.8	16.8
Sager Creek trademarks	–	9,793	–	9.9
	18,564	29,675		

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Asia S&W trademark

The amortisable trademark pertains to "Label Development" trademark.

America trademarks

The amortisable trademarks relate to the exclusive right to use of the "S&W" trademark in the United States, Canada, Mexico and certain countries in Central and South America and "Contadina" trademark in the United States, Canada, Mexico South Africa and certain countries in Asia Pacific, Central America, Europe, Middle East and South America market.

Management has included these trademarks in the CGU impairment assessment and concluded that no impairment exists at the reporting date.

Sager Creek trademarks

The trademarks were acquired when the Group acquired the Sager Creek business in March 2015. Sager Creek's well-known brands include Veg-All, Freshlike, Popeye, Princella and Allens', among others. Management has included these trademarks in the CGU impairment assessment and the Group did not recognize any impairment for these trademarks as of 30 April 2017. The Sager Creek trademarks were included in the sale of certain assets of Sager Creek in September 2017 (see Note 5).

Customer relationships

Customer relationships relate to the network of customers where DMFI has established relationships with the customers, particularly in the United States market through contracts. The Sager Creek customer relationships were included in the sale of certain assets of Sager Creek in September 2017.

	30 April 2018 US$'000	30 April 2017 US$'000
Net carrying amount	84,612	99,876
Remaining amortisation period	15.8	5.9 – 16.8

Management has included the customer relationships in the CGU impairment assessment and concluded no impairment exists at the reporting date.

Source of estimation uncertainty

The Group estimates the useful lives of its amortisable trademarks and customer relationships based on the period over which the assets are expected to be available for use. The estimated useful lives of the trademarks and customer relationships are reviewed periodically and are updated if expectations differ from previous estimates due to legal or other limits on the use of the assets. A reduction in the estimated useful lives of amortisable trademarks and customer relationships would increase recorded amortisation expense and decrease noncurrent assets.

9. DEFERRED TAX

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax assets and liabilities of the Group are attributable to the following:

	Assets		Liabilities	
	30 April 2018 US$'000	30 April 2017 US$'000	30 April 2018 US$'000	30 April 2017 US$'000
Group				
Provisions	3,291	5,437	–	–
Employee benefits	23,348	36,554	–	–
Property, plant and equipment – net	–	–	(26,227)	(40,216)
Intangible assets and goodwill	–	–	(50,944)	(64,890)
Effective portion of changes in fair value of cash flow hedges	1,166	5,809	–	–
Tax loss carry-forwards	119,599	138,299	–	–
Inventories	2,547	1,518	–	–
Biological assets	–	–	(2,390)	(2,436)
Others	2,311	8,798	–	–
Deferred tax assets/(liabilities)	152,262	196,415	(79,561)	(107,542)
Set off of tax	(72,433)	(103,629)	72,433	103,629
Deferred Taxes	79,829	92,786	(7,128)	(3,913)

Movements in deferred tax assets and deferred tax liabilities of the Group during the year are as follows:

	At 1 May 2017 US$'000	Recognised in profit or loss US$'000	Recognised in other comprehensive income US$'000	Currency realignment US$'000	At 30 April 2018 US$'000
30 April 2018					
Provisions	5,437	(1,967)	–	(179)	(3,291)
Employee benefits	36,554	(4,166)	(5,472)	(3,568)	23,348
Property, plant and equipment – net	(40,216)	13,881	–	108	(26,227)
Intangible assets and goodwill	(64,890)	13,946	–		(50,944)
Effective portion of changes in fair value of cash flow hedges	5,809	(545)	(4,098)	–	1,166
Tax loss carry-forwards	138,299	(18,700)	–	–	119,599
Inventories	1,518	1,029	–	–	2,547
Biological assets	(2,436)	(156)	–	202	(2,390)
Others	8,798	(6,465)	(19)	(3)	2,311
	88,873	(3,143)	(9,589)	(3,440)	72,701

9. DEFERRED TAX (CONT'D)

	At 1 May 2016 US$'000	Recognised in profit or loss US$'000	Recognised in other comprehensive income US$'000	Currency realignment US$'000	At 30 April 2017 US$'000
30 April 2017					
Provisions	6,675	(203)	–	(1,035)	5,437
Employee benefits	43,485	(416)	(6,360)	(155)	36,554
Property, plant and equipment – net	(34,667)	(4,445)	(1,236)	132	(40,216)
Intangible assets and goodwill	(44,794)	(20,096)	–	–	(64,890)
Effective portion of changes in fair value of cash flow hedges	13,403	(701)	(6,893)	–	5,809
Tax loss carry-forwards	103,643	34,670	–	(14)	138,299
Inventories	3,256	(1,738)	–	–	1,518
Biological assets	(1,616)	(831)	–	11	(2,436)
Others	8,807	(61)	–	52	8,798
	98,192	6,179	(14,489)	(1,009)	88,873

The total amount of potential income tax consequences that would arise from the payment of cash dividends by a subsidiary to the Company, on the total retained earnings as at 30 April 2018, is approximately US$14.4 million (30 April 2017: US$8.5 million).

In 2017, no provision has been made in respect of this potential income tax as it is the Company's intention to reinvest these reserves and not to distribute them as dividends.

In 2018, the Group plans to declare stock dividends from the excess reserves. No provision has been made because stock dividends are exempt from tax.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised with respect to the following items.

	30 April 2018 US$'000	30 April 2017 US$'000
Deductible temporary differences	9,281	28,858
Tax losses and tax credits	549	5,745
	9,830	34,603

The tax losses will expire in 2019 and 2020. The tax carry forwards will expire between 2024 and 2027. Deferred tax assets have not been recognised with respect to these items because it is not probable that future taxable profits will be available to utilise the benefits.

Sources of estimation uncertainty

As of 30 April 2018, deferred tax assets amounting to US$119.6 million (30 April 2017: US$138.3 million) have been recognised in respect of the tax loss carry forwards because management assessed that it is probable that future taxable profit will be available against which DMFI can utilise these benefits. Management expects profitable growth coming from revenue strategies and cost efficiencies in the future. To the extent that profitable growth does not materialise in the future periods, net deferred tax assets of DMFI of US$77.8 million may not be realised. The majority of the tax loss for 30 April 2018 can be carried forward indefinitely and tax loss carry forwards prior to 30 April 2018 may be utilised up to a 20 year period.

10. OTHER NONCURRENT ASSETS

	Group	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Advances to growers	13,358	11,867
Note receivables	7,744	–
Land expansion (development costs of acquired leased areas)	6,353	3,295
Advance rentals and deposits	6,233	6,289
Excess insurance	5,960	4,279
Prepayments	268	508
Others	1,307	874
	41,223	27,112

Excess insurance relate mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 20).

The note receivables of US$7.7 million relates to the sale of certain assets of Sager Creek which is payable in three years until 2020 (see Note 5). The note receivables are payable in four installments bearing interest of 3.50% per annum for the first installment and 5.22% from the second installment up to the final installment. The current portion of US$2.6 million is presented under "Trade and other receivables".

Land expansion comprises development costs of newly acquired leased areas including costs such as creation of access roads, construction of bridges and clearing costs. These costs are amortised on a straight-line basis over the lease periods of 10 years or lease term, whichever is shorter.

11. BIOLOGICAL ASSETS

	Group	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Livestock		
At beginning of the year	1,420	1,448
Purchases of livestock	909	776
Sales of livestock	(646)	(717)
Currency realignment	(54)	(87)
At end of the year	1,629	1,420
Agricultural produce		
At beginning of the year (at cost)	23,307	26,395
Additions	10,458	13,547
Harvested	(9,452)	(15,079)
Currency realignment	(840)	(1,556)
At end of the year	23,473	23,307
Fair value gain on produce prior to harvest	18,490	21,040
At end of the year	41,963	44,347
Current	41,963	44,347
Noncurrent	1,629	1,420
Totals	43,592	45,767

11. BIOLOGICAL ASSETS (CONT'D)

	Note	Group 30 April 2018 US$'000	30 April 2017 US$'000
Fair value gain recognised under:			
Inventories		9,174	4,535
Cost of sales	25	36,651	33,501
Growing crops		(721)	7,610
Fair value gain recognised under revenues		45,104	45,646

Livestock

Livestock comprises growing herd and breeding and dairy herd that are stated at cost and cattle for slaughter that is stated at fair value less point-of-sale costs. The fair value is determined based on the actual selling prices approximating those at year end less estimated point-of-sale costs.

Risk Management strategy related to agricultural activities

(i) *Regulatory and environmental risks*

The Group is subject to laws and regulations in the Philippines in which it operates its agricultural activities. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) *Supply and demand risks*

The Group is exposed to risks arising from fluctuations in the price and sales volume of pineapples and papayas. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

(iii) *Climate and other risks*

The Group's pineapple plantations are exposed to the risk of damage from climate changes, diseases, forest fires, flood, and other natural forces. To manage these risks, the Group develops and executes a long-term strategic plan and annual operating plan, supported by a contingency plan and risk management measures ensuring business continuity should there be a natural catastrophe. The Group is also insured against natural disasters such as floods and earthquakes.

Source of estimation uncertainty

The fair values of the harvested pineapple fruits are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest, as determined by the Group. For the pineapple variety being sold as fresh fruits, the market price is based on the selling price of fresh fruits as sold in the local and international markets. For the pineapple variety being processed as cased goods, the market price is derived from average sales price of the processed product adjusted for margin related to further processing. Changes in fair values of agricultural produce after initial recognition are included in the carrying amount of cased goods at the reporting date.

The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group. Fair value is initially recognised when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated selling price at point of harvest less future growing costs to be incurred until harvest. Such future growing costs decreases as the growing crops near the point of harvest.

11. BIOLOGICAL ASSETS (CONT'D)

Source of estimation uncertainty (cont'd)

Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by the equivalent amortisation of fruits harvested which considers the future volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. The Group reviews and monitors the estimated future volume of harvests regularly.

The valuation techniques and significant unobservable inputs used in determining the fair value of these biological assets are discussed in Note 34.

12. INVENTORIES

	Group	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Finished goods		
– at cost	554,712	708,637
– at net realisable value	33,448	30,902
Semi-finished goods		
– at cost	454	299
– at net realisable value	18,945	7,235
Raw materials and packaging supplies		
– at net realisable value	153,422	169,819
	760,981	916,892

Inventories recognised as an expense in cost of sales amounted to US$1,241.2 million for the year ended 30 April 2018 (30 April 2017: US$1,288.0 million) (see Note 25).

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

		Group	
	Note	**30 April 2018 US$'000**	**30 April 2017 US$'000**
At beginning of the year		15,086	12,715
Allowance for the year	25	21,823	7,415
Write-off against allowance		(9,284)	(4,350)
Currency realignment		(1,009)	(694)
At end of the year		26,616	15,086

The allowance for inventory obsolescence recognised during the period is included in "Cost of sales".

In connection with the sale of Sager Creek, the Group has directly written down related inventories to their net realisable values resulting in a loss of US$13.1 million in fiscal year 2018.

12. INVENTORIES (CONT'D)

Source of estimation uncertainty

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

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories expected to be realised. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at the reporting date.

The Group reviews on a continuous basis the product movement, changes in customer demands and introductions of new products to identify inventories which are to be written down to the net realisable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records. An increase in write-down of inventories would increase the recorded cost of sales and operating expenses and decrease current assets.

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
		30 April 2018 US$'000	**30 April 2017 US$'000**	**30 April 2018 US$'000**	**30 April 2017 US$'000**
Trade receivables		145,094	147,167	–	–
Nontrade receivables	10	21,946	23,812	8	7
Amounts due from joint venture (nontrade)		1,570	–	1,570	6,013
Amounts due from subsidiaries (nontrade)	37	–	–	179,370	113,683
Allowance for doubtful accounts – trade		(2,440)	(2,022)	–	–
Allowance for doubtful accounts – nontrade		(4,543)	(4,510)	–	–
Trade and other receivables		161,627	164,447	180,948	119,703

The amounts due from subsidiaries and joint venture are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from these outstanding balances.

Nontrade receivables consist of vendor rebates, plant receivables, claims from third party service providers, advances to growers, which are claimed upon delivery of fruits, and fuel withdrawals applied against truckers' bills when due.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing of trade and nontrade receivables at the reporting date is:

	Group			
	Gross		Impairment losses	
	Trade	Nontrade	Trade	Nontrade
At 30 April 2018	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Not past due	116,543	6,630	–	–
Past due 0 – 60 days	13,457	1,612	–	–
Past due 61 – 90 days	2,677	1,640	–	–
Past due 91 – 120 days	1,123	617	–	–
More than 120 days	11,294	13,017	(2,440)	(4,543)
	145,094	23,516	(2,440)	(4,543)

	Group			
	Gross		Impairment losses	
	Trade	Nontrade	Trade	Nontrade
At 30 April 2017	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Not past due	114,730	14,767	–	–
Past due 0 – 60 days	22,997	871	–	–
Past due 61 – 90 days	1,758	245	–	–
Past due 91 – 120 days	1,286	112	–	–
More than 120 days	6,396	7,817	(2,022)	(4,510)
	147,167	23,812	(2,022)	(4,510)

The recorded impairment loss falls within the Group's historical experience in the collection of trade and other receivables. Therefore, management believes that there is no significant additional credit risk beyond what has been recorded.

	Company			
	Gross		Impairment losses	
	Trade	Nontrade	Trade	Nontrade
At 30 April 2018	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Not past due	–	180,948	–	–
Past due 0 – 60 days	–	–	–	–
Past due 61 – 90 days	–	–	–	–
Past due 91 – 120 days	–	–	–	–
More than 120 days	–	–	–	–
	–	180,948	–	–

	Company			
	Gross		Impairment losses	
	Trade	Nontrade	Trade	Nontrade
At 30 April 2017	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Not past due	–	119,703	–	–
Past due 0 – 60 days	–	–	–	–
Past due 61 – 90 days	–	–	–	–
Past due 91 – 120 days	–	–	–	–
More than 120 days	–	–	–	–
	–	119,703	–	–

13. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in allowance for impairment during the year are as follows:

	Note	Group Trade US$'000	Group Nontrade US$'000	Group Total US$'000
At 1 May 2017		2,022	4,510	6,532
Provision for the year	25	460	42	502
Currency realignment		(42)	(9)	(51)
At 30 April 2018		2,440	4,543	6,983

	Note	Group Trade US$'000	Group Nontrade US$'000	Group Total US$'000
At 1 May 2016		1,640	4,454	6,094
Provision for the year	25	679	112	791
Write-off against allowance		(386)	(43)	(429)
Currency realignment		89	(13)	76
At 30 April 2017		2,022	4,510	6,532

Allowance for doubtful accounts are based on specific and collective impairment assessment by the Group.

Source of estimation uncertainty

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

14. PREPAID EXPENSE AND OTHER CURRENT ASSETS

	Note	Group 30 April 2018 US$'000	Group 30 April 2017 US$'000	Company 30 April 2018 US$'000	Company 30 April 2017 US$'000
Prepaid expenses		24,931	29,698	179	328
Downpayment to contractors and suppliers		4,166	9,933	–	–
Derivative asset	33	305	2,685	–	–
Others		1,380	730	33	–
		30,782	43,046	212	328

Prepaid expenses consist of advance payments for insurance, advertising, rent and taxes, among others.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	30 April 2018 US$'000	**30 April 2017 US$'000**	**30 April 2018 US$'000**	**30 April 2017 US$'000**
Cash on hand	51	48	–	–
Cash in banks	17,370	33,141	2,709	6,767
Cash equivalents	6,825	4,382	–	–
Cash and cash equivalents	24,246	37,571	2,709	6,767

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 3.38% (30 April 2017: 0.01% to 1.74% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 0.38% (30 April 2017: 0.38%) per annum.

16. NONCURRENT ASSETS HELD FOR SALE

The Group classifies noncurrent assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria are reviewed periodically if still met, otherwise revert back to property, plant and equipment.

In 2017, several assets were sold resulting in a gain of US$0.3 million recognised in "Other income (expenses) – net" in the income statement of the Group. The remaining unsold assets amounting to US$0.7 million have been reclassified out of assets held for sale and back to property, plant and equipment.

