

[illegible]

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|--|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|
| D | E | L | | M | O | N | T | E | | P | A | C | I | F | I | C | | L | I | M | I | T | E | D | | | | | | | | | |
|---|---|---|--|---|---|---|---|---|--|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|

[illegible]

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| c | / | o | J | Y | C | a | m | p | o | s | C | e | n | t | r | e | , | 9 | t | h | A | v | e | . |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|--|---|---|---|---|--|---|---|---|---|---|---|---|---|---|--|--|--|--|
| c | o | r | n | e | r | | 3 | 0 | t | h | | S | t | . | , | | B | o | n | i | f | a | c | i | o | | | | |
|---|---|---|---|---|---|--|---|---|---|---|--|---|---|---|---|--|---|---|---|---|---|---|---|---|---|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|--|---|---|---|---|---|---|--|---|---|---|---|--|--|--|--|--|--|
| G | l | o | b | a | l | | C | i | t | y | , | | T | a | g | u | i | g | | C | i | t | y | | | | | | |
|---|---|---|---|---|---|--|---|---|---|---|---|--|---|---|---|---|---|---|--|---|---|---|---|--|--|--|--|--|--|

[illegible]

Antonio E.S. Ungson

+632 856 2888

Company Telephone Number

| | |
|--|--|
| | |
|--|--|

| | |
|--|--|
| | |
|--|--|

| | | | | |
|---|---|---|---|---|
| 2 | 0 | - | I | S |
|---|---|---|---|---|

| | |
|--|--|
| | |
|--|--|

| | |
|--|--|
| | |
|--|--|

Annual Meeting

| | | |
|--|--|--|
| | | |
|--|--|--|

| | | | | |
|--|--|--|--|--|
| | | | | |
|--|--|--|--|--|

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

[illegible][illegible]

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter: **Del Monte Pacific Limited**

3. **British Virgin Islands**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **N/A**

5. BIR Tax Identification Code: **N/A**

6. **Craigmuir Chambers, PO Box 71 Road Town, Tortola, British Virgin Islands**
Address of principal office Postal Code

7. Registrant's telephone number, including area code: **+65 6324 6822**

8. Date, time and place of the meeting of security holders:

| Annual General Meeting | | General Meeting | |
|------------------------|---|-----------------|---|
| Date: | 17 August 2018 | Date: | 17 August 2018 |
| Time: | 10:00 a.m. | Time: | 10:30 a.m. |
| Place: | Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908 | Place: | Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908 |

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
27 July 2018

10. In case of Proxy Solicitations: **N/A**
Name of Person Filing the Statement/Solicitor: _____
Address and Telephone No.: _____

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

| Title of Each Class | Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding |
|--|---|
| <u>Ordinary Shares</u> | <u>1,943,960,024</u> |
| <u>Series A-1 Preference Shares</u> | <u>20,000,000</u> |
| <u>Series A-2 Preference Shares</u> | <u>10,000,000</u> |

12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Singapore Exchange Securities Trading Limited – Ordinary Shares
The Philippine Stock Exchange, Inc. – Ordinary Shares and Preference Shares



DEL MONTE PACIFIC LIMITED
(Incorporated in the British Virgin Islands with limited liability on 27 May 1999)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Del Monte Pacific Limited (the “Company”) will be held at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908, on Friday, 17 August 2018 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company, together with the Auditors’ Report thereon, for the financial year ended 30 April 2018. **[Resolution 1]**

2. To re-elect the following Directors retiring pursuant to Article 88 of the Company’s Articles of Association:

- | | | | |
|------|--------------------------|-----------------------------|-----------------------|
| (i) | Mr Godfrey E Scotchbrook | (Retiring under Article 88) | [Resolution 2] |
| (ii) | Mr Edgardo M Cruz, Jr | (Retiring under Article 88) | [Resolution 3] |

Mr Godfrey E Scotchbrook will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration and Share Option Committee, and as a member of the Audit and Risk Committee and the Nominating and Governance Committee, and will be considered independent.

*Mr Edgardo M Cruz, Jr will, upon re-election as a Director of the Company, remain as Executive Director of the Company, and as a member of the Nominating and Governance Committee.
[See Explanatory Note (i)]*

3. To transact any other ordinary business which may be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

4. To approve the payment of Directors’ fees of up to US\$496,800 for the financial year ending 30 April 2019 (“FY2019”) (FY2018: US\$496,800), to be paid quarterly in arrears, computed based on the fee structure set out below:

- Board Chairman: US\$79,200 per annum
- Directors: US\$43,200 per annum
- Audit and Risk Committee Chairman: US\$19,800 per annum
- Remuneration and Share Option Committee Chairman: US\$9,900 per annum
- Nominating and Governance Committee Chairman: US\$9,900 per annum
- Audit and Risk Committee Members: US\$10,800 per annum
- Remuneration and Share Option Committee Members: US\$5,400 per annum
- Nominating and Governance Committee Members: US\$5,400 per annum

[See Explanatory Note (ii)]

[Resolution 4]

5. To authorise the Directors of the Company to fix, increase or vary the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

[See Explanatory Note (iii)]

[Resolution 5]

6. To re-appoint Ernst & Young LLP as the Auditors of the Group and to authorise the Directors of the Company to fix their remuneration.

[Resolution 6]

7. To re-appoint Sycip Gorres Velayo & Co. (Ernst & Young Philippines) as the Philippine Auditors of the Group and to authorise the Directors of the Company to fix their remuneration. **[Resolution 7]**

8. **Authority to Issue Shares**

That pursuant to Article 15(2) of the Company’s Articles of Association and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a)
 - (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including, but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions, and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from the exercise of share options which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

[Resolution 8]

9. **Authority to Allot and Issue Shares under the Del Monte Pacific Executive Share Option Plan 2016**

That approval be and is hereby granted to the Directors of the Company, acting through its Remuneration and Share Option Committee, to allot and issue from time to time such Shares as may be allotted and issued pursuant to the exercise of the Del Monte Pacific Executive Share Option Plan 2016 ("**ESOP**"), provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOP shall not exceed ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

[Resolution 9]

10. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

- (a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out on page 6 of the Company's information memorandum ("**Information Memorandum**") with any party who is of the class of Interested Persons described in the Information Memorandum, provided that such transactions are carried out in the normal course of business, at arm's length and on commercial terms, and in

accordance with the guidelines of the Company for Interested Person Transactions, as set out in the Information Memorandum (the “IPT Mandate”);

- (b) the IPT Mandate shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM of the Company; and
- (c) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the IPT Mandate as they may think fit.

[See Explanatory Note (vi)]

[Resolution 10]

By Order of the Board

Antonio E S Ungson
Company Secretary
27 July 2018

Explanatory Notes to Resolutions to be passed –

- (i) The bio-data of Directors seeking re-election are appended for Shareholders' information:

Mr Godfrey E Scotchbrook, Independent Director, 72
(Appointed on 28 December 2000 and last re-elected on 28 August 2015)

Mr Godfrey E Scotchbrook, if re-elected, will remain as the Chairman of the Remuneration and Share Option Committee and as a member of the Audit and Risk Committee and the Nominating and Governance Committee. He is considered an Independent Non-Executive Director. In line with Guideline 4.7 of the Code of Corporate Governance: (a) there are no relationships including immediate family relationships between Mr Scotchbrook and the other Directors, the Company or its 10% shareholders; and (b) the list of all current directorships held by Mr Scotchbrook in other listed companies, as well as the details of his other principal commitments can be found in the FY2018 Annual Report, under the “Board of Directors” section.

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

Mr Edgardo M Cruz, Jr, Executive Director, 63
(Appointed on 2 May 2006 and last re-elected on 28 August 2015)

Mr Edgardo M Cruz, Jr, if re-elected, will remain as a member of the Nominating and Governance Committee. In line with Guideline 4.7 of the Code of Corporate Governance: (a) there are no relationships including immediate family relationships between Mr Cruz and the other Directors, the Company or its 10% shareholders; and (b) Mr Cruz does not hold directorships in other listed companies, and the details of his other principal commitments can be found in the FY2018 Annual Report, under the “Board of Directors” section.

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, the Company's U.S. 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.

- (ii) The Ordinary Resolution 4 above, is to approve the payment of Directors' fees for FY2019, to be paid quarterly in arrears, in accordance with the proposed fee structure. The fee structure is based on guidelines recommended by the Singapore Institute of Directors and disclosed in the Corporate Governance Report in the Annual Report. The proposed Directors' fees for FY2019 are commensurate with the onerous responsibilities placed on the Directors and in particular, to better reflect the time and contribution of each Director towards the improved performance of the Company.

The Ordinary Resolution 4 if passed, will authorise the payment of Directors' fees for FY2019, in accordance with the fee structure, amounting up to US\$496,800/- and there is no change from prior year on a per Director basis.

- (iii) The Ordinary Resolution 5 proposed above, if passed, will also authorise the Directors of the Company to fix, increase or vary the emoluments of Directors in respect of services to be rendered in any capacity to the Company. This would provide flexibility for the Company to engage or procure the specialist services of Directors as appropriate and as may be required by the Company.
- (iv) The Ordinary Resolution 8 proposed above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a

number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company, of which up to 15% may be issued other than on a pro rata basis to Shareholders. For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of Shares.

- (v) The Ordinary Resolution 9 proposed above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue from time to time such number of fully-paid Shares in the capital of the Company, as may be required to be issued pursuant to the exercise of options under the ESOP. The aggregate number of Shares which may be issued pursuant to the ESOP and any other share option plan(s)/ share plan(s) which the Company may have in place shall not exceed ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company from time to time.
- (vi) The Ordinary Resolution 10 proposed above, if passed, will authorise the Interested Person Transactions, as described in the Information Memorandum accompanying the FY2018 Annual Report and recurring in the year; and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM of the Company.
- (vii) **Dividend Policy for Ordinary Shares**

The Company's dividend payment policy is to distribute a minimum of 33% of full year profit but remains subject to review by the Board.

The dividend payout was 75% from 2006 to 2012 and 50% for 2013 and 2016. For the financial year 2017, the Company declared a 50% payout of that year's net profit. No dividend has been declared for the financial year ended 2018 due to the Company's net loss position.

A. Notes for Shareholders (in Singapore):

1. A Shareholder entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If a Depositor wishes to appoint a proxy/proxies to attend the AGM, then he/she must complete and deposit the Depositor proxy form at the office of the Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least forty-eight (48) hours before the time of the AGM.
3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

B. Notes for Shareholders (in the Philippines):

1. Proceedings of the AGM in Singapore will be made available to Shareholders in the Philippines via a videoconference facility at the 1st Floor, JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Metro Manila Philippines.
2. While electronic poll voting is not available to Shareholders in the Philippines who are unable to attend the AGM in Singapore, they will still be able to vote by manual poll voting in Manila. However, Shareholders in the Philippines who wish to attend the AGM in Singapore will be able to participate in the electronic poll voting. To facilitate registration, please bring a valid government-issued ID.
3. Shareholders in the Philippines who wish to vote but cannot attend either the AGM in Singapore or the videoconference in the Philippines may still do so by appointing a proxy to attend the meeting in Singapore or in Manila. He/she must complete the enclosed proxy form and submit the same on or before **15 August 2018 at 10.00 a.m.** to the Company's Philippine Stock Transfer Agent, BDO Unibank Inc — Trust and Investments Group, at its office address at the Securities Services and Corporate Agencies Department, 15th Floor South Tower, BDO Corporate Centre, 7899 Makati Avenue, Makati City, 0726 Philippines, for the attention of Ms Carla B Salonga.
4. Only Shareholders at record date at the close of business on 15 August 2018 are entitled to attend and vote at the AGM.
5. Shareholders in the Philippines may also be entitled to appoint not more than two (2) proxies to attend in his/her stead. A proxy need not be a Member or Shareholder of the Company.
6. Validation of proxies shall be held on **16 August 2018 at 2.00 p.m.** at the office of the Company's Philippine Stock Transfer Agent, BDO Unibank Inc — Trust and Investments Group.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



DEL MONTE PACIFIC LIMITED
(Incorporated in the British Virgin Islands with limited liability on 27 May 1999)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the General Meeting (“**GM**”) of the shareholders of Del Monte Pacific Limited (the “**Company**”) will be held on Friday, 17 August 2018 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting (“**AGM**”) to be held at 10.00 a.m. on the same day and at the same place), at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908, for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions, as an Ordinary Resolution:

THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

- (a) for the purposes of the Business Companies Act 2004 of the British Virgin Islands (the “**Act**”) and otherwise in accordance with the rules and regulations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the exercise by the Board of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Board from time to time, up to the Maximum Purchase Price (as hereafter defined), whether by way of:

- (i) on-market purchases (each a “**Market Purchase**”), transacted on the SGX-ST (or any other stock exchange on which the Shares may be listed or quoted), through one or more duly licensed stockbrokers/dealers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (each an “**Off-Market Purchase**”) (if effected otherwise than on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted) in accordance with any equal access schemes as may be determined or formulated by the Board as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Board pursuant to the Share Purchase Mandate, may be exercised by the Board at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next AGM of the Company is held;
- (ii) the date by which the next AGM of the Company is required by law to be held; or
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

“**Prescribed Limit**” means that number of Shares representing 5% of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings in each class);

“**Maximum Purchase Price**” in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105 per cent. (105%) of the Average Closing Price (as defined hereafter); and
- (ii) in the case of an Off-Market Purchase of a Share, 130 per cent. (130%) of the Average Closing Price (as defined hereafter).

where:

“Average Closing Price” is the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period;

“day of the making of the offer” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“market day” means a day on which the SGX-ST is open for securities trading; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (i)]

By Order of the Board

Antonio E S Ungson
Company Secretary
27 July 2018

Explanatory Note to Resolution:

- (i) The Ordinary Resolution proposed above, if passed, will empower the Board, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or the date on which purchases and acquisitions of shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier, to repurchase Shares by way of market purchases or off-market purchases of up to 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company at the Maximum Purchase Price. Information relating to this proposed Resolution is set out in Circular attached.

A. Notes for Shareholders (in Singapore):

1. A Shareholder entitled to attend and vote at the GM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If a Depositor wishes to appoint a proxy/proxies to attend the GM, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least forty-eight (48) hours before the time of the GM.
3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

B. Notes for Shareholders (in the Philippines):

1. Proceedings of the GM in Singapore will be made available to Shareholders in the Philippines via a videoconference facility at the 1st Floor, JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Metro Manila Philippines.
2. While electronic poll voting is not available to Shareholders in the Philippines who are unable to attend the GM in Singapore, they will still be able to vote by manual poll voting in Manila. However, Shareholders in the Philippines who wish to attend the GM in Singapore will be able to participate in the electronic poll voting. To facilitate registration, please bring a valid government-issued ID.
3. Shareholders in the Philippines who wish to vote but cannot attend either the GM in Singapore or the videoconference in the Philippines may still do so by appointing a proxy/proxies to attend the GM in Singapore or in Manila. He/she must complete the enclosed proxy form and submit the same on or before 15 August 2018 at 10.30 a.m. to the Company's Philippine Stock Transfer Agent, BDO Unibank Inc - Trust and Investments Group, at its office address at the Securities Services and Corporate Agencies Department, 15th Floor South Tower, BDO Corporate Centre, 7899 Makati Avenue, Makati City, 0726 Philippines, for the attention of Ms. Carla B Salonga.
4. Only Shareholders at record date at the close of business on 15 August 2018 are entitled to attend and vote at the GM.
5. Shareholders in the Philippines may also be entitled to appoint not more than two (2) proxies to attend in his/ her stead. A proxy need not be a Member or Shareholder of the Company.

6. Validation of proxies shall be held on 16 August 2018 at 2.00 p.m. at the office of the Philippine Stock Transfer Agent, BDO Unibank Inc - Trust and Investments Group.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the GM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the GM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the GM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



DEL MONTE PACIFIC LIMITED
(Incorporated in the British Virgin Islands with limited liability on 27 May 1999)

PROXY FORM

The undersigned, being a shareholder of **DEL MONTE PACIFIC LIMITED** (the “Company”), whose name is in the Register of Members as at 15 August 2018 (“Record/Cut Off Date”) hereby constitutes and appoints:

| Name | Passport No./ Gov’t ID (with Date of Expiry) | Proportion of Shareholdings | |
|---------|---|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Name | Passport No./ Gov’t ID (with Date of Expiry) | Proportion of Shareholdings | |
|---------|---|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or in their incapacity or absence, the Chairman of the meeting, as proxy, to represent, act and vote in his/her name and stead at the Annual General Meeting of the Company to be held at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908 on Friday, 17 August 2018, at 10.00 a.m., as fully and to all intents and purposes as the undersigned might do if present and acting in person.

(Please indicate your vote “For” or “Against” or “Abstain” with a tick [✓] within the box provided.)

| No. | Resolutions relating to: | For | Against | Abstain |
|-----|---|-----|---------|---------|
| 1 | Directors’ Statement and Audited Financial Statements for the financial year ended 30 April 2018 | | | |
| 2 | Re-election of Mr Godfrey E Scotchbrook as a Director | | | |
| 3 | Re-election of Mr Edgardo M Cruz, Jr as a Director | | | |
| 4 | Approval of payment of Directors’ fees for the financial year ending 30 April 2019 | | | |
| 5 | Authority to fix, increase or vary emoluments of Directors | | | |
| 6 | Re-appointment of Ernst & Young LLP as Auditors of the Group | | | |
| 7 | Re-appointment of Sycip Gorres Velayo & Co. (Ernst & Young Philippines) as the Philippine Auditors of the Group | | | |
| 8 | Authority to issue Shares | | | |
| 9 | Authority to allot and issues shares under the Del Monte Pacific Executive Share Option Plan 2016 | | | |
| 10 | Renewal of Shareholders’ Mandate for Interested Person Transactions | | | |

Printed Name and Signature of Shareholder

Date/Place

Number of Shares Held

NOTES:

- This Proxy Form should be duly completed, submitted to, and received by, the Company’s Philippine Stock Transfer Agent, BDO Unibank Inc — Trust and Investments Group on or before **15 August 2018 at 10.00 a.m.**, at its office address at the Securities Services and Corporate Agencies Department, 15th Floor South Tower, BDO Corporate Centre, 7899 Makati Avenue, Makati City, 0726 Philippines, for the attention of Ms Carla B Salonga.
- Validation of proxies shall be held on **16 August 2018 at 2:00 p.m.** at the office of the Philippine Share Transfer Agent.
- This proxy, when properly executed, will be voted in the manner as directed herein by the shareholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.
- A shareholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the shareholder attends the meeting in person and expresses his/her intention to vote in person.
- The Company shall be entitled to reject any proxy form which is incomplete, improperly completed or illegible, or where the true intentions of the shareholder are not ascertainable from the instructions of the shareholder specified on any proxy form. It is the shareholder’s responsibility to ensure that this proxy form is properly completed.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accept(s) and agree(s) to the personal data privacy terms set out in the Notice of AGM dated 27 July 2018.



DEL MONTE PACIFIC LIMITED
(Incorporated in the British Virgin Islands with limited liability on 27 May 1999)

PROXY FORM

The undersigned, being a shareholder of **DEL MONTE PACIFIC LIMITED** (the “**Company**”), whose name is in the Register of Members as at 15 August 2018 (“**Record/Cut Off Date**”) hereby constitutes and appoints:

| Name | Passport No./ Gov’t ID (with Date of Expiry) | Proportion of Shareholdings | |
|---------|---|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

and/or (delete as appropriate)

| Name | Passport No./ Gov’t ID (with Date of Expiry) | Proportion of Shareholdings | |
|---------|---|-----------------------------|---|
| | | No. of Shares | % |
| Address | | | |

or in their incapacity or absence, the Chairman of the meeting, as proxy, to represent, act and vote in his/her name and stead at the General Meeting of the Company to be held at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908 on Friday, 17 August 2018 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place), as fully and to all intents and purposes as the undersigned might do if present and acting in person.

(Please indicate your vote “For” or “Against” or “Abstain” with a tick [✓] within the box provided.)

| No. | Resolutions relating to: | For | Against | Abstain |
|-----|---|-----|---------|---------|
| 1 | The Proposed Adoption of Share Purchase Mandate | | | |

Printed Name and Signature of Shareholder

Date/Place

Number of Shares Held

NOTES:

- This Proxy Form should be duly completed, submitted to, and received by, the Company’s Philippine Stock Transfer Agent, BDO Unibank Inc — Trust and Investments Group on or before **15 August 2018 at 10.00 a.m.**, at its office address at the Securities Services and Corporate Agencies Department, 15th Floor South Tower, BDO Corporate Centre, 7899 Makati Avenue, Makati City, 0726 Philippines, for the attention of Ms Carla B Salonga.
- Validation of proxies shall be held on **16 August 2018 at 2:00 p.m.** at the office of the Philippine Share Transfer Agent.
- This proxy, when properly executed, will be voted in the manner as directed herein by the shareholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.
- A shareholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the shareholder attends the meeting in person and expresses his/her intention to vote in person.
- The Company shall be entitled to reject any proxy form which is incomplete, improperly completed or illegible, or where the true intentions of the shareholder are not ascertainable from the instructions of the shareholder specified on any proxy form. It is the shareholder’s responsibility to ensure that this proxy form is properly completed.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accept(s) and agree(s) to the personal data privacy terms set out in the Notice of GM dated 27 July 2018.

INFORMATION REQUIRED IN INFORMATION STATEMENT

SECURITIES AND EXCHANGE
COMMISSION



A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders.

- a. The Annual General Meeting ("AGM") of the shareholders of Del Monte Pacific Limited (the "Company") will be held on 17 August 2018 at 10.00 a.m., in Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908.

A General Meeting ("GM") will also be held on the same day, at 10.30 a.m. (or immediately following the conclusion or adjournment of the AGM), and at the same place of the AGM.

The mailing address of the Company in Singapore is at c/o 17 Bukit Pasoh Road, Singapore 089831, while its mailing address in the Philippines is at c/o 10th Floor, JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, 1634 Philippines.

- b. The approximate date on which copies of the Information Statement shall be first sent and given to the shareholders shall be on 27 July 2018.

2. Dissenters' Right of Appraisal

Not applicable.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- a. Except for the resolutions stated in Section 9(a) below, none of the Directors or officers of the Company, or any nominee to the Board, or any association of the foregoing persons have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the AGM or GM other than election to office.
- b. None of the Directors have informed the Company in writing that he or she intends to oppose any matter to be acted upon at the AGM or GM.
- c. No cumulative voting rights are available.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

- a. The Company has a total of 1,943,960,024 outstanding Ordinary Shares, 20,000,000 Series A-1 Preference Shares, and 10,000,000 Series A-2 Preference Shares as of the date of this Information Statement.

Holders of Ordinary Shares are entitled to one vote for each share of stock held as of the established record date. On the other hand, holders of Preference Shares are generally not entitled to (i) attend, speak or vote at any meeting of the members of the Company; or (ii) vote on any resolution of members.¹

As of 30 June 2018, 95.71% of the total outstanding shares or 1,860,535,257 Ordinary Shares of the Company are foreign-owned shares.

- b. All shareholders as of 15 August 2018 are entitled to attend and vote at the AGM.

In determining the date of shareholders entitled to attend and vote, the Company takes into account the definition of "record date" under the 2015 SRC Rules, and Articles 71(1)(b) and 71(1)(d) of the Company's Articles of Association.

¹ Under the Company's Articles of Association, holders of the preference shares shall have the right to attend, speak and vote at a general meeting convened for any of the following purposes:

- Reducing the Company's authorized or issued share capital
- Winding up the Company;
- Sanctioning a sale of the whole or substantially the whole of the business, or undertaking of the Company;
- Where the proposal to be submitted to the general meeting directly affects the rights and privileges of holders of the preference rates.

They also have the right to attend, speak and vote at any general meeting when the dividend on the Series A Preference Shares has been declared by the Board and has not been paid in full when due, and remains unpaid for at least six (6) months.

2015 SRC Rule 20.2.1.5 defines “record date” as the date on which the holders of securities *entitled to vote* at the meeting, in person or by written consent or authorization, shall be determined.

As a rule, every member is entitled to attend and vote at a general meeting of the Company. However, if a member appoints a proxy, Article 71(1)(b) of the Articles of Association states that the “Depository shall be deemed to have appointed as the Depository’s proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown on the records of the Depository as at a time not earlier than 48 hours prior to the time of the relevant general meeting.” Article 71(1)(d) further provides that “the Company shall reject any CDP proxy form of a nominating depositor if his name is not shown in the records of the Depository as at a time not earlier than 48 hours prior to the time of the general meeting.”

c. Security Ownership of Certain Record and Beneficial Owners and Management

i. Security Ownership of Certain Record and Beneficial Owners of More Than 5%

The table below sets forth the security ownership of certain record and beneficial owners of more than 5% of the Company’s voting securities as of the date of this Information Statement.

| Title of Class | Name and Address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Common Shares Held | % of Total Outstanding Shares |
|-----------------|--|--|------------------------|-------------------------------|-------------------------------|
| Ordinary Shares | NutriAsia Pacific Limited (“ NAPL ”) Trident Chambers Road Town, Tortola, British Virgin Islands Shareholder | NAPL is the beneficial and record owner of the shares indicated.* | British Virgin Islands | 1,196,539,958 Ordinary Shares | 61.55% |
| Ordinary Shares | HSBC (Singapore) Nom’s Pte. Ltd. (“ HSBC ”) 21 Collyer Quay #13-01 HSBC Building Singapore 049320 Shareholder | Bluebell Group Holdings Limited (“ Bluebell ”) is the beneficial owner of the shares indicated.* The shares are held in nominee by HSBC. | British Virgin Islands | 189,736,540 Ordinary Shares | 9.76% |
| Ordinary Shares | Lee Pineapple Company Pte. Ltd. (“ Lee ”) 65 Chulia St, #44-01 OCBC Centre Singapore 049513 Shareholder | Lee is the beneficial and record owner of the shares indicated.** | Singapore | 100,422,000 Ordinary Shares | 5.17% |

Notes:

* NAPL and Bluebell are beneficially owned by Mr. Joselito D. Campos, Jr. and the Campos family of the Philippines.

** Lee is beneficially owned by the Lee Family of Malaysia.

ii. Security Ownership of Management

The table below sets forth the security ownership of the Company’s directors and executive officers as of the date of this Information Statement.

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Citizenship | Percent of Class |
|----------------|--------------------------|---|--------|-------------|------------------|
| Ordinary | Joselito D. Campos, Jr. | 7,621,466 | Direct | Filipino | 0.39% |
| Ordinary | Rolando C. Gapud | 2,291,903 | Direct | Filipino | 0.12% |
| Ordinary | Edgardo M. Cruz, Jr. | 2,984,632 | Direct | Filipino | 0.15% |
| Ordinary | Emil Q. Javier | 611,828 | Direct | Filipino | 0.03% |
| Ordinary | Benedict Kwek Gim Song | 117,092 | Direct | Singaporean | 0.01% |

| | | | | | |
|------------|------------------------|-----------|--------|----------|-------|
| Ordinary | Godfrey E. Scotchbrook | 117,092 | Direct | British | 0.01% |
| Ordinary | Luis F. Alejandro | 3,681,000 | Direct | Filipino | 0.19% |
| Preference | | 15,000 | Direct | | 0.08% |
| Ordinary | Ignacio C. O. Sison | 1,079,736 | Direct | Filipino | 0.06% |
| Preference | | 8,000 | Direct | | 0.04% |
| Preference | Parag Sachdeva | 15,000 | Direct | Indian | 0.08% |
| Ordinary | Antonio E. S. Ungson | 597,864 | Direct | Filipino | 0.03% |
| Ordinary | Ma. Bella B. Javier | 392,359 | Direct | Filipino | 0.02% |
| Preference | | 2,000 | Direct | | 0.02% |

d. Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class of shares of the Company under a voting trust or similar agreement as of the date of this Information Statement.

e. Changes in Control

There are no arrangements which may result in a change in control of the Company as of the date of this Information Statement.

5. Directors and Executive Officers

a. Directors, Independent Directors and Executive Officers

i. Directors and Board Committees

The overall management and supervision of the Company, including the exercise of corporate powers and the conduct of the business of the Company, are undertaken by the Board. There are seven members of the Board, three of whom are Executive Directors and the remaining four are Non-Executive Directors who are also Independent Directors.

As of the date of this Information Statement, the composition of the Board is as follows:

| Name | Age | Citizenship | Position | Year First Appointed | Year Last Elected (if ID, state no. of years served as ID) |
|-------------------------|-----|-------------|---|----------------------|---|
| Rolando C. Gapud | 76 | Filipino | Executive Chairman | 2006 | 2017 |
| Joselito D. Campos, Jr. | 67 | Filipino | Managing Director & Chief Executive Officer | 2006 | 2006 |
| Edgardo M. Cruz, Jr. | 63 | Filipino | Executive Director | 2006 | 2015 |
| Benedict Kwek Gim Song | 71 | Singaporean | Lead Independent Director | 2007 | 2017 (ID:10) |
| Godfrey E. Scotchbrook | 72 | British | Independent Director | 2000 | 2015 (ID: 17) |
| Emil Q. Javier | 77 | Filipino | Independent Director | 2007 | 2016 (ID: 10) |
| Yvonne Goh | 65 | Singaporean | Independent Director | 2015 | 2016 (ID: 2) |

In this year's AGM, the following are the incumbent Directors of the Company who are retiring pursuant to Article 88 of the Company's Articles of Association and due for re-election:

Mr. Godfrey E. Scotchbrook

Independent Director

Appointed on 28 December 2000

Last re-elected on 28 August 2015

Mr. Edgardo M. Cruz, Jr.

Executive Director

Appointed on 2 May 2006

Last re-elected on 28 August 2015

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

In reviewing the nomination for the re-election of the retiring Directors, the Nominating and Governance Committee (the "**NGC**") had considered the contributions and performance of each Director, taking into account his attendance and participation at Board and Board committee meetings, as well as his independence.

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

Both Mr. Cruz and Mr. Scotchbrook are not family-related to the other directors, substantial shareholders, or shareholders who own at least 10% of the Company.

The NGC, on an annual basis, determines whether or not a director is independent, taking into account the definition of the 2012 Code of Corporate Governance of Singapore (the "**2012 Code**"), which defines "independence" to mean that Directors have no relationship with the Company, or its related corporations, its 10% shareholders or its officers that could 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 years from the date of his first appointment should be subject to particularly rigorous review.

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

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

The results were analysed and discussed at the NGC and Board meetings. It was concluded that there is a strong sense of independence amongst all Board members. Each member of the NGC had abstained from deliberations in respect of the assessment on his own independence.

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

The Certification of Independent Director executed by Mr. Godfrey E. Scotchbrook is attached herein as **Annex "A"**.

Management, together with the Board Committees, including the Audit & Risk Committee ("**ARC**"), NGC, and Remuneration and Share Option Committee ("**RSOC**") support the Board in discharging its responsibilities. The members of the Board Committees are as follows:

| Audit and Risk Committee | |
|--|-----------------|
| Benedict Kwek Gim Song (Lead Independent Director) | ARC Chairman |
| Godfrey E. Scotchbrook (Independent Director) | Member |
| Emil Q. Javier (Independent Director) | Member |
| Yvonne Goh (Independent Director) | Member |
| Nominating and Governance Committee | |
| Yvonne Goh (Independent Director) | NCG Chairperson |
| Benedict Kwek Gim Song (Lead Independent Director) | Member |
| Godfrey E. Scotchbrook (Independent Director) | Member |

| | |
|--|---------------|
| Emil Q. Javier (Independent Director) | Member |
| Rolando C. Gapud (Executive Chairman) | Member |
| Edgardo M. Cruz (Executive Director) | Member |
| Remuneration and Share Option Committee | |
| Godfrey E. Scotchbrook (Independent Director) | RSOC Chairman |
| Benedict Kwek Gim Song (Lead Independent Director) | Member |
| Emil Q. Javier (Independent Director) | Member |
| Yvonne Goh (Independent Director) | Member |

ii. Senior Management

As of the date of this Information Statement, the following are the Company's Senior Management:

| Name | Age | Citizenship | Position | Year Position was Assumed |
|-------------------------|-----|-------------|--|---------------------------|
| Joselito D. Campos, Jr. | 67 | Filipino | Managing Director and CEO | 2006 |
| Luis F. Alejandro | 64 | Filipino | Chief Operating Officer | 2008 |
| Ignacio C. O. Sison | 54 | Filipino | Chief Corporate Officer | 2006 |
| Parag Sachdeva | 48 | Indian | Chief Financial Officer | 2015 |
| Antonio E. S. Ungson | 46 | Filipino | Chief Legal Counsel and Chief Compliance Officer | 2008 |
| | | | Company Secretary | 2015 |
| Ruiz G. Salazar | 55 | Filipino | Chief Human Resource Officer | 2016 |
| Ma. Bella B. Javier | 58 | Filipino | Chief Scientific Officer | 2009 |

b. Significant Employees

The Board and the Senior Management of the Company have been an integral part of its success. Their knowledge, experience, business relationships and expertise greatly contribute to the Company's operating efficiency and financial performance.

The Company maintains that it considers the collective efforts of the Board and all of its employees as instrumental to its overall success. The business of the Company is not dependent on any individual person. No employee is indispensable in the organization. The Company has institutionalized, through documentation, its processes and training to ensure continuity and scalability in the business without relying on any particular employee.

c. Family Relationships

Other than as provided below, there are no other family relationships known to the Company:

Ms. Jeanette Beatrice Campos Naughton is Vice President, Strategic Planning of the Company's U.S. subsidiary, Del Monte Foods, Inc ("DMFI"). She is the daughter of Mr. Joselito D Campos, Jr., the Company's Managing Director and CEO, and DMFI's Vice Chairman and Director.

d. Involvement in Certain Legal Proceedings

As to Directors, Executive Officers and Nominees for Election:

Except as set out below, the Company is not aware that any of the incumbent Directors and any nominee for election as director, executive officer or control person of the Company has been the subject of any: (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding, domestic or foreign; (c) order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction, in a civil action, the Philippine SEC or a comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company:

Mr. Luis F. Alejandro, the Group's Chief Operating Officer, is not involved in any criminal, bankruptcy or insolvency investigation or any other proceeding against him, except only the libel case pending between GMA Network, Inc and ABS-CBN Broadcasting Corp where he was impleaded eight years ago as co-accused in his capacity as then President and Chief Operating Officer of ABS-CBN Broadcasting Corp.

As to the Company and its Subsidiaries:

In December 2017, National Consumers League (NCL) filed an amended complaint in the Superior Court of the District of Columbia alleging that DMFI's canned tomato products falsely claim to have "no preservatives" and "no artificial flavors." DMFI has filed a Motion to Dismiss and a Motion for Sanctions. Oral argument is scheduled for August 2018. The Group cannot at this time reasonably estimate a range of exposure, if any, of potential liability.

Others

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 Company believes that none of these legal proceedings will have a material adverse effect on its financial position.

e. Certain Relationships and Related Transactions

- a) The following is a summary of Interested Person Transactions ("IPT") entered into by the Company and/or its subsidiaries (the "**Group**") with certain Interested Persons² for FY2018 (1 May 2017 to 30 April 2018), FY2017 (1 May 2016 to 30 April 2017), and FY2016 (1 May 2015 to 30 April 2016):

| Related Party Transaction | Relationship | Nature | FY2018 US\$'000 | FY2017 US\$'000 | FY2016 US\$'000 |
|---|---|---|--------------------|--------------------|--------------------|
| Del Monte Philippines, Inc (DMPI Retirement Fund) | Retirement fund of the Company's subsidiary | Rental to DMPI Retirement Fund | 1,858 | 1,619 | 1,395 |
| | | Purchases of Services to DMPI Retirement Fund | - | - | - |
| | | Management fees from DMPI Retirement Fund | (4) | (4) | (4) |
| Del Monte Philippines, Inc (DMPI Provident Fund) | Retirement fund of the Company's subsidiary | Rental to DMPI Provident Fund | - | 6 | 5 |
| NutriAsia Inc (NAI) | Affiliate of the Company | Rental to NAI Retirement Fund | 543 | 541 | 529 |
| | | Purchases of Production Materials | 233 | 160 | 743 |
| | | Toll Pack Fees | 572 | 666 | 551 |
| | | Utilities / Parking Space Rental | 160 | 117 | 83 |
| | | Recharge of Inventory Count Shortage | (33) | - | (25) |
| | | Management fee | (15) | - | - |
| | | Shared IT & Other Services from NAI | (343) | (334) | (215) |
| | | Sale of other raw materials with NAI | (1) | (34) | (13) |
| | | Sale of tomato sauce with NAI | (31) | - | (1,098) |
| TOTAL | | | 2,939 | 2,737 | 1,951 |

Review

The Company has an IPT policy and manual that set out the definitions, general guidelines, and review and monitoring procedures to be adopted across the Group for IPTs compliance with the

² Under the SGX-ST Listing Manual, "Interested Person" is defined as: (a) a Director, CEO or Controlling Shareholder of the listed company; or (b) an Associate of any such Director, CEO or Controlling Shareholder. A "Controlling Shareholder" is one who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company; or (b) in fact exercises control over a company.

Listing Manual of the SGX-ST. The manual presents a comprehensive view of IPT and the procedures that all affected Group personnel, including members of senior management, directors and employees in Purchasing, Treasury, Finance, Sales, Legal, Internal Audit, must follow.

The Company established review procedures to ensure that IPTs: (i) are carried out on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies; and (ii) will not be prejudicial to the interests of the Company and its minority shareholders.

In general, 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.

The ARC reviews the internal audit report on the IPTs on a quarterly basis to ascertain that the established review procedures are complied with. If during these periodic reviews, the ARC is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to its shareholders for a fresh mandate based on a new set of guidelines and review procedures that would ensure compliance with the established standards above.

The Company maintains a register of transactions carried out with Interested Persons, as defined in the IPT manual, and the Company's internal audit plan will incorporate an annual review of all transactions entered into in the relevant financial year pursuant to the IPT mandate.

Approval or Ratification

The following are the categories of IPTs in the Company's manual:

1. Mandated IPT – refers to an IPT between the Group and any Interested Person pursuant to a shareholders' mandate approved on an annual basis by the Company's shareholders, which is subject to renewal each year at the annual general meeting. However, despite the existence of the shareholders' mandate, Mandated IPTs are still subject to auditors and AC's review.
2. Non-Mandated IPT – refers to purchase or sale of fixed assets, undertakings or businesses, as well as transactions not included under the shareholders mandate, which may require announcements, management approval, Board approval and/or shareholders' approval, depending on the amounts involved.

Monitoring and Recording

To facilitate recording of IPTs, each Group subsidiary's Controller shall establish two holding accounts that will be used in recording IPTs – one to record Mandated IPTs and the other to record Non-Mandated IPTs. Transactions recorded under these two holding accounts will then be cleared monthly to the proper accounts. The transactions that are recorded under the holding accounts will then be reported on a quarterly basis to the CFO for consolidation which will then be submitted to the ARC for evaluation and review.

- b) Other than standard terms and conditions typical for these kinds of contracts and negotiated at arm's length and upon normal commercial terms with counterparties, there are no other commitments resulting from these arrangements.

Considering the arm's length negotiation of these IPTs and the Company's established IPT review, approval, monitoring and disclosure processes, we do not see any material risks arising from these transactions.

f. Resignation of Directors due to Disagreement

No Director has resigned from, or declined to stand for re-election to, the Board since the date of the 2017 AGM due to any disagreement with the Company on any matter relating to its operations, policies or practices.

- g. None of the provisions of the Company's Articles of Association, which relates to the selection, nomination and election of Independent Directors, have been recently amended. The Company's selection and election processes for independent directors are in accordance with the Company's Articles of Association and the 2012 Code.

6. Compensation of Directors and Executive Officers

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the CEO and senior executive officers of the Company are as follows:

| Name and principal position | Year | Salary (in PhP) | Bonus (in PhP) |
|--|---------------|--------------------|-------------------|
| A. Chief Executive Officer and most highly compensated executive officers* | FY 2019 (Est) | 186,505,944 | 103,911,332 |
| | FY 2018 | 183,301,605 | 148,565,165 |
| | FY 2017 | 171,898,965 | 160,536,680 |
| B. All other officers and directors as a group unnamed | FY 2019 (Est) | 156,183,627 | 50,723,454 |
| | FY 2018 | 158,746,949 | 52,045,184 |
| | FY 2017 | 159,340,727 | 57,905,103 |

*The CEO and executive officers of the Company are as follows: Managing Director & CEO, Mr. Joselito D Campos, Jr. and the executives (in alphabetical order): Luis F. Alejandro, Ma. Bella B. Javier, Parag Sachdeva and Ignacio Carmelo O. Sison.

Standard Arrangement

The Directors receive a fixed remuneration annually based on the following fee structure:

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

The Directors do not receive any allowance for attending Board or Board committee meetings.

Other Arrangements

Dr. Emil Q. Javier has a consultancy agreement with the Company to act as a consultant, amongst other things, to provide guidance and support to the Group on its plantation operations and development of agri-based initiatives.

Except as described above, there are no other arrangements pursuant to which any of the Company's Directors and officers are compensated, or are to be compensated, directly or indirectly.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no arrangements for compensation to be received by any executive officer from the Company in the event of a resignation, or termination of the executive officer's employment or a change of control of the Company. The Company, however, provides retirement benefits to qualified employees, including Key Management Personnel.

Share Options

There are no outstanding share options as of the date of this Information Statement. All unexercised options which were granted pursuant to the Del Monte Pacific Executive Stock Option Plan 1999 had already lapsed on 6 March 2018.

Share Awards

On 20 September 2017, the following share awards were released to the Directors pursuant to the Del Monte Pacific Restricted Share Plan:

| Share Awards* | Number of Share Awards |
|------------------------|------------------------|
| Rolando C. Gapud | 228,763 |
| Benedict Kwek Gim Song | 117,092 |
| Godfrey E. Scotchbrook | 117,092 |

| | |
|----------------------|----------------|
| Edgardo M. Cruz, Jr. | 102,997 |
| Emil Q. Javier | 76,977 |
| Total | 642,921 |

*The above share awards had completed vesting on 21 August 2017 and the awards were released on 20 September 2017.

