DEL MONTE PACIFIC LIMITED

STRENGTHENING OUR CORE

ANNUAL
REPORT
FY2017

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ANNUAL
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DEVELOPING INNOVATIVE PRODUCTS

The marketplace is evolving rapidly and consumer preferences are changing constantly. We at Del Monte continue to innovate and delight consumers with exciting products.

EXPANDING OUR PORTFOLIO

GROWING OUR REACH

The opportunities are immense from new channels, such as perimeter of store, foodservice and e-commerce, to new geographies in the international market.

EXPANDING OUR MARKETS

IMPROVING OPERATIONAL EXCELLENCE AND SUSTAINABILITY

OPTIMISING, PROCESSES, SYSTEMS AND TECHNOLOGY

We explore all avenues to improve and strengthen our operations while also making sustainability a way of life.

RAISING OUR STANDARDS

One of our core values is "Excellence in Everything We Do", and we bring this to life by employing best in class practices.

STRIVING FOR COMMERCIAL EXCELLENCE

CONTENTS

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/ DMPL 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.lifegetsbetter.ph), owns *Del Monte, Today's, Fiesta, 202, Fit 'n Right, Heart Smart* and *Quick 'N Easy* trademarks 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.

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 12 plants in the USA, two in Mexico and one in Venezuela, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 23,000-hectare pineapple plantation in the Philippines and a factory with a port beside it.

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 67%-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.delmonte.com

www.swpremiumfood.com

www.contadina.com

www.collegeinn.com

www.lifegetsbetter.ph

VISION **& VALUES**

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**hampioning Together
- **H**ealthy Families
- **O**wnership with Integrity
- **I**nnovation
- **C**ommitment to Society & Environment
- **E**xcellence in Everything We Do

OUR **STRATEGY**

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.

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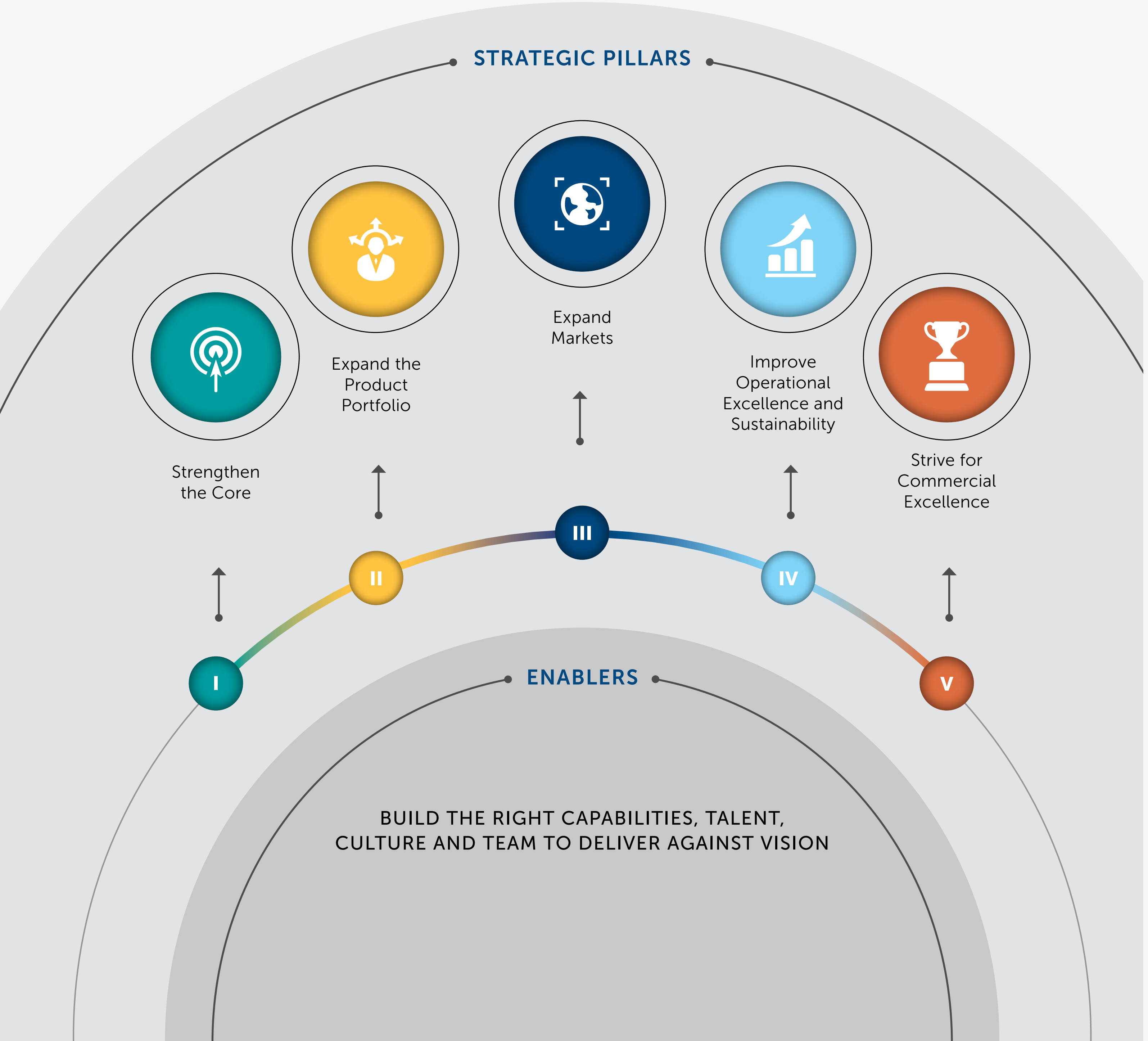
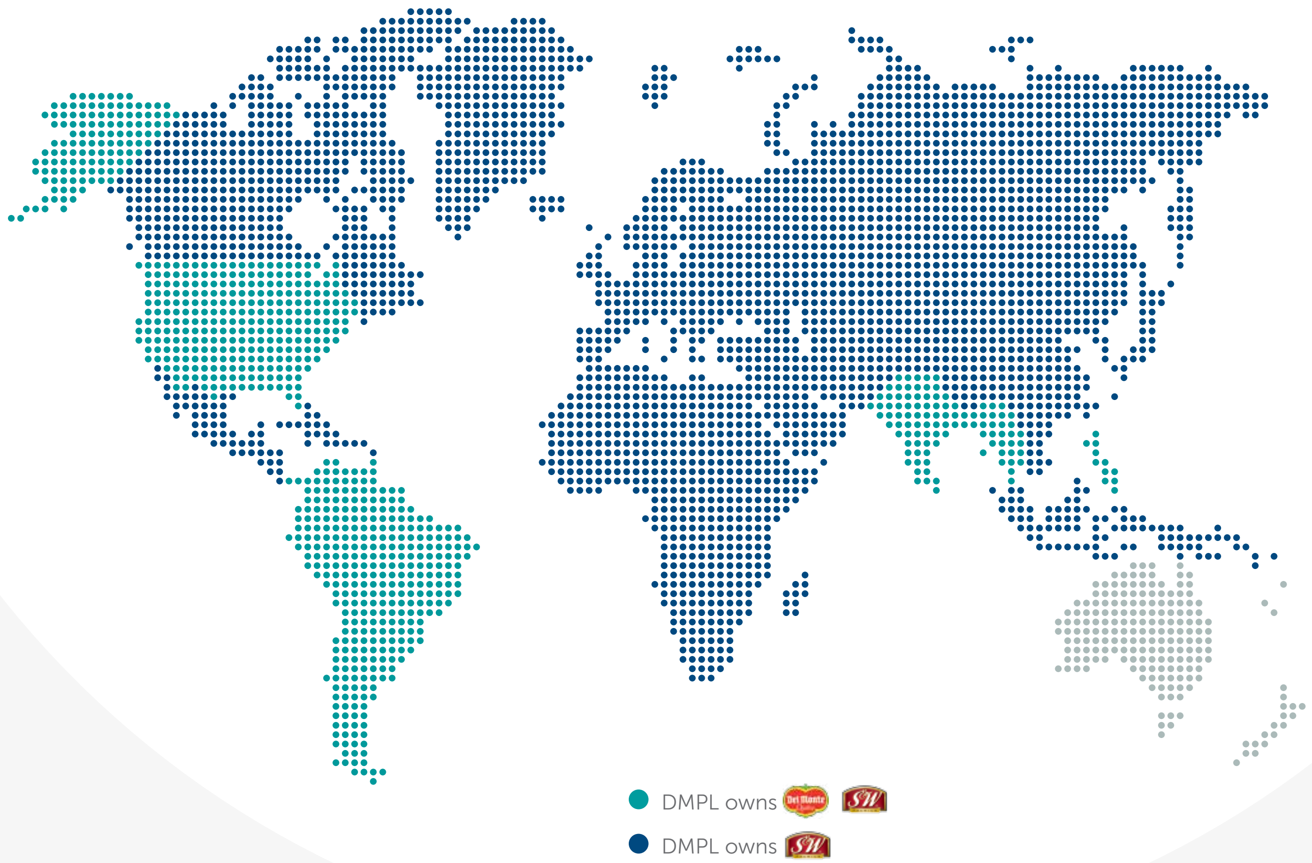


KEY BRANDS AND **BRAND OWNERSHIP**



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	Venezuela	Philippines	India
12	2	1	2	1

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.

130 YEARS HERITAGE

1880

1886
The *Del Monte* name premieres. *Del Monte* is used by an Oakland, California food distributor on premium coffee prepared for the Hotel Del Monte on the Monterey peninsula.

1892
Del Monte is first introduced as a trademarked brand.

1898
Eighteen west coast canning companies merge to form California Fruit Canners Association (CFCA). *Del Monte* is one of several premium brands marketed by the new company.

1900

1907
The Cannery is built. One of San Francisco's treasured landmarks, the Cannery was built in 1907 and by 1909 was the largest fruit and vegetable cannery in the world.

1909
The *Del Monte Shield* is introduced on labels. *Del Monte* puts *Quality* at the centre of its brand promise. Early ads assure customers that the brand's seal is "Not a label – but a guarantee."

1911
Packaging innovation - the sanitary three-piece can replaces hand-soldered containers to better preserve product integrity.

1916
CFCA merges with three other large canners to create California Packing Corporation (Calpak), with *Del Monte* as the primary brand.

1917
Calpak becomes the first US fruit and vegetable processor to advertise nationally.

1920

1926
Calpak sets up operations in the Philippines.

1940

1940
Fruits and vegetables in glass are introduced in the United States.

1945
Calpak begins expansion. Use of pallets for storage improves distribution.

1955
Del Monte pineapple grapefruit drink and stewed tomatoes are introduced.

1960

1967
Calpak changes its name to Del Monte Corporation (DMC).

1971
Leaders in nutritional labeling - DMC becomes the first major US food producer to voluntarily adopt nutritional labeling on all its food products.

1979
Tobacco giant RJ Reynolds (RJR) acquires DMC.

1980

1983
Biscuit-maker Nabisco buys RJR. DMC becomes part of the RJR Nabisco business.

1988
KKR acquires RJR Nabisco in an event touted by Time magazine as the biggest leveraged buyout at the time.

1989
DMC divides into two separate entities - Del Monte Tropical Fruit (fresh division) and Del Monte Foods (processed division).

1993
A new owner of Del Monte Tropical Fruit changes name to Fresh Del Monte Produce.

1996
DMC fully divests from Del Monte Philippines to Philippines-based Macondray & Co, Inc and Europe-based Del Monte International.

1997
Texas Pacific Group purchases DMC.

1997
DMC buys the *Contadina* brand.

1999
DMC lists on the New York Stock Exchange.

1999
Del Monte Pacific Limited (DMPL) is incorporated as parent of Del Monte Philippines; DMPL lists on the Singapore Exchange.

2000

2001
DMC acquires the *S&W* brand.

2002
DMC acquires pet food, baby food, *Star*Kist* tuna, *College Inn* broth, and private label soup businesses of HJ Heinz.

2006
NutriAsia Pacific Limited acquires 85% of DMPL.

2007
DMPL buys the *S&W* brand for Asia and EMEA from DMC.

2007
DMPL enters into a joint venture with the Bharti group in India to form FieldFresh Foods Private Ltd.

2011
KKR investor group reacquires DMC and takes it private.

2013
DMPL lists on the Philippine Stock Exchange (PSE).

2014
KKR sells the consumer food business of DMC to DMPL Group. The US company that now owns this business is Del Monte Foods, Inc (DMFI). DMPL is re-united with the US Del Monte. KKR changes the name of the old company from DMC to Big Heart Pet Brands.

2017
DMPL lists its Preference Shares on the PSE.

2017
DMFI and Fresh Del Monte Produce create new joint ventures in retail dining, chilled beverages, chilled fruit snacks and refrigerated avocado products.

TODAY

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












FY2017 **HIGHLIGHTS**

FY2017 HIGHLIGHTS

- Group sales reached US$2.3bn in FY2017, down 0.9% from prior year on higher Philippines and S&W Asia sales offset by lower USA sales
- The US business accounted for US$1.7bn or 75% of total sales
- The Asian business, both packaged and fresh segments, delivered record sales of US$611.7m, up 9%
- Without one-off items, the Group generated
  - EBITDA of US$211.8m, up 2%
  - Operating profit of US$145.5m, up 8%
  - Net profit of US$45.5m, up 80%
- Including one-off items, the Group generated
  - EBITDA of US$194.0m, down 20%
  - Operating profit of US$127.6m, down 24%
  - Net profit of US$24.4m, down 57%
- Declared dividend of US$0.0061 per share or 50% payout of FY2017 earnings
- CEO Joselito D Campos, Jr won Entrepreneur of the Year Award
- Received Best Investor Relations (Gold) and Best Annual Report (Bronze) Awards from the Singapore Corporate Awards
- New product *Del Monte® Fruit Refreshers™* won the 2017 Product of the Year Award in the Healthy Snacking category in the USA
- US$200m of Preference Shares issued, reducing DMPL's gearing
- Four new joint ventures with Fresh Del Monte Produce, Inc
- Nice Fruit plant for frozen pineapple commenced operation
- New Del Monte Pacific website launched

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). FY2016 runs from 1 May 2015 to 30 April 2016.
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. For more information on these amendments, please refer to Note 3 of the financial statements.

LETTER TO **SHAREHOLDERS**

DEAR SHAREHOLDERS,

Last year we launched Del Monte Pacific's vision: ***Nourishing families. Enriching lives. Every day.*** This is supported by five strategic pillars, the first of which is to strengthen the core business.

Strengthening our Core is indeed important to us as we continue to build a solid foundation to strengthen our business in the United States, our largest market which accounts for 75% of Group sales. We continue to strengthen our business in Asia as we delivered higher results for the second year in a row.

> "EXCLUDING THE ONE-OFF ITEMS, THE GROUP'S RECURRING NET PROFIT WOULD HAVE BEEN US$45.5 MILLION, SIGNIFICANTLY HIGHER VERSUS THE PRIOR YEAR'S RECURRING NET PROFIT OF US$25.2 MILLION MAINLY DRIVEN BY THE ROBUST PERFORMANCE OF THE ASIAN BUSINESS."

While our business in Asia performed well in FY2017, we faced some challenges in the USA. Our Company generated sales of US$2.3 billion in FY2017, slightly lower by 0.9% versus the prior year as higher sales from the Philippines and S&W in Asia and the Middle East were offset by lower sales in the United States.

Del Monte Pacific delivered a net profit of US$24.4 million, lower than prior year period's net profit of US$57.0 million as FY2017 included one-off expenses while FY2016 included a one-time net gain. More details on the one-off items are provided in the Operating and Financial Review section of this report.

Excluding the one-off items, the Group's recurring net profit would have been US$45.5 million, significantly higher versus the prior year's recurring net profit of US$25.2 million mainly driven by the robust performance of the Asian business.

Our subsidiary in the USA, Del Monte Foods, Inc (DMFI), achieved sales of US$1.7 billion, down by 5% due to reduced sales in foodservice and private label business lines as well as the impact of unsuccessful low-margin US Department of Agriculture bids.

DMFI has been focused on strengthening its leading share positions amidst canned vegetable and fruit industry contraction. For the full year, it increased its retail market share in the canned vegetable segment and maintained its share for canned fruit.

To meet the unique snacking needs of on-the-go adults, we introduced *Del Monte® Fruit Refreshers™* in June 2016, the first-ever adult fruit cup. *Del Monte® Fruit Refreshers™* won

MR ROLANDO C GAPUD
Executive Chairman

MR JOSELITO D CAMPOS, JR
Managing Director and CEO

LETTER TO **SHAREHOLDERS**

the 2017 Product of the Year Award in the Healthy Snacking category in the USA.

Our business outside the USA delivered record sales of US$611.7 million, 9% higher against the prior year. The Philippine market posted record sales of US$329.2 million, up 6% in peso terms as all product categories – packaged fruit, beverage and culinary – generated higher sales in both retail and foodservice channels.

Our Company strengthened its culinary portfolio with the launch of the *Contadina* brand in the Philippines with Nigella Lawson, best-selling cookbook author, food enthusiast and TV host as brand ambassador. *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 United States. DMPL brought the brand to the Philippines with an exciting array of new products, including olive oil, pasta and pasta sauces.

We entered a new category - the isotonic segment – with the launch of *Del Monte Fit 'n Right Active*, the first 2-in-1 Isotonic drink with Electrolytes for rehydration and L-Carnitine for fat reduction.

Moreover, the foodservice channel in the Philippines performed strongly on the back of expanded juice dispenser coverage and meal tie-ups with major convenience stores and fast food chains.

Sales of the S&W business in Asia and the Middle East reached US$120.2 million in FY2017, a record for this brand since Del Monte Pacific acquired it in 2007. Sales were significantly higher by 33% on higher volume and favourable mix. S&W partnered with Goodfarmer, one of China's leading suppliers of fruits and vegetables, through a co-branding programme. It also pursued e-commerce in China's JD.com for its key *S&W* packaged products. S&W also tied up with Burger King in China and with McDonald's in China, Hong Kong and Singapore.

Sales at our Indian joint venture FieldFresh Foods, which are equity accounted, were US$72.9 million in FY2017, 13% stronger in rupee terms. In retail, growth was driven by the culinary category with the relaunch of an expanded mayonnaise glass bottle range as well as good traction in the olive oil portfolio. It also launched the *Del Monte Dried Blueberries* and *Del Monte Baked Beans*. The year also saw the Group extend its partnership with Kikkoman with the introduction of soy sauce in the Indian market.

FieldFresh sustained its positive EBITDA while DMPL's share of loss in the FieldFresh joint venture in India remained flat at US$1.6 million.

+9%

RECORD SALES

Our business outside the USA delivered record sales of US$611.7 million, 9% higher against the prior year.

PREFERENCE SHARES AND INDEBTEDNESS

In April of 2017, our Company successfully completed the offering and listing of its Preference Shares in the Philippines generating approximately US$200 million in proceeds. This is an important achievement for our Company as well as the Philippine Stock Exchange (PSE) as these were the first Dollar-Denominated securities to be listed on the PSE.

The coupon rate of the Preference Shares is 6.625% per annum, payable semi-annually.

Our Company used the net proceeds to partly refinance a US$350 million loan. The Group's net debt amounted to US$1.7 billion as at 30 April 2017 and the net debt to equity ratio was reduced to 290% from 477% in the prior year.

The balance of US$150 million of Preference Shares is issuable within three years.

We expect to meet our financial obligations by increasing operating cash flow in the coming year by generating higher sales and managing costs and working capital.

DIVIDENDS

The Board approved a final dividend of US$0.0061 per share representing 50% of FY2017 net profit.

STRATEGY

It has been almost three and a half years since our milestone Del Monte Foods, Inc acquisition in the United States in February 2014. In the first two years, our Company focused on the transition, integration, restructuring and stabilisation of DMFI's core business.

At the end of the second year, we engaged an international strategy consultant to work with us in refreshing our Group vision and aspirations for the reunited Del Monte, anchored on market trends and the changing consumer landscape.

We have undertaken this important process since this defines our strategic roadmap and sets our course for many years to come.

Our vision and aspirations are supported by five strategic pillars – strengthen the core, expand the product portfolio, expand markets, improve operational excellence and sustainability, and strive for commercial excellence. In order to achieve these, we are building the right capabilities, talent, culture and team to deliver against the vision.

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

While we have heritage brands, it is not only the brand that makes us strong. It is our decades-long relationship with the farmers who grow the fruits and vegetables we process - making us a true farm to table company. Moreover, at the other end of the spectrum - we also have decades-long relationships with the major retailers and grocers in the market - an enviable advantage in a changing marketplace.

Del Monte plans to invigorate the category with more product differentiation and brand support, while improving efficiencies and overall cost structure.

We need to innovate outside the can and build on growing categories such as plastic fruit cup and Tetra Pak broth, which both offer alternative packaging formats that are on trend.

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 and our long term strategic plan with a view to delivering sustainable and meaningful returns to our shareholders.

In 2014, our Company entered into a JV with leading Spanish fruit processor Nice Fruit SL to build a food processing facility in the Philippines, and process, market and sell frozen pineapple globally. The facility, located near Del Monte's plantation, started commercial operations in May 2017. This is an exciting new market for us – frozen pineapple - using Nice Fruit's patented award-winning technology.

In June this year, we also announced a series of new joint ventures with Fresh Del Monte Produce Inc that will result in expanded refrigerated offerings sold across all distribution and sales channels, and a new retail food and beverage concept modeled after an already successful Fresh Del Monte Produce 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 collaboration offers the opportunity for each partner to share expertise and optimise economies of scale in product development, operations, sourcing, supply chain, marketing and distribution.

We are excited with the possibilities for our Company's long term success.

OUTLOOK

Barring unforeseen circumstances, DMPL will continue to be profitable for FY2018.

We will focus on strengthening the core business. Innovation through better product and packaging development, and improved agriculture and manufacturing technology will continue to fuel growth initiatives. DMPL will continue to explore digital opportunities for its range of products across markets. We will remain vigilant in keeping costs down, amidst an inflationary tinplate cost environment and lower pineapple juice concentrate pricing, through supply chain synergies and G&A cost optimisation.

Our Company 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 packaged and fresh, will gain more traction as it leverages its distribution expansion in Asia and the Middle East, while our affiliate in India will continue to generate higher sales and maintain its positive EBITDA.

SUSTAINABILITY

We are celebrating 130 years of the *Del Monte* brand. Throughout history, our Company 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 Company's strategic plan.

In FY2017, our Company took a step forward in incorporating sustainability to strengthen our core business. The Group went through the process of identifying our material

LETTER TO **SHAREHOLDERS**

> "THROUGHOUT HISTORY, OUR COMPANY 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."

Environmental, Social and Governance factors to prioritise the most important issues of our stakeholders. This is one of the five primary components of the Singapore Exchange's guidelines on sustainability reporting.

We are pleased to share our achievements in the United States. We were recognised as a 2016 Fruits & Veggies—More Matters® Role Model by Produce for Better Health Foundation, and were awarded the Leadership Partner status by Feeding America.

In the Philippines, we were awarded Best Industry Partner in Northern Mindanao from the Technical Education and Skills Development Authority, while in India, our affiliate FieldFresh Foods, has been certified as a Great Place To Work by the namesake organisation.

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 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 only less than 10 companies to have achieved this.

In the recent SCA in July 2017, we won the Best Investor Relations (Gold) and Best Annual Report (Bronze) Awards.

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

DMPL also ranked 32nd or top 5% amongst 631 Singapore-listed companies in the Singapore Governance and Transparency Index in August 2016.

We are also proud to share that our CEO, Joselito D Campos, Jr, won the Entrepreneur of the Year Award in the Asia Pacific Entrepreneurship Awards held in Singapore in August 2016.

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

WEBSITE

We have recently revamped our corporate website which features our four key brands – *Del Monte*, *S&W*, *Contadina* and *College Inn*, and our international F&B business. Do explore our brand heritage, trusted quality products, healthy recipes, advertisements, sustainability, governance and investor relations, plus more at www.delmontepacific.com.

APPRECIATION

We thank our employees for their hard work and dedication, as we forge ahead in ***Strengthening our Core.***

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 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

28 July 2017

5-YEAR **SUMMARY**

FINANCIAL YEAR[1] (Amounts in US$ million unless otherwise stated)	FY2017	FY2016 (As Restated[2])	FY2015 (As Restated[2])	CY2013	CY2012
PROFITABILITY[3]					
Turnover	2,252.8	2,274.1	2,190.0	492.2	459.7
Gross Profit	494.9	485.8	411.5	115.6	112.8
EBITDA	194.0	241.3	89.7	42.3	59.9
EBITDA - without Non-Recurring items	211.8	208.2	149.3	68.8	59.9
Profit/(loss) from Operations	127.6	168.0	38.3	27.5	49.7
Net Profit Attributable to Owners	24.4	57.0	(40.3)	16.1	32.0
EPS (US cents)	1.21	2.93	(2.90)	1.24	2.47
Net Profit - without Non-Recurring items	45.5	25.2	(3.8)	33.9	32.0
EPS - without Non-Recurring items (US cents)	2.29	1.30	(0.28)	2.62	2.47
Gross Margin (%)	22.0	21.4	18.8	23.5	24.5
EBITDA Margin (%)	8.6	10.6	4.1	8.6	13.0
Operating Margin (%)	5.7	7.4	1.7	5.6	10.8
Net Margin (%)	1.1	2.5	na	3.3	7.0
EPS Growth (%)	58.7	201.0	na	(49.8)	15.4
Return on Equity (%)	5.1	16.1	na	6.7	13.4
Return on Assets (%)	0.7	2.2	na	2.9	6.9
BALANCE SHEET					
Cash	37.6	47.2	35.6	132.9	24.6
Debt	1,714.0	1,843.8	1,718.5	276.7	140.5
Net Debt	1,676.4	1,796.6	1,682.9	143.8	116.0
Fixed Assets	657.2	661.2	679.3	99.5	93.4
Total Assets	2,757.1	2,706.4	2,628.4	617.6	496.7
Shareholders' Equity	578.6	377.0	330.5	228.4	250.7
Net Tangible Asset Per Share (US cents)	(8.4)	(19.2)	(22.1)	16.5	21.8
Net Debt to Equity Ratio (%)	289.8	476.6	509.2	62.9	46.3
CASH FLOW					
Cash Flow from Operations	187.1	108.0	308.6	27.8	19.5
Capital Expenditure	144.1	137.2	144.1	24.7	17.3
SHARE STATISTICS[4]					
Number of Outstanding Shares (million)	1,943.2	1,943.2	1,944.0	1,296.6	1,080.20
Number of Outstanding Preference Shares (million)[5]	20.0	-	-	-	-
AVERAGE FOR PERIOD					
Share Price (Singapore cents)	33.9	34.4	45.9	71.2	38.3
Share Price (US cents equivalent)	24.4	24.8	35.5	57.0	30.6
Market Capitalisation (S$ million)	658.7	668.5	892.3	923.2	413.7
Market Capitalisation (US$ million)	474.6	482.6	690.1	739.1	330.2
P&L rate: US$1 : S$	1.39	1.39	1.29	1.25	1.25
Price Earnings Multiple[3] (x)	20.2	8.5	na	46.0	12.4
Share Price - Preference Shares (US$)[5]	10.2	-	-	-	-
END OF PERIOD					
Share Price (Singapore cents)	33.5	42.0	56.7	56.3	47.3
Share Price (US cents equivalent)	24.0	31.1	41.2	44.4	38.8
Market Capitalisation (S$ million)	651.0	816.1	1,102.3	730.0	510.9
Market Capitalisation (US$ million)	465.6	604.6	801.5	575.2	418.8
P&L rate: US$1 : S$	1.40	1.35	1.38	1.27	1.22
Price Earnings Multiple[3] (x)	19.8	10.6	na	35.8	15.7
Share Price - Preference Shares (US$)[5]	10.0	-	-	-	-
DIVIDEND					
Dividend Per Share (US cents)	0.61	1.33	-	0.62	2.23
Dividend Per Share (Singapore cents)[6]	0.84	1.80	-	0.78	2.77
Dividend Yield (%)	2.5	5.2	-	1.1	7.2
Dividend Payout (%)	50	50	-	50	75

1 *DMPL changed its fiscal year to end in April in line with its USA subsidiary Del Monte Foods, Inc. For 2012-2013, 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. For more information on these amendments, please refer to Note 3 of the financial statements.*

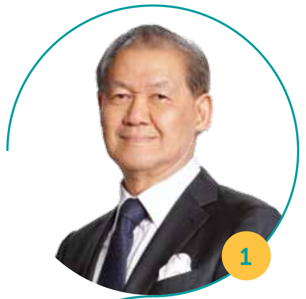
3 *The profitability of the Group from CY2013-FY2017 had been impacted by non-recurring items mostly due to the acquisition of the US company. Please refer to the Operating and Financial Review section for more details.*

4 *DMPL was listed on 2 August 1999 on the Singapore Exchange (SGX) 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.*

5 *Preference Shares started trading on the Philippine Stock Exchange on 7 April 2017.*

6 *Dividend per share (Singapore cents) for FY2017 is based on an indicative exchange rate as the dividend has not been paid yet at the time of print.*

BOARD OF **DIRECTORS**



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)
DR EMIL Q JAVIER	Independent Director of Philippine-listed Centro Escolar University (since 2002)
MR GODFREY E SCOTCHBROOK	Independent Director of Singapore-listed Boustead Singapore Ltd (since 2000) and Hong Kong-listed Convenience Retail Asia (since 2002)

None of DMPL's Directors are Chairman in other listed companies.

1. MR ROLANDO C GAPUD

Executive Chairman, 75
Appointed on 20 January 2006
and last re-elected on 15 April 2014

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, 66
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 also 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.

3. MR EDGARDO M CRUZ, JR

Executive Director, 62
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, 70
Appointed on 30 April 2007 and last re-elected on 15 April 2014
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. MRS YVONNE GOH

Independent Director, 64
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 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.

6. DR EMIL Q JAVIER

Independent Director, 76
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. MR GODFREY E SCOTCHBROOK

Independent Director, 71
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 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.

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 DMPL's Chief Corporate Officer, in charge of corporate strategy, sustainability, risk management and investor relations. He has been with DMPL since 1999 and has over 25 years of finance experience spanning corporate and strategic planning, financial planning, treasury, controllership and corporate sustainability. Before joining Del Monte Pacific in 1999, 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 a MSc in Agricultural Economics from Oxford University; a MA degree, 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.

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**
   Interim CEO and Chief Operating Officer
4. **EMMANUEL NISPEROS**
   SVP, Office of the Executive Committee
5. **WILLIAM SAWYERS**
   SVP, General Counsel, Chief Compliance Officer, Secretary
6. **DAVID WITHYCOMBE**
   SVP, Chief Operations Officer

DEL MONTE PHILIPPINES, INC

1. **PATRICK DINO**
   Group Head, Customer Development
2. **AMANTE AGUILAR**
   Group Head, Supply Chain
3. **EILEEN ASUNCION**
   Group Head, Marketing
4. **FRANCISCO MOLAS**
   Group Head, Mindanao Operations
5. **JOSELITO CAMPOS, JR**
   President and CEO
6. **LUIS ALEJANDRO**
   General Manager and COO
7. **CESAR CANLAS**
   Group Head, Information Technology
8. **GERARD BAUTISTA**
   Group Head, Corporate Human Resources
9. **LANA PARUNGAO**
   Group Head, Food Service
10. **ANGEL GATCHALIAN, JR**
    Group Head, Corporate Procurement

S&W FINE FOODS INTERNATIONAL LTD

1. **MARCO VERDEFLOR**
   Commercial Manager, China, Korea and Taiwan (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. **MUDASIR TAK**
   Commercial Manager, Middle East, Africa and South Asia (Fresh and Packaged)
7. **RICHARD LIN**
   Commercial Manager, China (Fresh and Packaged)
8. **WARUNEE 'GAYE' KARNASUTA**
   Commercial Manager, Europe, Middle East and Africa (Packaged)
9. **YAP SIEW LING 'ISON'**
   Commercial Manager, Europe, Middle East and Africa (Packaged)

INNOVATIONS

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.

With our vision, we would like to share our Innovations 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. It is our hope that, by doing so, we are able to enrich lives every day.

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

In the three 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. DMPL's US subsidiary, Del Monte Foods, has taken a leadership role in meeting consumer preferences.

To meet the unique snacking needs of on-the-go adults, Del Monte Foods introduced *Del Monte® Fruit Refreshers™* in June 2016. *Fruit Refreshers* are the first-ever adult fruit cup, bringing unexpected fruit flavours and exciting combinations in refreshing fruit waters. Each 7oz adult-sized cup provides 1 full serving of fruit and is less than 100 calories. *Fruit Refreshers* are available in four delicious flavours - Pineapple in Passion Fruit Water, Mandarin Oranges in Coconut Water, Grapefruit & Oranges in Pomegranate Fruit Water, and Grapefruit in Pink Guava Fruit Water. *Del Monte® Fruit Refreshers™* won the 2017 Product of the Year Award in the Healthy Snacking category in the USA. The Product of the Year Award is the world's largest consumer-voted award for product innovation where winners are backed by the votes of 40,000 consumers in a national representative survey conducted by research firm Kantar TNS.

Del Monte® Fruit Refreshers™, the first-ever adult fruit cup, won the 2017 Product of the Year Award in the Healthy Snacking category in the USA

Healthier range of College Inn broth and stock products

To address developing culinary trends amongst its loyal consumer-base, the Group launched *College Inn Bold Stock* in Beef and Chicken flavours.

Del Monte also forged ahead to meet consumer demand for organic products with 9 new *Del Monte® Organic Cut Tomato* items and 3 new *Contadina®* organic SKUs.

Del Monte has met American consumer expectations for transparency in labeling and for non-GMO products by certifying that the majority of *Del Monte®* brand vegetable products, 95% of *Del Monte®* brand 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, seasonings, and the like were not. It took innovative product development and supply chain assurance programmes to make this happen.

Del Monte has also been an innovation leader in working with our 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 Monte is a trusted source of high-quality food products and satisfies evolving regulatory requirements.


Shift to non-GMO and non-BPA cans

DEL MONTE AND CONTADINA 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 HeartSmart with Reducol™*, a special blend of plant sterols and stanols that help lower bad cholesterol; and *100% Pineapple Juice BoneSmart™*, 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 Group entered the isotonic segment, a new category – with the launch of *Del Monte Fit 'n Right Active*, the first 2-in-1 Isotonic drink with Electrolytes for rehydration and L-Carnitine for fat reduction. The Group also launched *Del Monte Fizzy Juice Drinks* in select foodservice accounts. These are carbonated juices to tap into new consumer segments and new consumption occasions.

From a study, it was established that consumption of a small can of *Del Monte Pineapple Tidbits* a day increased the production of granulocytes, which make up 60% of the body's white blood cells, known as the body's first line of defence against infection. In order to make the product more accessible everyday for consumers, a low-cash outlay pack format was developed. *Del Monte Pineapple Tidbits* was introduced in a Stand-up Pouch (SUP) format, the first in the market to offer an affordable format that encourages increased consumption, not only for enjoyment but also for better immunity.

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

We have a selection of *Quick 'n Easy* cooking aids that provide easy-to-prepare everyday dishes for novice cooks, while *Del Monte Creamy & Cheesy Spaghetti Sauce* is our creamiest and cheesiest ever. This red sauce is made from Lycopene-rich and naturally sweet California tomatoes, now made even more delicious with added real cream and cheddar cheese.

We launched *Contadina* olive oil, pasta, pasta sauces and canned tomatoes. *Contadina* takes to heart the Mediterranean philosophy of cooking with passion, using only the finest ingredients to deliver rich and authentic flavours. Grown and hand-picked from the most fertile regions of the world, our premium quality products boast flavours worth savouring.

The Group also re-introduced *Del Monte Extra-Rich Tomato Ketchup* and *Del Monte Extra-Rich Banana Ketchup*, now noticeably thicker and richer in flavour and colour, because they are made with high quality ingredients to boost their deliciously genuine and tangy taste.

Innovative Del Monte juices

Culinary aids for great-tasting dishes

INNOVATIONS

S&W 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.

It launched *S&W Fruit Delight* in Dubai, chunky pineapples in three delightfully flavoured light syrups - Lychee, Coconut and Grapefruit. *S&W Fruit Delight* has natural flavours, and is low-calorie with less sugar.

S&W Pina Coolada, a refreshing Pineapple Fruit Drink with Coconut flavour, was introduced in Israel with trail-blazing success. The first-in-market combination of two favourite tropical fruits, pineapple and coconut, took the market by storm instantaneously.

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.

S&W HeartSmart 100% Pineapple Juice™ was also launched in China via e-commerce. *S&W Sweet 16 Fresh Pineapple* is already popular amongst the Chinese consumers.

DEL MONTE IN INDIA

In our 8-year journey in India, Del Monte has worked continuously to establish itself as the lead player in the alternative cuisine/gourmet food products space.

New S&W Organic Apple Cider Vinegar

Del Monte India's pasta, imported from Italy

Picking up on the rise and growing acceptance of Italian cuisine in the out-of-home space by Indian consumers, Del Monte introduced in 2009 its pasta range, imported entirely from Italy.

Over time, the pasta range expanded to meet the growing desire of affluent Indian consumers to try out new tastes in food. Del Monte has also added to its Italian range olive oil (imported from Italy and Spain), table olives (from Spain) and pasta sauces, offering to consumers the convenience to make great Italian dishes at home.

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.

Del Monte's endeavour 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.

Giving Indian consumers healthy snacking options

USA CLAIMS TO FAME

WHERE WE GROW, PROCESS, DISTRIBUTE

100% of our vegetables & tomatoes are grown in the US
90+% of our fruits are grown in the US

12 DMFI Owned Manufacturing Plants	6 DMFI Owned Distribution Centres	2 Mexico DMFI Owned Manufacturing Plants	2 DMFI Seed Operations Facilities

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.*

USDA PROCESS VERIFIED NON-GE/GMO

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

95% of all Del Monte® products are **PRESERVATIVE-FREE**

IN 2016, WE BEGAN LABELING ALL 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 OVER 1,100 US GROWERS

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

AWARDS

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 CFO, 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 also 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 recent SCA on 18 July 2017, DMPL was honoured to receive the Best Investor Relations (Gold) and Best Annual Report (Bronze) Awards.

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

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.

HIGH CORPORATE GOVERNANCE RANKINGS IN SINGAPORE AND ASEAN

- Ranked #32 or Top 5% amongst 631 Singapore-listed companies in the Singapore Governance and Transparency Index in August 2016
- Ranked #28 amongst Top 100 largest Singapore-listed companies in the ASEAN Corporate Governance Scorecard in April 2016

Del Monte Foods' Senior Associate Brand Manager, Valerie Van Arkel, receiving the Product of the Year Award in the USA

COMMERCIAL

DEL MONTE® FRUIT REFRESHERS™ WINS PRODUCT OF THE YEAR

Del Monte® Fruit Refreshers™, the first ever Fruit Cup® snack made just for adults, has been named Product of the Year for 2017 in the Healthy Snacking category in the USA. The Product of the Year Award is the world's largest consumer-voted award for product innovation where winners are backed by the votes of 40,000 consumers in a national representative survey conducted by research firm Kantar TNS, a global leader in consumer research.