In 2018, management committed to a plan to sell certain assets of the Group's Plymouth, Indiana plant. Additionally, an office building in Siloam Springs, Arkansas was vacated and put up for sale. Accordingly, these assets were presented as assets held for sale. Efforts to sell the assets have started and a sale was expected within twelve months from the date of reclassification.

Sale of business

Sager Creek

On 18 September 2017, the Group entered into an agreement with McCall Farms Inc. ("McCall Farms") to sell certain assets of its Sager Creek vegetable business ("Sager Creek") for US$55.0 million in total consideration. The Group previously acquired Sager Creek in March 2015. Sager Creek was a producer of specialty vegetables for the foodservice and retail markets headquartered in Siloam Springs, Arkansas.

The Group received US$30.0 million at closing on 18 September 2017 and US$15.0 million on 27 February 2018. The remaining US$10.0 million, including interest, is due in installments: US$2.5 million on 28 February 2019; US$5.0 million on 28 February 2020; and US$2.5 million on 1 December 2020. The Group has recorded current receivables of US$2.6 million in "Trade and other receivables" and noncurrent receivables of US$7.7 million in "Other noncurrent assets". As of 30 April 2018, the Group recognised a gain on sale amounting to US$16.5 million.

The carrying amounts of the assets sold in September 2017 included the following:

	Amount US$'000
Trademark	9,379
Customer relationship	9,211
Property, plant and equipment	16,794
Inventories	3,169
	38,553

17. SHARE CAPITAL

	30 April 2018		30 April 2017	
	No. of shares ('000)	US$'000	No. of shares ('000)	US$'000
Authorised:				
Ordinary shares of US$0.01 each	3,000,000	30,000	3,000,000	30,000
Preference shares of US$1.00 each	600,000	600,000	600,000	600,000
	3,600,000	630,000	3,600,000	630,000
Issued and fully paid:				
Ordinary shares of US$0.01 each	1,944,936	19,449	1,944,936	19,449
Preference shares of US$1.00 each	30,000	30,000	20,000	20,000
	1,974,936	49,449	1,964,936	39,449

Reconciliation of number of outstanding ordinary shares in issue:

	Note	Year ended 30 April 2018 (US$'000)	Year ended 30 April 2017 (US$'000)
At beginning of the year		1,943,214	1,943,214
Release of share awards	31	746	–
At end of the year		1,943,960	1,943,214

Reconciliation of number of outstanding preference shares in issue:

	Note	Year ended 30 April 2018 (US$'000)	Year ended 30 April 2017 (US$'000)
At beginning of the year		20,000	–
Issuance of shares	31	10,000	20,000
At end of the year		30,000	20,000

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code (SRC):

Ordinary Shares

Date of SEC Approval	Authorised Shares	No. of Shares Issued	Issue/Offer Price
28 May 2013*	2,000,000,000	1,297,500,491	Php29.80
15 October 2014	3,000,000,000	5,500,000	Php17.00
14 January 2015**	3,000,000,000	641,935,335	Php10.60

* The SEC issued an order rendering effective the registration of its issued shares. Company was listed by way of introduction on The Philippine Stock Exchange, Inc. on 10 June 2013.

** The rights shares were considered exempt from registration pursuant to Section 10(e) and 10(l) of the SRC. The exemption from registration was confirmed by the SEC in a letter dated 14 January 2015.

17. SHARE CAPITAL (CONT'D)

Preference Shares

Date of SEC Approval	Authorised Shares	No. of Shares Issued	Issue/Offer Price
21 March 2017	600,000,000	20,000,000 Series A-1 Preference Shares	US$10.00
21 March 2017* / 27 November 2017**	600,000,000	10,000,000 Series A-2 Preference Shares	US$10.00

* No Order of Registration was issued for the second tranche offer of preference shares.

** Date of issuance of the SEC Permit to Sell.

The total number of ordinary shareholders as at 30 April 2018 and 2017 is 7,752 and 7,939, respectively. Additionally, the total number of Series A-1 preference shareholders as at 30 April 2018 and 2017 is 14 and 7, respectively. The total number of Series A-2 preference shareholders as at 30 April 2018 is 20.

The holders of ordinary shares are entitled to receive dividends after dividend of preference shares are paid, as declared from time to time, and are entitled to one vote per share at meetings of the Company. The preference shares are cumulative, non-voting, redeemable at the option of the issuer, non-participating and non-convertible. The preference share has a par value of US$1.0 per share and were issued at US$10.0 per share. Ordinary shares rank equally with regard to the Company's residual assets after preference shares are paid.

In April 2014, the Company increased its authorised share capital from US$20.0 million, divided into 2,000,000,000 ordinary shares at US$0.01 per share, to US$630.0 million, divided into 3,000,000,000 ordinary shares at US$0.01 per share and 600,000,000 preference shares at US$1.00 per share. The preference shares may be issued in one or more series, each such class of shares will have rights and restrictions as the Board may designate. The terms and conditions of the authorised preference shares are finalised upon each issuance.

On 30 October 2014, the Company had additional ordinary shares listed and traded on the SGX-ST and the PSE pursuant to a public offering conducted in the Philippines. The Company offered and sold by way of primary offer 5,500,000 ordinary shares at an offer price of 17.00 Philippine pesos (Php) per share.

In March 2015, additional 641,935,335 ordinary shares were listed on the SGX-ST and the PSE, which were offered and sold to eligible shareholders by way of a stock rights offering at an exercise price of S$0.325 or Php10.60 for each share in Singapore and the Philippines, respectively.

In April 2017, the Company completed the offering and listing of 20,000,000 Series A-1 Preference Shares which were sold at an offer price of US$10.0 per share (US$1.0 par value per share) in the Philippines, generating US$200 million in proceeds. The said shares were listed on the PSE.

In 20 September 2017, the Company transferred 745,918 of its treasury shares to ordinary shares in connection to the release of share awards granted to its Directors pursuant to the Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP").

In December 2017, the Company completed the offering and listing of 10,000,000 Series A-2 Preference Shares in the Philippines generating approximately US$100 million in proceeds (or a combined US$300 million if including the US$200 million that was raised in April 2017). The Company used the net proceeds to substantially refinance the US$350 million bridging loan due in February 2019.

The Company also issued share awards under the Del Monte Pacific RSP (see Note 31) during the current financial year.

17. SHARE CAPITAL (CONT'D)

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital comprises its share capital, retained earnings and total reserves as presented in the statements of financial position. The Board monitors the return on capital, which the Group defines as profit or loss for the year divided by total shareholders' equity. The Board also monitors the level of dividends paid to ordinary shareholders.

The bank loans of the Group contain various covenants with respect to capital maintenance and ability to incur additional indebtedness. The Board ensures that loan covenants are considered as part of its capital management through constant monitoring of covenant results through interim and full year results.

There were no changes in the Group's approach to capital management during the year.

18. RETAINED EARNINGS AND RESERVES

Retained earnings

Dividends

Ordinary shares

On 23 August 2017, the Company declared a dividend of 0.61 US cents (US$0.0061) per share to stockholders on record as at 28 August 2017. The final dividend was paid on 8 September 2017.

On 29 June 2016, the Company declared a dividend of 1.33 US cents (US$0.0133) per share to stockholders on record as at 26 August 2016. The final dividend was paid on 8 September 2016.

Preference shares

On 3 April 2018, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2017 to 7 April 2018. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.20403 per Series A-2 Preference Share for the 113-day period from 15 December 2017 to 7 April 2018. The final dividends were paid on 10 April 2018.

On 29 September 2017, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 7 April 2017 to 7 October 2017. The final dividend was paid on 9 October 2017.

The cumulative undeclared dividends on the preference shares amounted to US$1.3 million as of 30 April 2018 (30 April 2017: US$0.8 million).

The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries amounting to US$433.5 million as at 30 April 2018 (30 April 2017: US$471.0 million). The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries. As at 30 April 2018 and 2017, joint ventures have no undistributed net earnings.

18. RETAINED EARNINGS AND RESERVES (CONT'D)

Share premium

Under the British Virgin Islands law in whose jurisdiction the Company operates, the Company's share premium and retained earnings form part of the Company's surplus that may be available for dividend distribution provided that the solvency test is met by the Company. The Group's share premium is shown net of a merger deficit of US$0.14 million, which arose from the acquisition of a subsidiary, DMPRL, under common control in 1999.

The share premium account includes any premium received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium account, net of any related income tax effects.

Reserves

	Group		Company	
	30 April 2018 US$'000	**30 April 2017 US$'000**	**30 April 2018 US$'000**	**30 April 2017 US$'000**
Translation reserve	(91,515)	(78,087)	(91,515)	(78,087)
Revaluation reserve	10,885	10,885	10,885	10,885
Remeasurement of retirement plan	18,225	1,808	18,225	1,808
Hedging reserve	(2,764)	(7,443)	(2,764)	(7,443)
Share option reserve	1,373	1,779	1,373	1,779
Reserve for own shares	(286)	(802)	(286)	(802)
	(64,082)	(71,860)	(64,082)	(71,860)

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

The revaluation reserve relates to surplus on the revaluation of freehold land of the Group.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect the income statement of the Group (see Note 20).

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 30 April 2018, the Group held 975,802 (30 April 2017: 1,721,720) of the Company's shares.

19. LOANS AND BORROWINGS

	Group		Company	
	30 April 2018 US$'000	**30 April 2017 US$'000**	**30 April 2018 US$'000**	**30 April 2017 US$'000**
Current liabilities				
Unsecured bank loans	471,204	280,584	206,034	43,070
Secured bank loans	10,416	169,114	–	–
	481,620	449,698	206,034	43,070
Noncurrent liabilities				
Unsecured bank loans	187,584	341,974	129,594	281,854
Secured bank loans	796,019	922,294	–	–
	983,603	1,264,268	129,594	281,854
	1,465,223	1,713,966	335,628	324,924

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate % p. a.	Year of maturity	30 April 2018 Face value US$'000	30 April 2018 Carrying amount US$'000	30 April 2017 Face value US$'000	30 April 2017 Carrying amount US$'000
Group							
Unsecured bank loans	PHP	3.00-4.50%	2018	61,856	61,856	117,835	117,835
Unsecured bank loans	USD	2.00-3.40%	2018	413,444	413,444	222,869	222,869
Unsecured bridging loan	USD	5.29%	2019	54,000	53,894	154,000	152,440
Unsecured bridging loan	USD	4.50%	2020	130,000	129,594	130,000	129,414
Secured bank loan under ABL Credit Agreement	USD	Base rate Tranche A – 5.75% Tranche B – 6.25%	2019/ 2020	10,000	6,442	168,000	166,730
Secured First lien term loan	USD	Higher LIBOR of rate + 3.25% or 5.15% Base rate 7.0%	2021	681,600	671,247	686,925	668,109
Secured Second lien term Loan	USD	Higher of LIBOR + 7.25% or 9.06%	2021	135,055	128,746	260,000	256,569
				1,485,955	1,465,223	1,739,629	1,713,966

	Currency	Nominal interest rate % p.a.	Year of maturity	30 April 2018 Face value US$'000	30 April 2018 Carrying amount US$'000	30 April 2017 Face value US$'000	30 April 2017 Carrying amount US$'000
Company							
Unsecured bank loans	USD	1.60% – 2.95%	2018	152,140	152,140	43,070	43,070
Unsecured bridging loans	USD	4.50-5.29%	2019/2020	184,000	183,488	284,000	281,854
				336,140	335,628	327,070	324,924

The unsecured bridging loans of US$54 million as at 30 April 2018 (30 April 2017: US$154 million) is the remaining balance for the bridging loan that were obtained by the Company to finance the acquisition of Sager Creek and its related costs. In 2017, the Company signed a two-year extension of the US$350.0 million BDO loans from 10 February 2017 to 2019 on the same terms and conditions. In April 2017, DMPL settled US$196.0 million of the US$350.0 million BDO loan using the proceeds from the issuance of preference shares. In December 2017, DMPL settled an additional US$100.0 million using the proceeds from the 10,000,000 Series A-2 Preference Shares (see Note 17).

19. LOANS AND BORROWINGS (CONT'D)

Long-term Borrowings

Long-term Borrowings	Principal Amount (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g. annually, quarterly, etc.)	Interest already paid 1 May 2017 to 30 April 2018 (In '000)
Senior secured variable rate first lien term loan	US$710,000	Higher of LIBOR +3.25% or 5.15%	2021	0.25% quarterly principal payments from 30 April 2014 to 31 January 2021; Balance due in full at its maturity, 18 February 2021.	US$31,391
Senior secured second lien variable rate term loan	US$135,055	Higher of LIBOR + 7.25% or 9.06%	2021	Due in full at its maturity, 18 August 2021.	US$24,628
BDO Long-term Loan	US$30,000	4.50%	2020	Quarterly interest payment and principal on maturity date.	US$1,376
BDO Long-term Loan	US$100,000	4.50%	2020	Quarterly interest payment and principal on maturity date.	US$4,588
BDO Long-term Loan	PHP3,000,000	3.5% for the first 60 days; 4.5% for the remaining term + 5% GRT	2020	Quarterly interest payment and principal on maturity date	PHP140,981

Loans and borrowings are stated net of unamortised debt issuance cost. The balance of unamortised debt issuance cost follows:

	Note	Group Year ended 30 April 2018 US$'000	Group Year ended 30 April 2017 US$'000	Company Year ended 30 April 2018 US$'000	Company Year ended 30 April 2017 US$'000
Beginning of year		25,663	32,527	2,146	2,136
Additions		4,223	1,749	730	1,750
Amortisation	26	(9,154)	(8,613)	(2,364)	(1,740)
End of year		20,732	25,663	512	2,146

DMFI is a party to a First Lien term loan credit agreement and a Second Lien term loan credit agreement (the "Term Loan Credit Agreements") with the lenders party thereto, Citibank, N.A., as administrative agent and collateral agent, and the other agents named therein, that provided for a US$710.0 million First Lien term loan and a US$260.0 million Second Lien term loan with terms of seven years and seven years plus six months, respectively.

Interest Rates. Loans under the First and Second Lien term loans bear interest at a rate equal to an applicable margin, plus a LIBOR rate (with a floor of 1.00%). As of 30 April 2018, the interest rate for First Lien term loans is 5.15% (30 April 2017: 4.31%) and the interest rate for Second Lien term loans is 9.06% (30 April 2017: 8.31%).

19. LOANS AND BORROWINGS (CONT'D)

Principal Payments. The First Lien term loan generally requires quarterly scheduled principal payments of 0.25% of the outstanding principal per quarter from 30 April 2014 to 31 January 2021. The balance is due in full on the maturity date of 18 February 2021. Scheduled principal payments with respect to the First Lien term loan are subject to reduction following any mandatory or voluntary prepayments on terms and conditions set forth in the First Lien Term Loan Credit Agreement.

The Second Lien term loan is due in full at its maturity date of 18 August 2021.

The Term Loan Credit Agreements also require DMFI to prepay outstanding loans under the First Lien term loan and the Second Lien term loan, subject to certain exceptions, with, among other things:

- 50% (which percentage will be reduced to 25% if the leverage ratio is 4.0x or less and to 0% if the leverage ratio is 3.0x or less) of the annual excess cash flow, as defined in the First Lien Term Loan Credit Agreement;

- 100% of the net cash proceeds of certain casualty events and non-ordinary course asset sales or other dispositions of property for a purchase price above US$2.0 million, in each case, subject to DMFI's right to reinvest the proceeds; and

- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the First Lien Term Loan Credit Agreement.

On 14 March 2018, the Company, a trust owned by DMFHII and certain seller lenders entered into a Purchase Agreement wherein the Company, or its designated affiliate, agreed to purchase certain Second Lien term loans from the seller lenders at an amount equal to 70% of the principal amount of the loans to be sold, plus accrued and unpaid interest thereon. On 27 March 2018, DMFI, DMFHI and the lenders signed the second amendment to the Second Lien term loan allowing the Company, or its eligible assignee, to purchase any and all loans outstanding under the amended agreement which were duly submitted by the lenders for purchase at a price equal to 70% of the principal amount.

In March 2018, DMFHII, the affiliate assignee, through a trust, purchased DMFI's Second Lien term loans with principal amount of US$125.9 million from seller lenders for US$88.2 million. The pre-tax net gain from the purchase of the loans amounting to US$33.6 million, net of transaction costs amounting to US$3.2 million, was recognised in the Group's consolidated financial statements and is presented under "Finance income" in the consolidated income statement. The non-controlling interests of DMPLFL agreed to waive its share in any economic benefits arising from the Group's purchase of the Second Lien term loans. DMFHII agreed to make an equity contribution to DMFI in the amount equivalent to the interest received from DMFI.