7. Independent Public Accountants

- a) The external auditor of the Group for the most recently completed fiscal year is Ernst & Young LLP (“**EY Singapore**”), which is the same accounting firm tabled for re-appointment for the current fiscal year at the AGM of shareholders.

Sycip Gorres Velayo & Co. (“**EY Philippines**”), the Group’s auditors in the Philippines for the most recently completed fiscal year, is likewise tabled for re-appointment for the current fiscal year at the AGM.

- b) Mr. Alvin Phua Chun Yen is the partner-in-charge from EY Singapore for the audited financial statements of the Company and the Group for the fiscal year ended 30 April 2018. Representatives of EY Singapore are expected to be present during the AGM. The representatives may make statements, if they desire to do so, and will be available to respond to appropriate questions raised by the shareholders at the AGM.

Ms. Catherine E. Lopez is the partner-in-charge from EY Philippines for the audited financial statements of the Company and the Group for the fiscal year ended 30 April 2018.

- c) The aggregate annual external audit fees billed for each of the last two fiscal years for the audit of the Group’s annual financial statements or services that are normally provided by the external auditor are as follows:

| | FY2018 | FY2017 |
|-----------------------------------|--------------------|--------------------|
| | in US\$’000 | in US\$’000 |
| 1. Audit Fees | | |
| Payable to the Company’s auditors | 340 | 371 |
| Payable to other auditors | 1,064 | 1,553 |
| 2. Non-Audit Fees | | |
| Payable to the Company’s auditors | 0 | 0 |
| Payable to other auditors | 150 | 667 |

8. Compensation Plans

Except as stated in Section 9 below, there are no actions to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed during the AGM or GM of the Company’s shareholders.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Authorization or Issuance of Securities Other than for Exchange

- a. *Title and Amount of Securities to be Authorized*

At the AGM, the following matters shall be submitted for shareholders’ approval:

- i) Authority to Issue Shares

*That pursuant to Article 15(2) of the Company’s Articles of Association and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors of the Company be authorised and empowered to:*

- (a) (i) *issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or*
(ii) *make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including, but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,*

at any time and upon such terms and conditions, and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) *(notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,*

provided that:

- (1) *the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to Shareholders of the Company shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);*
- (2) *(subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:*
 - (a) new Shares arising from the conversion or exercise of any convertible securities;*
 - (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and*
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;*
- (3) *in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and*
- (4) *unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.*

If passed, this Ordinary Resolution will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 15% may be issued other than on a pro rata basis to Shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of Shares.

ii) *Authority to Allot and Issue Shares under the Del Monte Pacific Executive Share Option Plan 2016*

That approval be and is hereby granted to the Directors of the Company, acting through its Remuneration and Share Option Committee, to allot and issue from time to time such Shares as may be allotted and issued pursuant to the exercise of the Del Monte Pacific Executive Share Option 2016 ("ESOP"), provided always that the aggregate number of Shares to be allotted and issued pursuant to the ESOP shall not exceed ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

If passed, this Ordinary Resolution will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is

required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue from time to time such number of fully-paid Shares in the capital of the Company, as may be required to be issued, pursuant to the ESOP. The aggregate number of Shares which may be issued pursuant to the ESOP shall not exceed ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

b. *Description of the Company's Securities*

At present, the Company has an authorized capital of U.S.\$630,000,000.00 consisting of 3,000,000,000 Ordinary Shares with a par value of U.S.\$0.01 each, and 600,000,000 Preference Shares with a par value of U.S.\$1.00 each, which may be issued in one or more series.

Out of the authorized capital stock, the Company has (i) 1,943,960,024 Ordinary Shares; (b) 20,000,000 Series A-1 Preference Shares; and (c) 10,000,000 Series A-2 Preference Shares outstanding. The total issued Ordinary Shares are 1,944,935,826 Ordinary Shares, which includes 975,802 Ordinary Shares that are held by the Company as treasury shares.

10. Modification or Exchange of Securities

There are no actions to be taken with respect to the modification or exchange of the Company's securities.

11. Financial and Other Information

The Management Report discussing the operational, financial and other information of the Company is attached herein as **Annex "B"**.

The consolidated audited financial statements of the Group for the fiscal year ended 30 April 2018 are likewise attached herein as **Annex "C"**.

12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no actions to be taken in relation to any merger, acquisition or business combination.

13. Acquisitions and Investments

There are no matters to be taken with respect to any merger, consolidation, acquisition of any property.

14. Restatement of Accounts

There are no actions to be taken and submitted for shareholders' approval with respect to the restatement of any asset, capital or surplus account of the Company.

D. OTHER MATTERS

15. Action with Respect to Reports and Other Items

a) The following shall be submitted for shareholders' approval during the AGM:

- (i) To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company, together with the Auditors' Report thereon, for the financial year ended 30 April 2018. **(Resolution 1)**
- (ii) To re-elect Mr. Godfrey E. Scotchbrook and Mr. Edgardo M. Cruz, Jr., the incumbent Directors of the Company who are retiring pursuant to Article 88 of the Company's Articles of Association. **(Resolution 2)**
- (iii) To approve the payment of Directors' fees of up to US\$496,800/- for the financial year ending 30 April 2019 ("FY2019") (FY2018:496,800), to be paid quarterly in arrears. **(Resolution 4)**
- (iv) To authorize the Directors to fix, increase or vary the emoluments of Directors with respect to services to be rendered in any capacity to the Company. **(Resolution 5)**
- (v) To re-appoint Ernst & Young LLP as the Auditors of the Group, and to authorize the Directors to fix their remuneration. **(Resolution 6)**

- (vi) To re-appoint Sycip Gorres & Velayo & Co. (Ernst & Young Philippines) as the Philippine Auditors of the Group, and to authorize the Directors to fix their remuneration. **(Resolution 7)**
- (vii) To authorize the Directors to issue shares in the Company, whether by way of rights, bonus or otherwise, and/or make grant offers, agreements or options that may or would require the issuance of shares, including, but not limited to, the creation and issue of options, warrants, debentures or other instruments convertible into shares, upon such terms and conditions, and for such purposes as the Directors of the Company may deem fit. **(Resolution 8)**
- (viii) To authorize the Directors to allot and issue Shares under the Del Monte Pacific Executive Share Option Plan 2016. **(Resolution 9)**
- (ix) To approve the renewal of shareholders' mandate for Interested Person Transactions (IPT). **(Resolution 10)**

The Information Memorandum in relation to the renewal of shareholders' mandate for IPT is incorporated by reference, a copy of which is attached herein as **Annex "D"**.

For details on the foregoing resolutions, please refer to the enclosed Notice of AGM.

- b) The following shall be submitted for shareholders' approval during the GM:

- i) The proposed adoption of share purchase mandate:

The purchase of Shares (either on-market purchase or off-market purchase) shall be made within the prescribed limit, at such price or prices as may be determined by the Board from time to time, up to the maximum purchase price, and in accordance with all other applicable laws, regulations and rules of the SGX-ST, or the PSE and the SEC, as the case may be.

The Circular in relation to this resolution is incorporated herein by reference, a copy of which is attached as **Annex "E"**.

For details on the foregoing resolution, please refer to the enclosed Notice of GM.

16. Matters Not Required to be Submitted

There are no actions to be taken at the AGM or GM with respect to any matter which is not required to be submitted to a vote of security holders.

17. Amendment of Charter, By-laws or Other Documents

There are no actions to be taken at the AGM or GM with respect to any amendment of the Company's Memorandum of Association and Articles of Association.

18. Other Proposed Action

There are no other actions on any matter are proposed to be taken except matters of incidence that may properly arise during the AGM or GM.

19. Voting Procedures

- a) As to vote required:

For "Ordinary Resolutions", a simple majority of votes of the shares which were present at the meeting and entitled to vote thereon and were voted on, and not abstained.

For "Special Resolutions", the following rules shall apply:

- i. A majority of not less than three-fourths of the votes of the shares which were present at the meeting and entitled to vote thereon and were voted and not abstained; or
- ii. A majority of not less than three-fourths of the votes of each class or series of shares which were present at the meeting and entitled to vote thereon as a class or series and were voted and not abstained; or

A resolution consented to in writing by (1) a majority of not less three-fourths of the votes of shares entitled to vote thereon; or (2) a majority of not less than three-fourths of the votes of each class or series of shares entitled to vote thereon as a class or series.

- b) As to method: The voting at the AGM in Singapore will be carried out via electronic poll voting. Philippine shareholders who are unable to attend the meeting in Singapore, but can attend the videoconference in Manila, will still be able to vote by manual voting.
- c) The Company appointed independent scrutineers, Drewcorp Services Pte. Ltd. and Ortega Bacorro Odulio Calma & Carbonell Law Office, to validate the votes. The scrutineers will be responsible for counting votes based on the number of shares entitled to vote owned by the shareholders who are present or represented by proxies at the AGM of the shareholders, in the presence of the Group's external auditors.

Upon the written request of a stockholder, the Company undertakes to furnish said stockholder with a copy of the Company's Annual Report on SEC Form 17-A free of charge. Any written request for a copy of the said report shall be addressed to the following:

DEL MONTE PACIFIC LIMITED
c/o JY Campos Centre
9th Avenue corner 30th Street
Bonifacio Global City
Taguig City

Attention:
Mr. Ignacio C. O. Sison
Chief Corporate Officer

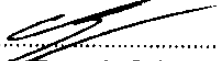
You may also contact the Company's Investor Relations Officer, Ms Jennifer Luy, at jluy@delmontepacific.com

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Taguig, on 24 July 2018.

Del Monte Pacific Limited
Issuer

By:


.....
Antonio Eugenio S. Ungson
Chief Legal Counsel and Chief Compliance Officer



FOREIGN SERVICE OF THE
REPUBLIC OF THE PHILIPPINES

EMBASSY OF THE PHILIPPINES)
Consular Section) S.S.
Singapore)

CERTIFICATE OF AUTHENTICATION

I, J. ANTHONY A. REYES, Consul of the
Republic of the Philippines in Singapore, duly commissioned and qualified, do
hereby certify that

TAN MARY

before whom the annexed instrument has been executed, to wit:

NOTARIAL CERTIFICATE WITH ANNEXED CERTIFICATION OF INDEPENDENT
DIRECTOR

was at the time he/she signed the same NOTARY PUBLIC
and that his/her signature affixed thereto is genuine.

The Embassy assumes no responsibility for the contents of the annexed
instrument.

IN WITNESS HEREOF, I have hereunto set my hand and affixed the seal
of the Embassy of the Philippines in Singapore this day of 28 June 2018.

Service No.: 04172
O.R. No. : 2-291364
Fee Paid : \$42.50

J. ANTHONY A. REYES
Consul

"Validity of this Certification shall follow the validity of the attached/underlying document."

NOTARIAL CERTIFICATE

TO ALL TO WHOM THESE PRESENTS SHALL COME

I, **TAN MARY**, Notary Public, duly authorized appointed and practising in the Republic of Singapore do hereby **CERTIFY** that I was present on the 28th day of June, 2018 and did see **GODFREY E. SCOTCHBROOK** (holder of GBR Passport No. 517802234) an Independent Director of **DEL MONTE PACIFIC LIMITED** described in the **CERTIFICATION OF INDEPENDENT DIRECTOR** duly sign, seal and execute the same in my presence and I **FURTHER CERTIFY** that the signature appearing thereon is the proper handwriting of the said **GODFREY E. SCOTCHBROOK**.

IN FAITH AND TESTIMONY WHEREOF I have hereunto subscribed my name and affixed my Seal of Office this 28th day June, Two Thousand and Eighteen.

Which I attest



Notary Public,
Singapore



CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GODFREY E. SCOTCHBROOK**, British, of legal age and a resident of 6217 Cape Mansions, 62 Mt. Davis Rd., Hong Kong, after having been duly sworn in accordance with law, do hereby declare that:

- 1. I am a nominee for independent director of Del Monte Pacific Limited ("**DMPL**") and have been its independent director since 2000.
- 2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

| Company/Organization | Position/Relationship | Period of Service |
|-------------------------|------------------------|-------------------|
| Bousted Singapore Ltd | Independent Director | 2000 – present |
| Convenience Retail Asia | Non-Executive Director | 2002 – present |

- 3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of DMPL, as provided for in Section 38 of the Securities Regulation Code ("**SRC**"), its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission ("**SEC**").
- 4. I am not related to any director, officer or substantial shareholder of DMPL and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the SRC.
- 5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- 6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the listing rules of the Singapore Exchange Securities Trading Limited, the SRC and its Implementing Rules and Regulations, the SEC Code of Corporate Governance for Publicly Listed Companies and other SEC issuances.
- 7. I shall inform the Company Secretary of DMPL of any changes in the abovementioned information within five days from its occurrence.

Done this 28th of June 2018 in Singapore.


GODFREY E. SCOTCHBROOK
Affiant



MANAGEMENT REPORT

I. BUSINESS AND GENERAL INFORMATION

Overview

Del Monte Pacific Limited (the “**Company**” or “**DMPL**”) 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. Its registered office of the Company is located at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). On 10 June 2013, the Ordinary Shares of the Company were also listed on the Philippine Stock Exchange, Inc (the “**PSE**”). On 7 April 2017 and 15 December 2017, the Series A-1 and Series A-2 Preference Shares of the Company were listed on the PSE, respectively.

The principal activity of the Company is that of investment holding. Its operating 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, broth 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.

Subsidiaries

The details of the Company’s subsidiaries and their principal activities, as of 30 April 2018, are as follows:

| Name of subsidiary | Date of Incorporation | Principal activities | Place of incorporation | Effective equity held by the Group |
|---|------------------------------|---|---------------------------------------|---|
| <i>Held by the Issuer</i> | | | | |
| Del Monte Pacific Resources Limited (“ DMPRL ”) | 21 Dec 1990 | Investment holding | British Virgin Islands | 100.00% |
| DMPL Management Services Pte Ltd | 29 Apr 1999 | Providing administrative support and liaison services to the Group | Singapore | 100.00% |
| GTL Limited | 9 Mar 1998 | Trading food products mainly under the brand name, “ <i>Del Monte</i> ” and buyer’s own labels | Federal Territory of Labuan, Malaysia | 100.00% |
| DMPL Foods Limited (“ DMPLFL ”) | 11 Dec 2013 | Investment holding | British Virgin Islands | Approximately 89.43% |
| DMPL India Pte Ltd (“ DMPLI ”) | 29 Mar 2004 | Investment holding | Singapore | 100.00% |
| S&W Fine Foods International Limited (“ S&W ”) | 12 Nov 2007 | Owner of the “ <i>S&W</i> ” trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe, Africa, and a license to use “ <i>S&W</i> ” in Western Europe. Sale and distribution of food products under “ <i>S&W</i> ”. | British Virgin Islands | 100.00% |
| <i>Held by DMPRL</i> | | | | |
| Central American Resources, Inc. (“ CARI ”) | 16 Dec 1971 | Investment holding | Panama | 100.00% |
| <i>Held by DMPLFL</i> | | | | |
| Del Monte Foods Holdings Limited (“ DMFHL ”) | 11 Nov 2013 | Investment holding | British Virgin Islands | Approximately 89.43% |

ANNEX “B”

| Name of subsidiary | Date of Incorporation | Principal activities | Place of incorporation | Effective equity held by the Group |
|--|-----------------------|--|---------------------------|------------------------------------|
| Held by DMPLI | | | | |
| DMPL India Limited | 12 Aug 2004 | Investment holding | Mauritius | Approximately 94.94% |
| Held by S&W | | | | |
| S&W Japan Limited | 24 April 2017 | Support and marketing services for S&W | Japan | 100.00% |
| Held by CARI | | | | |
| Dewey Limited (“Dewey”) | 13 Dec 1990 | Owner of trademarks in various countries; investment holding | Bermuda | 100.00% |
| Pacific Brands Philippines, Inc. | 1 Jul 1935 | Inactive | State of Delaware, U.S. | 100.00% |
| Del Monte Philippines, Inc (“DMPI”) | 11 Jan 1926 | Growing, processing and distribution of food products mainly under the brand name “Del Monte” | Philippines | 100.00% |
| South Bukidnon Fresh Trading, Inc. | 20 Jun 2014 | Growing, packing and sale and export of fresh produce | Philippines | 100.00% |
| Held by Dewey | | | | |
| Dewey Sdn Bhd | 5 Oct 2009 | Owner of the “Del Monte” and “Today’s” trademarks in the Philippines | Malaysia | 100.00% |
| Held by DMPI | | | | |
| Philippines Packing Management Service Corporation | 18 Jun 2007 | Management, logistics and support services | Philippines | 100.00% |
| Del Monte Txanton Distribution, Inc. | 7 Jan 2015 | Distribution of food products | Philippines | 40.00% |
| Held by DMFHL | | | | |
| Del Monte Foods Holdings II, Inc. (“DMFHII”) | 15 Mar 2018 | Investment holding | State of Delaware, U.S | Approximately 89.43% |
| Held by DMFHII | | | | |
| Del Monte Foods Holdings, Inc. (“DMFHI”) | 2 Jun 2014 | Investment holding | State of Delaware, U.S | Approximately 89.43% |
| Held by DMFHI | | | | |
| Del Monte Foods, Inc (“DMFI”) | 16 Sep 2013 | Owner of “Del Monte” trademarks, and the DMFI Consumer Food Business in the U.S. and South America; and investment holding | State of Delaware, U.S. | Approximately 89.43% |
| Held by DMFI | | | | |
| Hi-Continental Corp. | 15 Jul 1959 | Lessee of real property | State of California, U.S. | Approximately 89.43% |
| College Inn Foods | 17 Jul 1958 | Inactive | State of California, U.S. | Approximately 89.43% |

ANNEX “B”

| Name of subsidiary | Date of Incorporation | Principal activities | Place of incorporation | Effective equity held by the Group |
|--|-----------------------|--|-------------------------|------------------------------------|
| Del Monte Colombiana S.A. | 27 Oct 1999 | Manufacturing, processing and distributing food, beverages and other related products | Colombia | Approximately 73.31% |
| Contadina Foods, Inc | 26 Jan 1998 | Inactive | State of Delaware, U.S. | Approximately 89.43% |
| Industrias Citricolas de Montemorelos, S.A. de C.V. (ICMOSA) | 1 Nov 1974 | Manufacturing, processing and distributing food, beverages and other related products | Mexico | Approximately 89.43% |
| S&W Fine Foods, Inc. | 26 Feb 2001 | Inactive | State of Delaware, U.S. | Approximately 89.43% |
| Del Monte Andina C.A. (“DM Andina”) | 16 Jul 1998 | Manufacturing, processing and distributing food, beverages and other related products | Venezuela | - |
| Del Monte Peru S.A.C. | 18 Jan 2000 | Distribution of food products | Peru | Approximately 89.43% |
| Del Monte Ventures, LLC (“DM Ventures”) | 19 June 2017 | Investment holding | State of Delaware, U.S. | Approximately 89.43% |
| Del Monte Ecuador DME C.A. | 10 Feb 2000 | Distribution of food, beverages and other related products | Ecuador | Approximately 89.43% |
| Held by DM Andina (Venezuela) | | | | |
| Del Monte Argentina S.A. | 22 Sep 2000 | Inactive | Argentina | - |
| Held by DM Ventures | | | | |
| Del Monte Avo, LLC | 21 June 2017 | Development, production, marketing, sale and distribution of UHP avocado products | State of Delaware, U.S. | Approximately 51.00% |
| Del Monte Chilled Fruit Snacks, LLC | 21 June 2017 | Development, production, marketing, sale and distribution of processed refrigerated fruit products | State of Delaware, U.S. | Approximately 51.00% |

A subsidiary is considered significant, as defined under the SGX-ST Listing Manual, if its net tangible assets represent 20% or more of the Company and its subsidiaries’ (the “Group”) consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group’s consolidated pre-tax profits.

MARKET PRICE INFORMATION

The Company has been listed on the SGX-ST for nearly 15 years since 1999. The Company also listed its Ordinary- Shares on the PSE on 10 June 2013, making DMPL the first entity to be dual-listed on the SGX-ST and the PSE. The Company’s U.S. dollar-denominated Series A-1 and Series A-2 Preference Shares were additionally listed on the PSE on 7 April 2017 and 15 December 2017, respectively.

The Company’s share price highlights for its Ordinary Shares are as follows:

| Year | Quarter | PSE (PHP) | | SGX (SGD) | |
|------|---------|-----------|-------|-----------|------|
| | | High | Low | High | Low |
| 2018 | 2Q 2018 | 10.48 | 7.62 | 0.24 | 0.16 |
| | 1Q 2018 | 11.20 | 10.00 | 0.29 | 0.24 |
| 2017 | 4Q 2017 | 11.80 | 10.80 | 0.31 | 0.28 |
| | 3Q 2017 | 12.00 | 11.18 | 0.33 | 0.29 |

| | | | | | |
|------|---------|-------|-------|------|------|
| | 2Q 2017 | 12.40 | 11.20 | 0.35 | 0.32 |
| | 1Q 2017 | 12.80 | 11.74 | 0.36 | 0.33 |
| 2016 | 4Q 2016 | 13.18 | 11.74 | 0.37 | 0.33 |
| | 3Q 2016 | 13.04 | 11.46 | 0.38 | 0.34 |
| | 2Q 2016 | 12.50 | 10.60 | 0.37 | 0.29 |
| | 1Q 2016 | 13.40 | 11.00 | 0.40 | 0.30 |
| | | | | | |
| 2015 | 4Q 2015 | 13.44 | 9.49 | 0.45 | 0.29 |
| | 3Q 2015 | 13.00 | 9.94 | 0.42 | 0.30 |
| | 2Q 2015 | 13.98 | 11.50 | 0.47 | 0.34 |
| | 1Q 2015 | 15.09 | 11.28 | 0.47 | 0.31 |
| 2014 | 4Q 2014 | 17.60 | 13.80 | 0.55 | 0.46 |
| | 3Q 2014 | 20.75 | 17.40 | 0.56 | 0.51 |
| | 2Q 2014 | 23.70 | 20.50 | 0.63 | 0.52 |
| | 1Q 2014 | 24.00 | 21.75 | 0.65 | 0.59 |
| 2013 | 4Q 2013 | 33.45 | 22.50 | 0.96 | 0.58 |
| | 3Q 2013 | 29.95 | 25.00 | 0.94 | 0.74 |
| | 2Q 2013 | 27.20 | 23.00 | 0.95 | 0.69 |
| | 1Q 2013 | - | - | 0.96 | 0.64 |

On 7 April 2017 and 15 December 2017, the Company listed its Series A-1 and Series A-2 Preference Shares, respectively on the PSE. The Company's share price highlights for its Preference Shares are as follows:

Series A-1 Preference Shares:

| Year | Quarter | PSE (USD) | |
|------|---------|-----------|-------|
| | | High | Low |
| 2018 | 2Q 2018 | 10.30 | 10.00 |
| | 1Q 2018 | 10.50 | 10.10 |
| 2017 | 4Q 2017 | 11.10 | 10.00 |
| | 3Q 2017 | 11.00 | 10.50 |
| | 2Q 2017 | 10.90 | 10.00 |
| | 1Q 2017 | - | - |

Series A-2 Preference Shares:

| Year | Quarter | PSE (USD) | |
|------|---------|-----------|-------|
| | | High | Low |
| 2018 | 2Q 2018 | 10.28 | 10.00 |
| | 1Q 2018 | 10.40 | 10.00 |
| 2017 | 4Q 2017 | 10.30 | 10.00 |

The Company has an authorized capital stock of U.S.\$630.0 million consisting of 3,000,000,000 Ordinary Shares, each with a par value of U.S.\$0.01 and 600,000,000 Preference Shares, each with a par value of U.S.\$1.00. Out of the authorized capital stock, the Company has (i) 1,943,960,024 Ordinary Shares, (ii) 20,000,000 Series A-1 Preference Shares; and (iii) Series A-2 Preference Shares outstanding.

The number of Ordinary Shares outstanding excludes 975,802 Ordinary Shares held by the Company as treasury shares. The Company has a total of 1,944,935,826 issued Ordinary Shares, including treasury shares.

The top 20 shareholders of the Company's Ordinary Shares, Series A-1 Preference Shares and Series A-2 Preference Shares as of 30 June 2018 are as follows:

a. Ordinary Shares

| Rank | Name | No. of Shares | % |
|------|---------------------------------|---------------|-------|
| 1 | NutriAsia Pacific Limited | 1,196,539,958 | 61.55 |
| 2 | Bluebell Group Holdings Limited | 189,736,540 | 9.76 |
| 3 | Lee Pineapple Company Pte Ltd | 100,422,000 | 5.17 |
| 4 | DBS Nominees Pte Ltd | 65,124,882 | 3.35 |
| 5 | BNP Paribas Noms S'pore PI | 48,053,290 | 2.47 |
| 6 | Raffles Nominees (Pte) Ltd | 35,861,196 | 1.84 |
| 7 | Wee Poh Chan Phyllis | 16,820,900 | 0.87 |

ANNEX “B”

| | | | |
|---------------------------------------|-------------------------------------|----------------------|---------------|
| 8 | Government Service Insurance System | 16,687,937 | 0.86 |
| 9 | Citibank Noms S'pore Pte Ltd | 13,732,276 | 0.71 |
| 10 | Banco De Oro - Trust Banking Group | 8,945,866 | 0.46 |
| 11 | United Overseas Bank Nominees | 8,334,780 | 0.43 |
| 12 | Joselito Jr. Dee Campos | 7,621,466 | 0.39 |
| 13 | Pineapples of Malaya Private | 6,432,000 | 0.33 |
| 14 | Saw Paik Peng | 6,016,800 | 0.31 |
| 15 | HSBC (Singapore) Noms Pte Ltd | 5,558,500 | 0.29 |
| 16 | OCBC Securities Private Ltd | 5,496,885 | 0.28 |
| 17 | Maybank Kim Eng Secs Pte Ltd | 5,454,422 | 0.28 |
| 18 | COL Financial Group, Inc. | 5,314,325 | 0.27 |
| 19 | DBS Vickers Secs (S) Pte Ltd | 4,663,671 | 0.24 |
| 20 | IGC Securities Inc. | 4,358,784 | 0.22 |
| Subtotal (Top 20 Stockholders) | | 1,751,176,478 | 90.08 |
| Others | | 192,783,546 | 9.92 |
| Total Outstanding | | 1,943,960,024 | 100.00 |

b. Series A-1 Preference Shares

| Rank | Name | No. of Shares | % |
|--------------------------|---|-------------------|---------------|
| 1 | BDO Securities Corporation | 7,126,430 | 35.63 |
| 2 | China Banking Corporation - Trust Group | 4,018,630 | 20.09 |
| 3 | Banco De Oro - Trust Banking Group | 3,867,750 | 19.34 |
| 4 | Citibank N.A. | 3,291,150 | 16.46 |
| 5 | PNB Trust Banking Group | 1,295,360 | 6.48 |
| 6 | Sterling Bank of Asia Trust Group | 233,100 | 1.17 |
| 7 | Armstrong Securities Inc. | 50,450 | 0.25 |
| 8 | AP Securities Incorporated | 24,450 | 0.12 |
| 9 | Eastwest Banking Corporation - Trust Division | 19,490 | 0.10 |
| 10 | Luis F. Alejandro | 15,000 | 0.08 |
| 11 | Parag Sachdeva | 15,000 | 0.08 |
| 12 | Philippine Equity Partners Inc | 13,600 | 0.07 |
| 13 | BPI Securities Corporation | 8,530 | 0.04 |
| 14 | Ignacio Carmelo O Sison | 8,000 | 0.04 |
| 15 | Astra Securities Corporation | 5,490 | 0.03 |
| 16 | First Metro Securities Brokerage Corp | 4,550 | 0.02 |
| 17 | Wealth Securities Inc | 2,430 | 0.01 |
| 18 | China Bank Securities Corp | 590 | 0.00 |
| Total Outstanding | | 20,000,000 | 100.00 |

c. Series A-2 Preference Shares

| Rank | Name | No. of Shares | % |
|---------------------------------------|--|-------------------|---------------|
| 1 | BDO Securities Corporation | 2,573,300 | 25.73 |
| 2 | China Banking Corporation - Trust Group | 2,059,880 | 20.60 |
| 3 | Banco De Oro - Trust Banking Group | 1,659,120 | 16.59 |
| 4 | Citibank N.A. | 1,630,930 | 16.31 |
| 5 | PNB Trust Banking Group | 1,082,200 | 10.82 |
| 6 | Philippine Equity Partners Inc | 221,530 | 2.22 |
| 7 | United Coconut Planters Life Assurance Corporation | 190,000 | 1.90 |
| 8 | Eastwest Banking Corporation - Trust Division | 171,520 | 1.72 |
| 9 | First Metro Securities Brokerage Corp | 111,570 | 1.12 |
| 10 | China Bank Securities Corp | 97,510 | 0.98 |
| 11 | Sterling Bank Of Asia Trust Group | 59,000 | 0.59 |
| 12 | Wealth Securities Inc | 45,930 | 0.46 |
| 13 | BPI Securities Corporation | 31,410 | 0.31 |
| 14 | Astra Securities Corporation | 12,900 | 0.13 |
| 15 | MBTC - Trust Banking Group | 12,000 | 0.12 |
| 16 | Standard Chartered Bank | 10,000 | 0.10 |
| 17 | United Fund, Inc. | 10,000 | 0.10 |
| 18 | The Hongkong and Shanghai Banking Corp. Ltd. -Clients' Acct. | 9,700 | 0.10 |
| 19 | Sunsecurities, Inc. | 6,900 | 0.07 |
| 20 | Ma. Bella B. Javier | 2,000 | 0.02 |
| Subtotal (Top 20 Stockholders) | | 9,997,400 | 99.97 |
| Others | | 2,600 | 0.03 |
| Total Outstanding | | 10,000,000 | 100.00 |

DIVIDENDS AND DIVIDEND POLICY ON ORDINARY SHARES

Under the Company’s Articles of Association and the terms of the Company’s Preference Shares, the Company may, by a resolution of directors, declare and pay dividends on Ordinary Shares provided there are adequate and available funds for dividends on Preference Shares which have priority over Ordinary Shares.

Dividends shall only be declared and paid out of surplus. No dividends shall be declared and paid, unless the Directors determine that, immediately after the payment of the dividends: (a) the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business; and (b) the realizable value of the assets of the Company will not be less than the sum of its total liabilities, other than its deferred taxes, as shown in its books of accounts, and its capital.

The Company’s dividend payment policy has been to distribute a minimum of 33% of full year profit. For fiscal year 2018, the Company did not declare dividends to its Ordinary shareholders due to a net loss position. For fiscal years 2017 and 2016, the Company paid out 50%. For fiscal year 2015, no dividends were declared due to the net loss position of the Company as a result of the non-recurring acquisition-related expenses, purchase accounting financial impact and transition expenses of DMFI. In 2013, an interim dividend was declared but no final dividend. From 2006 to 2012, the Company paid out 75%. There is, however, no guarantee that the Company will pay any dividends to the holders of its Ordinary Shares in the future.

The Company endeavors to pay dividends in a timely manner within 30 days after being declared. The dividend policy and terms, including the declaration and payment dates, are provided in the Company’s website.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The following comprises the Company’s Board of Directors:

| Name | Age | Citizenship | Position |
|-------------------------|-----|-------------|---|
| Rolando C. Gapud | 76 | Filipino | Executive Chairman and Executive Director |
| Joselito D. Campos, Jr. | 67 | Filipino | Executive Director |
| Edgardo M. Cruz, Jr. | 63 | Filipino | Executive Director |
| Benedict Kwek Gim Song | 71 | Singaporean | Lead Independent Director |
| Godfrey E. Scotchbrook | 72 | British | Independent Director |
| Dr. Emil Q. Javier | 77 | Filipino | Independent Director ¹ |
| Yvonne Goh | 65 | Singaporean | Independent Director |

The following comprises the Group’s Senior Management:

| Name | Age | Citizenship | Position |
|-------------------------|-----|-------------|---|
| Joselito D. Campos, Jr. | 67 | Filipino | Managing Director and CEO |
| Luis F. Alejandro | 64 | Filipino | Chief Operating Officer |
| Ignacio C. O. Sison | 54 | Filipino | Chief Corporate Officer |
| Parag Sachdeva | 48 | Indian | Chief Financial Officer |
| Antonio E.S. Ungson | 46 | Filipino | Chief Legal Counsel and Chief Compliance Officer, and Company Secretary |
| Ruiz G. Salazar | 54 | Filipino | Chief Human Resource Officer |
| Ma. Bella B. Javier | 58 | Filipino | Chief Scientific Officer |

The following is a brief description of the business experience of the Company’s Board of Directors and Senior Management for the past five (5) years.

Rolando C. Gapud – 76, Filipino

Executive Chairman

Appointed on 20 January 2006 and last re-elected on 30 August 2017

¹Dr. Emil Q. Javier is an Independent Director, pursuant to Sec. 2.3 of the Monetary Authority of Singapore.

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 DMFI, the Company’s U.S. 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.

Joselito D. Campos, Jr. – 67, Filipino

Executive Director

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 Corporation and Ayala-Greenfield Development Corporation, 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 the Board of DMFI, the Company’s U.S. subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc. (“Unilab”) 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.

Edgardo M. Cruz, Jr. – 63, Filipino

Executive Director

Appointed on 02 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 DMFI, the Company’s U.S. 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.

Benedict Kwek Gim Song – 71, Singaporean

Lead Independent Director

Appointed on 30 April 2007 and last re-elected on 30 August 2017

Appointed as Lead Independent Director on 11 September 2013

Mr. Benedict Kwek Gim Song is a Director of DMFI, the Company’s U.S. 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 program at Columbia University in the United States.

Godfrey E Scotchbrook – 72, British

Independent Director

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

Mr. Godfrey E. Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with more than 40 years of experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and a Non-Executive Director of Hong Kong-listed Convenience Retail Asia. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations. He is also a Director of DMFI, the

Company's U.S. subsidiary. Mr. Scotchbrook earned his DipCam PR having studied Media and Communications at City University, London.

Dr. Emil Q. Javier – 77, Filipino

Independent Director

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 the President of the National Academy of Science and Technology of the Philippines. He 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 DMFI, the Company's U.S. subsidiary. He 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.

Yvonne Goh – 65, Singaporean

Independent Director

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 Public Character (IPC), assisting at-risk-kids through equine-assisted learning. She also serves on the Board of Del Monte Foods, Inc, DMPL's US subsidiary. Mrs Goh She was previously Managing Director of the KCS Group in Singapore, a professional services organization, and Managing Director of Boardroom Limited, a company listed on the SGX. Mrs. Goh 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 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.

Luis F. Alejandro – 64, Filipino

Chief Operating Officer

Mr. Luis F. Alejandro has over 25 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 was President and Chief Operating Officer of ABS-CBN Broadcasting Corporation, a leading media conglomerate in the Philippines. Mr. Alejandro is a Director of DMFI, the Company's U.S. subsidiary. He holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management.

Ignacio C. O. Sison – 54, Filipino

Chief Corporate Officer

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

Parag Sachdeva – 48, Indian

Chief Financial Officer

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 programs across 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.

Antonio E. S. Ungson – 46, Filipino

Chief Legal Counsel, Chief Compliance Officer, and Company Secretary

Mr. Antonio E. S. Ungson is the Chief Legal Counsel, Chief Compliance Officer, and Company Secretary of the Company. Prior to joining the Group in 2006, Mr. 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.

Ruiz G. Salazar – 55, Filipino

Chief Human Resource Officer

Mr. Ruiz G. Salazar is a Human Resources and Organization 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, organization 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 Organization 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.

Ma. Bella B. Javier – 58, Filipino

Chief Scientific Officer

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 Inc., 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 DMPL, including plantation research programs 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 also sits as Chairman of the Board of UP's Chemistry Alumni Foundation. Ms. Javier was accorded the 2015 UP Distinguished Alumni in the field of Science and Technology.

Directorships in Other Listed Companies

The table below sets forth the directorships in other listed companies, both current and in the past three (3) years:

| Name | Position | Company | Date |
|-----------------------|------------------------|-------------------------------------|----------------|
| Joselito D Campos, Jr | Director | San Miguel Corporation | 2010 – Present |
| Emil Q Javier | Independent Director | Centro Escolar University | 2002 – Present |
| Godfrey E Scotchbrook | Independent Director | Boustead Singapore Ltd. (Singapore) | 2000 – Present |
| | Non-Executive Director | Convenience Retail Asia (HK) | 2002 – Present |

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

INDEPENDENT PUBLIC ACCOUNTANT AND EXTERNAL AUDIT FEES

- (a) The external auditor of the Company for the most recently completed fiscal year was Ernst and Young LLP (“**EY Singapore**”), which is the same accounting firm tabled for reappointment for the current fiscal year at the AGM of shareholders. Sycip Gorres Velayo & Co. (“**EY Philippines**”), the Group's auditors in the Philippines for the most recently completed fiscal year, is likewise tabled for reappointment for the current fiscal year at the AGM.

- (b) Mr Alvin Phua Chun Yen is the partner-in-charge from EY Singapore for the audited financial statements of the Company and the Group for the fiscal year ended 30 April 2018. On the other hand, Ms Catherine E. Lopez is the partner-in-charge from EY Philippines for the audited financial statements of the Company and the Group for the fiscal year ended 30 April 2018.
- (c) The aggregate annual external audit fees billed for each of the last two fiscal years for the audit of the Company's annual financial statements or services that are normally provided by the external auditor are as follows:

| | FY2018 U.S.\$ | FY2017 U.S.\$ | FY2016 U.S.\$ |
|--|--------------------------|--------------------------|--------------------------|
| 1. Audit, other Assurance and Related Fees | 340,162 | 371,223 | 339,393 |
| 2. Tax Fees | - | - | - |

During the Company's two most recent fiscal years or any subsequent interim period:

- 1) No independent accountant who was previously engaged as the principal accountant to audit the Group's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned or was dismissed; and
 - 2) There were no disagreements with the former accountant on any matter of accounting principles or policies, financial disclosures, or auditing procedure.
- (d) EY Singapore was first appointed as the external auditors of the Group at the AGM of the Company held on 28 August 2015. EY Philippines was also appointed at the said AGM as the Group's auditors in the Philippines. They were the auditors of the Group for the most recently completed fiscal year.
- (e) The Audit and Risk Committee (the “**ARC**”) reviews the scope and results of the audit and its cost effectiveness. It also ensures the independence and objectivity of the external auditors. Likewise, it reviews the non-audit services provided by the Company's external auditors. 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.

II. FINANCIAL INFORMATION

As of the fiscal year ended 30 April 2018

The financial statements of the Group as of 30 April 2018 are attached and incorporated herein by reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Review of Operating Performance for FY2018 vs FY2017

Sales

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

USA

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

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

Two years ago, to meet the unique snacking needs of on-the-go adults, DMFI introduced *Del Monte® Fruit Refreshers™*, the first-ever adult fruit cup, bringing unexpected fruit flavours and exciting combinations in refreshing fruit waters. *Del Monte® Fruit Refreshers™* won the 2017 Product of the Year Award in the Healthy Snacking category in the USA. Last year, DMFI expanded the adult fruit cup snacking segment with the launch of

Del Monte® Fruit & Chia, a category first which combines luscious chunks of fruit with wholesome chia. This product exceeded the company's distribution and velocity targets.

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







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

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

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

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

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

| Strong Market Position in Key Categories in the USA | | | |
|---|--------------|-----------------|---|
| Products | Market Share | Market Position | Brands |
| Canned Vegetable | 28.7% | #1 |  |
| Canned Fruit | 37.3% | #1 |  |
| Plastic Fruit Cup | 32.9% | #2 |  |
| Canned Tomato* | 8.9%* | #2 |    |

Canned market shares are for branded only, ex-private labels

**Combined share for Del Monte, S&W and Contadina brands*

Source: Nielsen Scantrack dollar share, Total US Grocery + WalMart, 12M ending 28 April 2018

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

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

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

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

Philippines

The Philippine market delivered a record performance with sales of US\$333.8 million, up 1% in US dollar terms and up 7% in peso terms as all product categories – packaged fruit, beverage and culinary – posted higher sales, driven by expanded penetration, increased consumption by driving inclusion of *Del Monte* products in consumers'

weekly menu behind marketing campaigns across brands, and optimised opportunities in the rapidly-growing foodservice channel.

The Company's thrust on innovation continued. Non-canned beverages were the biggest contributor of growth with the launch of *Del Monte 100% Pineapple Juice* in a 1-litre carton format to complete its 1-litre juice offering in the Philippines, and isotonic drink *Del Monte Fit 'n Right Active*. The Group also entered the 'juice with particulates' market with the introduction of *Del Monte Juice & Chews* in December 2017, an innovative snack-in-a-drink combining nata and pineapple with fruit juice blends. This is becoming increasingly popular amongst teens. Del Monte also launched new seasonal flavours of *Mango Peach* and *White Grape* in the juice drink segment.

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

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

| Market Leader in Various Categories in the Philippines | | | |
|--|--------------|-----------------|--|
| Products | Market Share | Market Position | Brands |
| Packaged Pineapple | 85.9% | #1 |  |
| Canned Mixed Fruit ¹ | 74.0% | #1 |  Today's |
| Canned and Tetra RTD Juices | 83.3% | #1 |  |
| Tomato Sauce | 85.0% | #1 |  |
| Spaghetti Sauce ² | 42.9% | #1 |  Today's  |

¹Combined share for Del Monte and Today's brands

²Combined share for Del Monte, Today's and Contadina brands

Source: Nielsen Retail Index, 12M to April 2018

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

DMPI supplies Jollibee, the largest local fast food chain, with their pineapple juice requirements nationwide, and supplies Pizza Hut with all their pineapple tidbits requirements. Moreover, DMPI's *100% Pineapple Juice* is now available in all of Cebu Pacific's domestic flights, while it continues to supply Philippine Airlines for all their domestic flights.