"We are honoured that *Del Monte® Fruit Refreshers™* has been selected as a 2017 Product of the Year Award winner," said Valerie Van Arkel, Senior Associate Brand Manager at Del Monte Foods. "In launching *Fruit Refreshers*, we set out to give adults more adventurous flavours, larger sizes, and more intriguing and convenient packaging, and we are happy to see that our Fruit Cup® answers to the wants and needs of our adult consumers."

DEL MONTE PHILIPPINES BAGS A PUREGOLD AWARD

Del Monte Philippines, Inc bagged the Grand Winner for Best Booth Concept, Silver Level, in the sought after annual event, Puregold Tindahan ni Aling Puring ("Store of Madam Puring"), Sari-Sari Store Convention, on 20 May 2016 at the World Trade Center, Manila. Besting other companies like Green Cross at first runner up, NutriAsia at second runner up, and other participating companies such as Johnson & Johnson, San Miguel, CDO, Unilab, Kimberly Clark, to name a few, Del Monte truly shone as it best captured the theme with its Pina Sulit Festival.

Del Monte Philippines won the Best Booth Concept in Puregold's convention

HUMAN RESOURCES

DEL MONTE PACIFIC'S CHIEF LEGAL COUNSEL RECOGNISED

DMPL's Chief Legal Counsel, Antonio E S Ungson, was recognised in the GC (General Counsel) Powerlist: Southeast Asia. This recognition identifies corporate counsel who have been instrumental in changing or forming opinions within their company or industry; developing brilliant technical solutions to complex issues; creating innovative structures to ensure that the in-house function is driving the business forward; or providing a business working model that other corporate counsel should follow.

DEL MONTE FOODS' MARKETING DIRECTOR RECOGNISED

Del Monte Foods' Director of Marketing Activation and Shopper Marketing, Jennifer Reiner, was recognised as one of the Women of Excellence by Path to Purchase Institute and Who's Who in Shopper Marketing in the USA. These women were chosen by a committee of Institute senior staffers and Shopper Marketing magazine editors for their passion for marketing to shoppers and their ability to inspire those around them. They show leadership and involvement in influencing shoppers along the path to purchase.

GREAT PLACE TO WORK® CERTIFICATION IN INDIA

DMPL's affiliate, FieldFresh Foods, has been certified as a Great Place To Work by the namesake organisation. Great Place to Work® certification is one of the most prestigious achievements for any organisation across the globe. To get certified, 70% or more of the organisation's employee respondents should rate the organisation as a great workplace and its people practices should be rated 2.5 or more on a 5-point scale by Great Place to Work® Institute.

In the first year of FieldFresh's participation, 79% of its employees rated the company as a great place to work, with its people practices getting a rating of 3.

SUSTAINABILITY

1. Recognised as a 2016 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. Awarded a B rating by the Carbon Disclosure Project in the USA.
4. Awarded Best Industry Partner in Northern Mindanao, Philippines from the Technical Education and Skills Development Authority (TESDA) of Region 10 for "its sterling support to the Tech-Voc sector and remarkable contribution in the development of a globally-competitive workforce in the region."
5. DMPL's affiliate, FieldFresh Foods, won the Corporate Responsibility and ACT Ambassador Award for 2016, both in the Gold Category, at the Bharti Foundation Changemaker Awards. 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.
6. FieldFresh Foods received the CII (Confederation of Indian Industry) Award for Food Safety 2016 for a strong commitment to Good Agricultural Practices for its Agri Centre of Excellence at Ludhiana, India.

FieldFresh Foods won the Corporate Responsibility and ACT Ambassador Award for 2016

ENTREPRENEUR **OF THE YEAR AWARD**

ENTREPRENEUR OF THE YEAR AWARD

DMPL's CEO, Mr Joselito D Campos, Jr, bagged the Entrepreneur of the Year Award in the Asia Pacific Entrepreneurship Awards on 11 August 2016 in Singapore. The Award recognises and honours business leaders who have shown outstanding performance and tenacity in developing successful businesses within the region.

CAREER HIGHLIGHTS

- Mr Campos worked at Unilab for close to 30 years, and was its Chairman and CEO for five years, helping build its strong leading presence as a major provider of healthcare goods and services in the markets of Indonesia, Thailand, Malaysia, Singapore, Hong Kong and Vietnam, amongst others.
- He consolidated the Philippines condiments industry through acquisitions in the 1990s making NutriAsia the market leader in condiments in the Philippines.
- Mr Campos acquired Del Monte Pacific in 2005 and acquired Del Monte in the States in 2014 for US$1.7 billion, market leaders in the Philippines and in the USA, respectively.

"GROWING A BUSINESS IS MUCH LIKE GROWING AN ORCHARD. YOU NEED TO SOW GOOD SEED AND NURTURE IT BEFORE YOU CAN HARVEST GOOD FRUIT."

Joselito D Campos, Jr, or Butch as he is fondly called by family, friends and colleagues, has taken one too many brave strides in his life. The first and pivotal step which set his course into the food and beverage industry was leaving the flourishing family business in pharmaceuticals and embarking on his own. He acquired and consolidated many smaller food companies in the 1990s and turned them into a US$350 million company under NutriAsia Inc. He acquired the Singapore-listed Del Monte Pacific Ltd (DMPL) in 2005. His boldest move was the acquisition of Del Monte in the United States three years ago for US$1.7 billion transforming DMPL into a global company. From a US$500 million turnover, DMPL quadrupled its sales. This took the world by surprise and made Filipinos proud - a Filipino company taking on the world in a milestone deal.

Mr Campos obtained his Business Administration degree from the University of Santa Clara, California, and his MBA from Cornell University in New York. He is the eldest son of the late Jose Yao Campos, a Filipino industrialist who founded United Laboratories, Inc (Unilab) in the Philippines, a leading manufacturer of pharmaceutical products in the Asian region, and larger than the multinationals in the Philippines. He worked at Unilab for close to 30 years, and was its Chairman and CEO for five years, helping build its strong leading presence as a major provider of healthcare goods and services in Indonesia, Thailand, Malaysia, Singapore, Hong Kong and Vietnam, amongst others.

Mr Campos later transferred the reigns of Unilab to his sister and set out a new path for himself in food and beverage. NutriAsia started operations in 1991 when he acquired the *Nelicom* brand, a major condiments brand in North Luzon with a small manufacturing factory producing ketchup, vinegar, soy sauce and fish sauce. In the same year, the company merged with more leading household brands like *Jufran* and *Mafran* ketchup, *Datu Puti*, *Papa Ketchup*, and *Mang Tomas Lechon Sauce*, following Mr Campos's vision of offering all the Filipinos' favourite sauce brands under one roof. 1996 was an important year for the company, with yet another acquisition, this time the number one local ketchup brand, *UFC Tamis-Anghang Banana Ketchup*.

In a close bidding war in late 2005 with other strong bidders, Joselito D

Joselito D Campos, Jr delivering his winner's speech.

Campos, Jr fought hard to gain ownership of DMPL, his first listed company acquisition.

He believes that "two heads are better than one." He surrounds himself with a talented management team to drive the company to its next stage of growth. Mr Campos champions corporate governance, transparency and sustainability in DMPL. DMPL has won the prestigious Best Managed Board (Gold) Award twice from the Singapore Corporate Awards. The Del Monte Foundation, under his leadership, supported 325 scholars and served 34,000 patients through mobile clinics in 50 remote communities around the plantations in the Philippines in the last fiscal year. He leads with kindness and empathy. He cares for his people's well-being.

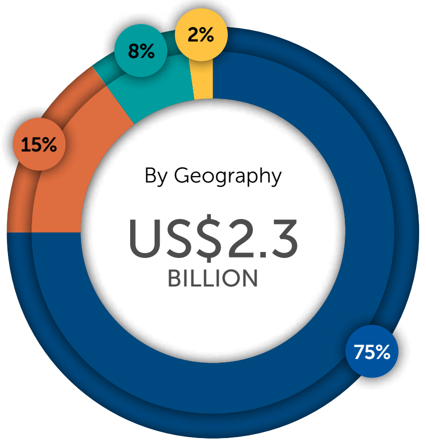
DMPL is now a US$2.3 billion company with 12 factories in the USA, two in Mexico, one in Venezuela and an integrated pineapple operation in the Philippines. It is a large global operation with a loyal following of consumers. Similar to the Vision of DMPL, Mr Campos dreams of "Nourishing Families. Enriching Lives. Every Day." and will champion his 20,000 colleagues worldwide to realise this vision. "My father once told me, 'nothing comes easy.' Growing a business is much like growing an orchard. You need to sow good seeds and nurture them before you can harvest good fruits."

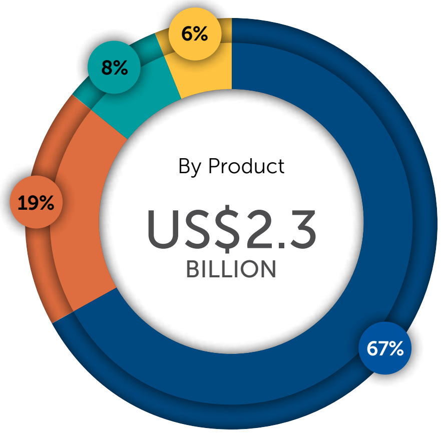
OPERATING AND **FINANCIAL REVIEW**

SALES

DMPL generated sales of US$2.3 billion in FY2017, slightly lower by 0.9% versus the prior year as higher sales from the Philippines and S&W in Asia and the Middle East were offset by lower sales in the United States.

DMPL FY2017 SALES





- North America
- Philippines
- Asia ex-Philippines
- Europe

- Packaged Fruit and Vegetable
- Culinary
- Beverage
- Fresh Fruit and Others

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 4.6% versus prior year due to reduced sales in foodservice and private label business lines as well as the impact of unsuccessful low-margin US Department of Agriculture bids. The foodservice business has been impacted by supply-related issues following closure of the North Carolina plant.

DMFI has been focused on strengthening its leading share positions amidst canned vegetable and fruit industry contraction. For the full year, it increased its retail market share in the canned vegetable segment by 1.7% and maintained its share for canned fruit. It experienced slight declines for the canned tomato and plastic fruit cup segments.

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.

To meet the unique snacking needs of on-the-go adults, DMFI introduced *Del Monte® Fruit Refreshers™* in June 2016. *Fruit Refreshers* are the first-ever adult fruit cup, bringing unexpected fruit flavours and exciting combinations in refreshing fruit waters. Each 7oz adult-sized cup provides 1 full serving of fruit and is less than 100 calories. *Del Monte® Fruit Refreshers™* won the 2017 Product of the Year Award in the Healthy Snacking category in the USA. The Product of the Year Award is the world's largest consumer-voted award for product innovation where winners are backed by the votes of 40,000 consumers in a national representative survey conducted by research firm Kantar TNS.

To address developing culinary trends amongst its loyal consumer-base, the Company also launched *College Inn Bold Stock* in Beef and Chicken flavours.

In foodservice, DMFI launched fruit cups meeting school requirement of a full ½ cup fruit (4.4 oz total) and meeting the US Department of Agriculture's requirement for schools to purchase food grown in the USA. It also offered *Kitchen Crafted Beans*, high-flavour, less-sodium beans designed to meet school nutrition requirements.

STRONG MARKET POSITION IN KEY CATEGORIES IN THE USA			
Products	Market Share	Market Position	Brands
Canned Vegetable	27.4%	#1	Del Monte
Canned Fruit	35.4%	#1	Del Monte
Plastic Fruit Cup	30.0%	#2	Del Monte
Canned Tomato*	9.6%*	#2	Del Monte, S&W, Contadina

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 29 April 2017

From left:
Del Monte fruit cups meeting school requirement of a full ½ cup fruit
Kitchen Crafted Beans, high-flavour, less-sodium beans designed to meet school nutrition requirements

From the top:
Del Monte® Fruit Refreshers™, the first-ever adult fruit cup, won the 2017 Product of the Year Award in the Healthy Snacking category in the USA
Improved College Inn

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$329.2 million, up 2% in US dollar terms and up 6% in peso terms as all product categories – packaged fruit, beverage and culinary – posted higher sales, driven by expanded penetration and increased consumption in retail and optimised opportunities in the rapidly-growing foodservice channel.

The Company strengthened its culinary portfolio with the launch of the *Contadina* brand with Nigella Lawson, best-selling cookbook author, food enthusiast and TV host as brand ambassador.

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 United States. *Contadina* takes to heart the Mediterranean philosophy of cooking with passion, using only the finest ingredients to deliver rich and authentic flavours. DMPL brought the brand to the Philippines with new products of olive oil, pasta, pasta sauces and canned tomatoes.

DMPL also launched *Del Monte Creamy & Cheesy Spaghetti Sauce*, which contains real cream and cheddar cheese. This

OPERATING AND **FINANCIAL REVIEW**

New Contadina products in the Philippines

product provides a relevant and distinct superiority platform for *Del Monte Spaghetti Sauce* vis-à-vis low-priced brands.

The Company re-introduced *Del Monte Extra-Rich Tomato Ketchup* and *Del Monte Extra-Rich Banana Ketchup*. Both launches are meant to tap into the growing trend for premiumisation, following improvements in the Filipinos' purchasing power.

In the beverage segment, *Del Monte Heart Smart*, an innovative 100% juice that aids in cholesterol reduction, expanded its relevance amongst adults, 30's and up with an endorsement from the Philippine Association of Thoracic and Cardiovascular Surgeons.

The Company entered the isotonic segment, a new category – with the launch of *Del Monte Fit 'n Right Active*, the first 2-in-1 Isotonic drink with Electrolytes for rehydration and L-Carnitine for fat reduction. It also launched *Del Monte Fizzy Juice Drinks* in select foodservice accounts. These are carbonated juices to tap into new consumer segments and new consumption occasions.

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

From the top:

Re-introduced Del Monte Extra-Rich Tomato Ketchup and Banana Ketchup

Del Monte Heart Smart endorsed by the Philippine Association of Thoracic and Cardiovascular Surgeons

New Del Monte Creamy & Cheesy Spaghetti Sauce with real cream and cheddar cheese

MARKET LEADER IN VARIOUS CATEGORIES IN THE PHILIPPINES

Products	Market Share	Market Position	Brands
Canned Pineapple	86.8%	#1	Del Monte
Canned Mixed Fruit*	76.5%	#1	Del Monte, Today's
Canned and Tetra RTD Juices	83.3%	#1	Del Monte
Tomato Sauce	84.1%	#1	Del Monte
Spaghetti Sauce*	46.9%	#1	Del Monte, Today's

**Combined share for Del Monte and Today's brands*
Source: Nielsen Retail Index, April 2017

Entered the isotonic segment with Del Monte Fit 'n Right Active

Expanded juice dispenser coverage

Regained the pineapple tidbits business from major pizza chains

Strategic meal pairing tie-ups with major convenience stores and fast food chains

The foodservice or institutional channel also performed strongly as it introduced a number of initiatives:

- Expanded juice dispenser coverage and introduced special flavours, hitting record volume
- Strategic meal pairing tie-ups in major convenience stores and fast food chains
- Regained the pineapple tidbits business from major pizza chains
- *Del Monte Tetra Juice Drinks* offered on Philippine Airlines

S&W IN ASIA AND THE MIDDLE EAST

Sales of the S&W business in Asia and the Middle East reached US$120.2 million in FY2017, a record for this brand since the Group acquired it in 2007. Sales were significantly higher by 33% on higher volume and favourable mix. Both the fresh and packaged segments generated higher sales with the fresh fruit and canned fruit categories performing well. The fresh segment accounted for 72% of S&W's total sales in FY2017, while the packaged segment accounted for the balance 28%.

S&W's strong performance was driven by improved distribution and expansion in Asia through partnership and other initiatives as follows:

- Partnered with Goodfarmer, one of China's leading suppliers of fruits and vegetables, through a co-branding programme for the *S&W Sweet 16 Fresh Pineapple;*
- Pursued more e-commerce inititiatives through the launch of key *S&W* packaged products in China's JD.com;
- Tied up with Burger King in China and with McDonald's in China, Hong Kong and Singapore to supply pineapple slices for their promotional burgers;
- Launched *S&W Organic Apple Cider Vinegar* in Malaysia and Singapore;
- Launched *S&W – Pineapple Chunks in Lychee, Coconut and Grapefruit-Flavoured Light Syrup* in Dubai; and
- Higher shipments into Indonesia and improved sales to a foodservice partner in the Philippines.

New products in Dubai – S&W Fruit Delight

S&W Pineapple Slice for McDonald's Singapore's Signature Promotional Burger, Crispy Buttermilk Chicken recipe

New product in Malaysia and Singapore – S&W Organic Apple Cider Vinegar

OPERATING AND FINANCIAL REVIEW

Del Monte Dried Fruits as healthy snacks

Del Monte's new processing facility in the Philippines that produces frozen pineapple

FIELDFRESH INDIA (EQUITY ACCOUNTED)

Sales at FieldFresh Foods, our Indian joint venture, which are equity accounted and not consolidated, were US$72.9 million in FY2017, 11% higher versus prior year. US$61.7 million came from the *Del Monte*-branded packaged segment and US$11.2 million from the *FieldFresh*-branded fresh segment.

The *Del Monte* business in India was up strongly by 16% with robust performance from key accounts and foodservice segments. In retail, growth was driven by the culinary category with the relaunch of an expanded mayonnaise glass bottle range as well as good traction in the olive oil portfolio. It also launched the *Del Monte Dried Blueberries* in 130g pouches and *Del Monte Baked Beans*. The year also saw the Group extend its partnership with Kikkoman with the introduction of 200ml and 1-litre soy sauce in the Indian market.

Consumer sampling of Del Monte pasta, pasta sauces, olives and olive oil in India

Riding on 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 in India – Cranberries, Prunes and recently, Blueberries - that gave consumers the benefit of a low-fat, low-sodium, high-fibre snack.

FieldFresh sustained its positive EBITDA while DMPL's share of loss in the FieldFresh joint venture in India remained flat at US$1.6 million. Although sales were strong, bottomline was impacted by demonetisation, higher commodity costs and the devaluation of pound that impacted exports of fresh products to UK.

NICE FRUIT JOINT VENTURE

In 2014, DMPL entered into a JV with leading Spanish fruit processor Nice Fruit SL and investment firm Ferville Ltd to build a food processing facility in the Philippines, and process, market and sell frozen pineapple globally. The facility, located near Del Monte's plantation in Bukidnon, Philippines, started commercial operations in May 2017.

It utilises Nice Fruits patented technology called Nice Frozen Dry (NFD) that allows fruits picked at optimal ripeness to be frozen for up to three years while preserving nutrients, structure, original properties and organoleptic characteristics. This technology has gained international acceptance, having won Best Product of the Year in the foodservice category at the prestigious Salon International de l'alimentation or SIAL in 2014, and FABI prize (Food and Beverage) for its revolutionary product from more than 2,000 companies at the National Restaurant Association or NRA Show in Chicago in 2015. This technology foresees radical changes in food consumption habits, and advantages for export and improved stock management.

The new processing facility in the Philippines has already produced and shipped frozen pineapple chunks to Europe. Product samples have also been sent to other markets.

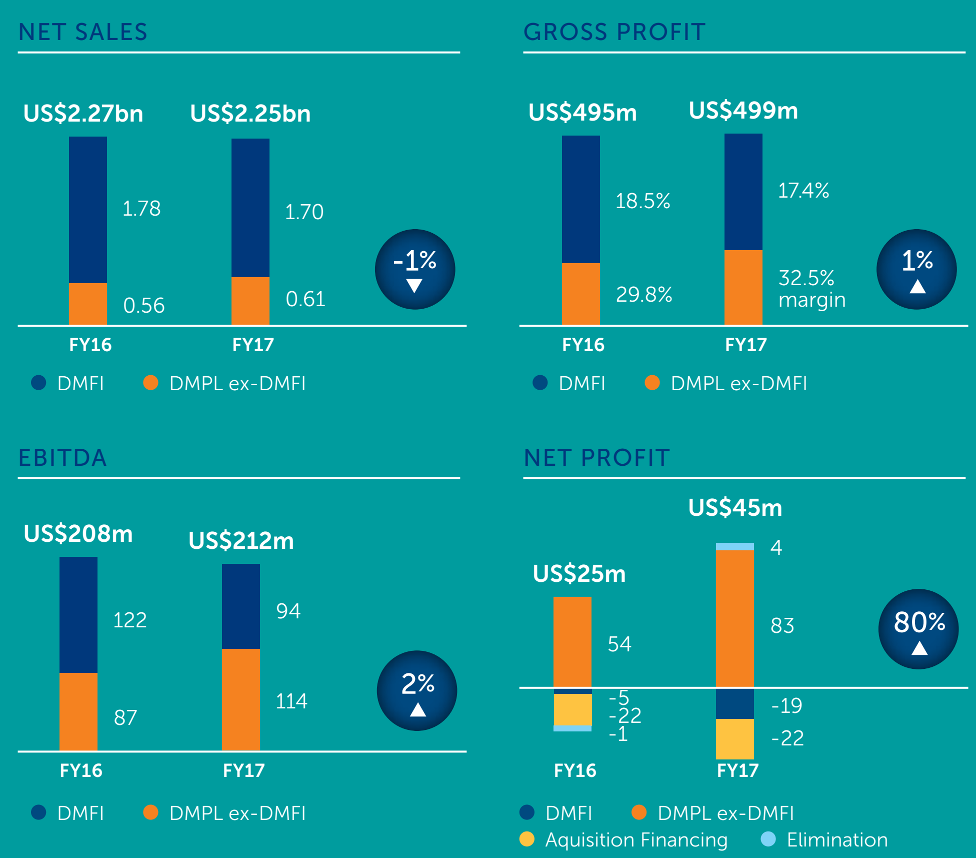
GROSS PROFIT AND MARGIN

DMPL generated a gross profit of US$494.9 million, higher by 2% over the prior year, while gross margin improved to 22.0% from 21.4% in the same period last year driven by the Asian business.

DMFI's gross margin declined to 17.2% from 18.0% in the same period last year mainly driven by lower volume, unfavourable pricing in non-retail channel and higher trade spending in the US.

DMPL ex-DMFI's gross profit grew to US$198.9 million, and its gross margin increased to 32.5% from 29.8% due to better sales mix, pricing actions and cost optimisation.

DMPL FY2017 RECURRING PERFORMANCE



Excluding one-off items, Gross Profit, EBITDA and Net Profit were higher than prior year

EBITDA AND NET PROFIT

DMPL's EBITDA declined by 19.6% to US$194.0 million, of which US$77.7 million was accounted for by DMFI. FY2017 EBITDA included US$17.9 million of one-off expenses which were primarily severance and closure of North Carolina plant. Meanwhile, FY2016 EBITDA included a one-time net gain of US$33.1 million mainly from DMFI's retirement plan amendment and working capital adjustment with the previous owner of DMFI. Please refer to the table on page 40 for the schedule of one-off items.

Excluding one-off items, the Group's recurring EBITDA would have been US$211.8 million (DMFI at US$93.6 million), 1.7% higher versus the recurring EBITDA of US$208.4 million in the prior year period.

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. For more information on these amendments, please refer to Note 3 of the financial statements.

DMPL generated a net profit of US$24.4 million for FY2017, lower than prior year period's net profit of US$57.0 million which included a one-time net gain of US$31.7 million. Meanwhile, FY2017 results included the US$21.1 million of one-off expenses mentioned above plus the write-off of deferred tax assets.

Excluding the one-off items, the Group's recurring net profit would have been US$45.5 million, significantly higher versus the prior year's recurring net profit of US$25.2 million mainly driven by the strong performance of the Asian business.

DMPL's net profit without DMFI was US$58.9 million, significantly up versus prior period's US$31.8 million mainly from improvement in gross margin as outlined above. However, DMFI experienced a higher recurring net loss (before DMPL's non-controlling interest) of US$21.4 million from US$6.1 million. Lower sales in the non-retail channels were partially offset by cost savings initiatives. The cost savings initiatives are a key pillar of DMFI's growth strategy that will result in high quality and cost competitive products. The initiatives are on-track and delivered US$20 million of cost savings in FY2017.

OPERATING AND **FINANCIAL REVIEW**

NON-RECURRING ITEMS (IN US$M)	FY2016	FY2017	BOOKED UNDER
Closure of North Carolina plant[1]	(16.3)	(3.7)	CGS and G&A expense
ERP implementation at DMFI[2]	(13.2)	-	G&A expense
Sager Creek integration[1]	(6.9)	-	G&A and other expense
Severance[1]	(7.9)	(10.2)	G&A expense
Others (includes professional fees)	-	(4.0)	G&A expense
Working capital adjustment with previous owner of DMFI[3]	38.0	-	Other operating income
Retirement plan amendment (no tax impact)[4]	39.4	-	G&A expense
Total income/(expense) (pre-tax basis)	**33.1**	**(17.9)**	
Write-off of Deferred Tax Asset at DMFI[5] (gross and net basis)	-	(11.5)	Tax expense
Total (net of tax and non-controlling interest of 10.6%)	**31.7**	**(21.1)**	

[1] The Group closed one of the plants in the US located in North Carolina to streamline operations and improve profitability. 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] DMFI migrated its ERP to the SAP system in January 2015, raising its processes and systems to global standards. Its parent DMPL also uses the same ERP. DMFI incurred additional costs in FY2016 as it stabilised SAP.

[3] On 18 February 2014, the DMPL Group acquired Del Monte Corporation's consumer products business (through DMPL's subsidiary Del Monte Foods, Inc (DMFI)) for US$1.675 billion plus working capital adjustments. Since then, there was a dispute between DMFI and the seller on the working capital adjustments calculation. The dispute was settled on 29 April 2016 and pursuant to such settlement, the seller's successor-in-interest paid US$38.0 million to DMFI.

[4] DMFI amended one of its post employment benefits replacing its retiree medical and dental benefits to contributions to a Health Reimbursement Account. Such amendment requires the remeasurement of the benefit obligation/liability. IFRS requires this to be recognised in the P&L as one-time income and this is non-taxable.

[5] Due to continued pre-tax losses, however, there is no cash impact. Please refer to Note 10 of the financial statements for more details.

INVENTORIES

DMPL's inventories amounted to US$916.9 million as at 30 April 2017, higher than the US$845.2 million as at 30 April 2016 due to DMFI's higher inventory level from reduced sales. This inventory is shelf-stable and can be sold on a go-forward basis. To improve working capital, DMFI will also be producing less during the harvest season.

DEBT AND CASH FLOW

The Group's net debt (cash and bank balances less borrowings) amounted to US$1.7 billion as at 30 April 2017, slightly lower than the US$1.8 billion as at 30 April 2016 due to repayment of loans. Out of the total net debt of US$1.7 billion, DMFI accounted for US$1.1 billion while DMPL ex-DMFI accounted for US$588.1 million.

The majority of the LBO loans in the USA have already been swapped to fixed rates starting February 2016.

In April 2017, the Company raised approximately US$200 million from the Preference Share Issue. Please see page 41 for more information.

DMPL's cash flow from operations was US$187.1 million for FY2017, significantly higher than the US$108.0 million in FY2016 mainly due to higher trade and other payables.

CAPEX

Capital expenditures (capex) were US$145.0 million for FY2017, higher than the US$138.9 million in the prior year due to revenue generating projects and maintenance in DMPL's plants. DMFI accounted for US$46.7 million of Group capex for FY2017, slightly up from US$46.0 million in FY2016.

DMPL ex-DMFI's capex was US$98.4 million for FY2017, up from US$93.0 million in FY2016.

DIVIDENDS FOR COMMON SHARES

Under the Company's Articles of Association and the terms of the Preference Shares, the Company may declare and pay dividends on Common Shares provided there are adequate and available funds for dividends on Preference Shares which have priority over Common Shares.

Subject to the foregoing, the Board approved a final dividend of US$0.0061 per share representing 50% of FY2017 net profit.

	FY2016	FY2017
Dividend for Common Shareholders	US$0.0133 per share	US$0.0061 per share
Payout Rate	50% of FY2016 net profit	50% of FY2017 net profit
Record Date	26 August 2016	To be confirmed
Payment Date	8 September 2016	To be confirmed

PREFERENCE SHARE OFFERING

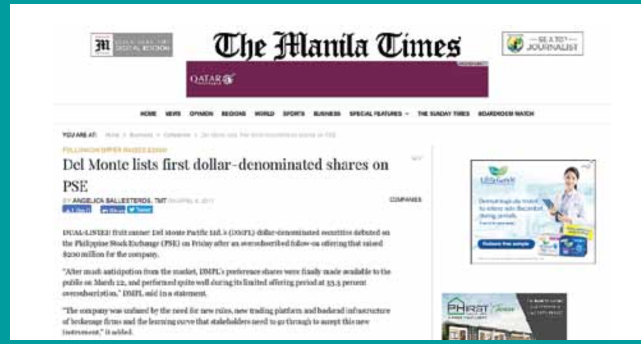
In April of 2017, the Company successfully completed the offering and listing of its Preference Shares in the Philippines generating approximately US$200 million in proceeds. This is an important achievement for the Company as well as the Philippine Stock Exchange (PSE) as these were the first Dollar-Denominated securities to be listed on the PSE.

The coupon rate of the Preference Shares is 6.625% per annum, payable semi-annually.

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

The Company used the net proceeds to partly refinance a US$350 million loan which was extended in February 2017 for two years. The Group's net debt to equity ratio was reduced to 290% from 477% in the prior year. The balance of US$150 million of Preference Shares is issuable within three years.

Preference Share Listing on the PSE with DMPL Management, including Executive Director, Edgardo Cruz, Jr, and COO, Luis Alejandro



Preference Share Roadshow in the Philippines on 22 March 2017

CNN interview of Ignacio Sison, DMPL's Chief Corporate Officer (right), and Ed Francisco, BDO Capital's President (left)

OPERATING AND **FINANCIAL REVIEW**

DMPL's Executive Chairman Rolando Gapud (left) and Fresh Del Monte Produce's Chairman and CEO Mohammad Abu-Ghazaleh (right)

SUBSEQUENT EVENT – JOINT VENTURE WITH FRESH DEL MONTE PRODUCE INC

DMPL announced a series of new joint ventures with Fresh Del Monte Produce Inc. (NYSE: FDP) that will result in expanded refrigerated offerings sold across all distribution and sales channels, and a new retail food and beverage concept modeled after an already successful Fresh Del Monte Produce 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 collaboration offers the opportunity for each partner to share expertise and optimise economies of scale in product development, operations, sourcing, supply chain, marketing and distribution.

The joint ventures are facilitated by the full and final settlement of all active litigation between Del Monte Pacific Limited and its subsidiary Del Monte Foods Inc on the one hand, and Fresh Del Monte Produce Inc, on the other hand, effective immediately. For more details, please refer to the announcement on 28 June 2017, the FAQs and conference call playback posted on http://www.delmontepacific.com/investors/news-and-filings.

DMPL's and Fresh Del Monte Produce's products

BUSINESS **OUTLOOK**

Barring unforeseen circumstances, DMPL will continue to be profitable for FY2018.

The Group will focus on strengthening its core business. Innovation through better product and packaging development, and improved agriculture and manufacturing technology will continue to fuel growth initiatives. DMPL will continue to explore digital opportunities for its range of products across markets. It will remain vigilant in keeping costs down, amidst an inflationary tinplate cost environment and lower pineapple juice concentrate pricing, through supply chain synergies and G&A cost optimisation.

In April 2017, the Company successfully completed the offering and listing of its Preference Shares in the Philippines generating approximately US$200 million in proceeds. The Company used the net proceeds to partly refinance a US$350 million loan. This reduced the Group's net debt to equity ratio to 290% from 477% last year. The balance Preference Shares of US$150 million is issuable within three years.

New Del Monte® Fruit Refreshers™, the first-ever adult fruit cup

USA

The Group faces headwinds from the long-term structural decline in several categories in which it competes. While remaining relevant, the centre-of-store is eroding at slow-and-steady pace due to shifts in consumer demographics, shifts in the way American consumers are eating and shopping, as well as shifts in consumer preferences.

The Company's commercial strategy builds upon its brand heritage and will realign its business (and ultimately the categories in which it competes) with those consumer trends over time. Its plan focuses on select attractive business segments 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 non-branded segment.

The Company 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.

Paving the way to its long-term strategy, the Group announced a formal agreement with Fresh Del Monte Produce to collaborate on four new joint ventures (more on page 42) which 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.

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 packaged and fresh, will gain more traction as it leverages its distribution expansion in Asia and the Middle East, while its affiliate in India will continue to generate higher 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 relevant advertising,

BUSINESS **OUTLOOK**

product innovation and expanded trade availability.

In addition, it expects to take full advantage of the growing foodservice industry by forging strategic tie-ups with key foodservice accounts.

ASIA THROUGH S&W

DMPL expects the S&W business to sustain its strong growth. It will expand both the fresh and packaged segments through new markets, new products and partnerships, while growing the base products in retail and foodservice channels, as well as in e-commerce. Co-branding of *S&W* with other brands will be further developed, while the S&W team will bring the Group's US *Contadina* brand, which is now available in the Philippines, to other markets in Asia.

INDIA

Del Monte will strive to strengthen its presence in the top 10 cities, both in retail and foodservice, with an emphasis on consumer activation and engagement to make the brand and its product offerings more familiar to consumers. Del Monte will also focus on building e-commerce as a significant alternate channel of business for both its retail and foodservice offerings.

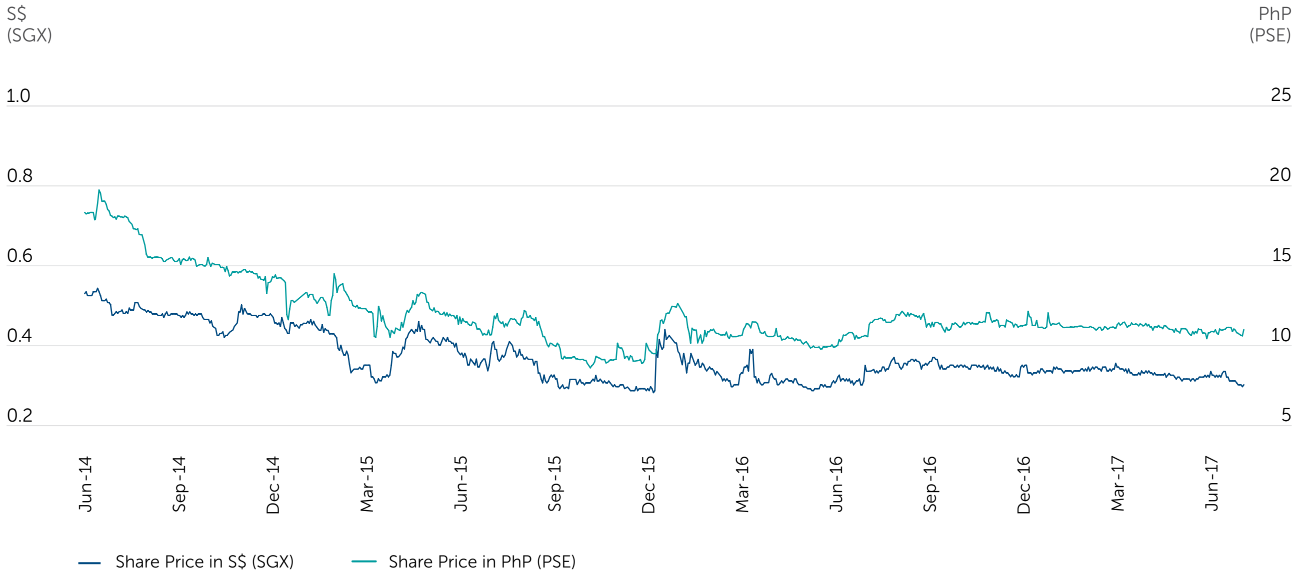
DMPL Executive Chairman Rolando Gapud speaking with DMFI in the US about the Group's strategy

Cross-functional teams across business units charting DMPL's digital roadmap

Town Hall in Walnut Creek, California, USA in March 2017

SHARE PRICE **AND CALENDAR**

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



DEL MONTE PACIFIC SHARE PRICE HIGHLIGHTS[1]

	IN SGX (S$)				IN PSE[2] (PHP)			
	Up to 18 July 2017	2016	2015	2014	Up to 18 July 2017	2016	2015	2014
Low	0.300	0.290	0.285	0.42	11.20	10.60	9.49	12.34
High	0.360	0.395	0.470	0.60	12.36	13.00	15.09	21.45
End of Period	0.305	0.340	0.385	0.46	11.84	12.90	13.44	13.84
Average	0.333	0.336	0.366	0.52	11.93	11.86	11.96	17.92

[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 FY2018 (MAY 2017 - APRIL 2018)

30 Aug 2017	FY2017 Annual General Meeting
7 Sep 2017	1Q FY2018 results announcement
5 Dec 2017	2Q FY2018 results announcement
9 Mar 2018	3Q FY2018 results announcement
21 Jun 2018	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

OUR NEW **DEL MONTE PACIFIC** WEBSITE IS UP!