To finance the purchase of the Second Lien term loans, the Company extended a loan to DMFHII amounting to US$88.2 million. Such loan is subject to interest of 12.95%, subject to quarterly repricing, and will mature on 18 August 2021. The interest income earned by the Company on this loan amounted to US$1.0 million in 2018.

Ability to Incur Additional Indebtedness. DMFI has the right to request an additional US$100 million plus an additional amount of secured indebtedness under the First Lien term loan and the Second Lien term loan. Lenders under this facility are under no obligation to provide any such additional loans, and any such borrowings will be subject to customary conditions precedent, including satisfaction of a prescribed leverage ratio, subject to the identification of willing lenders and other customary conditions precedent.

19. LOANS AND BORROWINGS (CONT'D)

ABL Credit Agreement

DMFI is a party to a credit agreement (the "ABL Credit Agreement") with Citibank, N.A., as administrative agent, and the other lenders and agents parties thereto, as amended, that provides for senior secured financing of up to US$442.6 million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years until 18 February 2019, prior to an amendment in 2018.

On 23 April 2018, the Group amended and restated the ABL Credit Agreement. The US$442.6 million facility was divided into two tranches: "Tranche A" with an amount up to US$46.5 million and "Tranche B" with an amount up to US$442.6 million. Any drawdown or repayment are to be made in proportion to the two tranches and maximum borrowings cannot exceed the Tranche B commitments. As of 30 April 2017, the Group's commitment could not exceed US$450.0 million. Tranche A matures 18 February 2019 and Tranche B matures 19 November 2020. Proceeds of US$40.0 million from the amended ABL Agreement were used to pay-off the balance of the previous credit agreement. The Group fully amortised the deferred financing fees related to the previous credit agreement of US$0.9 million from the amendment.

Interest Rates. Borrowings under the ABL Credit Agreement bear interest at an initial interest rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate, or (ii) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) Citibank, N.A.'s "prime commercial rate" and (c) the one month LIBOR rate plus 1.00%. The applicable margin with respect to LIBOR borrowings is 2.00% for Tranche A and 2.50% for Tranche B at 30 April 2018, respectively, (and may decrease to 1.75% and 2.25%, respectively, or increase to 2.25% and 2.75%, respectively, depending on average excess availability) (30 April 2017: 2.25%; 30 April 2016: 2.0%) and with respect to base rate borrowings is 1.00% for Tranche A and 1.50% for Tranche B at 30 April 2018, respectively (and may decrease to 0.75% and 1.25% , respectively, or increase to 1.25% and 1.75%, respectively, depending on average excess availability) (30 April 2017: 1.25%; 30 April 2016: 1.0%).

Commitment Fees. In addition to paying interest on outstanding principal under the ABL Credit Agreement, the Group is required to pay a commitment fee that was initially 0.375% per annum in respect of the unutilised commitments thereunder. The commitment fee rate on Tranche A from time to time is 0.250% or 0.500% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. The commitment fee rate on Tranche B is 0.500%. The Group must also pay customary letter of credit fees between 1.75% to 2.75% based on average excess availability, and fronting fees equal to 0.125% of the face amount for each letter of credit issued.

Availability under the ABL Credit Agreement. Availability under the ABL Credit Agreement is subject to a borrowing base. The borrowing base, determined at the time of calculation, is an amount equal to: (a) 85% of eligible accounts receivable and (b) the lesser of (1) 75% of the net book value of eligible inventory and (2) 85% of the net orderly liquidation value of eligible inventory, of the Group at such time, less customary reserves. The ABL Credit Agreement will terminate, and the commitments thereunder will mature, on 18 February 2019 for Tranche A and 19 November 2020 for Tranche B. As of 30 April 2018, under Tranche A and Tranche B of the ABL Credit Agreement there were US$1.0 million and US$9.0 million (30 April 2017: US$168.0 million) of loans outstanding, respectively, and US$1.6 million and US$15.3 million of letters of credit issued, respectively (30 April 2017: US$14.0 million). The Group's net availability under the ABL Credit Agreement was US$415.7 million as of 30 April 2018 (30 April 2017: US$260.5 million). The weighted-average interest rate on the ABL Credit Agreement was approximately 6.20% on 30 April 2018 (30 April 2017: 3.39%; 30 April 2016: 3.15%).

The ABL Credit Agreement includes a sub limit for letters of credit and for borrowings on same day notice, referred to as "swingline loans."

19. LOANS AND BORROWINGS (CONT'D)

ABL Credit Agreement (cont'd)

Ability to Incur Additional Indebtedness. Notwithstanding any increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

Guarantee of Obligations under the Term Loan Credit Agreements and the ABL Credit Agreement. All obligations of DMFI under the Term Loan Credit Agreements and the ABL Credit Agreement are unconditionally guaranteed by the Del Monte Foods Holdings Limited (DMFHL) and by substantially all existing and future, direct and indirect, wholly owned material restricted domestic subsidiaries of DMFI, subject to certain exceptions.

Security Interests

Indebtedness under the First Lien Term Loan is generally secured by (i) a first priority pledge of all of the equity interests of DMFHL, (ii) a second priority lien on all ABL Priority Collateral of DMFHL and (iii) a first priority lien on substantially all other properties and assets of DMFHL. The Second Lien Term Loan is generally secured by (i) a second priority pledge of all of the equity interests of DMFHL, (ii) a third priority lien on all ABL Priority Collateral of DMFHL and (iii) a second priority lien on substantially all other properties and assets of DMFHL. The ABL Credit Agreement is generally secured by a first priority lien on DMFI's inventories and accounts receivable and by a third priority lien on substantially all other assets.

Restrictive and Financial Covenants

The Term Loan Credit Agreements and the ABL Credit Agreement contain restrictive covenants that limit DMFI's ability and the ability of its subsidiaries to take certain actions.

Term Loan Credit Agreement and ABL Credit Agreement Restrictive Covenants. The restrictive covenants in the Term Loan Credit Agreement and the ABL Credit Agreement include covenants limiting DMFI's ability, and the ability of DMFI's restricted subsidiaries, to incur additional indebtedness, create liens, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase DMFHL's capital stock, make investments, loans or advances, prepay certain indebtedness, engage in certain transactions with affiliates, amend agreements governing certain subordinated indebtedness adverse to the lenders, and change DMFI's lines of business.

Financial Maintenance Covenants. The Term Loan Credit Agreements and ABL Credit Agreement generally do not require that DMFI comply with financial maintenance covenants.

The ABL Credit Agreement, however, contains a financial covenant that applies if availability under the ABL Credit Agreement (US$415.7 million at 30 April 2018; US$260.5 million at 30 April 2017) falls below a certain level. As of 30 April 2018 and 2017, the financial covenant was not applicable.

Minimum Consolidated EBITDA. Beginning in 1 May 2019, the DMFHL Group will be subjected to an EBITDA financial covenant. Consolidated Trailing Twelve Month EBITDA of the Borrower and the Guarantors as of the last day of any fiscal quarter shall not be lower than specified amounts in the Credit Agreement.

Effect of Restrictive and Financial Covenants. The restrictive and financial covenants in the Term Loan Credit Agreements and the ABL Credit Agreement may adversely affect DMFI's ability to finance its future operations or capital needs or engage in other business activities that may be in its interest, such as acquisitions.

The Group is compliant with its loan covenants as of 30 April 2018 and 2017.

19. LOANS AND BORROWINGS (CONT'D)

Unsecured Bank Loans

Certain unsecured bank loan agreements contain various affirmative and negative covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover and maximum annual capital expenditure restrictions. These covenants include requirements for delivery of periodic financial information and restrictions and limitations on indebtedness, investments, acquisitions, guarantees, liens, asset sales, disposals, mergers, changes in business, dividends and other transfers.

BDO bank loans

	Principal US$'000	Debt-to equity ratio	Interest coverage
Unsecured bridging loan	54,000	8.0x	1.5x
Unsecured bridging loan	130,000	3.0x*	2.0x**

* applicable for FY2018 to FY2020
** applicable for FY2017 to FY2020

The Company and the Group is compliant with its loan covenants as at 30 April 2018 and 2017.

Ability to Incur Additional Indebtedness. On 12 December 2017, the Company entered into a Third Amendment Agreement with BDO that gives the Company the right to reborrow up to an aggregate amount of US$200 million, subject to the terms of such amendment agreement.

20. OTHER NONCURRENT LIABILITIES

	Group	
	30 April 2018 US$'000	30 April 2017 US$'000
Workers' compensation	22,209	23,410
Accrued lease liabilities	7,555	7,036
Derivative liabilities	1,803	8,442
Accrued vendors liabilities	1,208	–
Due to related party – non current	684	–
Deferred rental liabilities	333	3,818
Other payables	1,403	1,312
	35,195	44,018

Workers' compensation are liabilities for wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

Derivative liabilities

The Group uses interest rate swaps, commodity swaps and forward foreign currency contracts to hedge market risks relating to possible adverse changes in interest rates, commodity costs and foreign currency exchange rates. The Group continually monitors its positions and the credit rating of the counterparties involved to mitigate the amount of credit exposure to any one party.

20. OTHER NONCURRENT LIABILITIES (CONT'D)

As of 30 April 2018 and 2017, the Group designated each of its derivative contracts as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognised asset or liability ("cash flow hedge"). The following cash flow hedges were outstanding for the Group:

	Note	Group 30 April 2018 US$'000	Group 30 April 2017 US$'000
Interest rate swap	32	(5,017)	(17,891)
Peso foreign exchange contracts		–	2,565
Commodity contracts		259	38
Total		(4,758)	(15,288)
Included in :			
Prepaid expense and other current assets	14	305	2,685
Trade and other payables	23	(3,260)	(9,531)
Other noncurrent liabilities		(1,803)	(8,442)
		(4,758)	(15,288)

The effect of economic hedges in the consolidated income statement were as follows:

	Group 30 April 2018 US$'000	Group 30 April 2017 US$'000
Commodity contracts	(1,381)	(984)
Foreign exchange contracts	(3,422)	787

At 30 April 2018, US$3.5 million (30 April 30 2017: US$7.6 million) are expected to be reclassified from OCI to the consolidated income statement within the next 12 months.

21. EMPLOYEE BENEFITS

	Group 30 April 2018 US$'000	Group 30 April 2017 US$'000
Pension asset	10,607	5,517
Total pension asset (noncurrent)	10,607	5,517
Post-retirement benefit obligation	34,594	39,017
Executive retirement plan	5,169	5,423
Cash incentive award	7,459	3,707
Short-term employee benefits	30,278	16,558
Other plans	6,499	7,114
Net defined benefit liability	30,551	37,945
Total employee benefit liability	114,550	109,764
Current	37,645	22,165
Noncurrent	76,905	87,599
	114,550	109,764

21. EMPLOYEE BENEFITS (CONT'D)

The Group contributes to the following post-employment defined benefit plans:

The DMPI Plan

DMPI has a funded defined benefit plan wherein starting on the date of membership of an employee in the DMPI Plan, DMPI contributes to the retirement fund 7.00% of the member's salary as defined every month. In addition, DMPI contributes periodically to the fund the amounts which shall be required, if any, to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable on retirement. DMPI's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

DMPI expects to pay US$1.80 million in contributions to the pension plan in fiscal year 2019.

The ROHQ Plan

ROHQ has a funded defined benefit plan wherein starting on the date of membership of an employee in the ROHQ Plan, ROHQ contributes to the retirement fund 7.00% of the member's salary as defined every month. In addition, ROHQ contributes periodically to the fund the amounts which shall be required, if any, to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable on retirement. ROHQ's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

ROHQ expects to pay US$0.06 million in contributions to the pension plan in fiscal year 2019.

The DMFI Plan

DMFI sponsors a qualified defined benefit pension plan (the "DMFI Plan") and several unfunded defined benefit post-retirement plans providing certain medical, dental, and life insurance benefits to eligible retired, salaried, non-union hourly and union employees. The DMFI Plan comprises of two parts:

The first part is a cash balance plan ("Part B") which provides benefits for eligible salaried employees and provides that a participant's benefit derives from the accumulation of monthly compensation and interest credits. Compensation credits are calculated based upon the participant's eligible compensation and age each month. Interest credits are calculated each month by applying an interest factor to the previous month's ending balance. Participants may elect to receive their benefit in the form of an annuity or a lump sum. Part B of the plan was frozen to new participants effective 31 December 2016, which the active participation of certain participants was grandfathered subject to meeting participation requirements.

21. EMPLOYEE BENEFITS (CONT'D)

The DMFI Plan (cont'd)

The second part is an arrangement which provides for grandfathered and suspended hourly participants a traditional pension benefit based upon service, final average compensation, and age at termination. This plan was frozen since 31 December 1995, which the active participation of certain participants was grandfathered and the active participation of other participants was suspended.

DMFI currently meets and plans to continue to meet the minimum funding levels required under local legislation, which imposes certain consequences on DMFI's defined benefit plan if it does not meet the minimum funding levels. DMFI has not made any contributions during the year.

DMFI does not expect to make contributions to the plan in 2019.

Movement in net defined benefit liability (asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability (asset) and its components:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	30 April 2018 US$'000	30 April 2017 US$'000	30 April 2018 US$'000	30 April 2017 US$'000	30 April 2018 US$'000	30 April 2017 US$'000
Group						
Balance, Beginning	418,602	438,697	(347,157)	(346,580)	71,445	92,117
Included in profit or loss:						
Current service cost	9,620	10,595	–	–	9,620	10,595
Plan administration cost	–	–	926	691	926	691
Interest cost/ (income)	16,688	17,819	(13,845)	(14,188)	2,843	3,631
	444,910	467,111	(360,076)	(360,077)	84,834	107,034
Included in OCI						
Remeasurements loss/(gain):						
– Actuarial loss/(gain) arising from:						
– financial assumptions	(17,043)	3,293	–	–	(17,043)	3,293
– demographic assumptions	(2,396)	(7,045)	–	–	(2,396)	(7,045)
– experience adjustment	(6,755)	(3,875)	–	–	(6,755)	(3,875)
– Return on plan assets excluding interest income	–	–	(6,976)	(10,477)	(6,976)	(10,477)
– Effect of movements in exchange rates	(1,158)	(2,389)	1,519	2,201	361	(188)
	(27,352)	(10,016)	(5,457)	(8,276)	(32,809)	(18,292)
Others						
Contributions	–	–	(2,080)	(15,513)	(2,080)	(15,513)
Benefits paid	(32,453)	(38,493)	30,674	36,709	(1,779)	(1,784)
	(32,453)	(38,493)	28,594	21,196	(3,859)	(17,297)
Changes arising from the effect of the asset ceiling	–	–	–	–	6,372	–
Balance, Ending	385,105	418,602	(336,939)	(347,157)	54,538	71,445

21. EMPLOYEE BENEFITS (CONT'D)

Represented by:

	Net defined benefit liability/(asset)	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Net defined benefit asset	(10,607)	(5,517)
Post-retirement benefit obligation	34,594	39,017
Net defined benefit liability	30,551	37,945
	54,538	71,445

During fiscal year 2016, a change to the post-retirement benefits plan of certain non-union employees were made where current retiree medical and dental benefits were replaced for contributions to a health reimbursement arrangement (HRA) account. As a result of the plan amendment, the Group's defined benefit obligation decreased by US$40.7 million. A corresponding reduction against past service cost was recognised as part of "General and administrative expenses" account in the 2016 income statement of the Group.

Plan assets

Plan assets comprise:

	Group	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Interest-bearing cash/bank deposits	10,791	5,710
Real estate	15,176	15,130
Common collective trust funds		
Fixed income	74,884	88,577
Equity fund	107,320	113,164
Mutual funds		
Equity fund	8,647	9,143
Debt instruments		
Corporate	41,491	39,348
Government	44,566	50,613
Others	6,272	5,958
Equity securities		
Quoted	15,069	3,053
Others	12,723	16,461
Fair value of plan assets	336,939	347,157

The BOD of DMFI reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. DMFI's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments match the expected cash outflows arising from the retirement benefit obligation.