S&W in Asia and the Middle East

Sales of the S&W business in Asia and the Middle East reached US\$106.1 million in FY2018, 6% higher than the US\$100.2 million in FY2017, a record for this brand since the Group acquired it in 2007. Improved sales were driven by the double-digit growth of the S&W *Sweet 16* fresh pineapple mainly in China and the Middle East. However, the packaged segment's sales were lower due to unfavourable sales mix, and lower sales of packaged pineapple products in North Asia due to cheaper-priced competition from Thailand and Indonesia. These were partly offset by new product launches in new packaging formats in North Asia and the Middle East, and expansion into Turkey.

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

S&W's key initiatives in FY2018:

- New product launches:

- *S&W Fruit & Chia* cups in 3 variants in NTUC Fairprice Singapore and in store chain 759 in Hong Kong, as an extension of the success of the *Del Monte Fruit & Chia* from the USA
- *S&W* pineapples in revolutionary Clear Can for pineapple slices and chunks in China and Korea. Clear Cans are see-through plastic containers with metal lids, which allow consumers to see the product inside and be assured of its premium quality. This product won the International Innovation Award from Enterprise Asia on 2 December 2017 in Shanghai.
- *S&W 100% Pineapple Juice* in 1-litre carton in China
- *Contadina* brand of pasta sauces in stand-up-pouch aluminium packaging in China. *Contadina* is a brand name known to American families for 100 years and is one of four key brands that the Group markets in the USA. *Contadina* takes to heart the Mediterranean philosophy of cooking with passion, using only the finest ingredients to deliver rich and authentic flavours. The Group now offers *Contadina* products in China.
- *S&W Tomato and Pasta Sauces* from the Philippines and *S&W Juice Drinks* in new aluminium cans into certain markets in the Middle East
- New markets and channels
 - Expansion into Turkey, a new market for packaged products.
 - Listing on Amazon Prime Now Singapore of *S&W* packaged products
 - Introduced *S&W 100% Pineapple Juice* into the mini bars of Marina Bay Sands hotel in Singapore by conducting launch trial in about 200 rooms
- Marketing programmes
 - Partnered with QSR Jollibee fast food chain in Singapore for their redemption programme via stamps collection by purchasing Chickenjoy Value Meal with *S&W Pineapple Juice*
 - In-store displays as well as sampling activations to drive awareness and sales

FieldFresh India (equity accounted)

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

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

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

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

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

Gross Profit and Margin

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

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

DMPL ex-DMFI's gross profit at US\$178.6 million was lower than last year and its gross margin decreased to 30.4% from 32.5% due to unfavourable sales mix, significantly lower PJC pricing in the international market, and the unfavourable impact from revaluation of biological assets.

EBITDA and Net Profit

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

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

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

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

| Non-Recurring Expense/(Income) (in US\$m) | FY2017 | FY2018 | Booked under |
|---|-------------|-------------------|----------------------------|
| Closure of North Carolina plant ¹ | 3.7 | - | CGS |
| Closure of Sager Creek Arkansas plant ¹ | - | 42.4 | CGS, G&A and other expense |
| Closure of Plymouth, Indiana plant ¹ | - | 12.7 | G&A and other expense |
| Severance ¹ | 10.2 | 4.6 | G&A expense |
| Gain due to the purchase of DMFI's second lien loan at a 30% discount to par value ² | - | (33.6) | Interest income |
| Others | 4.0 | 3.0 | G&A expense |
| Total expense (pre-tax basis) | 17.9 | 29.1 | |
| Write-off of Deferred Tax Asset at DMFI (gross and net basis) | 11.5 | 39.8 ³ | Tax expense |
| Total (net of tax and non-controlling interest of 10.6%) | 21.1 | 48.5 | |

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

²Please refer to the “Cash Flow and Debt” section below for the purchase of second lien loan in the USA.

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

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

DMPL's net income without DMFI was US\$54.8 million, down versus prior year period's US\$58.9 million mainly from unfavourable sales mix, reduced export sales and much lower PJC pricing, and unfavourable impact from revaluation of biological assets, amongst others.

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

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

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

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

INVENTORIES

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

CAPEX

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

PREFERENCE SHARE OFFERING

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

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

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

CASH FLOW AND DEBT

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

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

As of the Company's fiscal year end April 2018, it has also completed the purchase from certain lenders US\$124.9 million worth of principal amount (out of a total of US\$260 million) of DMFI's Second Lien Term Loans, which have been trading at a discount in the secondary market. The Company purchased the notes at a 30% discount to par value.

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

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

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

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

Out of the total net debt of US\$1.4 billion, DMFI accounted for US\$806.4 million while DMPL ex-DMFI accounted for US\$634.5 million. The Group's net debt to equity ratio decreased to 234% from 290% in the prior year.

DIVIDENDS

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

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

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

NEW USA LEADERSHIP TEAM

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

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

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

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

The “Perimeter & Convenience team” was newly created to unlock growth opportunities via the Group's joint venture with Fresh Del Monte Produce, Inc in the perimeter of store and the rapidly growing convenience store channel.

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

REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

| % of Turnover | For the full year ended 30 April | | |
|-----------------------------------|----------------------------------|--------|---|
| | FY2018 | FY2017 | Comments |
| Cost of Goods Sold | 80.3 | 78.0 | Higher fixed absorption due to lower volume; higher warehousing |
| Distribution and Selling Expenses | 10.1 | 9.0 | Higher marketing spend related to DMFI's key retail initiatives |
| G&A Expenses | 7.4 | 7.3 | Lower benefits/claims and streamlining savings; lower staff cost |
| Other Operating Expenses | 0.8 | – | Higher miscellaneous expense due to the sale of Sager Creek business and plant closures |

REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

| in US\$'000 | For the full year ended 30 April | | | |
|--|----------------------------------|-----------|---------|--|
| | FY2018 | FY2017 | % | Comments |
| Depreciation and amortization | (147,845) | (148,342) | (0.3) | Mainly due to lower depreciation from lower asset base |
| Reversal/(Provision) of asset impairment | (24,534) | 330 | nm | Mainly on the impairment loss for Sager Creek PPE |
| Reversal/(Provision) for inventory obsolescence | (986) | 1,686 | (158.5) | Due to timing of the provision |
| Provision for doubtful debts | (103) | (774) | (86.7) | Due to timing of the provision |
| Net gain/(loss) on disposal of fixed assets | 11,317 | (729) | nm | Mainly on sale of Sager |
| Foreign exchange gain/(loss)-net | 3,379 | 3,361 | 0.5 | Unfavourable impact of peso appreciation for the quarter |
| Interest income | 37,362 | 491 | nm | Due to one-off gain on second lien loan purchased at a discount in the secondary market. |
| Interest expense | (104,922) | (109,111) | (3.8) | Lower level of borrowings |
| Share in net loss of JV, (attributable to the owners of the Company) | (1,536) | (1,823) | (15.7) | Due to FieldFresh lower net loss |
| Taxation | (14,844) | (551) | nm | Write off of non-cash deferred tax assets of US\$39.8m at DMFI, partially offset by DMFI's higher net operating loss |

REVIEW OF GROUP ASSETS AND LIABILITIES

| Extract of Accounts with Significant Variances | 30 April 2018 | 30 April 2017 | Comments |
|--|---------------|---------------|---|
| in US\$'000 | | | |
| Deferred tax assets | 79,829 | 92,786 | Due to write-off of non-cash deferred tax assets |
| Other assets | 41,223 | 27,112 | Due to receivable from sale of Sager Creek vegetable business |
| Biological assets | 43,592 | 45,767 | Mainly due to lower field mix |
| Inventories | 760,981 | 916,892 | Mainly due to reduced inventory driven by plant closures |
| Trade and other receivables | 161,627 | 164,447 | Due to timing of collection |
| Prepaid and other current assets | 30,782 | 43,046 | Due to decrease in prepaid taxes, prepaid advertising and business advances |
| Cash and cash equivalents | 24,246 | 37,571 | Due to repayments of borrowings and payment of dividends, partially offset by better working capital management mainly on lower inventories |
| Financial liabilities – non-current | 983,603 | 1,264,268 | Reclassification of loans from current to non-current; purchase of DMFI second lien loans |
| Other non-current liabilities | 35,195 | 44,018 | Lower workers compensation and deferred operating lease liabilities from business combination |
| Employee benefits– non-current | 76,905 | 87,599 | Due to lower employee retirement plan |
| Financial liabilities – current | 481,620 | 449,698 | Due to loan extensions and repricing |
| Trade and other payables | 263,026 | 299,545 | Due to lower trade and accrued expenses |
| Current tax liabilities | 2,008 | 1,187 | Due to timing of tax payment |

Key Performance Indicators

The following sets forth the explanation why certain performance ratios (i.e. current ratio, debt to equity ratio, net profit margin, return on asset, and return on equity) do not fall within the benchmarks indicated by the Securities and Exchange Commission of the Philippines (the “SEC”).

A. Current Ratio

| | 30-Apr-18 | 30-Apr-17 | Benchmark |
|---------------|-----------|-----------|----------------|
| Current Ratio | 1.3 | 1.6 | Minimum of 1.2 |

The decrease in the current ratio is due to reduced inventory driven by plant closure.

B. Debt to Equity

| | 30-Apr-18 | 30-Apr-17 | Benchmark |
|----------------|-----------|-----------|----------------|
| Debt to Equity | 3.1 | 3.8 | Maximum of 2.5 |

The decrease in the debt to equity is due to lower debt due to payment and higher equity this year due to issuance of additional preference shares.

C. Net Profit Margin

| | 30-Apr-18 | 30-Apr-17 | Benchmark |
|--|-----------|-----------|---------------|
| Net Profit/(Loss) Margin attributable to owners of the company | -1.66% | 1.08% | Minimum of 3% |

The Group generated a net loss margin of -1.66% for the full year of FY2018, unfavourable versus prior year's net profit margin 1.08% mainly due to the one-off expenses of US\$48.5 related to the sale of Sager Creek vegetable business, closure of two plants in the USA, and write-off of deferred tax assets due to the change in US Federal income tax rate from 35% to 21%, partially offset by the one-off gain of US\$25.1 million related to the purchase at a discount of DMFI's second lien loan in the secondary market.

D. Return on Asset

| | 30-Apr-18 | 30-Apr-17 | Benchmark |
|-----------------|-----------|-----------|-----------------|
| Return on Asset | -2.04% | 0.72% | Minimum of 1.21 |

The Group return on asset of -2.04% for the full year of FY2018, unfavourable versus prior year's return of asset of 0.72% mainly due to the generated net loss for the year driven by the one-off expenses of US\$48.5 million as mentioned above.

E. Return on Equity

| | 30-Apr-18 | 30-Apr-17 | Benchmark |
|------------------|-----------|-----------|---------------|
| Return on Equity | -8.40% | 3.44% | Minimum of 8% |

Similar with return on assets, return on equity is unfavourable versus last year to the generated net loss for the year driven by the one-off expenses of US\$48.5 million.

Material Changes in Accounts**A. Cash and cash equivalent**

The decrease in cash was mainly due to payment of borrowings.

B. Inventories

Decrease in inventory is mainly due to plant closure the U.S. subsidiary.

C. Property, Plant and Equipment

Decrease in Property and Equipment is mainly attributed to the sale of Sager fixed assets and additional depreciation recorded during the year.

D. Intangible assets

Decrease in Intangibles is mainly attributed to the write-off of Sager related intangibles.

F. Deferred tax assets

Decrease in deferred tax assets is mainly due to write-off of deferred tax asset due to change in tax rate..

G. Trade & Other Payables

Decrease in trade and other payable is mainly due to lower trade and accrued expenses

H. Loans and Borrowings

Lower than last year due to repayment of borrowings.

Review of Operating Performance for FY2017 vs FY2016**Sales**

DMPL generated sales of U.S.\$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.

USA

DMPL's U.S. subsidiary, 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 U.S. 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.

DMFI 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 U.S. Department of Agriculture's requirement for schools to purchase food grown in the U.S. It also offered *Kitchen Crafted Beans*, high-flavour, less-sodium beans designed to meet school nutrition requirements.

As part of the 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 U.S. To strengthen the Group's global supply chain network, DMFI will work to increase the cross-selling effort between the U.S. and Asia by expanding its international product portfolio to meet the growing demand of Ethnic food product in the U.S.

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 U.S.\$329.2 million, up 2% in U.S. 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 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.

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; and
- *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 U.S.\$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 initiatives 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.

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.

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 U.S.\$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, the Company entered into a joint venture 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 the Group's plantation in Bukidnon, Philippines, started commercial operations in May 2017.

It utilises Nice Fruit's 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 U.S.\$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 U.S..

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

EBITDA and Net Profit

DMPL's EBITDA declined by 19.6% to U.S.\$194.0 million, of which U.S.\$77.7 million was accounted for by DMFI. FY2017 EBITDA included U.S.\$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 U.S.\$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 below for the schedule of one-off items.

Excluding one-off items, the Group's recurring EBITDA would have been U.S.\$211.8 million (DMFI at U.S.\$93.6 million), 1.7% higher versus the recurring EBITDA of U.S.\$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 U.S.\$24.4 million for FY2017, lower than prior year period's net profit of U.S.\$57.0 million which included a one-time net gain of U.S.\$31.7 million. Meanwhile, FY2017 results included the U.S.\$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 U.S.\$45.5 million, significantly higher versus the prior year's recurring net profit of U.S.\$25.2 million mainly driven by the strong performance of the Asian business.

DMPL's net profit without DMFI was U.S.\$58.9 million, significantly up versus prior period's U.S.\$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 U.S.\$21.4 million from U.S.\$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 U.S.\$20 million of cost savings in FY2017.

| Non-Recurring Items (in U.S.\$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 |

¹ The Group closed one of the plants located in North Carolina, U.S. to streamline operations and improve profitability. It also shifted to a leaner organisation model in the U.S. 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 Group acquired Del Monte Corporation's consumer products business (through DMPL's subsidiary, DMFI for U.S.\$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 U.S.\$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 re-measurement 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 U.S.\$916.9 million as at 30 April 2017, higher than the U.S.\$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 U.S.\$1.7 billion as at 30 April 2017, slightly lower than the U.S.\$1.8 billion as at 30 April 2016 due to repayment of loans. Out of the total net debt of U.S.\$1.7 billion, DMFI accounted for U.S.\$1.1 billion while DMPL ex-DMFI accounted for U.S.\$588.1 million.

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

In April 2017, the Group raised approximately US\$200 million from the issuance of preference shares.

The Group's cash flow from operations was U.S.\$187.1 million for FY2017, significantly higher than the U.S.\$108.0 million in FY2016 mainly due higher trade and other payables.

CAPEX

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

DMPL ex DMFI's capex was U.S.\$98.4 million for FY2017, up from U.S.\$93.0 million in FY2016.

DIVIDENDS FOR ORDINARY SHARES

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

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

| | FY2016 | FY2017 |
|------------------------------------|------------------------|------------------------|
| Dividend for Ordinary Shareholders | U.S.\$0.0133 per share | U.S.\$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 SHARES OFFERING

In April 2017, the Company successfully completed the offering and listing of its first tranche of U.S. dollar-denominated Preference Shares in the Philippines, generating approximately U.S.\$200 million in proceeds. This is an important achievement for the Company as well as the PSE as these were the first dollar-denominated securities listed on the PSE.

The coupon rate of the Series A-1 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 U.S.\$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 U.S.\$150 million of Preference Shares is issuable within three years.

REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

| % of Turnover | For the full year ended 30 April | | |
|-----------------------------------|---|------------------------------|--|
| | FY2017 | FY2016 (Restated) | Comments |
| Cost of Goods Sold | 78.0 | 78.6 | Lower pineapple cost from better yield and higher recovery |
| Distribution and Selling Expenses | 9.0 | 8.8 | Higher merchandising costs |
| G&A Expenses | 7.3 | 6.5 | Last year included DMFI's one-time gain on employee benefits |
| Other Operating Income | – | (1.4) | Lower miscellaneous expenses |

REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

| in US\$'000 | For the full year ended 30 April | | | |
|--|---|------------------------------|----------|---|
| | FY2017 | FY2016 (Restated) | % | Comments |
| Depreciation and amortisation | (141,597) | (149,318) | (5.2) | Mainly due to lower depreciation from closure of a plant in USA |
| Provision/(reversal of asset impairment) | – | (4,928) | (100.0) | No reversal of impairment for the quarter |
| Provision for inventory obsolescence | (7,415) | (2,926) | 157.4 | Due to higher provision for the period |
| Reversal for doubtful debts | (774) | 1,312 | (159.0) | Due to reversal of provision |
| Loss on disposal of fixed assets | (729) | (1,052) | (30.7) | Due to timing of disposal |
| Foreign exchange gain (loss), net | 4,238 | 903 | 272.2 | Favourable impact of peso depreciation for the period |
| Interest income | 491 | 365 | 34.5 | Higher interest income from operating assets |
| Interest expense | (109,111) | (98,618) | 10.6 | Higher level of borrowings |
| Share of loss of JV, (attributable to the owners of the Company) | (1,823) | (1,621) | 11.1 | Higher expenses in Nice Fruit joint venture |
| Taxation | (551) | (8,943) | (93.8) | Mainly due to DMFI's higher net operating loss for the year |

REVIEW OF GROUP ASSETS AND LIABILITIES

| Extract of Accounts with Significant Variances | 30 Apr 2017 | 30 Apr 2016 (Restated) | Comments |
|---|--------------------|-----------------------------------|---|
| in U.S.\$'000 | | | |
| Joint venture | 25,797 | 22,820 | Driven by additional capital call |
| Deferred tax assets | 92,786 | 99,284 | Due to increase in non current deferred charges |

| | | | |
|-------------------------------------|-----------|-----------|---|
| Other noncurrent assets | 27,112 | 25,941 | Due to decrease in DMFI |
| Biological assets | 45,767 | 41,224 | Mainly due to translation |
| Inventories | 916,892 | 845,233 | Due to DMFI lower sales |
| Trade and other receivables | 164,447 | 175,532 | Due to timing of collection |
| Prepaid and other current assets | 43,046 | 35,597 | Due to decrease in DMFI |
| Cash and cash equivalents | 37,571 | 47,203 | Mainly on increased borrowings |
| Financial liabilities – non-current | 1,264,268 | 1,116,422 | Reclassification of loans net of availment and payment |
| Other non-current liabilities | 44,018 | 62,586 | Decrease due to settlement of liabilities |
| Employee benefits - noncurrent | 87,599 | 97,118 | Due to DMFI decrease in employee retirement plan |
| Financial liabilities – current | 449,698 | 727,360 | Due to working capital requirements and refinancing of bridge loans |
| Trade and other payables | 299,556 | 281,043 | Due to lower accrued expenses |
| Current tax liabilities | 1,187 | 3,827 | Due to timing of tax payment |

Key Performance Indicators

The following sets forth the explanation why certain performance ratios (i.e. current ratio, debt to equity ratio, net profit margin, return on asset, and return on equity) do not fall within the benchmarks indicated by the SEC.

A. Current Ratio

| | 30-Apr-17 | 30-Apr-16 | Benchmark |
|---------------|-----------|-----------|----------------|
| Current Ratio | 1.6 | 1.1 | Minimum of 1.2 |

The increase in the current ratio is due to higher inventories and lower current loans and borrowings from payments and reclassification of loans to non-current as a result of the extension of the loan.

B. Debt to Equity

| | 30-Apr-17 | 30-Apr-16 | Benchmark |
|----------------|-----------|-----------|----------------|
| Debt to Equity | 3.8 | 6.2 | Maximum of 2.5 |

The decrease in the debt to equity is due to lower debt due to payment and higher equity this year due to issuance of Preference Shares.

C. Net Profit Margin

| | 30-Apr-17 | 30-Apr-16 | Benchmark |
|---|-----------|-----------|---------------|
| Net Profit Margin attributable to owners of the company | 1.08% | 2.51% | Minimum of 3% |

Net profit margin is lower versus last year due to the one-time net gain of U.S.\$31.7 million, mainly from DMFI's retirement plan amendment and working capital adjustment last year.

D. Return on Asset

| | 30-Apr-17 | 30-Apr-16 | Benchmark |
|-----------------|-----------|-----------|-----------------|
| Return on Asset | 0.72% | 2.22% | Minimum of 1.21 |

Decrease in return on assets due to the lower income in fiscal year ended 30 April 2017.

E. Return on Equity

| | 30-Apr-17 | 30-Apr-16 | Benchmark |
|------------------|-----------|-----------|---------------|
| Return on Equity | 3.44% | 15.91% | Minimum of 8% |

Decreased versus last year due to lower income and higher equity from issuance of Preference Shares.

Material Changes in Accounts**A. Cash and cash equivalent**

The decrease in cash was mainly due to payment of borrowings.

B. Inventories

Increase in inventory is mainly due to lower sales in the U.S. market.

C. Property, Plant and Equipment

Decrease in Property and Equipment is mainly attributed to the additional depreciation recorded during the year.

D. Intangible assets

Decrease in Intangibles is mainly attributed to the additional amortization recorded during the year.

F. Deferred tax assets

Decrease in deferred tax assets is mainly due to write-off of deferred tax asset.

G. Trade & Other Payables

Increase in trade and other payable is mainly due to higher trade and accrued expenses.

H. Loans and Borrowings

Lower than last year due to repayment of borrowings.

Financial Ratios**Supplementary Schedule of Financial Soundness Indicator**

| Ratio | Formula | 30 April 2018 | 30 April 2017 | 30 April 2016 |
|--|---|---------------|---------------|---------------|
| (i) Liquidity Analysis Ratios: | | | | |
| Current Ratio or Working Capital Ratio | Current Assets / Current Liabilities (Current Assets - Inventories - Prepaid expenses and other current assets - Biological Assets – Noncurrent assets held for sale) / Current Liabilities | 1.3 | 1.6 | 1.1 |
| Quick Ratio | | 0.2 | 0.3 | 0.2 |
| (ii) Solvency Ratio | Total Assets / Total Liabilities | 1.3 | 1.3 | 1.2 |
| Financial Leverage Ratios: | | | | |
| Debt Ratio | Total Debt/Total Assets | 0.8 | 0.8 | 0.9 |
| Debt-to-Equity Ratio | Total Debt/Total Stockholders' Equity | 3.1 | 3.8 | 6.2 |
| (iii) Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 4.1 | 4.8 | 7.2 |
| (iv) Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 0.3 | 1.2 | 1.7 |
| (v) Debt/EBITDA Ratios | Total Debt/ Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) | 18.6 | 11.2 | 9.7 |
| (vi) Profitability Ratios | | | | |
| Gross Profit Margin | Revenue - Cost of Sales / Revenue | 19.68% | 21.97% | 21.36% |

| | | | | |
|---|---|---------|-------|--------|
| Net Profit Margin attributable to owners of the company | Net Profit attributable to owners / Revenue | (1.66)% | 1.08% | 2.51% |
| Net Profit Margin | Net Profit / Revenue | (2.32)% | 0.88% | 2.64% |
| Return on Assets | Net Profit / Total Assets | (2.04)% | 0.72% | 2.22% |
| Return on Equity | Net Profit / Total Stockholders' Equity | (8.40)% | 3.44% | 15.91% |

BUSINESS OUTLOOK

DMFI faces headwinds due to shifts in consumer demographics, shifts in the way American consumers are eating and shopping, as well as shifts in consumer preferences. It will continue to build on its Del Monte brand heritage and will realign its business with those consumer trends over time. Its plan focuses on business segments which are on-trend and will rationalise non-profitable businesses, in particular the non-branded segment. It will continue to optimise its cost structure and invest in a multiyear restructuring project for its operations and supply chain footprint to more efficiently support its commercial strategy.

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

The Group 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 continue to gain more traction as it leverages its distribution expansion in Asia and the Middle East, while the Group's joint venture in India will continue to generate higher sales and maintain its positive EBITDA.

The Nice Fruit frozen pineapple plant is in operation, with trial shipments to the USA, Japan and South Korea.

The Group will be exploring e-commerce opportunities for its range of products across markets.

Barring unforeseen circumstances, the Group is expected to be profitable for FY2019.

As part of the Group's deleveraging plan subject to market conditions, DMPL plans to sell 21% of its stake in wholly-owned subsidiary, DMPI, through a public offering on the PSE. The IPO was deferred due to volatile market conditions. The Company will announce as and when it relaunches this.

III. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

Evaluation System for Compliance

The Company is committed to the highest standards of corporate governance and supports the principles of openness, integrity and accountability advocated by the SGX-ST, which are similarly upheld by the PSE and 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**”), and for this purpose, have measured its practices and policies vis-a-vis the Singapore Governance and Transparency Index (“**GTI**”) and the ASEAN Corporate Governance Scorecard (“**ACGS**”).

With the Company Secretary's assistance, the Board and Management are kept continually apprised of their compliance obligations and responsibilities arising from regulatory requirements and changes. The Company also has a team that monitors and determines level of compliance of all concerned on the requirements of the 2012 Code and the SEC CG Code, as well as the relevant regulatory authorities.

Measures Undertaken to Comply with Leading Practices on Good Corporate Governance

The Company adheres 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-compliance in this report. The Company's Annual 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. (Please see Corporate Governance section excerpted from the FY2018 Annual Report.)

In addition, to improve the Company's score in the GTI and the ACGS, and in compliance with the SEC CG Code, the Company has undertaken the following measures, among others:

- a) The Company has adopted a Manual on Corporate Governance which contains the framework of principles and guidelines, all the policies implemented by the Group, and terms of reference that govern the performance by the Board and Management of their responsibilities, in a manner that serve both the corporate objectives and long-term interests of the Company's shareholders and other stakeholders.
- b) The Nominating Committee was renamed as the Nominating and Governance Committee (“**NGC**”) to include corporate governance matters as part of the committee's duties and functions.
- c) The Company adopted and continues to implement a Board Diversity Policy which recognizes the importance of diversity. The Board 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 NGC is responsible for administering this policy and for evaluating it annually.
- d) The Board shall be responsible for approving the selection and assessing Management's performance led by the Chief Executive Officer, and control functions led by their respective heads, Chief Risk Officer and the Chief Compliance Officer.
- e) The Board has adopted a policy on acquisitions which states that the Company shall make a full, fair, accurate and timely disclosure to the public of any event that has a material impact on the Company and its business, including, but not limited to, the acquisition or disposal of significant assets which could adversely affect the viability of the Company or the interest of its shareholders and other stakeholders.
- f) The Board annually reviews the Company's vision, mission and strategy.
- g) The NGC undertakes the process of identifying the quality of directors aligned with the Company's strategic directions. The NGC evaluates the suitability of a prospective candidate based on his or her qualification and experience, ability to commit time and effort in the effective discharge of duties and responsibilities.
- h) The Company's Chief Financial Officer acts as the Chief Risk Officer who leads the implementation of the Company's risk management system, and reports to the Board on identified risks and measures being undertaken by Management to mitigate these.
- i) The Company has formalized a long established and practiced policy on conflict of interest whereby a Director with material interest in any transaction affecting the Company shall be barred from participating in any deliberation or voting on such transaction.
- j) The Company has adopted and implemented, and continues to strengthen, its 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 by the Directors, Key Management Personnel and certain designated employees in the Company's securities. 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 and key executive officers are also required to report their dealings in the Company's shares at least three (3) business days from the date of transaction; and

Deviation from Compliance

- a) The NGC assessed the independence of each Director, including Directors whose tenure had exceeded nine (9) years from the date of their first appointment. In this regard, the NCGC considers Dr Emil Q Javier (first appointed on 30 April 2007), Mr Ben Kwek Gim Song (first appointed on 30 April 2007) and Mr Godfrey E Scotchbrook (first appointed on 28 December 2000) to be independent despite their tenure in the Board exceeding nine (9) years.

Based on the NGC's assessment, Messrs Benedict Kwek Gim Song, Emil Q Javier and Godfrey E Scotchbrook 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, despite their extended tenure in office.

The NCGC, having reviewed the Directors’ judgment and conduct in carrying out their duties for the year in review, deems that Messrs Benedict Kwek Gim Song, Emil Q Javier, Godfrey E Sctochbrook, together with the other Independent Director of the Company, continue to be independent.

- b) 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 full compliance with the recommendations of the 2012 Code and the SEC CG 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 the Company’s top five (5) Key Management Personnel are not disclosed in the Annual Report.

- c) While the Company Secretary is not a separate individual from the Chief Compliance Officer, the Company Secretary remains responsible to the Company and its shareholders, and not to the Chairman or the President. Having one person occupy these positions do not diminish the focus in discharging these offices’ functions.
- d) The Board does not have a Board Charter .The Company is of the view that its Manual of Corporate Governance, which was based on the Singapore and Philippine models of governance, serves the purpose and function of a Board Charter.
- e) The SEC CG Code requires the establishment of a Corporate Governance Committee that should be composed of at least three members, all of whom should be independent directors, including the Chairman. Only a majority of the NGC members are independent. The Company, however, is of the view that the participation and contribution of its EDs add value to, and complements the work of, the NGC.
- f) The Company does not have a Related Party Transactions Committee as its functions are already served by the ARC which is composed of four members, all of whom, including the ARC Chairperson, are independent directors.
- g) All Independent Directors meet the qualifications required; however, it is noted that Dr. Emil Javier, as requested by Management and the Board, provides advice to the Company’s subsidiary on its plantation matters and development of agri-based initiatives.

Improvement on Corporate Governance Practices

To improve its corporate governance practices, the Company will carry out the following:

- a) To implement its Board diversity policy, the Board aims to finalize measurable objectives that would further improve the diversity among its directors and consequently enhance decision making by the Board.
- b) The Board will continue to review the Company’s vision and strategy on a regular basis.
- c) The Board will continue to review the effectiveness of the Group’s succession planning program for directors, key officers and Management.
- d) The Company will continue to accelerate its program for Sustainability reporting.
- e) The Company will endeavour to upload the minutes of the general meetings within five (5) business days from date of meeting.

Del Monte Pacific Limited and its Subsidiaries

Financial Statements
30 April 2018 and 2017

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Del Monte Pacific Limited
Craigmuir Chambers
PO Box 71 Road Town, Tortola
British Virgin Islands

Opinion

We have audited the accompanying consolidated financial statements of Del Monte Pacific Limited and its Subsidiaries (the Group) and the separate financial statements of Del Monte Pacific Limited (the Company), which comprise the statements of financial position as at 30 April 2018 and 2017, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended 30 April 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the Company present fairly, in all material respects, the financial position of the Group and the Company as at 30 April 2018 and 2017, and their financial performance and their cash flows for each of the three years in the period ended 30 April 2018 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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 Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 judgment, 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.

Applicable to the audit of the consolidated financial statements of the Group

Fair value of biological assets

| Why significant | How our audit addressed the matter |
|---|--|
| <p>The gain on changes in the fair value of produce prior to harvest and harvested produce amounted to US\$45.1 million for the year ended 30 April 2018.</p> <p>The valuation of biological assets was significant to our audit because the estimation process is complex, involves significant management estimate, and is based on assumptions that can be affected by natural phenomena. The key assumptions for the fair value of harvested produce include selling prices and gross margins. The key assumptions for the fair value of produce prior to harvest include future selling prices, gross margin, estimated tonnage of harvests and future growing costs.</p> <p>Refer to Note 11 to the financial statements.</p> | <p>We obtained an understanding of management's fair value measurement methodology and their process in valuing the biological assets. 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.</p> <p>We also assessed the adequacy of the related disclosures on the assumptions underlying the measurement of these biological assets.</p> |



Recoverability of goodwill and indefinite life trademarks

| Why significant | How our audit addressed the matter |
|--|---|
| <p>As at 30 April 2018, goodwill is carried at US\$203.4 million, which represents 14% of the total noncurrent assets. Indefinite life trademarks were carried at US\$408.0 million, which represents 27% of the total noncurrent assets.</p> <p><i>a. Goodwill and indefinite life trademarks allocated to Del Monte Foods, Inc. and its subsidiaries</i></p> <p>The Group's goodwill is allocated to a Cash Generating Unit (CGU), Del Monte Foods, Inc. and its subsidiaries. Included within the CGU are the indefinite life trademarks "Del Monte" and "College Inn" in the United States of America (USA) amounting to US\$394.0 million. The Group uses the value in use to estimate the recoverable value of the CGU.</p> <p>The annual impairment test is significant to our audit because the valuation process is complex, involves significant management judgment, and is based on certain key assumptions, such as cash flow projections covering a five-year period and the perpetual growth rate and discount rate of the CGU.</p> <p>Refer to Note 8 to the financial statements.</p> | <p>We obtained an understanding of the Group's impairment assessment process and the related controls. We tested the key assumptions, which include revenue growth, gross margin and EBITDA margin, discount rate, long-term growth rate by comparing them to available market and historical information and management plans.</p> <p>Given the complexity of the valuation process, our internal valuation specialist was involved in performing some of these procedures.</p> <p>We also focused on the adequacy of the Group's disclosures in Note 8 to the financial statements, about those assumptions to which the outcome of the impairment test was most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the goodwill and indefinite life trademarks allocated to Del Monte Foods, Inc. and its subsidiaries.</p> |
| <p><i>b. Other indefinite life trademarks</i></p> <p>As at 30 April 2018, other indefinite life trademarks were carried at US\$14.0 million which comprises of the following trademarks: "Del Monte" in the Philippines and India, "S&W" in Asia, and "Todays" in the Philippines. The annual impairment tests are significant to our audit because the valuation process is complex, involves significant management judgment and estimates based on assumptions that can be affected by future market and economic conditions as well as trademark and royalty rates in the market.</p> | <p>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.</p> <p>We also evaluated the significant assumptions in the financial forecast of the CGU, which include revenue growth rates, EBITDA and long-term margins, terminal value growth rate and discount rate, by comparing them against available market information, historical data and management plans.</p> |



| Why significant | How our audit addressed the matter |
|---|--|
| <p>The Group used the Royalty Savings Approach in valuing its Philippines and Asia S&W trademarks. This approach relies on the forecasted revenue for the related brand or trademark and applies the royalty rates in the market. For the India trademark, the Group used the discounted cash flow of the related CGU. This method relies on forecasted financial results which uses significant assumptions such as revenue growth rates, EBITDA and long-term margins, terminal value growth rate and discount rate.</p> <p>Refer to Notes 7 and 8 to the financial statements.</p> | <p>Given the complexity of the valuation process, our internal specialist was involved in performing some of these procedures.</p> |

Recoverability of deferred tax assets

| Why significant | How our audit addressed the matter |
|---|---|
| <p>As at 30 April 2018, the Group has recognized net deferred tax assets of US\$79.8 million, which includes deferred tax assets recognized by Del Monte Foods, Inc., a subsidiary in the USA, amounting to US\$77.8 million.</p> <p>The recoverability of the deferred tax asset was significant to our audit because it involves significant management judgment and is based on assumptions that are affected by future market or economic conditions. The key assumptions in the taxable income forecast include revenue growth rates and gross and EBITDA margins.</p> <p>Refer to Note 9 to the financial statements.</p> | <p>We assessed the recognition of deferred tax assets by comparing it to the taxable income forecast. We tested the key assumptions in the taxable income forecast such as revenue growth rates and gross and EBITDA margins against available market information, management plans, historical performance and industry/market outlook. We compared the consistency of management's taxable income forecasts with those included in the budget approved by the Board of Directors.</p> <p>We assessed the robustness of management's forecasting process by comparing the actual results of the subsidiary against the forecast used in prior year.</p> <p>We involved our internal specialist in reviewing the temporary differences.</p> |



Valuation of defined benefit liability

| Why significant | How our audit addressed the matter |
|---|---|
| <p>The Group has defined benefit plans in the Philippines and the USA, giving rise to defined benefit liability of US\$65.1 million and pension asset amounting to US\$10.6 million as at 30 April 2018 which are measured using projected unit credit valuation methods.</p> <p>We considered this to be a key audit matter because of the magnitude of the amounts, management's judgment 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.</p> <p>Refer to Note 21 to the financial statements.</p> | <p>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 specialists.</p> <p>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.</p> <p>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.</p> |

We have determined that there are no key audit matters to communicate in our report on the separate financial statements of the Company.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended 30 April 2018, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended 30 April 2018 are 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 do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance 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 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.

Those charged with governance are responsible for 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 PSAs 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 PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

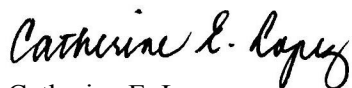
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, 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 engagement partner on the audit resulting in this independent auditor's report is Catherine E. Lopez.

SYCIP GORRES VELAYO & CO.



Catherine E. Lopez

Partner

CPA Certificate No. 86447

SEC Accreditation No. 0468-AR-3 (Group A),

May 1, 2016, valid until May 1, 2019

Tax Identification No. 102-085-895

BIR Accreditation No. 08-001998-65-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 6621274, January 9, 2018, Makati City

July 13, 2018



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of **Del Monte Pacific Limited and its Subsidiaries** (collectively referred to as the "**Company**") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at April 30, 2018, and 2017 and for each of the three years in the period ended April 30, 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 Company or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature _____
Rolando C. Gapud, Executive Chairman

Signature  _____
Joselito D. Campos, Jr., Managing Director & Chief Executive Officer

Signature  _____
Parag Sachdeva, Chief Financial Officer

Signed on the 13th day of July 2018.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

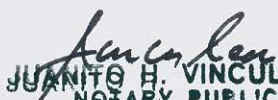
Before me, a Notary Public in and for Makati City, personally appeared on this 13th day of July 2018, the following:

| Name | Passport No. | Date/Place Issued |
|-------------------------|--------------|----------------------|
| Joselito D. Campos, Jr. | P0033661A | 24 Aug 2016 / Manila |
| Parag Sachdeva | Z4816522 | 16 May 2018 / Manila |

who were identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary acts and deeds.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal on the date and at the place first above-written.

Doc. No. 227
Page No. 47
Book No. 32
Series of 2018.


JUANITO H. VINCULADO
NOTARY PUBLIC
UNTIL DEC. 31, 2019
PTR 11631662J LAS PINAS 1/5/18
ISP 14464 / 9/11/2017 PPLM
ROLL NO. 41092 / MCLE V-0021209
NOT APPT NO. M-68 1/18/18 MAKATI
333, ALFARO PLACE, LEVISTE, MAKATI



**FOREIGN SERVICE OF THE
REPUBLIC OF THE PHILIPPINES**

EMBASSY OF THE PHILIPPINES)
Consular Section) S.S.
Singapore)

CERTIFICATE OF AUTHENTICATION

I, J. ANTHONY A. REYES, Consul of the
Republic of the Philippines in Singapore, duly commissioned and qualified, do
hereby certify that

TAN MARY

before whom the annexed instrument has been executed, to wit:

**NOTARIAL CERTIFICATE WITH ANNEXED STATEMENT OF MANAGEMENT'S
RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

was at the time he/she signed the same NOTARY PUBLIC
and that his/her signature affixed thereto is genuine.

The Embassy assumes no responsibility for the contents of the annexed
instrument.

IN WITNESS HEREOF, I have hereunto set my hand and affixed the seal
of the Embassy of the Philippines in Singapore this day of **19 July 2018**.

Service No.: 04815

O.R. No. : 2-294409

Fee Paid : \$42.50


J. ANTHONY A. REYES
Consul

"Validity of this Certification shall follow the validity of the attached/underlying document."

NOTARIAL CERTIFICATE

TO ALL TO WHOM THESE PRESENTS SHALL COME

I, **TAN MARY**, Notary Public, duly authorized appointed and practising in the Republic of Singapore do hereby **CERTIFY** that I was present on the 18th day of July, 2018 and did see **ROLANDO C. GAPUD** (holder of Passport PHL No. EC6238195), Executive Chairman, Board of Directors of **DEL MONTE PACIFIC LIMITED** described in the **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS** duly sign, seal and execute the same in my presence and I **FURTHER CERTIFY** that the signature appearing thereon is the proper handwriting of the said **ROLANDO C. GAPUD**.

IN FAITH AND TESTIMONY WHEREOF I have hereunto subscribed my name and affixed my Seal of Office this 18th day July, Two Thousand and Eighteen.

Which I attest



**Notary Public,
Singapore**



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of **Del Monte Pacific Limited and its Subsidiaries** (collectively referred to as the "**Company**") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at April 30, 2018, and 2017 and for each of the three years in the period ended April 30, 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 Company or cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and, in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature 
Rolando C. Capud, Executive Chairman

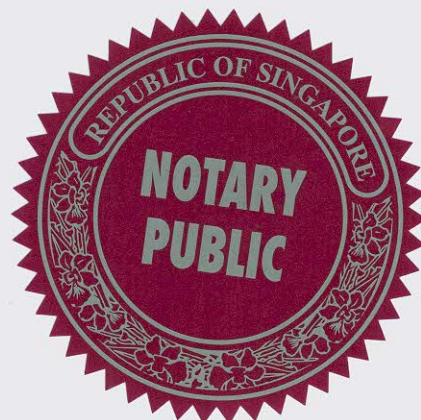
Signature _____
Joselito D. Campos, Jr., Managing Director & Chief Executive Officer

Signature _____
Parag Sachdeva, Chief Financial Officer

Signed on the 18th day of July 2018.