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

Mobile-responsive and accesible via smartphones and tablets

★★★

Features our four key brands - *Del Monte, S&W, Contadina* and *College Inn*, and our international business as a global F&B company

★★★

Links to our subsidiaries' and brands' websites, and social media links to DMPL's subsidiaries' Facebook, Instagram, Twitter, LinkedIn and Pinterest pages

★★★

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

★★★

Includes the prospectuses of all major transactions and the group's various awards across many sectors

★★★

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

www.delmontepacific.com

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
Branded and Non-Branded Business	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 a number of factors, including, but not limited to, competition, product innovation and product acceptance, industry trends, distribution expansion, penetration and business partners' risks. 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 the USDA and certain private label) requires a competitive bidding process which does not guarantee the outcome of the bid nor the profitability of such bids. Organisational changes may hamper execution of the Group's strategic plan.	• Strengthen the core business, expand the product portfolio and markets • The Group's joint venture with Fresh Del Monte Produce, Inc. will strengthen the US business through collaboration on new product innovations such as chilled juices, fruit snacks and avocado products • Shift to branded value-added, packaged products with emphasis on innovation, health and wellness, convenience, quality, competitiveness and consumer appeal of the categories • The Group is reassessing its non-branded business in its long-term strategic plan • Expand growing categories – Broth and Single-Serve Fruit snacks in alternative packaging formats • Market and customer diversification: increased penetration of high-growth channels, foodservice and e-commerce • Reinforce consumption-driven marketing strategies such as consumer advertising • Building on closer working relationships with trade partners • Improve talent management and enhance selling, marketing and operational processes to support business goals
Inventory Management	Excess inventory due to challenges in demand planning, crop tonnage and order fulfillment.	• Improve demand planning and adjust production plan to manage inventories • More focus and use of technology allows for better inventory management and visibility
Goodwill	Goodwill impairment in the US relies on improvement of our Net Operating Income in the near-term.	• To improve our income stream, the Group will strengthen the core business, expand the product portfolio and markets • The Group's joint venture with Fresh Del Monte Produce, Inc. will strengthen the US business through collaboration on new product innovations such as chilled juices, fruit snacks and avocado products • Shift to branded value-added, packaged products with emphasis on innovation, health and wellness, convenience, quality, competitiveness and consumer appeal of the categories • Expand growing categories – Broth and Single-Serve Fruit snacks in alternative packaging formats

RISK **MANAGEMENT**

PRINCIPAL RISK	SPECIFIC RISK WE FACE	RISK MITIGATION
Goodwill (Continued)		• Market and customer diversification: increased penetration of high-growth channels, foodservice and e-commerce • Reinforce consumption-driven marketing strategies such as consumer advertising • Improved cash flow 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 and capital spending, productivity enhancements and operational efficiencies
Trade Spending	In the US, a large portion of sales expense is for trade promotion activities. Management of trade promotion activity is important.	• In the US, the Group will explore various programmes and tools to better manage trade promotion • The Group will leverage the SAP software to address these challenges
Financial Leverage	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$200 million Preference Shares in the Philippines in April with a coupon rate of 6.625% p.a. • Net proceeds were used to partly refinance the US$350 million loan which was extended until February 2019 • Remaining balance of US$ 150 million of Preference Shares are issuable within 3 years • The Group previously raised approximately US$150 million in March 2015 from the Rights Issue in Singapore and the Philippines, and used the proceeds to partially pay down the acquisition bridge financing • 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 variable 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
Talent Management	The Group's capability to acquire and retain talent has an impact on the execution of the strategic plan.	• Employee engagement is one of the strategies used to attract and retain talent by the Group • In the Philippines, we continue to monitor new legislations that affect labour and operations, and proactively develop strategies to reduce the impact of these regulations

PRINCIPAL RISK	SPECIFIC RISK WE FACE	RISK MITIGATION
ERP/SAP Optimisation in USA	In January 2015, the Group implemented a new Enterprise Resource Planning system, SAP, 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 to timely and accurate processing of documents, monitoring of expenditures, along with the change of service provider and decision-making associated with the steady flow of detailed quality information.	• The Group has transitioned to a new global service provider for finance and accounting • The Group is managing the transition by retaining existing staff in its back office for a certain period, managing knowledge transfer to key members of the new staff, and solid training for all staff involved • Refocus IT support to effectively manage the project implementation which includes prioritising SAP enhancements and alignment of key business processes with functional groups • SAP enhancements were prioritised by management and a number of projects are underway
Tax	The Group may be exposed to additional losses from write-offs of deferred tax credits and impairment of goodwill should our operations in the US continue to incur losses. The Group may lose certain tax incentives should it fail to comply with the conditions for the tax incentive.	• Proper execution of the Group's strategic and annual operating plan to meet its projected income in the US • Implement measures to comply with conditions related to the tax incentive • Ensure the Group's compliance with rules and regulations
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, without limitation, environmental regulations.	• The Group develops and executes a long-term strategic plan and annual operating plan, supported by a business continuity plan, risk management and a corporate sustainability programme • It also pursues productivity-enhancing and efficiency-generating work practices and capital projects • To manage security risks in its operating units in the Philippines, the Group has strengthened security measures and improved 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, contract growers and service providers' performance, and leasehold arrangements.	• 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 El Nĩno and La Niña • The Group has Global Agricultural Practices (GAP) certifications, and complies with proven agricultural practices

RISK MANAGEMENT

PRINCIPAL RISK	SPECIFIC RISK WE FACE	RISK MITIGATION
Environmental Risks (Continued)	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. During the fiscal period, the Group experienced the end of El Nı̃no and the start of La Niña weather phenomenon in certain areas of its operation. This affected crop yield. The drought in California has had an effect on fruit trees such as peaches, affecting quality, volume and pricing which could reduce consumer demand. The drought in southern Philippines impacted the pineapple supply in the first semester.	• The Group is exploring sourcing peaches from foreign sources • Higher peach product costs are expected to be offset by lower costs from productivity enhancements and operational efficiencies • To minimise water risks, the Group needs to: – Invest in technologies to improve water conservation and encourage the business culture of saving water – Reuse and/or recycle water in operations as many times as possible before discharging to grey water – Improve the quality of grey water discharges using source point pollution control and new raw product processing methods that discharge less pollutants of concern – Work with growers to encourage the use of more water-efficient irrigation systems and techniques • 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
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. 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 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 – Design and implement security control at each local site • The Group has engaged a third party to audit its systems and mitigate such risks
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

SUSTAINABILITY

Sunrise in our pineapple plantation in Bukidnon, Philippines

OUR SUSTAINABILITY JOURNEY – NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.

Throughout our 130 years of history, our Company 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.

We're passionate about cultivating good food for a better life by bringing high-quality, healthy, and nutritious food to people in a way that protects the environment, builds strong ties to our communities, and enables our Company, consumers, customers and employees to grow and flourish.

We have long been considered a leader in introducing agricultural practices that minimise the use of pesticides and help farmers grow stronger, more productive crops with less fertilizer, water, and other materials. We know that the success of our business relies on a healthy environment, in our growers' fields and across our own operations.

Equally important is our attention to the relationships we have established with our employees, suppliers, and customers, and within the communities in which we live and work. For us, sustainability reflects the balanced consideration of people, planet, and performance.

In this report, we are pleased to share with you the progress we have made during the past year through our productivity and cost efficiency programmes, agricultural enhancement measures, supply chain improvements, capital expenditure and facilities improvement projects, and other key programmes, including the Del Monte Foundation. We also continued to explore ways to further reduce our environmental footprint and broaden our social responsibility.

By embracing the Global Reporting Initiative (GRI) framework, we have now embarked on a journey towards a more holistic approach to social, environmental and economic performance. Sustainability has been firmly embedded in our annual plans and is one of five pillars driving our long-term strategic blueprint for growth. This commitment is reinforced by a dedicated sustainability function at Group level that reports to the Board of Directors. Each part of the Company is responsible for integrating sustainability in its operations and proposals.

In FY2017, Del Monte took a step forward in incorporating sustainability to strengthen our core business. The Group went through the process of identifying our material Environmental, Social and Governance (ESG) factors to prioritise the most important issues of our stakeholders. Identifying our sustainability priorities with respect to products, people, the environment, and governance issues relevant to our operation is one of the five primary components of the SGX guidelines on sustainability reporting. We engaged the services of a global

SUSTAINABILITY

independent consultant, a sustainability specialist firm, to ensure the independence of the material assessment process.

Through the Del Monte Foundation, we also focus on communities where we operate, where we help provide education, healthy living and livelihood to over 100 communities in Bukidnon and Misamis Oriental in the Philippines.

We believe in building the long-term resiliency for our business. New challenges and threats emerge. Our Company needs to continually understand these global issues and engage our stakeholders to identify key issues which affect our customers, the community where we operate, our employees, the environment and our ability to deliver a fair return to our investors. We continue to remain mindful of the impact of our activities on the future of our planet.

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

As a leading global food company, we have included corporate sustainability as part of the company's strategic plan.

With the formalisation of our sustainability efforts, we, together with our stakeholders, stand to reap greater benefits, both tangible and intangible. The sustainability framework should help the Company achieve its business objectives since sustainability benefits not only the environment and society, but also the business -- people, planet and profit or the Triple Bottomline.

Sustainability is not just a business strategy, it is essential to our success. It is essential in strengthening our core!

OUR APPROACH

Improving sustainability is one of the strategic pillars supporting our vision.

At Del Monte, our vision is to nourish families and enrich lives, every day. We're passionate about 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 Company to grow and flourish.

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

- **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.
- **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.
- **Nurturing Nature.** Our Company'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 through lower-impact agricultural practices, and strive to reduce our operational environmental footprint by eliminating waste and optimising our use of materials, energy, and water.
- **Nurturing Governance.** We are committed to the highest standards of corporate governance and support the principles of openness, integrity and accountability.
- **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.
- **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.

Our goal is to promote sustainability to achieve our business objectives, environmental stewardship and social responsibility. The benefits we envision are to:

- Improve the business performance by generating operational efficiency and cost savings through a more sustainable business model;
- Promote risk management and compliance and avoid penalties by catching risks early on and taking action to mitigate them;
- Boost the brand equity of the Company; and
- Enhance the Company's reputation with stakeholders, including investors, credit institutions, customers, employees, and business partners through a sustainable economic performance, environmental and social responsibility.

An employee inspecting the green beans field

To embrace sustainability and promote this value within the organisation, our initial steps include the following:

- Make sustainability an important and critical agenda along other business matters discussed in the operating committee and presented to the board of directors;
- Identify key sustainability material issues using our risk management assessment and feedback from stakeholders;
- Weekly dissemination of sustainability articles gathered from leading international and local sustainability websites to improve awareness and provide benchmarks and best practices;
- Conduct orientations to advocate sustainability in all levels of the company and eventually extend this to our business partners and other stakeholders; and
- Include sustainability as part of the goals of managers and supervisors.

We will take stock of all the corporate-wide sustainability initiatives within the GRI framework to come up with a baseline report and eventually publish a sustainability report. GRI reporting provides common performance measures among enterprises worldwide leading to easier benchmarking.

Part of our strategic plan is to develop long-range goals on:

1. Health and safety
2. Environment
   a. Renewable energy
   b. Reduction in greenhouse gas emissions
   c. Climate change
   d. Water stewardship
3. Supply chain and sourcing
4. Employee engagement
5. Corporate social responsibility

We continue to focus on building the 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, Mission and Values, on providing Health and Wellness, Environmental Stewardship and Employee Welfare, we strive to ensure that we nourish families, enrich lives every day!

GOVERNANCE

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

The Company abhors any form of corruption by its employees and suppliers. Any solicitation or offering of gifts, payments or commissions by Company employees and their families, or by suppliers and their representatives, in exchange for business or for personal gain is strictly prohibited. Employees are expected to report any such violations or suspected violations.

The Del Monte Anti-Corruption programme aligns with the US Department of Justice Hallmarks of an effective compliance programme. We have an Anti-Corruption task force that meets as needed to reassess the programme and evaluate whether further enhancements are necessary and roles and responsibilities of the task force are documented. An Anti-Corruption Policy as well as supporting policies (e.g., Code of Conduct, Employee Handbook, and Travel & Expense) have been communicated to employees. The Anti-Corruption Policy includes procedures to address high-risk transactions such as:

- International Gifts and Hospitality
- Travel and Lodging for Government Officials
- Review and Approval of any Facilitating Payments
- Retention of Intermediaries and Consultants
- Reviews of Proposed Charitable and Political Donations
- Financial and Accounting Requirements

The Anti-Corruption procedures also require Del Monte 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 or which may reasonably be expected to interact with any foreign government official on behalf of Del Monte. Anti-Corruption training is provided every two years to approximately 100 officers and employees at Del Monte and its subsidiaries.

The Group implements a Whistleblower Policy that aims to deter and uncover any corrupt, illegal, unethical, fraudulent or other conduct detrimental to the interest of the Group committed by officers and

SUSTAINABILITY

employees, as well as third parties/any other persons, such as suppliers and contractors.

Internal audits are periodically performed to assess corporate, facility and subsidiary processes and controls to mitigate corruption risks. The company has a Code of Conduct which directors, management and all employees abide by. All employees are required to provide information on related party and conflict of interest which is updated annually.

A separate team evaluates and manages Risks and both Compliance and Risk Issues are reported to the Board of Directors.

Please refer to the Corporate Governance section for more details on this.

SUPPLIER SELECTION

The Company acknowledges the importance of building a sound relationship with its suppliers. Accordingly, the Company shall conduct business with all customers on the basis of integrity, mutual interest and fairness.

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

The Supplier Quality Management Programme (SQMP) was launched in April 2008 for direct materials suppliers and later applied to toll manufacturers as an aid to help in the selection of best suppliers for the Company. The objective of the programme is to:

1. Align the Company's quality parameters with that of suppliers;
2. Provide suppliers with performance scorecards;
3. Classify suppliers into certified, preferred, approved and conditional suppliers;
4. Align suppliers with Del Monte Philippines, Inc. goals that would help support growth in the next 5 years; and
5. As a tool to determine allocation of the Company's requirements to suppliers.

The suppliers are rated based on quality performance, delivery performance and competitiveness. For FY 2017, this programme was opened to indirect materials and service providers. The Company also has in place, product traceability measures to respond to customer requirements.

In the US, the Company has in place a Supplier Code of Conduct that applies to any entity providing goods or services, including suppliers and sub-contractors. The objective is for suppliers to practice and uphold ethical business standards. The Company performs periodic audits of contract manufacturers and certain direct suppliers. Some independent and unannounced audits are used to address quality assurance and compliance issues. Furthermore, we prohibit all forms of forced and child labour.

Truckers using the water slide

Suppliers are bound by Del Monte's standard purchase orders that require the Seller to comply with the standards set forth in the Supplier Code of Conduct. Additionally, our co-manufacturing and packaging partners must comply with all Del Monte site rules, policies, procedures, Standards of Business Conduct, and health, safety and environmental policies.

Del Monte's Supplier Diversity Programme enables small and diverse businesses to be considered fairly as subcontractors and suppliers. It is our policy to seek out opportunities to buy from these suppliers where price, quality, and delivery of service are competitive.

Del Monte is committed to developing and maintaining successful relationships with certified small and diverse businesses which can help us achieve long-term growth that in turn drives shareholder value. We define certified businesses as follows:

- Small business
- Small disadvantaged business
- Veteran-owned small business
- Service disabled veteran-owned small business
- Hubzone small business
- Minority business enterprise
- Women business enterprise

WHY WE REPORT

Our Company strives to be transparent when reporting on sustainability where we focus on our environmental and social responsibility. We have supported communities around our plantation providing employment, health services and livelihood programmes.

We continue to build on our reporting based on the principles of transparency and accountability. We believe the value of reporting can help communicate the Company's efforts on environmental stewardship, social responsibility and our economic progress. The report will also provide information on our successes and failures, challenges and opportunities.

By reporting on sustainability, we believe that we can build trust with our stakeholders and help address issues, enhance sustainability within the organisation, and provide us an opportunity to improve by incorporating sustainability in our business strategy, process and culture.

NOURISHING OUR PEOPLE

We are a people-driven organisation committed to growing wellness and a high quality of life through healthy working relationships with all stakeholders, including customers, employees, business partners and investors.

Our employees are our most valuable resource. Some 6,100 regular employees work at our plantation, manufacturing facilities, and administrative and marketing offices in the United States, Mexico, Venezuela, Philippines, India and Singapore.

Nourishing our people is vital in strengthening our core.

HEALTHY WORK ENVIRONMENT

We are committed to fundamental human rights and adherence to labour standards. Our farm and production facilities employ people from surrounding villages. 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 annual medical examinations or whenever required. Child and forced labour and any other form of exploitation are not practised.

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

In the US, the health and safety of our employees are of paramount concern to the Group. We strive to provide a workplace free of preventable hazards and to comply with all laws and regulations governing workplace safety and health, including the Occupational Safety and Health Act.

Our US employees at a grapefruit line in one of our facilities

We believe that most accidents and injuries are preventable, and we require that all employees follow the Company's health and safety rules and procedures to avoid needless injury. For instance, we institute DuPont's Safety Training Observation Programme (STOP) at every facility. Our goal is to train every employee at every production facility to provide a safe work environment for everyone.

Our managers and supervisors are expected to keep abreast of and understand the workplace safety laws and regulations that apply to their areas of responsibility and ensure compliance with these provisions.

In the Philippines, we are mindful of our employees' health and safety. Our Company provides an ongoing safety training for plantation and cannery employees, 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.

These safety trainings have been extended to our service providers in both the plantation and cannery. We conducted inspection of trucks, safety talks, imposed the use of PPEs and initiated accident forums on safety and training on defensive driving. These initiatives helped reduce our accident rate and occupational health and safety incidence of the Group.

SUSTAINABILITY

	FY2017	INCIDENCE FY2016	% CHANGE
Injury Rate	1.28	1.34	-4.4%
Lost Work Days	2,533	2,682	-5.6%

The Jose Y. Campos Centre building, where our office in Manila is located, was certified LEED Silver by the USGBC. The building provides employees with a safe and healthy work environment. The building boasts itself as energy and water efficient and uses materials safe for building occupants. Our office design promotes collaboration and better communication among employees.

TRAINING AND DEVELOPMENT

Our Company cultivates a culture of excellence as we continue to encourage our people to innovate and strive for continuous improvement.

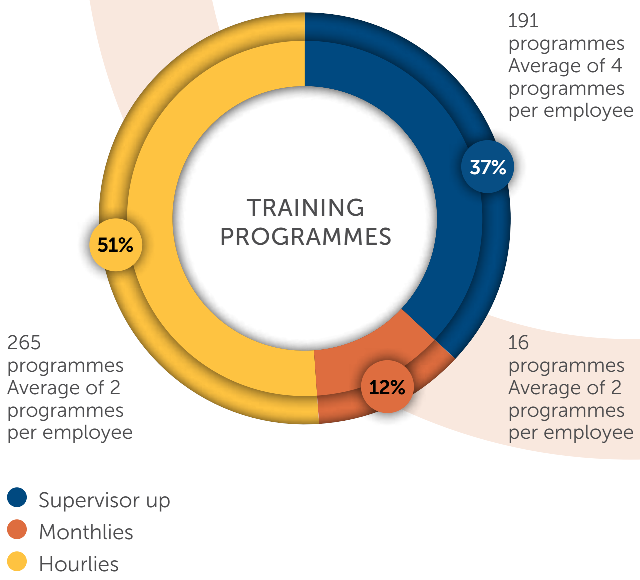
Professional development is an integral part of our performance system and links to our core values and competencies for Del Monte in the US. Employees are encouraged to participate in opportunities and programmes that will contribute to their ability to deliver value and ensure further growth and success for themselves and the Company.

We offer specific developmental programmes to help employees meet organisational objectives, enhance their careers, and maintain a consistently high level of performance. These opportunities include:

- Managers provide internal learning opportunities by working closely with employees to structure appropriate on-the-job activities to meet identified developmental needs.
- External programmes and professional certifications are provided at seminars, conferences or other specialized workshops.
- External university courses are available through the Del Monte Employee Education Assistance Programme. Under the provisions of this programme, eligible employees may receive up to $5,250 annually in financial assistance for approved courses of study at accredited educational institutions.

In the Philippines, our Roadmap to Global Competitiveness starts with building on the capabilities of each employee on the ground. With the Centre of Excellence on Talent Management, key leaders at the Plantation, Cannery and Philippine Market, we have developed a Competency Framework that will guide their teams towards achieving the Company's Strategic Roadmap. The Framework that each team drafted

TRAINING PROGRAMMES



pinpoints the specific technical and operational skill set each team member must develop to deliver high performance. Each Competency Framework also serves as a foundation for broad-range people programme on recruitment, learning, career development, succession planning, and performance management.

Training facilities on-site help employees upgrade technical and other skills. At "PineU" (Pineapple University), plantation personnel hone farming expertise through formal sessions and benchmarking trips. "ManU" (Manufacturing University) is a breakthrough for cannery staff to reorient on processes and adapt to new technologies. ManU also administers two-year

Del Monte Manila Office First Aid Team

supervisory and trade-traineeship programmes for high-potential applicants and long-serving employees. On the faculty are our senior managers who count among leading experts in their respective fields. Similar development programmes are implemented in Finance through its Finance University and Marketing's Brand Leadership University (BLU). The objective of these programmes is to improve and enhance development in their respective fields. Other training programmes include safety training and orientation, first aid and emergency response training.

A management succession plan is fully in place, with a deep bench of candidates trained among our ranks to be able to immediately assume responsibilities of key management positions in the event of vacancy.

BENEFITS

Our employees in the US have benefits designed to provide employees the flexibility to select a package of coverage that meets their unique needs. Benefits are available to employees and their dependents, including children, spouses, and domestic partners. Benefits may include: medical, dental, and vision insurance; short and long-term disability insurance; life insurance; paid time off for vacation and holidays; savings plans; and employee assistance programmes.

In addition, we offer additional benefits that we believe help our employees improve their quality of life including an adoption assistance programme, community service day allocation (one volunteer day time-off per year), matching gifts donations, and floating holidays (at designated locations).

Our workforce enjoys one of the most attractive compensation and benefit packages granted to agro-industrial workers in the Philippines. Complementing government-mandated privileges for all employees and qualified dependents is a broad range of free medical and dental services, a comprehensive retirement package, and voluntary plans for providential and insurance benefits.

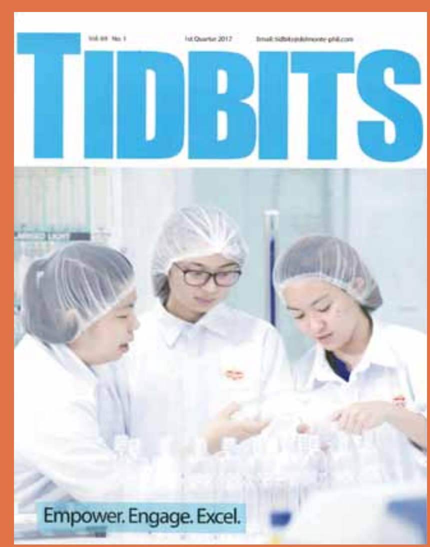
Plantation employees live with their families in Group-owned houses and dormitories (for unmarried employees) within housing camps complete with a social hall, chapel, playground and plaza, day care centre, primary and secondary schools, camp clinics and a 100-bed hospital managed by a medical service provider. Employee-organised cooperatives provide our workers with services that enhance economic benefits for their families. Cooperative members enjoy annual dividends and patronage refunds.

Children of cannery employees enjoy free year-round weekend tutorials on basketball and, as scheduled, other sports (tennis, swimming, martial arts) and creative skills (photography, theatre arts). Core values are introduced through learning exposure that helps them grow a strong sense of community and family life.

COMMUNICATION

The Group's strategies and accomplishments as presented to the Operations Committee during the Annual State-of-the-Business Meeting are cascaded to all employee levels through various forms of formal and informal information sharing in divisional, departmental and team assemblies.

Del Monte Mountaineers with Del Monte Fit 'n Right Active



Del Monte's Tidbits news magazine

SUSTAINABILITY

Our news magazine called "Tidbits" and a digital edition called "FreshCut" feature key operational goals and programmes, team achievements, environmental initiatives, community outreach efforts, and individual stories that highlight our core values. A quarterly wall poster called "Pinikit," written in a Philippine dialect commonly understood in our areas of operations, provides information on our business thrusts and social programmes for the community.

EMPLOYEE ENGAGEMENT

As part of the ongoing employee engagement programmes, our employees are involved in various activities that promote a healthy work-life balance.

In the US, Del Monte strives to be a good neighbour and responsible citizen by supporting the communities where our employees live and work. We provide both direct financial support as well as product donations to assist a diverse set of philanthropic organisations. We are proud to support our valued partners, whose missions align with our own Company Vision to nourish and enrich families and communities every day.

Our facilities and corporate employees are actively involved in contributing time and money to organisations that serve:

- Medical research
- Education
- Natural disaster
- Special needs
- Youth activities
- Veteran support

To further support our communities and employees, we offer employees the option to take one paid day off per year to volunteer for the non-profit organisation of their choice. Employees may also request and receive a matching donation to their charitable financial contributions.

In the Philippines, Del Monte family prides itself in giving back to the community. It has become our tradition which started back when 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, our way of being a blessing to others.

Each employee believes in having a sound mind and sound body. It is part of our employees' healthy lifestyle. Competition on various sporting events in Manila, the Cannery and Plantation are held each year. These sporting events extend to the employees' dependents in summer during school break. Programmes include sports, music, arts, outreach and eco-projects that promote positive values to the children.

From the top:

Company summer event with the family

Our US employees have the option to take one paid day off per year to volunteer for the non-profit organisation of their choice

Other employee activities include tree planting activities, fitness classes, summer outing, Halloween and Christmas parties, the Brown Bag lifestyle series focus on employee health, personal finance, family activities and parenting tips, and special celebrations such as Mothers' Day and Fathers' Day.

As a way to improve employee communication, our Human Resources Department in the Philippines has enhanced our online HRIS system called MyHR. It is an online system that maximises technology for fast and accurate employment transactions. Employees can access and update their personal data, online application of leaves, benefits, certificate of employment, view corporate announcements, download HR forms, policies and videos, and update and monitor employee performance.

Del Monte Fathers' Day Celebration

Product innovation walk-through with the directors and executives

Other employee engagement initiatives by the Company are the Montee stores, where employees can purchase DMPL products at a discount, and the Montee Pass, a tie-up with various restaurants and stores for employee discounts and privileges. These programmes aim to help each employee achieve great results for the organisation.

Building a culture of engagement is an ongoing journey. It requires commitment from everyone in the organisation. We know that with the Group's commitment to engagement, it is a journey worth taking. It is one way we improve our employees' work-life integration to ensure they are fit and healthy to take on challenges as we move towards strengthening our core business.

LABOUR-MANAGEMENT COOPERATION

In the Philippines, Labour-Management Cooperation (LMC) councils meet regularly to discuss and decide issues affecting employees, their families, the Group and the community. Memorandums of agreement with three key labour unions stipulate wage increases and enhancements in benefits for farm and factory workers from year to year. An LMC Day enjoins plantation union members to celebrate 'wins', including innovations whose benefits have created ripples beyond their own families.

LMCs prepare the ground for efficient and short negotiations between Union and Management, as manifested in the signing of two memorandums of agreements covering enhanced economic and social benefits for close to 2,500 employees at the plantation and cannery in the Philippines this year.

INNOVATION, OUR WAY OF LIFE

To highlight the value of Innovation as a key pillar for global competitiveness and recognise the invaluable contributions of our employees, the Group showcases innovations and creative ideas of employees in various forums within and outside the organisation.

Our US R&D team held an Innovation Passport Tour for employees to better understand the product improvement and new products launched by the company. The Group's Board of Directors and Management Team witnessed first-hand the R&D initiatives.

Plantation and cannery employees in the Philippines and service providers present process breakthroughs in work through quarterly and annual Innovations Congress and Quality Circle forums. Past winners have brought home honours from regional competitions.

The Productivity and Cost Efficiency Programme (PCEP) awards both production and support teams that initiate and implement innovations that enhance production capability, enhance worker efficiency and reduce operational costs. Major innovations included energy efficiency and conservation initiatives, automation, process flow improvement, cost reduction programmes, reduced usage of production materials, and improvements on line equipment, generating total savings of close to USD 2.3 Million in FY2017.

NOURISHING OUR COMMUNITY

The impact of the Group's business is clearly felt in the day-to-day life of communities around its farm and

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The Markesan Green Team volunteered for their annual Adopt-a-Highway during Earth day

production units. While its business directly and indirectly supports the livelihood of at least 20,000 residents – from fruit growers and truckers to harvesters and maintenance crews – other rural residents greatly benefit from the Group's presence.

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.

Our rich heritage of partnership with host communities inspires us to continue to make a difference in the lives of thousands of families around our worksites and in other areas where there is insurgency and unrest.

Del Monte Foundation, Inc., a non-stock and non-profit organisation, spearheads our efforts as we expand our reach in the community. The Foundation employs a framework for identifying and selecting community projects, in coordination with the Del Monte Plantation and Cannery teams. This is in line with their policies and procedures for CSR projects.

Teams fan out daily through close to 100 urban and remote villages to deliver vital community services and help residents face new challenges. The Foundation has served close to 100,000 community residents through scholarships and education, capacity-building, home care and community health, youth development and other programmes.

Del Monte in the Philippines celebrated its 91st Founding Anniversary in 2017. To celebrate this milestone, the company, through the Del Monte Foundation, Inc. undertook commemorative infrastructure projects in

AREA	PROJECT
Impasug-ong	Classroom at Cawayan Elementary School
Quezon	Classroom at San Jose Elementary School
Manolo Fortich	Classroom at Hinaplanan Elementary School
Manolo Fortich	Classroom at Ticala Elementary School
Baungon	Classroom at Mabuhay Elementary School
Sumilao	Classroom at Kilabong Elementary School
Bugo	Day Care Centre
Libona	Water system rehabilitation at Barangay Laturan
Malaybalay	Water system at Barangay 10, Malaybalay

municipalities where it has major operations. Tagged "Project 9" to represent 9 decades of successful business operations in the Philippines, the endeavour aimed to address a significant community need in 9 towns or cities where DMPI has pineapple operations.

Project 9 comprised of water systems in 2 local communities where residents still had no access to water, classrooms in 6 public elementary schools and a day care centre in Bugo, where the company's manufacturing facility is located.

The projects were identified upon consultation with the local government units (LGU) of each town and completed in coordination with the respective LGU, relevant government agencies and some private entities.

FEEDING AMERICA

Since 2014, we contributed more than 10 million lbs. of product to Feeding America earning us the proud distinction of a "Leadership Partner" in 2016.

Del Monte is proud to be a long-standing supporter of Feeding America®, a leader in hunger-relief charity work. Feeding America® is the nation's largest non-profit organisation addressing hunger. Each year the Feeding America® network provides food assistance to more than 25 million low-income people facing hunger in the United States, including more than nine million children and nearly three million senior citizens, through their network of more than 200 food banks throughout the country. These food banks support about 63,000 local charitable agencies that distribute food directly to Americans in need by way of some 70,000 programmes including food pantries, soup kitchens, emergency shelters, and after-school programmes.

In the last two years, Del Monte donated over 10 million pounds of food to Feeding America®. We partnered with them to help create and participate in innovative programmes such as the following:

- **"Grocery Programme®"** through which we sold the not-so-pretty, but still perfectly edible, safe and healthy peach product to Feeding America® to supplement their inventory to support local pantries.
- **"Brite Recovery" Programme** in Rochelle, IL, during which Feeding America collected damaged brite, or unlabeled cans, and re-labelled the product for their food banks. As a symbol of their gratitude towards our Rochelle DC team for their participation in the Brite Recovery Programme, the Northern Illinois Food Bank presented the Rochelle team with an award.
- **Second Harvest® "Field to Food Bank" Programme** - A system that our Wisconsin plants created, through which they process carrots on behalf of growers who want to provide product specifically for Feeding America Wisconsin food banks. This programme was developed in response to the financial collapse in 2008 to serve local Wisconsin communities who were impacted. Along with our can manufacturer who donates the cans, the growers who donate the crops, and the truckers who donate the hauling time and fuel, we donate the processing time and equipment to deliver safe and nutritious products in an area where we do business. Together, we have collectively grown the programme from 3,000 cases in 2008 to over 23,000 cases in 2016.

From the top:
Rochelle team given an award by the Northern Illinois Food Bank
Del Monte CSR cooking-demo programme

LIVELIHOOD SUPPORT

We have embarked on a landmark partnership with select local farmers and entrepreneurs who now earn more from underutilised or unproductive farm land. Farmers learn eco-friendly ways to grow high-volume pineapple and papaya for processing at our cannery.

Del Monte Foundation continues to implement its Home Care Education Programme (HCEP) that teaches women with knowledge and skills on family planning and values, preventive health and nutrition, emergency care and disaster handling, solid waste management, livelihood and backyard gardening, among others. The objective is to teach families self-reliance and promote better health.

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Over 230 women and heads of families completed the 5-month Home Care Education Programme in 5 local communities in the company's newly-opened pineapple operations. In 23 local communities across 5 municipalities, refresher courses were conducted for over 2,000 former HCEP beneficiaries. The sessions were a follow-through on the graduates' retention and application of the principles and lessons learned when they took the course in past years.

Earlier in the year, the Foundation received recognition and appreciation from the Department of Social Welfare and Development (DSWD) Region-10 as a valued partner in its Sustainable Livelihood Programme. This was due to the Foundation's inclusion of members of DSWD's financial assistance programme among its programme beneficiaries to help them become self-reliant.

TECHNICAL EDUCATION

We promote short-term technical skills courses as an alternative to college education as we introduce community leaders, family heads, women and out-of-school youth and families of employees to agro-technical skills.

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 Group has channelled funds for enhanced learning in five centres, all satellite training centres of the government. Fully-equipped workshops welcome students in food processing, commercial cooking, baking, electronics, welding and woodworking. A computer centre, with 15 computer units and internet access, also serves the community. Continuing partnership with TESDA ensures that training standards comply with government requirements. Local governments help us select training participants, identify skills needed by the community, and find jobs for its graduates.

Beauty care services, one of the technical skills programme offered by the Foundation

The Foundation conducted 22 community-based technical skills trainings across 15 municipalities which equipped around 900 beneficiaries with skills that could help them find employment or start a livelihood. The trainings were conducted in cooperation with TESDA, DSWD and the respective local government units.

Following were the courses offered:

COURSE	NO. OF GRADUATES
Blacksmithing	23
Cosmetology/ Beauty Care Services	144
Defensive Driving	200
Electrical Installation & Maintenance	238
Housekeeping	38
Massage Therapy	48
Shielded Metal Arc Welding	107
Small Engine Servicing	95

The Foundation's centre in Camp Phillips continues to offer technical and vocational training on shielded metal arc welding, bread and pastry production and basic driving. In the past year, 106 enrollees completed courses and passed the assessment of TESDA. The Foundation likewise continues to operate Community Education Centres in Libona and Manolo Fortich, Bukidnon. These centres serve as headquarters for the community health workers' federation in Manolo Fortich and as a venue for the Alternative Learning System for out-of-school youth in Libona. The facilities are being used year-round.

An educational session was conducted for Foundation high school scholars in March 2017 to provide additional information and encourage the scholars to consider taking the technical-vocational track in senior high school due to better employment opportunities and high industry demand in technical courses. The activity was made possible through the cooperation of selected high schools and the Technical Skills Development Authority (TESDA). Del Monte Foundation President Mr. Joselito D Campos, Jr and Foundation trustee Mrs. Olivia M Campos were able to grace the occasion.

Kabalikat Award given by TESDA

Our Chairman, Mr Joselito D Campos, Jr, with the Del Monte Foundation Scholars

Del Monte Foundation received recognition as "Best Industry Partner in Region-X" by TESDA. The award was given during the 22nd TESDA Anniversary Celebration held in Cagayan de Oro City on August 31, 2016. From the provincial office of the same agency, it also received the 2016 Provincial Kabalikat Award in December 2016. The Foundation is recognized for its promotion of technical-vocational education and the development of competitive skilled workforce by reaching out to and extensively providing skills training in rural communities.

SCHOLARSHIPS AND EDUCATION

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

For the school year 2016-2017, 325 Del Monte scholars were enrolled in different schools in the region under academic, barrio and sports scholarships and the Jose Yao Campos Grants-in-Aid for children of Del Monte employees and from the community. 130 were in the tertiary level, 183 were in high school and 12 in elementary. The scholars come from the different areas where the company has operations with only 8% from among dependents of employees. A total of 30 scholars completed college education when the school year ended in March and April 2017. The Foundation produced six licensed professionals from among its scholars who graduated in March 2016.

The Foundation initiated a gathering of its Scholarship Programme alumni and alumnae. This aimed to create linkages among them and to facilitate their formal organisation so that they may concretise the "return of service" pursuant to the scholarship agreement. About 50 alumni attended from among which they elected a set of officers. They also crafted their mission and goals.

Over 1,000 alumni of Del Monte's college scholarship programme started in 1956 are now key contributors to community growth in the Philippines. Among Del Monte's former scholars are:

- Cayetano Paderanga, Jr, former member of the Cabinet (of former Philippine President Benigno C Aquino III), who served as Secretary for Economic Planning and Director-General of the National Economic and Development Authority;
- Attorney Rufus Rodriquez, a prominent member of the Philippine House of Representatives representing Cagayan de Oro City, who initiates and supports legislative proposals for enhanced government support to community education;

Del Monte Pacific Group COO, Mr Luis F Alejandro, and Ms Bella Quimpo of the Foundation, with some of the Del Monte Foundation scholars

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- Engineer Elpidio Paras, an inventor and pioneer in the telecommunications industry in Southern Philippines, who now serves as Chairman of the Board of Trustees of Xavier University-Ateneo de Cagayan, and a leading proponent of quality education in the Philippines;
- Dr Lampa Pandi, former Undersecretary of Health for the Autonomous Region of Muslim Mindanao, who continues to serve the region's Muslim community as municipal mayor of his hometown Poona Bayabao, Lanao del Sur. He also served as resident doctor of Phillips Memorial Hospital.
- Dr Glenn Gregorio counts among the leading plant geneticists in Asia. For his pioneering work in rice genetics and outstanding contributions to enhanced rice production in the Philippines, he was named one of the Ten Outstanding Young Men of the Philippines in 2004.

The Foundation also received recognition from the Department of Education for its contributions to the cause of education in Bukidnon Province during the awarding ceremonies held in December 2016.

YOUTH DEVELOPMENT

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.

Part of our annual commitment, the Del Monte Foundation and the Company participated in the Brigada Eskwela (School Brigade) in May 2016. Eleven (11) public elementary schools in 5 towns were this year's beneficiaries. Assistance extended was in the form of various materials for the repair and repainting of school facilities in preparation for the opening of school year 2016-17.

The Foundation produced and distributed around 600 armchairs to various public schools, including an Indigenous People's (IP) school of the Pamalihi Tribe in Claveria, Misamis Oriental. It likewise produced kiddie tables and chairs for 12 local community day care centres and public kindergarten schools. The materials used for the production of chairs and tables were wooden pallets that came from the Cannery.

The Foundation donated about 70 titles of assorted reference and storybooks to the LGU Baungon to start up its Children's Reading Centre in the town's capital. The reading centre aims to lure young children from video and computer games and provide an alternative hang-out while improving literacy.

The Foundation donated sets of sports equipment to 4 communities. It fabricated playground equipment comprising of see-saws, swings, monkey bars and slides and distributed to these communities in 3 municipalities in Bukidnon. These serve to encourage the youth to engage in sports and physical wellness. Our Cannery and Plantation teams also donated various school supplies to public schools where we operate as part of their community relations activities.

Rural youth comprises a majority of graduates under the Foundation's technical skills training programme. Community youth leaders also join Leadership Trainings after which they are expected to harness resources of their respective youth organisations to attain both medium- and long-term development goals of their communities.

From the top:

Plaque of appreciation given by the Department of Education Region 10 to the Del Monte Foundation

Classroom chairs donated by the Foundation

Mobile Clinic doctors providing health care to patients in areas within the plantation

One of the Foundation's medical-dental mission

Foundation scholars and selected community youth leaders likewise participated in the various trainings on leadership and values enrichment.

COMMUNITY HEALTH

As a company with a mission to raise the level of global health and wellness, we help bring greater awareness of health, nutrition and food safety to our host communities.

The Foundation's Mobile Clinic has expanded its area of coverage from 45 local communities in its past 3 years of operation to 50 communities this year. About 34,000 community residents availed of the free out-patient consultation and medicines provided by the Foundation year-round.

We continue to raise disease prevention, awareness and health consciousness of citizens in the communities where it serves. During the year, the following educational sessions were conducted:

Five medical and dental missions were conducted during the year to provide access to free medical consultation and treatment, dental extraction and medicines to community residents in remote areas. Over 2000 patients availed of the services of the free clinics held in four communites where we operate.