DMFI's investment objectives are to ensure that the assets of its qualified defined benefit plan are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plan's benefit obligations as they become due.

DMFI believes that a well-diversified investment portfolio, including both equity and fixed income components, will result in the highest attainable investment return with an acceptable level of overall risk. DMFI's investment policies and procedures are designed to ensure that the plan's investments are in compliance with the Employee Retirement Income Security Act (ERISA).

21. EMPLOYEE BENEFITS (CONT'D)

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuary who carries out a full valuation annually. The last valuation of these obligations and plan was performed in April 2018 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 30 April 2018.

The principal actuarial assumptions used for accounting purposes expressed as weighted-average were:

	DMFI	
	30 April 2018	**30 April 2017**
Discount rate (per annum)	4.05% – 4.25%	4.15% – 4.25%
Future salary increases (per annum)	3.00% – 4.00%	3.00% – 4.00%
Current health care cost trend rate (per annum)	7.10%	7.30%/7.50%
Ultimate health care cost trend rate	4.50%	4.00%
Mortality rate	RP-2014 adjusted backward to 2006 with MP-2014 and projected forward using MP-2017	RP-2014 adjusted backward to 2006 with MP-2014 and projected forward using MP-2016

	DMPI	
	30 April 2018	**30 April 2017**
Discount rate (per annum)	7.88%	5.08%
Future salary increases (per annum)	6.00%	6.80%

	ROHQ	
	30 April 2018	**30 April 2017**
Discount rate (per annum)	8.04%	–
Future salary increases (per annum)	6.00%	–

Since the defined benefit plans and other benefits liabilities are measured on a discounted basis, the discount rate is a significant assumption. The discount rate was determined based on an analysis of interest rates for high-quality, long-term corporate debt at each measurement date. In order to appropriately match the bond maturities with expected future cash payments, the Group utilised differing bond portfolios to estimate the discount rates for the defined benefits pension plans and for the post-retirement benefits.

The discount rate used to determine the defined benefit plans and for the post-retirement benefits projected benefit obligation as of the balance sheet date is the rate in effect at the measurement date. The same rate is also used to determine the defined benefit pension plans and post-retirement benefits for the following fiscal year. The long-term rate of return for defined benefits pension plans' assets is based on the Group's historical experience; the defined benefits pension plans' investment guidelines and the Group's expectations for long-term rates of return. The defined benefits pension plans' investment guidelines are established based upon an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments. Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 30 April 2018, the weighted-average duration of DMPI's and ROHQ's defined benefit retirement obligation is 8.5 years and 8.8 years, respectively.

21. EMPLOYEE BENEFITS (CONT'D)

The projected future benefit payments for the DMPI and ROHQ plans as of 30 April 2018 are as follows:

	DMPI US$'000	ROHQ US$'000	Total Expected Benefit Payments US$'000
2019	4,229	1	4,230
2020	2,556	2	2,558
2021	2,386	3	2,389
2022	2,551	4	2,555
2023	2,037	5	2,042
2024 to 2028	15,351	580	15,931

The weighted-average duration of DMFI's defined benefit retirement obligation for each year are as follows.

	Duration (years)	
	30 April 2018	30 April 2017
Qualified retirement plan	9.3	9.9
Post-retirement benefits plan	11.1	12.4
Executive retirement plans	6.5 – 10.7	5.6 – 11.7

The projected future benefit payments for the DMFI plan as of 30 April 2018 are as follows:

	Normal Retirement US$'000	Other than Normal Retirement US$'000	Total US$'000
Less than one year	28,541	2,472	31,013
More than one year to five years	109,416	9,759	119,175
More than five years	122,406	11,352	133,758

The weighted-average asset allocation of the Group's pension plan assets and weighted-average target allocation as of the measurement date from date of incorporation is as follows:

	30 April 2018	Target Allocation Range
Equity securities	39%	31-51%
Debt securities	27%	42-64%
Other	34%	2-19%
Total	100%	

	30 April 2017	Target Allocation Range
Equity securities	40%	31-51%
Debt securities	53%	42-64%
Other	7%	2-19%
Total	100%	

The plan exposes the Group to market risk.

21. EMPLOYEE BENEFITS (CONT'D)

The BOD of DMFI approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOD of DMFI may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Source of estimation uncertainty

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

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of reporting period would have increased (decreased) as a result of a change in the respective assumptions by the respective percentages below.

Defined benefit obligation	**DMFI**			
	2018		**2017**	
	0.5% increase US$'000	**0.5% decrease US$'000**	**0.5% increase US$'000**	**0.5% decrease US$'000**
Discount rate (per annum)	(13,502)	14,646	(15,217)	16,578
Future salary increases (per annum)	1,364	(1,318)	1,522	(1,482)

Defined benefit obligation	**DMPI**			
	2018		**2017**	
	1.0% increase US$'000	**1.0% decrease US$'000**	**1.0% increase US$'000**	**1.0% decrease US$'000**
Discount rate (per annum)	(1,858)	2,139	(2,465)	2,954
Future salary increases (per annum)	1,901	(1,683)	1,424	(1,174)

Defined benefit obligation	**ROHQ**			
	2018		**2017**	
	1.0% increase US$'000	**1.0% decrease US$'000**	**1.0% increase US$'000**	**1.0% decrease US$'000**
Discount rate (per annum)	(30)	31	–	–
Future salary increases (per annum)	34	(28)	–	–

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 30 April 2018 and are applied to adjust the defined benefit obligation at the end of the report period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumption shown.

21. EMPLOYEE BENEFITS (CONT'D)

Sensitivity analysis

Post-retirement benefit obligation

	DMFI			
	2018		2017	
	1.0% increase US$'000	1.0% decrease US$'000	1.0% increase US$'000	1.0% decrease US$'000
Health care cost trend rates (per annum)	2,991	(2,501)	3,994	(3,284)

Accumulated post-retirement benefit obligation

The accumulated post-retirement benefit obligation is computed in accordance with IAS 19 *Employee Benefits*. This quantity is the actuarial present value of all benefits attributed under the projected unit credit method to service rendered prior to a particular date. Prior to an employee's full eligibility date, the accumulated post-retirement benefit obligation as of a particular date for an employee is the portion of the expected post-retirement benefit obligation attributed to that employee's service rendered to that date; on and after the full eligibility date, the accumulated and expected post-retirement benefit obligations for an employee are the same.

Source of estimation uncertainty

Accumulated post-retirement benefit obligation is determined using certain actuarial estimates and assumptions relating to the annual rate(s) of change in the cost of health care benefits currently provided by the post-retirement benefit plans due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. These estimates and assumptions directly influence the amount of the pension assets/liabilities and expense recognised in the financial statements.

Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to covered union employees. Contributions rates to the multi-employer plans are provided in the collective bargaining agreements for the covered union employees. The contribution rates are expressed in terms of specific amounts to be contributed based on hours worked by covered union employees. The Group made contributions of US$6.1 million and US$7.1 million during fiscal years 2018 and 2017, respectively.

The risks of participating in the multi-employer pension plans are as follows:

- assets contributed to the multi-employer plan by the Group may be used to provide benefits to employees of other participating employers;
- if a participating employer stops contributing to the plan, the unfunded obligations of the plan allocable to such withdrawing employer may be partially borne by the Group; and
- if the Group stops participating in some of its multi-employer pension plans, the Group may be required to pay those plans an amount based on its allocable share of the underfunded status of the plan, referred to as a withdrawal liability.

21. EMPLOYEE BENEFITS (CONT'D)

Defined Contribution Plans

The Group participates in two defined contribution plans. Group contributions to these defined contribution plans are based on employee contributions and compensation. The expense recognised under these plans for the year ended 30 April 2018 was US$4.8 million (30 April 2017: US$4.3 million; 30 April 2016: US$5.1 million).

Other plans

The Group has various other nonqualified retirement plans and supplemental retirement plans for executives, designed to provide benefits in excess of those otherwise permitted under the Group's qualified retirement plans. These plans are unfunded and comply with IRS rules for nonqualified plans.

22. ENVIRONMENTAL REMEDIATION LIABILITIES

	Note	Group	
		30 April 2018 US$'000	30 April 2017 US$'000
At beginning of the year		6,198	6,313
Provision made during the period		31	80
Reversal during the period		(5,837)	–
Provisions used during the period		(78)	(195)
Reclassification		(170)	–
At end of the year		144	6,198

Provision for environmental remediation relates to legal or constructive obligations incurred by the Group in connection with its operations. In connection with sales of property in Rochelle, Illinois and Turkey, North Carolina, US$4.0 million and US$1.8 million, respectively, of environmental provisions were released in fiscal year 2018.

23. TRADE AND OTHER CURRENT LIABILITIES

	Note	Group 30 April 2018 US$'000	Group 30 April 2017 US$'000	Company 30 April 2018 US$'000	Company 30 April 2017 US$'000
Trade payables		156,450	162,505	479	783
Deferred revenue		13,592	–	–	–
Accrued operating expenses:					
Advertising		12,582	12,220	–	–
Professional fees		10,189	13,591	1,725	2,796
Trade promotions		32,145	40,294	–	–
Accrued interest		9,594	11,133	–	–
Taxes and insurance		7,355	8,639	–	–
Freight and warehousing		5,214	6,320	–	–
Plant closure costs		3,025	–	–	–
Miscellaneous		3,625	5,256	2,765	1,991
Other payables		7,339	4,623	39	–
Accrued payroll expenses		5,583	8,282	2,874	4,467
Overdrafts		3,606	12,191	–	–
Derivative liabilities	20	3,260	9,531	–	–
Withheld from employees (taxes and social security cost)		1,527	1,692	35	20
VAT payables		1,215	131	136	131
Advances from customers		317	3,137	–	–
Amounts due to subsidiaries (nontrade)	37	–	–	79,020	108,283
		276,618	299,545	87,073	118,471

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

Accrued miscellaneous include interest, utilities, customer deposits, freight and warehousing and customs and other importation incidental costs.

Sources of estimation uncertainty

The determination of the unbilled trade promotion accrual requires significant estimation of the lag time when the services are performed and billings are received.

24. REVENUE

Revenue of the Group comprises gross invoiced sales of goods, net of discounts and returns, and is recognised when goods are delivered, and title has passed to customers. All intra-group transactions have been excluded from Group revenue.

Revenue for fiscal year ended 30 April 2018 is net of discounts of US$87.1 million, returns of US$20.6 million and direct promotions of US$486.5 million. Revenue for fiscal year ended 30 April 2017 is net of discounts of US$86.0 million, returns of US$20.1 million and direct promotions of US$491.2 million. Revenue for fiscal year ended 30 April 2016 is net of discounts of US$85.2 million, returns of US$19.0 million and direct promotions of US$485.2 million.

25. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived at after charging (crediting):

	Note	Group			Company		
		Year ended 30 April 2018 US$'000	**Year ended 30 April 2017 US$'000**	**Year ended 30 April 2016 US$'000**	**Year ended 30 April 2018 US$'000**	**Year ended 30 April 2017 US$'000**	**Year ended 30 April 2016 US$'000**
Inventories recognised as cost of sales	12	1,241,195	1,288,042	1,316,517	–	–	–
Depreciation of property, plant and equipment	5	140,061	138,995	139,991	–	–	–
Operating lease rentals	35	62,272	64,951	52,141			–
Changes in fair value of agricultural produce harvested and sold	11	36,651	33,501	22,060	–	–	–
Impairment loss (reversal of impairment) on property, plant and equipment	5	24,534	(330)	4,928	–	–	–
Allowance for inventory obsolescence	12	21,823	7,415	2,926	–	–	–
Research and development expenses		13,522	2,779	12,615	–	–	–
Amortisation of intangible assets	8	7,784	9,347	9,327	–	–	–
Impairment of (reversal of allowance for) trade and nontrade receivables	13	502	791	(1,355)	–	–	–
Audit fees							
– paid to the auditors of the Company		340	371	339	340	371	339
– paid to other auditors		1,064	1,553	2,374	–	–	354
Non-audit fees							
– paid to other auditors		150	667	579	11	14	99
Loss (gain) on disposal of property, plant and equipment	5	(11,317)	729	1,052	–	–	–
Impairment loss on noncurrent assets held for sale	16	–	–	1,659	–	–	–
Income from post-closing working capital amount		–	–	(38,000)	–	–	–
Staff costs							
Wages and salaries		353,944	385,192	375,982	3,533	3,792	8,768
Social security costs		17,063	18,760	20,471	–	–	–
Pension costs – defined benefit pension plan*		13,390	14,917	(23,392)	–	–	–
Pension costs – provident fund		5,366	4,825	5,131	–	–	–
Equity-settled share-based payment transactions	31	377	890	713	30	96	161

* includes effect of post-retirement medical plan amendment and enhanced early retirement program

Other expenses not included above are advertising and marketing costs, freight, warehousing costs and others.

26. NET FINANCE EXPENSE

	Note	Group Year ended 30 April 2018 US$'000	Group Year ended 30 April 2017 US$'000	Group Year ended 30 April 2016 US$'000	Company Year ended 30 April 2018 US$'000	Company Year ended 30 April 2017 US$'000	Company Year ended 30 April 2016 US$'000
Finance income							
Interest income from							
– bank deposits	19,37	269	129	365	5	4	2
– due from a related party		–	–	–	1,079		
– others		871	362	–	–	–	–
Gain on purchase of second lien term loan	19	33,623	–	–	–	–	–
Foreign exchange gain		6,709	5,318	1,866	2	43	–
		41,472	5,809	2,231	1,086	47	2
Finance expense							
Interest expenses on							
– bank loans		(93,169)	(101,375)	(89,843)	(13,910)	(21,047)	(19,809)
Amortisation of debt issue cost, discount	19	(9,154)	(8,613)	(8,775)	(2,364)	(1,740)	(1,884)
Foreign exchange loss		(3,330)	(1,080)	(963)	(1)	(42)	(10)
		(105,653)	(111,068)	(99,581)	(16,275)	(22,829)	(21,703)
Net finance expense		(64,181)	(105,259)	(97,350)	(15,189)	(22,782)	(21,701)

As discussed in Note 19, the Group recognised a gain of US$33.6 million on derecognition of a portion of the Second Lien term loan.

27. TAX EXPENSE (CREDIT) – NET

	Note	Group Year ended 30 April 2018 US$'000	Group Year ended 30 April 2017 US$'000	Group Year ended 30 April 2016 US$'000
Current tax expense				
– current year		11,701	6,730	12,729
Deferred tax credit				
– origination and reversal of temporary differences	9	3,143	(6,179)	(3,786)
		14,844	551	8,943
Reconciliation of effective tax rate				
Profit (loss) before taxation		(36,232)	20,442	68,919
Taxation on profit at applicable tax rates		42,296	9,898	18,600
Non-deductible expenses		(515)	(9,347)	(9,657)
Change in tax rate		(26,937)	–	–
		14,844	551	8,943

27. TAX EXPENSE (CREDIT) – NET (CONT'D)

	Company		
	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Current tax expense			
– current year	25	14	5
Deferred tax credit			
– origination and reversal of temporary differences	(9)	(2)	–
	16	12	5

	Group		
	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Applicable tax rates			
– Philippines (non-PEZA)	30%	30%	30%
– Philippines (PEZA)*	5%	5%	5%
– India	31%	31%	31%
– Singapore	17%	17%	17%
– United States of America	25%	38%	38%
– Mexico	30%	30%	30%

* based on gross profit for the year

DMPI's core production operations in Cagayan de Oro City, Philippines is under Philippine Packing Agricultural Export Processing Zone. This new zone has been established in accordance with the policies of the Philippine Economic Zone Authority (PEZA). DMPI enjoys certain fiscal and non-fiscal incentives including a 5% (2017 and 2016: 5%) tax on gross profit in lieu of the statutory 30% (2017 and 2016: 30%) on profit before tax, duty free importation of capital equipment, raw materials and supplies used in pursuit of its Ecozone-registered activities, among other incentives. The incentives will be available for as long as DMPI complies with the PEZA's requirements which includes exporting 70% of its production. This current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021.

DMPI has received the PEZA approval for a second zone, the Bukidnon Agro-Resources Export Zone, for agri-development projects. This current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021.

On 22 December 2017, the United States enacted the Tax Cuts and Jobs Act ("Act"). The Act lowered the U.S. federal statutory income tax rate from 35% to 21% effective 1 January 2018.