18th July, 2018



Del Monte Pacific Limited and its Subsidiaries

Statements of financial position As at 30 April 2018 and 2017

(In US\$'000)

| Note | <----- Group -----> | | <----- Company -----> | |
|---|---------------------|------------------|-----------------------|------------------|
| | 30 April 2018 | 30 April 2017 | 30 April 2018 | 30 April 2017 |
| Noncurrent assets | | | | |
| Property, plant and equipment - net | 5 | 610,889 | 657,185 | — |
| Investments in subsidiaries | 6 | — | 707,644 | 831,888 |
| Investments in joint ventures | 7 | 25,195 | 1,636 | 1,924 |
| Intangible assets and goodwill | 8 | 714,651 | 741,026 | — |
| Deferred tax assets - net | 9 | 79,829 | 92,786 | 2 |
| Biological assets | 11 | 1,629 | 1,420 | — |
| Pension assets | 21 | 10,607 | 5,517 | — |
| Other noncurrent assets | 10 | 41,223 | 27,112 | — |
| Due from a related company | 37 | — | 88,880 | — |
| | | 1,484,023 | 1,550,843 | 833,814 |
| Current assets | | | | |
| Biological assets | 11 | 41,963 | 44,347 | — |
| Inventories | 12 | 760,981 | 916,892 | — |
| Trade and other receivables | 13 | 161,627 | 164,447 | 119,703 |
| Prepaid expenses and other current assets | 14 | 30,782 | 43,046 | 328 |
| Cash and cash equivalents | 15 | 24,246 | 37,571 | 6,767 |
| | | 1,019,599 | 1,206,303 | 126,798 |
| Noncurrent assets held for sale | 16 | 5,504 | — | — |
| | | 1,025,103 | 1,206,303 | 126,798 |
| Total assets | | 2,509,126 | 2,757,146 | 960,612 |
| Equity | | | | |
| Share capital | 17 | 49,449 | 39,449 | 39,449 |
| Share premium | 18 | 478,323 | 390,320 | 390,459 |
| Retained earnings | 18 | 95,505 | 159,169 | 159,169 |
| Reserves | 18 | (64,082) | (71,860) | (71,860) |
| Equity attributable to owners of the Company | 38 | 559,195 | 517,078 | 517,217 |
| Non-controlling interests | 38 | 49,065 | — | — |
| Total equity | | 608,260 | 559,334 | 517,217 |
| Noncurrent liabilities | | | | |
| Loans and borrowings | 19 | 983,603 | 1,264,268 | 281,854 |
| Employee benefits | 21 | 76,905 | 87,599 | — |
| Environmental remediation liabilities | 22 | 144 | 6,198 | — |
| Deferred tax liabilities - net | 9 | 7,128 | 3,913 | — |
| Other noncurrent liabilities | 20 | 35,195 | 44,018 | — |
| | | 1,102,975 | 1,405,996 | 281,854 |
| Current liabilities | | | | |
| Loans and borrowings | 19 | 481,620 | 449,698 | 43,070 |
| Employee benefits | 21 | 37,645 | 22,165 | — |
| Trade and other current liabilities | 23 | 276,618 | 299,545 | 118,471 |
| Current tax liabilities | | 2,008 | 1,187 | — |
| | | 797,891 | 772,595 | 161,541 |
| Total liabilities | | 1,900,866 | 2,178,591 | 443,395 |
| Total equity and liabilities | | 2,509,126 | 2,757,146 | 960,612 |

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



Del Monte Pacific Limited and its Subsidiaries

Income statements

Years ended 30 April 2018, 2017 and 2016

(In US\$'000)

| | | <----- Group -----> | | | <----- Company -----> | | |
|---|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Note | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 |
| Revenue | 24 | 2,197,309 | 2,252,783 | 2,274,085 | — | — | — |
| Cost of sales | 25 | (1,764,835) | (1,757,891) | (1,788,269) | — | — | — |
| Gross profit | | 432,474 | 494,892 | 485,816 | — | — | — |
| Distribution and selling expenses | 25 | (221,433) | (203,168) | (201,031) | — | — | — |
| General and administrative expenses | 25 | (163,378) | (165,074) | (147,837) | (8,823) | (15,906) | (13,968) |
| Other income (expenses) - net | | (18,162) | 960 | 31,038 | 839 | 673 | 67 |
| Results from operating activities | | 29,501 | 127,610 | 167,986 | (7,984) | (15,233) | (13,901) |
| Finance income | 26 | 41,472 | 5,809 | 2,231 | 1,086 | 47 | 2 |
| Finance expense | 26 | (105,653) | (111,068) | (99,581) | (16,275) | (22,829) | (21,703) |
| Net finance expense | | (64,181) | (105,259) | (97,350) | (15,189) | (22,782) | (21,701) |
| Share in net income (loss) of joint ventures and subsidiaries | 29 | (1,552) | (1,909) | (1,717) | (13,303) | 62,393 | 92,585 |
| Profit (loss) before taxation | 25 | (36,232) | 20,442 | 68,919 | (36,476) | 24,378 | 56,983 |
| Tax expense | 27 | (14,844) | (551) | (8,943) | (16) | (12) | (5) |
| Profit (loss) for the year | | (51,076) | 19,891 | 59,976 | (36,492) | 24,366 | 56,978 |
| Profit (loss) attributable to: | | | | | | | |
| Owners of the Company | | (36,492) | 24,366 | 56,978 | (36,492) | 24,366 | 56,978 |
| Non-controlling interests | | (14,584) | (4,475) | 2,998 | — | — | — |
| | | (51,076) | 19,891 | 59,976 | (36,492) | 24,366 | 56,978 |
| Earnings per share | | | | | | | |
| Basic earnings (loss) per share (US cents) | 28 | (2.70) | 1.21 | 2.93 | | | |
| Diluted earnings (loss) per share (US cents) | 28 | (2.70) | 1.21 | 2.93 | | | |

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



Del Monte Pacific Limited and its Subsidiaries

Statements of comprehensive income
Years ended 30 April 2018, 2017 and 2016
(In US\$'000)

| | Note | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 |
|--|------|-----------------------------|-----------------------------|-----------------------------|
| Group | | | | |
| Profit (loss) for the year | | (51,076) | 19,891 | 59,976 |
| Other comprehensive income | | | | |
| Items that will be reclassified subsequently to profit or loss: | | | | |
| Currency translation differences | | (13,428) | (18,276) | (13,476) |
| Effective portion of changes in fair value of cash flow hedges | | 9,330 | 18,140 | (10,553) |
| Income tax effect on cash flow hedges | 9 | (4,098) | (6,893) | 4,090 |
| | | (8,196) | (7,029) | (19,939) |
| Items that will not be reclassified to profit or loss: | | | | |
| Remeasurement of retirement plans | 21 | 23,329 | 20,337 | (428) |
| Income tax effect on remeasurement of retirement plans | 9 | (5,472) | (6,360) | 7,647 |
| Gain on property revaluation | 5 | – | 4,119 | – |
| Tax impact on revaluation reserve | 9 | – | (1,236) | (1,504) |
| | | 17,857 | 16,860 | 5,715 |
| Other comprehensive income (loss) for the year, net of tax | | 9,661 | 9,831 | (14,224) |
| Total comprehensive income (loss) for the year | | (41,415) | 29,722 | 45,752 |
| Total comprehensive income (loss) attributable to: | | | | |
| Owners of the Company | | (28,824) | 31,675 | 42,614 |
| Non-controlling interests | | (12,591) | (1,953) | 3,138 |
| | | (41,415) | 29,722 | 45,752 |

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



Del Monte Pacific Limited and its Subsidiaries

Statements of comprehensive income
Years ended 30 April 2018, 2017 and 2016
(In US\$'000)

| | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Company | | | |
| Profit (loss) for the year | (36,492) | 24,366 | 56,978 |
| Other comprehensive income | | | |
| Items that will or may be reclassified subsequently to profit or loss: | | | |
| Share in currency translation differences of subsidiaries | (13,428) | (18,274) | (13,478) |
| Share in effective portion of changes in fair value of cash flow hedges of a subsidiary | 8,777 | 16,224 | (9,323) |
| Income tax effect on cash flow hedges | (4,098) | (6,165) | 3,543 |
| | (8,749) | (8,215) | (19,258) |
| Items that will not be reclassified to profit or loss: | | | |
| Share in remeasurement of retirement plans of subsidiaries | 16,417 | 12,641 | 6,398 |
| Share in the revaluation reserve of a subsidiary, net of tax | – | 2,883 | (1,504) |
| | 16,417 | 15,524 | 4,894 |
| Other comprehensive income (loss) for the year, net of tax | 7,668 | 7,309 | (14,364) |
| Total comprehensive income (loss) for the Year | (28,824) | 31,675 | 42,614 |

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



Del Monte Pacific Limited and its Subsidiaries

Statements of changes in equity

Years ended 30 April 2018, 2017 and 2016

(In US\$'000)

| | | Attributable to owners of the Company | | | | | | | | | | | |
|--|------|---------------------------------------|---------------|---------------------|---------------------|------------------------------------|-----------------|----------------------|------------------------|-------------------|----------|---------------------------|--------------|
| | Note | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure-ment of retirement plans | Hedging reserve | Share option reserve | Reserve for own shares | Retained earnings | Total | Non-controlling interests | Total equity |
| Group 2018 | | | | | | | | | | | | | |
| At 30 April 2017 | | 39,449 | 390,320 | (78,087) | 10,885 | 1,808 | (7,443) | 1,779 | (802) | 159,169 | 517,078 | 61,477 | 578,555 |
| Total comprehensive income (loss) for the year | | | | | | | | | | | | | |
| Loss for the year | | – | – | – | – | – | – | – | – | (36,492) | (36,492) | (14,584) | (51,076) |
| Other comprehensive income | | | | | | | | | | | | | |
| Currency translation differences | | – | – | (13,428) | – | – | – | – | – | – | (13,428) | – | (13,428) |
| Remeasurement of retirement plans, net of tax | 21 | – | – | – | – | 16,417 | – | – | – | – | 16,417 | 1,440 | 17,857 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | 4,679 | – | – | – | 4,679 | 553 | 5,232 |
| Total other comprehensive income (loss) | | – | – | (13,428) | – | 16,417 | 4,679 | – | – | – | 7,668 | 1,993 | 9,661 |
| Total comprehensive income (loss) for the year | | – | – | (13,428) | – | 16,417 | 4,679 | – | – | (36,492) | (28,824) | (12,591) | (41,415) |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | | | | | |
| Issuance of preference shares | 17 | 10,000 | 90,000 | – | – | – | – | – | – | – | 100,000 | – | 100,000 |
| Transaction costs from issue of preference shares | | – | (2,085) | – | – | – | – | – | – | – | (2,085) | – | (2,085) |
| Share options expired | | – | 138 | – | – | – | – | (138) | – | – | – | – | – |
| Release of share awards | | – | (50) | – | – | – | – | (466) | 516 | – | – | – | – |
| Value of employee services received for issue of share options | 25 | – | – | – | – | – | – | 198 | – | – | 198 | 179 | 377 |
| Dividends | 18 | – | – | – | – | – | – | – | – | (27,172) | (27,172) | – | (27,172) |
| Total contributions by and distributions to owners | | 10,000 | 88,003 | – | – | – | – | (406) | 516 | (27,172) | 70,941 | 179 | 71,120 |
| At 30 April 2018 | 18 | 49,449 | 478,323 | (91,515) | 10,885 | 18,225 | (2,764) | 1,373 | (286) | 95,505 | 559,195 | 49,065 | 608,260 |



Del Monte Pacific Limited and its Subsidiaries

Statements of changes in equity (cont'd)

Years ended 30 April 2018, 2017 and 2016

(In US\$'000)

| <div>←-----> Attributable to owners of the Company -----></div> | | | | | | | | | | | | | |
|--|------|---------------|---------------|---------------------|---------------------|------------------------------------|-----------------|----------------------|------------------------|-------------------|----------|---------------------------|--------------|
| | Note | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure-ment of retirement plans | Hedging reserve | Share option reserve | Reserve for own shares | Retained earnings | Total | Non-controlling interests | Total equity |
| Group 2017 | | | | | | | | | | | | | |
| At 30 April 2016 | | 19,449 | 214,843 | (59,813) | 8,002 | (10,833) | (17,502) | 1,031 | (802) | 160,631 | 315,006 | 61,971 | 376,977 |
| Total comprehensive income (loss) for the year | | | | | | | | | | | | | |
| Profit (loss) for the year | | — | — | — | — | — | — | — | — | 24,366 | 24,366 | (4,475) | 19,891 |
| Other comprehensive income | | | | | | | | | | | | | |
| Currency translation differences | | — | — | (18,274) | — | — | — | — | — | — | (18,274) | (2) | (18,276) |
| Gain on property revaluation, net of tax | | — | — | — | 2,883 | — | — | — | — | — | 2,883 | — | 2,883 |
| Remeasurement of retirement plans, net of tax | 21 | — | — | — | — | 12,641 | — | — | — | — | 12,641 | 1,336 | 13,977 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | — | — | — | — | — | 10,059 | — | — | — | 10,059 | 1,188 | 11,247 |
| Total other comprehensive income (loss) | | — | — | (18,274) | 2,883 | 12,641 | 10,059 | — | — | — | 7,309 | 2,522 | 9,831 |
| Total comprehensive income (loss) for the year | | — | — | (18,274) | 2,883 | 12,641 | 10,059 | — | — | 24,366 | 31,675 | (1,953) | 29,722 |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | | | | | |
| Issuance of preference shares | 17 | 20,000 | 180,000 | — | — | — | — | — | — | — | 200,000 | — | 200,000 |
| Transaction costs from issue of preference shares | | — | (4,523) | — | — | — | — | — | — | — | (4,523) | — | (4,523) |
| Reclassification of non-controlling interest contribution | | — | — | — | — | — | — | — | — | — | — | 1,317 | 1,317 |
| Value of employee services received for issue of share options | 25 | — | — | — | — | — | — | 748 | — | — | 748 | 142 | 890 |
| Dividends | 18 | — | — | — | — | — | — | — | — | (25,828) | (25,828) | — | (25,828) |
| Total contributions by and distributions to owners | | 20,000 | 175,477 | — | — | — | — | 748 | — | (25,828) | 170,397 | 1,459 | 171,856 |
| At 30 April 2017 | 18 | 39,449 | 390,320 | (78,087) | 10,885 | 1,808 | (7,443) | 1,779 | (802) | 159,169 | 517,078 | 61,477 | 578,555 |



Del Monte Pacific Limited and its Subsidiaries
Statements of changes in equity (cont'd)
Years ended 30 April 2018, 2017 and 2016
(In US\$'000)

| | | Attributable to owners of the Company | | | | | | | | | | | Non-controlling interests | Total equity |
|--|------|---------------------------------------|---------------|---------------------|---------------------|------------------------------------|-----------------|----------------------|------------------------|-------------------|----------|--------|---------------------------|--------------|
| | | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure-ment of retirement plans | Hedging reserve | Share option reserve | Reserve for own shares | Retained earnings | Total | | | |
| Group 2016 | Note | | | | | | | | | | | | | |
| At 1 May 2015 | | 19,449 | 214,843 | (46,335) | 9,506 | (17,231) | (11,722) | 318 | (629) | 103,653 | 271,852 | 58,644 | 330,496 | |
| Total comprehensive income for the year | | | | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | – | 56,978 | 56,978 | 2,998 | 59,976 | |
| Other comprehensive income | | | | | | | | | | | | | | |
| Currency translation differences | 21 | – | – | (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 | | – | – | – | – | 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 | 25 | – | – | – | – | – | – | – | (173) | – | (173) | – | (173) | |
| Value of employee services received for issue of share options | | – | – | – | – | – | – | 713 | – | – | 713 | – | 713 | |
| Capital injection by non-controlling interests | | – | – | – | – | – | – | – | – | – | – | 189 | 189 | |
| Total contributions by and distributions to owners | | – | – | – | – | – | – | 713 | (173) | – | 540 | 189 | 729 | |
| At 30 April 2016 | 18 | 19,449 | 214,843 | (59,813) | 8,002 | (10,833) | (17,502) | 1,031 | (802) | 160,631 | 315,006 | 61,971 | 376,977 | |



Del Monte Pacific Limited and its Subsidiaries
Statements of changes in equity (cont'd)
Years ended 30 April 2018, 2017 and 2016
(In US\$'000)

| | Note | Share capital | Share premium | Share in translation reserve of subsidiaries | Share in revaluation reserve of subsidiaries | Share in remeasurement of retirement plans of subsidiaries | Share in hedging reserve of a subsidiary | Share option reserve | Reserve for own shares | Retained earnings | Total equity |
|--|------|---------------|---------------|--|--|--|--|----------------------|------------------------|-------------------|--------------|
| Company | | | | | | | | | | | |
| 2018 | | | | | | | | | | | |
| At 30 April 2017 | | 39,449 | 390,459 | (78,087) | 10,885 | 1,808 | (7,443) | 1,779 | (802) | 159,169 | 517,217 |
| Total comprehensive income for the year | | | | | | | | | | | |
| Loss for the year | | — | — | — | — | — | — | — | — | (36,492) | (36,492) |
| Other comprehensive income | | | | | | | | | | | |
| Currency translation differences | | — | — | (13,428) | — | — | — | — | — | — | (13,428) |
| Remeasurement of retirement plans, net of tax | 21 | — | — | — | — | 16,417 | — | — | — | — | 16,417 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | — | — | — | — | — | 4,679 | — | — | — | 4,679 |
| Total other comprehensive income (loss) | | — | — | (13,428) | — | 16,417 | 4,679 | — | — | — | 7,668 |
| Total comprehensive income (loss) for the year | | — | — | (13,428) | — | 16,417 | 4,679 | — | — | (36,492) | (28,824) |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | | | |
| Issuance of preference shares | 17 | 10,000 | 90,000 | — | — | — | — | — | — | — | 100,000 |
| Transaction costs from issue of preference shares | | — | (2,085) | — | — | — | — | — | — | — | (2,085) |
| Value of employee services received for issue of share options | 25 | — | — | — | — | — | — | 198 | — | — | 198 |
| Share options expired | | — | 138 | — | — | — | — | (138) | — | — | — |
| Release of share awards | | — | (50) | — | — | — | — | (466) | 516 | — | — |
| Dividends | 18 | — | — | — | — | — | — | — | — | (27,172) | (27,172) |
| Total contributions by and distributions to owners | | 10,000 | 88,003 | — | — | — | — | (406) | 516 | (27,172) | 70,941 |
| At 30 April 2018 | | 49,449 | 478,462 | (91,515) | 10,885 | 18,225 | (2,764) | 1,373 | (286) | 95,505 | 559,334 |



Del Monte Pacific Limited and its Subsidiaries
Statements of changes in equity (cont'd)
Years ended 30 April 2018, 2017 and 2016
(In US\$'000)

| Company | Note | Share capital | Share premium | Share in translation reserve of subsidiaries | Share in revaluation reserve of subsidiaries | Share in remeasurement of retirement plans of subsidiaries | Share in hedging reserve of a subsidiary | Share option reserve | Reserve for own shares | Retained earnings | Total equity |
|--|------|---------------|---------------|--|--|--|--|----------------------|------------------------|-------------------|--------------|
| 2017 | | | | | | | | | | | |
| At 30 April 2016 | | 19,449 | 214,982 | (59,813) | 8,002 | (10,833) | (17,502) | 1,031 | (802) | 160,631 | 315,145 |
| Total comprehensive income for the year | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | – | 24,366 | 24,366 |
| Other comprehensive income | | | | | | | | | | | |
| Currency translation differences | | – | – | (18,274) | – | – | – | – | – | – | (18,274) |
| Gain on property revaluation, net of tax | | – | – | – | 2,883 | – | – | – | – | – | 2,883 |
| Remeasurement of retirement plans, net of tax | 21 | – | – | – | – | 12,641 | – | – | – | – | 12,641 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | 10,059 | – | – | – | 10,059 |
| Total other comprehensive income (loss) | | – | – | (18,274) | 2,883 | 12,641 | 10,059 | – | – | – | 7,309 |
| Total comprehensive income (loss) for the year | | – | – | (18,274) | 2,883 | 12,641 | 10,059 | – | – | 24,366 | 31,675 |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | | | |
| Issuance of preference shares | 17 | 20,000 | 180,000 | – | – | – | – | – | – | – | 200,000 |
| Transaction costs from issue of preference shares | | – | (4,523) | – | – | – | – | – | – | – | (4,523) |
| Value of employee services received for issue of share options | 25 | – | – | – | – | – | – | 748 | – | – | 748 |
| Dividends | 18 | – | – | – | – | – | – | – | – | (25,828) | (25,828) |
| Total contributions by and distributions to owners | | 20,000 | 175,477 | – | – | – | – | 748 | – | (25,828) | 170,397 |
| At 30 April 2017 | 18 | 39,449 | 390,459 | (78,087) | 10,885 | 1,808 | (7,443) | 1,779 | (802) | 159,169 | 517,217 |



Del Monte Pacific Limited and its Subsidiaries
Statements of changes in equity (cont'd)
Years ended 30 April 2018, 2017 and 2016
(In US\$'000)

| Company | Note | Share capital | Share premium | Share in translation reserve of subsidiaries | Share in revaluation reserve of subsidiaries | Share in remeasurement of retirement plans of subsidiaries | Share in hedging reserve of a subsidiary | Share option reserve | Reserve for own shares | Retained earnings | Total equity |
|--|------|---------------|---------------|--|--|--|--|----------------------|------------------------|-------------------|--------------|
| 2016 | | | | | | | | | | | |
| At 1 May 2015 | | 19,449 | 214,982 | (46,335) | 9,506 | (17,231) | (11,722) | 318 | (629) | 103,653 | 271,991 |
| Total comprehensive income for the year | | | | | | | | | | | |
| Profit for the year | | – | – | – | – | – | – | – | – | 56,978 | 56,978 |
| Other comprehensive income | | | | | | | | | | | |
| Currency translation differences | | – | – | (13,478) | – | – | – | – | – | – | (13,478) |
| Tax impact on revaluation reserve | | – | – | – | (1,504) | – | – | – | – | – | (1,504) |
| Remeasurement of retirement plans, net of tax | 21 | – | – | – | – | 6,398 | – | – | – | – | 6,398 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | – | – | – | – | – | (5,780) | – | – | – | (5,780) |
| Total other comprehensive income (loss) | | – | – | (13,478) | (1,504) | 6,398 | (5,780) | – | – | – | (14,364) |
| Total comprehensive income (loss) for the year | | – | – | (13,478) | (1,504) | 6,398 | (5,780) | – | – | 56,978 | 42,614 |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | | | |
| Acquisition of treasury shares | | – | – | – | – | – | – | – | (173) | – | (173) |
| Value of employee services received for issue of share options | 25 | – | – | – | – | – | – | 713 | – | – | 713 |
| Total contributions by and distributions to owners | | – | – | – | – | – | – | 713 | (173) | – | 540 |
| At 30 April 2016 | 18 | 19,449 | 214,982 | (59,813) | 8,002 | (10,833) | (17,502) | 1,031 | (802) | 160,631 | 315,145 |

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



Del Monte Pacific Limited and its Subsidiaries

Statements of cash flows Years ended 30 April 2018, 2017 and 2016 (In US\$'000)

| Note | <----- Group -----> | | | <----- Company -----> | | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 |
| Cash flows from operating activities | | | | | | |
| Profit (loss) for the year | (51,076) | 19,891 | 59,976 | (36,492) | 24,366 | 56,978 |
| Adjustments for: | | | | | | |
| Amortisation of intangible assets | 8 7,784 | 9,347 | 9,327 | — | — | — |
| Depreciation of property, plant and equipment | 5 140,061 | 138,995 | 139,991 | — | — | — |
| Impairment loss (reversal of impairment) of property, plant and equipment | 5 24,534 | (330) | 4,928 | — | — | — |
| Loss (gain) on disposal of property, plant and equipment | 25 (11,317) | 729 | 1,052 | — | — | — |
| Equity-settled share-based payment transactions | 25 377 | 890 | 713 | 30 | 96 | 161 |
| Share in net loss (profit) of joint ventures and subsidiaries | 1,552 | 1,909 | 1,717 | 13,303 | (62,393) | (92,585) |
| Finance income | 26 (41,472) | (5,809) | (2,231) | (1,086) | (47) | (2) |
| Finance expense | 26 105,653 | 111,068 | 99,581 | 16,275 | 22,829 | 21,703 |
| Tax expense - current | 27 11,701 | 6,730 | 12,729 | 25 | 14 | 5 |
| Tax credit - deferred | 27 3,143 | (6,179) | (3,786) | (9) | (2) | — |
| Ineffective portion of cash flow hedges | 846 | (1,070) | 5,193 | — | — | — |
| Defined benefit plan amendment | 21 — | — | (39,422) | — | — | — |
| Impairment losses on noncurrent assets held for sale | 25 — | — | 1,659 | — | — | — |
| | 191,786 | 276,171 | 291,427 | (7,954) | (15,137) | (13,740) |
| Changes in: | | | | | | |
| Other assets | (5,169) | 1,786 | (13,277) | — | — | — |
| Inventories | 147,643 | (64,858) | (103,705) | — | — | — |
| Biological assets | (34,575) | (12,550) | (8,427) | — | — | — |
| Trade and other receivables | 12,716 | (331) | 22,851 | (1) | (5) | (2) |
| Prepaid expenses and other current assets | 10,600 | (8,602) | (2,787) | (143) | (102) | (83) |
| Trade and other payables | (11,777) | (7,255) | (97,072) | (6,833) | 3,360 | 2,834 |
| Employee benefits | 16,298 | 5,052 | 18,989 | — | — | — |
| Operating cash flows | 327,522 | 189,413 | 107,999 | (14,931) | (11,884) | (10,991) |
| Taxes paid | (4,574) | (2,344) | (38) | (22) | — | — |
| Net cash flows provided by (used in) operating activities | 322,948 | 187,069 | 107,961 | (14,953) | (11,884) | (10,991) |



Del Monte Pacific Limited and its Subsidiaries

Statements of cash flows (cont'd) Years ended 30 April 2018, 2017 and 2016 (In US\$'000)

| Note | <----- Group -----> | | | <----- Company -----> | | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 |
| Cash flows from investing activities | | | | | | |
| Interest received | 550 | 476 | 357 | 5 | — | — |
| Proceeds from disposal of property, plant and equipment and noncurrent assets held for sale | 41,241 | 2,191 | 3,775 | — | — | — |
| Acquisitions of property, plant and equipment | (110,738) | (144,123) | (137,230) | — | — | — |
| Investments in joint ventures | (949) | (3,570) | (1,947) | (949) | — | — |
| Repayments from joint venture | — | — | — | 6,013 | — | — |
| Advances to joint venture | — | — | — | (1,570) | — | — |
| Advances to related company | — | — | — | (97,335) | — | — |
| Dividend income | — | — | — | 57,989 | — | — |
| Net cash flows used in investing activities | (69,896) | (145,026) | (135,045) | (35,847) | — | — |
| Cash flows from financing activities | | | | | | |
| Interest paid | (94,961) | (103,098) | (85,682) | (12,370) | (24,183) | (19,907) |
| Proceeds from borrowings | 807,822 | 930,901 | 1,113,193 | 154,570 | 52,650 | 233,000 |
| Repayment of borrowings | (1,053,042) | (1,056,280) | (986,800) | (145,500) | (205,580) | (207,000) |
| Proceeds from issuance of share capital | 100,000 | 200,000 | — | 100,000 | 200,000 | — |
| Payment of transaction costs related to issuance of share capital | (2,085) | (4,523) | — | (2,085) | (4,523) | — |
| Capital injection by non-controlling interests of subsidiaries | — | — | 189 | — | — | — |
| Acquisition of treasury shares | — | — | (173) | — | — | (173) |
| Repayments of advances from related companies | — | — | — | (281,994) | 247 | (6,170) |
| Advances from related companies | — | — | — | 262,025 | 25,542 | 5,485 |
| Payment of debt related costs | (4,515) | — | — | (730) | — | — |
| Dividends paid | (27,172) | (25,828) | — | (27,172) | (25,828) | — |
| Net cash flows provided by (used in) financing activities | (273,953) | (58,828) | 40,727 | 46,744 | 18,325 | 5,235 |



Del Monte Pacific Limited and its Subsidiaries

Statements of cash flows (cont'd) Years ended 30 April 2018, 2017 and 2016 (In US\$'000)

| | Note | <----- Group -----> | | | <----- Company -----> | | |
|--|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 | Year ended 30 April 2018 | Year ended 30 April 2017 | Year ended 30 April 2016 |
| Net increase (decrease) in cash and cash equivalents | | (20,901) | (16,785) | 13,643 | (4,056) | 6,441 | (5,756) |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | | 7,576 | 7,153 | (2,058) | (2) | (35) | (9) |
| Cash and cash equivalents at beginning of year | | 37,571 | 47,203 | 35,618 | 6,767 | 361 | 6,126 |
| Cash and cash equivalents at end of year | 15 | 24,246 | 37,571 | 47,203 | 2,709 | 6,767 | 361 |

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



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

These notes form an integral part of the financial statements.

The accompanying financial statements were approved and authorised for issuance by the Board of Directors (the "Board" or "BOD") on 13 July 2018.

1. Domicile and activities

Del Monte Pacific Limited (the "Company") was incorporated as an international business company in the British Virgin Islands on 27 May 1999 under the International Business Companies Act (Cap. 291) of the British Virgin Islands. It was automatically re-registered as a company on 1 January 2007 when the International Business Companies Act was repealed and replaced by the Business Companies Act 2004 of the British Virgin Islands.

The registered office of the Company is located at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

The principal activity of the Company is that of investment holding. Its subsidiaries are principally engaged in growing, processing, and selling canned and fresh pineapples, pineapple juice concentrate, tropical mixed fruit, canned peaches and pears, canned vegetables, tomato-based products, and certain other food and beverage products mainly under the brand names of "Del Monte", "S&W", "Today's", "Contadina", "College Inn" and other brands. The Company's subsidiaries also produce and distribute private label food products.

The immediate holding company is NutriAsia Pacific Limited ("NAPL") whose ultimate shareholders are NutriAsia Inc. ("NAI") and Well Grounded Limited ("WGL"), which at 30 April 2018, 2017 and 2016, held 57.8% and 42.2% interests in NAPL, respectively, through their intermediary company, NutriAsia Holdings Limited. NAPL, NAI and WGL were incorporated in the British Virgin Islands.

On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Ordinary Shares of the Company were also listed on the Philippine Stock Exchange Inc. ("PSE") on 10 June 2013. The first tranche of the Company's Preference Shares was listed on 7 April 2017 and the second tranche on 15 December 2017.

On 6 August 2010, the Company established DM Pacific Limited-ROHQ ("ROHQ"), the regional operating headquarters of the Company in the Philippines. The ROHQ is registered with and licensed by the Securities and Exchange Commission ("SEC") to engage in general administration and planning, business planning and coordination, sourcing and procurement of raw materials and components, corporate financial advisory, marketing control and sales promotion, training and personnel management, logistics services, research and product development, technical support and maintenance, data processing and communication, and business development. The ROHQ commenced its operations in October 2015.

The financial statements of the Group as at and for the year ended 30 April 2018 comprise the Company and its subsidiaries (together referred to as the "Group", and individually as "Group entities"), and the Group's interests in joint ventures.

2. Going concern – The Company

The Company's current liabilities are higher by US\$109.2 million compared to current assets as at 30 April 2018 (30 April 2017: US\$34.7 million).



Management believes that the Company will be able to pay its liabilities as and when they fall due. Accordingly, the use of going concern assumption is appropriate taking into account the following:

- the Group's net current assets position of US\$227.2 million as at 30 April 2018 (30 April 2017: US\$433.7 million) and the Company expects dividend payment from its subsidiaries;
- the Group and the Company is getting new lines with banks for a period of more than 12 months. Additionally, Group continues to improve debt-equity ratio and bring the same down through raising additional equity.

3. Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS includes statements named IFRS and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), and International Financial Reporting Interpretations Committee Interpretations and Standing Interpretations Committee Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), respectively.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the succeeding notes below.

3.3 Functional and presentation currency

The financial statements are presented in United States Dollars (US\$), which is the Company's functional currency. All financial information presented in US Dollars has been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

- Note 5 – Bearer plants
- Note 6 – Determination of control over subsidiaries
- Note 7 – Classification of the joint arrangement
- Note 16 – Classification of assets held for sale
- Note 36 – Contingencies



Estimates and underlying assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 – Useful lives of property, plant and equipment, revaluation of freehold land, estimate of yield for bearer plant's depreciation
- Note 5 – Impairment of property, plant and equipment
- Note 6 – Recoverability of investments in subsidiaries
- Note 7 – Recoverability of investments in joint ventures
- Note 8 – Useful lives of intangible assets and impairment of goodwill and intangible assets
- Note 9 – Realisability of deferred tax assets
- Note 11 – Future cost of growing crops and fair value of livestock, harvested crops, and produce prior to harvest and future volume of harvest
- Note 12 – Allowance for inventory obsolescence and net realisable value
- Note 13 – Impairment of trade receivables
- Note 16 – Estimation of fair value less cost to sell of assets held for sale
- Note 20 – Measurement of workers' compensation accruals
- Note 21 – Measurement of employee benefit obligations
- Note 23 – Estimation of trade promotion accruals
- Note 22 – Estimation of environmental remediation liabilities
- Note 27 – Measurement of tax
- Note 34 – Determination of fair values
- Note 36 – Contingencies

3.5 *Measurement of fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.



- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group applied for the first time certain pronouncements, which are effective for annual periods beginning on or after 1 May 2017.

Amendments to IFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard (Part of Annual Improvements to IFRSs 2014 - 2016 Cycle)*. The amendments clarify that the disclosure requirements in IFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. Adoption of these amendments did not have any impact on the Group's consolidated financial statements.

Amendments to IAS 7, *Statement of Cash Flows, Disclosure Initiative*. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Group has provided the required information in Note 40 to the consolidated financial statements. As allowed under the transition provisions of the standard, the Group did not present comparative information for the year ended 30 April 2017.

Amendments to IAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses*. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have no significant effect on the Group's financial position and performance.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 3.6, which addresses the changes in accounting policies.

4.1 Basis of consolidation

- (i) Business combination

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 as at the acquisition date, which is the date on which control is transferred to the Group.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The Group measures goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other components of non-controlling interests are measured at acquisition-date fair value unless another measurement is required by another standard.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period it occurs, provisional amounts for the items for which the accounting is incomplete is reported in the financial statements. During the measurement period, which is not more than one year from acquisition date, the provisional amounts recognised are retrospectively adjusted, and any additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Comparative information for prior periods are revised, as needed.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.



(ii) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Company has less than majority of the voting rights or similar rights to an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Company's voting rights and potential voting rights.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date control is transferred to the Company and cease to be consolidated from the date control is lost. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intra-group assets and liabilities, equity, income expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

(iii) Acquisition under common control

The formation of the Group in 1999 was accounted for as a reorganisation of companies under common control using merger accounting. The financial statements therefore reflect the combined financial statements of all companies that form the Group as if they were a Group for all periods presented. The assets and liabilities of Del Monte Pacific Resources Limited and its subsidiaries contributed to the Company have been reflected at predecessor cost in these financial statements.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the income statement.



(v) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill on initial recognition, see Note 8.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of the joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the joint ventures.

Impairment of goodwill is discussed in Note 4.11.

(vi) Investments in joint ventures

Joint ventures are those entities in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transactions costs.

Subsequent to the initial recognition, the financial statements include the Group's share of profit or loss and other comprehensive income of the joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Impairment of investments in joint ventures is discussed in Note 4.11.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(viii) Investments in subsidiaries and joint ventures in the separate financial statements

Interest in subsidiaries and joint ventures are accounted for using the equity method. It is initially recognised at cost, which includes transactions costs. Subsequent to the initial recognition, the financial statements include the Company's share of profit or loss and other comprehensive income of the equity-accounted investee. Unrealised



losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

When the Company's share of losses exceeds its interest in subsidiaries and joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation to fund the investee's operations or has made payments on behalf of the investee.

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the income statement, except for differences which are recognised in OCI arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollars using monthly average exchange rates.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.



When the settlement of a monetary item that is a receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

4.3 Current versus Noncurrent Classification

The Group presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within 12 months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

4.4 Intangible assets

(i) Indefinite useful life intangible assets

Intangible assets are measured at cost less accumulated impairment losses.

The Group assess intangible assets having indefinite useful life if there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the entity.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the income statement as incurred.



Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

(v) Amortisation

Amortisation is calculated based on the cost of the asset.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and, from the date that they are available for use. The estimated useful lives for the current period and comparative years are as follows:

| | | |
|------------------------|---|----------------|
| Trademarks | - | 10 to 20 years |
| Customer relationships | - | 20 years |

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

4.5 Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVPL), held-to-maturity (HTM) financial assets, loans and receivables and available-for-sale (AFS) financial assets. The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Classification is determined at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. The Group has no financial assets and liabilities at FVPL, HTM financial assets, and AFS financial assets as at 30 April 2018 and 2017, and 2016.

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.



Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Non-derivative financial assets comprise of loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of due from a related party, note receivable under "Other noncurrent assets", trade and other receivables, refundable deposits, and cash and cash equivalents. Cash and cash equivalents comprise of cash on hand, cash in banks and short-term placements.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, are cancelled or expire.

When a financial liability (or part of a liability) is extinguished, the difference between the carrying amount of the financial liability (or part of a liability) and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in income statement. If the Group repurchases only a part of a financial liability, it calculates the carrying value of the part disposed of by allocating the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities comprise loans and borrowings, and trade and other payables.

(iii) Derivative financial instruments, including hedge accounting

The Group uses derivative financial instruments for the purpose of managing risks associated with interest rates, currencies, transportation and certain commodities. The Group does not trade or use instruments with the objective of earning financial gains on fluctuations in the derivative instrument alone, nor does it use instruments



where there are no underlying exposures. All derivative instruments are recorded in the statement of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the instrument has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Group designates the hedging instrument based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any directly attributable transaction costs are recognised in the income statement as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the income statement.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to the income statement.

4.6 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for freehold land, which are stated at its revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluation is carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.



Any increase in the revaluation amount is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from other comprehensive income to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

A bearer plant is a pineapple and papaya living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Costs related to bearer plants are capitalised up to point of maturity of the bearer plants, including costs during the ratoon crop cycle. These costs include land preparation, cultural, spraying and plantation overhead costs.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, when the Group has an obligation to remove the asset or restore the site as estimate of the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Construction in-progress represents plant and properties under construction or development and is stated at cost. This includes cost of construction, plant and equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item, and is recognised net within other income/other expenses in the income statement.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.



(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation (except bearer plants) is recognised in the income statement on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

For bearer plants, units of production method is used. Depreciation is charged according to the cost of fruits harvested at plant crop and ratoon crop harvest months.

The estimated useful lives for the current period and comparative years are as follows:

| | |
|------------------------------------|------------------------------|
| Buildings, land improvements and - | 3 to 50 years or lease term, |
| leasehold improvements | whichever is shorter |
| Machineries and equipment - | 3 to 30 years |

Bearer plants are depreciated based on the ratio of actual quantity of harvest over the estimated yield for both plant crop and ratoon crop harvests. Plant crop harvest usually occurs within 16 to 18 months after planting while ratoon crop harvest occurs at the 32nd to 34th month after planting. Depreciation is determined on a per field basis.

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

4.7 Biological assets

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

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

Bearer Plants

Bearer plants are measured at cost less accumulated depreciation recognised at point of harvest. Bearer plants are presented as part of property, plant and equipment. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and direct expenses during the cultivation of the primary ratoon and, if needed, re-ratoon crops. The accumulated costs are deferred and are amortised as raw product costs upon harvest. Raw product cost is recognised as depreciation based on the actual volume of harvest in a given period.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Units-of-production method is used for depreciating the bearer plants. Depreciation is charged according to the cost of fruits harvested at plant crop and ratoon crop harvest months.

Bearer plants are depreciated based on the ratio of actual quantity of harvest over the estimated yield for both plant crop and ratoon crop harvests. Plant crop harvest usually occurs within 16 to 18 months after planting while ratoon crop occurs at the 32nd to 34th month after planting. Depreciation is determined on a per field basis.

Breeding and Dairy Herd

The breeding and dairy herd are measured at cost. The breeding and dairy herd have useful lives of 3 ½ to 6 years. The cost method was used since fair value cannot be measured reliably. The breeding and dairy herd have no active markets and no similar assets are available in the relevant markets. In addition, existing sector benchmarks are irrelevant and estimates necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value. Breeding and dairy herd are classified as noncurrent assets in the statement of financial position of the Group.

Growing Herd

Growing herd is measured at cost. The cost method was used since the fair value cannot be measured reliably. Growing herd has no defined active market since it has not yet been identified if this will be for breeding or for slaughter. Growing herd is classified as noncurrent assets in the statement of financial position of the Group.

Cattle for Slaughter

Cattle for slaughter is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise. Cattle for slaughter is classified as noncurrent assets in the statements of financial position of the Group.

The Group's agricultural produce are accounted for as follows:

Agricultural Produce

The Group's growing produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Group uses the future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing cost as the basis of fair value. The Group's harvested produce to be used in processed products are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell and adjusted for margin associated to further processing. The Group's harvested produce to be sold as fresh fruits are measured at fair value at the point of harvest based on the average selling price of fresh fruit reduced by cost to sell.

Cutmeat

Cutmeat is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise.



4.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

A series of transactions that involve the legal form of a lease is linked and is accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole. This is the case, for example, when the series of transactions are closely interrelated, negotiated as a single transaction, and takes place concurrently or in a continuous sequence. This requires an evaluation of the substance of the lease arrangement, including the conveyance of the right to use an asset for an agreed period of time.

Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

4.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of raw materials, packaging materials, traded goods, cost of production materials and storeroom items is based on the FIFO (First-in First-out) method. Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of conversion include costs directly related to the units of production, and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

The allocation of fixed production overheads is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average for the periods or seasons under normal circumstances, taking into account the seasonal business cycle of the Group.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.



The cost of growing crops transferred from biological assets is its fair value less cost to sell at the date of harvest.

4.10 Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less that are subject to insignificant risk of change in value.

4.11 Impairment

(i) **Non-derivative financial assets**

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) have occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the income statement.