A basic Barangay Health Workers' (BHW) Training was co-hosted by the Foundation for all the 245 BHW's of all communities in Manolo Fortich. The training equipped the new community health workers with the knowledge and skills needed for them to effectively discharge their duties as health care front liners.

Three communities in Sumilao benefited from the Foundation's assistance via provision of medical equipment/apparatus much needed in their health centres. We donated fetal doppler, resuscitator and examining light to three sites, all located at the foothills of Mount Kitanglad.

COURSE/TOPIC	PARTICIPANTS	AREA
Developmental Milestones of a Child and Personal Hygiene	440	Baungon & Impasug-ong
Emergency & Disaster Handling	179	Manolo Fortich
Herbal Medicine-making	116	Manolo Fortich
Hypertension Awareness, Prevention and Cure	453	Libona, Manolo Fortich, Malaybalay & Balingasag
Diarrhea Prevention and Cure	31	Malaybalay
Anti-microbial Resistance	560	Pangantucan
Drug Awareness & Prevention	521	Quezon

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The Foundation likewise continued its annual support to Smile Train, a programme that provides free surgery to indigent children with hare lips or cleft palate. About 30 children received after-care kits from the Del Monte Foundation under the partnership.

These are some of the Foundation's programmes as we care for the communities. A healthy relationship with the communities is a part of our strategy in strengthening our core.

PRODUCT INTEGRITY

Drawing strength from our heritage of quality and reliability, we produce globally competitive food products in the most sustainable way possible.

In the US, our Company works hard to offer a broad selection of high-quality, safe, and nutritious foods. We implement strict controls throughout our operations to ensure our products consistently meet the highest levels of quality, safety, and purity. Continuous improvement of our quality system is driven through management review, quality planning and quality improvement teams. The foundation of our food quality and safety programme is based upon the following: Industry Best Practices, FDA and USDA Regulations and Compliance Standards, Customer Requirements, the Global Food Safety Initiative (GFSI), the ISO 22000 standard, and AIB guidelines. As of July 2012, all Del Monte-owned production facilities are GFSI certified.

We are regularly challenging and evolving our system to meet the changing needs of both the industry and our customers. We built a multi-layered quality system protocol which starts with our executive leadership establishing the Company's quality protocol. This quality protocol is then communicated to each of our facilities to provide guidance and direction which is further supported by our manufacturing site level procedures.

From left:
BRC and FSMA certifications
Quality check performed by a Del Monte employee

Quality managers of the Company's US based facilities took time out to attend the Preventive Control for Human Food Course

The effectiveness of our quality system is then evaluated through customer and consumer feedback, as well as our three-tiered approach to auditing. Our first tier requires regular internal plant audits. Tier two consists of our annual corporate quality systems audits modelled after ISO 22000. Tier three involves annual third-party GFSI audits. Additional third-party audits are conducted through state and federal agencies and customer audits.

Our Company institutes numerous safeguards at our processing facilities to assure quality and food safety. These systems range from personnel access control and employee training to product filtration, metal detection, and in-process quality inspections. We have also implemented processes to ensure the quality and safety of incoming ingredients for our products. We do this through the critical steps of employing the use of a Certificate of Analysis from our suppliers, laboratory analyses, Del Monte audits of supplier facilities, and third-party audit service.

We further rely on effective packaging to protect our products from damage and contamination once they leave our processing plants. As an example, many of our products for consumers are packaged in metal cans. Metal cans provide an excellent barrier to oxygen, which allows our products to maintain freshness and great taste for an extended period.

In the Philippines, our agro-industrial processes are accredited by the world's leading certifying bodies, with at least 20 quality audits performed during the year by reputable, independent international auditors, business partners and customers. Once again, audit results confirm that our processes meet or often exceed standards for the purchase or importation of food products to certain countries.

Del Monte Philippines elevated the bar higher on quality manufacturing with its Food Safety Systems Certification (FSSC) from Société Générale de Surveillance Philippines (SGS Philippines) at the Cannery. FSSC 22000 covers fruit and juice products in cans, aseptic pack, plastic cups and stand-up pouches. The certification ensures the product quality of products manufactured in our Cannery. It is a key requirement for marketing our products worldwide. FSSC incorporate key systems – ISO, HACCP, GMP manufacturing standards into a single system.

Del Monte in the Philippines extended its sustainability programmes to their toll manufacturers. We have included in our Suppliers Quality Management Programmes (SQMP) for toll manufacturers that their manufacturing facility be certified with Food Safety System Certification 22000 (FSSC 22000). This is aimed to provide safe and quality products to our consumers.

Aside from the FSSC22000, other quality certifications issued to Del Monte Philippines includes ISO 9001:2008, HACCP (Hazards Analysis and Critical Control Points) and Food Hygiene – GMP (Good Manufacturing Practices), certified by Société Générale de Surveillance, Grade A certification from British Retail Consortium for continued entry of our products into the United Kingdom, International Featured Standards for food imports into Europe; Sure – Global – Fair (certified under the Voluntary Control System of the SGF of the European Union) and certifications for HALAL (certified by the Islamic Dawah Council of the Philippines) for countries with Muslim population, and Kosher (certified by Triangle K, Kashruth-Beth Din Congregation and Badatz) for the Jewish community.

The respective Food and Drug Administrations of the United States, Republic of South Korea and the Philippines have issued quality certifications for importation and purchase of our products in their respective markets.

The Company is ISO9001:2008 certified for Toll Manufacturing Operations Quality Management Systems, validating Industry Best Practices in cooperation with manufacturing business partners in producing safe and quality products for our customers in the Philippines. Likewise, our Fresh Fruit Pack House is also ISO 9001:2008 certified in line with the Company's commitment to quality.

In accordance with federal food safety requirements, we maintain a product traceability programme that allows us to track products shipped to our customers. We have significantly enhanced this programme to allow for faster and more accurate traceability using electronic tracking of product movement. The system is tested frequently, and test results are used to drive continuous process improvements. Del Monte also maintains records that allow the Company to determine the source of the ingredients used in its products. All of our facility quality managers have received the Preventive Control Qualified Individual certification as part of the Food Safety Modernization Act.

Del Monte Fruit Refreshers was named Product of the Year for 2017 in the US Healthy Snacking category

NUTRITIOUS PRODUCTS FOR CONSUMERS

Our brands are some of the best known and most trusted in the marketplace today. We work hard to earn and keep this trust, and invite consumers to contact us with any questions or concerns about our products. We are always listening for ways to improve our products and service. Consumers can be assured that their feedback will be shared with key decisions makers.

We offer nutritious foods for main meals and snacking for the entire family, and our broad selection of healthful options is especially appropriate for children. In the United States, we aim to have a good number of our products provide at least half of a cup of fruits or vegetables per serving and to meet healthy nutrient levels as recommended by the FDA. A majority of our products are low in fat and we carry several specialized product lines: organic, low-salt and reduced-salt, no sugar added, and light-in-calories for those seeking additional health benefits or following specific dietary regimes. We have more *No-Sugar-Added* fruit products, and *No-Salt-Added*, and *Reduced-Sodium* vegetable products than any other brand in the United States.

Approximately 95 percent of all Del Monte canned fruit, vegetable, and tomato products are preservative-free. None of our vegetables and tomatoes have preservatives, except potatoes. Vitamin C is the only

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preservative we use in canned fruit or shelf stable fruit cups, which is a naturally inherent nutrient already present in those products.

As such, we are recognized as a Produce for Better Health Foundation (PBH) Role Mode - PBH's highest recognition level, awarded to those companies which provide significant steps toward improving the health of Americans. We are proud to serve on the PBH Board of Trustees to help drive more consumer demand for fruits and veggies. We are also a national partner of the United States Department of Agriculture's "Choose My Plate" initiative and member of the Tomato Wellness Council.

We are also proud members of the Canned Food Alliance Executive Committee, where we are committed to educating health and nutrition professionals, as well as consumers, about the many benefits of canned fruits, vegetables and beans and how they can contribute to a healthy diet.

In Asia, our nutrition platforms are anchored on weight management, heart health and bone health. Our goal is to produce healthier and more nutritious products in the future as we move to strengthen our core.

NON-GMO AND NON-BPA PRODUCTS

We grow our fruit, vegetables and tomatoes with care on farms that have been with us for generations. We preserve that wholesome goodness for families to nourish their loved ones with the best quality products. We want our consumers to know what is in their food to help them make the best decisions for their family.

In the United States, all of the fruit, vegetables and tomatoes in Del Monte products have always come from traditional breeding. Del Monte remains committed to meeting evolving consumer preferences and continues to explore Non-GMO ingredient alternatives where possible.

Del Monte made a significant investment to source these added ingredients from Non-GMO origins. As a result, we converted the majority of our vegetables and fruit cups and most of our tomato products to "Non-GMO" by the end of our 2016 pack season (Sept/Oct 2016).

Shift to non-GMO and non-BPA cans

In 2016, we also worked with the USDA to verify our sweet corn products as non-genetically modified resulting in the USDA certification, "USDA Process Verified Non-GE/GMO".

Del Monte's top priority is the quality and safety of our products. For more than 40 years, BPA has been approved by the FDA for use in food contact applications, and can coatings containing BPA have played an essential part in food preservation.

In response to growing consumer and customer preference, we worked closely with can manufacturers and lining suppliers to approve non-BPA internal can lining alternatives that met both food safety and consumer quality requirements. Given the critical role in ensuring product safety and preserving quality, any replacement for BPA had to pass rigorous safety and quality testing before we accepted it for use in our products. If an alternative proves safe and effective in a particular application, we will pursue it.

We made these changes thoughtfully and carefully to ensure the safety, quality and nutritional integrity of our products, as well as the taste that our consumers expect.

We do these initiatives to ensure the safety of our products as we strengthen our core to better nourish families and enrich lives, every day!

NOURISHING OUR ENVIRONMENT

We rely on nature's bounty to bring our products to millions of families across the globe. Our direct connection to the earth's resources reinforces our longstanding commitment to stewardship and responsible operation. Our key conservation focus areas are managing water, energy and waste in our manufacturing operations as well as in our agricultural practices.

Frost plot for peas

Our environmental management system (EMS) sets out rigorous guidelines and processes to ensure that our facilities meet the highest standards of environmental performance, every day. Our programme is based on the ISO standard 14001. We view full compliance with all applicable regulations as a minimum goal, and strive to exceed industry standards across our operations.

Del Monte has an excellent track record in maintaining compliance with all applicable environmental regulations. We conduct in-house audits for all our US-based facilities at least once every three years.

We maintain a written Environmental Policy that is updated periodically to reflect new advances in best practice and to better serve the Company's operating needs. This policy is posted in our facilities, communicated to facility management, and also incorporated into training for environmental and operations staff.

Our environmental team remains on the cutting edge of environmental management by being active in industry and governmental forums, and by taking leadership roles in local, regional, and national environmental organisations.

In the Philippines, our Carbon Footprint is negative, implying that our operations are eco-friendly. We employ best practices to monitor and continuously improve our overall Carbon Footprint.

AGRICULTURAL PRACTICES IN THE USA

PARTNERING WITH GROWERS

Del Monte contracts with 900 farmers across North America, and about 90% of the food we produce is grown in the US. Our crops are locally sourced and travel less than an average of 100 miles from the field to the manufacturing gate, and an average of 350 miles from distribution centre to retailer. Many growers are 3rd generation Del Monte growers, especially in fruit where we have families that have grown for Del Monte for over 70 years. Tomato growers have somewhat shorter tenure, but many have grown for 30 plus years. Vegetable growers have been with our Company in excess of 20 years, with less than two percent turnover year-to-year. By minimizing the impact of growing, processing, packaging, and distributing our products, we are helping to protect the air, land, and water, and ensuring our long-term success.

Our Company is unique compared to our competitors in that we have our own dedicated agricultural Seed Operations research team. This team carefully selects those plants that exhibit desirable traits to produce stronger crops through traditional breeding techniques.

Green beans field

SUSTAINABILITY

Seeds for peas, beans, corn, and spinach are ones that originate from varieties that we have bred to exhibit beneficial characteristics such as high yield, hardiness, and pest-resistance which in turns reduces the overall environmental footprint. The Seed Operations team provides growers with the majority of our seeds for certain crops, including peas; Blue Lake, Romano, and wax beans; corn; and spinach where we are able to yield more common cases per acre for our corn and green beans. For example, the yield per common case of corn was 43% greater from 2000 vs. 2014.

Since 2010, we have participated in the Carbon Disclosure Project to publicly disclose our risks associated with climate change and report on our Scope 1 and Scope 2 carbon emissions. For 2016, we received a B rating for our CDP disclosure.

Lastly, we are an avid 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.

REDUCING FERTILIZER USE
Our growers apply fertilizer to crops to ensure that the plants receive enough nutrients to grow vigorously and produce abundant yields. Too much fertilizer, however, can be worse than not enough: in many crops, excess nutrients can lead to lush vegetative growth and reduced crop yields. Fertilizers can also leach into groundwater, or wash off with the rain into nearby waterways, entering polluting streams and causing problems such as algae growth. Finally, synthetic fertilizers are often based on petroleum—an expensive and non-renewable resource.

Given the environmental risks and operating costs associated with improper or excessive fertilizer use, our research teams coordinate with our growers to identify the optimal amount of fertilizer suitable for the specific varieties grown. We have found that some crops need much less fertilizer to flourish than expected. For example, over the past several years, our pea and green bean growers have reduced fertilizer application by upwards of 25 percent over 50,000 acres. Although rising fertilizer costs contributed to this decision, Del Monte research also showed the crops would do as well or better with less fertilizer.

REDUCING PESTICIDE USE
We have 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. IPM is a common-sense approach to pest control where Del Monte field staff and growers closely monitor crop conditions by field scouting, pheromone traps and use cultural tools to help avoid situations that could contribute to pest outbreaks.

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 practices:

- Charter member and active participant in the United States Environmental Protection Agency's Pesticide Environmental Stewardship Programme (PESP)
- Board member of the National Foundation for IPM Education
- Partner in the California Pear Pest Management Research Fund, which has funded more than US$2 million in IPM and sustainability research
- Lead Processor in the Pew Centre for Agricultural Partnerships (CAP) Northwest Pear Initiative
- Participate in the IR-4 programme to evaluate alternative and safer pesticides for use on minor acreage crops
- In 2007, Del Monte's Dr. Brian Flood co-edited the definitive text on IPM in Midwest vegetables titled Vegetable Insect Management. The principles outlined in the book apply to both disease and weed pests and serve as a constant reference for our pest management team.
- Partner with seed companies on finding successful downy mildew resistance. Over 300 plots are put in annually to screen for natural resistance of this fungal disease that has affected peas.
- Annual meeting with Seedway, a commercial vegetable seed supplier to evaluate carrot varieties on disease resistance, yield potential, growth and canning characteristics to best suit our needs.
- We work with the University of Wisconsin Madison on herbicide trials for beets and impact of insecticides on pollinators.

INCREASING CROP DENSITY
Del Monte researchers are investigating increased crop density as a way to increase yield per acre while cutting pesticide and fertilizer use. High-density agriculture requires significant investment in research. Growers must also switch to new equipment that can accommodate closely spaced plants. The potential benefits with regard to resource and cost savings, however, are also significant. We continue to explore the possibility of rolling out high-density techniques to other crops.

OPTIMISING IRRIGATION
Our growers use various irrigation systems to supplement natural rainfall and ensure a steady and reliable water supply for their crops. We are mindful that in many parts of the country, water scarcity is a real and pressing environmental concern. We work with our growers in implementing the least water-intensive cultivation methods possible.

We recently embarked on a new irrigation optimisation project with other food processors and the California Tomato Growers Association. The initiative focuses optimising water use while maintaining crop productivity, thus lessening the strain on drought-stricken regions of the state. To date, over 98 percent of our 25 tomato growers located in California utilise drip irrigation.

AGRICULTURAL PRACTICES IN THE PHILIPPINES
The foundation of our sustainable agriculture practices is efficient land use, carried on from our pioneers who started farming in 1926 in areas where no forests in the Philippines were cleared to give way to pineapple fields. Additional land acquired later by our pioneers was already cultivated to other crops. Today, pineapple is the fifth major farm produce in the Philippine province where we continue to farm, after corn, rice, sugar cane and banana.

Across 91 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 in pineapple fields implemented by crop growing units for better soil and drainage management, deepened and installed auxiliary canals and silting basins specially designed for each field and planted trees along river easement near pineapple fields. Furthermore, our agricultural team conducted soil erosion study and created a soil conservation manual. We also reinforced technical competency through continuous training and education on soil management to reduce soil erosion in our plantation.

Tomato harvest

Pineapple field in the Philippines

SUSTAINABILITY

During the fiscal year, our plantation experienced the La Niña weather phenomenon that affected the Group's crop yield. To counter this weather condition, the Group implemented continuity plans, programmes and initiatives to mitigate these effects.

With better fruit quality and greater operational efficiency, we have initiated programmes to minimise waste, improve efficiencies in electricity and water consumption; increase usage of recycled but viable packaging materials; measure production efficiencies via 5S, Total Productive Maintenance and 6 Sigma; enhance the health and well-being of our workforce and their families; and ensure compliance of our service providers with local labour laws.

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 buildup of surface water during heavy rain, and positioning grass strips at strategic points to slow down waterflow.

Following local government regulations, the Group has not expanded its farmed areas in the Philippines. The Group's biggest leased landholdings remains under the collective ownership of the Del Monte Employees Agrarian Reform Cooperative, a cooperative among the Group's employees organized in 1988 under the Philippine Comprehensive Agrarian Reform Programme. The Group fully cooperates with agrarian reform beneficiaries and the Philippine Department of Agrarian Reform towards efficient implementation of CARP. Other landholdings are leased by the Group from lawful landowners by virtue of their respective ownership or stewardship documents as attested by concerned government agencies.

Our plantation in the Philippines received its Global GAP (Good Agricultural Practices) certification, further affirming a management system focused on Food Safety, Worker's Health and Safety, Environmental Protection and Conservation of Wildlife. GLOBALG.A.P. is a globally-recognized private sector body that sets voluntary standards for agricultural products. Our pack house for fresh fruits was certified ISO 9001:2008 for growing, harvesting and packing of fresh fruits by SGS United Kingdom Ltd. Systems and Services Certification body.

Our participation in the GLOBAL G.A.P. certification process was voluntary, and was a strategic response to customers calling for safe food worldwide. A Philippine GAP certificate issued by the Philippine Department of Agriculture in the Philippines in 2010 also attests that our farms grow, pack and distribute fresh produce in conformance with international standards on food safety and quality.

ENERGY EFFICIENCY

In the United States, as early as 2009 solar panels began generating renewable energy at our primary tomato production facility in Hanford, California. We installed 6400 solar panels covering over 122, 473 feet and producing 1.8 MM kWh – equal to more than 8 percent of total electricity requirements during non-pack season. The solar panel installation at our Hanford facility has enabled us to become members of the EPA Green Power Programme. As a result of these efforts, Del Monte received the 2011 Greenhouse Reduction Award from the California Manufacturers and Technology Association (CMTA) and the Industrial Environmental Association (IEA). This Award recognizes companies that display environmental excellence in their operations.

Our Modesto Plant serves as an example of a facility that implemented multiple initiatives to reduce its energy consumption. In ongoing continuous improvement efforts, the plant installed a combined heat and power system, selective catalytic reduction unit, condensing economiser, and backpressure turbine generator to its boiler system. These upgrades cut natural gas use by 20 percent. Lighting, compressed air, and other electric efficiency upgrades also reduced energy use by 12 percent. We have a company-wide programme dedicated to implementing condensing economisers to improve heat recovery and steam

Solar panels in our Hanford tomato production facility

system efficiency. As of 2012, 50 percent of our facilities utilise this technology, and we continue to expand this programme across our other facilities.

Del Monte began utilising one type of energy efficiency equipment in 2001. This equipment helps us capture waste heat from boilers and reuse it in other plant processes. Six facilities installed "condensing boiler stack economisers" to use hot exhaust gases from boilers to preheat water in a heat-exchanger system. This process improves the operating efficiency of the boilers by up to 12 percent, reducing the amount of natural gas needed to run the boilers by the same percentage.

We continue to evaluate which facilities are good candidates for installing additional condensing economisers. Among the factors we consider are whether the extra production of hot water at the plant would be beneficial, whether similar results could be obtained through other (less costly) means, and whether the new equipment costs make sense given overall facility fuel consumption patterns. Currently, we are installing condensing economisers at two additional plants.

Bringing our products from our processing plants to store shelves around the country gives us another opportunity to reduce environmental impacts. Our transportation and logistics operations are an intricate network of distribution centres, trucks, rail, and intermodal vehicles.

Transplace, our provider of transportation management services and logistics technology solutions, announced that Del Monte Foods and other leading shippers have successfully completed 2016 emissions reporting with the US Environmental Protection Agency (EPA) SmartWay Transport Partnership. SmartWay is a voluntary and cost-free programme that supports companies' initiatives to reduce greenhouse gas emissions from freight supply chain transportation activities. In order to join the SmartWay programme, Transplace worked with our Transportation team to collect, monitor and report transportation emissions performance data.

We track "total network miles" as a way to determine the success of our efforts to reduce the distance our finished products travel between processing plant and

The generator sets for the waste-to-energy facility

store. Since 2015, we have eliminated 2.3 million miles (the equivalent of approximately 390,000 gallons of diesel fuel) from our distribution network through a variety of initiatives.

Del Monte encourages our trucking companies to help implement environmental best practices. We inform carriers of steps they can take to improve fuel efficiency and cut air emissions throughout their fleets. Del Monte imports and exports about 10% of product from Asia. All of Del Monte's contracted ocean container carriers are members of the Business for Social Responsibility's Clean Cargo Working Group who monitors key environmental performance indicators and reduce carbon emissions through optimisation and efficiency best practices.

Power supply has been an issue for operating companies in Mindanao. Power interruption causes businesses to cease operation and losses pile up most especially food products.

Responding to this challenge and the global clamour for the use of renewable energy, Del Monte embarked on a Renewable Energy project that produces bio-gas using the Cannery Wastewater. More significantly, cleansed water discharged at coastal waters of Macajalar Bay remains at BOD levels below mandated government food production industries.

This Plant supports our Company's long-range Business Plan for increased production which ensures 100% wastewater treatment, and serves as a shield against unstable power supply and power cost increases. This

SUSTAINABILITY

plant will take over the job done by an equally eco-effective but power-intensive aerobic treatment plant.

This plant highlights our commitment to environmental stewardship on reduction of our greenhouse gas emissions (GHG), recycling while enhancing our business competitiveness through reduced energy costs.

The Del Monte office in Manila was awarded a LEED (Leadership in Energy and Environmental Design) Silver certification in 2016 by the US Green Building Council (USGBC). Based on the USGBC Project Directory, the Jose Y. Campos Centre (JYCC) building is the 44th LEED Certified building in the Philippines and is the first building in the Philippines to earn the LEED Innovation Credit for Bird Collision Deterrence. The building prides itself of environment friendly features on energy efficiency, water reduction, waste management and health and safety features for the building occupants.

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, and our operating costs. Our Company continually assesses our investment opportunities in renewable energy solutions at each of our facilities.

WATER EFFICIENCY

Our plants use water for tasks such as washing and sanitising fruits and vegetables, thermally processing our canned products, and sanitising equipment. To the extent possible, we capture and reuse water within the plant. We recycle our can cooling water and, through heat exchangers, use it to preheat our boiler feed water in most of our facilities. By doing so, we reduce the amount of new water needed and also reduce our energy needs.

Water discharged from our facilities is sent to various destinations based on the quantity of water and whether it requires treatment to remove contaminants before it can be returned to the environment.

Given all that we do, we do understand the current risks associated with water supply and quality. We operate and contractually grow food in seven states where water availability may be in jeopardy. Our water risks include:

- Fresh water shortages due to drought and pressures on limited surface and groundwater supplies. Increased drought may pose a particular risk to our water supplies in Mexico, California, Texas (the Carrizo-Wilcox Aquifer), and Wisconsin (the Central Wisconsin Sand and Gravel Aquifer) near term as well as longer term (over the next 15-45 years).
- New regulatory restrictions on fresh water use and grey water discharges
- Reputational damage if issues of sustainable and equitable water use are not properly addressed
- Increasing costs and/or reduced revenues due to all of the above risks

We also understand in order to decrease the risks, we need to:

- Invest in technologies to improve water conservation
- Encourage business culture to make saving water a daily priority
- Reuse and/or recycle water in operations as many times as possible before discharging to grey water
- Improve the quality of grey water discharges through source point pollution control and new raw product processing methods that discharge less pollutants of concern
- Work with growers to encourage the use of more water-efficient irrigation systems and techniques to use less water

Our Cannery in the Philippines uses the condensate (water from steam and pineapple juice) of our evaporators and permeates water from mill juice from our Reverse Osmosis system for Ultrafiltration System CIP and Ion Exchange Plants regeneration. These allow us to use less fresh water and avoid water treatment costs.

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 Landfill" policy where we aim to divert up to 98 percent from reaching the landfill based on the Environmental Protection Agency's Waste Reduction Hierarchy.

For over four years, we have been actively involved in the Food Waste Reduction Alliance (a collaborative effort between the Grocery Manufacturers Association, Food Marketing Institute, and National Restaurant Association). We research food waste in our supply chains and identify where/how we can make a difference by learning from each other and receiving guidance from European entities, environmental organisations and industry-related firms.

Less than 3% of the total waste generated at production facilities, distribution centres, and research locations go to a landfill. We supply local farmers with approximately 290,000 tons of organic material for animal feed and 54,000 tons for land application purposes.

Our Walnut Creek Research Centre (WCRC) in California received a "RecycleSmart" Award from the Contra Costa Solid Waste Authority for our food waste recovery efforts. The WCRC diverts the food and packaging materials of the unused food by the manual opening of pallets of un-donatable packaged food, recycles the container and sends the food to compost for energy as part of a local restaurant programme, Food Recycling Project. Our WCRC is also certified as a Bay Area Green Business due to its efforts to conserve water, energy and waste, implement eco-friendly materials and engaging employees in conservation behaviour best practices.

In the Philippines, our pineapple pulp waste disposal system, a pioneering effort 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.

We operate effluent treatment plants that treat wastewater discharged from our agro-industrial facilities. Our high-filtration extraction system processes excess juice into pineapple concentrate and syrup, significantly reducing volume of wastewater.

Plantation-based families share in our total conservation effort as they segregate domestic solid waste right in their own homes. Recyclable materials collected from households are sold to fund community projects.

RESPONSIBLE USE OF MATERIALS

In the United States, Del Monte products carry with them a pledge of freshness and quality—that the products we bring to the table will consistently deliver delicious, flavourful, and healthful nutrition. Part of the reason we can guarantee such high quality is our attention to product packaging. We devote significant effort to good packaging design to ensure that we meet the basic packaging criteria, but that we also use the least amount of materials and resources to package our products.

While Del Monte's innovations are focused on new products, new packages and meeting consumer needs, they also target environmental consciousness and affordability. By reducing the amount of materials used in Del Monte packaging everyone wins. Less packaging materials used means a lower carbon footprint for Del Monte's overall operations, and associated greenhouse gases emitted are lessened. Del Monte has been on a multi-year journey to safely reduce: the amount of metal used in our cans, the amount of plastic in our cups, and the amount of corrugate in our cases. Since 2009, Del Monte has reduced the amount of packaging by almost 15%, which equates to a reduction of about 20,000 tons of packaging materials. By using state of the art testing and simulation techniques, Del Monte's engineers

Facts about our can packaging

continue to design the most lightweight materials required to meet their required function.

Our focus on packaging efficiency has significant benefits all along our production chain. Even slight adjustments to individual containers can result in big savings of materials, energy, and fuel when considered over millions of units. Reductions in secondary packaging can also significantly minimise waste during shipping.

We regularly consider packaging initiatives that focus on the following objectives:

- Remove or reduce packaging and use more effective materials
- Encourage recycling
- Improve transportation efficiency through packaging changes

In the Philippines, we work with suppliers and community organisations to ensure a safe environment for our workers and host communities. We comply with government standards in the use of fertilizers and industrial chemicals, including safe transport and handling, and collection and recovery of packaging materials. We conduct regular safety audits on our fertilizer and chemical storage and work areas. A Supplier Quality Management programme and product traceability measures are in place to respond to customer requirements. Audit results are shared with concerned teams to ensure deficiencies are immediately addressed. Workers handling chemicals are issued protective equipment and undergo regular medical check-ups.

SUSTAINABILITY

Nourishing families. Enriching lives. Every day.

is evident as Southeast Asian peer companies are targeting the Philippines for their expansion.

Sales of S&W branded business in Asia also posted record performance on higher sales from both fresh and packaged segments, which grew by 60% and 23%, respectively. The latest consumer trend is towards less processed and more natural food which will benefit the *S&W Sweet 16* fresh pineapple. E-commerce and digital are growing with North Asia having the largest share of e-commerce. S&W is actively exploring this channel as well. To drive growth, we need to realise S&W's full potential in fresh pineapple and other products, channels, and build S&W's brand equity in key markets.

The Group generated a full year EBITDA of US$194.0 million and a net income of US$24.4 million for the financial year 2017 mainly due to non-recurring expenses worth US$21.1 million, after tax. This was lower than the past year's US$57.0 million which had included a net one-time gain of US$31.7 million from Del Monte Foods, Inc.'s retirement plan amendment and working capital adjustment with the previous owner of DMFI. Excluding these one-off items, the Group's FY2017 recurring net income would have been US$45.5 million, a significant improvement from the prior year's US$25.2 million due to the strong performance of the Asian business.

During the past year, the Group continued to lay the foundation for future growth and this is reflected in the sales and financial performance of Del Monte Pacific in financial year 2017. The Company drove improvements in its cost structure, aligned operations better with its strategic direction to gain market share, increase margins, strengthen the core business, and expand into adjacent categories.

Del Monte in the Philippines donated US$390,000 to the Del Monte Foundation, Inc. to fund various projects such as scholarship grants, various technical training to unemployed community members and relief operations.

The economic benefits of the company are explained further through the financials of this annual report.

S&W team attended a trade show in Indonesia

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 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 Governance and Transparency Index ("GTI") 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 of Directors ("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. It 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 reviewed the vision and strategy of the Company on 29 June 2017.

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 refer 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, 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 that require the Board's approval include:

- quarterly results announcements;
- annual results and financial statements;
- 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; and
- major transactions and investments.

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

SUSTAINABILITY

One project of the Del Monte Foundation is to use recycled wood from Del Monte Philippines' Cannery, to fabricate 900 classroom chairs for 12 public schools and 50 sets of kiddie tables and chairs for day care centres and pre-schools in 10 towns where the company grows its pineapples. It also continued its partnership with Manolo Fortich and Libona in the production of armchairs for which the local government units provide labour and other materials.

GREEN INITIATIVES

Under our new sustainability framework, we have significantly enhanced our stakeholder advocacy programme for environmental conservation. While our carbon footprint remains within global standards, many initiatives were undertaken during the year to reduce process residues, strengthen energy conservation in all worksites and plantation homes, and explore more efficient energy sources.

Through the participation of about 600 volunteers, including Foundation programme beneficiaries, and the support of local communities, about 15,000 trees were planted by the Foundation in various municipalities this year. Seedlings planted came from local farmers' nurseries supported by the Foundation.

The Foundation continued its pledged donation of 10,000 indigenous tree seedlings to the Xavier University Science Foundation to help rehabilitate Mt. Kalatungan in Bukidnon. This brought the cumulative donation of the Foundation to 20,000 seedlings which were all planted and cared for by the IP group called MILALITTRA.

Finally, the Foundation was able to implement its agro-forestry project in Libona. The project aimed to help reforest Mt. Kitanglad while at the same time provide livelihood to the IP's residing in the protected mountain. To prevent them from cutting down trees, the Foundation organized the IP community to plant coffee and bamboo and care for the trees until these bear fruit. The initial 5,000 trees are now in their growing stage. The project is being implemented in partnership with the Municipal Agriculturist Office of Libona, the DENR through the Protected Area Management Board and the LGU of Sil-ipon.

Our cannery employee volunteers conducted its annual coastal clean-up of the shoreline of Macajalar Bay, one of Mindanao's largest bays and home to many marine species.

These green initiatives are geared towards a more sustainable environment and fulfilling our duty as stewards to nourish our resources, enrich biodiversity, every day!

KARNER BLUE BUTTERFLY HABITAT

The Karner blue butterfly is a threatened species in Wisconsin. It relies exclusively on wild lupine as its food source. Unfortunately, lupine is a prairie wildflower whose range has declined precipitously as agriculture has expanded into prairie lands. Del Monte partnered with the Wisconsin State Department of Agriculture, Trade, and Consumer Protection over a five-year period to grow lupine at the Company's research farm in Plover, Wisconsin. We distributed seeds from the lupine to volunteers for planting to spread the distribution of this native wildflower and support the resurgence of the Karner blue butterfly in its natural range. Read more about the Karner blue butterfly and habitat restoration efforts at: http://dnr.wi.gov/

Tree seedlings ready for distribution

Del Monte Foods' efforts to save the Karner Blue butterfly

Beneficial insect conservation is another project Del Monte participates in. In 2016, we planted a mixture of milkweed and lupine seed in the dry corners of our research field to provide habitat for beneficial insects and pollinators. Many of our growers also participate in county funded programmes to put in windbreaks to aid against wind erosion.

As part of our participation in the SYSCO Sustainable Programme we work with producers to establish and maintain pollinator habitat on and near their farms and also maintain field edge buffer zones to aid in erosion control and off target movement of pesticides.

NOURISHING OUR ECONOMY

The economic impact of Del Monte Pacific benefits more than the 6,100 regular employees of the company. In addition, we have engaged service providers in all areas of our operation. Our pineapple plantation encompasses ten municipalities in Bukidnon and seven towns in Misamis Oriental, Mindanao, Southern Philippines. We engage over 50 supplier partners who 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.

Del Monte Fruit Refreshers

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

The company has entered into a joint venture agreement with leading Spanish fruit processor Nice Fruit SL and UK-based investment firm Ferville Ltd. to build a food processing facility in the Philippines, and process, market and sell frozen fruits globally. The facility is in the Del Monte plantation in Bukidnon. It utilises Nice Fruit's patented technology, nice frozen dry (NFD) that allows fruits and vegetables to be picked at optimal ripeness and frozen while preserving nutrients, structure, original properties and organoleptic characteristics.

In November 2015, Del Monte Philippines started operations of its Heat Fill Beverage Plant and the Del Monte Technical Centre at the NutriAsia Compound in Cabuyao, Laguna. The PET plant is an important milestone in our beverage business as this will enhance the competitiveness of our beverage products and support our continuous cost and quality improvement strategies.

The Del Monte Technical Centre on the other hand will be the first manufacturing facility of Del Monte Philippines outside Mindanao, capping 91 years of doing business in the Philippines. It will house modern laboratories for Research and Development and Quality Assurance further strengthening our product and process development capability.

OUR PERFORMANCE

For the fiscal year 2017, the Group generated sales of US$2.3 billion, marginally lower by 0.9% versus FY2016 on lower US sales partly offset by robust sales in Asia. Sales in the Philippines were higher for the full year driven by an expanded user base and household penetration, while S&W in Asia improved with better distribution and expansion through partnership and other initiatives.

Del Monte in the Philippines continues to be the market leader across several categories. The modern trade and convenience stores are growing fast. Del Monte generated 30% of sales in the modern trade channel. Foodservice, which is expanding rapidly, accounts for 16% of Philippine sales. E-commerce and the digital platform are emerging. There is a need to build new categories, channels and markets to ensure future competitive growth. The competitive environment

CORPORATE **GOVERNANCE**

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"), Nominating and Corporate Governance Committee ("NCGC"), and Remuneration and Share Option Committee ("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 clear written TORs which set out the duties, authority and accountabilities of each. The TORs are reviewed on a regular basis to ensure continued relevance. The TORs of the respective committees had also been updated to be in line with the 2012 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 has also put in place a framework of prudent and effective controls that allows risks to be assessed and managed.

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 (5) business days before the date of meeting.

During the year in review, the Board held seven (7) 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 FY2017 from 1 May 2016 to 30 April 2017

Directors	Board Meetings	Audit and Risk Committee Meetings	Remuneration and Share Option Committee Meetings	Nominating and Corporate Governance Committee Meetings
Mr Rolando C Gapud	7	NA	NA	1
Mr Joselito D Campos, Jr	7	NA	NA	NA
Mr Edgardo M Cruz, Jr	7	NA	NA	1
Mr Benedict Kwek Gim Song	7	4	2	1
Mr Godfrey E Scotchbrook	7	4	2	1
Dr Emil Q Javier	7	4	2	1
Mrs Yvonne Goh	7	4	2	1
Total No of Meetings Held	**7**	**4**	**2**	**1**

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.

CORPORATE **GOVERNANCE**

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.

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 FY2017 (MAY 2016 – APRIL 2017)

Date	Location	No of hours	Training/Seminar/Conference	Organiser	Attendees
6 May 16	Singapore	8.5	Board Management Interactions	SID	Benedict Kwek
31 May 16	Singapore	2.0	Of Enron, Entanglement and Enlightenment	SID	Benedict Kwek
29 Jul 16	Singapore	2.0	Cybersecurity for Directors	SID	Yvonne Goh
16 Aug 16	Singapore	2.0	The State of Corporate Governance Disclosures in Singapore	SID, SGX and KPMG	Yvonne Goh
5 Sep 16	Singapore	7.5	SID Conference	SID	Yvonne Goh
21 Sep 16	Singapore	8.0	Base Practice Marketers for the Base of the Pyramid	Olivier Kayser	Ma Bella B Javier
26 Sep 16	Singapore	8.5	Global Corporate Governance Conference	SIAS	Yvonne Goh
14 Oct 16	Singapore	4.0	Cybersecurity for Directors	SID	Benedict Kwek and Yvonne Goh
18 Oct 16	Singapore	2.0	Singapore Directorship Report	SID	Yvonne Goh
18, 19 Oct 16	Japan	16.0	Ideation to Integration – Putting Together the Pieces of Growth	Lux Executive Summit Asia	Ma Bella B Javier
21 Oct 16	Philippines	8.0	National R&D Conference	Department of Science and Technology	Ma Bella B Javier
11 Nov 16	Singapore	2.0	Cybersecurity for Directors	PWC	Godfrey E Scotchbrook
11 Nov 16	Philippines	4.0	Seminar on Corporate Governance	Risk, Opportunities, Assessment and Management, Inc	Joselito D Campos, Jr
11 Nov 16	Singapore	2.0	Launch of Board Guide	SID	Yvonne Goh
1 Dec 16	India	8.0	Experts Forum on Corporate Governance in India, Board Evaluation	Securities & Exchange Board of India in partnership with the Government of Japan	Yvonne Goh
12 Feb 17	Singapore	1.5	SGX Guidelines in Sustainability Reporting and Update on Sustainability Practices	PWC	Godfrey E Scotchbrook
23 Mar 17	Singapore	2.0	Launch of Resource Guide	SID	Yvonne Goh
24 Mar 17	Philippines	4.0	Symposium on the New DOLE Department Order on Contracting and Subcontracting	The Employers Confederation of the Philippines	Ruiz G Salazar
5 Apr 17	Hong Kong	1.5	Global Best Business Practices	LF Annual Conference	Godfrey E Scotchbrook
15 Apr 17	Hong Kong	3.0	New Developments on E-Commerce and Online Marketing	Fung Global Retail and Technology	Godfrey E Scotchbrook
25-27 Apr 17	Singapore	24.0	The Leadership Forum for Asia's Food and Nutrition Industry	Food Vision, Asia	Ma Bella B Javier

The NCGC 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 interest of the Company.