Company

There is no tax expense for the Company as the income of the Company is exempt from all income taxes in the British Virgin Islands except for ROHQ in the Philippines which has a preferential tax rate of 10%.

Republic Act (RA) No. 1096 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on 19 December 2017 and took effect 1 January 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

27. TAX EXPENSE (CREDIT) – NET (CONT'D)

Sources of estimation uncertainty

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

28. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

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

Cumulative undeclared preference dividends as of 30 April 2018 is US$1.3 million (30 April 2017: US$0.8 million).

	Group		
	Year ended 30 April 2018	**Year ended 30 April 2017**	**Year ended 30 April 2016**
Profit (loss) attributable to owners of the Company (US$'000)	(36,492)	24,366	56,978
Cumulative preference share dividends (US$'000)	(15,958)	(847)	–
	(52,450)	23,519	56,978
Weighted-average number of ordinary shares ('000):			
Outstanding ordinary shares at 1 May	1,943,214	1,943,214	1,944,035
Effect of own shares held during the period	–	–	(426)
Effect of share awards granted	456	–	–
Weighted-average number of ordinary shares during the year	1,943,670	1,943,214	1,943,609
Basic earnings (loss) per share (in US cents)	(2.70)	1.21	2.93

28. EARNINGS (LOSS) PER SHARE (CONT'D)

Diluted earnings (loss) per share

For the purpose of calculation of the diluted earnings per ordinary share, the weighted-average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

	Group		
	Year ended 30 April 2018	**Year ended 30 April 2017**	**Year ended 30 April 2016**
Profit (loss) attributable to owners of the Company (US$'000)	(36,492)	24,366	56,978
Cumulative preference share dividends (US$'000)	(15,958)	(847)	–
	(52,450)	23,519	56,978
Diluted weighted-average number of shares ('000):			
Weighted-average number of ordinary shares at end of year (basic)	1,943,670	1,943,214	1,943,609
Potential ordinary shares issuable under share awards	–	746	736
Weighted-average number of ordinary shares issued (diluted)	1,943,670	1,943,960	1,944,345
Diluted earnings (loss) per share (in US cents)	(2.70)	1.21	2.93

The potential ordinary shares issuable under the Del Monte ESOP were excluded from the diluted weighted-average number of ordinary shares calculation for the year ended 30 April 2017 and 2016 because their exercise price is greater than the market price. As at 30 April 2018, all shares under the Del Monte ESOP have expired.

29. OPERATING SEGMENTS

The Group has two operating segments: geographical and product. In identifying these operating segments, management generally considers geographical as its primary operating segment.

Geographical segments

Americas

Reported under the Americas segment are sales and profit on sales in North and South America, and Canada. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales across various channels include retail markets, as well as to the United States military, certain export markets, the food service industry and other food processors.

Asia Pacific

Reported under Asia Pacific are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; Today's; S&W products in Asia both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded fresh and packaged goods.

Europe

Included in Europe segment are sales of unbranded products in Europe.

29. OPERATING SEGMENTS (CONT'D)

Product segments

Packaged fruit and vegetable

The packaged fruit and vegetable segment includes sales and profit of processed fruit and vegetable products under the Del Monte and S&W brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Key products under this segment are canned beans, peaches and corn sold in the United States and canned pineapple and tropical mixed fruit in Asia Pacific.

Beverage

Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can, tetra and PET packaging, and pineapple juice concentrate.

Culinary

Culinary includes sales and profit of packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments under four brands namely Del Monte, S&W, College Inn and Contadina.

Fresh fruit and others

Fresh fruit and others include sales and profit of S&W branded fresh pineapples in Asia Pacific and buyer's label or non-branded fresh pineapples in Asia, and sales and profit 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. This would also include non-branded sales to South America.

The Group allocated certain overhead and corporate costs to the various product segments based on sales for each segment relative to the entire Group.

Segment assets

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables, biological assets, inventories and investments in joint ventures.

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Americas			Asia Pacific			Europe			Total		
	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Revenue												
Packaged/processed fruit and vegetable	1,349,509	1,363,015	1,446,602	123,136	127,092	116,100	24,359	28,254	19,039	1,497,004	1,518,361	1,581,741
Beverage	19,522	28,859	28,691	131,412	131,258	132,268	9,133	14,745	14,755	160,067	174,862	175,714
Culinary	274,208	298,454	294,486	123,620	120,857	122,063	–	–	–	397,828	419,311	416,549
Fresh fruit and others	2,217	1,108	90	140,193	139,141	99,991	–	–	–	142,410	140,249	100,081
Total	**1,645,456**	**1,691,436**	**1,769,869**	**518,361**	**518,348**	**470,422**	**33,492**	**42,999**	**33,794**	**2,197,309**	**2,252,783**	**2,274,085**
Gross profit												
Packaged/processed fruit and vegetable	214,615	239,208	266,422	37,704	38,694	31,444	8,587	11,706	5,510	260,906	289,608	303,376
Beverage	(275)	10,018	4,022	37,014	41,212	39,188	(2,585)	6,403	6,022	34,154	57,633	49,232
Culinary	44,226	54,949	56,020	48,582	46,268	46,212		–	–	92,808	101,217	102,232
Fresh fruit and others	499	250	12	44,107	46,184	30,964		–	–	44,606	46,434	30,976
Total	**259,065**	**304,425**	**326,476**	**167,407**	**172,358**	**147,808**	**6,002**	**18,109**	**11,532**	**432,474**	**494,892**	**485,816**
Share in net loss of joint ventures and subsidiaries												
Packaged/processed fruit and vegetable	–	–	–	(97)	(491)	(523)	–	–	–	(97)	(491)	(523)
Beverage	–	–	–	(23)	(97)	(123)	–	–	–	(23)	(97)	(123)
Culinary	–	–	–	(185)	(1,003)	(1,001)	–	–	–	(185)	(1,003)	(1,001)
Fresh fruit and others	–	–	–	(1,247)	(318)	(70)	–	–	–	(1,247)	(318)	(70)
Total	**–**	**–**	**–**	**(1,552)**	**(1,909)**	**(1,717)**	**–**	**–**	**–**	**(1,552)**	**(1,909)**	**(1,717)**

29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Americas			Asia Pacific			Europe			Total		
	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Profit (loss) before taxation												
Packaged/processed fruit and vegetable	(81,733)	(55,362)	9,501	20,404	17,617	10,828	5,618	8,265	3,020	(55,711)	(29,480)	23,349
Beverage	(5,775)	1,021	(1,795)	9,683	13,752	11,577	(3,685)	–	4,347	223	14,773	14,129
Culinary	(27,904)	(13,095)	2,233	24,789	17,915	19,171	–	4,781	–	(3,115)	9,601	21,404
Fresh fruit and others	(51)	2,790	(5,440)	22,422	22,758	15,477	–	–	–	22,371	25,548	10,037
Total	**(115,463)**	**(64,646)**	**4,499**	**77,298**	**72,042**	**57,053**	**1,933**	**13,046**	**7,367**	**(36,232)**	**20,442**	**68,919**
Other Material Non-Cash Items												
Depreciation and amortisation	54,677	47,278	56,971	93,168	101,064	92,347	–	–	–	147,845	148,342	149,318
Capital expenditure	**30,937**	**44,591**	**42,823**	**79,801**	**99,532**	**94,407**	**–**	**–**	**–**	**110,738**	**144,123**	**137,230**
Segment assets	**1,972,616**	**2,228,986**	**2,243,508**	**521,213**	**503,177**	**444,195**	**15,297**	**24,983**	**18,687**	**2,509,126**	**2,757,146**	**2,706,390**
Segment liabilities	**1,198,647**	**1,508,147**	**1,556,300**	**624,249**	**610,411**	**750,370**	**77,970**	**60,033**	**22,743**	**1,900,866**	**2,178,591**	**2,329,413**

Major customer

Revenues from a major customer of the Americas segment for fiscal year 2018 amounted to approximately US$631.9 million or 29% (fiscal year 2017: US$630.3 million or 28%, fiscal year 2016: US$585.0 million or 26%) of the Group's total revenue. The customer accounted for approximately 22% of trade and other receivable 30 April 2018 (30 April 2017: 15%, 10 April 2016: 16%).

30. SEASONALITY OF OPERATIONS

The Group's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. For Americas, products are sold heavily during the Thanksgiving and Christmas seasons. As such, the Group's sales are usually highest during the three months from August to October.

The Group operates 14 production facilities (30 April 2017 and 2016: 15 production facilities) in the U.S., Mexico, and Philippines. Fruit plants are located in California and Washington in the United States and Philippines, most of its vegetable plants are located in the U.S. Midwest and its tomato plants are located in California and Indiana.

The U.S. Consumer Food Business has a seasonal production cycle that generally runs between the months of June and October. This seasonal production primarily relates to the majority of processed fruit, vegetable and tomato products, while some of its processed fruit and tomato products and its *College Inn* broth products are produced throughout the year. Additionally, the Consumer Food Business has contracts to co-pack certain processed fruit and vegetable products for other companies.

31. SHARE OPTION AND INCENTIVE PLANS

The Del Monte Pacific Executive Stock Option Plan 1999 ("ESOP 1999") of the Company was approved and amended by its shareholders at general meetings held on 30 July 1999 and 21 February 2002 respectively. No further options could be granted pursuant to the ESOP 1999 as it had expired on 24 July 2009. The options granted by the Company prior to 24 July 2009 are valid for a period of ten years from the date of the grant of options.

The Company adopted a new plan, the Del Monte Pacific Executive Share Option Plan 2016 ("ESOP 2016"), which was approved by the shareholders at the general meeting held on 30 August 2016. The purpose of the ESOP 2016 is to provide an opportunity for Group executives to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 shall be valid for a period of ten years; however, it has yet to be implemented.

The Company also had two share plans, the Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP") and the Del Monte Pacific PSP Performance Share Plan ("Del Monte Pacific PSP") (collectively the "Share Plans"), which were approved by the Company's shareholders at the general meeting held on 26 April 2005. The Share Plans sought to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees targeted at executives holding key positions. The Share Plans expired after ten years or on 25 April 2015. Any share awards granted prior to the expiration of the Share Plans would continue to be valid.

Other information regarding the Del Monte Pacific RSP are as follows:

(a) No minimum vesting periods are prescribed.

(b) The length of the vesting period(s) in respect of each award granted will be determined on a case-to-case basis by the RSOC.

(c) Delivery of shares upon vesting of the share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

On 12 May 2009, six employees of related companies were granted an aggregate of 3,749,000 share awards at the market price of 0.540 Singapore dollar (S$) per share.

31. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

On 29 April 2011, 2,643,000 shares were awarded at the market price of S$0.485 per share to Mr. Joselito D Campos, Jr, an associate of a controlling shareholder, approved by shareholders at the Annual General Meeting of the Company held on 29 April 2011.

On 30 April 2013, 211,440 shares were awarded to Joselito D Campos, Jr, and 275,440 shares to five employees of related companies, representing 20% adjustment to the number of unvested share awards previously granted, at the market price of S$0.810 per share.

On 22 August 2013, 688,000 shares were awarded at the market price of S$0.840 per share to each Group Non-Executive Director/Group Executive Director.

On 1 July 2015, 57,918 shares were awarded at the market price of S$0.385 per share to six Directors of the Company, arising from the rights issue of shares carried out by the Company on 10 March 2015. The grant of the additional 57,918 share awards was for the adjustment to account for the dilutive effect arising from the rights issue on the unvested share awards previously granted by the Company.

Other information regarding the Del Monte Pacific PSP is set out below:

(a) Vesting periods are not applicable.

(b) Shares awarded are released at the end of the performance period (typically, at the conclusion of a financial year end) once the RSOC is satisfied that the prescribed performance target(s) have been achieved by awardees.

(c) Delivery of share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

As at the date of this report, no share awards have been granted pursuant to the Del Monte Pacific PSP.

The RSOC is responsible for administering the ESOPs and the Share Plans.

Details of the outstanding options granted to the Company's directors and employees under the ESOP 1999 and Del Monte Pacific RSP on unissued ordinary shares of the Company at the reporting date, are as follows:

ESOP

			Options outstanding		
Date of grant of options	**Exercise period**	**Exercise price S$**	**30 April 2018**	**30 April 2017**	**30 April 2016**
7 March 2008	Up to 60%: 7 March 2010 – 6 March 2011	0.627	–	750,000	750,000
	40%: 7 March 2011 – 6 March 2018		–		
30 April 2013*	Up to 100%: 30 April 2013 – 6 March 2018	0.627	–	150,000	150,000
1 July 2015	Up to 100%: 6 March 2018	0.578	–	75,765	75,765
			–	975,765	975,765

* On 30 April 2013, the Company approved the grant of 150,000 stock options, representing a 20% adjustment to the number of unexercised stock options previously granted. The exercise period therefore follows that of the options granted on 7 March 2008.

As of 30 April 2018, the number of outstanding ESOP options is nil due to the lapse of its exercise period.

31. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Del Monte Pacific RSP

Date of grant of share awards	Vesting period	Market price on date of grant S$	Share awards granted	Share awards outstanding
22 August 2013	Up to 60%: 22 August 2013 – 21 August 2016 40%: 22 August 2016 – 21 August 2017	0.840	688,000	–
1 July 2015	Up to 60%: 22 August 2016 – 21 August 2017 40%: 22 August 2017 – 21 August 2018	0.385	57,918	–
			745,918	–

Since the commencement of the employee share option plans until the end of the financial year, no option have been granted at a discount.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

On 20 September 2017, the Company released all of its outstanding share awards to its Directors. There were no additional share options exercised during the fiscal year ended 30 April 2018.

Fair value of share options/awards and assumptions

Date of grant of options/awards	7 March 2008	30 April 2013	1 July 2015	12 May 2009	29 April 2011	30 April 2013	22 August 2013	1 July 2015
	ESOP			Del Monte Pacific RSP				
Fair value at measurement date	US$0.12	US$0.18	US$0.29	US$0.37	US$0.40	US$0.18	US$0.65	US$0.29
Share price (Singapore Dollars) at grant date	0.615	0.810	0.385	0.540	0.485	0.810	0.840	0.385
Exercise price (Singapore Dollars)	0.627	0.627	0.578	–	–	–	–	–
Expected volatility	5.00%	2.00%	2.00%	–	–	–	–	–
Time to maturity	2 years	2 years	2 years	–	–	–	–	–
Risk-free interest rate	3.31%	1.51%	2.51%	–	–	–	–	–

The expected volatility is based on the historic volatility (calculated based on the weighted-average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

31. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Del Monte Foods Holding Equity Compensation Plan

The 2014 Equity Compensation Plan (the "2014 Equity Plan") was adopted by the Board of DMFHI effective 24 September 2014. The 2014 Equity Plan provided for the grant of stock options to key executives. 9,000,000 shares of common stock of DMFHI were reserved for grant under the 2014 Equity Plan.

In 2015, DMFHI granted 7,065,000 stock options. The options granted were subject to performance-based and service-based vesting and vested annually over 7 years and had a term of 10 years. The grant date fair value of these options was US$1.22. As of 30 April 2015, 2,265,000 shares of common stock were available for future grant. However, in September 2015, the 2014 Equity Plan was cancelled with none of the granted options vested as of the termination of the plan.

In September 2016, the authorised shares reserved for grant under the plan was increased from 9,000,000 to 15,000,000. As of 30 April 2018 13,577,999 share options (30 April 2017: 12,240,408 share options) were available for future grant, respectively.

The fair value for stock options granted was estimated at the date of grant using a Black-Scholes option pricing model. This model estimates the fair value of the options based on a number of assumptions, such as expected option life, interest rates, the current fair market value and expected volatility of common stock and expected dividends. The expected term of options granted was based on the "simplified" method. Expected stock price volatility was determined based on the historical volatilities of comparable companies over a historical period that matches the expected life of the options. The risk-free interest rate was based on the expected U.S. Treasury rate over the expected life. The dividend yield was based on the expectation that no dividends will be paid. The following table presents the weighted-average assumptions for performance-based stock options granted for the periods indicated:

	3 November 2015
Expected life (in years)	5.5
Expected volatility	38.49%
Risk-free interest rate	1.64%

Stock option activity and related information during the periods indicated was as follows:

	2018		**2017**	
	Number of options	**Weighted-average exercise price**	**Number of options**	**Weighted-average exercise price**
Outstanding at beginning of year	2,759,592	5.39	6,620,000	5.39
Cancelled	(64,302)	5.39	(3,059,800)	5.39
Forfeited	(1,273,289)	5.39	(800,608)	5.39
Outstanding at end of year	1,422,001	5.39	2,759,592	5.39
Exercisable at end of year	–	–	–	–

The expense recognised in profit or loss for equity-settled share-based payments amounted to US$0.3 million in fiscal year 2018 (fiscal year 2017: US$0.8 million) were included in personnel cost.

31. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Cash incentives

In December 2017, DMFI granted US$4.6 million in cash incentives to key executives under cash incentive award agreements. The awards will vest when the employee remains employed for a period of approximately two years from the grant date until the defined vesting date. Additionally, some of the grants require the employee to meet certain performance criteria. As of 30 April 2018, US$4.6 million remained outstanding.

In March 2018, DMFI granted an additional US$10.3 million in cash incentives to key executives under cash incentive award agreements. The awards will vest when the employee remains employed for a period of approximately one to two years from the grant date until the defined vesting date. As of 30 April 2018, US$10.3 million remained outstanding.

The accrued net obligation for the cash incentives amounted to US$5.7 million and US$3.7 million as of 30 April 2018 and April 30, 2017, respectively, and the total expense recognised under "Wages, salaries and other benefits" in the income statement of the Group amounted to US$2.9 million, US$3.4 million and US$1.8 million in fiscal years 2018, 2017 and 2016, respectively (see Note 21).

32. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- foreign exchange risk
- commodity price risk

Risk management framework

The Board of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee (ARC) is responsible for monitoring the Group's risk management policies developed by management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

Financial risk management objectives and policies

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

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and Company do not hold any collateral in respect of their financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and countries in which customers are located, as these factors may have an influence on credit risk.

The ARC has approved a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes credit ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. Customers failing to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment or Letters of Credit basis.

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk for financial assets, excluding cash on hand, by geographic region was:

		Group	
	Note	**30 April 2018 US$'000**	**30 April 2017 US$'000**
Americas		90,311	90,865
Europe		6,097	16,979
Asia Pacific		89,414	94,126
	13, 15	185,822	201,970

At 30 April 2018, the Group's most significant customer accounted for 22% of the trade and other receivables carrying amount (30 April 2017: 15%).

Impairment losses

The ageing of financial assets excluding cash on hand that were not impaired at the reporting date was:

Group	**Note**	**30 April 2018 US$'000**	**30 April 2017 US$'000**
Not past due		157,275	170,924
Past due 0 – 60 days		15,069	23,868
Past due 61 – 90 days		4,317	2,003
Past due 91 – 120 days		(604)	1,398
More than 120 days		19,672	7,681
	10, 13, 14, 15	195,729	205,874

As at 30 April 2018 and 2017, the Company's financial assets were all not past due.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

The table below shows the credit quality of the Group's financial assets based on their historical experience with the corresponding third parties:

	Note	30 April 2018 Grade A US$'000	Grade B US$'000	Total US$'000
Cash in banks and cash equivalents	15	24,195	–	24,195
Trade and other receivables	13	–	161,627	161,627
Note receivables	10	7,744	–	7,744
Refundable deposits*	10	–	1,858	1,858
Derivative assets	14	–	305	305
		31,939	163,790	195,729

* included in other noncurrent assets

	Note	30 April 2017 Grade A US$'000	Grade B US$'000	Total US$'000
Cash in banks	15	37,523	–	37,523
Trade and other receivables	13	–	164,447	164,447
Refundable deposits*	10	–	1,219	1,219
Derivative assets	14	–	2,685	2,685
		37,523	168,351	205,874

* included in other noncurrent assets

As at 30 April 2018 and 2017, the Company's financial assets were all classified under Grade A and Grade B, respectively.

	Note	30 April 2018 Grade A US$'000	Grade B US$'000	Total US$'000
Cash in banks and cash equivalents	15	2,709	–	2,709
Trade and other receivables	13	–	180,948	180,948
		2,709	180,948	183,457

	Note	30 April 2017 Grade A US$'000	Grade B US$'000	Total US$'000
Cash in banks and cash equivalents	15	6,767	–	6,767
Trade and other receivables	13	–	119,703	119,703
		6,767	119,703	126,470

Grade A financial assets pertain to those cash that are deposited in reputable banks. Grade B includes receivables that are collected on their due dates even without an effort from the Group to follow them up.

The Group believes that the unimpaired amount past due by more than 60 days are still collectible in full, based on historical payment behaviour and extensive analysis of customers' risk rating. An analysis of the credit quality of loans and receivables that are neither past due nor impaired indicates that they are of acceptable risk.

The Group sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis. In addition, the Group also engages in sale of its trade receivables without recourse to certain financial institutions.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Cash in banks and cash equivalents

Cash in banks and cash equivalents are held with banks and financial institutions which are regulated.

The percentages of cash in banks and cash equivalents held in the following regions are:

	30 April 2018 %	30 April 2017 %
Group		
United States of America	10	8
Philippines	56	44
Hong Kong	33	47
Singapore	1	1
Company		
Philippines	11	–
Hong Kong	89	100

Apart from the information stated above, the Group and Company have no significant concentration of credit risk with any single counterparty or group counterparties.

Derivatives

The derivatives are entered into with banks and financial institutions which are regulated.

Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term debt obligations with floating interest rates.

The Group's cash balances are placed with reputable global banks and financial institutions. The Group manages its interest rate risks by placing the cash balances with varying maturities and interest rate terms. This includes investing the Group's temporary excess liquidity in short-term low-risk securities from time to time. The Group also enters into interest rate swaps to manage the volatility. The Group obtains financing through bank borrowings and leasing arrangements. Funding is obtained from bank loan facilities for both short-term and long-term requirement. The Group's policy is to obtain the most favourable interest rate available without increasing its foreign currency exposure.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate profile of interest-bearing financial instruments

The interest rate profile of the interest-bearing financial instruments as reported to management of the Group is as follows:

	Group		Company	
	30 April 2018 US$'000	30 April 2017 US$'000	30 April 2018 US$'000	30 April 2017 US$'000
Fixed rate instruments				
Loans and borrowings	402,854	368,048	129,594	129,414
Variable rate instruments				
Loans and borrowings	1,062,369	1,345,918	206,034	195,510
Interest rate swaps	5,017	17,891	–	–
	1,067,386	1,363,809	206,034	195,510

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit/loss before tax in the next 12 months would have been affected as follows:

	Profit/loss before tax in the next 12 months	
	100 bp increase US$'000	100 bp decrease US$'000
Group		
30 April 2018		
Variable rate instruments	(9,529)	9,529
Interest rate swaps	4,140	(4,140)
Cash flow sensitivity (net)	(5,389)	5,389
30 April 2017		
Variable rate instruments	(11,282)	11,282
Interest rate swaps	5,270	(5,270)
Cash flow sensitivity (net)	(6,012)	6,012

As at 30 April 2018, if the interest rate had moved by 100bp increase and decrease, with all other variables held constant, the Group's profit before tax in the next 12 months and equity would have been affected by US$0.1million decrease and US$0.1million increase, respectively.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is` the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks. Currently, the Group excluding DMFI is entitled to a total of US$663.9 million (30 April 2017: US$1,120.0 million) in credit lines, of which 29% (30 April 2017: 43%) remain available. The lines are mostly for short-term financing requirements, with US$57.4 million (30 April 2017: US$196 million) available for long-term requirements. The Group constantly maintains good relations with its banks, such that additional facilities, whether for short or long term requirements, may be made available.

The Group is able to increase the commitments under the ABL Facility, subject only to the consent of the new or existing lenders providing such increases, such that the aggregate principal amount of commitments does not exceed US$450.0 million. The lenders under this facility are under no obligation to provide any such additional commitments, and any increase in commitments will be subject to customary conditions precedent. Notwithstanding any such increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

The Group has the right to request an additional US$100.0 million plus an additional amount of secured indebtedness under the First Lien term loan and the Second Lien term loan. Lenders under this facility are under no obligation to provide any such additional loans, and any such borrowings will be subject to customary conditions precedent, including satisfaction of a prescribed leverage ratio, subject to the identification of willing lenders and other customary conditions precedent.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2018						
Derivative financial liabilities						
Interest rate swaps used for hedging, net-settled	20	5,017	3,940	2,264	1,676	–
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term	19	471,204	475,119	475,119	–	–
– Long-term	19	187,584	205,936	8,555	197,477	–
Secured bank loans						–
– Short-term	19	10,416	17,100	17,100	–	–
– Long-term	19	796,019	1,140,860	65,151	1,075,708	–
Trade and other payables*	23	256,707	259,967	259,967	–	–
		1,721,930	2,098,982	825,892	1,273,185	–

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2017						
Derivative financial liabilities						
Interest rate swaps used for hedging, net-settled	20	17,891	19,041	7,767	11,274	–
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term	19	280,584	281,271	281,271	–	–
– Long-term	19	341,974	386,674	14,313	369,361	–
Secured bank loans						
– Short-term	19	169,114	175,100	175,100	–	–
– Long-term	19	922,294	1,185,298	60,325	1,124,973	–
Trade and other payables*	23	286,877	296,408	296,408	–	–
		2,000,843	2,324,751	827,417	1,494,334	–

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

Company	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2018					
Non-derivative financial liabilities					
Unsecured bank loans					
– Long-term	129,594	142,041	209,642	136,191	–
– Short-term	206,034	209,642	5,850	–	–
Trade and other payables	79,020	79,020	79,020	–	–
	414,648	430,703	294,512	136,191	–
30 April 2017					
Non-derivative financial liabilities					
Unsecured bank loans					
– Long-term	281,854	307,343	20,555	286,788	–
– Short-term	43,070	43,480	43,480	–	–
Trade and other payables	108,283	108,283	108,283	–	–
	433,207	459,106	172,318	286,788	–

The Group's bank loans contain loan covenants, for which breaches will require the Group to repay the loans earlier than indicated in the above table. The covenants are constantly monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance.

For derivative financial liabilities, the disclosure shows net cash from amounts for derivatives that are net cash settled.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency giving rise to this risk is primarily the US Dollar, Mexican Peso and Venezuelan Bolivar.

From time to time, the Group manages its exposure to fluctuations in foreign currency exchange rates by entering into forward contracts to cover a portion of its projected expenditures paid in foreign currency. The Group accounts for these contracts as cash flow hedges.

At the reporting date, the Group's exposure to foreign currencies is as follows:

	US Dollar US$'000	Mexican Peso US$'000
30 April 2018		
Trade and other receivables	37,129	5,053
Cash and cash equivalents	11,654	343
Other noncurrent assets	25,866	–
Loans and borrowings	(61,860)	–
Trade and other payables	(87,538)	(5,954)
	(74,749)	(558)
30 April 2017		
Trade and other receivables	24,779	4,799
Cash and cash equivalents	15,932	183
Other noncurrent assets	21,507	–
Loans and borrowings	(117,835)	–
Trade and other payables	(97,834)	(4,581)
	(153,451)	401

The Company has no significant exposure to foreign currencies as at 30 April 2018 and 2017.

Sensitivity analysis

A 10% strengthening of the group entities' foreign currencies against their respective functional currency at the reporting date would have increased (decreased) loss/profit before taxation and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of the group entities' foreign currencies against their respective functional currency would have the equal but opposite effect on the amounts shown below, on the basis that all other variables remain constant.

32. FINANCIAL RISK MANAGEMENT (CONT'D)

	US Dollar		Mexican Peso	
	Profit (loss) before taxation US$'000	Equity US$'000	Profit (loss) before taxation US$'000	Equity US$'000
30 April 2018				
10% strengthening	(7,475)	–	(239)	–
10% weakening	7,475	–	239	–
30 April 2017				
10% strengthening	(15,345)	–	(123)	1,866
10% weakening	15,345	–	123	(1,866)

Commodity price risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk related to tinplates and fuel. The Group ensures future supply of tinplates while minimising the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group.

Certain commodities such as diesel fuel and natural gas (collectively, "commodity contracts") are used in the production and transportation of the Group's products. Generally, these commodities are purchased based upon market prices that are established with the vendors as part of the procurement process. The Group uses futures, swaps, and swaption or option contracts, as deemed appropriate, to reduce the effect of price fluctuations on anticipated purchases. These contracts may have a term of up to 24 months.

Sensitivity analysis

A 10% change in commodity prices at the reporting date would have decreased (increased) profit before taxation and increased (decreased) equity by the amounts shown below.

	Loss/profit before taxation US$'000	Equity US$'000
30 April 2018		
10% increase in commodity price	–	(19)
10% decrease in commodity price	–	19
30 April 2017		
10% increase in commodity price	(400)	400
10% decrease in commodity price	400	(400)

33. ACCOUNTING CLASSIFICATION AND FAIR VALUES

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables US$'000	Other noncurrent assets US$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
30 April 2018							
Cash and cash equivalents	15	24,246	–	–	–	24,246	24,246
Trade and other receivables	13	161,627	–	–	–	161,627	161,627
Note receivables	10	–	7,744	–	–	7,744	7,744
Refundable deposits	10	–	1,858	–	–	1,858	1,858
Derivative assets	14	–	–	305	–	305	305
		185,873	9,602	305	–	195,780	195,780
Loans and borrowings	19	–	–	–	1,465,223	1,465,223	1,362,771
Trade and other payables*	23	–	–	–	256,707	256,707	256,707
Derivative liabilities	20, 23	–	–	5,063	–	5,063	5,063
		–	–	5,063	1,721,930	1,726,993	1,624,541

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

	Note	Loans and receivables US$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
30 April 2017						
Cash and cash equivalents	15	37,571	–	–	37,571	37,571
Trade and other receivables	13	164,447	–	–	164,447	164,447
Derivative assets	14	–	2,685	–	2,685	2,685
		202,018	2,685	–	204,703	204,703
Loans and borrowings	19	–	–	1,713,966	1,713,966	1,552,043
Trade and other payables*	23	–		285,054	285,054	285,054
Derivative liabilities	20, 23	–	17,973	–	17,973	17,973
		–	17,973	1,999,020	2,016,993	1,855,070

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

33. ACCOUNTING CLASSIFICATION AND FAIR VALUES (CONT'D)

	Note	Loans and receivables US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company					
30 April 2018					
Cash and cash equivalents	15	2,709	–	2,709	2,709
Trade and other receivables	13	180,948	–	180,948	180,948
Due from a related party	37	88,880	–	88,880	49,773
		272,537	–	272,537	233,430
Loans and borrowings	19	–	335,628	335,628	332,922
Trade and other payables*	23	–	86,902	86,902	86,902
		–	422,530	422,530	419,824
30 April 2017					
Cash and cash equivalents	15	6,767	–	6,767	6,767
Trade and other receivables	13	119,703	–	119,703	119,703
		126,470	–	126,470	126,470
Loans and borrowings	19	–	324,924	324,924	326,034
Trade and other payables	23	–	118,320	118,320	118,320
		–	443,244	443,244	444,354

* excludes withheld from employees (taxes and social security cost) and VAT payables

34. DETERMINATION OF FAIR VALUES

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing the categorisation at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

34. DETERMINATION OF FAIR VALUES (CONT'D)

Group

	Note	30 April 2018 Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	14	–	305	–	305
Non-financial assets					
Fair value of agricultural produce harvested under inventories	11	–	–	9,174	9,174
Fair value of growing produce	11	–	–	41,963	41,963
Freehold land	5	–	–	62,812	62,812
Noncurrent assets held for sale	16	–	–	5,504	5,504
Financial liabilities					
Derivative liabilities	20, 23	–	5,063	–	5,063

	Note	30 April 2017 Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	14	–	2,685	–	2,685
Non-financial assets					
Fair value of agricultural produce harvested under inventories	11	–	–	4,535	4,535
Fair value of growing produce	11	–	–	44,347	44,347
Freehold land	5	–	–	68,000	68,000
Financial liabilities					
Derivative liabilities	20, 23	–	17,973	–	17,973

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The Company has no assets and liabilities measured at fair value as of 30 April 2018 and 2017.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

34. DETERMINATION OF FAIR VALUES (CONT'D)

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Market comparison technique: The fair values are based on brokers' quotes. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate.
Interest rate swaps	Market comparison technique: The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve. Fair values reflect the risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate.
Commodities contracts	Market comparison technique: The commodities are traded over-the-counter and are valued based on the Chicago Board of Trade quoted prices for similar instruments in active markets or corroborated by observable market data available from the Energy Information Administration. The values of these contracts are based on the daily settlement prices published by the exchanges on which the contracts are traded.