(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use (VIU) and its fair value less costs to sell. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss recognised in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Joint ventures and investments in subsidiaries

An impairment loss in respect of joint ventures is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in the income statement. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Goodwill

Goodwill that forms part of the carrying amount of an investment in a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in a joint venture may be impaired.

When conducting the annual impairment test for goodwill, the Group compares the estimated fair value of the CGU containing goodwill to its recoverable amount.



Goodwill is allocated to a CGU or group of CGUs that represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The recoverable amount is computed using two approaches: the value-in-use approach, which is the present value of expected cash flows, discounted at a risk adjusted weighted average cost of capital; and the fair value less cost to sell approach, which is based on using market multiples of companies in similar lines of business.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill attributable to acquisition of a subsidiary is not reversed.

Intangible assets with indefinite useful lives, are components of the CGU containing goodwill and the impairment assessment is as described above.

4.12 Noncurrent assets held for sale

Noncurrent assets held for sale are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in the consolidated income statement. Once classified as held-for-sale, property, plant and equipment are no longer depreciated. If it is no longer highly probable that an asset will be recovered primarily through sale, the asset ceases to be classified as held-for-sale and is measured at the lower of its carrying amount before the asset was classified as held-for-sale adjusted for any depreciation that would have been recognised had the asset not been reclassified as held for sale and its recoverable amount at the date of the subsequent reclassification. The required adjustment to the carrying amount of an asset that ceases to be classified as held-for-sale is included in the consolidated income statement. The Group classified certain assets in Plymouth, Indiana and Siloam Springs, Arkansas as held-for-sale as of 30 April 2018 (see Note 16). The Group did not have any assets held for sale as of 30 April 2017.

4.13 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.



(ii) Defined benefit pension plan

A defined benefit pension plan requires contributions to be made to separately administered funds. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in staff cost in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the income statement.

When the plan amendment or curtailment occurs, the Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement. In fiscal 2016, a plan amendment was implemented for certain medical and dental benefits (see Note 21).

Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to certain union employees. The Group accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as other defined benefit plan. For certain union employee related retirement plans where sufficient information is not available to use defined benefit accounting, the Group accounts for these plans as if they were defined contribution plans.



(iii) Other plans

The Group has various other non-qualified retirement plans and supplemental retirement plans for executives, designed to provide benefits in excess of those otherwise permitted under the Group's qualified retirement plans. These plans are unfunded and comply with Internal Revenue Service (IRS) rules for non-qualified plans.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

(v) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits are recognised as an expense once the Group has announced the plan to affected employees.

(vi) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(vii) Share-based payment transactions

The Group grants share awards and share options to employees of the Group. The fair value of incentives granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and accounted for as described below.

Share awards

The fair value, measured at grant date, is recognised over the period during which the employees become unconditionally entitled to the shares.

Share options

The fair value, measured at grant date, is recognised over the vesting period during which the employees become unconditionally entitled to the options. At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee benefit expense and as a corresponding adjustment to equity over the remaining vesting period.



4.14 Share Capital and Retained earnings

(i) Share capital

Ordinary shares

Ordinary shares are classified as equity. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Preference shares

Preference shares are classified as equity. Holders of these shares are entitled to cash dividends based on the issue price, at the dividend rate per annum from the issue date, payable every 7 October and 7 April of each year following the issue date, upon declaration by the BOD.

The transaction costs directly attributable to the issue of ordinary and preference shares are accounted for as deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Share premium

Share premium represents the excess of consideration received over the par value of ordinary and preference shares net of transaction costs from issuance of share capital, share options exercised and released of share awards granted.

(ii) Retained Earnings

Retained earnings include profit attributable to the equity holders of the Group and reduced by dividends declared on share capital.

(iii) Dividends

Dividends are recognised as a liability and deducted from retained earnings when they are declared.

4.15 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.



(i) Environment remediation liabilities

In accordance with the Group's environment policy and applicable legal requirements, a provision for environmental remediation obligations and the related expense is recognised when such losses are probable and the amounts of such losses can be estimated reliably. Accruals for estimated losses for environmental remediation obligations are recognised no later than the completion of the remedial feasibility study. These accruals are adjusted as further information develops or circumstances change.

(ii) Retained insurance liabilities

The Group accrues for retained insurance risks associated with the deductible portion of any potential liabilities that might arise out of claims of employees, customers or other third parties for personal injury or property damage occurring in the course of the Group's operations.

A third-party actuary is engaged to assist the Group in estimating the ultimate cost of certain retained insurance risks. Additionally, the Group's estimate of retained insurance liabilities is subject to change as new events or circumstances develop which might materially impact the ultimate cost to settle these losses.

4.16 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of transfers of risks and rewards varies depending on the individual terms of the contract of sale but usually occurs when the customer receives the product.

Direct trade promotions such as retail store displays, listing fees, and volume incentives are recognised as reduction from revenue at the point of sale.

4.17 Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

Rent expense is being recognised on a straight-line basis over the life of the lease. The difference between rent expense recognised and rental payments, as stipulated in the lease, is reflected as deferred rent in the statements of financial position.

4.18 Finance income and finance costs

Finance income comprises interest income earned mainly from bank deposits and due from a related party of the Company. Interest income is recognised as it accrues in the income statement, using the effective interest method.



Finance expense comprises interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.19 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.



4.20 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise the restricted share plan and share options granted to employees.

4.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of non-recurring expenses.

4.22 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

4.23 New standards and interpretations issued but not yet adopted

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company and the Group do not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company and the Group intends to adopt the following pronouncements when they become effective.



Applicable for annual periods beginning on or after 1 May 2018

- *IFRS 9 Financial Instruments (2014)*

IFRS 9 (2014) replaces IAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of IFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). IFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. IFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management. The new standard is to be generally applied retrospectively for annual periods beginning on or after 1 January 2018, subject to certain exemptions provided by the standard. The Company and the Group is still determining the optimal transition approach to adopting IFRS 9. The assessments made by the Company and Group below is preliminary and incomplete, and therefore may be subject to change.

Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its assessment, the Company and Group does not believe that the new classification requirements will have a material impact on its accounting for trade and other receivables, and notes receivable which are expected to be similarly accounted for as at amortised cost.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to the Group's financial assets measured at amortised cost and any contract assets recognised under IFRS 15 *Revenue from Contracts with Customers*.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. Lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.



The Company and Group is still assessing and has not yet reasonably estimated the quantitative impact on its financial statements resulting from the new impairment requirements of IFRS 9.

Hedge Accounting

When initially applying IFRS 9, there is an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group expects to apply the new requirements of IFRS 9.

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting.

Under the new model, it is possible that more risk management strategies, particularly those involving a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting.

Under IAS 39, for all cash flow hedges, the amounts accumulated in the cash flow hedging reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affect profit or loss. However, under IFRS 9, for cash flow hedges associated with forecast non-financial asset purchases, the amounts accumulated in the cash flow hedging reserve will instead be included directly in the initial cost of the non-financial asset when it is recognised.

The types of hedge accounting relationships that the Group currently designates are expected to meet the requirements of IFRS 9 and are aligned with the entity's risk management strategy and objective.

The Group is still assessing and has not yet reasonably estimated the quantitative impact on its financial statements resulting from the new hedge accounting requirements of IFRS 9.

The amendment is not applicable to the Company.

- IFRS 15 *Revenue from Contracts with Customers* replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*

The new standard introduces a new and more comprehensive revenue recognition model for contracts with customers which specifies that revenue should be recognised when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled.

IFRS 15 requires a contract with a customer to be legally enforceable and to meet certain criteria to be within the scope of the standard and for the general model to apply. It introduces detailed guidance on identifying performance obligations which requires entities to determine whether promised goods or services are distinct. It also introduces detailed guidance on determining transaction price, including guidance on variable consideration and consideration payable to customers. The transaction price will then be generally allocated to each performance obligation in proportion to its stand-alone selling price. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer.



The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

The Group plans to adopt the standard retrospectively in the first quarter of fiscal 2019 with the cumulative effect of initially applying it recognised at the date of initial application ("cumulative effect method"). The Group is currently assessing the potential impact on its financial statements resulting from the application of IFRS 15.

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

The interpretation clarifies that the transaction date to be used for translation for foreign currency transactions involving an advance payment or receipt is the date on which the entity initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation applies when an entity pays or receives consideration in a foreign currency and recognises a non-monetary asset or liability before recognising the related item.

- *Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions*

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions.

The amendments address three main areas:

- *The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.* The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.
- *The classification of a share-based payment transaction with net settlement features for withholding tax obligations.* This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.
- *The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.* The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether



a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss.

- Amendments to IAS 28 *Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice*

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 May 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

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

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

Temporary exemption from IFRS 9

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: *Recognition and Measurement* while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

The overlay approach

The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income for designated financial assets.

An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in other comprehensive income.



The temporary exemption is first applied for reporting periods beginning on or after 1 May 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

- *Amendments to IAS 40 Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed.

Applicable for the first annual reporting period that begins on or after 1 May 2019

- *IFRS 16 Leases* supersedes *IAS 17 Leases* and the related interpretations

The new standard introduces a single lease accounting model for lessees under which all major leases are recognised in the Statement of Financial Position, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgements at each reporting date were introduced.

Early application is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 16.

- *IFRIC-23 Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Under the interpretation, whether the amounts recorded in the financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the entity's chosen tax treatment. If it is not probable that the tax authority will accept the entity's chosen tax treatment, the uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty – either the most likely amount or the expected value. The interpretation also requires the reassessment of judgements and estimates applied if facts and circumstances change – e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.



The interpretation is effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted.

- *Amendments to IAS 19 Plan Amendment, Curtailment or Settlement*

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

The amendments apply for plan amendments, curtailments or settlements that occur on or after the beginning of the first annual reporting period that begins on or after 1 May 2019. Earlier application is permitted.

- *Annual Improvements to IFRSs 2015-2017 Cycle*

This cycle of improvements contains amendments to four standards. The following are the amendments relevant to the Group:

- *Previously held interests in a joint operations (Amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements)*. The amendments clarify that, when an entity obtains control of a business that is joint operations, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 May 2019. Earlier application is permitted.

- *Previously held interests in a joint operations (Amendments to IFRS 11 Joint Arrangements)*. The amendments clarify that a party that participates in, but does not have joint control of, a joint operation constitutes a business as defined in IFRS 3, *Business Combinations*. The amendments clarify that the previously held interests in that joint operations are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 May 2019. Earlier application is permitted.

- *Income tax consequences of payments on financial instruments classified as equity (Amendments to IAS 12 Income Taxes)*. The amendments clarify that all income tax consequences of dividends, including payments on financial instruments classified as equity, are recognised consistently with the transactions that generated the distributable profits (i.e. income statement, OCI or equity).

The amendments are effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

- *Borrowing costs eligible for capitalisation (Amendments to IAS 23 Borrowing Costs)*. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets



that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale are included in that general pool.

- Amendments to IFRS 10 and IAS 28 *Sale or contribution of assets between an investor and its associate or joint venture.*

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investor's interests in the associate or joint venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

- Amendments to IFRS 9 *Prepayment features with negative compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

- Amendments to IAS 28 *Long-term interests in associate and joint ventures*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The Board also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28.

The amendments are effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted.



Applicable for the first annual reporting period that begins on or after 1 May 2021

- *IFRS 17 Insurance Contracts.*

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for reporting periods starting on or after 1 May 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

5. Property, plant and equipment - net

| | ←-----At cost -----> | | | | At appraised value | Total US\$'000 |
|---------------------------|--|---|--|---------------------------|------------------------------|-------------------|
| | 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 | |
| Group | | | | | | |
| Cost/Valuation | | | | | | |
| At 30 April 2017 | 216,617 | 546,529 | 37,707 | 219,443 | 68,000 | 1,088,296 |
| Additions | 5,309 | 5,146 | 54,947 | 82,796 | — | 148,198 |
| Disposals | (907) | (24,751) | — | — | (86) | (25,744) |
| Write off – closed fields | — | — | — | (34,038) | — | (34,038) |
| Reclassifications | (1,652) | 31,580 | (35,812) | — | (369) | (6,253) |
| Currency realignment | (1,417) | (6,420) | (901) | (7,777) | (436) | (16,951) |
| At 30 April 2018 | 217,950 | 552,084 | 55,941 | 260,424 | 67,109 | 1,153,508 |
| At 1 May 2016 | 212,311 | 499,213 | 38,291 | 193,414 | 65,762 | 1,008,991 |
| Additions | 217 | 4,393 | 69,293 | 71,126 | — | 145,029 |
| Revaluation | — | — | — | — | 4,119 | 4,119 |
| Disposals | (208) | (3,860) | — | — | — | (4,068) |
| Write off – closed fields | — | — | — | (32,402) | — | (32,402) |
| Write off – closed plant | (2,210) | (3,728) | — | — | (397) | (6,335) |
| Reclassifications | 9,056 | 61,795 | (69,270) | — | (890) | 691 |
| Currency realignment | (2,549) | (11,284) | (607) | (12,695) | (594) | (27,729) |
| At 30 April 2017 | 216,617 | 546,529 | 37,707 | 219,443 | 68,000 | 1,088,296 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 30 April 2018

| Group | At cost | | | | At appraised value | Total US\$'000 |
|---|--|---|--|---------------------------|------------------------------|-------------------|
| | 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 | |
| Accumulated depreciation and impairment losses | | | | | | |
| At 30 April 2017 | 46,577 | 250,542 | — | 133,992 | — | 431,111 |
| Charge for the year | 11,284 | 51,553 | — | 77,224 | — | 140,061 |
| Impairment loss | 11,278 | 8,959 | — | — | 4,297 | 24,534 |
| Write off – closed fields | — | — | — | (34,038) | — | (34,038) |
| Disposals | (130) | (7,449) | — | — | — | (7,579) |
| Reclassification | (700) | (91) | — | — | — | (791) |
| Currency realignment | (746) | (5,116) | — | (4,817) | — | (10,679) |
| At 30 April 2018 | 67,563 | 298,398 | — | 172,361 | 4,297 | 542,619 |
| At 1 May 2016 | 38,638 | 212,935 | — | 95,795 | 390 | 347,758 |
| Charge for the year | 9,630 | 51,809 | — | 77,556 | — | 138,995 |
| Reversal of impairment loss | (178) | (152) | — | — | — | (330) |
| Disposals | (49) | (1,918) | — | — | — | (1,967) |
| Write off – closed fields | — | — | — | (32,402) | — | (32,402) |
| Write off – closed plant | (2,210) | (3,735) | — | — | (390) | (6,335) |
| Currency realignment | 746 | (8,397) | — | (6,957) | — | (14,608) |
| At 30 April 2017 | 46,577 | 250,542 | — | 133,992 | — | 431,111 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements
For the financial year ended 30 April 2018

| | <-----At cost -----> | | | | At appraised value | |
|------------------|---|---------------------------------------|---------------------------------------|--------------------------|---------------------------|-------------------|
| | Buildings, land improvements and leasehold improvements US\$'000 | Machineries and equipment US\$'000 | Construction -in-progress US\$'000 | Bearer Plant US\$'000 | Freehold land US\$'000 | Total US\$'000 |
| Carrying amounts | | | | | | |
| At 30 April 2018 | 150,387 | 253,686 | 55,941 | 88,063 | 62,812 | 610,889 |
| At 30 April 2017 | 170,040 | 295,987 | 37,707 | 85,451 | 68,000 | 657,185 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

The Group has amounts in accrued liabilities relating to property, plant and equipment acquisitions of US\$6.4 million as of 30 April 2018 (30 April 2017: US\$2.1 million). Down payments made by the Group for the acquisition of property, plant and equipment amounted to US\$2.9 million as of 30 April 2018 (30 April 2017: US\$3.0 million). Additional fields closed and written off in 2018 amounted to US\$34.0 million (2017: US\$32.0 million).

Bearer Plants

| | Group | |
|--|------------------|------------------|
| | 30 April 2018 | 30 April 2017 |
| Hectares planted with growing crops: | | |
| – Pineapples | 16,402 | 16,572 |
| – Papaya | 59 | 733 |
| | | |
| Fruits harvested from the growing crops: (in metric tons) | | |
| – Pineapples | 743,008 | 749,099 |
| – Papaya | 987 | 11,455 |

Bearer plants is stated at cost which comprises actual costs incurred in nurturing the crops reduced by depreciation. Depreciation represents the cost of fruits harvested from the Group's plant crops. An estimated cost is necessary since the growth cycle of the plant crops is beyond twelve months, hence actual growing costs are not yet known as of reporting date. The estimated cost is developed by allocating estimated growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. Estimated growing costs are affected by inflation and foreign exchange rates, volume and labour requirements. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The Group reviews and monitors the estimated cost of harvested fruits regularly.

Leasehold Improvements

As at 30 April 2018 and 2017, the Group has no significant legal or constructive obligation to dismantle any of its leasehold improvements as the lease contracts provide, among other things, that the improvements introduced on the leased assets shall become the property of the lessor upon termination of the lease.

Freehold Land

The table below summarises the valuation of freehold land held by the Group as at 30 April 2018 in various locations:

| <u>Located in</u> | <u>Valuation US\$'000</u> | <u>Date of Valuation</u> |
|--------------------------|-------------------------------|------------------------------|
| The Philippines | 8,847 | 2016 (Various) |
| United States of America | 44,885 | 31 December 2016 |
| Singapore | 9,080 | 9 September 2016 |
| | <u>62,812</u> | |



The Group engaged independent appraisers to determine the fair values of its freehold land. Revaluations are performed at regular intervals to ensure that the fair value of the freehold land does not differ materially from its carrying amount. Management evaluated that the fair values of its freehold land at the respective valuation dates approximate their fair values as of the reporting date. The assumptions used in determining the fair value are disclosed in Note 34.

The Group reclassified US\$0.4 million of its freehold land as held-for-sale and disposed US\$0.1 million during the fiscal year.

The carrying amount of the Group's freehold land as at 30 April 2018 would be US\$47.5 million (30 April 2017: US\$52.7 million) had the freehold land been carried at cost less impairment losses.

Construction-in-Progress

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

Major items in the Construction in Progress (CIP) include construction of in-house Tetra Pak line, increase tropical product line capacity and acquisition of Klearcan can-making facility. Most of the CIP items are expected to be completed within fiscal year 2019.

Plant closures and divestiture of Sager Creek business

In connection with the plant closures, the Group recognised impairment losses amounting to US\$24.7 million in fiscal year 2018.

Plymouth Plant

The Group closed its Plymouth, Indiana plant during fiscal year 2018. In connection with the plant closure, the Group recognised impairment losses on related property, plant and equipment amounting to US\$7.0 million in fiscal year 2018.

Under the termination plan, approximately 100 employees were affected, all of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US\$2.3 million, with US\$0.2 million outstanding as of 30 April 2018. The employee severance benefits are presented under "Employee benefits".

The Group reclassified the plant's land and building as held-for-sale as of 30 April 2018 (see Note 16).

Sager Creek - Siloam Springs, Arkansas

The Group also closed its Country production plant in Siloam Springs, Arkansas. The operations ceased in 20 September 2018.

Under the termination plan, approximately 230 employees were affected, the majority of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US\$2.3 million, with US\$0.4 million outstanding as of 30 April 2018. The employee severance benefits are presented under "Employee benefits".

The Group reclassified the plant's office building as held-for-sale as of 30 April 2018 (see Note 16).



Northwest Arkansas Distribution and Warehouse Facilities

The Group announced on 19 January 2018 its intention to close its distribution and warehouse facilities in Northwest Arkansas. These closures will take place during the first half of fiscal year 2019.

Under the termination plan, approximately 125 employees were affected, the majority of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US\$1.3 million, with US\$1.1 million outstanding as of 30 April 2018. The employee severance benefits are presented under "Employee benefits".

Sager Creek – Turkey, North Carolina

In April 2016, the Group announced its intention to close Sager Creek's plant in Turkey, North Carolina. The Group closed the plant's canning facilities during fiscal year 2016 and the remainder of the production lines were redeployed to other production locations as of 30 April 2017. In connection with the plant closure, the Group recognised impairment losses on related property, plant and equipment amounting to US\$5.0 million in fiscal year 2016.

Under the termination plan, approximately 300 employees were affected, about two-thirds of which were terminated by the end of fiscal year 2016, and the remainder terminated in fiscal year 2017. The Group recognised provisions for employee severance benefits amounting to US\$1.4 million, with US\$1.2 million outstanding as of 30 April 2016. The employee severance benefits are presented under "Employee benefits". Related equipment removal costs amounting to US\$2.3 million, together with other related costs, were recognised in fiscal year 2016 and included under "Trade and other payables". These expenditures were incurred in fiscal year 2017 and there are no outstanding provisions as of 30 April 2017.

As of 30 April 2017, the Group has sold the Turkey plant and recognised a gain of US\$0.7 million.

Source of estimation uncertainty

The Group estimates the useful lives of its buildings, land improvements, leasehold improvements and machineries and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experiences with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase recorded depreciation expense and decrease 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 judgement.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The recoverable amount of the impaired assets was based on fair value less cost to sell, which is subject to estimation.

6. Investments in subsidiaries

| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|---|------------------------------|------------------------------|
| Unquoted equity shares, at cost | 640,699 | 640,699 |
| Amounts due from subsidiaries (nontrade) | 75,243 | 75,243 |
| | <u>715,942</u> | <u>715,942</u> |
| Accumulated share in profit and other comprehensive income at the beginning of the year | 115,946 | 44,956 |
| Share in net profit of subsidiaries | (12,066) | 62,627 |
| Dividend declared by subsidiaries | (120,000) | — |
| Share in other comprehensive income of subsidiaries, net of tax | 7,668 | 7,309 |
| Others | 154 | 1,054 |
| | <u>(8,298)</u> | <u>115,946</u> |
| Interests in subsidiaries at the end of the year | <u>707,644</u> | <u>831,888</u> |

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.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Details of the Company's subsidiaries are as follows:

| Name of subsidiary | Principal activities | Place of in- corporation and business | Effective equity held by the Group | |
|--|---|---|---------------------------------------|-----------------------|
| | | | 30 April 2018 % | 30 April 2017 % |
| Held by the Company | | | | |
| Del Monte Pacific Resources Limited ("DMPRL") ^[6] | Investment holding | British Virgin Islands | 100.00 | 100.00 |
| DMPL India Pte Ltd ("DMPLI") ^[2] | Investment holding | Singapore | 100.00 | 100.00 |
| DMPL Management Services Pte Ltd ^[2] | Providing administrative support and liaison services to the Group | Singapore | 100.00 | 100.00 |
| GTL Limited ^[6] | Trading food products mainly under the brand names: "Del Monte" and buyer's own label | Federal Territory of Labuan, Malaysia | 100.00 | 100.00 |
| S&W Fine Foods International Limited ("S&W") ^[6] | Selling processed and fresh food products under the "S&W" trademark; Owner of the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa | British Virgin Islands | 100.00 | 100.00 |
| DMPL Foods Limited ("DMPLFL") ^[7] | Investment holding | British Virgin Islands | 89.43 | 89.43 |
| Held by DMPRL | | | | |
| Central American Resources, Inc. ("CARI") ^[6] | Investment holding | Panama | 100.00 | 100.00 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Name of subsidiary | Principal activities | Place of in- corporation and business | Effective equity held by the Group | |
|---|---|---|---------------------------------------|-----------------------|
| | | | 30 April 2018 % | 30 April 2017 % |
| Held by CARI | | | | |
| Del Monte Philippines, Inc (“DMPI”) ^[1] | Growing, processing and distribution of food products mainly under the brand name “Del Monte” | Philippines | 100.00 | 100.00 |
| Dewey Limited (“Dewey”) ^[7] | Mainly investment holding | Bermuda | 100.00 | 100.00 |
| Pacific Brands Philippines, Inc ^[1] | Inactive | State of Delaware, U.S.A. | 100.00 | 100.00 |
| South Bukidnon Fresh Trading Inc (“SBFTI”) ^[1] | Production, packing, sale and export of food products | Philippines | 100.00 | 100.00 |
| Held by DMPI | | | | |
| Philippines Packing Management Services Corporation ^[1] | Management, logistics and support services | Philippines | 100.00 | 100.00 |
| Del Monte Txanton Distribution Inc (“DMTDI”) ^{[b] [1]} | Trading, selling and distributing food, beverages and other related products | Philippines | 40.00 | 40.00 |
| Held by Dewey | | | | |
| Dewey Sdn. Bhd. ^[3] | Owner of various trademarks | Malaysia | 100.00 | 100.00 |
| Held by DMPLI | | | | |
| Del Monte Foods India Private Limited (“DMFIPL”) ^{[a] [4]} | Manufacturing, processing and distributing food, beverages and other related products | Mumbai, India | — | 100.00 |
| DMPL India Limited ^[4] | Investment holding | Mauritius | 94.94 | 94.94 |
| Held by S&W | | | | |
| S&W Japan Limited ^[7] | Support and marketing services for S&W | Japan | 100.00 | 100.00 |
| Held by DMPLFL | | | | |
| Del Monte Foods Holdings Limited (“DMFHL”) ^[1] | Investment holding | British Virgin Islands | 89.43 | 89.43 |
| Held by DMFHL | | | | |
| Del Monte Foods Holdings II, Inc. (“DMFHII”) ^[5] | Investment holding | State of Delaware, U.S.A. | 89.43 | — |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Name of subsidiary | Principal activities | Place of incorporation and business | Effective equity held by the Group | |
|--|---|-------------------------------------|------------------------------------|-----------------|
| | | | 30 April 2018 % | 30 April 2017 % |
| Held by DMFHII Del Monte Foods Holdings Inc. ("DMFHI") ^[5] | Investment holding | State of Delaware, U.S.A. | 89.43 | 89.43 |
| Held by DMFHI Del Monte Foods, Inc. ("DMFI") ^[5] | Manufacturing, processing and distributing food, beverages and other related products | State of Delaware, U.S.A. | 89.43 | 89.43 |
| Held by DMFI Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.) ^[5] | Manufacturing, processing and distributing food, beverages and other related products | State of Delaware, U.S.A. | 89.43 | 89.43 |
| Del Monte Andina C.A. ^[8] | Manufacturing, processing and distributing food, beverages and other related products | Venezuela | — | — |
| Del Monte Colombiana S.A. ^[3] | Manufacturing, processing and distributing food, beverages and other related products | Colombia | 73.31 | 73.31 |
| Industrias Citricolas de Montemorelos, S.A. de C.V. (ICMOSA) ^[3] | Manufacturing, processing and distributing food, beverages and other related products | Mexico | 89.43 | 89.43 |
| Del Monte Peru S.A.C. ^[7] | Distribution of food, beverages and other related products | Peru | 89.43 | 89.43 |
| Del Monte Ecuador DME C.A. ^[7] | Distribution of food, beverages and other related products | Ecuador | 89.43 | 89.43 |
| Hi-Continental Corp. ^[7] | Lessee of real property | State of California, U.S.A. | 89.43 | 89.43 |
| College Inn Foods ^[7] | Inactive | State of California, U.S.A. | 89.43 | 89.43 |
| Contadina Foods, Inc. ^[7] | Inactive | State of Delaware, U.S.A. | 89.43 | 89.43 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Name of subsidiary | Principal activities | Place of in- corporation and business | Effective equity held by the Group | |
|---|---|---|---------------------------------------|-----------------------|
| | | | 30 April 2018 % | 30 April 2017 % |
| Held by DMFI (cont'd) | | | | |
| S&W Fine Foods, Inc. ^[7] | Inactive | State of Delaware, U.S.A. | 89.43 | 89.43 |
| Del Monte Ventures, LLC ("DM Ventures") ^[c] | Investment holding | State of Delaware, U.S.A. | 89.43 | — |
| Held by DM Ventures | | | | |
| Del Monte Avo, LLC ^[c] | Development, production, marketing, sale and distribution of UHP avocado products | State of Delaware, U.S.A. | 51.00 | — |
| Del Monte Chilled Fruit Snacks, LLC ^[c] | Development, production, marketing, sale and distribution of processed refrigerated fruit products | State of Delaware, U.S.A. | 51.00 | — |
| Held by Del Monte Andina C.A. | | | | |
| Del Monte Argentina S.A. ^[8] | Inactive | Argentina | — | — |

- (a) 0.1% held by DMPRL. DMFIPL had been dissolved effective 23 June 2017.
- (b) DMTDI is consolidated as the Group has de facto control over the entity. Management believes that the Group has control over DMTDI since it is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over DMTDI.
- (c) In connection with the 27 June 2017 Settlement Agreement which resulted to the dismissal of the license dispute filed with the U.S. District Court for the Southern District of New York in December 2013, DMFI and Fresh Del Monte (FDP) entered into four joint venture agreements. To effect these joint ventures, the Group incorporated its subsidiary, Del Monte Ventures, LLC on 21 June 2017 which acquired interests in four joint venture entities which were all incorporated in the state of Delaware, USA. These joint ventures will pursue sales of expanded refrigerated offerings across all distribution and sales channels, and will establish a new retail food and beverage concept. These joint ventures will initially focus on the U.S. market, with the potential for expansion into other territories. These joint venture entities are in their pre-operating stages and have no material assets or liabilities as of 30 April 2018.

[1] Audited by SyCip Gorres Velayo & Co. ("SGV").

[2] Audited by Ernst and Young LLP ("EY") Singapore.

[3] Audited by Ernst & Young member firms in the respective countries.

[4] Audited by other certified public accountants. Subsidiary is not significant under rule 718 of the SGX-ST Listing Manual.

[5] Not required to be audited in the country of incorporation. Audited by SGV for the purpose of group reporting.

[6] Not required to be audited in the country of incorporation. Audited by Ernst and Young LLP, Singapore for the purpose of group reporting.

[7] Not required to be audited in the country of incorporation.

[8] Not required to be audited in the country of incorporation. The Venezuelan entity was deconsolidated in 2015.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

The Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4. The Company determined that it exercised control on all its subsidiaries as it has all elements of control.

In fiscal year 2015, the Group deconsolidated its subsidiary, Del Monte Andina C.A., an entity which has operations in Venezuela. Venezuela has a hyperinflationary economy. The Venezuelan exchange control regulations have resulted in other-than-temporary lack of exchangeability between the Venezuelan Bolivar and US Dollar. This has restricted the Venezuelan entity's ability to pay dividends and obligations denominated in US Dollars. The exchange regulations, combined with other recent Venezuelan regulations, have constrained the Venezuelan entity's ability to maintain normal production. Due to the Group's inability to effectively control the operations of the entity, the Group deconsolidated the subsidiary with effect from February 2015. The equity interest in this entity is determined to be the cost of investment of the entity at the date of deconsolidation. The investment is carried at cost less impairment losses.

Source of estimation uncertainty

When the subsidiary has suffered recurring operating losses, a test is made to assess whether the interests in subsidiary has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the subsidiary, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

7. Investments in joint ventures

| Name of joint venture | Principal activities | Place of incorporation and business | Effective equity held by the Group | |
|---|---|-------------------------------------|------------------------------------|--------------------|
| | | | 30 April 2018 % | 30 April 2017 % |
| FieldFresh Foods Private Limited ("FFPL") * | Production and sale of fresh and processed fruits and vegetable food products | India | 47.47 | 47.47 |
| Nice Fruit Hong Kong Limited (NFHKL) # | Production and sale of frozen fruits and vegetable food products | Hong Kong | 35.00 | 35.00 |

* Audited by Deloitte Haskins & Sells, Gurgaon, India.

Audited by Ernst and Young Hong Kong. Not material to the Group as at 30 April 2018.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The summarised financial information of a material joint venture, FFPL, not adjusted for the percentage ownership held by the Group, is as follows:

| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
|---|---|---|---|
| Revenue | 76,588 | 72,914 | 65,838 |
| Loss from continuing operations ^a | (633) | (3,140) | (3,398) |
| Other comprehensive income | — | — | (3) |
| Total comprehensive income | (633) | (3,140) | (3,401) |
| ^a Includes: | | | |
| - depreciation | 151 | 177 | 168 |
| - interest expense | 1,522 | 2,086 | 2,605 |
| Noncurrent assets | 14,657 | 15,877 | 17,110 |
| Current assets | 21,882 | 20,907 | 23,842 |
| Noncurrent liabilities | (17,992) | (19,927) | (25,271) |
| Current liabilities | (13,684) | (11,616) | (14,283) |
| Net assets | 4,863 | 5,241 | 1,398 |
| Proportion of the Group's ownership including non-controlling interest | 50% | 50% | 50% |
| | 2,432 | 2,621 | 699 |
| Goodwill | 20,000 | 20,000 | 20,000 |
| Translation adjustment | 1,125 | 1,251 | (38) |
| Carrying amount of investment | 23,557 | 23,872 | 20,661 |

| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
|--|---|---|---|
| Group's interest in net assets of FFPL at beginning of the year | 23,872 | 20,661 | 20,419 |
| Capital injection during the year | — | 4,887 | 1,950 |
| Group's share of: | | | |
| - loss from continuing operations | (315) | (1,676) | (1,705) |
| - other comprehensive income | — | — | (3) |
| total comprehensive income | (315) | (1,676) | (1,708) |
| Carrying amount of interest at end of the year | 23,557 | 23,872 | 20,661 |

The interest in the net assets of an immaterial joint venture, NFHKL, is as follows:

| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
|---|---|---|---|
| Group's interest in net assets of NFHKL at beginning of the year | 1,925 | 2,159 | 2,171 |
| Capital injection during the year | 950 | — | — |
| Group's share of: | | | |
| - loss from continuing operations | (1,237) | (234) | (12) |
| - other comprehensive income | — | — | — |
| total comprehensive income | (1,237) | (234) | (12) |
| Carrying amount of interest at end of the year | 1,638 | 1,925 | 2,159 |



Notes to the financial statements
For the financial year ended 30 April 2018

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

| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
|---|---|---|---|
| Group's interest in joint ventures | | | |
| FFPL | 23,557 | 23,872 | 20,661 |
| NFHKL | 1,638 | 1,925 | 2,159 |
| Carrying amount of investments in joint ventures | 25,195 | 25,797 | 22,820 |

Determination of joint control and the type of joint arrangement

Joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has assessed that it has joint control in all joint arrangements.

The Group determines the classification of a joint venture depending upon the parties' rights and obligations arising from the arrangement in the normal course of business. When making an assessment, the Group considers the following:

- (a) the structure of the joint arrangement.
- (b) when the joint arrangement is structured through a separate vehicle:
 - i. the legal form of the separate vehicle;
 - ii. the terms of the contractual arrangement; and
 - iii. when relevant, other facts and circumstances.

The Group determined that its interests in FFPL and NFHKL are joint ventures as the arrangements are structured in a separate vehicle and that it has rights to the net assets of the arrangements. The terms of the contractual arrangements do not specify that the parties have rights to the assets and obligations for the liabilities relating to the arrangements.

Source of estimation uncertainty

When the joint venture has suffered recurring operating losses, a test is made to assess whether the investment in joint venture has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the joint venture, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

Since its acquisition, the Indian sub-continent trademark and the investment in FFPL were allocated to the Indian sub-continent cash-generating unit ("Indian sub-continent CGU"). The recoverable amount of Indian sub-continent CGU was estimated using the discounted cash flows based on five-year cash flow projections.



Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, revenue growth rates, earnings before interest, taxes, depreciation and amortisation (EBITDA) margin and terminal value growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the industries and were based on both external and internal sources.

| | 30 April 2018 % | 30 April 2017 % |
|----------------------------|-----------------------|-----------------------|
| Pre-tax discount rate | 14.1 | 13.2 |
| Revenue growth rate | 15.0 – 20.0 | 15.0 – 20.0 |
| EBITDA margin | 7.0 – 12.0 | 4.0 – 11.0 |
| Long-term EBITDA margin | 11.6 | 10.8 |
| Terminal value growth rate | 5.0 | 5.0 |

In fiscal year 2018, discount rate is a pre-tax measure estimated based on past experience, and industry average weighted average cost of capital, which is based on a possible rate of debt leveraging of 15.7% (2017: 14.7%) at a market interest rate of 9.5% (2017: 9.7%).

Revenue growth rate is expressed as compound annual growth rates in the initial five years of the plan. In the first year of the business plan, revenue growth rate was projected at 18% (2017: 15%) based on the near-term business plan and market demand. The annual revenue growth included in the cash flow projections for four years was projected at the growth rate based on the historical growth in volume and prices and industry growth.

A long-term growth rate into perpetuity has been determined based on management's estimate of the long-term compound annual growth rate in the Indian economy which management believed was consistent with the assumption that a market participant would make.

EBITDA margin has been a factor of the revenue forecast based on business plan and market demand coupled with the cost saving initiatives.

Sensitivity to changes in assumptions

The estimated recoverable amount exceeds its carrying amount of interest in joint venture and trademark and accordingly no impairment loss is recorded.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

| | Change required for carrying amount to equal the recoverable amount | |
|---------------------|--|-----------------------|
| | 31 March 2018 % | 31 March 2017 % |
| Group | | |
| Discount rate | 5.4 | 3.8 |
| Revenue growth rate | (5.0) | (1.0) |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

8. Intangible assets and goodwill

| | Note | Goodwill US\$'000 | Indefinite life trademarks US\$'000 | Amortisable trademarks US\$'000 | Customer relationships US\$'000 | Total US\$'000 |
|---------------------------------|------|----------------------|---|---------------------------------------|---------------------------------------|-------------------|
| Cost | | | | | | |
| At 1 May 2017 | | 203,432 | 408,043 | 36,080 | 120,500 | 768,055 |
| Disposal | 5 | – | – | (11,900) | (13,500) | (25,400) |
| At 30 April 2018 | | 203,432 | 408,043 | 24,180 | 107,000 | 742,655 |
| At 1 May 2016 | | 203,432 | 408,043 | 36,080 | 120,500 | 768,055 |
| At 30 April 2017 | | 203,432 | 408,043 | 36,080 | 120,500 | 768,055 |
| Accumulated amortisation | | | | | | |
| At 1 May 2017 | | – | – | 6,405 | 20,624 | 27,029 |
| Amortisation | 25 | – | – | 1,731 | 6,053 | 7,784 |
| Disposal | 5 | – | – | (2,520) | (4,289) | (6,809) |
| At 30 April 2018 | | – | – | 5,616 | 22,388 | 28,004 |
| At 1 May 2016 | | – | – | 4,096 | 13,586 | 17,682 |
| Amortisation | 25 | – | – | 2,309 | 7,038 | 9,347 |
| At 30 April 2017 | | – | – | 6,405 | 20,624 | 27,029 |
| Carrying amounts | | | | | | |
| At 30 April 2018 | | 203,432 | 408,043 | 18,564 | 84,612 | 714,651 |
| At 30 April 2017 | | 203,432 | 408,043 | 29,675 | 99,876 | 741,026 |

Goodwill

Goodwill arising from the acquisition of Consumer Food Business was allocated to DMFI and its subsidiaries, which is considered as one CGU.

Indefinite life trademarks

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks. These trademarks are expected to be used indefinitely by the Group as they relate to continuing businesses that have a proven track record with stable cash flows.

America trademarks

The indefinite life trademarks of US\$394 million arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the “Del Monte” trademark in the United States and South America market, and the “College Inn” trademark in the United States, Australia, Canada and Mexico.

The Philippines trademarks

A subsidiary, Dewey, owns the “Del Monte” and “Today’s” trademarks for use in connection with processed foods in the Philippines (“The Philippines trademarks”) with carrying value amounting to US\$1.8 million.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Indian sub-continent trademark

In November 1996, a subsidiary, DMPRL, entered into a sub-license agreement with an affiliated company to acquire the exclusive right to use the “Del Monte” trademark in the Indian sub-continent territories in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licenses to others (“Indian sub-continent trademark”). This led to the acquisition of a joint venture, FFPL in 2007 and the grant of trademarks to FFPL to market the Company’s product under the “Del Monte” brand name. The trademark has a carrying value of US\$4.1 million.

Asia S&W trademark

In November 2007, a subsidiary, S&W, entered into an agreement with Del Monte Corporation to acquire the exclusive right to use the “S&W” trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa for a total consideration of US\$10.0 million. The trademark has a carrying value of US\$8.2 million.

Impairment test

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

Philippines trademarks

In 2018 and 2017, the recoverable amounts of these intangible assets were based on fair value less cost of disposal. The key assumptions used in the estimation of the fair value less cost of disposal are set out below. The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

| | 2018 | 2017 |
|--|-------------|-------------|
| | % | % |
| Royalty rate | 3.0 | 6.0 |
| Discount rate | 9.0 | 9.0 |
| Revenue growth rate (five years average) | 11.0 | 16.0 |

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years. It was assumed that sales price would increase in line with forecast inflation over the next five years.



Notes to the financial statements
For the financial year ended 30 April 2018

Asia S&W trademark

In 2017, the recoverable amount of Asia S&W trademark was based on VIU. The key assumptions used in the estimation of the VIU are set out below.

| | % |
|--|-------------|
| Revenue growth rate (five years average) | 23.0 |
| Gross margin | 33.0 – 40.0 |
| EBITDA margin | 15.0 – 20.0 |
| Discount rate | <u>9.0</u> |

The cash flow projections included specific estimates for five years.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years.

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

In 2018, the recoverable amount was based on fair value less cost of disposal using the relief from royalty method (RFR). The key assumptions used in the estimation of the fair value less cost of disposal are set out below.

| | % |
|--|------------|
| Royalty rate | 3.0 |
| Revenue growth rate (five years average) | 14.0 |
| Discount rate | <u>9.0</u> |

Indian sub-continent trademark

The Indian sub-continent trademark and the investment in FFPL were allocated to Indian sub-continent CGU (see Note 7).

America trademarks and Goodwill

In 2017, the recoverable amount of the CGU was based on fair value less costs of disposal using market approach, being greater than the VIU. In 2018, the recoverable value was based on VIU:

| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|---|---------------------------|---------------------------|
| Value-in-use | 2,630,000 | 1,870,000 |
| Fair value less costs of disposal – market approach | 1,920,000 | 1,990,000 |
| Recoverable amount | <u>2,630,000</u> | <u>1,990,000</u> |

The Americas trademarks were also included in the CGU used in the goodwill impairment testing.