The Board of Directors 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 (7) Directors, three (3) of whom are Executive Directors. The four (4) Non-Executive Directors are Independent Directors. The composition of the Board of Directors 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 alternative perspectives 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 NCGC, 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.

The 2012 Code states that the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to particularly rigorous review.

CORPORATE
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Consistent with previous practice, the NCGC had undertaken a rigorous review of the independence of each Independent Director, including those whose tenure had exceeded nine (9) years from the date of their appointment. Led by the NCGC Chairman and facilitated by BoardRoom, the assessment was conducted by means of a confidential and incisive questionnaire completed by each Director and confirmation completed by the Independent Directors. The results were analysed and discussed at the NC and Board meetings. Each member of the NCGC 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 NCGC is also of the firm view and opinion that these Directors exercise independent judgment in the best interest of the Company in the discharge of their duties as Directors, inspite of their tenure in the Board exceeding nine (9) years.

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 NCGC is responsible for administering this policy and for evaluating it annually.

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 Executive 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.

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, and 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 Corporate Governance Committee ("NCGC") to include corporate governance matters in its functions. The members of the NCGC remain the same. It currently comprises the following members, a majority of whom, including the Chairman, are Independent Directors:

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

Under its TOR, the NCGC 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 NCGC is 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 NCGC and then recommended for approval by the Board. The NCGC 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 NCGC 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 NCGC does not usually but may consider engaging the services of search consultants to identify prospective candidates if the need so arises. The NCGC currently considers recommendations and referrals, provided the prospective candidates meet the qualification criteria established for the particular appointment.

The NCGC undertakes the process of identifying the quality of directors aligned with the Company's strategic directions. The NCGC 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 NCGC identifies any core competencies that will complement those of current Directors on the Board.

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The NCGC is also tasked with reviewing the performance and contribution of the Directors in order to nominate them for re-election or re-appointment. The NCGC 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 NCGC 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, 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 Chairman of the NCGC 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 NCGC 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 (4) directorships and/or chairmanships that Executive Directors may hold concurrently for listed companies, and a maximum limit of five (5) directorships and/or chairmanship in listed companies for Independent and Non-Executive Directors. The details of directorships and/or chairmanships in other listed companies and other principal commitments of the Directors are set out in the "Board of Directors" section of this Annual Report.

Under Article 88 of the Company's Articles of Association, all Directors hold office for a maximum period of three (3) years whereupon they shall retire, but they are eligible for re-election.

Director Retiring Under Article 88

Mr Rolando C Gapud
Executive Chairman
Appointed on 20 January 2006
Re-elected on 29 April 2011 and 15 April 2014

Mr Benedict Kwek Gim Song
Lead Independent Director
Appointed on 30 April 2007
Re-elected on 29 April 2011 and 15 April 2014

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

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

Both Mr Gapud and Mr Kwek are neither substantial shareholders nor directly associated to any substantial shareholder or a 10% shareholder 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 the 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 NCGC conducts a review of the succession plan for Board members, CEO and Key Management Personnel of the Company.

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

- Memberships and appointments
- Conduct of NCGC meetings
- Trainings 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 NC member and provides an opportunity for members to give constructive feedback on the workings of the NCGC, including procedures and processes adopted, and if these may be improved upon.

The evaluation exercise is carried out by the NCGC on an annual basis.

Principle 5
Board Performance

The Board, through the NCGC, 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 NCGC Chairman and facilitated by 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 NCGC 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).

CORPORATE **GOVERNANCE**

Principle 6
Access to Information

Management endeavours to provide the Board with timely and complete information at least five (5) 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 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.

CORPORATE **GOVERNANCE**

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 – 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.

During the year in review, the RSOC held two (2) meetings.

The RSOC implements an 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
- Trainings and resources available
- 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.

The evaluation exercise is carried out by the RSOC on an annual basis.

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.

Where appropriate, the RSOC reviews the service contracts of the Company's Executive Directors and Key Management Personnel. The compensation commitments in service contracts are reviewed periodically and notice periods for termination are also reviewed to ensure that they are not excessively long.

In reviewing the recommendation for Non-Executive Directors' remuneration for FY2017, 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.

The compensation structure for Key Management Personnel of Group subsidiaries consists of two (2) 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.

CORPORATE **GOVERNANCE**

The Company has two (2) share plans – the Restricted Share Plan ("RSP") and the Performance Share Plan ("PSP") (collectively the "Share Plans") which are also administered by the RSOC. The RSP and PSP are 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 is 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 are also designed to align the interest of these executives with those of the Company's shareholders.

Under the Share Plans, shares are 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 (10) years and had expired on 25 April 2015. The RSOC would review and consider the necessity to adopt new share plans in the future.

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 (5) 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, given the confidentiality and commercial sensitivity 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 (5) 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.

CORPORATE **GOVERNANCE**

DISCLOSURE ON REMUNERATION OF DIRECTORS FOR FY2017

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	40	2	58	–
Mr Rolando C Gapud	82	18	–	–
Mr Edgardo M Cruz, Jr	70	11	18	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 FY2017

Remuneration Bands and Number of Key Management Personnel	Fixed Salary %	Variable Income / Bonus %	Benefits in Kind %
Above S$500,000			
1	48	51	1
1	74	14	12
1	79	20	1
1	78	21	1
S$250,000 to below S$500,000			
1	80	19	1

Notes:
1 Key Management Personnel who are not Directors
Details of the share awards granted to each Director are shown in the Directors' Statement.

CORPORATE **GOVERNANCE**

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 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 annual operating plan ("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.

Information technology 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.

Among 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 implemented the first phase of the project involving network infrastructure upgrade, restructuring and segmentation, installation of advanced persistent threat protection systems, updating and the development of the information technology security policy and awareness programme. The second phase will run in FY2018, and will involve the implementation of data loss protection and encryption systems and the year-long roll-out of the cybersecurity and awareness programme.

CORPORATE **GOVERNANCE**

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 2017.

The Board received 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 remain 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.

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 (2) members having the requisite financial management experience and expertise.

The ARC implements an 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
- Trainings 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.

The evaluation exercise is carried out by the ARC on an annual basis.

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.

CORPORATE **GOVERNANCE**

In the year in review, the ARC had reviewed the audit and non-audit services of the external auditors and was satisfied that the auditors continue to be independent. A breakdown of the aggregate fees paid for audit and non-audit services is set out below:

	Year ended 30 April 2017 US$'000
Audit fees	
– paid to the auditors of the Company	371
– paid to other auditors	1,553
Non-audit fees	
– paid to the auditors of the Company	–
– paid to other auditors	667

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 FY2017, 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 controls 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 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 and 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

CORPORATE **GOVERNANCE**

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. 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.

Under a new policy adopted, the ARC and the Board will undertake a review of external auditors once every five (5) 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 held four (4) 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.

CORPORATE **GOVERNANCE**

The Group ensures that shareholders have the opportunity to participate effectively in, and vote at, General Meetings ("GM"). 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 (5) days from the date of the meeting.

The Memorandum & Articles of Association of the Company do not allow corporations which provide nominee or custodial services to appoint more than two (2) proxies to vote. At present, only the Central Depository (Pte) Ltd is permitted to appoint more than two (2) 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 fiscal year 2017, the Company declared a 50% payout of the year's net profit. The dividend policy and terms including the declaration dates are provided in the Company's website. The Company endeavours to pay dividends within 30 days after declaration.

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 of 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 not just to provide information but 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 (2) annual conferences, forums and road shows organised by stock broking and investing companies. Between May 2016 and April 2017, the Company participated in three (3) conferences organised by Goldman Sachs in Manila and by HSBC in Singapore, and met with 109 investors and brokers, including conference calls.

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 trips 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 Company's operations and markets.

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

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

The Company observes a closed-window period of two (2) weeks prior to the announcement of its quarterly results and one (1) 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.

CORPORATE **GOVERNANCE**

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 (6) 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 information technology; and continuous improvement.

The Company received the Best Investor Relations (Gold) Award in July 2017 and the Best Annual Report (Bronze) Award in July 2016 and 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 2 Gold awards for the Best Managed Board and Best Investor Relations. DMPL is one of only less than 10 companies from the 750 companies listed in Singapore to have achieved this.

DMPL has also received 4 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 8 consecutive years, since 2010.

The Company was ranked 32nd amongst 631 Singapore-listed companies or within thetop five percentile in the August 2016 Singapore Governance and Transparency Index (SGTI). DMPL also ranked 28th amongst 100 largest Singapore-listed companies in the April 2016 ASEAN Corporate Governance Scorecard.

CORPORATE **GOVERNANCE**

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, NCGC and RSOC, all 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 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 which include the questions and answers during the meetings 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 (2) 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 (2) weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year; and (1) 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 2017.

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 2017 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$433.7 million as at 30 April 2017 and the Company expects dividend payment from its subsidiaries.

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 2016/ date of appointment, if later	As at end of the year 30 April 2017	As at 21 May 2017	As at beginning of the year 1 May 2016/ date of appointment, if later	As at end of the year 30 April 2017	As at 21 May 2017
<u>The Company</u>						
Ordinary shares of US$0.01 each						
Mr Rolando C Gapud	2,063,140	2,063,140	2,063,140	–	–	–
Mr Joselito D Campos, Jr	7,621,466	7,621,466	7,621,466	1,303,256,961	1,303,256,961	1,303,256,961
Mr Edgardo M Cruz, Jr	2,881,635	2,881,635	2,881,635	–	–	–
Dr Emil Q Javier	534,851	534,851	534,851	–	–	–

Directors' Interest in Options:

	Direct interests			Deemed interests		
	As at beginning of the year 1 May 2016/ date of appointment, if later	As at end of the year 30 April 2017	As at 21 May 2017	As at beginning of the year 1 May 2016/ date of appointment, if later	As at end of the year 30 April 2017	As at 21 May 2017
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	300,000	300,000	–	–	–
Mr Godfrey E Scotchbrook	360,000	360,000	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	25,255	25,255	–	–	–
Mr Godfrey E Scotchbrook	30,306	30,306	30,306	–	–	–

DIRECTORS' **STATEMENT**

DIRECTORS' INTERESTS (CONT'D)

Directors' Interest in Share Awards:

	Direct interest			Deemed interest		
	As at beginning of the year 1 May 2016/ date of appointment, if later	**As at end of the year 30 April 2017**	**As at 21 May 2017**	**As at beginning of the year 1 May 2016/ date of appointment, if later**	**As at end of the year 30 April 2017**	**As at 21 May 2017**
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	211,000	211,000	–	–	–
Mr Edgardo M Cruz, Jr	95,000	95,000	95,000	–	–	–
Dr Emil Q Javier	71,000	71,000	71,000	–	–	–
Mr Benedict Kwek Gim Song	108,000	108,000	108,000	–	–	–
Mr Godfrey E Scotchbrook	108,000	108,000	108,000	–	–	–

* Up to 60% of share awards granted (i.e. 412,800) will be released upon completion of vesting on or after 21 August 2016.
Remaining 40% of share awards granted (i.e. 275,200) will be released upon completion of vesting on or after 21 August 2017.

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	17,763	17,763	–	–	–
Mr Edgardo M Cruz, Jr	7,997	7,997	7,997	–	–	–
Dr Emil Q Javier	5,977	5,977	5,977	–	–	–
Mr Benedict Kwek Gim Song	9,092	9,092	9,092	–	–	–
Mr Godfrey E Scotchbrook	9,092	9,092	9,092	–	–	–

** Up to 60% of share awards granted (i.e.29,953) will be released upon completion of vesting on or after 21 August 2016.
Remaining 40% of share awards granted (i.e. 19,968) will be released upon completion of vesting on or after 21 August 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 of the financial year, or at the end of the financial year.

DIRECTORS' **STATEMENT**

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 (10) 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 as well as 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 (10) 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 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 (10) years or on 25 April 2015. Any share awards granted prior to the expiration of the Share Plans would continue to be valid.

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)
Mrs Yvonne Goh	(Member)
Dr Emil Q Javier	(Member)

Other information regarding the ESOP 1999 is set out below:

Under the ESOP 1999, two (2) types of options were granted:

- Initial Public Offering Options ("IPO Options")
- 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.

DIRECTORS' **STATEMENT**

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 10th 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 (3) market days preceding the date of grant. The options are valid for ten (10) 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 (2) bonus shares for every ten (10) 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.

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 (3) 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 of the Company held on 28 April 2008.

On 12 May 2009, six (6) employees of related companies were granted an aggregate of 3,749,000 share awards at the market price of S$0.540 per share.

DIRECTORS' **STATEMENT**

SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Del Monte Pacific RSP (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 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 (5) employees of related companies at a market price of S$0.81 per share, arising from the bonus issue of two (2) bonus shares for every ten (10) 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 (6) 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.

As at the date of this report, no share awards had been granted to Directors or employees of related companies.

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.

DIRECTORS' **STATEMENT**

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 2015	Options Granted	Options exercised	Options forfeited/ exercised	Number of options outstanding at 30 April 2016	Number of option holders at 30 April 2016	Exercise period
07/03/2008	0.627	750,000	–	–	–	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	–	–	–	150,000	3	100% from 07/03/2011 onwards
01/07/2015	0.578	75,765	–	–	–	75,765	3	100% up to 06/03/2018
		975,765	–	–	–	975,765		

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 2016	Number of share award holders at 30 April 2016	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		

DIRECTORS' **STATEMENT**

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 2017	*Aggregate options granted since commencement of ESOP 1999 to 30 April 2017	*Aggregate options exercised since commencement of ESOP 1999 to 30 April 2017	Aggregate options outstanding as at 30 April 2017
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	–	325,255
Mr Godfrey E Scotchbrook	–	390,306	–	390,306
	–	1,515,561	800,000	715,561

* 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 2016	*Aggregate share awards granted since commencement of Del Monte Pacific RSP	Aggregate share awards outstanding at as 30 April 2016
Mr Rolando C Gapud	–	228,763	228,763
Mr Joselito D Campos, Jr	–	4,465,440	–
Mr Edgardo M Cruz, Jr	–	102,997	102,997
Dr Emil Q Javier	–	76,977	76,977
Mr Benedict Kwek Gim Song	–	117,092	117,092
Mr Godfrey E Scotchbrook	–	117,092	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.

DIRECTORS' **STATEMENT**

AUDIT AND RISK COMMITTEE

The Audit Committee was renamed the 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. For the financial year ended 30 April 2017, 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 2016 to 30 April 2017, the ARC had held four (4) 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 2017, 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.

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 2017.

DIRECTORS' **STATEMENT**

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

13 July 2017

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 2017, 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 2017, 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.

INDEPENDENT AUDITORS' REPORT

to the members of Del Monte Pacific Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
Biological assets *(a) Adoption of Amendments to IAS 16, Property, Plant and Equipment and IAS 41, Agriculture: Bearer Plants* On 1 January 2016, the amendments to IAS 16, *Property, Plant and Equipment* and IAS 41, *Agriculture: Bearer Plants* became effective. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, such bearer plants will be within the scope of IAS 16 and have to be measured at accumulated cost before maturity and using either the cost model or revaluation model after maturity. Produce that grows on bearer plants remained within the scope of IAS 41 and continues to be measured at fair value less costs to sell. We considered this to be a key audit matter as the adoption of these amendments resulted in material adjustments made to certain account balances, including the restatement of comparatives. In previous financial years, the Group has accounted for bearer plants at cost and reduced by the estimated cost of harvested produce while their agricultural produce at fair value less estimated point-of-sale costs at the point of harvest. Beginning 1 May 2016, the Group adopted these amendments and this resulted in a change in the Group's accounting policy for biological assets as disclosed in Note 3. This change resulted in the presentation of biological assets of US$85.5 million, net of accumulated depreciation, as bearer plants and an increase in the carrying value of biological assets as of 30 April 2017 by US$44.3 million, representing the fair value of the agricultural produce prior to harvest. In addition, the Group has also restated the comparative amounts as disclosed in Note 3. Refer to Notes 3, 6 and 12 to the financial statements.	We obtained an understanding of management's process for separating bearer plants from the agricultural produce. With respect to bearer plants, we obtained an understanding of management's identification of the capitalizable costs and the method of depreciation and compared sample capitalized costs of bearer plants to supporting documents. For the agricultural produce prior to harvest, we obtained an understanding of management's fair value measurement methodology, the timing of the recognition of the agricultural produce prior to harvest considering the life cycle of the bearer plant, and evaluated the significant fair value assumptions which include future selling prices, gross margin, estimated tonnage of harvests and future growing costs used in the valuation by comparing them against available market and historical information. We involved our internal specialist in evaluating the methodology used in calculating the fair value. We assessed whether the adjustments to the respective account balances have been made in accordance with the requirements set out in the amendments.

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
Biological assets *(b) Fair value of biological assets* The gain on changes in the fair value of produce prior to harvest and harvested produce amounted to US$45.6 million for the year ended 30 April 2017. 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. 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 12 to the financial statements.	We tested the key assumptions, 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. Given the complexity of the valuation, our internal specialists were involved in performing some of these procedures. 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 *(a) Goodwill* As at 30 April 2017, goodwill is carried at US$203.4 million, which represents 13% of the total non-current assets. The annual impairment test is significant to our audit because the valuation process is complex, involves significant management judgement, and is based on assumptions (market multiples) that can be affected by future market and economic conditions. The Group allocated goodwill to a Cash Generating Unit (CGU), Del Monte Foods, Inc. and its subsidiaries. The Group used the fair value less costs of disposal to estimate the recoverable value of the CGU. Refer to Note 9 to the financial statements.	We obtained an understanding of the Group's impairment assessment process and the related controls. We tested the key assumptions, which include market multiples, by comparing them to external data such as EBITDA and revenue levels of peer companies. 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 9 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 goodwill.

INDEPENDENT **AUDITORS' REPORT**
to the members of Del Monte Pacific Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
Recoverability of goodwill and indefinite life trademarks *(b) Indefinite life trademarks* As at 30 April 2017, indefinite life trademarks were carried at U$408.0 million which comprises of the following trademarks: "Del Monte" in the United States of America (USA), Philippines and India, "College Inn" in the USA, "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 intangible assets in the USA and Philippines. This approach relies on the forecasted revenue for the related brand or trademark and applies the royalty rates in the market. For the other trademarks in Asia, the Group used the discounted cash flow of the related CGUs. 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 Note 9 to the financial statements.	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 in the financial forecast of the CGUs, 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.

INDEPENDENT **AUDITORS' REPORT**

to the members of Del Monte Pacific Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
Recoverability of deferred tax assets As at 30 April 2017, the Group has recognized net deferred tax assets of US$92.8 million, which includes deferred tax assets recognized by Del Monte Foods, Inc., a subsidiary in the United States of America (USA), amounting to US$91.1 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 and EBITDA growth rates. Refer to Note 10 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 and EBITDA growth rates 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.
Valuation of defined benefit liability The Group has defined benefit plans in the Philippines and the USA, giving rise to defined benefit liability of US$76.9 million and pension asset amounting to US$5.5 million as at 30 April 2017 which are measured using actuarial 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 22 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.

INDEPENDENT **AUDITORS' REPORT**

to the members of Del Monte Pacific Limited

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Group's 2017 Annual Report, but does not include the financial statements and our auditor's report thereon. The Group's 2017 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 2017 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.

INDEPENDENT **AUDITORS' REPORT**

to the members of Del Monte Pacific Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- 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.

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

Public Accountants and
Chartered Accountants

Singapore
13 July 2017

STATEMENTS OF **FINANCIAL POSITION**

As at 30 April 2017 and 2016 and 1 May 2015

(In US$'000)

		Group			Company		
	Note	**30 April 2017**	**30 April 2016 (As restated*)**	**1 May 2015 (As restated*)**	**30 April 2017**	**30 April 2016 (As restated*)**	**1 May 2015 (As restated*)**
Noncurrent assets							
Property, plant and equipment – net	6	**657,185**	661,233	679,312	–	–	–
Investments in subsidiaries	7	–	–	–	**831,888**	760,898	772,119
Investments in joint ventures	8	**25,797**	22,820	22,590	**1,924**	2,551	2,551
Intangible assets and goodwill	9	**741,026**	750,373	759,700	–	–	–
Deferred tax assets – net	10	**92,786**	99,284	85,491	**2**	–	–
Biological assets	12	**1,420**	1,448	1,446	–	–	–
Pension asset	22	**5,517**	–	–	–	–	–
Other noncurrent assets	11	**27,112**	25,941	28,985	–	–	–
		1,550,843	1,561,099	1,577,524	**833,814**	763,449	774,670
Current assets							
Biological assets	12	**44,347**	39,775	33,374	–	–	–
Inventories	13	**916,892**	845,233	749,549	–	–	–
Trade and other receivables	14	**164,447**	175,532	184,402	**119,703**	145,240	105,723
Prepaid expenses and other current assets	15	**43,046**	35,598	39,870	**328**	257	137
Cash and cash equivalents	16	**37,571**	47,203	35,618	**6,767**	361	6,126
		1,206,303	1,143,341	1,042,813	**126,798**	145,858	111,986
Noncurrent assets held for sale	17	–	1,950	8,113	–	–	–
		1,206,303	1,145,291	1,050,926	**126,798**	145,858	111,986
Total assets		**2,757,146**	2,706,390	2,628,450	**960,612**	909,307	886,656
Equity							
Share capital	18	**39,449**	19,449	19,449	**39,449**	19,449	19,449
Retained earnings	19	**159,169**	160,631	103,653	**159,169**	160,631	103,653
Reserves	19	**318,460**	134,926	148,750	**318,599**	135,065	148,889
Equity attributable to owners of the Company	39	**517,078**	315,006	271,852	**517,217**	315,145	271,991
Non-controlling interests	39	**61,477**	61,971	58,644	–	–	–
Total equity		**578,555**	376,977	330,496	**517,217**	315,145	271,991
Noncurrent liabilities							
Loans and borrowings	20	**1,264,268**	1,116,422	1,272,945	**281,854**	129,234	348,250
Employee benefits	22	**87,599**	97,118	129,199	–	–	–
Environmental remediation liabilities	23	**6,198**	6,313	4,580	–	–	–
Deferred tax liabilities – net	10	**3,913**	1,092	1,092	–	–	–
Other noncurrent liabilities	21	**44,018**	62,586	61,163	–	–	–
		1,405,996	1,283,531	1,468,979	**281,854**	129,234	348,250
Current liabilities							
Loans and borrowings	20	**449,698**	727,360	445,542	**43,070**	348,630	102,630
Employee benefits	22	**22,165**	33,652	43,080	–	–	–
Trade and other payables	24	**299,545**	281,043	339,054	**118,471**	116,298	163,785
Current tax liabilities		**1,187**	3,827	1,299	–	–	–
		772,595	1,045,882	828,975	**161,541**	464,928	266,415
Total liabilities		**2,178,591**	2,329,413	2,297,954	**443,395**	594,162	614,665
Total equity and liabilities		**2,757,146**	2,706,390	2,628,450	**960,612**	909,307	886,656

* see Note 3.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

INCOME **STATEMENTS**

As at 30 April 2017 and 2016 and 1 May 2015

(In US$'000)

	Note	Group Year ended 30 April 2017	Group Year ended 30 April 2016 (As restated*)	Group Year ended 30 April 2015 (As restated*)	Company Year ended 30 April 2017	Company Year ended 30 April 2016 (As restated*)	Company Year ended 30 April 2015 (As restated*)
Revenue	25	**2,252,783**	2,274,085	2,189,983	–	–	–
Cost of sales	26	**(1,757,891)**	(1,788,269)	(1,778,531)	–	–	–
Gross profit		**494,892**	485,816	411,452	–	–	–
Distribution and selling expenses	26	**(203,168)**	(201,031)	(199,160)	–	–	–
General and administrative expenses	26	**(165,074)**	(147,837)	(190,892)	**(15,906)**	(13,968)	(6,417)
Other income (expenses) – net	5	**960**	31,038	16,896	**673**	67	(582)
Results from operating activities		**127,610**	167,986	38,296	**(15,233)**	(13,901)	(6,999)
Finance income	27	**5,809**	2,231	400	**47**	2	8
Finance expense	27	**(111,068)**	(99,581)	(99,861)	**(22,829)**	(21,703)	(25,294)
Net finance expense		**(105,259)**	(97,350)	(99,461)	**(22,782)**	(21,701)	(25,286)
Share in income (loss) of joint ventures and subsidiaries, net of tax	30	**(1,909)**	(1,717)	(2,453)	**62,393**	92,585	(7,993)
Profit (loss) before taxation	26	**20,442**	68,919	(63,618)	**24,378**	56,983	(40,278)
Tax credit (expense) – net	28	**(551)**	(8,943)	17,528	**(12)**	(5)	–
Profit (loss) for the year		**19,891**	59,976	(46,090)	**24,366**	56,978	(40,278)
Profit (loss) attributable to:							
Owners of the Company		**24,366**	56,978	(40,278)	**24,366**	56,978	(40,278)
Non-controlling interests		**(4,475)**	2,998	(5,812)	–	–	–
		19,891	59,976	(46,090)	**24,366**	56,978	(40,278)
Earnings per share							
Basic earnings (loss) per share (US cents)	29	**1.21**	2.93	(2.90)			
Diluted earnings (loss) per share (US cents)	29	**1.21**	2.93	(2.90)			

* see Note 3.6

STATEMENTS OF **COMPREHENSIVE INCOME**

Years ended 30 April 2017, 2016 and 2015

(In US$'000)

	Note	Year ended 30 April 2017	Year ended 30 April 2016 (As restated*)	Year ended 30 April 2015 (As restated*)
Group				
Profit (loss) for the year		**19,891**	59,976	(46,090)
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss:				
Currency translation differences		**(18,276)**	(13,476)	(1,655)
Effective portion of changes in fair value of cash flow hedges		**18,140**	(10,553)	(16,643)
Income tax effect on cash flow hedges	10	**(6,893)**	4,090	6,244
		(7,029)	(19,939)	(12,054)
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement plans	22	**20,337**	(428)	(23,184)
Income tax effect on remeasurement of retirement plans	10	**(6,360)**	7,647	8,806
Gain on property revaluation		**4,119**	–	–
Tax impact on revaluation reserve	10	**(1,236)**	(1,504)	–
		16,860	5,715	(14,378)
Other comprehensive income (loss) for the year, net of tax		**9,831**	(14,224)	(26,432)
Total comprehensive income (loss) for the year		**29,722**	45,752	(72,522)
Total comprehensive income (loss) attributable to:				
Owners of the Company		**31,675**	42,614	(63,907)
Non-controlling interests		**(1,953)**	3,138	(8,615)
		29,722	45,752	(72,522)

* see Note 3.6

STATEMENTS OF **COMPREHENSIVE INCOME**

Years ended 30 April 2017, 2016 and 2015

(In US$'000)

	Year ended 30 April 2017	Year ended 30 April 2016 (As restated*)	Year ended 30 April 2015 (As restated*)
Company			
Profit (loss) for the year	**24,366**	56,978	(40,278)
Other comprehensive income			
Items that will or may be reclassified subsequently to profit or loss:			
Share in currency translation differences of subsidiaries	**(18,274)**	(13,478)	(1,468)
Share in effective portion of changes in fair value of cash flow hedges of a subsidiary	**16,224**	(9,323)	(15,000)
Income tax effect on cash flow hedges	**(6,165)**	3,543	5,700
	(8,215)	(19,258)	(10,768)
Items that will not be reclassified to profit or loss:			
Share in remeasurement of retirement plans of subsidiaries	**12,641**	6,398	(12,861)
Share in the revaluation reserve of a subsidiary, net of tax	**2,883**	(1,504)	–
	15,524	4,894	(12,861)
Other comprehensive income (loss) for the year, net of tax	**7,309**	(14,364)	(23,629)
Total comprehensive income (loss) for the year	**31,675**	42,614	(63,907)

* see Note 3.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

Years ended 30 April 2017, 2016 and 2015

STATEMENTS OF CHANGES IN EQUITY

Years ended 30 April 2017, 2016 and 2015

(In US$'000)

	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
		← Attributable to owners of the Company									→		
Group													
2017													
At 30 April 2016, as previously reported		19,449	214,843	(59,813)	8,002	(10,833)	(17,502)	1,031	(802)	148,866	303,241	61,971	365,212
Adjustment due to amendments to IAS 16 and IAS 41	3.6	–	–	–	–	–	–	–	–	11,765	11,765	–	11,765
At 30 April 2016, as restated		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 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	22	–	–	–	–	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	18	20,000	180,000	–	–	–	–	–	–	–	200,000	–	200,000
Transaction cost 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	26	–	–	–	–	–	–	748	–	–	748	142	890
Payment of dividends	19	–	–	–	–	–	–	–	–	(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	19	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 2017, 2016 and 2015

(In US$'000)

	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
		Attributable to owners of the Company											
Group													
2016													
At 1 May 2015, as previously reported		19,449	214,843	(46,335)	9,506	(17,231)	(11,722)	318	(629)	97,332	265,531	58,644	324,175
Adjustment due to amendments to IAS 16 and IAS 41		–	–	–	–	–	–	–	–	6,321	6,321	–	6,321
At 1 May 2015, as restated		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	22	–	–	–	–	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	26	–	–	–	–	–	–	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	19	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 2017, 2016 and 2015

(In US$'000)

	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
		Attributable to owners of the Company											
Group													
2015													
At 1 May 2014, as previously reported		12,975	69,205	(44,867)	9,506	(4,370)	(2,422)	174	(629)	140,515	180,087	67,255	247,342
Adjustment due to amendments to IAS 16 and IAS 41		–	–	–	–	–	–	–	–	3,416	3,416	–	3,416
At 1 May 2014, as restated		12,975	69,205	(44,867)	9,506	(4,370)	(2,422)	174	(629)	143,931	183,503	67,255	250,758
Total comprehensive loss for the year													
Loss for the year		–	–	–	–	–	–	–	–	(40,278)	(40,278)	(5,812)	(46,090)
Other comprehensive income													
Currency translation differences		–	–	(1,468)	–	–	–	–	–	–	(1,468)	(187)	(1,655)
Remeasurement of retirement plans, net of tax	22	–	–	–	–	(12,861)	–	–	–	–	(12,861)	(1,517)	(14,378)
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	(9,300)	–	–	–	(9,300)	(1,099)	(10,399)
Total other comprehensive loss		–	–	(1,468)	–	(12,861)	(9,300)	–	–	–	(23,629)	(2,803)	(26,432)
Total comprehensive loss for the year		–	–	(1,468)	–	(12,861)	(9,300)	–	–	(40,278)	(63,907)	(8,615)	(72,522)
Transactions with owners of the Company recognised directly in equity													
Contributions by and distributions to owners of the Company													
Proceeds from issuance of ordinary shares	18	6,474	148,562	–	–	–	–	–	–	–	155,036	–	155,036
Transactions costs related to issuance of share capital		–	(2,924)	–	–	–	–	–	–	–	(2,924)	–	(2,924)
Value of employee services received for issue of share options	26	–	–	–	–	–	–	144	–	–	144	–	144
Capital injection by non-controlling interests		–	–	–	–	–	–	–	–	–	–	4	4
Total contributions by and distributions to owners		6,474	145,638	–	–	–	–	144	–	–	152,256	4	152,260
At 30 April 2015, as restated	19	19,449	214,843	(46,335)	9,506	(17,231)	(11,722)	318	(629)	103,653	271,852	58,644	330,496

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
Years ended 30 April 2017, 2016 and 2015

(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, as previously reported		19,449	214,982	(59,813)	8,002	(10,833)	(17,502)	1,031	(802)	148,866	303,380
Adjustment due to amendments to IAS 16 and IAS 41	3.6	–	–	–	–	–	–	–	–	11,765	11,765
At 30 April 2016, as restated		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	22	–	–	–	–	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	18	20,000	180,000	–	–	–	–	–	–	–	200,000
Transaction cost from issue of preference shares		–	(4,523)	–	–	–	–	–	–	–	(4,523)
Value of employee services received for issue of share options	26	–	–	–	–	–	–	748	–	–	748
Payment of dividends	19	–	–	–	–	–	–	–	–	(25,828)	(25,828)
Total contributions by and distributions to owners		20,000	175,477	–	–	–	–	748	–	(25,828)	170,397
At 30 April 2017	19	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 2017, 2016 and 2015

(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, as previously reported		19,449	214,982	(46,335)	9,506	(17,231)	(11,722)	318	(629)	97,332	265,670
Adjustment due to amendments to IAS 16 and IAS 41	3.6	–	–	–	–	–	–	–	–	6,321	6,321
At 1 May 2015, as restated		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	22	–	–	–	–	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	26	–	–	–	–	–	–	713	–	–	713
Total contributions by and distributions to owners		–	–	–	–	–	–	713	(173)	–	540
At 30 April 2016	19	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 CHANGES IN EQUITY

Years ended 30 April 2017, 2016 and 2015

(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											
2015											
At 1 May 2014, as previously reported		12,975	69,344	(44,867)	9,506	(4,370)	(2,422)	174	(629)	140,515	180,226
Adjustment due to amendments to IAS 16 and IAS 41	3.6	–	–		–	–	–	–	–	3,416	3,416
At 1 May 2014, as restated		12,975	69,344	(44,867)	9,506	(4,370)	(2,422)	174	(629)	143,931	183,642
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	–	–	(40,278)	(40,278)
Other comprehensive income											
Currency translation differences		–	–	(1,468)	–	–	–	–	–	–	(1,468)
Remeasurement of retirement plans, net of tax	22	–	–	–	–	(12,861)	–	–	–	–	(12,861)
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	(9,300)	–	–	–	(9,300)
Total other comprehensive loss		–	–	(1,468)	–	(12,861)	(9,300)	–	–	–	(23,629)
Total comprehensive loss for the year		–	–	(1,468)	–	(12,861)	(9,300)	–	–	(40,278)	(63,907)
Transactions with owners of the Company recognised directly in equity											
Contributions by and distributions to owners of the Company											
Proceeds from issuance of ordinary shares	18	6,474	148,562	–	–	–	–	–	–	–	155,036
Transactions costs related to issuance of share capital		–	(2,924)	–	–	–	–	–	–	–	(2,924)
Value of employee services received for issue of share options	26	–	–	–	–	–	–	144	–	–	144
Total contributions by and distributions to owners		6,474	145,638	–	–	–	–	144	–	–	152,256
At 30 April 2015	19	19,449	214,982	(46,335)	9,506	(17,231)	(11,722)	318	(629)	103,653	271,991

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Years ended 30 April 2017, 2016 and 2015

(In US$'000)

	Note	Group Year ended 30 April 2017	Group Year ended 30 April 2016 (As restated*)	Group Year ended 30 April 2015 (As restated*)	Company Year ended 30 April 2017	Company Year ended 30 April 2016 (As restated*)	Company Year ended 30 April 2015 (As restated*)
Cash flows from operating activities							
Profit (loss) for the year		19,891	59,976	(46,090)	24,366	56,978	(40,278)
Adjustments for:							
Amortisation of intangible assets	9	9,347	9,327	7,560	–	–	–
Depreciation of property, plant and equipment	6	138,995	139,991	141,394	–	–	–
Impairment loss (reversal of impairment) of property, plant and equipment	6	(330)	4,928	(508)	–	–	–
Loss on disposal of property, plant and equipment		729	1,052	1,278	–	–	–
Equity-settled share-based payment transactions	26	890	713	144	96	161	144
Share in loss (profit) of joint ventures and subsidiaries, net of tax		1,909	1,717	2,453	(62,393)	(92,585)	7,993
Finance income	27	(5,809)	(2,231)	(400)	(47)	(2)	(8)
Finance expense	27	111,068	99,581	99,861	22,829	21,703	25,294
Tax expense – current	28	6,730	12,729	7,189	14	5	–
Tax credit – deferred	28	(6,179)	(3,786)	(24,717)	(2)	–	–
Ineffective portion of cash flow hedges		(1,070)	5,193	319	–	–	–
Bargain purchase on acquisition of Sager Creek	5	–	–	(26,568)	–	–	–
Defined benefit plan amendment	22	–	(39,422)	–	–	–	–
Impairment losses on noncurrent assets held for sale	26	–	1,659	–	–	–	–
Deconsolidation of a subsidiary	7, 26	–	–	5,186	–	–	–
		276,171	291,427	167,101	(15,137)	(13,740)	(6,855)
Changes in:							
Other assets		1,786	(13,277)	10,951	–	–	–
Inventories		(64,858)	(103,705)	128,225	–	–	–
Biological assets		(12,550)	(8,427)	(33,351)	–	–	–
Trade and other receivables		(331)	22,851	(42,480)	(5)	(2)	(6,013)
Prepaid expenses and other current assets		(8,602)	(2,787)	(18,001)	(102)	(83)	(90)
Trade and other payables		(7,255)	(97,072)	98,580	3,360	2,834	860
Employee benefits		5,052	18,989	10,180	–	–	–
Operating cash flows		189,413	107,999	321,205	(11,884)	(10,991)	(12,098)
Taxes paid		(2,344)	(38)	(12,623)	–	–	–
Net cash flows provided by (used in) operating activities		187,069	107,961	308,582	(11,884)	(10,991)	(12,098)

* see Note 3.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CASH FLOWS**

Years ended 30 April 2017, 2016 and 2015

(In US$'000)

	Note	Group Year ended 30 April 2017	Group Year ended 30 April 2016 (As restated*)	Group Year ended 30 April 2015 (As restated*)	Company Year ended 30 April 2017	Company Year ended 30 April 2016 (As restated*)	Company Year ended 30 April 2015 (As restated*)
Cash flows from investing activities							
Interest received		476	357	353	–	–	–
Proceeds from disposal of property, plant and equipment and noncurrent assets held for sale		2,191	3,775	353	–	–	–
Acquisitions of property, plant and equipment		(144,123)	(137,230)	(144,133)	–	–	–
Investments in joint ventures	8	(3,570)	(1,947)	(4,249)	–	–	(2,551)
Purchase of Sager Creek	5	–	–	(75,000)	–	–	–
Deconsolidation of a subsidiary		–	–	(1,258)	–	–	–
Net cash flows used in investing activities		(145,026)	(135,045)	(223,934)	–	–	(2,551)
Cash flows from financing activities							
Interest paid		(103,098)	(85,682)	(88,111)	(24,183)	(19,907)	(27,087)
Proceeds from borrowings	20	930,901	1,113,193	1,270,084	52,650	233,000	16,000
Repayment of borrowings	20	(1,056,280)	(986,800)	(1,411,388)	(205,580)	(207,000)	(167,000)
Proceeds from issuance of share capital	18	200,000	–	155,036	200,000	–	155,036
Payment of transaction costs related to issuance of share capital		(4,523)	–	(2,924)	(4,523)	–	(2,924)
Capital injection by non-controlling interests of subsidiaries		–	189	4	–	–	–
Acquisition of treasury shares		–	(173)	–	–	(173)	–
Payment of amounts due to subsidiaries (non-trade)		–	–	–	247	(6,170)	41,716
Increase in due from subsidiaries (non-trade)		–	–	–	25,542	5,485	4,802
Dividends paid	19	(25,828)	–	–	(25,828)	–	–
Net cash flows provided by (used in) financing activities		(58,828)	40,727	(77,299)	18,325	5,235	20,543

* see Note 3.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF **CASH FLOWS**

Years ended 30 April 2017, 2016 and 2015

(In US$'000)

	Note	Group Year ended 30 April 2017	Group Year ended 30 April 2016 (As restated*)	Group Year ended 30 April 2015 (As restated*)	Company Year ended 30 April 2017	Company Year ended 30 April 2016 (As restated*)	Company Year ended 30 April 2015 (As restated*)
Net increase (decrease) in cash and cash equivalents		(16,785)	13,643	7,349	6,441	(5,756)	5,894
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		7,153	(2,058)	(132)	(35)	(9)	–
Cash and cash equivalents at beginning of year		47,203	35,618	28,401	361	6,126	232
Cash and cash equivalents at end of year	16	37,571	47,203	35,618	6,767	361	6,126

* see Note 3.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

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 2017.