Financial instruments not measured at fair value

Type	Valuation technique
Financial liabilities	The fair value of the secured first and second lien term loans are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2). The fair value of the other loans is based on the discounted value of expected future cash flows using risk free rates and credit spread ranging from 2.0% to 5.3% (30 April 2017: 2.6% to 4.7%) (Level 3).
Other financial assets and liabilities	The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

34. DETERMINATION OF FAIR VALUES (CONT'D)

Other non-financial assets

Assets	Valuation technique	Significant unobservable inputs
Freehold land	The fair value of freehold land is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation method used is sales comparison approach. This is a comparative approach that consider the sales of similar or substitute properties and related market data and establish a value estimate by involving comparison (Level 3).	The unobservable inputs used to determine market value are the net selling prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighbourhood, utility, terrain, and the time element involved. The market value per square meter ranges from US$62.9 to US$69.6. The market value per acre ranges from US$2,300 to US$80,582.
Livestock (cattle for slaughter and cut meat)	Sales Comparison Approach: the valuation model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3).	The unobservable inputs are age, average weight and breed.
Harvested crops – sold as fresh fruit	The fair values of harvested crops are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit reduced by costs to sell (Level 3).	The unobservable input is the estimated pineapple selling price per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product reduced by costs to sell (concentrates, pineapple beverages, sliced pineapples, etc.) and adjusted for margin associated to production further processing (Level 3).	The unobservable input is the estimated pineapple selling price and gross margin per ton specific for processed products.
Unharvested crops – fruits growing on the bearer plants	The growing produce are now measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing costs applied to the estimated volume of harvest as the basis of fair value.	The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh and processed products, estimated volume of harvest and future growing costs.

34. DETERMINATION OF FAIR VALUES (CONT'D)

Assets	Valuation technique	Significant unobservable inputs
Noncurrent assets held for sale	Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate.	The unobservable inputs used to determine the market value are net selling prices, sizes, and property location. The unobservable inputs used to determine replacement costs are purchase price of building, land, and furniture and fixtures reduced by related selling costs.

Significant increase (decrease) in the significant unobservable inputs of freehold land, livestock, harvested crops sold as fresh fruit and harvested crop sold used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future pineapple selling price, gross margin per ton and estimated volume of harvest would result in higher (lower) fair value of growing produce, while significant increase (decrease) in the future growing costs would result in lower (higher) fair value.

35. COMMITMENTS

Operating lease commitments

The Group leases certain property, equipment and office and warehouse facilities. At the reporting date, the Group have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Within one year	46,104	42,809
Between one to five years	150,888	130,481
More than five years	64,206	72,219
	261,198	245,509

The leases typically run for an initial period of 2 to 25 years, with an option to renew the lease after that date. Some of the leases contain escalation clauses but do not provide for contingent rents. Lease terms do not contain any restrictions on Group activities concerning dividends, additional debts or further leasing.

Minimum lease payments, recognised as an expense in the Group's profit or loss for the fiscal years ended 30 April 2018, 2017 and 2016 amounted to US$62,272, US$64.951 and US$52,141, respectively.

Operating lease commitments – Group as lessee

The Group has entered into various lease agreements as a lessee. The Group had determined that the significant risks and rewards on properties leased from third parties are retained by the lessors.

35. COMMITMENTS (CONT'D)

Purchase commitments

The Group has entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes, packaging services and ingredients.

At the reporting date, the Group have commitments for future minimum payments under non-cancellable agreements as follows:

	Group	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Within one year	276,836	311,616
After one year but within five years	284,157	329,368
After five years	417,949	443,525
	978,942	1,084,509

Future capital expenditure

	Group	
	30 April 2018 US$'000	**30 April 2017 US$'000**
Capital expenditure not provided for in the financial statements		
– approved by Directors and contracted for	10,785	40,456
– approved by Directors but not contracted for	59,481	101,451
	70,266	141,907

The Group is also committed to incur capital expenditure of US$0.1 million in fiscal year 2018 (fiscal year 2017: US$0.1 million) in relation to its interest in a joint venture, which is expected to be settled within one year.

36. CONTINGENCIES

As at 30 April 2018, a subsidiary, DMPL India Limited has a contingent liability amounting to US$9.6 million (30 April 2017: US$4.3 million) in the form of a letter of undertaking securing 50% of the obligations of FFPL under its Loan Agreement with Infrastructure Development Finance Company Limited, in proportion to its equity interest.

Matters Assumed in Connection with the Consumer Food Business

The Group acquired the Consumer Food Business in February 2014. Throughout this section, reference is made to DMFI as the Defendant in the actions described since DMFI has assumed the liability of the Seller, if any, in these actions.

36. CONTINGENCIES (CONT'D)

National Consumers League (NCL) vs. Del Monte Foods

In December 2017 Plaintiff (NCL) filed a complaint against DMFI in the Superior Court of the District of Columbia alleging that DMFI made a variety of false and misleading labeling claims with respect to certain tomato products in violation of the D.C. Consumer Protection Procedures Act. In April 2018, DMFI filed a Motion to Dismiss this case and a Motion for Rule 11 Sanction. The Court has ordered oral argument on these motions. The Group cannot at this time reasonably estimate a range of exposure, if any, of the potential liability.

Other legal cases

The Group is the subject of, or a party to, other various suits and pending or threatened litigation. While it is not feasible to predict or determine the ultimate outcome of these matters, the Group believes that none of these legal proceedings will have a material adverse effect on its financial position.

Source of estimation uncertainty

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions. In recognising and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies were recognised in the Group's financial statements as of 30 April 2018 and 2017.

As of 30 April 2018, provision for probable losses arising from environmental remediation amounted to US$2.4 million, US$0.1 million of which is noncurrent (30 April 2017: US$6.7 million, US$6.2 million of which is noncurrent) (see Note 22).

As of 30 April 2018, provision for retained liabilities arising from workers' compensation claims amounted to US$26.0 million, US$22.2 million of which is noncurrent (30 April 2017: US$27.2 million, US$23.4 million of which is noncurrent) (see Note 20).

37. RELATED PARTIES

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than those disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.

37. RELATED PARTIES (CONT'D)

Group Category/ Transaction	Year	Amount of the transaction US$'000	Outstanding balance Due from Related Parties* US$'000	Due to Related Parties** US$'000	Terms	Conditions
Under Common Control						
• Shared IT services	**2018**	**343**	**247**	**–**	Due and demandable;	Unsecured;
	2017	351	57	–	non-interest bearing	no impairment
	2016	215	79	–		
• Sale of tomato paste	**2018**	**32**	**–**	**–**	Due and demandable;	Unsecured;
	2017	34	–	–	non-interest bearing	no impairment
	2016	1,111	–	–		
• Inventory count shortage	**2018**	**33**	**–**	**–**	Due and demandable;	Unsecured;
	2017	–	–	–	non-interest bearing	no impairment
	2016	25	–	–		
• Purchases	**2018**	**393**	**–**	**–**	Due and demandable;	Unsecured
	2017	247	–	24	non-interest bearing	
	2016	826	–	–		
• Share in JYCC Fit Out Project	**2018**	**–**	**–**	**–**	Due and demandable;	Unsecured;
	2017	16	–	–	non-interest bearing	no impairment
	2016	–	–	–		
• Tollpack fees	**2018**	**572**	**110**	**–**	Due and demandable;	Unsecured
	2017	666	–	60	non-interest bearing	
	2016	551	–	63		
Other Related Party				–		
• Management fees from DMPI retirement fund	**2018**	**19**	**446**	**–**	Due and demandable;	Unsecured;
	2017	4	241	–	non-interest bearing	no impairment
	2016	4	261	–		
• Rental to DMPI retirement	**2018**	**1,858**	**–**	**–**	Due and demandable;	Unsecured
	2017	1,619	–	277	non-interest bearing	
	2016	1,393	–	3		
Other Related Party						
• Rental to NAI retirement	**2018**	**543**	**–**	**–**	Due and demandable;	Unsecured
	2017	572	–	48	non-interest bearing	
	2016	529	–	166		
• Rental to DMPI provident fund	**2018**	**–**	**–**	**–**	Due and demandable;	Unsecured;
	2017	5	–	–	non-interest bearing	no impairment
	2016	7	–	–		
	2018	**3,793**	**803**	**–**		
	2017	3,514	298	409		
	2016	4,661	340	232		

* included as part of trade and other receivables excluding long-term loans receivable
** included as part of trade and other payables

37. RELATED PARTIES (CONT'D)

Company

Category/ Transaction	Year	Amount of the Transaction US$'000	Outstanding Balance Due from Related Parties* US$'000	Outstanding Balance Due to Related Parties** US$'000	Terms	Conditions
Subsidiaries						
• Dividend income	**2018**	**120,000**	**62,011**	**–**	Due and demandable;	Unsecured;
	2017	–	–	–	non-interest bearing	no impairment
• Long-term loans receivable	**2018**	**88,880**	**88,880**	**–**	Due on 2021; Interest	Unsecured;
	2017	–	–	–	bearing	no impairment
• Reimbursement of expenses	**2018**	**136,455**	**114,938**	**–**	Due and demandable;	Unsecured;
	2017	–	107,353	–	non-interest bearing	no impairment
• Cash advance	**2018**	**29,801**	**–**	**77,400**	Due and demandable;	Unsecured
	2017	45,313	–	107,201	non-interest bearing	
• Management fees payable to subsidiaries	**2018**	**748**	**–**	**1,620**	Due and demandable;	Unsecured
	2017	805	–	1,082	non-interest bearing	
Joint Venture						
• Cash advance	**2018**	**–**	**2,421**	**–**	Due and demandable;	Unsecured;
	2017	314	6,330	–	non-interest bearing	no impairment
	2018		**268,250**	**79,020**		
	2017		113,683	108,283		

* included as part of trade and other receivables excluding long-term loans receivable

** included as part of trade and other payables

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group's policy is to solicit competitive quotations. Purchases are normally awarded based on the lowest price.

As discussed in Note 19, the Company extended a loan to DMFHII that was used to finance DMFHII's purchase of Second Lien term loans. The loan will mature in 2021 subject to the applicable interest rate.

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors of the Company and key executive officers (excluding executive directors) are considered as key management personnel of the Group.

37. RELATED PARTIES (CONT'D)

The key management personnel compensation is as follows:

	Group			Company		
	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000
Directors:						
Fees and remuneration	2,873	2,969	2,778	2,531	2,507	2,345
Key executive officers (excluding Directors):						
Short-term employee benefits	3,317	3,331	2,580	1,486	1,459	1,359
Post-employment benefits	180	128	129	–	–	–

38. NON-CONTROLLING INTEREST IN SUBSIDIARIES

The following table summarises the information relating to the Group's subsidiaries with material non-controlling interests, based on their respective financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

	30 April 2018 US$'000	30 April 2017 US$'000	30 April 2016 US$'000
DMPLFL			
Ownership interests held by non-controlling interests	10.57%	10.57%	10.57%
Revenue	1,649,060	1,696,457	1,778,002
Profit (loss)	(138,130)	(41,512)	29,374
Other comprehensive income	–	23,872	1,325
Total comprehensive income			
Attributable to non-controlling interests:			
– Profit (loss)	(14,584)	(4,387)	3,104
– Other comprehensive income	1,993	2,523	140
Total comprehensive income	(12,591)	(1,864)	3,244
Noncurrent assets	1,210,583	1,289,889	1,307,257
Current assets	753,475	930,153	901,776
Noncurrent liabilities	(1,274,477)	(1,058,455)	(1,155,181)
Current liabilities	(215,884)	(568,530)	(443,950)
Net assets	473,697	593,057	609,902
Net assets attributable to non-controlling interests	50,057	62,671	64,451
Cash flows provided by (used in) operating activities	266,304	183,936	(18,005)
Cash flows used in investing activities	(24,323)	(42,482)	(39,104)
Cash flows provided by (used in) financing activities, before dividends to non-controlling interests	(242,599)	(139,504)	57,646
Currency realignment	3	(22)	84
Net increase (decrease) in cash and cash equivalents	(615)	1,928	621

39. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The changes in liabilities arising from financing activities of the Group for the year ended 30 April 2018 are as follows:

	Note	30 April 2017 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Foreign exchange movement US$'000	Reclassification and others US$'000	30 April 2018 US$'000
Group								
Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	19	449,698	807,822	(822,773)	–	(6,324)	53,197	481,620
Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	19	1,264,268	–	(234,784)	–	(2,130)	(43,751)	983,603
Accrued interest payable		13,186	–	(85,274)	84,852	–	(785)	11,979
Derivative liabilities	20,23	17,973	–	(9,285)	–	–	(3,625)	5,063
Total liabilities from financing activities		1,745,125	807,822	(1,152,116)	84,852	(8,454)	5,036	1,482,265

	Note	30 April 2017 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Reclassification and others US$'000	30 April 2018 US$'000
Company							
Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	19	43,070	154,570	(45,500)	–	53,894	206,034
Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	19	281,854	–	(100,000)	–	(52,260)	129,594
Accrued interest payable		1,826	–	(12,370)	12,889	–	2,345
Total liabilities from financing activities		326,750	154,570	(157,870)	12,889	1,634	337,973

39. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (CONT'D)

Reclassification and others includes the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings to current due to the passage of time, deferred financing costs, and fair value adjustments of hedge contracts.

40. SUBSEQUENT EVENT

On 7 June 2018, the Company announced that its Philippine subsidiary, Del Monte Philippines, Inc (DMPI), was deferring its initial public offering due to volatile market conditions. To safeguard the interests of the Company and DMPI, the offering was deferred until such time when market conditions improve.

STATISTICS OF
ORDINARY SHAREHOLDERS
As at 2 July 2018

ORDINARY SHARES

Authorised Share Capital	:	US$30,000,000
Issued and Fully Paid-up Capital (including Treasury Shares)	:	US$19,449,358
Issued and Fully Paid-up Capital (excluding Treasury Shares)	:	US$19,163,646
Number of Shares Issued (including Treasury Shares)	:	1,944,935,826
Number of Shares Issued (excluding Treasury Shares)	:	1,943,960,024
Number of Treasury Shares held	:	975,802
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary shares of US$0.01 each, with each ordinary shares entitled to one vote

Percentage of the aggregate number of Treasury Shares and Subsidiary Holdings held against the total number of issued ordinary shares: 0.05%

STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	47	0.60	1,267	0.00
100 – 1,000	160	2.05	93,129	0.00
1,001 – 10,000	5,868	75.24	15,772,115	0.81
10,001 – 1,000,000	1,678	21.52	116,350,814	5.99
1,000,001 AND ABOVE	46	0.59	1,811,742,699	93.20
TOTAL	**7,799**	**100.00**	**1,943,960,024**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	NUTRIASIA PACIFIC LIMITED	1,196,539,958	61.55
2	HSBC (SINGAPORE) NOMINEES PTE LTD	195,295,040	10.05
3	LEE PINEAPPLE COMPANY PTE LTD	100,422,000	5.17
4	DBS NOMINEES (PRIVATE) LIMITED	65,129,282	3.35
5	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	48,053,290	2.47
6	RAFFLES NOMINEES (PTE) LIMITED	35,861,196	1.84
7	WEE POH CHAN PHYLLIS	16,820,900	0.87
8	GOVERNMENT SERVICE INSURANCE SYSTEM	16,687,937	0.86
9	CITIBANK NOMINEES SINGAPORE PTE LTD	13,732,276	0.71
10	BANCO DE ORO – TRUST BANKING GROUP	8,945,866	0.46
11	COL FINANCIAL GROUP, INC	8,341,412	0.43
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,334,780	0.43
13	JOSELITO JR DEE CAMPOS	7,621,466	0.39
14	PINEAPPLES OF MALAYA PRIVATE LIMITED	6,432,000	0.33
15	SAW PAIK PENG	6,016,800	0.31
16	OCBC SECURITIES PRIVATE LIMITED	5,496,885	0.28
17	MAYBANK KIM ENG SECURITIES PTE LTD	4,795,022	0.25
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,547,741	0.23
19	IGC SECURITIES INC	4,358,784	0.22
20	UOB KAY HIAN PRIVATE LIMITED	3,998,500	0.21
	TOTAL	**1,757,431,135**	**90.41**

SUBSTANTIAL
ORDINARY SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 2 July 2018

	Direct Interest		Deemed Interest		Total Interest	
Name of Shareholders	Number of Shares	%[1]	Number of Shares	%[1]	Number of Shares	%[1]
Bluebell Group Holdings Limited	189,736,540[2]	9.76	–	–	189,736,540	9.76
Golden Sunflower International Limited	–	–	189,736,540[2]	9.76	189,736,540	9.76
NutriAsia Pacific Limited	1,196,539,958	61.55	–	–	1,196,539,958	61.55
NutriAsia Inc	–	–	1,196,539,958[4]	61.55	1,196,539,958	61.55
NutriAsia Holdings Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
Golden Chamber Investment Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
Star Orchid Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
Well Grounded Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
HSBC Trustee (Hong Kong) Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC International Trustee Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC International Trustee (Holdings) Pte. Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
The Hongkong and Shanghai Banking Corporation Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC Asia Holdings B.V.	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC Asia Holdings (UK) Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC Holdings (B.V.)	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC Finance (Netherlands)	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC Holdings plc	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
Mr Joselito D Campos, Jr	7,621,466	0.39	1,386,276,498[2][3]	71.31	1,393,897,964	71.70
Lee Pineapple Company (Pte) Limited	100,422,000	5.16	6,432,000[9]	0.33	106,854,000	5.49
Lee Foundation	–	–	106,854,000[7][9]	5.49	106,854,000	5.49
Lee Foundation, States of Malaya	–	–	106,854,000[8][9]	5.49	106,854,000	5.49

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HAND

Based on the information provided, to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 22.6% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notes:

(1) The percentage of issued capital is calculated based on 1,943,960,024 Shares (being 1,944,935,826 Shares excluding 975,802 Treasury Shares) and there are no subsidiary holdings.