As of valuation date in January 2018 and 2017, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately US\$1,156.4 million and US\$177.7 million, respectively. Therefore, the CGU is not impaired.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Value-in-use

The VIU is the present value of expected cash flows, discounted at a risk-adjusted weighted average cost of capital.

The key assumptions used in the estimation of the recoverable amount using the VIU approach are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

| | 2018 | 2017 |
|----------------------------|---------------|-------------|
| | % | % |
| Pre-tax discount rate | 9.1 | 11.1 |
| Terminal value growth rate | 2.0 | 2.0 |
| Long-term EBITDA margin | 13.0 | 13.3 |
| Revenue growth rate | (16.1) – 11.3 | (6.2) – 5.8 |
| Gross margin | 14.3 – 25.4 | 18.4 – 27.0 |

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible range of debt leveraging of 44% as of 30 April 2018 (30 April 2017: 35%) at a risk free interest rate of 3.5% as of 30 April 2018 (30 April 2017: 3.5%).

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate consistent with the assumption that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience adjusted as follows:

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years. It was assumed that sales price would increase in line with forecast inflation over the next five years.
- The amounts are probability-weighted.

Fair value less costs of disposal

Fair value less costs of disposal is determined using the market approach, which makes use of prices and other relevant information generated by market transactions involving similar companies.

The Market Comparable Method was used in applying the Market Approach, making use of market price data of companies engaged in the same or similar line of business as that of DMFI and its subsidiaries. Stocks of these companies are traded in a free and open market or in private transactions. The process involves the identification of comparable companies, calculation and application of market multiples representing ratios of invested capital or equity to financial measures of DMFI and its subsidiaries, application of an appropriate control premium to the companies being compared, and adjustment for any non-operating assets or liabilities or working capital excess/deficit to arrive at an indication of Business Enterprise Value.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

The approach involves the use of both observable inputs and unobservable inputs (e.g. projected revenue and EBITDA, and adjusted market multiples). Accordingly, the fair value measurement is categorised under level 3 of the fair value hierarchy.

Comparable companies were selected from comprehensive lists and directories of public companies in the packaged foods industry. Potential comparable companies were analysed based on various factors, including, but not limited to, industry similarity, financial risk, company size, geographic diversification, profitability, growth characteristics, financial data availability, and active trading volume. The following comparable companies were selected:

- B&G Foods Inc.
- Campbell Soup Company
- ConAgra Foods, Inc.
- General Mills, Inc.
- Hormel Foods Corporation
- Seneca Foods Corp.
- Treehouse Foods, Inc.

Calculation of the market multiples considered Market Value of Invested Capital (MVIC), the sum of the market values of a comparable company's common stock, interest-bearing debt and preferred stock, assuming that the book value of the comparable companies' debt approximated the market value of the debt. Adjustments to the market multiples were made to reflect the difference between the estimated size of DMFI and its subsidiaries and each comparable company, improving comparability based on relative size difference prospects. Relative size adjustment factors were calculated based on a regression of a Price / Earnings ratio using size as an independent variable. The market multiples selected and applied to the DMFI and its subsidiaries' financial results in the analysis were as follows:

| | 2018 | | 2017 | |
|-----------------------------------|-------------------|-----------------|-------------------|-----------------|
| | Selected multiple | Assigned weight | Selected multiple | Assigned weight |
| MVIC/Revenue – Last twelve months | 1.1x | 25% | 1.0x | 50% |
| MVIC/Revenue – Projected | 1.3x | 25% | 1.1x | 0% |
| MVIC/EBITDA – Last twelve months | 13.3x | 25% | 13.6x | 50% |
| MVIC/EBITDA – Projected | 12.5x | 25% | 11.9x | 0% |

Sensitivity analysis

Management has identified that a reasonably possible change in the market multiples could cause the carrying amount to exceed the recoverable amount. The following table shows the amount to which the market multiples would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

| | Breakeven Multiple | |
|-----------------------------------|--------------------|-------|
| | 2018 | 2017 |
| MVIC/Revenue – Last twelve months | 0.7x | 0.9x |
| MVIC/Revenue – Projected | 0.8x | – |
| MVIC/EBITDA – Last twelve months | 12.6x | 12.1x |
| MVIC/EBITDA – Projected | 9.6x | – |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The following table shows the amount to which the discount rate, and long-term EBITDA margin would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

| | 2018 | 2017 |
|-------------------------|------|------|
| | % | % |
| Discount rate | 12.2 | 7.9 |
| Long-term EBITDA margin | 7.7 | 13.6 |

Source of estimation uncertainty

Goodwill and the indefinite life trademarks are assessed for impairment annually. The impairment assessment requires an estimation of the VIU and fair value less costs of disposal of the CGU to which the goodwill and indefinite life trademarks are allocated.

Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and apply an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations.

Estimating fair value less costs of disposal requires the Group to calculate market multiples, derived from market price data of comparable companies, to be applied to the Group's financial measures. The estimated fair value would change depending on the assumptions used, such as the annual revenue growth rate, EBITDA margin, and adjusted market multiples.

Amortisable trademarks and customer relationships

| | Net carrying amount | | Remaining amortisation period (years) | |
|-----------------------------|---------------------|---------------|---------------------------------------|------|
| | 30 April 2018 | 30 April 2017 | 2018 | 2017 |
| | US\$'000 | US\$'000 | | |
| Asia S&W trademark | 4 | 22 | 0.2 | 1.2 |
| America S&W trademark | 1,162 | 1,363 | 5.8 | 6.8 |
| America Contadina trademark | 17,398 | 18,497 | 15.8 | 16.8 |
| Sager Creek trademarks | — | 9,793 | — | 9.9 |
| | 18,564 | 29,675 | | |

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.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Management has included these trademarks in the CGU impairment assessment and concluded that no impairment exists at the reporting date.

Sager Creek trademarks

The trademarks were acquired when the Group acquired the Sager Creek business in March 2015. Sager Creek's well-known brands include Veg-All, Freshlike, Popeye, Princella and Allens', among others. Management has included these trademarks in the CGU impairment assessment and the Group did not recognise any impairment for these trademarks as of 30 April 2017. The Sager Creek trademarks were included in the sale of certain assets of Sager Creek in September 2017 (see Note 5).

Customer relationships

Customer relationships relate to the network of customers where DMFI has established relationships with the customers, particularly in the United States market through contracts. The Sager Creek customer relationships were included in the sale of certain assets of Sager Creek in September 2017.

| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|-------------------------------|---------------------------|---------------------------|
| Net carrying amount | 84,612 | 99,876 |
| Remaining amortisation period | 15.8 | 5.9 – 16.8 |

Management has included the customer relationships in the CGU impairment assessment and concluded no impairment exists at the reporting date.

Source of estimation uncertainty

The Group estimates the useful lives of its amortisable trademarks and customer relationships based on the period over which the assets are expected to be available for use. The estimated useful lives of the trademarks and customer relationships are reviewed periodically and are updated if expectations differ from previous estimates due to legal or other limits on the use of the assets. A reduction in the estimated useful lives of amortisable trademarks and customer relationships would increase recorded amortisation expense and decrease noncurrent assets.

9. Deferred tax

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Deferred tax assets and liabilities of the Group are attributable to the following:

| | Assets | | Liabilities | |
|--|------------------|------------------|------------------|------------------|
| | 30 April 2018 | 30 April 2017 | 30 April 2018 | 30 April 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Group | | | | |
| Provisions | 3,291 | 5,437 | — | — |
| Employee benefits | 23,348 | 36,554 | — | — |
| Property, plant and equipment - net | — | — | (26,227) | (40,216) |
| Intangible assets and goodwill | — | — | (50,944) | (64,890) |
| Effective portion of changes in fair value of cash flow hedges | 1,166 | 5,809 | — | — |
| Tax loss carry-forwards | 119,599 | 138,299 | — | — |
| Inventories | 2,547 | 1,518 | — | — |
| Biological assets | — | — | (2,390) | (2,436) |
| Others | 2,311 | 8,798 | — | — |
| Deferred tax assets/(liabilities) | 152,262 | 196,415 | (79,561) | (107,542) |
| Set off of tax | (72,433) | (103,629) | 72,433 | 103,629 |
| Deferred Taxes | 79,829 | 92,786 | (7,128) | (3,913) |

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

| | At 1 May 2017 | Recognised in profit or loss | Recognised in other comprehen- sive income | Currency realignment | At 30 April 2018 |
|--|------------------|------------------------------------|---|-------------------------|---------------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 30 April 2018 | | | | | |
| Provisions | 5,437 | (1,967) | — | (179) | 3,291 |
| Employee benefits | 36,554 | (4,166) | (5,472) | (3,568) | 23,348 |
| Property, plant and equipment - net | (40,216) | 13,881 | — | 108 | (26,227) |
| Intangible assets and goodwill | (64,890) | 13,946 | — | — | (50,944) |
| Effective portion of changes in fair value of cash flow hedges | 5,809 | (545) | (4,098) | — | 1,166 |
| Tax loss carry-forwards | 138,299 | (18,700) | — | — | 119,599 |
| Inventories | 1,518 | 1,029 | — | — | 2,547 |
| Biological assets | (2,436) | (156) | — | 202 | (2,390) |
| Others | 8,798 | (6,465) | (19) | (3) | 2,311 |
| | 88,873 | (3,143) | (9,589) | (3,440) | 72,701 |

| | At 1 May 2016 | Recognised in profit or loss | Recognised in other comprehen- sive income | Currency realignment | At 30 April 2017 |
|--|------------------|------------------------------------|---|-------------------------|---------------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| 30 April 2017 | | | | | |
| Provisions | 6,675 | (203) | — | (1,035) | 5,437 |
| Employee benefits | 43,485 | (416) | (6,360) | (155) | 36,554 |
| Property, plant and equipment - net | (34,667) | (4,445) | (1,236) | 132 | (40,216) |
| Intangible assets and goodwill | (44,794) | (20,096) | — | — | (64,890) |
| Effective portion of changes in fair value of cash flow hedges | 13,403 | (701) | (6,893) | — | 5,809 |
| Tax loss carry-forwards | 103,643 | 34,670 | — | (14) | 138,299 |
| Inventories | 3,256 | (1,738) | — | — | 1,518 |
| Biological assets | (1,616) | (831) | — | 11 | (2,436) |
| Others | 8,807 | (61) | — | 52 | 8,798 |
| | 98,192 | 6,179 | (14,489) | (1,009) | 88,873 |

The total amount of potential income tax consequences that would arise from the payment of cash dividends by a subsidiary to the Company, on the total retained earnings as at 30 April 2018, is approximately US\$14.4 million (30 April 2017: US\$8.5 million).



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

In 2017, no provision has been made in respect of this potential income tax as it is the Company's intention to reinvest these reserves and not to distribute them as dividends.

In 2018, the Group plans to declare stock dividends from the excess reserves. No provision has been made because stock dividends are exempt from tax.

Unrecognised deferred tax assets

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

| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|----------------------------------|---------------------------|---------------------------|
| Deductible temporary differences | 9,281 | 28,858 |
| Tax losses and tax credits | 549 | 5,745 |
| | <u>9,830</u> | <u>34,603</u> |

The tax losses will expire in 2019 and 2020. The tax carry forwards will expire between 2024 and 2027. Deferred tax assets have not been recognised with respect to these items because it is not probable that future taxable profits will be available to utilise the benefits.

Sources of estimation uncertainty

As of 30 April 2018, deferred tax assets amounting to US\$119.6 million (30 April 2017: US\$138.3 million) have been recognised in respect of the tax loss carry forwards because management assessed that it is probable that future taxable profit will be available against which DMFI can utilise these benefits. Management expects profitable growth coming from revenue strategies and cost efficiencies in the future. To the extent that profitable growth does not materialise in the future periods, net deferred tax assets of DMFI of US\$77.8 million may not be realised. The majority of the tax loss for 30 April 2018 can be carried forward indefinitely and tax loss carry forwards prior to 30 April 2018 may be utilised up to a 20-year period.

10. Other noncurrent assets

| | Group | |
|--|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Advances to growers | 13,358 | 11,867 |
| Note receivables | 7,744 | – |
| Land expansion (development costs of acquired leased areas) | 6,353 | 3,295 |
| Advance rentals and deposits | 6,233 | 6,289 |
| Excess insurance | 5,960 | 4,279 |
| Prepayments | 268 | 508 |
| Others | 1,307 | 874 |
| | <u>41,223</u> | <u>27,112</u> |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Excess insurance relate mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 20).

The note receivables of US\$7.7 million relates to the sale of certain assets of Sager Creek which is payable in three years until 2020 (see Note 5). The note receivables are payable in four installments bearing interest of 3.50% per annum for the first installment and 5.22% from the second installment up to the final installment. The current portion of US\$2.6 million is presented under "Trade and other receivables".

Land expansion comprises development costs of newly acquired leased areas including costs such as creation of access roads, construction of bridges and clearing costs. These costs are amortised on a straight-line basis over the lease periods of 10 years or lease term, whichever is shorter.

11. Biological assets

| | Group | |
|---|---------------------------------------|---------------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Livestock | | |
| At beginning of the year | 1,420 | 1,448 |
| Purchases of livestock | 909 | 776 |
| Sales of livestock | (646) | (717) |
| Currency realignment | (54) | (87) |
| At end of the year | <u>1,629</u> | <u>1,420</u> |
| Agricultural produce | | |
| At beginning of the year (at cost) | 23,307 | 26,395 |
| Additions | 10,458 | 13,547 |
| Harvested | (9,452) | (15,079) |
| Currency realignment | (840) | (1,556) |
| At end of the year | <u>23,473</u> | <u>23,307</u> |
| Fair value gain on produce prior to harvest | 18,490 | 21,040 |
| At end of the year | <u>41,963</u> | <u>44,347</u> |
| | Group | |
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Current | 41,963 | 44,347 |
| Noncurrent | 1,629 | 1,420 |
| Totals | <u>43,592</u> | <u>45,767</u> |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| | | Group | |
|---|-------------|---------------------------------------|---------------------------------------|
| | Note | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Fair value gain (loss) recognised under: | | | |
| Inventories | | 9,174 | 4,535 |
| Cost of sales | 25 | 36,651 | 33,501 |
| Growing crops | | (721) | 7,610 |
| Fair value gain recognised under revenues | | <u>45,104</u> | <u>45,646</u> |

Livestock

Livestock comprises growing herd and breeding and dairy herd that are stated at cost and cattle for slaughter that is stated at fair value less point-of-sale costs. The fair value is determined based on the actual selling prices approximating those at year end less estimated point-of-sale costs.

Risk Management strategy related to agricultural activities

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the Philippines in which it operates its agricultural activities. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of pineapples and papayas. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

(iii) Climate and other risks

The Group's pineapple plantations are exposed to the risk of damage from climate changes, diseases, forest fires, flood, and other natural forces. To manage these risks, the Group develops and executes a long-term strategic plan and annual operating plan, supported by a contingency plan and risk management measures ensuring business continuity should there be a natural catastrophe. The Group is also insured against natural disasters such as floods and earthquakes.

Source of estimation uncertainty

The fair values of the harvested pineapple fruits are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest, as determined by the Group. For the pineapple variety being sold as fresh fruits, the market price is based on the selling price of fresh fruits as sold in the local and international markets. For the pineapple variety being processed as cased goods, the market price is derived from average sales price of the processed product adjusted for margin related to further processing. Changes in fair values of agricultural produce after initial recognition are included in the carrying amount of cased goods at the reporting date.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group. Fair value is initially recognised when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated selling price at point of harvest less future growing costs to be incurred until harvest. Such future growing costs decreases as the growing crops near the point of harvest.

Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by the equivalent amortisation of fruits harvested which considers the future volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. The Group reviews and monitors the estimated future volume of harvests regularly.

The valuation techniques and significant unobservable inputs used in determining the fair value of these biological assets are discussed in Note 34.

12. Inventories

| | Group | |
|--------------------------------------|---------------------------------------|---------------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Finished goods | | |
| - at cost | 554,712 | 708,637 |
| - at net realisable value | 33,448 | 30,902 |
| Semi-finished goods | | |
| - at cost | 454 | 299 |
| - at net realisable value | 18,945 | 7,235 |
| Raw materials and packaging supplies | | |
| - at net realisable value | 153,422 | 169,819 |
| | 760,981 | 916,892 |

Inventories recognised as an expense in cost of sales amounted to US\$1,241.2 million for the year ended 30 April 2018 (30 April 2017: US\$1,288.0 million) (see Note 25).

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

| | | Group | |
|-----------------------------|-------------|---------------------------------------|---------------------------------------|
| | Note | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| At beginning of the year | | 15,086 | 12,715 |
| Allowance for the year | 25 | 21,823 | 7,415 |
| Write-off against allowance | | (9,284) | (4,350) |
| Currency realignment | | (1,009) | (694) |
| At end of the year | | 26,616 | 15,086 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

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

In connection with the sale of Sager Creek, the Group has directly written down related inventories to their net realisable values resulting in a loss of US\$13.1 million in fiscal year 2018.

Source of estimation uncertainty

The Group recognises allowance on inventory obsolescence when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. Obsolete goods when identified are charged to income statement and are written off. In addition to an allowance for specifically identified obsolete inventory, estimation is made on a group basis based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given year. The Group reviews on a monthly basis the condition of its inventory. The assessment of the condition of the inventory either increases or decreases the expenses or total inventory.

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories expected to be realised. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at the reporting date.

The Group reviews on a continuous basis the product movement, changes in customer demands and introductions of new products to identify inventories which are to be written down to the net realisable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records. An increase in write-down of inventories would increase the recorded cost of sales and operating expenses and decrease current assets.

13. Trade and other receivables

| | | <----- Group -----> | | <----- Company -----> | |
|---|----|------------------------------|------------------------------|------------------------------|------------------------------|
| | | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Trade receivables | | 145,094 | 147,167 | — | — |
| Nontrade receivables | 10 | 21,946 | 23,812 | 8 | 7 |
| Amounts due from joint venture (nontrade) | | 1,570 | — | 1,570 | 6,013 |
| Amounts due from subsidiaries (nontrade) | 37 | — | — | 179,370 | 113,683 |
| Allowance for doubtful accounts - trade | | (2,440) | (2,022) | — | — |
| Allowance for doubtful accounts - nontrade | | (4,543) | (4,510) | — | — |
| Trade and other receivables | | <u>161,627</u> | <u>164,447</u> | <u>180,948</u> | <u>119,703</u> |

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.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Non trade receivables consist of vendor rebates, plant receivables, claims from third party service providers, advances to growers, which are claimed upon delivery of fruits, and fuel withdrawals applied against truckers' bills when due.

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

| | Group | | Impairment losses | |
|------------------------|----------|----------|-------------------|----------|
| | Trade | Nontrade | Trade | Nontrade |
| At 30 April 2018 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Not past due | 116,543 | 6,630 | — | — |
| Past due 0 - 60 days | 13,457 | 1,612 | — | — |
| Past due 61 - 90 days | 2,677 | 1,640 | — | — |
| Past due 91 - 120 days | 1,123 | 617 | — | — |
| More than 120 days | 11,294 | 13,017 | (2,440) | (4,543) |
| | 145,094 | 23,516 | (2,440) | (4,543) |

| | Group | | Impairment losses | |
|------------------------|----------|----------|-------------------|----------|
| | Trade | Nontrade | Trade | Nontrade |
| At 30 April 2017 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Not past due | 114,730 | 14,767 | — | — |
| Past due 0 - 60 days | 22,997 | 871 | — | — |
| Past due 61 - 90 days | 1,758 | 245 | — | — |
| Past due 91 - 120 days | 1,286 | 112 | — | — |
| More than 120 days | 6,396 | 7,817 | (2,022) | (4,510) |
| | 147,167 | 23,812 | (2,022) | (4,510) |

The recorded impairment loss falls within the Group's historical experience in the collection of trade and other receivables. Therefore, management believes that there is no significant additional credit risk beyond what has been recorded.

| | Company | | Impairment losses | |
|------------------------|----------|----------|-------------------|----------|
| | Trade | Nontrade | Trade | Nontrade |
| At 30 April 2018 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Not past due | — | 180,948 | — | — |
| Past due 0 - 60 days | — | — | — | — |
| Past due 61 - 90 days | — | — | — | — |
| Past due 91 - 120 days | — | — | — | — |
| More than 120 days | — | — | — | — |
| | — | 180,948 | — | — |

| | Company | | Impairment losses | |
|------------------------|----------|----------|-------------------|----------|
| | Trade | Nontrade | Trade | Nontrade |
| At 30 April 2017 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Not past due | — | 119,703 | — | — |
| Past due 0 - 60 days | — | — | — | — |
| Past due 61 - 90 days | — | — | — | — |
| Past due 91 - 120 days | — | — | — | — |
| More than 120 days | — | — | — | — |
| | — | 119,703 | — | — |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

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

| | Note | Trade US\$'000 | Group Nontrade US\$'000 | Total US\$'000 |
|------------------------|------|-------------------|-------------------------------|-------------------|
| At 1 May 2017 | | 2,022 | 4,510 | 6,532 |
| Provision for the year | 25 | 460 | 42 | 502 |
| Currency realignment | | (42) | (9) | (51) |
| At 30 April 2018 | | 2,440 | 4,543 | 6,983 |

| | Note | Trade US\$'000 | Group Nontrade US\$'000 | Total US\$'000 |
|-----------------------------|------|-------------------|-------------------------------|-------------------|
| At 1 May 2016 | | 1,640 | 4,454 | 6,094 |
| Provision for the year | 25 | 679 | 112 | 791 |
| Write-off against allowance | | (386) | (43) | (429) |
| Currency realignment | | 89 | (13) | 76 |
| At 30 April 2017 | | 2,022 | 4,510 | 6,532 |

Allowance for doubtful accounts are based on specific and collective impairment assessment by the Group.

Source of estimation uncertainty

The Group maintains allowance for impairment of accounts receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's allowance for impairment would increase the Group's recorded operating expenses and decrease current assets.

14. Prepaid expense and other current assets

| | Note | <----- Group -----> | | <----- Company -----> | |
|--|------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Prepaid expenses | | 24,931 | 29,698 | 179 | 328 |
| Down payment to contractors and suppliers | | 4,166 | 9,933 | — | — |
| Derivative asset | 33 | 305 | 2,685 | — | — |
| Others | | 1,380 | 730 | 33 | — |
| | | 30,782 | 43,046 | 212 | 328 |

Prepaid expenses consist of advance payments for insurance, advertising, rent and taxes, among others.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

15. Cash and cash equivalents

| | <----- Group -----> | | <----- Company -----> | |
|---------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Cash on hand | 51 | 48 | — | — |
| Cash in banks | 17,370 | 33,141 | 2,709 | 6,767 |
| Cash equivalents | 6,825 | 4,382 | — | — |
| Cash and cash equivalents | 24,246 | 37,571 | 2,709 | 6,767 |

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 3.38% (30 April 2017: 0.01% to 1.74% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 0.38% (30 April 2017: 0.38%) per annum.

16. Noncurrent assets held for sale

The Group classifies noncurrent assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria are reviewed periodically if still met, otherwise revert back to property, plant and equipment.

In 2017, several assets were sold resulting in a gain of US\$0.3 million recognised in “Other income (expenses) - net” in the income statement of the Group. The remaining unsold assets amounting to US\$0.7 million have been reclassified out of assets held for sale and back to property, plant and equipment.

In 2018, management committed to a plan to sell certain assets of the Group’s Plymouth, Indiana plant. Additionally, an office building in Siloam Springs, Arkansas was vacated and put up for sale. Accordingly, these assets were presented as assets held for sale. Efforts to sell the assets have started and a sale was expected within twelve months from the date of reclassification.

Sale of business

Sager Creek

On 18 September 2017, the Group entered into an agreement with McCall Farms Inc. (“McCall Farms”) to sell certain assets of its Sager Creek vegetable business (“Sager Creek”) for \$55.0 million in total consideration. The Group previously acquired Sager Creek in March 2015. Sager Creek was a producer of specialty vegetables for the foodservice and retail markets headquartered in Siloam Springs, Arkansas.

The Group received \$30.0 million at closing on 18 September 2017 and \$15.0 million on 27 February 2018. The remaining \$10.0 million, including interest, is due in installments: \$2.5 million on 28 February 2019; \$5.0 million on 28 February 2020; and \$2.5 million on 1 December 2020. The Group has recorded current receivables of \$2.6 million in “Trade and other receivables” and noncurrent receivables of \$7.7 million in “Other noncurrent assets”. As of 30 April 2018, the Group recognised a gain on sale amounting to \$16.5 million.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The carrying amounts of the assets sold in September 2017 included the following:

| | Amount US\$'000 |
|-------------------------------|--------------------|
| Trademark | 9,379 |
| Customer relationship | 9,211 |
| Property, plant and equipment | 16,794 |
| Inventories | 3,169 |
| | <u>38,553</u> |

17. Share capital

| | 30 April 2018 | | 30 April 2017 | |
|---------------------------------------|----------------------------|----------------|----------------------------|----------------|
| | No. of shares (‘000) | US\$'000 | No. of shares (‘000) | US\$'000 |
| Authorised: | | | | |
| Ordinary shares of US\$0.01 each | 3,000,000 | 30,000 | 3,000,000 | 30,000 |
| Preference shares of US\$1.00 each | 600,000 | 600,000 | 600,000 | 600,000 |
| | <u>3,600,000</u> | <u>630,000</u> | <u>3,600,000</u> | <u>630,000</u> |
| Issued and fully paid: | | | | |
| Ordinary shares of US\$0.01 each | 1,944,936 | 19,449 | 1,944,936 | 19,449 |
| Preference shares of US\$1.00 each | 30,000 | 30,000 | 20,000 | 20,000 |
| | <u>1,974,936</u> | <u>49,449</u> | <u>1,964,936</u> | <u>39,449</u> |

Reconciliation of number of outstanding ordinary shares in issue:

| | Note | Year ended 30 April 2018 No. of shares (‘000) | Year ended 30 April 2017 No. of shares (‘000) |
|--------------------------|------|---|---|
| At beginning of the year | | 1,943,214 | 1,943,214 |
| Release of share awards | 31 | 746 | — |
| At end of the year | | <u>1,943,960</u> | <u>1,943,214</u> |

Reconciliation of number of outstanding preference shares in issue:

| | Year ended 30 April 2018 No. of shares (‘000) | Year ended 30 April 2017 No. of shares (‘000) |
|--------------------------|---|---|
| At beginning of the year | 20,000 | — |
| Issuance of shares | 10,000 | 20,000 |
| At end of the year | <u>30,000</u> | <u>20,000</u> |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code (SRC):

Ordinary Shares

| Date of SEC Approval | Authorised Shares | No. of Shares Issued | Issue/Offer Price |
|----------------------|-------------------|----------------------|-------------------|
| 28 May 2013* | 2,000,000,000 | 1,297,500,491 | Php29.80 |
| 15 October 2014 | 3,000,000,000 | 5,500,000 | Php17.00 |
| 14 January 2015** | 3,000,000,000 | 641,935,335 | Php10.60 |

*The SEC issued an order rendering effective the registration of its issued shares. Company was listed by way of introduction on The Philippine Stock Exchange, Inc. on 10 June 2013.

**The rights shares were considered exempt from registration pursuant to Section 10(e) and 10(l) of the SRC. The exemption from registration was confirmed by the SEC in a letter dated 14 January 2015.

Preference Shares

| Date of SEC Approval | Authorised Shares | No. of Shares Issued | Issue/Offer Price |
|--|-------------------|---|-------------------|
| 21 March 2017 | 600,000,000 | 20,000,000 Series A-1 Preference Shares | US\$10.00 |
| 21 March 2017* / 27 November 2017** | 600,000,000 | 10,000,000 Series A-2 Preference Shares | US\$10.00 |

*No Order of Registration was issued for the second tranche offer of preference shares.

**Date of issuance of the SEC Permit to Sell.

The total number of ordinary shareholders as at 30 April 2018 and 2017 is 7,752 and 7,939, respectively. Additionally, the total number of Series A-1 preference shareholders as at 30 April 2018 and 2017 is 14 and 7, respectively. The total number of Series A-2 preference shareholders as at 30 April 2018 is 20.

The holders of ordinary shares are entitled to receive dividends after dividend of preference shares are paid, as declared from time to time, and are entitled to one vote per share at meetings of the Company. The preference shares are cumulative, non-voting, redeemable at the option of the issuer, non-participating and non-convertible. The preference share has a par value of US\$1.0 per share and were issued at US\$10.0 per share. Ordinary shares rank equally with regard to the Company's residual assets after preference shares are paid.

In April 2014, the Company increased its authorised share capital from US\$20.0 million, divided into 2,000,000,000 ordinary shares at US\$0.01 per share, to US\$630.0 million, divided into 3,000,000,000 ordinary shares at US\$0.01 per share and 600,000,000 preference shares at US\$1.00 per share. The preference shares may be issued in one or more series, each such class of shares will have rights and restrictions as the Board may designate. The terms and conditions of the authorised preference shares are finalised upon each issuance.

On 30 October 2014, the Company had additional ordinary shares listed and traded on the SGX-ST and the PSE pursuant to a public offering conducted in the Philippines. The Company offered and sold by way of primary offer 5,500,000 ordinary shares at an offer price of 17.00 Philippine pesos (Php) per share.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

In March 2015, additional 641,935,335 ordinary shares were listed on the SGX-ST and the PSE, which were offered and sold to eligible shareholders by way of a stock rights offering at an exercise price of S\$0.325 or Php10.60 for each share in Singapore and the Philippines, respectively.

In April 2017, the Company completed the offering and listing of 20,000,000 Series A-1 Preference Shares which were sold at an offer price of US\$10.0 per share (US\$1.0 par value per share) in the Philippines, generating US\$200 million in proceeds. The said shares were listed on the PSE.

In 20 September 2017, the Company transferred 745,918 of its treasury shares to ordinary shares in connection to the release of share awards granted to its Directors pursuant to the Del Monte Pacific RSP.

In December 2017, the Company completed the offering and listing of 10,000,000 Series A-2 Preference Shares in the Philippines generating approximately US\$100 million in proceeds (or a combined US\$300 million if including the US\$200 million that was raised in April 2017). The Company used the net proceeds to substantially refinance the US\$350 million bridging loan due in February 2019.

The Company also issued share awards under the Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP") (see Note 31) during the current financial year.

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital comprises its share capital, retained earnings and total reserves as presented in the statements of financial position. The Board monitors the return on capital, which the Group defines as profit or loss for the year divided by total shareholders' equity. The Board also monitors the level of dividends paid to ordinary shareholders.

The bank loans of the Group contain various covenants with respect to capital maintenance and ability to incur additional indebtedness. The Board ensures that loan covenants are considered as part of its capital management through constant monitoring of covenant results through interim and full year results.

There were no changes in the Group's approach to capital management during the year.



18. Retained Earnings and Reserves

Retained earnings

Dividends

Ordinary shares

On 23 August 2017, the Company declared a dividend of 0.61 US cents (US\$0.0061) per share to stockholders on record as at 28 August 2017. The final dividend was paid on 8 September 2017.

On 29 June 2016, the Company declared a dividend of 1.33 US cents (US\$0.0133) per share to stockholders on record as at 26 August 2016. The final dividend was paid on 8 September 2016.

Preference shares

On 3 April 2018, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US\$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2017 to 7 April 2018. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US\$0.20403 per Series A-2 Preference Share for the 113-day period from 15 December 2017 to 7 April 2018. The final dividends were paid on 10 April 2018.

On 29 September 2017, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US\$0.33125 per Series A-1 Preference Share for the six-month period from 7 April 2017 to 7 October 2017. The final dividend was paid on 9 October 2017.

The cumulative undeclared dividends on the preference shares amounted to US\$1.3 million as of 30 April 2018 (30 April 2017: US\$0.8 million).

The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries amounting to US\$433.5 million as at 30 April 2018 (30 April 2017: US\$471.0 million). The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries. As at 30 April 2018 and 2017, joint ventures have no undistributed net earnings.

Share premium

Under the British Virgin Islands law in whose jurisdiction the Company operates, the Company's share premium and retained earnings form part of the Company's surplus that may be available for dividend distribution provided that the solvency test is met by the Company. The Group's share premium is shown net of a merger deficit of US\$0.14 million, which arose from the acquisition of a subsidiary, DMPRL, under common control in 1999.

The share premium account includes any premium received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium account, net of any related income tax effects.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Reserves

| | <----- Group -----> | | <----- Company -----> | |
|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Translation reserve | (91,515) | (78,087) | (91,515) | (78,087) |
| Revaluation reserve | 10,885 | 10,885 | 10,885 | 10,885 |
| Remeasurement of retirement plan | 18,225 | 1,808 | 18,225 | 1,808 |
| Hedging reserve | (2,764) | (7,443) | (2,764) | (7,443) |
| Share option reserve | 1,373 | 1,779 | 1,373 | 1,779 |
| Reserve for own shares | (286) | (802) | (286) | (802) |
| | <u>(64,082)</u> | <u>(71,860)</u> | <u>(64,082)</u> | <u>(71,860)</u> |

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

The revaluation reserve relates to surplus on the revaluation of freehold land of the Group. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect the income statement of the Group (see Note 20).

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 30 April 2018, the Group held 975,802 (30 April 2017: 1,721,720) of the Company's shares.

19. Loans and borrowings

| | <----- Group -----> | | <----- Company -----> | |
|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Current liabilities | | | | |
| Unsecured bank loans | 471,204 | 280,584 | 206,034 | 43,070 |
| Secured bank loans | 10,416 | 169,114 | — | — |
| | <u>481,620</u> | <u>449,698</u> | <u>206,034</u> | <u>43,070</u> |
| Noncurrent liabilities | | | | |
| Unsecured bank loans | 187,584 | 341,974 | 129,594 | 281,854 |
| Secured bank loans | 796,019 | 922,294 | — | — |
| | <u>983,603</u> | <u>1,264,268</u> | <u>129,594</u> | <u>281,854</u> |
| | <u>1,465,223</u> | <u>1,713,966</u> | <u>335,628</u> | <u>324,924</u> |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

| | Currency | Nominal interest rate % p. a. | Year of maturity | 30 April 2018 | | 30 April 2017 | |
|---|----------|--|---------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | | | | Face value US\$'000 | Carrying amount US\$'000 | Face value US\$'000 | Carrying amount US\$'000 |
| Group | | | | | | | |
| Unsecured bank loans | PHP | 3.00-4.50% | 2018 | 61,856 | 61,856 | 117,835 | 117,835 |
| Unsecured bank loans | USD | 2.00-3.40% | 2018 | 413,444 | 413,444 | 222,869 | 222,869 |
| Unsecured bridging loan | USD | 5.29% | 2019 | 54,000 | 53,894 | 154,000 | 152,440 |
| Unsecured bridging loan | USD | 4.50% | 2020 | 130,000 | 129,594 | 130,000 | 129,414 |
| Secured bank loan under ABL Credit Agreement | USD | Base rate Tranche A – 5.75% Tranche B – 6.25% Higher Libor of rate + 3.25% or 5.15% Base rate 7.0% | 2019/2020 | 10,000 | 6,442 | 168,000 | 166,730 |
| Secured First lien term loan | USD | Base rate 7.0% | 2021 | 681,600 | 671,247 | 686,925 | 668,109 |
| Secured Second lien term Loan | USD | Higher of Libor + 7.25% or 9.06% | 2021 | 135,055 | 128,746 | 260,000 | 256,569 |
| | | | | 1,485,955 | 1,465,223 | 1,739,629 | 1,713,966 |
| | | | | | | | |
| | Currency | Nominal interest rate % p.a. | Year of maturity | 30 April 2018 | | 30 April 2017 | |
| | | | | Face value US\$'000 | Carrying amount US\$'000 | Face value US\$'000 | Carrying amount US\$'000 |
| Company | | | | | | | |
| Unsecured bank loans | USD | 1.60-2.95% | 2018 | 152,140 | 152,140 | 43,070 | 43,070 |
| Unsecured bridging loans | USD | 4.50-5.29% | 2019/2020 | 184,000 | 183,488 | 284,000 | 281,854 |
| | | | | 336,140 | 335,628 | 327,070 | 324,924 |

The unsecured bridging loans of US\$54 million as at 30 April 2018 (30 April 2017: US\$154 million) is the remaining balance for the bridging loan that were obtained by the Company to finance the acquisition of Sager Creek and its related costs. In 2017, the Company signed a two-year extension of the US\$350.0 million BDO loans from 10 February 2017 to 2019 on the same terms and conditions. In April 2017, DMPL settled US\$196.0 million of the US\$350.0 million BDO loan using the proceeds from the issuance of preference shares. In December 2017, DMPL settled an additional US\$100.0 million using the proceeds from the 10,000,000 Series A-2 Preference Shares (see Note 17).



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Long-term Borrowings

| Long-term Borrowings | Principal Amount (In '000) | Interest Rate % p.a. | Year of Maturity | Payment Terms (e.g. annually, quarterly, etc.) | Interest already paid 1 May 2017 to 30 April 2018 (In '000) |
|--|----------------------------|--|------------------|--|---|
| Senior secured variable rate first lien term loan | USD 710,000 | Higher of Libor +3.25% or 5.15% | 2021 | 0.25% quarterly principal payments from 30 April 2014 to 31 January 2021; Balance due in full at its maturity, 18 February 2021. | USD 31,391 |
| Senior secured second lien variable rate term loan | USD 135,055 | Higher of Libor + 7.25% or 9.06% | 2021 | Due in full at its maturity, 18 August 2021. | USD 24,628 |
| BDO Long-term Loan | USD 30,000 | 4.50% | 2020 | Quarterly interest payment and principal on maturity date. | USD 1,376 |
| BDO Long-term Loan | USD 100,000 | 4.50% | 2020 | Quarterly interest payment and principal on maturity date. | USD 4,588 |
| 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 | PHP140,981 |

Loans and borrowings are stated net of unamortised debt issuance cost. The balance of unamortised debt issuance cost follows:

| Note | <----- Group -----> | | <----- Company -----> | |
|-------------------|---------------------|---------------|-----------------------|---------------|
| | Year ended | Year ended | Year ended | Year ended |
| | 30 April 2018 | 30 April 2017 | 30 April 2018 | 30 April 2017 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Beginning of year | 25,663 | 32,527 | 2,146 | 2,136 |
| Additions | 4,223 | 1,749 | 730 | 1,750 |
| Amortisation | (9,154) | (8,613) | (2,364) | (1,740) |
| End of year | 20,732 | 25,663 | 512 | 2,146 |

DMFI is a party to a First Lien term loan credit agreement and a Second Lien term loan credit agreement (the "Term Loan Credit Agreements") with the lenders party thereto, Citibank, N.A., as administrative agent and collateral agent, and the other agents named therein, that provided for a US\$710.0 million First Lien Term Loan and a US\$260.0 million Second Lien Term Loan with terms of seven years and seven years plus six months, respectively.

Interest Rates. Loans under the First and Second Lien Term Loans bear interest at a rate equal to an applicable margin, plus a LIBOR rate (with a floor of 1.00%). As of 30 April 2018, the interest rate for First Lien Term Loans is 5.15% (30 April 2017: 4.31%) and the interest rate for Second Lien Term Loans is 9.06% (30 April 2017: 8.31%).

Principal Payments. The First Lien Term Loan generally requires quarterly scheduled principal payments of 0.25% of the outstanding principal per quarter from 30 April 2014 to 31 January 2021. The balance is due in full on the maturity date of 18 February 2021. Scheduled principal payments with respect to the First Lien Term Loan are subject to reduction following any mandatory or voluntary prepayments on terms and conditions set forth in the First Lien Term Loan Credit Agreement.



The Second Lien Term Loan is due in full at its maturity date of 18 August 2021.

The Term Loan Credit Agreements also require DMFI to prepay outstanding loans under the First Lien Term Loan and the Second Lien Term Loan, subject to certain exceptions, with, among other things:

- 50% (which percentage will be reduced to 25% if the leverage ratio is 4.0x or less and to 0% if the leverage ratio is 3.0x or less) of the annual excess cash flow, as defined in the First Lien Term Loan Credit Agreement;
- 100% of the net cash proceeds of certain casualty events and non-ordinary course asset sales or other dispositions of property for a purchase price above US\$2.0 million, in each case, subject to DMFI's right to reinvest the proceeds; and
- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the First Lien Term Loan Credit Agreement.

On 14 March 2018, the Company, a trust owned by DMFHII and certain seller lenders entered into a Purchase Agreement wherein the Company, or its designated affiliate, agreed to purchase certain Second Lien term loans from the seller lenders at an amount equal to 70% of the principal amount of the loans to be sold, plus accrued and unpaid interest thereon. On 27 March 2018, DMFI, DMFHI and the lenders signed the second amendment to the Second Lien term loan allowing the Company, or its eligible assignee, to purchase any and all loans outstanding under the amended agreement which were duly submitted by the lenders for purchase at a price equal to 70% of the principal amount.

In March 2018, DMFHII, the affiliate assignee, through a trust, purchased DMFI's Second Lien term loans with principal amount of US\$125.9 million from seller lenders for US\$88.2 million. The pre-tax net gain from the purchase of the loans amounting to US\$33.6 million, net of transaction costs amounting to US\$3.2 million, was recognised in the Group's consolidated financial statements and is presented under "Finance income" in the consolidated income statement. The non-controlling interests of DMPLFL agreed to waive its share in any economic benefits arising from the Group's purchase of the Second Lien term loans. DMFHII agreed to make an equity contribution to DMFI in the amount equivalent to the interest received from DMFI.

To finance the purchase of the Second Lien term loans, the Company extended a loan to DMFHII amounting to US\$88.2 million. Such loan is subject to interest of 12.95%, subject to quarterly repricing, and will mature on 18 August 2021. The interest income earned by the Company on this loan amounted to US\$1.0 million in 2018.