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 2017, 2016 and 2015, 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 and its Preference Shares on 7 April 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 2017 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

2. GOING CONCERN – THE COMPANY

The Company's current liabilities are higher by US$34.7 million compared to current assets as at 30 April 2017 (30 April 2016: US$319.1 million, 30 April 2015: US$154.4 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$433.7 million as at 30 April 2017 and the Company expects dividend payment from its subsidiaries;
- the option of the Company, subject to counterparty's approval, to extend the maturity dates of certain of its financing facilities to more than twelve months after the reporting date.

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 and Interpretations Committee and Standing Interpretations Committee Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

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 6	–	Bearer plants
Note 7	–	Determination of control over subsidiaries
Note 8	–	Classification of the joint arrangement
Note 37	–	Contingencies

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

Estimates and underlying assumptions (cont'd)

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 6	–	Useful lives of property, plant and equipment, revaluation of freehold land, estimate of yield for bearer plant's depreciation for bearer plant's depreciation
Note 7	–	Recoverability of investments in subsidiaries
Note 8	–	Recoverability of investments in joint ventures
Note 9	–	Useful lives of intangible assets and impairment of goodwill and intangible assets
Note 10	–	Realisability of deferred tax assets
Note 12	–	Future cost of growing crops and fair value of livestock, harvested crops, and produce prior to harvest
Note 13	–	Allowance for inventory obsolescence and net realisable value
Note 14	–	Impairment of trade receivables
Note 22	–	Measurement of employee benefit obligations
Note 24	–	Estimation of trade promotion accruals
Note 23	–	Estimation of environmental remediation liabilities
Note 28	–	Measurement of tax
Note 35	–	Determination of fair values
Note 37	–	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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

3. BASIS OF PREPARATION (CONT'D)

3.5 Measurement of fair value (cont'd)

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 has adopted the following standards, amendments to standards, including any consequential amendments to other standards, and interpretations with a date of initial application of 1 May 2016. The adoption of these new standards, amendments to standards, and interpretations has no significant impact to the Group unless otherwise stated.

Amendments to IAS 16, Property, Plant, and Equipment and IAS 41, Agriculture: Bearer Plants. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. In previous financial years, the Group has accounted for bearer plants at cost reduced by the estimated cost of harvested produce, and their agricultural produce at fair value less estimated point of sale costs at the point of harvest.

The Group has assessed that the pineapple crops qualify as bearer plants. Accordingly, the Group applied the requirements of the amendments. The restatements and reclassification of accounts were applied on a retrospective basis and comparative amounts for fiscal years 2016 and 2015 have been restated to reflect the changes in accounting policies.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

The following table summarises the material impact resulting from the above change in accounting policy:

Statements of financial position

	Group			Company		
	As previously reported US$'000	**Adjustments US$'000**	**As restated US$'000**	**As previously reported US$'000**	**Adjustments US$'000**	**As restated US$'000**
At 30 April 2016						
Property, plant and equipment – net	563,614	97,619	661,233	–	–	–
Investments in subsidiaries	–	–	–	749,133	11,765	760,898
Deferred tax assets – net	100,899	(1,615)	99,284	–	–	–
Biological assets, noncurrent	37,468	(36,020)	1,448	–	–	–
Biological assets, current	87,994	(48,219)	39,775	–	–	–
Total assets	789,975	11,765	801,740	749,133	11,765	760,898
Retained earnings	148,866	11,765	160,631	148,866	11,765	160,631
Total equity	148,866	11,765	160,631	148,866	11,765	160,631
At 1 May 2015						
Property, plant and equipment – net	578,359	100,953	679,312	–	–	–
Investments in subsidiaries	–	–	–	765,798	6,321	772,119
Deferred tax assets – net	86,303	(812)	85,491	–	–	–
Biological assets, noncurrent	41,606	(40,160)	1,446	–	–	–
Biological assets, current	87,034	(53,660)	33,374	–	–	–
Total assets	793,302	6,321	799,623	765,798	6,321	799,623
Retained earnings	97,332	6,321	103,653	97,332	6,321	103,653
Total equity	97,332	6,321	103,653	97,332	6,321	103,653

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

Income statements

	Group			Company		
	As previously reported US$'000	**Adjustments US$'000**	**As restated US$'000**	**As previously reported US$'000**	**Adjustments US$'000**	**As restated US$'000**
For the year ended 30 April 2016						
Revenue	2,267,837	6,248	2,274,085	–	–	–
Share in income (loss) of joint ventures and subsidiaries, net of tax	(1,717)	–	(1,717)	87,141	5,444	92,585
Tax credit (expense) – net	(8,139)	(804)	(8,943)	–	–	–
Profit (loss) for the year	54,532	5,444	59,976	51,534	5,444	56,978
For the year ended 30 April 2015						
Revenue	2,186,689	3,294	2,189,983	–	–	–
Share in income (loss) of joint ventures and subsidiaries, net of tax	(2,453)	–	(2,453)	(10,898)	2,905	(7,993)
Tax credit (expense) – net	17,917	(389)	17,528	–	–	–
Profit (loss) for the year	(48,995)	2,905	(46,090)	(43,183)	2,905	(40,278)

Earnings per share

	Group		
	As previously reported US$	**Adjustments US$**	**As restated US$**
For the year ended 30 April 2016			
Basic loss per share (US cents)	2.65	0.28	2.93
Diluted loss per share (US cents)	2.65	0.28	2.93
For the year ended 30 April 2015			
Basic loss per share (US cents)	(3.10)	(0.20)	(2.90)
Diluted loss per share (US cents)	(3.10)	(0.20)	(2.90)

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

Statements of Cash Flows

	Group		
	As previously reported US$'000	**Adjustments US$'000**	**As restated US$'000**
For the year ended 30 April 2016			
Cash flow provided by operating activities	31,040	76,921	107,961
Cash flow used in investing activities	(58,124)	(76,921)	(135,045)
For the year ended 30 April 2015			
Cash flow provided by operating activities	239,628	68,954	308,582
Cash flow used in investing activities	(154,980)	(68,954)	(223,934)

The change in accounting policy has no significant impact in the statements of cash flows of the Company for the year ended 30 April 2016 and 2015.

Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 28, Investments in Associates and Joint Ventures, Investment Entities: Applying the Consolidation Exception. The amendments clarify that the exemption in IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method.

Amendments to IFRS 11, Joint Arrangements, Accounting for Acquisitions of Interests in Joint Operations. The amendments to IFRS 11 require a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business (as defined by IFRS 3, *Business Combination*), to apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

IFRS 14, Regulatory Deferral Accounts, is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of income and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

Amendments to IAS 1, Presentation of Financial Statements, Disclosure Initiative. The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRSs. They clarify the following:

(i) That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions

(ii) That specific line items in the income statement and other comprehensive income and the statement of financial position may be disaggregated

(iii) That entities have flexibility as to the order in which they present the notes to financial statements

(iv) That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Amendments to IAS 16, Property, Plant and Equipment and IAS 38, Intangible Assets, Clarification of Acceptable Methods of Depreciation and Amortization. The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

Annual Improvements to IFRSs 2012 – 2014 Cycle

(i) *Amendment to IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, Changes in Methods of Disposal.* The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

(ii) *Amendment to IFRS 7, Financial Instruments: Disclosures, Servicing Contracts.* IFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(iii) *Amendment to IFRS 7, Applicability of the Amendments to IFRS 7 to Condensed Interim Financial Statements.* This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

(iv) *Amendment to IAS 19, Employee Benefits, Discount Rate: Regional Market Issue.* This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(v) *Amendment to IAS 34, Interim Financial Reporting, Disclosure of Information 'Elsewhere in the Interim Financial Report'.* The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(i) Business combination (cont'd)

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.

The Group acquired Sager Creek Vegetable Company's vegetable business in March 2015 (see Note 5).

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(ii) Investments in subsidiaries (cont'd)

The Company re-assesses 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 transferred out of the Company. 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 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.

(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 5.

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 4.10.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(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.

(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. In 2016, the Company early adopted the amendments to *IAS 27, Equity Method in Separate Financial Statements*. 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 retranslation 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.

(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 statements of financial position based on current/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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Current versus Noncurrent Classification (cont'd)

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.

4.4 Intangible assets

(i) Indefinite intangible assets

Intangible assets are measured at cost less accumulated impairment losses.

(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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Intangible assets (cont'd)

(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 40 years
Customer relationships	–	8 to 20 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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 2017 and 2016, and 2015.

(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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(i) Non-derivative financial assets

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 trade and other receivables, refundable deposits, and cash and cash equivalents. Cash and cash equivalents comprise bank balances, cash on hand and short-term marketable securities.

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(iii) Derivative financial instruments, including hedge accounting (cont'd)

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.

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 under "Finance expense".

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.

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 capitalized 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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 was 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 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.

4.7 Biological assets

The Group's biological assets include: (a) bearer plant's agricultural produce consisting of pineapple and papaya; (b) breeding and dairy herd; (c) growing herd; and (d) cattle for slaughter. Agricultural produce include: (a) harvested pineapple and papaya fruits; (b) produce growing on bearer plants; and (c) cut meat from the cattle for slaughter.

The Group's biological assets are accounted for as follows:

Dairy and Breeding Herd

The dairy and breeding herd are measured at cost less accumulated depreciation. The breeding and dairy herd have useful lives of 3½ 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. Dairy and breeding herd are classified as noncurrent assets in the statement of financial position.

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 asset in the statement of financial position.

Cattle for Slaughter

Cattle for slaughter are 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 are classified as current assets in the statement of financial position.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

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 less future growing cost applied to the estimated volume of harvest as the basis of fair value. The Group's harvested produce are measured at fair value at the point of harvest based on the estimated future selling prices reduced by cost to sell.

Cut Meat

Cut meat 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).

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.

4.9 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Inventories (cont'd)

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.

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 previously recognised impairment loss is reversed through the income statement.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (cont'd)

(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.

Joint ventures

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.

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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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. The recoverable amount of an asset or CGU is the greater of its VIU and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a 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. 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 profit or loss. 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 lives, are components of the CGU containing goodwill and the impairment assessment is as described above.

4.12 Noncurrent assets held for sale

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 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 income statement. The Group classified part of Sager Creek's assets as held-for-sale as of 1 May 2016 (see Note 14). The Group did not have any assets held for sale as of 30 April 2017.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 22).

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits (cont'd)

(ii) Defined benefit pension plan (cont'd)

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.

(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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits (cont'd)

(vii) Share-based payment transactions (cont'd)

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.

Preferred shares

Preferred 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.

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 common and preferred stocks.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Share Capital and Retained earnings (cont'd)

(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.

4.16 Revenue recognition

(i) Sale of goods

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Revenue recognition (cont'd)

(ii) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

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. 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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Tax (cont'd)

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 non-recurring expenses.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 May 2017. However, the Group has not applied the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

<u>Effective 1 May 2017</u>

- Amendment to IFRS 12, *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.

  The Group will include the required disclosures in its 2018 financial statements.

- Amendments to IAS 7, *Statement of Cash Flows, Disclosure Initiative*

  The amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

  Application of amendments will result in additional disclosures in the 2018 financial statements.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Effective 1 May 2017 (cont'd)

- Amendments to IAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized 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 on the reversal of that deductible temporary difference. 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.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

  The Group is currently assessing the potential impact of the amendments to IAS 12.

Effective 1 May 2018

- Amendments to IFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions* The amendments to IFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and 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.

- Amendments to IFRS 4, *Insurance Contracts*, *Applying IFRS 9*, *Financial Instruments, with IFRS 4*

  The amendments address concerns arising from implementing IFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard.

  They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until the earlier of application of the forthcoming insurance contracts standard or 1 January 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied IFRS 9.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Effective 1 May 2018 (cont'd)

- Amendments to IAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to IFRSs* 2014 – 2016 Cycle)

  - The amendments clarify that an entity that is a venture capital organization, 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. They also clarify that 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, with earlier application permitted.

- Amendments to IAS 40, *Investment Property, 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. The amendments should be applied 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. Retrospective application is only permitted if this is possible without the use of hindsight.

- IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may also apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Effective 1 May 2018 (cont'd)

- *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 the new general hedge accounting requirements. 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 Group is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

- *IFRS 15, Revenue from Contracts with Customers.* IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The Group is currently assessing the impact of the IFRS 15 and plans to adopt this new standard on revenue on the required effective date.

Effective 1 May 2019

- *IFRS 16, Leases.* IFRS 16 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 on-balance sheet, 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.

  The Group is currently assessing the potential impact of IFRS 16 and plans to adopt this new standard on leases on the required effective date.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

5. ACQUISITION OF BUSINESS

Acquisition of Sager Creek

The Group, through its wholly-owned U.S. subsidiary, Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.), has acquired Sager Creek Vegetable Company's ("Sager Creek") vegetable business effective 10 March 2015 in San Francisco, U.S.A. Sager Creek is a producer of specialty vegetables for the foodservice and retail markets headquartered in Siloam Springs, Arkansas. Sager Creek has manufacturing operations located in North Carolina, Arkansas, and Wisconsin. Sager Creek's well-known brands include Veg-All, Freshlike, Popeye, Princella and Allens', among others. The cash price paid for the Sager Creek assets is US$75.0 million. Such price was established through an auction process and negotiations between the parties. The acquisition cost was financed through Del Monte Foods, Inc.'s ("DMFI") revolving credit facility, the payment for which will be secured by the acquired assets.

The acquisition of Sager Creek's business provides the Group access to new customers and new retail product offerings and the opportunity to expand on Sager Creek's foodservice business platform, while driving significant operating synergies in the Group's network of vegetable production facilities.

During the period from the date of acquisition on 10 March 2015 to 30 April 2015, Sager Creek contributed revenue of US$29.5 million and an operating loss of US$0.2 million to the Group's results. If the acquisition had occurred on 1 May 2014, management estimates that the contribution to the revenue for the year ended 30 April 2015 would have been US$251.6 million, and operating loss would have been US$23.3 million.

(a) Consideration transferred

The consideration for the acquisition of Sager Creek was US$75.0 million and subject to post closing working capital adjustments.

(b) Acquisition-related costs

The Group incurred acquisition-related costs in respect of the acquisition of Sager Creek amounting to US$0.5 million and US$0.8 million for the years ended 30 April 2016 and 2015, respectively. These costs, which include external legal fees and due diligence costs, are included as part of "General and administrative expenses" account in the income statement.

(c) Identifiable assets acquired and liabilities assumed

The transaction was accounted for as a business acquisition under the purchase method of accounting. The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of the acquisition:

	Note	Fair values recognised on acquisition 10 March 2015 US$'000
Property, plant and equipment	6	39,511
Intangible assets	9	25,400
Other non-current assets		2,117
Inventories		53,589
Assets held for sale		8,113
Other current assets		4,412
Trade and other payables		(31,113)
Other non-current liabilities		(461)
Total identifiable net assets		101,568

Of the US$25.4 million of acquired intangible assets, US$13.5 million was assigned to customer relationships and US$11.9 million was assigned to trademarks and trade names.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

5. ACQUISITION OF BUSINESS (CONT'D)

__Acquisition of Sager Creek (cont'd)__

(c) Identifiable assets acquired and liabilities assumed (cont'd)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Property, plant and equipment: Market comparison technique and cost technique: The valuation model considered market prices for similar items when available, and depreciated replacement cost as appropriate.

Intangible assets: Relief-from-royalty method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned.

Inventories: Market comparison technique: The fair value was determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(d) Bargain purchase

Bargain purchase arising from the acquisition has been recognised as follows:

	US$'000
Total consideration transferred	75,000
Fair value of identifiable net assets	(101,568)
Bargain purchase	(26,568)

This acquisition resulted in a bargain purchase transaction because the fair value of assets acquired exceeded the total of the fair value of consideration paid. The gain on bargain purchase is included as part of "Other income (expenses) – net" account in the 2015 consolidated income statement. The Group believes that the bargain purchase arose mainly because the transaction occurred at a more rapid pace than what would be considered a normal transaction timeframe for similar purchase transactions. The prior owners had a short time period to close the deal so that the new buyer handles the grower and other commitments for the upcoming grower season and it was important to the acquiree to get these commitments signed. The process was subject to a limited competitive bidding process, due to the need to close quickly.

6. 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 1 May 2016						
(As restated*)	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)
Reclassifications	6,846	58,067	(69,270)	–	(1,287)	(5,644)
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
At 1 May 2015						
(As restated*)	203,068	465,657	29,781	154,230	72,068	924,804
Additions	2,895	8,255	50,860	76,921	–	138,931
Disposals	(727)	(4,180)	–	–	–	(4,907)
Write off – closed fields	–	–	–	(29,757)	–	(29,757)
Reclassifications	9,173	38,489	(41,877)	–	(5,785)	–
Currency realignment	(2,098)	(9,008)	(473)	(7,980)	(521)	(20,080)
At 30 April 2016	212,311	499,213	38,291	193,414	65,762	1,008,991
Cost/Valuation						
At 1 May 2014						
(As restated*)	181,123	369,478	33,100	128,614	57,608	769,923
Additions through						
business combinations	14,603	10,462	–	–	14,446	39,511
Additions	3,998	14,367	77,075	68,954	9	164,403
Disposals	(140)	(5,615)	–	–	–	(5,755)
Write off – closed fields	–	–	–	(43,532)	–	(43,532)
Reclassifications	3,481	76,921	(80,402)	–	–	–
Currency realignment	3	44	8	194	5	254
At 30 April 2015	203,068	465,657	29,781	154,230	72,068	924,804
Accumulated depreciation and impairment losses						
At 1 May 2016						
(As restated*)	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)
Write off – closed fields	–	–	–	(32,402)	–	(32,402)
Disposals	(49)	(1,918)	–	–	–	(1,967)
Reclassification	(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

* see Note 3.6

6. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

	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						
Accumulated depreciation and impairment losses						
At 1 May 2015 (As restated*)	25,940	166,275	–	53,277	–	245,492
Charge for the year	11,692	53,131	–	75,168	–	139,991
Impairment loss	2,159	2,379	–	–	390	4,928
Write off – closed fields	–	–	–	(29,757)	–	(29,757)
Disposals	(334)	(2,310)	–	–	–	(2,644)
Currency realignment	(819)	(6,540)	–	(2,893)	–	(10,252)
At 30 April 2016	38,638	212,935	–	95,795	390	347,758
At 1 May 2014 (As restated*)	15,914	120,442	–	15,879	–	152,235
Charge for the year	10,316	50,355	–	80,723	–	141,394
Reversal of impairment loss	(205)	(303)	–	–	–	(508)
Write off – closed fields	–	–	–	(43,532)	–	(43,532)
Disposals	(6)	(4,145)	–	–	–	(4,151)
Currency realignment	(79)	(74)	–	207	–	54
At 30 April 2015	25,940	166,275	–	53,277	–	245,492
Carrying amounts						
At 30 April 2017	170,040	295,987	37,707	85,451	68,000	657,185
At 30 April 2016	173,673	286,278	38,291	97,619	65,372	661,233
At 1 May 2015	177,128	299,382	29,781	100,953	72,068	679,312

* see Note 3.6

As of 30 April 2017 and 2016, the Group has amounts included in accrued liabilities for Property, Plant and Equipment acquired of US$2.1 million and US$0.7 million, respectively.

Bearer Plants

	Group		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Hectares planted with growing crops			
– Pineapples	16,572	15,822	15,227
– Papaya	733	205	194
Fruits harvested from the growing crops: (in metric tons)			
– Pineapples	749,099	622,842	675,584
– Papaya	11,455	4,903	8,187

* see Note 3.6

6. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

Bearer Plants (cont'd)

Bearer plants is stated at cost which comprises actual costs incurred in nurturing the crops reduced by the cost of fruits harvested. The cost of fruits harvested from the Group's plant crops and subsequently used in production is the cost of the actual volume of fruits harvested in a given period. 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 2017 and 2016 and 1 May 2015, 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 2017 in various locations:

Located in	Valuation US$'000	Date of Valuation
The Philippines	9,171	2016 (Various)
United States of America	49,639	31 December 2016
Singapore	9,190	09 September 2016
	68,000	

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 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 35.

The carrying amount of the freehold land of the Group as at 30 April 2017 would be US$52.7 million (30 April 2016: US$58.7 million, 30 April 2015: US$59.1 million) had the freehold land been carried at cost less impairment losses.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

6. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

Construction-in-Progress

Construction-in-progress includes on-going item expansion projects for the Group's operations.

Plant closure

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 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 2016, and the remainder terminated in fiscal 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 2016 and included under "Trade and other payables". These expenditures were incurred in 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 non-current 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 judgment.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

7. INVESTMENTS IN SUBSIDIARIES

	30 April 2017 US$'000	30 April 2016 US$'000 (As restated*)	1 May 2015 US$'000 (As restated*)
Unquoted equity shares, at cost	640,699	640,699	640,699
Amounts due from subsidiaries (non-trade)	75,243	75,243	75,243
	715,942	715,942	715,942
Accumulated share in profit and other comprehensive income at the beginning of the year	44,956	56,177	87,799
Share in profit of subsidiaries, net of tax	62,159	92,585	(7,993)
Share in dividend income and others, net of tax	1,522	(89,442)	–
Share in other comprehensive loss of subsidiaries, net of tax	7,309	(14,364)	(23,629)
	115,946	44,956	56,177
Interests in subsidiaries at the end of the year	831,888	760,898	772,119

* *see Note 3.6*

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 2017 %	30 April 2016 %	1 May 2015 %
Held by the Company					
Del Monte Pacific Resources Limited ("DMPRL") [6]	Investment holding	British Virgin Islands	100.00	100.00	100.00
DMPL India Pte Ltd ("DMPLI") [2]	Investment holding	Singapore	100.00	100.00	100.00
DMPL Management Services Pte Ltd [2]	Providing administrative support and liaison services to the Group	Singapore	100.00	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	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	100.00
DMPL Foods Limited ("DMPLFL") [7]	Investment holding	British Virgin Islands	89.43	89.43	89.43

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7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2017 %	30 April 2016 %	1 May 2015 %
Held by DMPRL					
Central American Resources, Inc ("CARI")[6]	Investment holding	Panama	100.00	100.00	100.00
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	100.00
Dewey Limited ("Dewey") [7]	Mainly investment holding	Bermuda	100.00	100.00	100.00
Pacific Brands Philippines, Inc [1]	Inactive	State of Delaware, U.S.A.	100.00	100.00	100.00
South Bukidnon Fresh Trading Inc ("SBFTI") [1]	Production, packing, sale and export of food products	Philippines	100.00	100.00	100.00
Held by DMPI					
Philippines Packing Management Services Corporation [1]	Management, logistics and support services	Philippines	100.00	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	40.00
Held by Dewey					
Dewey Sdn. Bhd. [3]	Owner of various trademarks	Malaysia	100.00	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	100.00	100.00
DMPL India Limited [4]	Investment holding	Mauritius	94.94	94.45	94.20
Held by S&W					
S&W Japan Limited[7]	Support and marketing services for S&W	Japan	100.00	–	–
Held by DMPLFL					
Del Monte Foods Holdings Limited ("DMFHL") [1]	Investment holding	British Virgin Islands	89.43	89.43	89.43
Held by DMFHL					
Del Monte Foods Holdings Inc. ("DMFHI")[5]	Investment holding	State of Delaware, U.S.A.	89.43	89.43	89.43

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2017 %	30 April 2016 %	1 May 2015 %
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	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	89.43
Del Monte Andina C.A. [7]	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	89.40
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	89.43
Del Monte Peru S.A.C.[7]	Distribution of food, beverages and other related products	Peru	89.43	89.43	89.43
Del Monte Ecuador DME C.A. [7]	Distribution of food, beverages and other related products	Ecuador	89.43	89.43	89.43
Hi-Continental Corp. [7]	Lessee of real property	State of California, U.S.A.	89.43	89.43	89.43
College Inn Foods [7]	Inactive	State of California, U.S.A.	89.43	89.43	89.43
Contadina Foods, Inc.[7]	Inactive	State of Delaware, U.S.A.	89.43	89.43	89.43
S&W Fine Foods, Inc.[7]	Inactive	State of Delaware, U.S.A.	89.43	89.43	89.43
Held by Del Monte Andina C.A.					
Del Monte Argentina S.A. [3]	Inactive	Argentina	–	–	–

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) 0.1% held by DMPRL
(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.
[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

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 on 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.

The deconsolidation of the Venezuelan entity resulted in a loss from deconsolidation of US$5.2 million, which was recognised as part of "Other income (expenses) – net" in the 2015 income statement (See Note 26).

Prior to deconsolidation, the Group treated Venezuela as a highly inflationary economy based upon the three-year cumulative inflation rate, effective as of 18 February 2014, the date of the completion of the acquisition of the Consumer Food Business. The functional currency for the Group's Venezuelan subsidiary is the Venezuelan Bolivar. Management has restated the subsidiary's financial statements, whereby financial information recorded in the hyperinflationary currency is adjusted using the current cost approach by applying the Venezuelan National Consumer Price Index to calculate the inflation adjustment factor of 1.10 and expressed this in the measuring unit (the hyperinflationary currency) current at the end of the reporting period. The Group used the official SICAD I rate to translate these financial statements for purposes of consolidation. The financial statements for the South American entity are based on a historical cost basis.

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.

8. INVESTMENTS IN JOINT VENTURES

Name of joint venture	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2017 %	30 April 2016 %	1 May 2015 %
FieldFresh Foods Private Limited ("FFPL") *	Production and sale of fresh and processed fruits and vegetable food products	India	47.47	47.23	47.08
Nice Fruit Hong Kong Limited (NFHKL) #	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	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 2017.

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 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Revenue	72,914	65,838	62,285
Loss from continuing operations [a]	(3,140)	(3,398)	(4,564)
Other comprehensive income	–	(3)	(369)
Total comprehensive income	(3,140)	(3,401)	(4,933)
[a] Includes:			
– depreciation	177	168	264
– interest expense	2,086	2,605	2,876
Non-current assets	15,877	17,110	18,365
Current assets [b]	20,907	23,842	19,292
Non-current liabilities [c]	(19,927)	(25,271)	(25,821)
Current liabilities [d]	(11,616)	(14,283)	(10,807)
Net assets	5,241	1,398	1,029
Proportion of the Group's ownership including non-controlling interest	50%	50%	50%
	2,621	699	515
Goodwill	20,000	20,000	20,000
Valuation difference	1,251	(38)	(96)
Carrying amount of investment	23,872	20,661	20,419
Includes:			
[b] Cash and cash equivalents	111	96	70
[c] Non-current financial liabilities (excluding trade and other payables)	8,187	13,548	25,821
[d] Current financial liabilities (excluding trade and other payables)	10,828	11,727	–

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Group's interest in net assets of FFPL at beginning of the year	20,661	20,419	21,008
Capital injection during the year	4,887	1,950	1,694
Group's share of:			
– loss from continuing operations	(1,676)	(1,705)	(2,149)
– other comprehensive income	–	(3)	(134)
– total comprehensive income	(1,676)	(1,708)	(2,283)
Carrying amount of interest at end of the year	23,872	20,661	20,419

The summarised financial information of an immaterial joint venture, NFHKL, not adjusted for the percentage ownership held by the Group, is as follows:

	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Group's interest in net assets of NFHKL at beginning of the year	2,159	2,171	–
Capital injection during the year	–	–	2,552
Group's share of:			
– loss from continuing operations	(234)	(12)	(171)
– other comprehensive income	–	–	(210)
– total comprehensive income	(234)	(12)	(381)
Carrying amount of interest at end of the year	1,925	2,159	2,171

The summarised interest in joint ventures of the Group, is as follows:

	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Group's interest in joint ventures			
FFPL	23,872	20,661	20,419
NFHKL	1,925	2,159	2,171
Carrying amount of investments in joint ventures	**25,797**	**22,820**	**22,590**

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.

8. INVESTMENTS IN JOINT VENTURES (CONT'D)

Determination of joint control and the type of joint arrangement (cont'd)

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.

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 (see Note 9) 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, EBITDA margin and terminal value growth rate. The values assigned to the key assumptions represented management assessment of future trends in the industries and were based on both external and internal sources.

	30 April 2017 %	30 April 2016 %	1 May 2015 %
Discount rate	12.7	22.5	17.1
Revenue growth rate	14.7	15.9	16.0 – 21.0
EBITDA margin	4.0 – 11.0	4.0 – 8.0	4.0 – 11.0
Long-term EBITDA margin	10.8	7.9	11.3
Terminal value growth rate	5.0	5.0	5.0

The fiscal year 2017 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% (2016: 26.50%) at a market interest rate of 9.7% (2016: 10.0%).

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 15% (2016: 19%) 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

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8. 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 (see Note 9) 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 2017 %	**30 April 2016 %**	**1 May 2015 %**
Group			
Discount rate	3.8	0.1	0.7
Revenue growth rate	(1.0)	(0.2)	(0.3)

9. INTANGIBLE ASSETS AND GOODWILL

	Goodwill US$'000	Indefinite life trademarks US$'000	Amortisable trademarks US$'000	Customer relationships US$'000	Total US$'000
Cost					
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
At 1 May 2015	203,432	394,000	58,210	120,500	776,142
Adjustment	–	14,043	(22,130)	–	(8,087)
At 30 April 2016	203,432	408,043	36,080	120,500	768,055
At 1 May 2014	204,335	394,000	46,310	107,000	751,645
Additions through business combinations	–	–	11,900	13,500	25,400
Deconsolidation of a subsidiary	(903)	–	–	–	(903)
At 30 April 2015	203,432	394,000	58,210	120,500	776,142
Accumulated amortisation					
At 1 May 2016	–	–	4,096	13,586	17,682
Amortisation	–	–	2,309	7,038	9,347
At 30 April 2017	–	–	6,405	20,624	27,029
At 1 May 2015	–	–	9,907	6,535	16,442
Amortisation	–	–	2,276	7,051	9,327
Adjustment	–	–	(8,087)	–	(8,087)
At 30 April 2016	–	–	4,096	13,586	17,682
At 1 May 2014	–	–	7,878	1,004	8,882
Amortisation	–	–	2,029	5,531	7,560
At 30 April 2015	–	–	9,907	6,535	16,442
Carrying amounts					
At 30 April 2017	203,432	408,043	29,675	99,876	741,026
At 30 April 2016	203,432	408,043	31,984	106,914	750,373
At 1 May 2015	203,432	394,000	48,303	113,965	759,700

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9. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Goodwill

Goodwill arising from the acquisition of Consumer Food Business (see Note 5) 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 on a royalty free basis.

America trademarks

The indefinite life trademarks arising from the acquisition of Consumer Food Business (see Note 5) 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").

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-licences 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.

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.

Impairment Test

Management has performed impairment testing for all indefinite life trademarks and concluded that no impairment exist at the reporting date.

America Trademarks and Philippines Trademarks

In 2017 and 2016, 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.

9. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

America Trademarks and Philippines Trademarks (cont'd)

	2017 %	2016 %
Royalty rate	3.5 – 6.5	3.5 – 6.5
Discount rate	9.0 – 9.3	9.3
Terminal value growth rate	2.5	2.0
Revenue growth rate (five years average)	3.1 – 20.0	1.8 – 9.3

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 and a terminal growth rate thereafter.

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 and 2016, the recoverable amounts of Asia S&W trademark was based on based VIU. The key assumptions used in the estimation of the fair value less cost of disposal are set out below.

	2017 %	2016 %
Revenue growth rate (five years average)	23.0	26.0
Gross margin	33.0 – 40.0	35.0
EBITDA margin	15.0 – 20.0	15.0
Discount rate	9.0	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.

Indian sub-continent trademark

The Indian sub-continent trademark and the investment in FFPL were allocated to Indian sub-continent CGU (Note 8).

9. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Goodwill

In 2017 and 2016, the recoverable amount of the CGU was based on fair value less costs of disposal, being greater than the VIU:

	30 April 2017 US$'000	30 April 2016 US$'000
Value-in-use	1,870,000	1,950,000
Fair value less costs of disposal	1,990,000	2,110,000
Recoverable amount	1,990,000	2,110,000

As of valuation date in January 2017 and 2016, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$177.7 million and US$275.8 million, respectively.

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.

	2017 %	2016 %
Pre-tax discount rate	11.1	11.5
Terminal value growth rate	2.0	2.0
Budgeted EBITDA growth rate (average of next five years)	21.9	7.9
Long-term margin	13.3	11.4

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 35% (30 April 2016: 35%) at a risk free interest rate of 3.5% (30 April 2016: 4%).

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.

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.

9. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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:

	2017		**2016**	
	Selected multiple	**Assigned weight**	**Selected multiple**	**Assigned weight**
MVIC/Revenue – Last twelve months	1.0x	50%	1.1x	25%
MVIC/Revenue – Projected	1.1x	0%	0.9x	25%
MVIC/EBITDA – Last twelve months	13.6x	50%	15.7x	25%
MVIC/EBITDA – Projected	11.9x	0%	11.9x	25%

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9. 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	
	2017	2016
MVIC/Revenue – Last twelve months	**0.9x**	0.9x
MVIC/Revenue – Projected	**–**	0.8x
MVIC/EBITDA – Last twelve months	**12.1x**	15.7x
MVIC/EBITDA – Projected	**–**	8.5x

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 cash-generating unit 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.

Amortisable trademarks and customer relationships

	Net carrying amount			**Remaining amortisation period (years)**		
	30 April 2017 US$'000	**30 April 2016 US$'000**	**1 May 2015 US$'000**	**2017**	**2016**	**2015**
Indian sub-continent trademark	–	–	4,111	–	–	21.7
The Philippines trademarks	–	–	1,773	–	–	15.7
Asia S&W trademark	22	39	8,216	1.2	2.2	32.7
America S&W trademark	1,363	1,563	1,763	6.8	7.8	8.8
America Contadina trademark	18,497	19,598	20,697	16.8	17.8	18.8
Sager Creek trademarks	9,793	10,784	11,743	9.9	10.9	11.9
	29,675	31,984	48,303			

In 2016, "Del Monte" trademark in the Philippines and India, and the "S&W" trademark in Asia excluding label development were reclassified to indefinite life trademarks. This change in estimated useful life resulted in a decrease in amortisation expense by US$0.6 million in 2016.

9. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Amortisable trademarks and customer relationships (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.

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. The Group did not recognise any impairment for these trademarks as of 30 April 2017 and 2016 respectively.

Customer relationships

Customer relationships relate to the network of customers where DMFI and Sager Creek has established relationships with the customers, particularly in the United States market through contracts.

	Net carrying amount			Remaining amortisation period (years)		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	2017	2016	2015
DMFI customer relationships	89,962	95,313	100,663	16.8	17.8	18.8
Sager Creek customer relationships	9,914	11,601	13,302	5.9	6.9	7.9
	99,876	106,914	113,965			

Management has included the DMFI trademarks and customer relationships in the DMFI CGU impairment assessment and concluded that no impairment exists at the reporting date. On the other hand, no impairment loss was recognised on Sager Creek trademark and customer relationships.

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 non-current assets.

10. 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 2017 US$'000	30 April 2016 US$'000 (As restated*)	1 May 2015 US$'000 (As restated*)	30 April 2017 US$'000	30 April 2016 US$'000 (As restated*)	1 May 2015 US$'000 (As restated*)
Group						
Provisions	5,437	6,675	4,162	–	–	–
Employee benefits	36,554	43,485	32,013	–	–	–
Property, plant and equipment – net	–	–	–	(40,216)	(34,667)	(29,025)
Intangible assets and goodwill	–	–	–	(64,890)	(44,794)	(20,394)
Effective portion of changes in fair value of cash flow hedges	5,809	13,403	7,324	–	–	–
Tax loss carry-forwards	138,299	103,643	78,618	–	–	–
Inventories	1,518	3,256	5,170	–	–	–
Biological assets	–	–	–	(2,436)	(1,616)	(1,125)
Others	8,798	8,807	7,656	–	–	–
Deferred tax assets/ (liabilities)	196,415	179,269	134,943	(107,542)	(81,077)	(50,544)
Set off of tax	(103,629)	(79,985)	(49,452)	103,629	79,985	49,452
Deferred Taxes	92,786	99,284	85,491	(3,913)	(1,092)	(1,092)

* see Note 3.6

Movements in deferred tax assets and deferred tax liabilities of the Group during the year are as follows:

	At 1 May 2016 US$'000 (As restated*)	Recognised in profit or loss US$'000 (Note 28)	Recognised in other comprehen-sive 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

* see Note 3.6

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

10. DEFERRED TAX (CONT'D)

	At 1 May 2015 US$'000 (As restated*)	Recognised in profit or loss US$'000 (Note 28) (As restated*)	Recognised in other comprehensive income US$'000	Currency realignment US$'000	At 30 April 2016 US$'000 (As restated*)
30 April 2016					
Provisions	4,162	2,681	–	(168)	6,675
Employee benefits	32,013	4,061	7,647	(236)	43,485
Property, plant and equipment – net	(29,025)	(4,256)	(1,504)	118	(34,667)
Intangible assets and goodwill	(20,394)	(24,400)	–	–	(44,794)
Effective portion of changes in fair value of cash flow hedges	7,324	1,989	4,090	–	13,403
Tax loss carry-forwards	78,618	25,030	–	(5)	103,643
Inventories	5,170	(1,914)	–	–	3,256
Biological assets	(1,125)	(574)	–	83	(1,616)
Others	7,656	1,169	–	(18)	8,807
	84,399	3,786	10,233	(226)	98,192

* see Note 3.6

	At 1 May 2014 US$'000 (As restated*)	Recognised in profit or loss US$'000 (Note 28) (As restated*)	Recognised in other comprehensive income US$'000	Deconsolidation of a subsidiary US$'000	Currency realignment US$'000	At 30 April 2015 US$'000 (As restated*)
30 April 2015						
Provisions	3,784	310	–	–	68	4,162
Employee benefits	9,086	14,118	8,806	–	3	32,013
Property, plant and equipment – net	(5,596)	(22,578)	–	(830)	(21)	(29,025)
Intangible assets and goodwill	(4,393)	(16,001)	–	–	–	(20,394)
Effective portion of changes in fair value of cash flow hedges	1,660	(580)	6,244	–	–	7,324
Tax loss carry-forwards	39,641	38,977	–	–	–	78,618
Inventories	(1,634)	6,800	–	–	4	5,170
Biological assets	(1,171)	42	–	–	4	(1,125)
Others	4,266	3,629	–	(194)	(45)	7,656
	45,643	24,717	15,050	(1,024)	13	84,399

* see Note 3.6

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

10. DEFERRED TAX (CONT'D)

The total amount of potential income tax consequences that would arise from the payment of dividends by a subsidiary to the Company, on the total retained earnings as at 30 April 2017, is approximately US$8.5 million (30 April 2016: US$6.8 million, 30 April 2015: US$8.9 million).