(2) Bluebell Group Holdings Limited ("**BGHL**") is wholly owned by Golden Sunflower International Limited ("**GSIL**"). GSIL is therefore deemed interested in the Shares of the Company held by BGHL. GSIL is wholly owned by HSBC Trustee (Hong Kong) Limited ("**HKL**"). HKL is the trustee of Twin Palms Pacific Trust, the beneficiaries of which are Mr Joselito D Campos, Jr ("**JDC**") and his children and JDC is therefore interested in the shares held by BGHL. The 189,736,540 Shares are held in nominee by HSBC (Singapore) Nominees Pte Ltd.

(3) NutriAsia Pacific Limited ("**NPL**") is a substantial and controlling shareholder of the Company, holding 1,196,539,958 Shares in the Company. JDC and his family have beneficial interests in NPL (through Golden Chamber Investment Limited and Star Orchid Ltd which hold trusts in which they are beneficiaries). JDC is therefore deemed interested in the Shares held by NPL.

(4) NutriAsia Inc ("**NI**") owns 57.8% of NutriAsia Holdings Limited ("**NHL**"), which in turn owns 100% of NPL. NI is therefore deemed to be interested in the Shares held by NPL.

(5) NPL is wholly owned by NHL. NHL is therefore deemed interested in the Shares held by NPL.
NHL is in turn majority owned by NI (57.8%) and partly owned by Well Grounded Limited ("**WGL**") (42.2%). NI and WGL are therefore deemed interested in the Shares held by NPL.
NI is in turn majority owned by Golden Chamber Investment Limited ("**GCIL**") (65.4%) and WGL is in turn wholly owned by Star Orchid Limited ("**SOL**"). GCIL and SOL are therefore deemed interested in the Shares held by NPL.

(6) GCIL and GSIL are owned by the Twin Palms Pacific Trust and SOL is wholly owned by The Star Orchid Trust, for which HSBC Trustee (Hong Kong) Limited ("**HKL**") acts as trustee for both trusts. HKL is therefore deemed interested in the Shares of the Company held by NPL and BGHL. The beneficiaries of the Star Orchid Trust are beneficially owned by the Campos family.
HKL is in turn, wholly owned by HSBC International Trustee Limited. HSBC International Trustee Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.
HSBC International Trustee Limited is wholly owned by HSBC International Trustee (Holdings) Pte. Limited. HSBC International Trustee (Holdings) Pte. Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.
HSBC International Trustee (Holdings) Pte. Limited is wholly owned by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.
The Hongkong and Shanghai Banking Corporation Limited is wholly owned by HSBC Asia Holdings B.V.. HSBC Asia Holdings B.V. is therefore deemed interested in the Shares of the Company held by NPL and BGHL.
HSBC Asia Holdings B.V. is wholly owned by HSBC Asia Holdings (UK) Limited. HSBC Asia Holdings (UK) Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.
HSBC Asia Holdings (UK) Limited is majority owned by HSBC Holdings B.V.. HSBC Holdings B.V. is therefore deemed interested in the Shares of the Company held by NPL and BGHL.
HSBC Holdings B.V. is wholly owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) is therefore deemed interested in the Shares of the Company held by NPL and BGHL.
HSBC Finance (Netherlands) is wholly owned by HSBC Holdings plc. HSBC Holdings plc is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

(7) Lee Foundation, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

(8) Lee Foundation, States of Malaya, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

(9) Lee Pineapple Company (Pte) Limited is deemed interested in the 6,432,000 Shares held by its wholly-owned subsidiary, Pineapples of Malaya Private Limited.

STATISTICS OF **PREFERENCE SHAREHOLDERS**

As at 2 July 2018

PREFERENCE SHARES

Authorised Share Capital	:	US$600,000,000
Issued and Fully-Paid-up Capital (including Treasury Shares)	:	US$30,000,000
Issued and Fully-Paid-up Capital (excluding Treasury Shares)	:	US$30,000,000
Number of Shares Issued (including Treasury Shares)	:	30,000,000
Number of Shares Issued (excluding Treasury Shares)	:	30,000,000
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Preference shares of US$1.00 each, with no voting rights (in general)

Percentage of the aggregate number of Treasury Shares and Subsidiary Holdings held against the total number of issued preference shares: Nil

SERIES A-1 PREFERENCE SHARES

STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF[1] SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	1	6.67	590	0.00
1,001 - 10,000	4	26.67	21,000	0.11
10,001 - 1,000,000	5	33.33	341,090	1.71
1,000,001 AND ABOVE	5	33.33	19,637,320	98.19
TOTAL	**15**	**100.00**	**20,000,000**	**100.00**

1 There are only 15 registered shareholders and these are mostly financial institutions and trading participants which hold the shares for many Series A-1 Preference Shareholders.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BDO SECURITIES CORPORATION[2]	7,126,430	35.63
2	CHINA BANKING CORPORATION - TRUST GROUP	4,018,630	20.09
3	BANCO DE ORO - TRUST BANKING GROUP	3,867,750	19.34
4	CITIBANK N.A.	3,288,650	16.44
5	PNB TRUST BANKING GROUP	1,297,860	6.49
6	STERLING BANK OF ASIA TRUST GROUP	233,100	1.17
7	ARMSTRONG SECURITIES INC	50,450	0.25
8	AP SECURITIES INCORPORATED	24,450	0.12
9	EASTWEST BANKING CORPORATION - TRUST DIVISION	19,490	0.10
10	PHILIPPINE EQUITY PARTNERS INC	13,600	0.07
11	BPI SECURITIES CORPORATION	8,530	0.04
12	ASTRA SECURITIES CORPORATION	5,490	0.03
13	FIRST METRO SECURITIES BROKERAGE CORP	4,550	0.02
14	WEALTH SECURITIES INC	2,430	0.01
15	CHINA BANK SECURITIES CORP	590	0.00
	TOTAL	**20,000,000**	**100.00**

2 BDO Securities Corporation holds the shares of the following DMPL officers: Luis F Alejandro (15,000 shares); Parag Sachdeva (15,000 shares); and Ignacio Carmelo O Sison (8,000 shares), as well as other individuals.

STATISTICS OF
PREFERENCE SHAREHOLDERS
As at 2 July 2018

SERIES A-2 PREFERENCE SHARES

STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF[3] SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	1	4.55	300	0.00
1,001 - 10,000	6	27.27	38,900	0.40
10,001 - 1,000,000	10	45.45	953,370	9.53
1,000,001 AND ABOVE	5	22.73	9,007,430	90.07
TOTAL	**22**	**100.00**	**10,000,000**	**100.00**

3 There are only 22 registered shareholders and these are mostly financial institutions and trading participants which hold the shares for many Series A-2 Preference Shareholders.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BDO SECURITIES CORPORATION[4]	2,575,300	25.75
2	CHINA BANKING CORPORATION - TRUST GROUP	2,059,880	20.60
3	BANCO DE ORO - TRUST BANKING GROUP	1,659,120	16.59
4	CITIBANK N.A.	1,630,930	16.31
5	PNB TRUST BANKING GROUP	1,082,200	10.82
6	PHILIPPINE EQUITY PARTNERS INC	221,530	2.22
7	UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION	190,000	1.90
8	EASTWEST BANKING CORPORATION - TRUST DIVISION	171,520	1.72
9	FIRST METRO SECURITIES BROKERAGE CORP	111,570	1.12
10	CHINA BANK SECURITIES CORP	97,510	0.98
11	STERLING BANK OF ASIA TRUST GROUP	59,000	0.59
12	WEALTH SECURITIES INC	45,930	0.46
13	BPI SECURITIES CORPORATION	31,410	0.31
14	ASTRA SECURITIES CORPORATION	12,900	0.13
15	MBTC - TRUST BANKING GROUP	12,000	0.12
16	STANDARD CHARTERED BANK	10,000	0.10
17	UNITED FUND, INC.	10,000	0.10
18	THE HONGKONG AND SHANGHAI BANKING CORP. LTD. -CLIENTS' ACCT.	9,700	0.10
19	SUNSECURITIES, INC	6,900	0.07
20	MANDARIN SECURITIES CORP	1,200	0.01
	TOTAL	**20,000,000**	**100.00**

4 BDO Securities Corporation holds the shares of the following DMPL officer: Ma Bella B Javier (2,000 shares), as well as other individuals.

INTERESTED PERSON **TRANSACTIONS**

As at 30 April 2018

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$'000
NutriAsia, Inc	–	1,388
DMPI Retirement Fund	–	1,862
NutriAsia, Inc Retirement Fund	–	543
Aggregate Value	**–**	**3,793**

PROFORMA GROUP **FINANCIAL INFORMATION***

For the year ended 30 April 2018
(Amounts in Singapore Dollars)

	GROUP		
	Year ended 30 April 2018 S$'000	**Year ended 30 April 2017 S$'000**	**Year ended 30 April 2016 S$'000**
Revenue	2,966,367	3,131,368	3,160,978
Cost of sales	(2,382,527)	(2,443,468)	(2,485,694)
Gross Profit	583,840	687,900	675,284
Other income	–	–	–
Distribution and selling expenses	(298,935)	(282,404)	(279,433)
General and administrative expenses	(220,560)	(229,453)	(205,493)
Other expenses (expenses) – net	(24,519)	1,334	43,143
Results from operating activities	39,826	177,377	233,501
Finance income	55,987	8,075	3,101
Finance expenses	(142,632)	(154,385)	(138,418)
Net finance expense	(86,645)	(146,310)	(135,317)
Share in loss of investments in joint ventures, net of tax	(2,095)	(2,654)	(2,387)
Profit (loss) before taxation	(48,914)	28,413	95,797
Tax credit (expense) – net	(20,039)	(766)	(12,431)
Profit (loss) for the year/period	(68,953)	27,647	83,366
Profit attributable to:			
Non-controlling interests	(19,688)	(6,220)	4,167
Owners of the Company	(49,264)	33,869	79,199

* Basis of presentation of Proforma Group Financial Information

The audited financial statements of the Group are expressed in United States dollars (US$).

Given the Company's listing on the SGX-ST, for the convenience of certain readers, the above financial information for the years 2018, 2017 and 2016 are presented in Singapore dollars (S$) obtained by measurement of the S$ figures using the exchange rate of S$1.35, S$1.39 and S$1.39, respectively.

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

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr Rolando C Gapud
Executive Chairman

Mr Joselito D Campos, Jr
Managing Director and CEO

Mr Edgardo M Cruz, Jr
Executive Director

Mr Benedict Kwek Gim Song
Lead Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Dr Emil Q Javier
Independent Director

Mrs Yvonne Goh
Independent Director

AUDIT AND RISK COMMITTEE

Mr Benedict Kwek Gim Song
Chairman and Lead Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Dr Emil Q Javier
Independent Director

Mrs Yvonne Goh
Independent Director

NOMINATING AND GOVERNANCE COMMITTEE

Mrs Yvonne Goh
Chairperson and Independent Director

Mr Benedict Kwek Gim Song
Lead Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Dr Emil Q Javier
Independent Director

Mr Rolando C Gapud
Board Executive Chairman

Mr Edgardo M Cruz, Jr
Executive Director

REMUNERATION AND SHARE OPTION COMMITTEE

Mr Godfrey E Scotchbrook
Chairman and Independent Director

Mr Benedict Kwek Gim Song
Lead Independent Director

Dr Emil Q Javier
Independent Director

Mrs Yvonne Goh
Independent Director

EXECUTIVE OFFICERS

Mr Joselito D Campos, Jr
Managing Director and Chief Executive Officer

Mr Luis F Alejandro
Chief Operating Officer

Mr Ignacio C O Sison
Chief Corporate Officer

Mr Parag Sachdeva
Chief Financial Officer

Mr Antonio E S Ungson
Chief Legal Counsel, Chief Compliance Officer and Company Secretary

Mr Ruiz G Salazar
Chief Human Resource Officer

Ms Ma Bella B Javier
Chief Scientific Officer

COMPANY SECRETARY

Mr Antonio E S Ungson
10/F JY Campos Centre
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Fax : +632 856 2628

AUDITORS

SyCip Gorres Velayo & Co
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6760 Ayala Avenue
1226 Makati City
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Partner in-charge: Catherine E Lopez
(Date of appointment: since financial year ended 30 April 2016)

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in-charge: Phua, Chun Yen Alvin
(Date of appointment: since financial year ended 30 April 2016)

BANKERS

Australia and New Zealand Banking Corporation
BDO Universal Bank, Inc
Bank of Commerce
Bank of the Philippines Islands
Citibank NA
DBS Bank Ltd
Development Bank of the Philippines
Hongkong and Shanghai Banking Corp Ltd
KBC Bank NV
MUFG Bank Ltd
Metropolitan Bank and Trust Co
Mizuho Bank Ltd
Philippine National Bank
Rabobank International
Rizal Commercial Banking Corporation
Security Bank Corporation
Union Bank of the Philippines

REGISTERED OFFICE

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BVI REGISTRAR AND SHARE TRANSFER OFFICE

Nerine Trust Company (BVI) Limited
PO Box 905 Quastisky Building
Road Town, Tortola VG 1110,
British Virgin Islands

LISTING & TRADING SYMBOLS

Listed on 2 August 1999 on the Singapore Exchange
Listed on 10 June 2013 on the Philippine Stock Exchange (PSE)
Preference Shares listed on 7 April 2017 and 15 December 2017 on the PSE
Bloomberg: DELM SP and DELM PM, and DMPA1 and DMPA2 for the Preference Shares
Reuters: DMPL.SI and DELM.PS, and DMPA1.PS and DMPA2.PS for the Preference Shares

TRADEMARKS

Del Monte, Del Monte Quality and *Shield in Colour* are principal registered trademarks of the Group for packaged food and beverage products in the USA, South America, the Philippines, Myanmar and Indian subcontinent territories. The Group owns the *S&W* trademarks worldwide except for Australia and New Zealand. The Group's other trademarks include, amongst other trademarks in various jurisdictions, *Contadina, College Inn, Fruit Naturals, Orchard Select, SunFresh and Fruit Refreshers* in the USA, and *Today's, Fiesta, 202, Fit 'n Right, Heart Smart, Bone Smart* and *Quick 'n Easy* in the Philippines.

For further enquiries please contact:

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