Ability to Incur Additional Indebtedness. DMFI has the right to request an additional US\$100 million plus an additional amount of secured indebtedness under the First Lien Term Loan and the Second Lien Term Loan. Lenders under this facility are under no obligation to provide any such additional loans, and any such borrowings will be subject to customary conditions precedent, including satisfaction of a prescribed leverage ratio, subject to the identification of willing lenders and other customary conditions precedent.

ABL Credit Agreement

DMFI is a party to a credit agreement (the "ABL Credit Agreement") with Citibank, N.A., as administrative agent, and the other lenders and agents parties thereto, as amended, that provides for senior secured financing of up to US\$442.6 million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years until 18 February 2019, prior to an amendment in 2018.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

On 23 April 2018, the Group amended and restated the ABL Credit Agreement. The US\$442.6 million facility was divided into two tranches: "Tranche A" with an amount up to US\$46.5 million and "Tranche B" with an amount up to US\$442.6 million. Any drawdown or repayment are to be made in proportion to the two tranches and maximum borrowings cannot exceed the Tranche B commitments. As of 30 April 2017, the Group's commitment could not exceed US\$450 million. Tranche A matures 18 February 2019 and Tranche B matures 19 November 2020. Proceeds of US\$40.0 million from the amended ABL Agreement were used to pay-off the balance of the previous credit agreement. The Group fully amortised the deferred financing fees related to the previous credit agreement of US\$0.9 million from the amendment.

Interest Rates. Borrowings under the ABL Credit Agreement bear interest at an initial interest rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate, or (ii) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) Citibank, N.A.'s "prime commercial rate" and (c) the one month LIBOR rate plus 1.00%. The applicable margin with respect to LIBOR borrowings is 2.00% for Tranche A and 2.50% for Tranche B at 30 April 2018, respectively, (and may decrease to 1.75% and 2.25%, respectively, or increase to 2.25% and 2.75%, respectively, depending on average excess availability) (30 April 2017: 2.25%; 30 April 2016: 2.0%) and with respect to base rate borrowings is 1.00% for Tranche A and 1.50% for Tranche B at 30 April 2018, respectively (and may decrease to 0.75% and 1.25%, respectively, or increase to 1.25% and 1.75%, respectively, depending on average excess availability) (30 April 2017: 1.25%; 30 April 2016: 1.0%).

Commitment Fees. In addition to paying interest on outstanding principal under the ABL Credit Agreement, the Group is required to pay a commitment fee that was initially 0.375% per annum in respect of the unutilised commitments thereunder. The commitment fee rate on Tranche A from time to time is 0.250% or 0.500% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. The commitment fee rate on Tranche B is 0.500%. The Group must also pay customary letter of credit fees between 1.75% to 2.75% based on average excess availability, and fronting fees equal to 0.125% of the face amount for each letter of credit issued.

Availability under the ABL Credit Agreement. Availability under the ABL Credit Agreement is subject to a borrowing base. The borrowing base, determined at the time of calculation, is an amount equal to: (a) 85% of eligible accounts receivable and (b) the lesser of (1) 75% of the net book value of eligible inventory and (2) 85% of the net orderly liquidation value of eligible inventory, of the Group at such time, less customary reserves. The ABL Credit Agreement will terminate, and the commitments thereunder will mature, on 18 February 2019 for Tranche A and 19 November 2020 for Tranche B. As of 30 April 2018, under Tranche A and Tranche B of the ABL Credit Agreement there were US\$1.0 million and US\$9.0 million (30 April 2017: US\$168.0 million) of loans outstanding, respectively, and US\$1.6 million and US\$15.3 million of letters of credit issued, respectively (30 April 2017: US\$14.0 million). The Group's net availability under the ABL Credit Agreement was US\$415.7 million as of 30 April 2018 (30 April 2017: US\$260.5 million). The weighted average interest rate on the ABL Credit Agreement was approximately 6.20% on 30 April 2018 (30 April 2017: 3.39%; 30 April 2016: 3.15%).

The ABL Credit Agreement includes a sub limit for letters of credit and for borrowings on same day notice, referred to as "swingline loans."

Ability to Incur Additional Indebtedness. Notwithstanding any increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).



Guarantee of Obligations under the Term Loan Credit Agreements and the ABL Credit Agreement. All obligations of DMFI under the Term Loan Credit Agreements and the ABL Credit Agreement are unconditionally guaranteed by the Del Monte Foods Holdings Limited (DMFHL) and by substantially all existing and future, direct and indirect, wholly owned material restricted domestic subsidiaries of DMFI, subject to certain exceptions.

Security Interests

Indebtedness under the First Lien Term Loan is generally secured by (i) a first priority pledge of all of the equity interests of DMFHL, (ii) a second priority lien on all ABL Priority Collateral of DMFHL and (iii) a first priority lien on substantially all other properties and assets of DMFHL. The Second Lien Term Loan is generally secured by (i) a second priority pledge of all of the equity interests of DMFHL, (ii) a third priority lien on all ABL Priority Collateral of DMFHL and (iii) a second priority lien on substantially all other properties and assets of DMFHL. The ABL Credit Agreement is generally secured by a first priority lien on DMFI's inventories and accounts receivable and by a third priority lien on substantially all other assets.

Restrictive and Financial Covenants

The Term Loan Credit Agreements and the ABL Credit Agreement contain restrictive covenants that limit DMFI's ability and the ability of its subsidiaries to take certain actions.

Term Loan Credit Agreement and ABL Credit Agreement Restrictive Covenants. The restrictive covenants in the Term Loan Credit Agreement and the ABL Credit Agreement include covenants limiting DMFI's ability, and the ability of DMFI's restricted subsidiaries, to incur additional indebtedness, create liens, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase DMFHL's capital stock, make investments, loans or advances, prepay certain indebtedness, engage in certain transactions with affiliates, amend agreements governing certain subordinated indebtedness adverse to the lenders, and change DMFI's lines of business.

Financial Maintenance Covenants. The Term Loan Credit Agreements and ABL Credit Agreement generally do not require that DMFI comply with financial maintenance covenants.

The ABL Credit Agreement, however, contains a financial covenant that applies if availability under the ABL Credit Agreement (US\$415.7 million at 30 April 2018; US\$260.5 million at 30 April 2017) falls below a certain level. As of 30 April 2018 and 2017, the financial covenant was not applicable.

Minimum Consolidated EBITDA. Beginning in 1 May 2019, the DMFHL Group will be subjected to an EBITDA financial covenant. Consolidated Trailing Twelve Month EBITDA of the Borrower and the Guarantors as of the last day of any fiscal quarter shall not be lower than specified amounts in the Credit Agreement.

Effect of Restrictive and Financial Covenants. The restrictive and financial covenants in the Term Loan Credit Agreements and the ABL Credit Agreement may adversely affect DMFI's ability to finance its future operations or capital needs or engage in other business activities that may be in its interest, such as acquisitions.

The Group is compliant with its loan covenants as of 30 April 2018 and 2017.



Notes to the financial statements
For the financial year ended 30 April 2018

Unsecured Bank Loans

Certain unsecured bank loan agreements contain various affirmative and negative covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover and maximum annual capital expenditure restrictions. These covenants include requirements for delivery of periodic financial information and restrictions and limitations on indebtedness, investments, acquisitions, guarantees, liens, asset sales, disposals, mergers, changes in business, dividends and other transfers.

BDO bank loans

| | Principal US\$'000 | Debt-to equity ratio | Interest coverage ratio |
|-------------------------|-----------------------|-------------------------|----------------------------|
| Unsecured bridging loan | 54,000 | 8.0x | 1.5x |
| Unsecured bridging loan | 130,000 | 3.0x* | 2.0x** |

*applicable for FY2018 to FY2020

**applicable for FY2017 to FY2020

The Company and the Group is compliant with its loan covenants as at 30 April 2018 and 2017.

Ability to Incur Additional Indebtedness. On 12 December 2017, the Company entered into a Third Amendment Agreement with BDO that gives the Company the right to reborrow up to an aggregate amount of US\$200 million, subject to the terms of such amendment agreement.

20. Other noncurrent liabilities

| | Group | |
|------------------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Workers' compensation | 22,209 | 23,410 |
| Accrued lease liabilities | 7,555 | 7,036 |
| Derivative liabilities | 1,803 | 8,442 |
| Accrued vendors liabilities | 1,208 | — |
| Due to related party - non current | 684 | — |
| Deferred rental liabilities | 333 | 3,818 |
| Other payables | 1,403 | 1,312 |
| | <u>35,195</u> | <u>44,018</u> |

Workers' compensation are liabilities for wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

Derivative liabilities

The Group uses interest rate swaps, commodity swaps and forward foreign currency contracts to hedge market risks relating to possible adverse changes in interest rates, commodity costs and foreign currency exchange rates. The Group continually monitors its positions and the credit rating of the counterparties involved to mitigate the amount of credit exposure to any one party.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

As of 30 April 2018 and 2017, the Group designated each of its derivative contracts as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognised asset or liability ("cash flow hedge"). The following cash flow hedges were outstanding for the Group:

| | Note | Group 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|--|------|---------------------------------------|------------------------------|
| Interest rate swap | 32 | (5,017) | (17,891) |
| Peso foreign exchange contracts | | — | 2,565 |
| Commodity contracts | | 259 | 38 |
| Total | | (4,758) | (15,288) |
| <i>Included in :</i> | | | |
| Prepaid expense and other current assets | 14 | 305 | 2,685 |
| Trade and other payables | 23 | (3,260) | (9,531) |
| Other noncurrent liabilities | | (1,803) | (8,442) |
| | | (4,758) | (15,288) |

The effect of economic hedges in the consolidated income statement were as follows:

| | Group 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|----------------------------|---------------------------------------|------------------------------|
| Commodity contracts | (1,381) | (984) |
| Foreign exchange contracts | (3,422) | 787 |

At 30 April 2018, US\$3.5 million (30 April 2017: US\$7.6 million) are expected to be reclassified from OCI to the consolidated income statement within the next 12 months.

21. Employee benefits

| | Group 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|------------------------------------|---------------------------------------|------------------------------|
| Pension asset | 10,607 | 5,517 |
| Total pension asset (noncurrent) | 10,607 | 5,517 |
| Post-retirement benefit obligation | 34,594 | 39,017 |
| Executive retirement plan | 5,169 | 5,423 |
| Cash incentive award | 7,459 | 3,707 |
| Short-term employee benefits | 30,278 | 16,558 |
| Other plans | 6,499 | 7,114 |
| Net defined benefit liability | 30,551 | 37,945 |
| Total employee benefit liability | 114,550 | 109,764 |
| Current | 37,645 | 22,165 |
| Noncurrent | 76,905 | 87,599 |
| | 114,550 | 109,764 |



The Group contributes to the following post-employment defined benefit plans:

The DMPI Plan

DMPI has a funded defined benefit plan wherein starting on the date of membership of an employee in the DMPI Plan, DMPI contributes to the retirement fund 7.00% of the member's salary as defined every month. In addition, DMPI contributes periodically to the fund the amounts which shall be required, if any, to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable on retirement. DMPI's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

DMPI expects to pay US\$1.80 million in contributions to the pension plan in fiscal year 2019.

The ROHQ Plan

ROHQ has a funded defined benefit plan wherein starting on the date of membership of an employee in the ROHQ Plan, ROHQ contributes to the retirement fund 7.00% of the member's salary as defined every month. In addition, ROHQ contributes periodically to the fund the amounts which shall be required, if any, to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable on retirement. ROHQ's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

ROHQ expects to pay US\$0.06 million in contributions to the pension plan in fiscal year 2019.



The DMFI Plan

DMFI sponsors a qualified defined benefit pension plan (the “DMFI Plan”) and several unfunded defined benefit post-retirement plans providing certain medical, dental, and life insurance benefits to eligible retired, salaried, non-union hourly and union employees. The DMFI Plan comprises of two parts:

The first part is a cash balance plan (“Part B”) which provides benefits for eligible salaried employees and provides that a participant’s benefit derives from the accumulation of monthly compensation and interest credits. Compensation credits are calculated based upon the participant’s eligible compensation and age each month. Interest credits are calculated each month by applying an interest factor to the previous month’s ending balance. Participants may elect to receive their benefit in the form of an annuity or a lump sum. Part B of the plan was frozen to new participants effective 31 December 2016, which the active participation of certain participants was grandfathered subject to meeting participation requirements.

The second part is an arrangement which provides for grandfathered and suspended hourly participants a traditional pension benefit based upon service, final average compensation and age at termination. This plan was frozen since 31 December 1995, which the active participation of certain participants was grandfathered and the active participation of other participants was suspended.

DMFI currently meets and plans to continue to meet the minimum funding levels required under local legislation, which imposes certain consequences on DMFI’s defined benefit plan if it does not meet the minimum funding levels. DMFI has not made any contributions during the year.

DMFI does not expect to make contributions to the plan in 2019.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

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:

| Group | Defined benefit obligation | | Fair value of plan assets | | Net defined benefit liability (asset) | |
|--|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------------------|---------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Balance, Beginning | 418,602 | 438,697 | (347,157) | (346,580) | 71,445 | 92,117 |
| Included in profit or loss: | | | | | | |
| Current service cost | 9,620 | 10,595 | — | — | 9,620 | 10,595 |
| Plan administration cost | — | — | 926 | 691 | 926 | 691 |
| Interest cost/(income) | 16,688 | 17,819 | (13,845) | (14,188) | 2,843 | 3,631 |
| | 444,910 | 467,111 | (360,076) | (360,077) | 84,834 | 107,034 |
| Included in OCI | | | | | | |
| Remeasurements | | | | | | |
| loss/(gain): | | | | | | |
| - Actuarial loss/(gain) arising from: | | | | | | |
| - financial assumptions | (17,043) | 3,293 | — | — | (17,043) | 3,293 |
| - demographic assumptions | (2,396) | (7,045) | — | — | (2,396) | (7,045) |
| - experience adjustment | (6,755) | (3,875) | — | — | (6,755) | (3,875) |
| - Return on plan assets excluding interest income | — | — | (6,976) | (10,477) | (6,976) | (10,477) |
| - Effect of movements in exchange rates | (1,158) | (2,389) | 1,519 | 2,201 | 361 | (188) |
| | (27,352) | (10,016) | (5,457) | (8,276) | (32,809) | (18,292) |
| Others | | | | | | |
| Contributions | — | — | (2,080) | (15,513) | (2,080) | (15,513) |
| Benefits paid | (32,453) | (38,493) | 30,674 | 36,709 | (1,779) | (1,784) |
| | (32,453) | (38,493) | 28,594 | 21,196 | (3,859) | (17,297) |
| Changes arising from the effect of the asset ceiling | — | — | — | — | 6,372 | — |
| Balance, Ending | 385,105 | 418,602 | (336,939) | (347,157) | 54,538 | 71,445 |

Represented by:

| | Net defined benefit liability/(asset) | |
|------------------------------------|---------------------------------------|---------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Net defined benefit asset | (10,607) | (5,517) |
| Post-retirement benefit obligation | 34,594 | 39,017 |
| Net defined benefit liability | 30,551 | 37,945 |
| | 54,538 | 71,445 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

During fiscal year 2016, a change to the post-retirement benefits plan of certain non-union employees were made where current retiree medical and dental benefits were replaced for contributions to a health reimbursement arrangement (HRA) account. As a result of the plan amendment, the Group's defined benefit obligation decreased by US\$40.7 million. A corresponding reduction against past service cost was recognised as part of "General and administrative expenses" account in the 2016 income statement of the Group.

Plan assets

Plan assets comprise:

| | Group | |
|-------------------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Interest-bearing cash/bank deposits | 10,791 | 5,710 |
| Real estate | 15,176 | 15,130 |
| Common collective trust funds: | | |
| Fixed income | 74,884 | 88,577 |
| Equity fund | 107,320 | 113,164 |
| Mutual funds - | | |
| Equity fund | 8,647 | 9,143 |
| Debt instruments: | | |
| Corporate | 41,491 | 39,348 |
| Government | 44,566 | 50,613 |
| Others | 6,272 | 5,958 |
| Equity securities - | | |
| Quoted | 15,069 | 3,053 |
| Others | 12,723 | 16,461 |
| Fair value of plan assets | 336,939 | 347,157 |

The BOD of DMFI reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. DMFI's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments match the expected cash outflows arising from the retirement benefit obligation.

DMFI's investment objectives are to ensure that the assets of its qualified defined benefit plan are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plan's benefit obligations as they become due.

DMFI believes that a well-diversified investment portfolio, including both equity and fixed income components, will result in the highest attainable investment return with an acceptable level of overall risk. DMFI's investment policies and procedures are designed to ensure that the plan's investments are in compliance with the Employee Retirement Income Security Act (ERISA).

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuary who carries out a full valuation annually. The last valuation of these obligations and plan was performed in April 2018 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 30 April 2018.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The principal actuarial assumptions used for accounting purposes expressed as weighted average were:

| | ----- DMFI -----> | |
|---|---|---|
| | 30 April 2018 | 30 April 2017 |
| Discount rate (per annum) | 4.05% – 4.25% | 4.15% – 4.25% |
| Future salary increases (per annum) | 3.00% – 4.00% | 3.00% – 4.00% |
| Current health care cost trend rate (per annum) | 7.10% | 7.30%/7.50% |
| Ultimate health care cost trend rate | 4.50% | 4.00% |
| Mortality rate | RP-2014 adjusted backward to 2006 with MP-2014 and projected forward using MP-2017 | RP-2014 adjusted backward to 2006 with MP-2014 and projected forward using MP-2016 |

| | ----- DMPI -----> | |
|--|-------------------|------------------|
| | 30 April 2018 | 30 April 2017 |
| Discount rate (per annum) | 7.88% | 5.08% |
| Future salary increases (per annum) | 6.00% | 6.80% |

| | ----- ROHQ -----> | |
|--|-------------------|------------------|
| | 30 April 2018 | 30 April 2017 |
| Discount rate (per annum) | 8.04% | – |
| Future salary increases (per annum) | 6.00% | – |

Since the defined benefit plans and other benefits liabilities are measured on a discounted basis, the discount rate is a significant assumption. The discount rate was determined based on an analysis of interest rates for high-quality, long-term corporate debt at each measurement date. In order to appropriately match the bond maturities with expected future cash payments, the Group utilised differing bond portfolios to estimate the discount rates for the defined benefits pension plans and for the post-retirement benefits.

The discount rate used to determine the defined benefit plans and for the post-retirement benefits projected benefit obligation as of the balance sheet date is the rate in effect at the measurement date. The same rate is also used to determine the defined benefit pension plans and post-retirement benefits for the following fiscal year. The long-term rate of return for defined benefits pension plans' assets is based on the Group's historical experience; the defined benefits pension plans' investment guidelines and the Group's expectations for long-term rates of return. The defined benefits pension plans' investment guidelines are established based upon an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments. Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 30 April 2018, the weighted average duration of DMPI's and ROHQ's defined benefit retirement obligation is 8.5 years and 8.8 years, respectively.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The projected future benefit payments for the DMPI and ROHQ plans as of 30 April 2018 are as follows:

| | DMPI US\$'000 | ROHQ US\$'000 | Total Expected Benefit Payments US\$'000 |
|--------------|--------------------------|--------------------------|---|
| 2019 | 4,229 | 1 | 4,230 |
| 2020 | 2,556 | 2 | 2,558 |
| 2021 | 2,386 | 3 | 2,389 |
| 2022 | 2,551 | 4 | 2,555 |
| 2023 | 2,037 | 5 | 2,042 |
| 2024 to 2028 | 15,351 | 580 | 15,931 |

The weighted average duration of DMFI's defined benefit retirement obligation for each year are as follows.

| | Duration (years) | |
|-------------------------------|-------------------------|----------------------|
| | 30 April 2018 | 30 April 2017 |
| Qualified retirement plan | 9.3 | 9.9 |
| Post-retirement benefits plan | 11.1 | 12.4 |
| Executive retirement plans | 6.5 - 10.7 | 5.6 - 11.7 |

The projected future benefit payments for the DMFI plan as of 30 April 2018 are as follows:

| | Normal Retirement US\$'000 | Other than Normal Retirement US\$'000 | Total US\$'000 |
|----------------------------------|---|--|---------------------------|
| Less than one year | 28,541 | 2,472 | 31,013 |
| More than one year to five years | 109,416 | 9,759 | 119,175 |
| More than five years | 122,406 | 11,352 | 133,758 |

The weighted-average asset allocation of the Group's pension plan assets and weighted-average target allocation as of the measurement date from date of incorporation is as follows:

| | 30 April 2018 | Target Allocation Range |
|-------------------|----------------------|------------------------------------|
| Equity securities | 39% | 31-51% |
| Debt securities | 27% | 42-64% |
| Other | 34% | 2-19% |
| Total | 100% | |

| | 30 April 2017 | Target Allocation Range |
|-------------------|----------------------|------------------------------------|
| Equity securities | 40% | 31-51% |
| Debt securities | 53% | 42-64% |
| Other | 7% | 2-19% |
| Total | 100% | |

The plan exposes the Group to market risk.



The BOD of DMFI approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The BOD of DMFI may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Source of estimation uncertainty

Pension expense and pension assets/liabilities are determined using certain actuarial estimates and assumptions relating to the discount rate used in valuing the subsidiary's defined benefit obligations and future experiences such as the rate of return on plan assets, future salary increases, retirement date or age, mortality and turnover rate of covered employees. These estimates and assumptions directly influence the amount of the pension assets/liabilities and expense recognised in the financial statements.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of reporting period would have increased (decreased) as a result of a change in the respective assumptions by the respective percentages below.

Defined benefit obligation

| | <-----DMFI-----> | | | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2018 | | 2017 | |
| | 0.5% increase US\$'000 | 0.5% decrease US\$'000 | 0.5% increase US\$'000 | 0.5% decrease US\$'000 |
| Discount rate (per annum) | (13,502) | 14,646 | (15,217) | 16,578 |
| Future salary increases (per annum) | 1,364 | (1,318) | 1,522 | (1,482) |

Defined benefit obligation

| | <-----DMPI-----> | | | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 2018 | | 2017 | |
| | 1.0% increase US\$'000 | 1.0% decrease US\$'000 | 1.0% increase US\$'000 | 1.0% decrease US\$'000 |
| Discount rate (per annum) | (1,858) | 2,139 | (2,465) | 2,954 |
| Future salary increases (per annum) | 1,901 | (1,683) | 1,424 | (1,174) |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Defined benefit obligation | -----ROHQ-----> | | | |
|-------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2018 | | 2017 | |
| | 1.0% increase US\$'000 | 1.0% decrease US\$'000 | 1.0% increase US\$'000 | 1.0% decrease US\$'000 |
| Discount rate (per annum) | (30) | 31 | — | — |
| Future salary increases (per annum) | 34 | (28) | — | — |

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 30 April 2018 and are applied to adjust the defined benefit obligation at the end of the report period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumption shown.

Sensitivity analysis

| Post-retirement benefit obligation | -----DMFI-----> | | | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2018 | | 2017 | |
| | 1.0% increase US\$'000 | 1.0% decrease US\$'000 | 1.0% increase US\$'000 | 1.0% decrease US\$'000 |
| Health care cost trend rates (per annum) | 2,991 | (2,501) | 3,994 | (3,284) |

Accumulated post-retirement benefit obligation

The accumulated post-retirement benefit obligation is computed in accordance with IAS 19 *Employee Benefits*. This quantity is the actuarial present value of all benefits attributed under the projected unit credit method to service rendered prior to a particular date. Prior to an employee's full eligibility date, the accumulated post-retirement benefit obligation as of a particular date for an employee is the portion of the expected post-retirement benefit obligation attributed to that employee's service rendered to that date; on and after the full eligibility date, the accumulated and expected post-retirement benefit obligations for an employee are the same.

Source of estimation uncertainty

Accumulated post-retirement benefit obligation is determined using certain actuarial estimates and assumptions relating to the annual rate(s) of change in the cost of health care benefits currently provided by the post-retirement benefit plans due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. These estimates and assumptions directly influence the amount of the pension assets/liabilities and expense recognised in the financial statements.



Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to covered union employees. Contributions rates to the multi-employer plans are provided in the collective bargaining agreements for the covered union employees. The contribution rates are expressed in terms of specific amounts to be contributed based on hours worked by covered union employees. The Group made contributions of US\$6.1 million and US\$7.1 million during fiscal years 2018 and 2017, respectively.

The risks of participating in the multi-employer pension plans are as follows:

- assets contributed to the multi-employer plan by the Group may be used to provide benefits to employees of other participating employers;
- if a participating employer stops contributing to the plan, the unfunded obligations of the plan allocable to such withdrawing employer may be partially borne by the Group; and
- if the Group stops participating in some of its multi-employer pension plans, the Group may be required to pay those plans an amount based on its allocable share of the underfunded status of the plan, referred to as a withdrawal liability.

Defined Contribution Plans

The Group participates in two defined contribution plans. Group contributions to these defined contribution plans are based on employee contributions and compensation. The expense recognised under these plans for the year ended 30 April 2018 was US\$4.8 million (30 April 2017: US\$4.3 million; 30 April 2016: US\$5.1 million).

Other plans

The Group has various other nonqualified retirement plans and supplemental retirement plans for executives, designed to provide benefits in excess of those otherwise permitted under the Group's qualified retirement plans. These plans are unfunded and comply with IRS rules for nonqualified plans.

22. Environmental remediation liabilities

| | Group | |
|-----------------------------------|---------------------------------------|---------------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| At beginning of the year | 6,198 | 6,313 |
| Provision made during the period | 31 | 80 |
| Reversal during the period | (5,837) | — |
| Provisions used during the period | (78) | (195) |
| Reclassification | (170) | — |
| At end of the year | <u>144</u> | <u>6,198</u> |

Provision for environmental remediation relates to legal or constructive obligations incurred by the Group in connection with its operations. In connection with sales of property in Rochelle, Illinois and Turkey, North Carolina, US\$4.0 million and US\$1.8 million, respectively, of environmental provisions were released in fiscal year 2018.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

23. Trade and other current liabilities

| Note | <----- Group -----> | | <----- Company -----> | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Trade payables | 156,450 | 162,505 | 479 | 783 |
| Deferred revenue | 13,592 | – | – | – |
| Accrued operating expenses: | | | | |
| Advertising | 12,582 | 12,220 | – | – |
| Professional fees | 10,189 | 13,591 | 1,725 | 2,796 |
| Trade promotions | 32,145 | 40,294 | – | – |
| Accrued interest | 9,594 | 11,133 | – | – |
| Taxes and insurance | 7,355 | 8,639 | – | – |
| Freight and warehousing | 5,214 | 6,320 | – | – |
| Plant closure costs | 3,025 | – | – | – |
| Miscellaneous | 3,625 | 5,256 | 2,765 | 1,991 |
| Other payables | 7,339 | 4,623 | 39 | – |
| Accrued payroll expenses | 5,583 | 8,282 | 2,874 | 4,467 |
| Overdrafts | 3,606 | 12,191 | – | – |
| Derivative liabilities | 20 3,260 | 9,531 | – | – |
| Withheld from employees (taxes and social security cost) | 1,527 | 1,692 | 35 | 20 |
| VAT payables | 1,215 | 131 | 136 | 131 |
| Advances from customers | 317 | 3,137 | – | – |
| Amounts due to subsidiaries (non-trade) | 37 – | – | 79,020 | 108,283 |
| | <u>276,618</u> | <u>299,545</u> | <u>87,073</u> | <u>118,471</u> |

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Accrued miscellaneous include interest, utilities, customer deposits, freight and warehousing and customs and other importation incidental costs.

Sources of estimation uncertainty

The determination of the unbilled trade promotion accrual requires significant estimation of the lag time when the services are performed and billings are received.

24. Revenue

Revenue of the Group comprises gross invoiced sales of goods, net of discounts and returns, and is recognised when goods are delivered, and title has passed to customers. All intra-group transactions have been excluded from Group revenue.

Revenue for fiscal year ended 30 April 2018 is net of discounts of US\$87.1 million, returns of US\$20.6 million and direct promotions of US\$486.5 million. Revenue for fiscal year ended 30 April 2017 is net of discounts of US\$86.0 million, returns of US\$20.1 million and direct promotions of US\$491.2 million. Revenue for fiscal year ended 30 April 2016 is net of discounts of US\$85.2 million, returns of US\$19.0 million and direct promotions of US\$485.2 million.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

25. Profit (loss) before taxation

Profit (loss) before taxation is arrived at after charging (crediting):

| | Note | <----- Group -----> | | | <----- Company -----> | | |
|---|------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | Year ended | Year ended | Year ended | Year ended | Year ended | Year ended |
| | | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2016 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2016 US\$'000 |
| Inventories recognised as cost of sales | 12 | 1,241,195 | 1,288,042 | 1,316,517 | — | — | — |
| Depreciation of property, plant and equipment | 5 | 140,061 | 138,995 | 139,991 | — | — | — |
| Operating lease rentals | 35 | 62,272 | 64,951 | 52,141 | — | — | — |
| Changes in fair value of agricultural produce harvested and sold | 11 | 36,651 | 33,501 | 22,060 | — | — | — |
| Impairment loss (reversal of impairment) on property, plant and equipment | 5 | 24,534 | (330) | 4,928 | — | — | — |
| Allowance for inventory obsolescence | 12 | 21,823 | 7,415 | 2,926 | — | — | — |
| Research and development expenses | | 13,522 | 2,779 | 12,615 | — | — | — |
| Amortisation of intangible assets | 8 | 7,784 | 9,347 | 9,327 | — | — | — |
| Impairment of (reversal of allowance for) trade and nontrade receivables | 13 | 502 | 791 | (1,355) | — | — | — |
| Audit fees | | | | | | | |
| - paid to the auditors of the Company | | 340 | 371 | 339 | 340 | 371 | 339 |
| - paid to other auditors | | 1,064 | 1,553 | 2,374 | — | — | 354 |
| Non-audit fees | | | | | | | |
| - paid to other auditors | | 150 | 667 | 579 | 11 | 14 | 99 |
| Loss (gain) on disposal of property, plant and equipment | 5 | (11,317) | 729 | 1,052 | — | — | — |
| Impairment loss on noncurrent assets held for sale | 16 | — | — | 1,659 | — | — | — |
| Income from post-closing working capital amount | | — | — | (38,000) | — | — | — |

| | Note | <----- Group -----> | | | <----- Company -----> | | |
|---|------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | Year ended | Year ended | Year ended | Year ended | Year ended | Year ended |
| | | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2016 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2016 US\$'000 |
| Staff costs | | | | | | | |
| Wages and salaries | | 353,944 | 385,192 | 375,982 | 3,533 | 3,792 | 8,768 |
| Social security costs | | 17,063 | 18,760 | 20,471 | — | — | — |
| Pension costs - defined benefit pension plan* | | 13,390 | 14,917 | (23,392) | — | — | — |
| Pension costs - provident fund | | 5,366 | 4,825 | 5,131 | — | — | — |
| Equity-settled share-based payment transactions | 31 | 377 | 890 | 713 | 30 | 96 | 161 |

*includes effect of post-retirement medical plan amendment and enhanced early retirement program

Other expenses not included above are advertising and marketing costs, freight, warehousing costs and others.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

26. Net finance expense

| Note | <----- Group -----> | | | <----- Company -----> | | |
|---|--|--|--|--|--|--|
| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
| Finance income | | | | | | |
| Interest income from bank deposits | 19,37 | 269 | 129 | 365 | 5 | 4 |
| due from a related party | | — | — | — | 1,079 | — |
| others | | 871 | 362 | — | — | — |
| Gain on purchase of second lien term loan | 19 | 33,623 | — | — | — | — |
| Foreign exchange gain | | 6,709 | 5,318 | 2 | 43 | — |
| | | <u>41,472</u> | <u>5,809</u> | <u>2,231</u> | <u>1,086</u> | <u>2</u> |
| Finance expense | | | | | | |
| Interest expenses on bank loans | | (93,169) | (101,375) | (89,843) | (13,910) | (21,047) |
| Amortisation of debt issue cost, discount | 19 | (9,154) | (8,613) | (8,775) | (2,364) | (1,884) |
| Foreign exchange loss | | (3,330) | (1,080) | (963) | (1) | (42) |
| | | <u>(105,653)</u> | <u>(111,068)</u> | <u>(99,581)</u> | <u>(16,275)</u> | <u>(21,703)</u> |
| Net finance expense | | <u>(64,181)</u> | <u>(105,259)</u> | <u>(97,350)</u> | <u>(22,782)</u> | <u>(21,701)</u> |

As discussed in Note 19, the Group recognised a gain of US\$33.6 million on derecognition of a portion of the Second Lien term loan.

27. Tax expense (credit) - net

| Note | Year ended 30 April 2018 US\$'000 | Group Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
|---|--|---|--|
| Current tax expense | | | |
| - current year | 11,701 | 6,730 | 12,729 |
| Deferred tax credit | | | |
| - origination and reversal of temporary differences | 9 | 3,143 | (6,179) |
| | | <u>14,844</u> | <u>551</u> |
| | | | <u>8,943</u> |
| Reconciliation of effective tax rate | | | |
| Profit (loss) before taxation | | (36,232) | 20,442 |
| | | | <u>68,919</u> |
| Taxation on profit at applicable tax rates | | 42,296 | 9,898 |
| Non-deductible expenses | | (515) | (9,347) |
| Change in tax rate | | (26,937) | — |
| | | <u>14,844</u> | <u>551</u> |
| | | | <u>8,943</u> |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| | Year ended 30 April 2018 US\$'000 | Company Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
|--|--|---|--|
| Current tax expense | | | |
| - current year | 25 | 14 | 5 |
| Deferred tax credit | | | |
| - origination and reversal of temporary differences | (9) | (2) | — |
| | 16 | 12 | 5 |

| | Year ended 30 April 2018 US\$'000 | Group Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
|-----------------------------|--|---|--|
| Applicable tax rates | | | |
| - Philippines (non-PEZA) | 30% | 30% | 30% |
| - Philippines (PEZA)* | 5% | 5% | 5% |
| - India | 31% | 31% | 31% |
| - Singapore | 17% | 17% | 17% |
| - United States of America | 25% | 38% | 38% |
| - Mexico | 30% | 30% | 30% |

**based on gross profit for the year*

DMPI's core production operations in Cagayan de Oro City, Philippines is under Philippine Packing Agricultural Export Processing Zone. This new zone has been established in accordance with the policies of the Philippine Economic Zone Authority (PEZA). DMPI enjoys certain fiscal and non-fiscal incentives including a 5% (2017 and 2016: 5%) tax on gross profit in lieu of the statutory 30% (2017 and 2016: 30%) on profit before tax, duty free importation of capital equipment, raw materials and supplies used in pursuit of its Ecozone-registered activities, among other incentives. The incentives will be available for as long as DMPI complies with the PEZA's requirements which includes exporting 70% of its production. This current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021.

DMPI has received the PEZA approval for a second zone, the Bukidnon Agro-Resources Export Zone, for agri-development projects. This current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021.

On 22 December 2017, the United States enacted the Tax Cuts and Jobs Act ("Act"). The Act lowered the U.S. federal statutory income tax rate from 35% to 21% effective 1 January 2018.

Company

There is no tax expense for the Company as the income of the Company is exempt from all income taxes in the British Virgin Islands except for ROHQ in the Philippines which has a preferential tax rate of 10%.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Republic Act (RA) No. 1096 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on 19 December 2017 and took effect 1 January 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

Sources of estimation uncertainty

The Group has exposure to income taxes in several foreign jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

28. Earnings (loss) per share

Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Cumulative undeclared preference dividends as of 30 April 2018 is US\$1.3 million (30 April 2017: US\$0.8 million).

| | Year ended 30 April 2018 | Group Year ended 30 April 2017 | Year ended 30 April 2016 |
|--|--------------------------------|---|--------------------------------|
| Profit (loss) attributable to owners of the Company (US\$'000) | (36,492) | 24,366 | 56,978 |
| Cumulative preference share dividends (US\$'000) | (15,958) | (847) | — |
| | <u>(52,450)</u> | <u>23,519</u> | <u>56,978</u> |
| Weighted average number of ordinary shares ('000): | | | |
| Outstanding ordinary shares at 1 May | 1,943,214 | 1,943,214 | 1,944,035 |
| Effect of own shares held during the period | — | — | (426) |
| Effect of share awards granted | 456 | — | — |
| Weighted average number of ordinary shares during the year | <u>1,943,670</u> | <u>1,943,214</u> | <u>1,943,609</u> |
| Basic earnings (loss) per share (in US cents) | <u>(2.70)</u> | <u>1.21</u> | <u>2.93</u> |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

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.

| | Year ended 30 April 2018 | Group Year ended 30 April 2017 | Year ended 30 April 2016 |
|---|--------------------------------|---|--------------------------------|
| Profit (loss) attributable to owners of the Company (US\$'000) | (36,492) | 24,366 | 56,978 |
| Cumulative preference share dividends (US\$'000) | (15,958) | (847) | — |
| | <u>(52,450)</u> | <u>23,519</u> | <u>56,978</u> |
| Diluted weighted average number of shares ('000): | | | |
| Weighted average number of ordinary shares at end of year (basic) | 1,943,670 | 1,943,214 | 1,943,609 |
| Potential ordinary shares issuable under share awards | — | 746 | 736 |
| Weighted average number of ordinary shares issued (diluted) | <u>1,943,670</u> | <u>1,943,960</u> | <u>1,944,345</u> |
| Diluted earnings (loss) per share (in US cents) | <u>(2.70)</u> | <u>1.21</u> | <u>2.93</u> |

The potential ordinary shares issuable under the Del Monte ESOP were excluded from the diluted weighted average number of ordinary shares calculation for the year ended 30 April 2017 and 2016 because their exercise price is greater than the market price. As at 30 April 2018, all shares under the Del Monte ESOP have expired.

29. Operating segments

The Group has two operating segments: geographical and product. In identifying these operating segments, management generally considers geographical as its primary operating segment.

Geographical segments

Americas

Reported under the Americas segment are sales and profit on sales in North and South America, and Canada. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales across various channels include retail markets, as well as to the United States military, certain export markets, the food service industry and other food processors.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

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.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

Information about reportable segments

| | <-----Americas-----> | | | <-----Asia Pacific-----> | | | <-----Europe-----> | | | <-----Total-----> | | |
|---|--|--|--|--|--|--|--|--|--|--|--|--|
| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
| Revenue | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | 1,349,509 | 1,363,015 | 1,446,602 | 123,136 | 127,092 | 116,100 | 24,359 | 28,254 | 19,039 | 1,497,004 | 1,518,361 | 1,581,741 |
| Beverage | 19,522 | 28,859 | 28,691 | 131,412 | 131,258 | 132,268 | 9,133 | 14,745 | 14,755 | 160,067 | 174,862 | 175,714 |
| Culinary | 274,208 | 298,454 | 294,486 | 123,620 | 120,857 | 122,063 | — | — | — | 397,828 | 419,311 | 416,549 |
| Fresh fruit and others | 2,217 | 1,108 | 90 | 140,193 | 139,141 | 99,991 | — | — | — | 142,410 | 140,249 | 100,081 |
| Total | 1,645,456 | 1,691,436 | 1,769,869 | 518,361 | 518,348 | 470,422 | 33,492 | 42,999 | 33,794 | 2,197,309 | 2,252,783 | 2,274,085 |
| Gross profit | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | 214,615 | 239,208 | 266,422 | 37,704 | 38,694 | 31,444 | 8,587 | 11,706 | 5,510 | 260,906 | 289,608 | 303,376 |
| Beverage | (275) | 10,018 | 4,022 | 37,014 | 41,212 | 39,188 | (2,585) | 6,403 | 6,022 | 34,154 | 57,633 | 49,232 |
| Culinary | 44,226 | 54,949 | 56,020 | 48,582 | 46,268 | 46,212 | — | — | — | 92,808 | 101,217 | 102,232 |
| Fresh fruit and others | 499 | 250 | 12 | 44,107 | 46,184 | 30,964 | — | — | — | 44,606 | 46,434 | 30,976 |
| Total | 259,065 | 304,425 | 326,476 | 167,407 | 172,358 | 147,808 | 6,002 | 18,109 | 11,532 | 432,474 | 494,892 | 485,816 |
| Share in net loss of joint ventures and subsidiaries | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | — | — | — | (97) | (491) | (523) | — | — | — | (97) | (491) | (523) |
| Beverage | — | — | — | (23) | (97) | (123) | — | — | — | (23) | (97) | (123) |
| Culinary | — | — | — | (185) | (1,003) | (1,001) | — | — | — | (185) | (1,003) | (1,001) |
| Fresh fruit and others | — | — | — | (1,247) | (318) | (70) | — | — | — | (1,247) | (318) | (70) |
| Total | — | — | — | (1,552) | (1,909) | (1,717) | — | — | — | (1,552) | (1,909) | (1,717) |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

Information about reportable segments

| | <-----Americas-----> | | | <-----Asia Pacific-----> | | | <-----Europe-----> | | | <-----Total-----> | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
| Profit (loss) before taxation | | | | | | | | | | | | |
| Packaged/processed fruit and vegetable | (81,733) | (55,362) | 9,501 | 20,404 | 17,617 | 10,828 | 5,618 | 8,265 | 3,020 | (55,711) | (29,480) | 23,349 |
| Beverage | (5,775) | 1,021 | (1,795) | 9,683 | 13,752 | 11,577 | (3,685) | — | 4,347 | 223 | 14,773 | 14,129 |
| Culinary | (27,904) | (13,095) | 2,233 | 24,789 | 17,915 | 19,171 | — | 4,781 | — | (3,115) | 9,601 | 21,404 |
| Fresh fruit and others | (51) | 2,790 | (5,440) | 22,422 | 22,758 | 15,477 | — | — | — | 22,371 | 25,548 | 10,037 |
| Total | (115,463) | (64,646) | 4,499 | 77,298 | 72,042 | 57,053 | 1,933 | 13,046 | 7,367 | (36,232) | 20,442 | 68,919 |
| Other Material Non-Cash Items | | | | | | | | | | | | |
| Depreciation and amortisation | 54,677 | 47,278 | 56,971 | 93,168 | 101,064 | 92,347 | — | — | — | 147,845 | 148,342 | 149,318 |
| Capital expenditure | 30,937 | 44,591 | 42,823 | 79,801 | 99,532 | 94,407 | — | — | — | 110,738 | 144,123 | 137,230 |
| Segment assets | 1,972,616 | 2,228,986 | 2,243,508 | 521,213 | 503,177 | 444,195 | 15,297 | 24,983 | 18,687 | 2,509,126 | 2,757,146 | 2,706,390 |
| Segment liabilities | 1,198,647 | 1,508,147 | 1,556,300 | 624,249 | 610,411 | 750,370 | 77,970 | 60,033 | 22,743 | 1,900,866 | 2,178,591 | 2,329,413 |



Major customer

Revenues from a major customer of the Americas segment for fiscal year 2018 amounted to approximately US\$631.9 million or 29% (fiscal year 2017: US\$630.3 million or 28%, fiscal year 2016: US\$585.0 million or 26%) of the Group's total revenue. The customer accounted for approximately 22% of trade and other receivable 30 April 2018 (30 April 2017: 15%, 10 April 2016: 16%).