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.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised with respect to the following items.

	30 April 2017 US$'000
Deductible temporary differences	
Allowance for inventory obsolescence	8,371
Worker's compensation	5,000
Accrued vacation leave	9,297
Others	6,190
Tax losses and tax credits	5,745
	34,603

The tax losses will expire in 2019 and 2020. The tax credits 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 utilize the benefits.

Sources of estimation uncertainty

As at 30 April 2017, deferred tax assets amounting to US$138.4 million (30 April 2016: US$103.7 million, 1 May 2015: US$78.6 million) of DMFI 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. Net deferred tax asset related to DMFI amounted to US$91.1 million as at 30 April 2017. DMFI incurred operating loss in current and prior years. 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, deferred tax assets of US$191.5 million may not be realised. The net operating loss carry forward maybe realised up to a 20-year period from the year the loss was incurred.

11. OTHER NONCURRENT ASSETS

	Group		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Advances to growers	11,867	10,342	9,333
Advance rentals and deposits	6,289	6,628	7,424
Excess insurance	4,279	4,500	7,083
Land expansion (development costs of acquired leased areas)	3,295	2,378	2,708
Prepayments	508	1,273	2,423
Others	874	820	14
	27,112	25,941	28,985

Excess insurance relate mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 21).

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

12. BIOLOGICAL ASSETS

	Group		
	30 April 2017 US$'000	30 April 2016 US$'000 (As restated*)	1 May 2015 US$'000 (As restated*)
Livestock (at cost)			
At beginning of the year	1,448	1,446	1,613
Purchases of livestock	776	525	568
Sales of livestock	(717)	(451)	(736)
Currency realignment	(87)	(72)	1
At end of the year	1,420	1,448	1,446
Agricultural produce			
At beginning of the year (at cost)	26,395	26,243	5,575
Additions	13,547	9,406	21,938
Harvested	(15,079)	(7,924)	(1,384)
Currency realignment	(1,556)	(1,330)	114
At end of the year	23,307	26,395	26,243
Fair value gain on produce prior to harvest	21,040	13,380	7,131
At end of the year	44,347	39,775	33,374
Current	44,347	39,775	33,374
Noncurrent	1,420	1,448	1,446
Totals	45,767	41,223	34,820

	Note	Group		
		30 April 2017 US$'000	30 April 2016 US$'000 (As restated*)	1 May 2015 US$'000 (As restated*)
Fair value gain recognised under:				
Inventories		4,535	1,557	1,155
Cost of sales	26	33,501	22,060	15,456
Growing crops		7,610	6,249	3,294
Fair value gain recognised under revenues		45,646	29,866	19,905

Livestock

Livestock comprises growing herd and cattle for slaughter and is stated at cost. 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

12. BIOLOGICAL ASSETS (CONT'D)

(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 catastrophes. The Group is also insured against natural disasters such as floods and earthquakes.

Source of estimation uncertainty

The fair values of pineapple fruits are based on the most reliable estimate of market prices, in both local and international markets, as determined by the Group. The market price is derived from average sales price of the processed product adjusted for margin and associated costs related to production. The estimated margin and associated costs of production are affected by inflation, foreign exchange rates, commodities prices and available supply. Changes in these factors will affect the estimates in the determination of fair values of agricultural produce. The Group reviews and monitors these estimates regularly.

The valuation techniques and significant unobservable inputs used in determining the fair value of these biological assets are discussed in Note 35.

13. INVENTORIES

	Group		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Finished goods			
– at cost	708,637	644,667	534,709
– at net realisable value	30,902	12,843	10,372
Semi-finished goods			
– at cost	299	327	759
– at net realisable value	7,235	11,292	10,682
Raw materials and packaging supplies			
– at net realisable value	169,819	176,104	193,027
	916,892	845,233	749,549

Inventories recognised as an expense in cost of sales amounted to US$1,288.0 million for the year ended 30 April 2017 (30 April 2016: US$1,316.5 million, 30 April 2015: US$1,267.9 million) (see Note 26).

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

13. INVENTORIES (CONT'D)

Inventories are stated after allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the year are as follows:

	Note	Group 30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
At beginning of the year		12,715	11,701	7,982
Allowance for the year	26	7,415	2,926	5,992
Write-off against allowance		(4,350)	(1,508)	(2,279)
Currency realignment		(694)	(404)	6
At end of the year		15,086	12,715	11,701

The allowance for inventory obsolescence recognised during the period is included in "Cost of sales".

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.

In 2017, DMFI revised its estimate of inventory obsolescence and accordingly recognised additional provision amounting to US$2.3 million.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

14. TRADE AND OTHER RECEIVABLES

	Group 30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	Company 30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Trade receivables	147,167	152,936	177,677	–	–	–
Non trade receivables	23,812	22,677	9,495	6,020	2	–
Amounts due from joint venture (non-trade)	–	6,013	6,013	–	6,013	6,013
Amounts due from subsidiaries (non-trade)	–	–	–	113,683	139,225	99,710
Allowance for doubtful accounts – trade	(2,022)	(1,640)	(2,643)	–	–	–
Allowance for doubtful accounts – nontrade	(4,510)	(4,454)	(6,140)	–	–	–
Trade and other receivables	164,447	175,532	184,402	119,703	145,240	105,723

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.

The ageing of trade and non-trade receivables at the reporting date is:

At 30 April 2017	Group Gross Trade US$'000	Gross Non trade US$'000	Impairment losses Trade US$'000	Impairment losses Non trade US$'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)

At 30 April 2016	Group Gross Trade US$'000	Gross Non trade US$'000	Impairment losses Trade US$'000	Impairment losses Non trade US$'000
Not past due	97,404	13,967	–	–
Past due 0 – 60 days	35,835	846	–	–
Past due 61 – 90 days	3,825	799	–	–
Past due 91 – 120 days	3,688	122	–	–
More than 120 days	12,184	6,943	(1,640)	(4,454)
	152,936	22,677	(1,640)	(4,454)

At 1 May 2015	Group Gross Trade US$'000	Gross Non trade US$'000	Impairment losses Trade US$'000	Impairment losses Non trade US$'000
Not past due	123,528	2,523	–	–
Past due 0 – 60 days	31,685	169	–	–
Past due 61 – 90 days	4,166	57	(26)	–
Past due 91 – 120 days	7,310	32	–	–
More than 120 days	10,988	6,714	(2,617)	(6,140)
	177,677	9,495	(2,643)	(6,140)

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

14. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in allowance for impairment during the year are as follows:

		Group		
	Note	Trade US$'000	Nontrade US$'000	Total US$'000
At 1 May 2016		1,640	4,454	6,094
Provision for the year	26	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

		Group		
	Note	Trade US$'000	Nontrade US$'000	Total US$'000
At 1 May 2015		2,643	6,140	8,783
Allowance reversed	26	(707)	(648)	(1,355)
Write-off against allowance		(263)	(938)	(1,201)
Currency realignment		(33)	(100)	(133)
At 30 April 2016		1,640	4,454	6,094

		Group		
	Note	Trade US$'000	Nontrade US$'000	Total US$'000
At 1 May 2014		7,428	6,224	13,652
Allowance reversed	26	(4,652)	(81)	(4,733)
Write-off against allowance		(144)	(4)	(148)
Currency realignment		11	1	12
At 30 April 2015		2,643	6,140	8,783

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

15. PREPAID EXPENSE AND OTHER CURRENT ASSETS

		Group			Company		
	Note	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Prepaid expenses		29,698	24,397	23,375	328	257	137
Downpayment to contractors and suppliers		9,933	9,025	15,677	–	–	–
Derivative asset	34	2,685	1,473	818	–	–	–
Others		730	703	–	–	–	–
		43,046	35,598	39,870	328	257	137

Prepaid expenses consist of advance payments for insurance, advertising, rent and taxes, among others.

16. CASH AND CASH EQUIVALENTS

	Group			Company		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Cash on hand	48	50	47	–	–	–
Cash in banks	33,141	47,153	34,223	6,767	361	6,126
Cash equivalents	4,382	–	1,348	–	–	–
Cash and cash equivalents	37,571	47,203	35,618	6,767	361	6,126

Certain of the cash in bank balances earn interest at floating rates based on daily bank deposit rates ranging from 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 0.375% per annum.

17. NONCURRENT ASSETS HELD FOR SALE

In March 2015, management committed to a plan to sell part of the property, plant and equipment of Sager Creek. Accordingly, these assets are presented as noncurrent assets held for sale. Efforts to sell the assets have started and a sale is expected within twelve months.

In 2016, the Group recognised impairment loss on assets held for sale amounting to US$1.7 million (see Note 26). There is no cumulative income or expense included in other comprehensive income relating to the assets held for sale as of 30 April 2016.

In 2017, several of the assets were sold resulting in a gain of US$0.3 million recognised in "Other income (expenses) – net" in the consolidated income statement. 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

18. SHARE CAPITAL

	Company					
	30 April 2017		30 April 2016		1 May 2015	
	No. of shares ('000)	US$'000	No. of shares ('000)	US$'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	3,000,000	30,000
Preference shares of US$1.00 each	600,000	600,000	600,000	600,000	600,000	600,000
	3,600,000	630,000	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	1,944,936	19,449
Preference shares of US$1.00 each	20,000	20,000	–	–	–	–
	1,964,936	39,449	1,944,936	19,449	1,944,936	19,449

Reconciliation of number of outstanding ordinary shares in issue:

	Company		
	Year ended 30 April 2017 (US$'000)	Year ended 30 April 2016 (US$'000)	Year ended 1 May 2015 (US$'000)
At beginning of the year	1,943,214	1,944,035	1,296,600
Acquisition of own shares	–	(821)	–
Issued for cash	–	–	647,435
At end of the year	1,943,214	1,943,214	1,944,035

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 share 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

18. SHARE CAPITAL (CONT'D)

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.

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 of Directors 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 capital 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.

19. RETAINED EARNINGS AND RESERVES

Retained earnings

Dividends

Ordinary shares

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. No dividends were declared in 2015.

Preference shares

The cumulative dividend on the preference shares amounted to US$0.8 million as of 30 April 2017.

The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries. The accumulated equity in net earnings of the subsidiaries and joint ventures is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries.

19. RETAINED EARNINGS AND RESERVES (CONT'D)

Reserves

	Group			Company		
	30 April 2017 US$'000	**30 April 2016 US$'000**	**1 May 2015 US$'000**	**30 April 2017 US$'000**	**30 April 2016 US$'000**	**1 May 2015 US$'000**
Share premium	390,320	214,843	214,843	390,459	214,982	214,982
Translation reserve	(78,087)	(59,813)	(46,335)	(78,087)	(59,813)	(46,335)
Revaluation reserve	10,885	8,002	9,506	10,885	8,002	9,506
Remeasurement of retirement plan	1,808	(10,833)	(17,231)	1,808	(10,833)	(17,231)
Hedging reserve	(7,443)	(17,502)	(11,722)	(7,443)	(17,502)	(11,722)
Share option reserve	1,779	1,031	318	1,779	1,031	318
Reserve for own shares	(802)	(802)	(629)	(802)	(802)	(629)
	318,460	134,926	148,750	318,599	135,065	148,889

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 account that may be available for dividend distribution. 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.

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 consolidated income statement (see Note 21).

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. At 30 April 2017, the Group held 1,721,000 (30 April 2016: 1,721,000, 30 April 2015: 900,000) of the Company's shares.

20. LOANS AND BORROWINGS

	Group			Company		
	30 April 2017 US$'000	**30 April 2016 US$'000**	**1 May 2015 US$'000**	**30 April 2017 US$'000**	**30 April 2016 US$'000**	**1 May 2015 US$'000**
Current liabilities						
Unsecured bank loans	280,584	501,481	347,180	43,070	348,630	102,630
Secured bank loans	169,114	225,879	98,362	–	–	–
	449,698	727,360	445,542	43,070	348,630	102,630
Non-current liabilities						
Unsecured bank loans	341,974	193,224	348,250	281,854	129,234	348,250
Secured bank loans	922,294	923,198	924,695	–	–	–
	1,264,268	1,116,422	1,272,945	281,854	129,234	348,250
	1,713,966	1,843,782	1,718,487	324,924	477,864	450,880

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 2017 Face value US$'000	30 April 2017 Carrying amount US$'000	30 April 2016 Face value US$'000	30 April 2016 Carrying amount US$'000	1 May 2015 Face value US$'000	1 May 2015 Carrying amount US$'000
Group									
Unsecured bank loans	PHP	2.00-4.50	2017-2020	117,835	117,835	97,697	97,697	110,984	110,984
Unsecured bank loans	USD	1.15-2.50	2017	222,869	222,869	119,145	119,145	133,566	133,566
Unsecured bridging loan	USD	1.50-4.53	2020	130,000	129,414	130,000	129,234	104,000	102,630
Unsecured bridging loan	USD	90 days Libor + 3.25%	2019	154,000	152,440	350,000	348,630	350,000	348,249
Secured bank loan under ABL Credit Agreement	USD	Libor rate + 2% to 4.25%	2017	168,000	166,730	225,442	221,971	99,000	94,488
Secured First lien term loan	USD	Higher of Libor +3.25% or 4.25%	2017-2021	686,925	668,109	694,025	677,220	701,125	680,588
Secured Second lien term Loan	USD	Higher of Libor + 7.25% or 8.25%	2021	260,000	256,569	260,000	249,885	260,000	247,982
				1,739,629	1,713,966	1,876,309	1,843,782	1,758,675	1,718,487

	Currency	Nominal interest rate % p.a.	Year of maturity	30 April 2017 Face value US$'000	30 April 2017 Carrying amount US$'000	30 April 2016 Face value US$'000	30 April 2016 Carrying amount US$'000	1 May 2015 Face value US$'000	1 May 2015 Carrying amount US$'000
Company									
Unsecured bank loans	USD	1.60	2017	43,070	43,070	–	–	–	–
Unsecured bridging loans	USD	1.50-4.53	2019 to 2020	284,000	281,854	480,000	477,864	454,000	450,880
				327,070	324,924	480,000	477,864	454,000	450,880

PDSTF – Philippine Dealing System Treasury Fixing Rate
GRT – Gross Receipt Tax

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

20. LOANS AND BORROWINGS (CONT'D)

The unsecured bridging loans of US$154 million as at 30 April 2017 is the remaining balance for the bridging loan that were obtained by the Company to finance the Acquisition (see Note 5) and its related costs.

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 2015 to 30 April 2017 (In '000)
Senior secured variable rate first lien term loan	USD 710,000	Higher of Libor +3.25% or 4.25%	2021	0.25% quarterly principal payments from April 30, 2014 to January 31, 2021; Balance due in full at its maturity, February 18, 2021.	$30,198
Senior secured second lien variable rate term loan	USD 260,000	Higher of Libor + 7.25% or 8.25%	2021	Due in full at its maturity, August 18, 2021.	$22,256
BDO bridging facility	USD 350,000	90day Libor + 3.5% margin	2019	Quarterly interest payment and principal on maturity date.	$17,502
BDO Long-Term Loan	USD 30,000	4.50%	2020	Quarterly interest payment and principal on maturity date.	$1,035
BDO Long-Term Loan	USD 100,000	4.50%	2020	Quarterly interest payment and principal on maturity date.	$3,450
BDO Long-Term Loan	PHP 3,000,000	3.5% for the first 60 days; 4.5% for the remaining term + 5% GRT	2020	Quarterly interest payment and principal on maturity date.	PHP 143,325

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 share.

Loans and borrowings are stated net of unamortised debt issuance cost. The balance of unamortised debt issuance cost follows:

		Group			Company		
	Note	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 1 May 2015 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 1 May 2015 US$'000
Beginning of year		32,527	40,188	45,731	2,136	3,120	2,509
Additions		1,749	1,114	4,767	1,750	900	4,387
Amortisation	27	(8,613)	(8,775)	(10,310)	(1,740)	(1,884)	(3,776)
End of year		25,663	32,527	40,188	2,146	2,136	3,120

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

20. LOANS AND BORROWINGS (CONT'D)

Secured Term Loan Credit Agreements

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 2017, the interest rate for First Lien Term Loans is 4.31% (30 April 2016: 4.25%) and the interest rate for Second Lien Term Loans is 8.31% (30 April 2016: 8.25%).

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.

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.

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 million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years.

Interest Rates. Borrowings under the ABL Credit Agreement bear interest at an initial interest rate equal to an applicable margin, plus LIBOR rate. The applicable margin with respect to LIBOR borrowings is currently 2.25% (and may decrease to 1.75% depending on average excess availability) (1 May 2016: 2.0%).

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

20. LOANS AND BORROWINGS (CONT'D)

ABL Credit Agreement (cont'd)

Commitment Fees. In addition to paying interest on outstanding principal under the ABL Credit Agreement, DMFI 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 from time to time is 0.375% or 0.25% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. DMFI must also pay customary letter of credit fees between 1.75% to 2.25% 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 DMFI at such time, less customary reserves. The ABL Credit Agreement will terminate, and the commitments thereunder will mature, on 18 February 2019. As of 30 April 2017, there were US$168.0 million (30 April 2016: US$225.4 million) of loans outstanding under the ABL Credit Agreement, the amount of letters of credit issued under the ABL Credit Agreement was US$14.0 million (30 April 2016: US$11.4 million) and the Group's net availability under the ABL Credit Agreement was US$260.5 million (30 April 2016: US$201.8 million). The interest rate on the ABL Credit Agreement was approximately 3.39% on 30 April 2017 (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."

Ability to Incur Additional Indebtedness. The commitments under the ABL Facility may be increased, 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$442 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, DMFI'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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

20. LOANS AND BORROWINGS (CONT'D)

ABL Credit Agreement (cont'd)

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$260.5 million at 30 April 2017; US$201.8 million at 30 April 2016) falls below a certain level. As of 30 April 2017, the financial covenant was not applicable.

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.

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.

The Group is compliant with its loan covenants as at 30 April 2017, 2016 and 2015.

21. OTHER NONCURRENT LIABILITIES

	Group		
	30 April 2017 US$'000	**30 April 2016 US$'000**	**1 May 2015 US$'000**
Workers' compensation	23,410	30,969	32,101
Derivative liabilities	8,442	21,527	20,090
Deferred rental liabilities	3,818	5,173	5,823
Accrued lease liabilities	7,036	4,440	2,352
Other payables	1,312	477	797
	44,018	62,586	61,163

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

21. OTHER NONCURRENT LIABILITIES (CONT'D)

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.

As of 30 April 2017 and 2016, 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:

		Group		
	Note	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Interest rate swap valuation	33	(17,891)	(35,115)	(20,090)
Peso FX contracts	33	2,565	1,473	(1,003)
Commodity contracts	33	38	(1,630)	818
Total		(15,288)	(35,272)	(20,275)
Included in :				
Prepaid expense and other current assets	15	2,685	1,473	818
Trade and other payables	24	(9,531)	(15,218)	(1,003)
Other noncurrent liabilities		(8,442)	(21,527)	(20,090)
		(15,288)	(35,272)	(20,275)

22. EMPLOYEE BENEFITS

	Group		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Pension asset	5,517	–	–
Total pension asset (non-current)	5,517	–	–
Post-retirement benefit obligation	39,017	41,908	94,643
Executive retirement plan	5,423	9,758	11,147
Cash incentive award	3,707	1,773	–
Short-term employee benefits	16,558	19,389	35,360
Other plans	7,114	7,732	4,280
Net defined benefit liability	37,945	50,209	26,849
Total employee benefit liability	109,764	130,769	172,279
Current	22,165	33,652	43,080
Non-Current	87,599	97,118	129,199
	109,764	130,770	172,279

The Group contributes to the following post-employment defined benefit plans:

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

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$1.9 million in contributions to the pension plan in fiscal year 2017.

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 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.

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 2018.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

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 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Group									
Balance, Beginning	438,697	515,042	482,221	(346,580)	(393,550)	(394,890)	92,117	121,492	87,331
Included in profit or loss:									
Current service cost	10,595	10,120	10,444	–	–	–	10,595	10,120	10,444
Plan administration cost	–	–	–	691	–	514	691	–	514
Interest cost/ (income)	17,819	20,875	21,192	(14,188)	(15,772)	(17,226)	3,631	5,103	3,966
Past service cost (plan amendments)	–	(40,470)	–	–	–	–	–	(40,470)	–
Curtailment gain	–	(3,814)	–	–	–	–	–	(3,814)	–
Settlement loss	–	–	–	–	5,669	–	–	5,669	–
	467,111	501,753	513,857	(360,077)	(403,653)	(411,602)	107,034	98,100	102,255
Included in OCI									
Remeasurements loss/ (gain):									
– Actuarial loss/(gain) arising from:									
– financial assumptions	3,293	(2,061)	11,973	–	–	–	3,293	(2,061)	11,973
– demographic assumptions	(7,045)	(6,183)	33,046	–	–	–	(7,045)	(6,183)	33,046
– experience adjustment	(3,875)	(4,486)	(7,657)	–	–	–	(3,875)	(4,486)	(7,657)
– Return on plan assets excluding interest income	–	–	–	(10,477)	16,227	(14,026)	(10,477)	16,227	(14,026)
– Effect of movements in exchange rates	(2,389)	(2,210)	12	2,201	1,693	(3)	(188)	(517)	9
	(10,016)	(14,940)	37,374	(8,276)	17,920	(14,029)	(18,292)	2,980	23,345
Others									
Contributions paid into the plan	–	–	–	(15,513)	(5,979)	(4,108)	(15,513)	(5,979)	(4,108)
Benefits paid	(38,493)	(48,116)	(36,189)	36,709	45,132	36,189	(1,784)	(2,984)	–
	(38,493)	(48,116)	(36,189)	21,196	39,153	32,081	(17,297)	(8,963)	(4,108)
Balance, Ending	418,602	438,697	515,042	(347,157)	(346,580)	(393,550)	71,445	92,117	121,492

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

Represented by:

	Net defined benefit liability/(asset)		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Net defined benefit asset	(5,517)	–	–
Post-retirement benefit obligation	39,017	41,908	94,643
Net defined benefit liability	37,945	50,209	26,849
	71,445	92,117	121,492

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 consolidated income statement.

During fiscal year 2015, the actuarial assumptions used in the pension valuation of the arrangements for a number of employees in the United States were adjusted to reflect longer lifespans of Americans. As a result of the change in these assumptions, the Group's defined benefit obligation increased by US$24.2 million. A corresponding remeasurement in retirement reserve was recognised in other comprehensive income during 2015.

Plan assets

Plan assets comprise:

	Group		
	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Interest-bearing cash/bank deposits	5,710	3,622	7,495
Real estate	15,130	12,852	12,514
Common collective trust funds			
Fixed income	88,577	85,663	12,286
Equity fund	113,164	115,634	134,951
Mutual funds			
Equity fund	9,143	8,926	250
Debt instruments			
Corporate	39,348	40,238	47,373
Government	50,613	53,649	62,045
Others	5,958	6,388	10,519
Equity securities			
Quoted	3,053	3,237	87,302
Unquoted	–	–	426
Others	16,461	16,371	18,389
Fair value of plan assets	347,157	346,580	393,550

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

In accordance with the Purchase Agreement with the seller (see Note 5), an initial transfer representing the fair value of plan assets related to the Consumer Food Business was completed in connection with the closing date of 18 February 2014. The fair value of plan assets includes the estimated residual fair value of plan assets to be transferred within 270 days after the acquisition date.

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").

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 2017 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 30 April 2017.

The principal actuarial assumptions used for accounting purposes expressed as weighted average were:

	DMFI			DMPI		
	30 April 2017	**30 April 2016**	**1 May 2015**	**30 April 2017**	**30 April 2016**	**1 May 2015**
Discount rate (per annum)	4.15% – 4.25%	4.10% – 4.35%	4.50% – 4.75%	5.08%	5.23%	5.18%
Future salary increases (per annum)	3.00% – 4.00%	3.00% – 4.00%	3.00% – 4.00%	6.80%	6.80%	6.00%
Current health care cost trend rate (per annum)	7.30%/7.50%	7.60%/7.90%	7.80%/8.30%	–	–	–
Ultimate health care cost trend rate	4.00%	4.00%	4.00%	–	–	–

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

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. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows.

As at 30 April 2017 and 2016, the weighted average duration of DMPI's defined benefit retirement obligation is 18.58 years and 19.30 years, respectively.

The projected future benefit payments for the DMPI plan are as follows:

	Normal Retirement US$'000	**Other than Normal Retirement US$'000**	**Total US$'000**
Less than one year	3,032	844	3,876
More than one year to five years	11,817	3,570	15,387
More than five years	146,652	24,270	170,922

The weighted average duration of DMFI's defined benefit retirement obligation for each year are as follows.

	Duration (years)		
	30 April 2017	**30 April 2016**	**1 May 2015**
Qualified retirement plan	9.9	9.8	9.0
Post-retirement benefits plan	12.4	12.3	14.0
Executive retirement plans	5.6 – 11.7	7.3 – 9.6	7.9 – 9.0

The projected future benefit payments for the DMFI plan are as follows:

	Normal Retirement US$'000	**Other than Normal Retirement US$'000**	**Total US$'000**
Less than one year	27,069	2,242	29,311
More than one year to five years	107,674	9,698	117,372
More than five years	123,721	12,366	136,087

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 2017	**Target Allocation Range**
Equity securities	40%	31-51%
Debt securities	53%	42-64%
Other	7%	2-19%
Total	100%	

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

	30 April 2016	Target Allocation Range
Equity securities	37%	31-51%
Debt securities	54%	42-64%
Other	9%	2-19%
Total	100%	

	30 April 2015	Target Allocation Range
Equity securities	43%	31-51%
Debt securities	52%	42-64%
Other	5%	2-19%
Total	100%	

The plan exposes the Group to market risk.

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					
	2017		**2016**		**2015**	
	0.5% increase US$'000	**0.5% decrease US$'000**	**0.5% increase US$'000**	**0.5% decrease US$'000**	**0.5% increase US$'000**	**0.5% decrease US$'000**
Discount rate (per annum)	($15,217)	$16,578	($16,802)	$18,411	($16,070)	$17,498
Future salary increases (per annum)	$1,522	($1,482)	$1,610	($1,569)	$1,426	($1,381)

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

Defined benefit obligation	DMPI					
	2017		**2016**		**2015**	
	1.0% increase US$'000	**1.0% decrease US$'000**	**1.0% increase US$'000**	**1.0% decrease US$'000**	**1.0% increase US$'000**	**1.0% decrease US$'000**
Discount rate (per annum)	(2,465)	2,954	(2,687)	2,967	(2,478)	2,892
Future salary increases (per annum)	1,424	(1,174)	1,371	(1,340)	2,663	(2,321)

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 2017 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.

Sensitivity analysis

Post-retirement benefit obligation

	2017		**2016**		**2015**	
	1.0% increase US$'000	**1.0% decrease US$'000**	**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)	3,994	(3,284)	4,278	(3,525)	12,441	(10,128)

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

22. EMPLOYEE BENEFITS (CONT'D)

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$7.1 million, US$6.7 million and US$6.0 million during fiscal 2017, 2016 and 2015 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.

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 2017 was US$4.8 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. Remeasurements on retirement reserve related to certain of these plans are recognised as other comprehensive income.

23. ENVIRONMENTAL REMEDIATION LIABILITIES

		Group		
	Note	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
At beginning of the year		6,313	4,580	4,241
Provision made during the period	6	80	1,815	339
Provisions used during the period		(195)	(82)	–
At end of the year		6,198	6,313	4,580

Provision for environmental remediation relates to legal or constructive obligations incurred by the Group in connection with its operations. In connection with the closure of the plant in Turkey, North Carolina, the Group has estimated and recognised additional environmental remediation liabilities of US$0.4 million in 2017 and US$1.8 million in 2016.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

24. TRADE AND OTHER PAYABLES

		Group			Company		
	Note	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Trade payables		162,505	167,197	191,085	783	–	–
Overdrafts		12,191	11,438	4,714	–	–	–
Accrued operating expenses:							
Advertising		12,220	11,967	11,852	–	–	–
Professional fees		13,591	7,620	9,072	2,796	4,587	4,388
Taxes and insurance		8,639	6,146	1,213	–	–	–
Freight and warehousing		6,320	5,875	8,897	–	–	–
Accrued interest		11,133	11,778	11,144	–	–	–
Trade promotions		11,584	11,824	8,827	–	–	–
Miscellaneous		33,966	14,961	41,710	1,991	–	–
Derivative liabilities	21	9,531	15,218	1,003	–	–	–
Accrued payroll expenses		8,282	6,875	38,122	4,467	3,359	–
Advances from customers		3,137	2,465	3,189	–	–	–
Withheld from employees (taxes and social security cost)		1,692	1,527	6,214	20	–	–
Other payables		4,623	6,152	2,012	–	351	226
VAT payables		131	–	–	131	–	–
Amounts due to subsidiaries (non-trade)		–	–	–	108,283	108,001	159,171
		299,545	281,043	339,054	118,471	116,298	163,785

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.

25. 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 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. Revenue for fiscal year ended 30 April 2015 is net of discounts of US$83.3 million, returns of US$21.1 million and direct promotions of US$482.6 million.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

26. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived at after charging (crediting):

	Note	Group			Company		
		Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Allowance for inventory obsolescence	13	7,415	2,926	5,992	–	–	–
Impairment of (reversal of allowance for) trade and nontrade receivables	14	791	(1,355)	(4,733)	–	–	–
Amortisation of intangible assets	9	9,347	9,327	7,560	–	–	–
Audit fees							
– paid to the auditors of the Company*		371	339	322	371	339	302
– paid to other auditors		1,553	2,374	2,658	–	354	37
Changes in fair value of agricultural produce harvested and sold	12	33,501	22,060	15,456	–	–	–
Depreciation of property, plant and equipment	6	138,995	139,991	141,394	–	–	–
Loss on deconsolidation of a subsidiary	7	–	–	5,186	–	–	–
Loss on disposal of property, plant and equipment		729	1,052	1,278	–	–	–
Impairment loss (reversal of impairment) on property, plant and equipment	6	(330)	4,928	(508)	–	–	–
Inventories recognised as cost of sales	13	1,288,042	1,316,517	1,267,927	–	–	–
Non-audit fees							
– paid to the auditors of the Company*		–	–	222	–	–	218
– paid to other auditors		667	579	590	14	99	–
Operating lease rentals	36	64,951	52,141	52,444	–	–	–
Impairment loss on noncurrent assets held for sale	17	–	1,659	–	–	–	–
Research and development expenses		2,779	12,615	13,077	–	–	–
Income from post-closing working capital amount	5	–	(38,000)	–	–	–	–
Bargain purchase on acquisition of Sager Creek	5	–	–	(26,568)	–	–	–
Acquisition-related costs pertaining to Consumer Food Business	5	–	–	2,200	–	–	–

**excludes professional expenses related to the Acquisition of Consumer Food Business*

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

26. PROFIT (LOSS) BEFORE TAXATION (CONT'D)

Profit (loss) before taxation is arrived at after charging (crediting) (cont'd):

	Note	Group			Company		
		Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Staff costs							
Pension costs – defined benefit pension plan**		14,917	(23,392)	14,924	–	–	–
Pension costs – provident fund		4,825	5,131	5,114	–	–	–
Social security costs		18,760	20,471	16,853	–	–	–
Equity-settled share-based payment transactions	32	890	713	144	96	161	144
Wages and salaries		385,192	375,982	364,079	3,792	8,768	3,076

** 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.

27. NET FINANCE EXPENSE

	Note	Group			Company		
		Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Finance income							
Interest income from							
bank deposits		129	365	400	4	2	4
land leases		362	–	–	–	–	–
Foreign exchange gain		5,318	1,866	–	43	–	4
		5,809	2,231	400	47	2	8
Finance expense							
Interest expenses on							
bank loans		(101,375)	(89,843)	(84,347)	(21,047)	(19,809)	(21,518)
Amortisation of debt issue cost, discount	20	(8,613)	(8,775)	(10,310)	(1,740)	(1,884)	(3,776)
Foreign exchange loss		(1,080)	(963)	(5,204)	(42)	(10)	–
		(111,068)	(99,581)	(99,861)	(22,829)	(21,703)	(25,294)
Net finance expense		(105,259)	(97,350)	(99,461)	(22,782)	(21,701)	(25,286)

28. TAX EXPENSE (CREDIT) – NET

	Note	Group		
		Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)
Current tax expense				
– current year		6,730	12,729	7,189
Deferred tax credit				
– origination and reversal of temporary differences	10	(6,179)	(3,786)	(24,717)
		551	8,943	(17,528)
Reconciliation of effective tax rate				
Profit (loss) before taxation		20,442	68,919	(63,618)
Taxation on profit at weighted average of the applicable tax rates		9,898	18,600	(23,452)
Non-deductible expenses		(9,347)	(9,657)	5,924
		551	8,943	(17,528)

* see Note 3.6

	Note	Company		
		Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Current tax expense				
– current year		14	5	–
Deferred tax credit				
– origination and reversal of temporary differences	10	(2)	–	–
		12	5	–

28. TAX EXPENSE (CREDIT) – NET (CONT'D)

	Note	Group		
		Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 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		38%	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% (2016 and 2015: 5%) tax on gross profit in lieu of the statutory 30% (2016 and 2015: 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 will expire in fiscal year 2018.

DMPI has received the PEZA approval for a second zone, the Bukidnon Agro-Resources Export Zone, for agri-development projects. This current tax incentive will expire in fiscal year 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 but its ROHQ in the Philippines has a preferential tax rate of 10%.

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.

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29. 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 2017 is US$0.8 million.

	Group		
	Year ended 30 April 2017	**Year ended 30 April 2016 (As restated*)**	**Year ended 30 April 2015 (As restated*)**
Profit (loss) attributable to owners of the Company (US$'000)	24,366	56,978	(40,278)
Cumulative preference share dividends (US$'000)	(847)	–	–
	23,519	56,978	(40,278)
Weighted average number of ordinary shares ('000):			
Issued ordinary shares at 1 May	1,943,214	1,944,035	1,297,500
Effect of own shares held	–	(426)	(900)
Effects of shares issued	–	–	94,211
Weighted average number of ordinary shares during the year	1,943,214	1,943,609	1,390,811
Basic earnings (loss) per share (in US cents)	1.21	2.93	(2.90)

* see Note 3.6

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

29. 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 2017	**Year ended 30 April 2016 (As restated*)**	**Year ended 30 April 2015 (As restated*)**
Profit (loss) attributable to owners of the Company (US$'000)	24,366	56,978	(40,278)
Cumulative preference share dividends (US$'000)	(847)	–	–
	23,519	56,978	(40,278)
Diluted weighted average number of shares ('000):			
Weighted average number of ordinary shares at end of year (basic)	1,943,214	1,943,609	1,390,811
Potential ordinary shares issuable under share options	746	736	–
Weighted average number of ordinary shares issued (diluted)	1,943,960	1,944,345	1,390,811
Diluted earnings (loss) per share (in US cents)	1.21	2.93	(2.90)

* see Note 3.6

The potential ordinary shares issuable under the Del Monte RSP were excluded from the diluted weighted average number of ordinary shares calculation for the year ended 30 April 2017, 2016 and 2015 because their effect would decrease the loss per share and have an anti-dilutive effect.

30. 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.

30. OPERATING SEGMENTS (CONT'D)

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.

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.

30. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Americas			Asia Pacific			Europe			Total		
	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)
Revenue												
Packaged/processed fruit and vegetable	1,363,015	1,446,602	1,326,855	127,092	116,100	109,374	28,254	19,039	23,489	1,518,361	1,581,741	1,459,718
Beverage	28,859	28,691	27,512	131,258	132,268	124,215	14,745	14,755	10,173	174,862	175,714	161,900
Culinary	298,454	294,486	310,852	120,857	122,063	117,984	–	–	–	419,311	416,549	428,836
Fresh fruit and others	1,108	90	52,266	139,141	99,992	87,263	–	–	–	140,249	100,082	139,529
Total	**1,691,436**	**1,769,869**	**1,717,485**	**518,348**	**470,423**	**438,836**	**42,999**	**33,794**	**33,662**	**2,252,783**	**2,274,086**	**2,189,983**
Gross profit												
Packaged/processed fruit and vegetable	239,208	266,422	206,744	38,694	31,444	28,225	11,706	5,510	3,570	289,608	303,376	238,539
Beverage	10,018	4,022	1,159	41,212	39,188	35,021	6,403	6,022	870	57,633	49,232	37,050
Culinary	54,949	56,020	51,990	46,268	46,212	45,643	–	–	–	101,217	102,232	97,633
Fresh fruit and others	250	12	12,987	46,184	30,965	25,243	–	–	–	46,434	30,977	38,230
Total	**304,425**	**326,476**	**272,880**	**172,358**	**147,809**	**134,132**	**18,109**	**11,532**	**4,440**	**494,892**	**485,817**	**411,452**
Share of loss in investments in joint ventures, net of tax												
Packaged/processed fruit and vegetable	–	–	–	(491)	(523)	(746)	–	–	–	(491)	(523)	(746)
Beverage	–	–	–	(97)	(123)	(156)	–	–	–	(97)	(123)	(156)
Culinary	–	–	–	(1,003)	(1,001)	(1,367)	–	–	–	(1,003)	(1,001)	(1,367)
Fresh fruit and others	–	–	–	(318)	(70)	(184)	–	–	–	(318)	(70)	(184)
Total	**–**	**–**	**–**	**(1,909)**	**(1,717)**	**(2,453)**	**–**	**–**	**–**	**(1,909)**	**(1,717)**	**(2,453)**

* see Note 3.6

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

30. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Americas			Asia Pacific			Europe			Total		
	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)
Profit (loss) before taxation												
Packaged/processed fruit and vegetable	(55,362)	9,501	(69,383)	17,617	10,828	8,737	8,265	3,020	9	(29,480)	23,349	(60,637)
Beverage	1,021	(1,795)	(4,757)	13,752	11,577	10,103	–	4,347	(635)	14,773	14,129	4,711
Culinary	(13,095)	2,233	(26,256)	17,915	19,171	20,345	4,781	–	–	9,601	21,404	(5,911)
Fresh fruit and others	2,790	(5,440)	(8,803)	22,758	15,477	10,030	–	–	–	25,548	10,037	1,227
Total	**(64,646)**	**4,499**	**(109,199)**	**72,042**	**57,053**	**49,215**	**13,046**	**7,367**	**(626)**	**20,442**	**68,919**	**(60,610)**
Other Material Non-Cash Items												
Depreciation and amortisation	47,278	56,971	49,500	101,064	92,347	99,454	–	–	–	148,342	149,318	148,954
Capital expenditure	**44,591**	**42,823**	**57,334**	**99,532**	**94,407**	**86,799**	**–**	**–**	**–**	**144,123**	**137,230**	**144,133**
Segment assets	**2,228,986**	**2,243,508**	**2,137,740**	**503,177**	**444,195**	**458,807**	**24,983**	**18,687**	**31,902**	**2,757,146**	**2,706,390**	**2,628,449**
Segment liabilities	**1,508,147**	**1,556,300**	**1,520,878**	**610,411**	**750,370**	**765,527**	**60,033**	**22,743**	**11,549**	**2,178,591**	**2,329,413**	**2,297,954**

* see Note 3.6

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

30. OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment profit or loss, assets and capital expenditures

	Group		
	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000 (As restated*)	Year ended 30 April 2015 US$'000 (As restated*)
Profit (loss) before taxation per operating segment	20,442	68,919	(60,610)
Unallocated amounts – acquisition related costs	–	–	(3,008)
Profit (loss) before taxation as reported	20,442	68,919	(63,618)

* see Note 3.6

Major customer

Revenues from a major customer of the Americas segment for the year ended 30 April 2017 amounted to approximately US$630.3 million or 28% (year ended 30 April 2016: US$585.0 million or 26%, year ended 30 April 2015: US$496.7 million or 23%) of the Group's total revenue. The customer accounted for approximately 15% of trade and other receivables at 30 April 2017 (30 April 2016: 16%, 30 April 2015: 15%).

31. 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 15 production facilities (30 April 2016: 16 production facilities) in the U.S., Mexico, Philippines and Venezuela. 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 US 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

32. 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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

32. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

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

Date of grant of options	Exercise period	Exercise price S$	Options outstanding 30 April 2017	30 April 2016	30 April 2015
7 March 2008	Up to 60%: 7 March 2010 – 6 March 2011 40%: 7 March 2011 – 6 March 2018	0.627	750,000	750,000	750,000
30 April 2013*	Up to 100%: 30 April 2013 – 6 March 2018	0.627	150,000	150,000	150,000
1 July 2015	Up to 100%: 6 March 2018	0.578	75,765	75,765	–
			975,765	975,765	900,000

* 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

32. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

As at the reporting date, a total of 975,765 options remain outstanding.

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	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	57,918
			745,918	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 behavioural considerations.

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%	–	–	–	3.00%	2.00%
Time to maturity	2 years	2 years	2 years	–	–	–	1 year	2 years
Risk-free interest rate	3.31%	1.51%	2.51%	–	–	–	2.69%	2.51%

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

32. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

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.

Del Monte Foods Holding Equity Compensation Plan ("ECP")

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. As of 30 April 2016, 2,265,000 shares of common stock were available for future grant.

The options granted under the 2014 Equity Plan are subject to service-based and performance-based vesting, and vest annually over seven (7) years and have a term of ten (10) years. The grant date fair value of these options is US$1.22.

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:

	11 November 2015	24 September 2014
Expected life (in years)	5.5	3.0
Expected volatility	38.49%	34.32%
Risk-free interest rate	1.64%	0.97%
Dividend yield	0%	0%

32. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

Stock option activity and related information during the periods indicated was as follows:

	2017		2016	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at beginning of year	6,620,000	5.39	6,735,000	5.00
Cancelled	(3,059,800)	5.39	(6,735,000)	5.00
Granted	–	–	7,405,000	5.39
Forfeited	(800,608)	5.39	(785,000)	5.39
Exercised	–	–	–	–
Outstanding at end of year	2,769,592	5.39	6,620,000	5.39
Exercisable at end of year	–	–	–	–

The expense recognised in profit or loss for equity-settled share based payments amounted to US$0.8 million in 2017 and US$0.6 million in 2016 and were included in personnel cost.

33. 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.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Americas		93,550	135,202	125,557
Europe		16,979	8,558	10,210
Asia Pacific		95,345	81,170	85,827
	14,16	205,874	224,930	221,594

At 30 April 2017, the Group's most significant customer accounted for 15% of the trade and other receivables carrying amount (30 April 2016: 16%, 30 April 2015: 15%).

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Impairment losses

The ageing of financial assets excluding cash on hand that were not impaired at the reporting date was:

Group	Note	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Not past due		170,924	166,721	169,250
Past due 0 – 60 days		23,868	36,681	31,854
Past due 61 – 90 days		2,003	4,624	4,197
Past due 91 – 120 days		1,398	3,810	7,342
More than 120 days		7,681	13,094	8,951
	14,16	205,874	224,930	221,594

As at 30 April 2017 and 2016 and 1 May 2015, the Company's financial assets were all not past due.

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 2017		
		Grade A US$'000	Grade B US$'000	Total US$'000
Cash in banks and cash equivalents	16	37,523	–	37,523
Trade and other receivables	14	–	164,447	164,447
Refundable deposits*		–	1,219	1,219
Derivative asset		–	2,685	2,685
		37,523	168,351	205,874

** included in other noncurrent assets

	Note	30 April 2016		
		Grade A US$'000	Grade B US$'000	Total US$'000
Cash in banks	16	47,153	–	47,153
Trade and other receivables	14	–	175,532	175,532
Refundable deposits*		–	772	772
Derivative asset		–	1,473	1,473
		47,153	177,777	224,930

** included in other noncurrent assets

	Note	1 May 2015		
		Grade A US$'000	Grade B US$'000	Total US$'000
Cash in banks and cash equivalents	16	35,571	–	35,571
Trade and other receivables	14	–	184,402	184,402
Refundable deposits*		–	803	803
Derivative asset		–	818	818
		35,571	186,023	221,594

** included in other noncurrent assets

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

As at 30 April 2017, 2016 and 2015, the Company's financial assets were all classified under Grade A and Grade B, respectively.

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.

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 2017 %	30 April 2016 %	1 May 2015 %
Group			
United States of America	8	63	2
Philippines	44	11	70
Hong Kong	47	25	26
Singapore	1	1	2
Company			
Philippines	–	78	20
Hong Kong	100	22	80

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 ot 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.

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Year ended 30 April 2017

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

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 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.

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 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000	30 April 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000
Fixed rate instruments						
Loans and borrowings	368,048	316,075	789,960	129,414	129,234	102,630
Variable rate instruments						
Loans and borrowings	1,345,918	1,527,707	928,527	195,510	348,630	348,250
Interest rate swaps	17,891	35,115	20,090	–	–	–
	1,363,809	1,562,822	948,617	195,510	348,630	348,250

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 2017		
Variable rate instruments	(11,282)	11,282
Interest rate swaps	5,270	(5,270)
Cash flow sensitivity (net)	(6,012)	6,012
30 April 2016		
Variable rate instruments	(11,941)	11,941
Interest rate swaps	6,260	(6,260)
Cash flow sensitivity (net)	(5,681)	5,681
30 April 2015		
Variable rate instruments	(15,871)	15,871
Interest rate swaps	6,260	(6,260)
Cash flow sensitivity (net)	(9,611)	9,611

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Year ended 30 April 2017

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

As at 30 April 2017, if the interest rate had moved by 100bp increase and decrease, with all other variables held constant, the Company'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.

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$1,120 million (30 April 2016: US$991.0 million, 30 April 2015: US$928.0 million) in credit lines, of which 43% (30 April 2016: 29%, 30 April 2015: 22%) remain available. The lines are mostly for short term financing requirements, with US$196 million (30 April 2016: US$194 million, 30 April 2015: US$11.0 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.

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33. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

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 2017						
Derivative financial liabilities						
Interest rate swaps used for hedging, net-settled	21	17,891	19,041	7,767	11,274	–
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term		280,584	281,271	281,271	–	–
– Long-term		341,974	386,674	14,313	369,361	–
Secured bank loans						
– Short-term		169,114	175,100	175,100	–	–
– Long-term		922,294	1,185,298	60,325	1,124,973	–
Trade and other payables*		286,877	296,408	296,408	–	–
		2,000,843	2,324,751	827,417	1,494,334	–

* excludes derivative liabilities and advances from customers

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 2016						
Derivative financial liabilities						
Interest rate swaps used for hedging, net-settled	21	35,115	36,130	15,218	20,912	–
Commodity contracts	21	1,630	1,630	1,630	–	–
		36,745	37,760	16,848	20,912	–
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term		501,481	517,695	517,695	–	–
– Long-term		193,224	219,402	7,313	212,089	–
Secured bank loans						
– Short-term		225,879	232,542	232,542	–	–
– Long-term		923,198	1,226,975	57,895	1,169,080	–
Other noncurrent liabilities						
– Other payables		477	477	–	477	–
Trade and other payables*		263,360	263,360	263,360	–	–
		2,107,619	2,460,451	1,078,805	1,381,646	–

* excludes derivative liabilities and advances from customers

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2017

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (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 2015						
Derivative financial liabilities						
Interest rate swaps used for hedging, net-settled	21	20,090	10,523	–	9,654	869
Foreign currency forward contracts used for hedging, net settled	21	1,003	1,003	1,003	–	–
		21,093	11,526	1,003	9,654	869
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term		347,180	349,204	349,204	–	–
– Long-term		348,250	376,271	13,153	363,118	–
Secured bank loans						
– Short-term		98,362	108,862	108,862	–	–
– Long-term		924,695	1,349,704	56,479	1,024,120	269,105
Other noncurrent liabilities						
– Other payables		797	797	–	797	–
Trade and other payables*		334,862	334,862	334,862	–	–
		2,054,146	2,519,700	862,560	1,388,035	269,105

* excludes derivative liabilities and advances from customers

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 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	–
30 April 2016					
Non-derivative financial liabilities					
Unsecured bank loans					
– Long-term	129,234	155,204	7,313	147,891	–
– Short-term	348,630	364,542	364,542	–	–
Trade and other payables	116,298	116,298	116,298	–	–
	594,162	636,044	488,153	147,891	–
30 April 2015					
Non-derivative financial liabilities					
Unsecured bank loans					
– Long-term	348,250	376,271	13,153	363,118	–
– Short-term	102,630	104,355	104,355	–	–
Trade and other payables	163,785	163,785	163,785	–	–
	614,665	644,411	281,293	363,118	–

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

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.

Foreign exchange risk

The Group is exposed to foreign exchange risk from its subsidiaries operating in foreign countries, which generate revenue and incur costs in foreign currencies, and from those operations of its local subsidiaries, which are in foreign currencies. The currency giving rise to this risk is primarily the US Dollar, Mexican Peso and Venezuelan Bolivar.

Group entities maintain their respective books and accounts in their functional currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations.

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 2017		
Trade and other receivables	24,779	4,799
Cash and cash equivalents	15,932	183
Other non-current assets	21,507	–
Loans and borrowings	(117,835)	–
Trade and other payables	(97,834)	(4,581)
	(153,451)	401
30 April 2016		
Trade and other receivables	25,675	3,813
Cash and cash equivalents	4,630	294
Other non-current assets	1,454	–
Loans and borrowings	(33,704)	–
Trade and other payables	(59,062)	(5,334)
	(61,007)	(1,227)
30 April 2015		
Trade and other receivables	134,664	2,502
Cash and cash equivalents	1,184	208
Other non-current assets	1,554	–
Loans and borrowings	(9,644)	–
Trade and other payables	(83,565)	(6,033)
	44,193	(3,323)

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign exchange risk (cont'd)

The Company has no significant exposure to foreign currencies as at 30 April 2017 and 2016, and 2015.

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.

	US Dollar		Mexican Peso	
	Profit (loss) before taxation US$'000	Equity US$'000	Profit (loss) before taxation US$'000	Equity US$'000
30 April 2017				
10% strengthening	(15,345)	–	40	1,866
10% weakening	15,345	–	(40)	(1,866)
30 April 2016				
10% strengthening	6,101	–	(123)	2,222
10% weakening	(6,101)	–	123	(3,696)
30 April 2015				
10% strengthening	(4,419)	–	(332)	1,933
10% weakening	4,419	–	332	(931)

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Commodity price risk (cont'd)

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 2017		
10% increase in commodity price	(400)	–
10% decrease in commodity price	400	–
30 April 2016		
10% increase in commodity price	(281)	(494)
10% decrease in commodity price	281	494

34. 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$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
30 April 2017						
Cash and cash equivalents		37,571	–	–	37,571	37,571
Trade and other receivables		164,447	–	–	164,447	164,447
Derivative asset		–	2,685	–	2,685	2,685
		202,018	2,685	–	204,703	204,703
Loans and borrowings		–	–	1,713,966	1,713,966	1,552,043
Trade and other payables*		–	–	296,408	296,408	296,408
Derivative liabilities		–	8,442	–	8,442	8,442
		–	8,442	2,010,374	2,018,816	1,856,893

* excludes advances from customers

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

34. ACCOUNTING CLASSIFICATION AND FAIR VALUES (CONT'D)

Fair values versus carrying amounts (cont'd)

	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 2016						
Cash and cash equivalents	16	47,203	–	–	47,203	47,203
Trade and other receivables	14	175,532	–	–	175,532	175,532
Derivative asset	15	–	1,473	–	1,473	1,473
		222,735	1,473	–	224,208	224,208
Loans and borrowings	20	–	–	1,843,782	1,843,782	1,822,868
Trade and other payables*	24	–	15,218	263,360	278,578	278,578
Derivative liabilities	21	–	21,527	–	21,527	21,527
		–	36,745	2,107,142	2,143,887	2,122,973

* excludes advances from customers

	Note	Loans and receivables US$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
1 May 2015						
Cash and cash equivalents	16	35,618	–	–	35,618	35,618
Trade and other receivables	14	184,402	–	–	184,402	184,402
Derivative asset	15	–	818	–	818	818
		220,020	818	–	220,838	220,838
Loans and borrowings	20	–	–	1,718,487	1,718,487	1,712,728
Trade and other payables*	24	–	1,003	334,862	335,865	335,865
Derivative liabilities	21	–	20,090	–	20,090	20,090
		–	21,093	2,053,349	2,074,442	2,068,683

* excludes advances from customers

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

34. ACCOUNTING CLASSIFICATION AND FAIR VALUES (CONT'D)

Fair values versus carrying amounts (cont'd)

	Note	Loans and receivables US$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company						
30 April 2017						
Cash and cash equivalents	16	6,767	–	–	6,767	6,767
Trade and other receivables	14	120,031	–	–	120,031	120,031
		126,798	–	–	126,798	126,798
Loans and borrowings	20	–	–	324,924	324,924	326,034
Trade and other payables	24	–	–	118,471	118,471	118,471
		–	–	443,395	443,395	444,505
30 April 2016						
Cash and cash equivalents	16	361	–	–	361	361
Trade and other receivables	14	145,240	–	–	145,240	145,240
		145,601	–	–	145,601	145,601
Loans and borrowings	20	–	–	477,864	477,864	503,958
Trade and other payables	24	–	–	116,298	116,298	116,298
		–	–	594,162	594,162	620,256
1 May 2015						
Cash and cash equivalents	16	6,126	–	–	6,126	6,126
Trade and other receivables	14	105,723	–	–	105,723	105,723
		111,849	–	–	111,849	111,849
Loans and borrowings	20	–	–	450,880	450,880	454,798
Trade and other payables	24	–	–	163,785	163,785	163,785
		–	–	614,665	614,665	618,583

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

35. DETERMINATION OF FAIR VALUES

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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.

		30 April 2017			
	Note	Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	15	–	2,685	–	2,685
Non-financial assets					
Fair value of agricultural produce harvested under inventories	12	–	–	4,535	4,535
Fair value of growing produce	12	–	–	44,347	44,347
Freehold land	6	–	–	68,000	68,000
Financial liabilities					
Derivative liabilities	21	–	17,973	–	17,973

		30 April 2016			
	Note	Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	15	–	1,473	–	1,473
Non-financial assets					
Fair value of agricultural produce harvested under inventories	12	–	–	1,557	1,557
Fair value of growing produce	12	–	–	39,775	39,775
Noncurrent assets held for sale	17	–	–	1,950	1,950
Freehold land	6	–	–	65,372	65,372
Financial liabilities					
Derivative liabilities	21	–	36,745	–	36,745

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

35. DETERMINATION OF FAIR VALUES (CONT'D)

Fair value hierarchy (cont'd)

	Note	1 May 2015 Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets	15	–	818	–	818
Non-financial assets					
Fair value of agricultural produce harvested under inventories	12	–	–	1,155	1,155
Fair value of growing produce	12	–	–	33,374	33,374
Noncurrent assets held for sale	17	–	–	8,113	8,113
Freehold land	6	–	–	72,068	72,068
Financial liabilities					
Derivative liabilities	21	–	21,093	–	21,093

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.

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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

35. DETERMINATION OF FAIR VALUES (CONT'D)

Financial instruments not measured at fair value

Type	Valuation technique
Financial liabilities	The fair value is 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 loan is based on the discounted value of expected future cash flows using risk free rates and credit spread ranging from 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.

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	Sales Comparison Approach: the valuation model is based on market price of livestock of similar age, weight, breed and genetic make-up (Level 3).	The unobservable inputs are age, average weight and breed.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

35. DETERMINATION OF FAIR VALUES (CONT'D)

Other non-financial assets (cont'd)

Assets	Valuation technique	Significant unobservable inputs
Harvested crops – sold as fresh fruit	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 fresh fruit adjusted for margin and 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 (concentrates, pineapple beverages, sliced pineapples, etc.) adjusted for margin and associated costs related to production (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 of finished goods 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.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

36. 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 2017 US$'000	**30 April 2016 US$'000**	**1 May 2015 US$'000**
Within one year	42,809	51,299	47,790
Between one to five years	130,481	134,973	115,888
More than five years	72,219	55,077	51,341
	245,509	241,349	215,019

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.

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.

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 2017 US$'000	**30 April 2016 US$'000**	**1 May 2015 US$'000**
Within one year	311,616	387,548	542,227
After one year but within five years	329,368	284,728	296,530
After five years	443,525	340,724	339,052
	1,084,509	1,013,000	1,177,809

36. COMMITMENTS (CONT'D)

Future capital expenditure

	Group		
	30 April 2017 US$'000	**30 April 2016 US$'000**	**1 May 2015 US$'000**
Capital expenditure not provided for in the financial statements			
– approved by Directors and contracted for	30,087	15,266	53,478
– approved by Directors but not contracted for	1,451	65,950	29,249
	31,538	81,216	82,727

The Group is also committed to incur capital expenditure of US$0.1 million (30 April 2016: US$1.8 million, 30 April 2015: US$2.0 million) in relation to its interest in a joint venture, which is expected to be settled within one year.

37. CONTINGENCIES

As at 30 April 2017, a subsidiary, DMPL India Limited has a contingent liability amounting to US$4.3 million (30 April 2016: US$6.8 million, 30 April 2015: US$8.9 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

As described in Note 1 and Note 4, 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.

Kosta Misbranding Class Action

On 5 April 2012, Plaintiff (Kosta) filed a complaint against DMFI in the U.S. District Court for the Northern District of California alleging false and misleading advertising under California's consumer protection laws. Plaintiff alleges that DMFI made a variety of false and misleading advertising claims including, but not limited to, its lycopene and antioxidant claims for tomato products and claims that DMFI misled consumers with respect to its refrigerated fruit products. The complaint sought certification as a class action.

On 15 July 2015, Plaintiff's motion for class certification was denied. Plaintiff has appealed this ruling to the Federal Court of Appeals. The appeal has been fully briefed. Oral arguments are expected to be scheduled for 2017. The Group cannot at this time reasonably estimate a range of exposure, if any, of the potential liability.

Other legal cases

Bruce, et al v. DMFI

A complaint was filed on 12 October 2016 in US District Court for the Northern District of California seeking class certification and alleging age and disability discrimination as well as violations of PAGA due to in-season attendance policy. DMFI denies the claims. DMFI's Motion to dismiss was filed on 11 January 2017 and hearing was held on 16 February 2017. The Court granted DMFI's motion with leave to amend. Amended complaint was filed on 9 March 2017 and DMFI's answer was filed on 19 April 2017. Mediation has been set for 20 July 2017. The Group cannot at this time reasonably estimate a range of exposure, if any, of potential liability.

37. CONTINGENCIES (CONT'D)

Other

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 recognizing 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 2017 and 1 May 2016.

As of 30 April 2017, provision for probable losses arising from environmental remediation amounted to US$6.7 million, US$6.2 million of which is noncurrent (1 May 2016: US$6.3 million, all of which is noncurrent) (see Note 23).

As of 30 April 2017, provision for retained liabilities arising from workers' compensation claims amounted to US$27.2 million, US$23.4 million of which is noncurrent (1 May 2016: US$35.3 million, US$31.0 million of which is noncurrent) (see Note 21).

38. 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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

38. RELATED PARTIES (CONT'D)

Related party transactions (cont'd)

Group

Category/ Transaction	**Year**	**Amount of the transaction US$'000**	**Outstanding balance – receivables/ (payables) US$'000**	**Terms**	**Conditions**
Under Common Control					
• Shared IT services	**2017**	**351**	**57**	Due and demandable;	Unsecured;
	2016	215	79	non-interest bearing	no impairment
	2015	419	–		
• Sale of tomato paste	**2017**	**34**	**–**	Due and demandable;	Unsecured;
	2016	1,111	–	non-interest bearing	no impairment
	2015	1,627	748		
• Inventory count shortage	**2017**	–	–	Due and demandable;	Unsecured;
	2016	25	–	non-interest bearing	no impairment
	2015	363	57		
• Purchases	**2017**	**247**	**(24)**	Due and demandable;	Unsecured;
	2016	826	–	non-interest bearing	
	2015	392	–		
• Share in JYCC Fit Out Project	**2017**	**16**	**–**	Due and demandable;	Unsecured;
	2016	–	–	non-interest bearing	no impairment
	2015	–	–		
• Tollpack fees	**2017**	**666**	**(60)**	Due and demandable;	Unsecured
	2016	551	(63)	non-interest bearing	
	2015	472	–		
Other Related Party					
• Management fees from DMPI retirement fund	**2017**	**4**	**241**	Due and demandable;	Unsecured;
	2016	4	261	non-interest bearing	no impairment
	2015	5	272		
• Rental to DMPI Retirement	**2017**	**1,619**	**(277)**	Due and demandable;	Unsecured;
	2016	1,393	(3)	non-interest bearing	
	2015	1,519	5		
• Rental to NAI Retirement	**2017**	**572**	**(48)**	Due and demandable;	Unsecured
	2016	529	(166)	non-interest bearing	
	2015	582	–		
• Rental to DMPI provident fund	**2017**	**5**	**–**	Due and demandable;	Unsecured;
	2016	7	–	non-interest bearing	no impairment
	2015	–	–		
	2017	**3,514**	**(111)**		
	2016	4,661	108		
	2015	5,379	1,082		

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

38. RELATED PARTIES (CONT'D)

Company

			Outstanding Balance			
Category/ Transaction	**Year**	**Amount of the Transaction US$'000**	**Due from Related Parties US$'000**	**Due to Related Parties US$'000**	**Terms**	**Conditions**
Subsidiaries						
• Dividend income	**2017**	–	–			Unsecured;
	2016	90,000	183,619	–		no impairment
	2015	–	99,240	–		
• Reimbursement of expenses	**2017**	**(88,650)**	**107,353**		Due and demandable;	Unsecured;
	2016	5,617	475	–	non-interest bearing	no impairment
	2015	4,891	470	**–**		
• Cash advance	**2017**	**45,313**	**–**	**107,201**	Due and demandable;	Unsecured
	2016	3,350	–	152,514	non-interest bearing	
	2015	40,903	**–**	155,864		
• Management fees payable to subsidiaries	**2017**	**805**	**–**	**1,082**	Due and demandable;	Unsecured
	2016	697	–	487	non-interest bearing	
	2015	813	–	3,307		
Joint Venture						
• Cash advance	**2017**	**314**	**6,330**		Due and demandable;	Unsecured;
	2016	3	6,016	–	non-interest bearing	no impairment
	2015	3,462	6,013	**–**		
• Investment	**2017**	**–**	**–**	**–**	Due and demandable;	Unsecured;
	2016	–	–	**–**	non-interest bearing	no impairment
	2015	2,551	–	–		
	2017		**113,683**	**108,283**		
	2016		190,110	153,001		
	2015		105,723	159,171		

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. Bids from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases are normally awarded based on the lowest price.

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.

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

38. RELATED PARTIES (CONT'D)

The key management personnel compensation is as follows:

	Group			Company		
	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2016 US$'000	Year ended 30 April 2015 US$'000
Directors:						
Fees and remuneration	2,969	2,778	1,870	2,507	2,345	1,805
Key executive officers (excluding Directors):						
Short-term employee benefits	3,331	2,580	2,530	1,459	1,359	1,378
Post-employment benefits	128	129	78	–	–	–

39. 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 2017 US$'000	30 April 2016 US$'000	1 May 2015 US$'000 (As restated*)
DMPLFL			
Ownership interests held by non-controlling interests	10.57%	10.57%	10.57%
Revenue	1,696,457	1,778,002	1,708,937
Profit (loss)	(41,512)	29,374	(53,106)
Other comprehensive income	(23,872)	1,325	(26,519)
Total comprehensive income			
Attributable to non-controlling interests:			
– Profit (loss)	(4,387)	3,104	(5,612)
– Other comprehensive income	2,523	140	(2,803)
Total comprehensive income	(1,864)	3,244	(8,415)
Non-current assets	1,289,889	1,307,257	1,314,243
Current assets	930,153	901,776	807,622
Non-current liabilities	(1,058,455)	(1,155,181)	(1,108,700)
Current liabilities	(568,530)	(443,950)	(434,514)
Net assets	593,058	609,902	578,651
Net assets attributable to non-controlling interests	62,671	64,451	61,148
Cash flows provided by (used in) operating Activities	183,936	(18,005)	192,394
Cash flows used in investing activities	(42,482)	(39,104)	(132,160)
Cash flows provided by (used in) financing activities, before dividends to non-controlling interests	(139,504)	57,646	(77,775)
Currency realignment	(22)	84	(521)
Net increase (decrease) in cash and cash equivalents	1,928	621	(18,062)

NOTES TO THE FINANCIAL **STATEMENTS**

Year ended 30 April 2017

40. SUBSEQUENT EVENTS

On 28 June 2017, the Company announced a series of new joint ventures with FDP (NYSE: FDP) that will result in expanded refrigerated offerings sold across all distribution and sales channels, and a new retail food and beverage concept modelled 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 joint ventures are also facilitated by the full and final settlement of all active litigation between DMPL and DMFI on the one hand, and FDP on the other hand, effective immediately. Such long-standing litigation had centered on licensing rights and product distribution in various territories around the world. In addition to retail and new product ventures, the companies also agreed to a long-term mutual supply agreement that would expand Del Monte product sales in various markets around the world.

On 29 June 2017, the Company declared a cash dividend of US$0.0061 per ordinary share, representing a 50% payout of fiscal year 2017 net profit.

STATISTICS OF ORDINARY SHAREHOLDERS

As at 10 July 2017

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$18,647,159
Number of Shares Issued (including Treasury Shares)	:	1,944,935,826
Number of Shares Issued (excluding Treasury Shares)	:	1,943,214,106
Class of Shares		Ordinary shares of US$0.01 each, with each ordinary shares entitled to one vote

Percentage of treasury shares held against the total number of issued ordinary shares (excluding ordinary shares held in treasury): 0.09%

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	43	0.54	983	0.00
100 – 1,000	152	1.90	88,677	0.01
1,001 – 10,000	6,055	75.80	16,547,670	0.85
10,001 – 1,000,000	1,695	21.22	109,049,785	5.61
1,000,001 AND ABOVE	43	0.54	1,817,526,991	93.53
TOTAL	**7,988**	**100.00**	**1,943,214,106**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	NUTRIASIA PACIFIC LIMITED	1,155,030,190	59.44
2	HSBC (SINGAPORE) NOMINEES PTE LTD[1]	154,389,834	7.95
3	CITIBANK NOMINEES SINGAPORE PTE LTD	104,206,656	5.36
4	LEE PINEAPPLE COMPANY PTE LTD	100,422,000	5.17
5	DBS NOMINEES (PRIVATE) LIMITED	78,007,372	4.01
6	RAFFLES NOMINEES (PTE) LIMITED	49,003,319	2.52
7	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	23,024,490	1.18
8	GOVERNMENT SERVICE INSURANCE SYSTEM	16,722,937	0.86
9	WEE POH CHAN PHYLLIS	14,294,900	0.74
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,929,228	0.56
11	BANCO DE ORO - TRUST BANKING GROUP	10,401,166	0.54
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,531,571	0.49
13	COL FINANCIAL GROUP, INC	8,124,544	0.42
14	JOSELITO JR DEE CAMPOS	7,621,466	0.39
15	PINEAPPLES OF MALAYA PRIVATE LIMITED	6,432,000	0.33
16	MAYBANK KIM ENG SECURITIES PTE LTD	5,721,790	0.29
17	STANDARD CHARTERED BANK	4,653,697	0.24
18	OCBC SECURITIES PRIVATE LIMITED	4,514,085	0.23
19	IGC SECURITIES INC	4,368,784	0.22
20	DB NOMINEES (SINGAPORE) PTE LTD	3,774,432	0.19
	TOTAL	**1,771,174,461**	**91.13**

1 Bluebell Group Holdings Limited is the beneficial owner of 148,226,771 shares that are held in nominee by HSBC (Singapore) Nominees Pte Ltd.

SUBSTANTIAL ORDINARY SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 10 July 2017

	Direct Interest		Deemed Interest		Total Interest	
Name of Shareholders	Number of Shares	%	Number of Shares	%	Number of Shares	%
Bluebell Group Holdings Limited	148,226,771[(2)]	7.63	Nil	Nil	148,226,771	7.63
Golden Sunflower International Limited	Nil	Nil	148,226,771[(2)]	7.63	148,226,771	7.63
NutriAsia Pacific Limited	1,155,030,190[(3)]	59.44	Nil	Nil	1,155,030,190	59.44
NutriAsia Holdings Limited	Nil	Nil	1,155,030,190[(4)]	59.44	1,155,030,190	59.44
NutriAsia Inc	Nil	Nil	1,155,030,190[(4)]	59.44	1,155,030,190	59.44
Well Grounded Limited	Nil	Nil	1,155,030,190[(4)]	59.44	1,155,030,190	59.44
Golden Chamber Investment Limited	Nil	Nil	1,155,030,190[(4)]	59.44	1,155,030,190	59.44
Star Orchid Limited	Nil	Nil	1,155,030,190[(4)]	59.44	1,155,030,190	59.44
HSBC Trustee (Hong Kong) Limited	Nil	Nil	1,303,256,961[(6)]	67.07	1,303,256,961	67.07
HSBC International Trustee Limited	Nil	Nil	1,303,256,961[(6)]	67.07	1,303,256,961	67.07
HSBC Private Banking Holdings (Suisse) SA	Nil	Nil	1,303,256,961[(6)]	67.07	1,303,256,961	67.07
HSBC Finance (Netherlands)	Nil	Nil	1,303,256,961[(6)]	67.07	1,303,256,961	67.07
HSBC Holdings Plc	Nil	Nil	1,303,256,961[(6)]	67.07	1,303,256,961	67.07
Mr Joselito D Campos, Jr	7,621,466	0.39	1,303,256,961[(6)]	67.07	1,310,878,427	67.46
Lee Foundation	Nil	Nil	106,854,000[(7)]	5.50	106,854,000	5.50
Lee Foundation, States of Malaya	Nil	Nil	106,854,000[(8)]	5.50	106,854,000	5.50
Lee Pineapple Company (Pte) Limited	100,422,000	5.17	6,432,000[(7)(9)]	0.33	106,854,000	5.50

Percentage of Shareholding in Public Hands

Based on the information provided, to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 27.6% 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 1,943,214,106 issued Shares (excluding 1,721,720 treasury shares).
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 listed 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 148,226,771 shares held by BGHL.
3. NutriAsia Pacific Limited ("**NPL**") is a substantial and controlling shareholder of the Company, holding 1,155,030,190 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 to be 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 holds 1,155,030,190 shares in the Company. 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 SOL are wholly owned by two separate trusts (Twin Palms Pacific Trust and the Star Orchid Trust respectively) for which HKL acts as trustee. HKL is therefore deemed interested in the shares 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 held by NPL and BGHL .

   HSBC International Trustee Limited is wholly owned by HSBC Private Banking Holdings (Suisse) SA. HSBC Private Banking Holdings (Suisse) SA is therefore deemed interested in the shares held by NPL and BGHL .

   HSBC International Trustee Limited is the trustee of the Twin Palms Pacific Trust, the beneficiaries of which are JDC and his children. HSBC Holdings Plc, HSBC International Trustee Limited, HKL and GCIL are therefore deemed to be interested in the shares held by NPL and BGHL .

   HSBC Private Banking Holdings (Suisse) SA is in turn, wholly owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) is therefore deemed interested in the shares 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 10 July 2017

PREFERENCE SHARES

Authorised Share Capital	:	US$600,000,000
Issued and Fully-Paid-up Capital (including Treasury Shares)	:	US$20,000,000
Issued and Fully-Paid-up Capital (excluding Treasury Shares)	:	US$20,000,000
Number of Shares Issued (including Treasury Shares)	:	20,000,000
Number of Shares Issued (excluding Treasury Shares)	:	20,000,000
Class of Shares	:	Preference shares of US$1.00 each, with no voting rights (in general)

DISTRIBUTION OF SHAREHOLDINGS[1]

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	2	18.19	2,000	0.01
1,001 – 10,000	3	27.27	16,100	0.08
10,001 – 1,000,000	3	27.27	339,350	1.70
1,000,001 AND ABOVE	3	27.27	19,642,550	98.21
TOTAL	**11**	**100.00**	**20,000,000**	**100.00**

1. There are only 11 registered shareholders and these are mostly financial institutions and trading participants which hold the shares for many Preference Shareholders.

LARGEST SHAREHOLDERS[1]

NO.	NAME	NO. OF SHARES	%
1	BDO SECURITIES CORPORATION[2]	14,616,950	73.08
2	BANCO DE ORO – TRUST BANKING GROUP	3,862,900	19.31
3	PNB TRUST BANKING GROUP	1,162,700	5.81
4	STERLING BANK OF ASIA TRUST GROUP	270,000	1.35
5	ARMSTRONG SECURITIES CORPORATION	50,450	0.25
6	ASTRA SECURITIES CORPORATION	18,900	0.09
7	PHILIPPINE EQUITY PARTNERS INC	9,600	0.05
8	EASTWEST BANKING CORPORATION – TRUST DIVISION	4,500	0.02
9	WEALTH SECURITIES INC	2,000	0.01
10	BENJAMIN C LEGARDA	1,000	0.01
11	CITIBANK N.A.	1,000	0.01
	TOTAL	**20,000,000**	**100.00**

1 There are only 11 registered shareholders and these are mostly financial institutions and trading participants which hold the shares for many Preference Shareholders.
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.

INTERESTED PERSON **TRANSACTIONS**

As at 30 April 2017

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	–	1,312
DMPI Retirement Fund	–	1,625
NutriAsia, Inc Retirement Fund	–	541
Aggregate Value	**–**	**3,478**

PROFORMA GROUP
FINANCIAL INFORMATION*

For the Year Ended 30 April 2017
(Amounts in Singapore Dollars)

	GROUP		
	Year ended 30 April 2017 S$'000	Year ended 30 April 2016 S$'000 (As restated)	Year ended 30 April 2015 S$'000 (As restated)
Revenue	3,131,368	3,160,978	2,825,078
Cost of sales	(2,443,468)	(2,485,694)	(2,294,305)
Gross Profit	687,900	675,284	530,773
Distribution and selling expenses	(282,404)	(279,433)	(256,916)
General and administrative expenses	(229,453)	(205,493)	(246,251)
Other income – net	1,334	43,143	21,796
Results from operating activities	177,377	233,501	49,402
Finance income	8,075	3,101	516
Finance expenses	(154,385)	(138,418)	(128,821)
Net finance expense	(146,310)	(135,317)	(128,305)
Share in loss of investments in joint ventures, net of tax	(2,654)	(2,387)	(3,164)
Profit (loss) before taxation	28,413	95,797	(82,067)
Tax credit (expense) – net	(766)	(12,431)	22,611
Profit (loss) for the year	27,647	83,366	(59,456)
Profit(loss) attributable to:			
Non-controlling interests	(6,221)	4,167	(7,497)
Owners of the Company	33,868	79,199	(51,959)

* 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 2017, 2016 and 2015 are presented in Singapore dollars (S$) obtained by measurement of the S$ figures using the exchange rate of S$1.39, S$1.39 and S$1.29, 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.

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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 CORPORATE GOVERNANCE 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

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
9th Avenue corner 30th Street
Bonifacio Global City
Taguig City 1634
Philippines
Tel : +632 856 2888
Fax: +632 856 2628

AUDITORS

SyCip Gorres Velayo & Co
(A member firm of Ernst and Young)
6760 Ayala Avenue
1226 Makati City
Philippines
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

BDO Universal Bank, Inc
Bank of the Philippines Islands
Bank of Tokyo Mitsubishi – UFJ Ltd
Citibank NA
DBS Bank Ltd
Hongkong and Shanghai Banking Corp Ltd
Metropolitan Bank and Trust Co
Philippine National Bank
Rabobank International
Rizal Commercial Banking Corporation

REGISTERED OFFICE

Craigmuir Chambers
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British Virgin Islands
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SINGAPORE SHARE TRANSFER AGENT

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Advisory Services Pte Ltd
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Singapore 048623
Tel: +65 6536 5355
Fax: +65 6536 1360

PHILIPPINES SHARE TRANSFER AGENT

BDO Unibank Inc - Securities Services and
Corporate Agencies Department
15F South Tower, BDO Corporate Center
7899 Makati Ave, Makati City 0726, Philippines
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Fax: +632 878 4056

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
Bloomberg: DELM SP and DMPL PM, and
DMPA1 PM for the Preference Shares
Reuters: DMPL.SI and DMPL.PS, and DMPA1.
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, Fruit Refreshers, Veg-All, Freshlike, Popeye, Princella* and *Allens'* in the USA, and *Today's, Fiesta, 202, Fit 'n Right, Heart Smart* and *Quick 'N Easy* in the Philippines.

For further enquiries please contact:

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