30. Seasonality of operations

The Group's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. For Americas, products are sold heavily during the Thanksgiving and Christmas seasons. As such, the Group's sales are usually highest during the three months from August to October.

The Group operates 14 production facilities (30 April 2017 and 2016: 15 production facilities) in the U.S., Mexico, and Philippines. Fruit plants are located in California and Washington in the United States and Philippines, most of its vegetable plants are located in the U.S. Midwest and its tomato plants are located in California and Indiana.

The 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.

31. Share option and incentive plans

The Del Monte Pacific Executive Stock Option Plan 1999 ("ESOP 1999") of the Company was approved and amended by its shareholders at general meetings held on 30 July 1999 and 21 February 2002 respectively. No further options could be granted pursuant to the ESOP 1999 as it had expired on 24 July 2009. The options granted by the Company prior to 24 July 2009 are valid for a period of ten years from the date of the grant of options.

The Company adopted a new plan, the Del Monte Pacific Executive Share Option Plan 2016 ("ESOP 2016"), which was approved by the shareholders at the general meeting held on 30 August 2016. The purpose of the ESOP 2016 is to provide an opportunity for Group executives to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 shall be valid for a period of ten years; however, it has yet to be implemented.

The Company also had two share plans, the Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP") and the Del Monte Pacific PSP Performance Share Plan ("Del Monte Pacific PSP") (collectively the "Share Plans"), which were approved by the Company's shareholders at the general meeting held on 26 April 2005. The Share Plans sought to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees targeted at executives holding key positions. The Share Plans expired after ten years or on 25 April 2015. Any share awards granted prior to the expiration of the Share Plans would continue to be valid.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

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.

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.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

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 2018 | 30 April 2017 | 30 April 2016 |
| 7 March 2008 | Up to 60%: 7 March 2010 – 6 March 2011 | 0.627 | – | 750,000 | 750,000 |
| | 40%: 7 March 2011 – 6 March 2018 | | – | | |
| 30 April 2013 | Up to 100%: 30 April 2013 – 6 March 2018 | 0.627 | – | 150,000 | 150,000 |
| 1 July 2015 | Up to 100%: 6 March 2018 | 0.578 | – | 75,765 | 75,765 |
| | | | – | 975,765 | 975,765 |

On 30 April 2013, the Company approved the grant of 150,000 stock options, representing a 20% adjustment to the number of unexercised stock options previously granted. The exercise period therefore follows that of the options granted on 7 March 2008.

As of 30 April 2018, the number of outstanding ESOP options is nil due to the lapse of its exercise period.

Del Monte Pacific RSP

| Date of grant of share awards | Vesting period | Market price on date of grant S\$ | Share awards granted | Share awards outstanding |
|-------------------------------|---|-----------------------------------|----------------------|--------------------------|
| 22 August 2013 | Up to 60%: 22 August 2013 – 21 August 2016 | | | |
| | 40%: 22 August 2016 – 21 August 2017 | 0.840 | 688,000 | – |
| 1 July 2015 | Up to 60%: 22 August 2016 – 21 August 2017 | | | |
| | 40%: 22 August 2017 – 21 August 2018 | 0.385 | 57,918 | – |
| | | | 745,918 | – |

Since the commencement of the employee share option plans until the end of the financial year, no option have been granted at a discount.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

On 20 September 2017, the Company released all of its outstanding share awards to its Directors. There were no additional share options exercised during the fiscal year ended 30 April 2018.

Fair value of share options/awards and assumptions

| Date of grant of options/awards | 7 March 2008 | 30 April 2013 | 1 July 2015 | 12 May 2009 | 29 April 2011 | 30 April 2013 | 22 August 2013 | 1 July 2015 |
|---|------------------|---------------|-------------|-------------------------------------|---------------|---------------|----------------|-------------|
| | <-----ESOP-----> | | | <----- Del Monte Pacific RSP -----> | | | | |
| Fair value at measurement date | US\$0.12 | US\$0.18 | US\$0.29 | US\$0.37 | US\$0.40 | US\$0.18 | US\$0.65 | US\$0.29 |
| Share price (Singapore Dollars) at grant date | 0.615 | 0.810 | 0.385 | 0.540 | 0.485 | 0.810 | 0.840 | 0.385 |
| Exercise price (Singapore Dollars) | 0.627 | 0.627 | 0.578 | — | — | — | — | — |
| Expected volatility | 5.00% | 2.00% | 2.00% | — | — | — | — | — |
| Time to maturity | 2 years | 2 years | 2 years | — | — | — | — | — |
| Risk-free interest rate | 3.31% | 1.51% | 2.51% | — | — | — | — | — |

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Del Monte Foods Holding Equity Compensation Plan

The 2014 Equity Compensation Plan (the “2014 Equity Plan”) was adopted by the Board of DMFHI effective 24 September 2014. The 2014 Equity Plan provided for the grant of stock options to key executives. 9,000,000 shares of common stock of DMFHI were reserved for grant under the 2014 Equity Plan.

In 2015, DMFHI granted 7,065,000 stock options. The options granted were subject to performance-based and service-based vesting and vested annually over 7 years and had a term of 10 years. The grant date fair value of these options was US\$1.22. As of 30 April 2015, 2,265,000 shares of common stock were available for future grant. However, in September 2015, the 2014 Equity Plan was cancelled with none of the granted options vested as of the termination of the plan.

In September 2016, the authorised shares reserved for grant under the plan was increased from 9,000,000 to 15,000,000. As of 30 April 2018 13,577,999 share options (30 April 2017: 12,240,408 share options) were available for future grant, respectively.

The fair value for stock options granted was estimated at the date of grant using a Black-Scholes option pricing model. This model estimates the fair value of the options based on a number of assumptions, such as expected option life, interest rates, the current fair market value and expected volatility of common stock and expected dividends. The expected term



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

of options granted was based on the “simplified” method. Expected stock price volatility was determined based on the historical volatilities of comparable companies over a historical period that matches the expected life of the options. The risk-free interest rate was based on the expected U.S. Treasury rate over the expected life. The dividend yield was based on the expectation that no dividends will be paid. The following table presents the weighted-average assumptions for performance-based stock options granted for the periods indicated:

| 3 November 2015 | |
|--------------------------|--------|
| Expected life (in years) | 5.5 |
| Expected volatility | 38.49% |
| Risk-free interest rate | 1.64% |

Stock option activity and related information during the periods indicated was as follows:

| | 2018 | | 2017 | |
|----------------------------------|--------------------------|--|--------------------------|--|
| | Number of options | Weighted-average exercise price | Number of options | Weighted-average exercise price |
| Outstanding at beginning of year | 2,759,592 | 5.39 | 6,620,000 | 5.39 |
| Cancelled | (64,302) | 5.39 | (3,059,800) | 5.39 |
| Forfeited | (1,273,289) | 5.39 | (800,608) | 5.39 |
| Outstanding at end of year | 1,422,001 | 5.39 | 2,759,592 | 5.39 |
| Exercisable at end of year | — | — | — | — |

The expense recognised in profit or loss for equity-settled share-based payments amounted to US\$0.3 million in fiscal year 2018 (fiscal year 2017: US\$0.8 million) were included in personnel cost.

Cash incentives

In December 2017, DMFI granted US\$4.6 million in cash incentives to key executives under cash incentive award agreements. The awards will vest when the employee remains employed for a period of approximately two years from the grant date until the defined vesting date. Additionally, some of the grants require the employee to meet certain performance criteria. As of 30 April 2018, US\$4.6 million remained outstanding.

In March 2018, DMFI granted an additional US\$10.3 million in cash incentives to key executives under cash incentive award agreements. The awards will vest when the employee remains employed for a period of approximately one to two years from the grant date until the defined vesting date. As of 30 April 2018, US\$10.3 million remained outstanding.

The accrued net obligation for the cash incentives amounted to US\$5.7 million and US\$3.7 million as of 30 April 2018 and April 30, 2017, respectively, and the total expense recognised under “Wages, salaries and other benefits” in the income statement of the Group amounted to US\$2.9 million, US\$3.4 million and US\$1.8 million in fiscal years 2018, 2017 and 2016, respectively (see Note 21).



32. Financial risk management

The Group has exposure to the following risks from financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- foreign exchange risk
- commodity price risk

Risk management framework

The Board of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee (ARC) is responsible for monitoring the Group's risk management policies developed by management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARC oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARC is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

Financial risk management objectives and policies

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The BOD of the Group continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The ARC has approved a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes credit ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. Customers failing to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment or Letters of Credit basis.

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk for financial assets, excluding cash on hand, by geographic region was:

| | | Group | |
|--------------|-------------|---------------------------------------|---------------------------------------|
| | Note | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Americas | | 90,311 | 90,865 |
| Europe | | 6,097 | 16,979 |
| Asia Pacific | | 89,414 | 94,126 |
| | 13,15 | <u>185,822</u> | <u>201,970</u> |

At 30 April 2018, the Group's most significant customer accounted for 22% of the trade and other receivables carrying amount (30 April 2017: 15%).

Impairment losses

The ageing of financial assets excluding cash on hand that were not impaired at the reporting date was:

| | Note | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
|------------------------|--------------|---------------------------------------|---------------------------------------|
| Group | | | |
| Not past due | | 157,275 | 170,924 |
| Past due 0 - 60 days | | 15,069 | 23,868 |
| Past due 61 - 90 days | | 4,317 | 2,003 |
| Past due 91 - 120 days | | (604) | 1,398 |
| More than 120 days | | 19,672 | 7,681 |
| | 10,13, 14,15 | <u>195,729</u> | <u>205,874</u> |

As at 30 April 2018 and 2017, 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:

| | | 30 April 2018 | | |
|------------------------------------|-------------|-----------------------------|-----------------------------|---------------------------|
| | Note | Grade A US\$'000 | Grade B US\$'000 | Total US\$'000 |
| Cash in banks and cash equivalents | 15 | 24,195 | — | 24,195 |
| Trade and other receivables | 13 | — | 161,627 | 161,627 |
| Note receivables | 10 | 7,744 | — | 7,744 |
| Refundable deposits* | 10 | — | 1,858 | 1,858 |
| Derivative assets | 14 | — | 305 | 305 |
| | | <u>31,939</u> | <u>163,790</u> | <u>195,729</u> |

*included in other noncurrent assets



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| | Note | 30 April 2017 | | |
|-----------------------------|------|---------------|----------|----------|
| | | Grade A | Grade B | Total |
| | | US\$'000 | US\$'000 | US\$'000 |
| Cash in banks | 15 | 37,523 | – | 37,523 |
| Trade and other receivables | 13 | – | 164,447 | 164,447 |
| Refundable deposits* | 10 | – | 1,219 | 1,219 |
| Derivative assets | 14 | – | 2,685 | 2,685 |
| | | 37,523 | 168,351 | 205,874 |

*included in other noncurrent assets

As at 30 April 2018 and 2017, the Company's financial assets were all classified under Grade A and Grade B, respectively.

| | Note | 30 April 2018 | | |
|------------------------------------|------|---------------|----------|----------|
| | | Grade A | Grade B | Total |
| | | US\$'000 | US\$'000 | US\$'000 |
| Cash in banks and cash equivalents | 15 | 2,709 | – | 2,709 |
| Trade and other receivables | 13 | – | 180,948 | 180,948 |
| | | 2,709 | 180,948 | 183,657 |

| | Note | 30 April 2017 | | |
|------------------------------------|------|---------------|----------|----------|
| | | Grade A | Grade B | Total |
| | | US\$'000 | US\$'000 | US\$'000 |
| Cash in banks and cash equivalents | 15 | 6,767 | – | 6,767 |
| Trade and other receivables | 13 | – | 119,703 | 119,703 |
| | | 6,767 | 119,703 | 126,470 |

Grade A financial assets pertain to those cash that are deposited in reputable banks. Grade B includes receivables that are collected on their due dates even without an effort from the Group to follow them up.

The Group believes that the unimpaired amount past due by more than 60 days are still collectible in full, based on historical payment behaviour and extensive analysis of customers' risk rating. An analysis of the credit quality of loans and receivables that are neither past due nor impaired indicates that they are of acceptable risk.

The Group sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis. In addition, the Group also engages in sale of its trade receivables without recourse to certain financial institutions.

Cash in banks and cash equivalents

Cash in banks and cash equivalents are held with banks and financial institutions which are regulated.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The percentages of cash in banks and cash equivalents held in the following regions are:

| | 30 April 2018 % | 30 April 2017 % |
|--------------------------|-----------------------|-----------------------|
| Group | | |
| United States of America | 10 | 8 |
| Philippines | 56 | 44 |
| Hong Kong | 33 | 47 |
| Singapore | 1 | 1 |
| Company | | |
| Philippines | 11 | — |
| Hong Kong | 89 | 100 |

Apart from the information stated above, the Group and Company have no significant concentration of credit risk with any single counterparty or group counterparties.

Derivatives

The derivatives are entered into with banks and financial institutions which are regulated.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term debt obligations with floating interest rates.

The Group's cash balances are placed with reputable global banks and financial institutions. The Group manages its interest rate risks by placing the cash balances with varying maturities and interest rate terms. This includes investing the Group's temporary excess liquidity in short-term low-risk securities from time to time. The Group also enters into interest rate swaps to manage the volatility. The Group obtains financing through bank borrowings and leasing arrangements. Funding is obtained from bank loan facilities for both short-term and long-term requirement. The Group's policy is to obtain the most favourable interest rate available without increasing its foreign currency exposure.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Interest rate profile of interest-bearing financial instruments

The interest rate profile of the interest-bearing financial instruments as reported to management of the Group is as follows:

| | <----- Group -----> | | <----- Company -----> | |
|----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Fixed rate instruments | | | | |
| Loans and borrowings | 402,854 | 368,048 | 129,594 | 129,414 |
| Variable rate instruments | | | | |
| Loans and borrowings | 1,062,369 | 1,345,918 | 206,034 | 195,510 |
| Interest rate swaps | 5,017 | 17,891 | — | — |
| | <u>1,067,386</u> | <u>1,363,809</u> | <u>206,034</u> | <u>195,510</u> |

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit/loss before tax in the next 12 months would have been affected as follows:

| | Profit/loss before tax in the next 12 months | |
|-----------------------------|---|--------------------------------|
| | 100 bp increase US\$'000 | 100 bp decrease US\$'000 |
| Group | | |
| 30 April 2018 | | |
| Variable rate instruments | (9,529) | 9,529 |
| Interest rate swaps | 4,140 | (4,140) |
| Cash flow sensitivity (net) | <u>(5,389)</u> | <u>5,389</u> |
| 30 April 2017 | | |
| Variable rate instruments | (11,282) | 11,282 |
| Interest rate swaps | 5,270 | (5,270) |
| Cash flow sensitivity (net) | <u>(6,012)</u> | <u>6,012</u> |

As at 30 April 2018, if the interest rate had moved by 100bp increase and decrease, with all other variables held constant, the Group's profit before tax in the next 12 months and equity would have been affected by US\$0.1million decrease and US\$0.1million increase, respectively.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

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



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks. Currently, the Group excluding DMFI is entitled to a total of US\$663.9 million (30 April 2017: US\$1,120.0 million) in credit lines, of which 29% (30 April 2017: 43%) remain available. The lines are mostly for short-term financing requirements, with US\$57.4 million (30 April 2017: US\$196 million) available for long-term requirements. The Group constantly maintains good relations with its banks, such that additional facilities, whether for short or long-term requirements, may be made available.

The Group is able to increase the commitments under the ABL Facility, subject only to the consent of the new or existing lenders providing such increases, such that the aggregate principal amount of commitments does not exceed US\$450.0 million. The lenders under this facility are under no obligation to provide any such additional commitments, and any increase in commitments will be subject to customary conditions precedent. Notwithstanding any such increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

The Group has the right to request an additional US\$100.0 million plus an additional amount of secured indebtedness under the First Lien Term Loan and the Second Lien Term Loan. Lenders under this facility are under no obligation to provide any such additional loans, and any such borrowings will be subject to customary conditions precedent, including satisfaction of a prescribed leverage ratio, subject to the identification of willing lenders and other customary conditions precedent.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

| Group | Note | Carrying amount US\$'000 | Contractual cash flows US\$'000 | Less than 1 year US\$'000 | 1-5 years US\$'000 | More than 5 years US\$'000 |
|--|------|--------------------------------|---------------------------------------|---------------------------------|--------------------------|-------------------------------------|
| 30 April 2018 | | | | | | |
| Derivative financial liabilities | | | | | | |
| Interest rate swaps used for hedging, net-settled | 20 | 5,017 | 3,940 | 2,264 | 1,676 | – |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | | | | | | |
| - Short-term | 19 | 471,204 | 475,119 | 475,119 | – | – |
| - Long-term | 19 | 187,584 | 205,936 | 8,555 | 197,477 | – |
| Secured bank loans | | | | | | |
| - Short-term | 19 | 10,416 | 17,100 | 17,100 | – | – |
| - Long-term | 19 | 796,019 | 1,140,860 | 65,151 | 1,075,708 | – |
| Trade and other payables* | 23 | 256,707 | 259,967 | 259,967 | – | – |
| | | <u>1,721,930</u> | <u>2,098,982</u> | <u>825,892</u> | <u>1,273,185</u> | <u>–</u> |

*excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Group | Note | Carrying amount US\$'000 | Contractual cash flows US\$'000 | Less than 1 year US\$'000 | 1-5 years US\$'000 | More than 5 years US\$'000 |
|--|------|--------------------------------|---------------------------------------|---------------------------------|--------------------------|-------------------------------------|
| 30 April 2017 | | | | | | |
| Derivative financial liabilities | | | | | | |
| Interest rate swaps used for hedging, net-settled | 20 | 17,891 | 19,041 | 7,767 | 11,274 | – |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | | | | | | |
| - Short-term | 19 | 280,584 | 281,271 | 281,271 | – | – |
| - Long-term | 19 | 341,974 | 386,674 | 14,313 | 369,361 | – |
| Secured bank loans | | | | | | |
| - Short-term | 19 | 169,114 | 175,100 | 175,100 | – | – |
| - Long-term | 19 | 922,294 | 1,185,298 | 60,325 | 1,124,973 | – |
| Trade and other payables* | 23 | 286,877 | 296,408 | 296,408 | – | – |
| | | <u>2,000,843</u> | <u>2,324,751</u> | <u>827,417</u> | <u>1,494,334</u> | <u>–</u> |

*excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

| Company | | Carrying amount US\$'000 | Contractual cash flows US\$'000 | Less than 1 year US\$'000 | 1-5 years US\$'000 | More than 5 years US\$'000 |
|---|--|--------------------------------|---------------------------------------|---------------------------------|--------------------------|----------------------------------|
| 30 April 2018 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | | | | | | |
| - Long-term | | 129,594 | 142,041 | 209,642 | 136,191 | – |
| - Short-term | | 206,034 | 209,642 | 5,850 | – | – |
| Trade and other payables | | 79,020 | 79,020 | 79,020 | – | – |
| | | <u>414,648</u> | <u>430,703</u> | <u>294,512</u> | <u>136,191</u> | <u>–</u> |

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 | – | – |
| | | <u>433,207</u> | <u>459,106</u> | <u>172,318</u> | <u>286,788</u> | <u>–</u> |

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.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency giving rise to this risk is primarily the US Dollar, Mexican Peso and Venezuelan Bolivar.

From time to time, the Group manages its exposure to fluctuations in foreign currency exchange rates by entering into forward contracts to cover a portion of its projected expenditures paid in foreign currency. The Group accounts for these contracts as cash flow hedges.

At the reporting date, the Group's exposure to foreign currencies is as follows:

| | US Dollar US\$'000 | Mexican Peso US\$'000 |
|-----------------------------|-----------------------------------|--------------------------------------|
| 30 April 2018 | | |
| Trade and other receivables | 37,129 | 5,053 |
| Cash and cash equivalents | 11,654 | 343 |
| Other noncurrent assets | 25,866 | – |
| Loans and borrowings | (61,860) | – |
| Trade and other payables | (87,538) | (5,954) |
| | <u>(74,749)</u> | <u>(558)</u> |
| 30 April 2017 | | |
| Trade and other receivables | 24,779 | 4,799 |
| Cash and cash equivalents | 15,932 | 183 |
| Other noncurrent assets | 21,507 | – |
| Loans and borrowings | (117,835) | – |
| Trade and other payables | (97,834) | (4,581) |
| | <u>(153,451)</u> | <u>401</u> |

The Company has no significant exposure to foreign currencies as at 30 April 2018 and 2017.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

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 2018 | | | | |
| 10% strengthening | (7,475) | — | (239) | — |
| 10% weakening | 7,475 | — | 239 | — |
| 30 April 2017 | | | | |
| 10% strengthening | (15,345) | — | (123) | 1,866 |
| 10% weakening | 15,345 | — | 123 | (1,866) |

Commodity price risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk related to tinplates and fuel. The Group ensures future supply of tinplates while minimising the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group.

Certain commodities such as diesel fuel and natural gas (collectively, "commodity contracts") are used in the production and transportation of the Group's products. Generally, these commodities are purchased based upon market prices that are established with the vendors as part of the procurement process. The Group uses futures, swaps, and swaption or option contracts, as deemed appropriate, to reduce the effect of price fluctuations on anticipated purchases. These contracts may have a term of up to 24 months.

Sensitivity analysis

A 10% change in commodity prices at the reporting date would have decreased (increased) profit before taxation and increased (decreased) equity by the amounts shown below.

| | Loss/profit before taxation US\$'000 | Equity US\$'000 |
|---------------------------------|--|--------------------|
| 30 April 2018 | | |
| 10% increase in commodity price | — | 19 |
| 10% decrease in commodity price | — | (19) |
| 30 April 2017 | | |
| 10% increase in commodity price | (400) | 400 |
| 10% decrease in commodity price | 400 | (400) |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

33. Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

| Group | Note | Loans and receivables US\$'000 | Other noncurrent assets US\$'000 | Derivatives US\$'000 | Other financial liabilities US\$'000 | Total carrying amount US\$'000 | Fair value US\$'000 |
|-----------------------------|--------|--------------------------------------|---|-------------------------|---|---|------------------------|
| 30 April 2018 | | | | | | | |
| Cash and cash equivalents | 15 | 24,246 | — | — | — | 24,246 | 24,246 |
| Trade and other receivables | 13 | 161,627 | — | — | — | 161,627 | 161,627 |
| Note receivables | 10 | — | 7,744 | — | — | 7,744 | 7,744 |
| Refundable deposits | 10 | — | 1,858 | — | — | 1,858 | 1,858 |
| Derivative assets | 14 | — | — | 305 | — | 305 | 305 |
| | | <u>185,873</u> | <u>9,602</u> | <u>305</u> | <u>—</u> | <u>195,780</u> | <u>195,780</u> |
| Loans and borrowings | 19 | — | — | — | 1,465,223 | 1,465,223 | 1,362,771 |
| Trade and other payables* | 23 | — | — | — | 256,707 | 256,707 | 256,707 |
| Derivative liabilities | 20, 23 | — | — | 5,063 | — | 5,063 | 5,063 |
| | | <u>—</u> | <u>—</u> | <u>5,063</u> | <u>1,721,930</u> | <u>1,726,993</u> | <u>1,624,541</u> |

*excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

| Group | Note | Loans and receivables US\$'000 | Derivatives US\$'000 | Other financial liabilities US\$'000 | Total carrying amount US\$'000 | Fair value US\$'000 |
|-----------------------------|--------|--------------------------------------|-------------------------|---|---|------------------------|
| 30 April 2017 | | | | | | |
| Cash and cash equivalents | 15 | 37,571 | — | — | 37,571 | 37,571 |
| Trade and other receivables | 13 | 164,447 | — | — | 164,447 | 164,447 |
| Derivative assets | 14 | — | 2,685 | — | 2,685 | 2,685 |
| | | <u>202,018</u> | <u>2,685</u> | <u>—</u> | <u>204,703</u> | <u>204,703</u> |
| Loans and borrowings | 19 | — | — | 1,713,966 | 1,713,966 | 1,552,043 |
| Trade and other payables* | 23 | — | — | 285,054 | 285,054 | 285,054 |
| Derivative liabilities | 20, 23 | — | 17,973 | — | 17,973 | 17,973 |
| | | <u>—</u> | <u>17,973</u> | <u>1,999,020</u> | <u>2,016,993</u> | <u>1,855,070</u> |

*excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Company | Note | Loans and receivables US\$'000 | Other financial liabilities US\$'000 | Total carrying amount US\$'000 | Fair value US\$'000 |
|-----------------------------|------|--------------------------------------|---|---|------------------------|
| 30 April 2018 | | | | | |
| Cash and cash equivalents | 15 | 2,709 | – | 2,709 | 2,709 |
| Trade and other receivables | 13 | 180,948 | – | 180,948 | 180,948 |
| Due from a related party | 37 | 88,880 | – | 88,880 | 49,773 |
| | | <u>272,537</u> | <u>–</u> | <u>272,537</u> | <u>233,430</u> |
| Loans and borrowings | 19 | – | 335,628 | 335,628 | 332,922 |
| Trade and other payables* | 23 | – | 86,902 | 86,902 | 86,902 |
| | | <u>–</u> | <u>422,530</u> | <u>422,530</u> | <u>419,824</u> |
| 30 April 2017 | | | | | |
| Cash and cash equivalents | 15 | 6,767 | – | 6,767 | 6,767 |
| Trade and other receivables | 13 | 119,703 | – | 119,703 | 119,703 |
| | | <u>126,470</u> | <u>–</u> | <u>126,470</u> | <u>126,470</u> |
| Loans and borrowings | 19 | – | 324,924 | 324,924 | 326,034 |
| Trade and other payables* | 23 | – | 118,320 | 118,320 | 118,320 |
| | | <u>–</u> | <u>443,244</u> | <u>443,244</u> | <u>444,354</u> |

*excludes withheld from employees (taxes and social security cost) and VAT payables

34. Determination of fair values

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing the categorisation at the end of each reporting period.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

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.

| Group | Note | 30 April 2018 | | | |
|--|--------|---------------|---------|---------|--------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Derivative assets | 14 | – | 305 | – | 305 |
| Non-financial assets | | | | | |
| Fair value of agricultural produce harvested under inventories | 11 | – | – | 9,174 | 9,174 |
| Fair value of growing produce | 11 | – | – | 41,963 | 41,963 |
| Freehold land | 5 | – | – | 62,812 | 62,812 |
| Noncurrent assets held for sale | 16 | – | – | 5,504 | 5,504 |
| Financial liabilities | | | | | |
| Derivative liabilities | 20, 23 | – | 5,063 | – | 5,063 |
| 30 April 2017 | | | | | |
| | Note | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Derivative assets | 14 | – | 2,685 | – | 2,685 |
| Non-financial assets | | | | | |
| Fair value of agricultural produce harvested under inventories | 11 | – | – | 4,535 | 4,535 |
| Fair value of growing produce | 11 | – | – | 44,347 | 44,347 |
| Freehold land | 5 | – | – | 68,000 | 68,000 |
| Financial liabilities | | | | | |
| Derivative liabilities | 20, 23 | – | 17,973 | – | 17,973 |

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The Company has no assets and liabilities measured at fair value as of 30 April 2018 and 2017.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

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. |



Del Monte Pacific Limited and its Subsidiaries

**Notes to the financial statements
For the financial year ended 30 April 2018**

| Type | Valuation technique |
|-----------------------|--|
| Interest rate swaps | Market comparison technique: The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve. Fair values reflect the risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate. |
| Commodities contracts | Market comparison technique. The commodities are traded over-the-counter and are valued based on the Chicago Board of Trade quoted prices for similar instruments in active markets or corroborated by observable market data available from the Energy Information Administration. The values of these contracts are based on the daily settlement prices published by the exchanges on which the contracts are traded. |

Financial instruments not measured at fair value

| Type | Valuation technique |
|--|--|
| Financial liabilities | <p>The fair value of the secured first and second lien term loans are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2).</p> <p>The fair value of the other loans is based on the discounted value of expected future cash flows using risk free rates and credit spread ranging from 2.0% to 5.3% (30 April 2017: 2.6% to 4.7%) (Level 3).</p> |
| 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 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, |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 30 April 2018

| Assets | Valuation technique | Significant unobservable inputs |
|---|---|---|
| | 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). | neighbourhood, utility, terrain, and the time element involved. The market value per square meter ranges from US\$62.9 to US\$69.6. The market value per acre ranges from US\$2,300 to US\$80,582. |
| Livestock (cattle for slaughter and cut meat) | Sales Comparison Approach: the valuation model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3). | The unobservable inputs are age, average weight and breed. |
| Harvested crops – sold as fresh fruit | The fair values of harvested crops are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit reduced by costs to sell (Level 3). | The unobservable input is the estimated pineapple selling price per ton specific for fresh products. |
| Harvested crops – used in processed products | The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product reduced by costs to sell (concentrates, pineapple beverages, sliced pineapples, etc.) and adjusted for margin associated to further processing (Level 3). | The unobservable input is the estimated pineapple selling price and gross margin per ton specific for processed products. |
| Unharvested crops – fruits growing on the bearer plants | The growing produce are now measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing costs applied to the estimated volume of harvest as the basis of fair value. | The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh and processed products, estimated volume of harvest and future growing costs. |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Assets | Valuation technique | Significant unobservable inputs |
|---------------------------------|--|---|
| Noncurrent assets held for sale | Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate. | The unobservable inputs used to determine the market value are net selling prices, sizes, and property location. The unobservable inputs used to determine replacement costs are purchase price of building, land, and furniture and fixtures reduced by related selling costs. |

Significant increase (decrease) in the significant unobservable inputs of freehold land, livestock, harvested crops sold as fresh fruit and harvested crop sold used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future pineapple selling price, gross margin per ton and estimated volume of harvest would result in higher (lower) fair value of growing produce, while significant increase (decrease) in the future growing costs would result in lower (higher) fair value.

35. Commitments

Operating lease commitments

The Group leases certain property, equipment and office and warehouse facilities. At the reporting date, the Group have commitments for future minimum lease payments under non-cancellable operating leases as follows:

| | Group | |
|---------------------------|------------------------------|------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Within one year | 46,104 | 42,809 |
| Between one to five years | 150,888 | 130,481 |
| More than five years | 64,206 | 72,219 |
| | <u>261,198</u> | <u>245,509</u> |

The leases typically run for an initial period of 2 to 25 years, with an option to renew the lease after that date. Some of the leases contain escalation clauses but do not provide for contingent rents. Lease terms do not contain any restrictions on Group activities concerning dividends, additional debts or further leasing.

Minimum lease payments, recognised as an expense in the Group's profit or loss for the fiscal years ended 30 April 2018, 2017 and 2016 amounted to US\$62,272, US\$64,951 and US\$52,141, respectively.

Operating Lease Commitments – Group as Lessee

The Group has entered into various lease agreements as a lessee. The Group had determined that the significant risks and rewards on properties leased from third parties are retained by the lessors.

Purchase commitments



Notes to the financial statements
For the financial year ended 30 April 2018

The Group has entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes, packaging services and ingredients.

At the reporting date, the Group have commitments for future minimum payments under non-cancellable agreements as follows:

| | Group | |
|--------------------------------------|---------------------------------------|---------------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Within one year | 276,836 | 311,616 |
| After one year but within five years | 284,157 | 329,368 |
| After five years | 417,949 | 443,525 |
| | 978,942 | 1,084,509 |

Future capital expenditure

| | Group | |
|---|---------------------------------------|---------------------------------------|
| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 |
| Capital expenditure not provided for in the financial statements | | |
| - approved by Directors and contracted for | 10,785 | 40,456 |
| - approved by Directors but not contracted for | 59,481 | 101,451 |
| | 70,266 | 141,907 |

The Group is also committed to incur capital expenditure of US\$0.1 million in fiscal year 2018 (fiscal year 2017: US\$0.1 million) in relation to its interest in a joint venture, which is expected to be settled within one year.

36. Contingencies

As at 30 April 2018, a subsidiary, DMPL India Limited has a contingent liability amounting to US\$9.6 million (30 April 2017: US\$4.3 million) in the form of a letter of undertaking securing 50% of the obligations of FFPL under its Loan Agreement with Infrastructure Development Finance Company Limited, in proportion to its equity interest.

Matters Assumed in Connection with the Consumer Food Business

The Group acquired the Consumer Food Business in February 2014. Throughout this section, reference is made to DMFI as the Defendant in the actions described since DMFI has assumed the liability of the Seller, if any, in these actions.



National Consumers League (NCL) vs. Del Monte Foods

In December 2017, Plaintiff (NCL) filed a complaint against DMFI in the Superior Court of the District of Columbia alleging that DMFI made a variety of false and misleading labeling claims with respect to certain tomato products in violation of the D.C. Consumer Protection Procedures Act. In April 2018, DMFI filed a Motion to Dismiss this case and a Motion for Rule 11 Sanction. The Court has ordered oral argument on these motions. The Group cannot at this time reasonably estimate a range of exposure, if any, of the potential liability.

Other legal cases

The Group is the subject of, or a party to, other various suits and pending or threatened litigation. While it is not feasible to predict or determine the ultimate outcome of these matters, the Group believes that none of these legal proceedings will have a material adverse effect on its financial position.

Source of estimation uncertainty

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions. In recognising and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies were recognised in the Group's financial statements as of 30 April 2018 and 2017.

As of 30 April 2018, provision for probable losses arising from environmental remediation amounted to US\$2.4 million, US\$0.1 million of which is noncurrent (30 April 2017: US\$6.7 million, US\$6.2 million of which is noncurrent) (see Note 22).

As of 30 April 2018, provision for retained liabilities arising from workers' compensation claims amounted to US\$26.0 million, US\$22.2 million of which is noncurrent (30 April 2017: US\$27.2 million, US\$23.4 million of which is noncurrent) (see Note 20).

37. Related parties

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than those disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| <u>Group</u> | | 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 |
| Under Common Control | | | | | | |
| ▪ Shared IT services | 2018 | 343 | 247 | – | Due and | Unsecured; no impairment |
| | 2017 | 351 | 57 | – | demandable; | |
| | 2016 | 215 | 79 | – | non-interest bearing | |
| ▪ Sale of tomato paste | 2018 | 32 | – | – | Due and | Unsecured; no impairment |
| | 2017 | 34 | – | – | demandable; | |
| | 2016 | 1,111 | – | – | non-interest bearing | |
| ▪ Inventory count shortage | 2018 | 33 | – | – | Due and | Unsecured; no impairment |
| | 2017 | – | – | – | demandable; | |
| | 2016 | 25 | – | – | non-interest bearing | |
| ▪ Purchases | 2018 | 393 | – | – | Due and | Unsecured |
| | 2017 | 247 | – | 24 | demandable; | |
| | 2016 | 826 | – | – | non-interest bearing | |
| ▪ Share in JYCC Fit Out Project | 2018 | – | – | – | Due and | Unsecured; no impairment |
| | 2017 | 16 | – | – | demandable; | |
| | 2016 | – | – | – | non-interest bearing | |
| ▪ Tollpack fees | 2018 | 572 | 110 | – | Due and | Unsecured |
| | 2017 | 666 | – | 60 | demandable; | |
| | 2016 | 551 | – | 63 | non-interest bearing | |
| Other Related Party | | | | | | |
| ▪ Management fees from DMPI retirement fund | 2018 | 19 | 446 | – | Due and | Unsecured; no impairment |
| | 2017 | 4 | 241 | – | demandable; | |
| | 2016 | 4 | 261 | – | non-interest bearing | |
| ▪ Rental to DMPI Retirement | 2018 | 1,858 | – | – | Due and | Unsecured |
| | 2017 | 1,619 | – | 277 | demandable; | |
| | 2016 | 1,393 | – | 3 | non-interest bearing | |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Group | Category/ Transaction | Year | Amount of the transaction US\$'000 | Outstanding balance | | Terms | Conditions |
|-------|---------------------------------|-------------|---|---------------------------------|--------------------------------|---|--------------------------------|
| | | | | Due from Related Parties* | Due to Related Parties** | | |
| | | | | US\$'000 | US\$'000 | | |
| | Other Related Party | | | | | | |
| | ▪ Rental to NAI Retirement | 2018 | 543 | — | — | Due and demandable; non-interest bearing | Unsecured |
| | | 2017 | 572 | — | 48 | | |
| | | 2016 | 529 | — | 166 | | |
| | ▪ Rental to DMPI provident fund | 2018 | — | — | — | Due and demandable; non-interest bearing | Unsecured; no impairment |
| | | 2017 | 5 | — | — | | |
| | | 2016 | 7 | — | — | | |
| | | 2018 | 3,793 | 803 | — | | |
| | | 2017 | 3,514 | 298 | 409 | | |
| | | 2016 | 4,661 | 340 | 232 | | |

*included as part of trade and other receivables excluding long-term loans receivable

**included as part of trade and other payables



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

| Company | Category/ Transaction | Year | Amount of the Transaction US\$'000 | Outstanding Balance | | Terms | Conditions |
|----------------------|--------------------------|---------|---|---------------------------------|--------------------------------|--------------|------------|
| | | | | Due from Related Parties* | Due to Related Parties** | | |
| | | | US\$'000 | US\$'000 | US\$'000 | | |
| Subsidiaries | | | | | | | |
| ▪ Dividend income | 2018 | 120,000 | 62,011 | – | – | Due and | Unsecured; |
| | 2017 | – | – | – | – | demandable; | no |
| | | | | | | non-interest | impairment |
| | | | | | | bearing | |
| ▪ Long-term loans | 2018 | 88,880 | 88,880 | – | – | Due on 2021; | Unsecured; |
| receivable | 2017 | – | – | – | – | Interest- | no |
| | | | | | | bearing | impairment |
| ▪ Reimbursement | 2018 | 136,455 | 114,938 | – | – | Due and | Unsecured; |
| of expenses | 2017 | – | 107,353 | – | – | demandable; | no |
| | | | | | | non-interest | impairment |
| | | | | | | bearing | |
| ▪ Cash advance | 2018 | 29,801 | – | 77,400 | – | Due and | Unsecured |
| | 2017 | 45,313 | – | 107,201 | – | demandable; | |
| | | | | | | non-interest | |
| | | | | | | bearing | |
| ▪ Management | 2018 | 748 | – | 1,620 | – | Due and | Unsecured |
| fees payable to | 2017 | 805 | – | 1,082 | – | demandable; | |
| subsidiaries | | | | | | non-interest | |
| | | | | | | bearing | |
| Joint Venture | | | | | | | |
| ▪ Cash advance | 2018 | – | 2,421 | – | – | Due and | Unsecured; |
| | 2017 | 314 | 6,330 | – | – | demandable; | no |
| | | | | | | non-interest | impairment |
| | | | | | | bearing | |
| | 2018 | | 268,250 | 79,020 | | | |
| | 2017 | | 113,683 | 108,283 | | | |

*included as part of trade and other receivables excluding long-term loans receivable

**included as part of trade and other payables

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group's policy is to solicit competitive quotations. Purchases are normally awarded based on the lowest price.

As discussed in Note 19, the Company extended a loan to DMFHII that was used to finance DMFHII's purchase of Second Lien term loans. The loan will mature in 2021 subject to the applicable interest rate.

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors of the Company and key executive officers (excluding executive directors) are considered as key management personnel of the Group.



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

The key management personnel compensation is as follows:

| | <----- Group -----> | | | <----- Company -----> | | |
|--|--|--|--|--|--|--|
| | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 | Year ended 30 April 2018 US\$'000 | Year ended 30 April 2017 US\$'000 | Year ended 30 April 2016 US\$'000 |
| Directors - | | | | | | |
| Fees and remuneration | 2,873 | 2,969 | 2,778 | 2,531 | 2,507 | 2,345 |
| Key executive officers (excluding Directors): | | | | | | |
| Short-term employee benefits | 3,317 | 3,331 | 2,580 | 1,486 | 1,459 | 1,359 |
| Post-employment benefits | 180 | 128 | 129 | — | — | — |

38. Non-controlling interest in subsidiaries

The following table summarises the information relating to the Group's subsidiaries with material non-controlling interests, based on their respective financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

| | 30 April 2018 US\$'000 | 30 April 2017 US\$'000 | 30 April 2016 US\$'000 |
|--|------------------------------|------------------------------|------------------------------|
| DMPLFL | | | |
| Ownership interests held by non-controlling interests | 10.57% | 10.57% | 10.57% |
| Revenue | 1,649,060 | 1,696,457 | 1,778,002 |
| Profit (loss) | (138,130) | (41,512) | 29,374 |
| Other comprehensive income | — | 23,872 | 1,325 |
| Total comprehensive income | | | |
| Attributable to non-controlling interests: | | | |
| - Profit (loss) | (14,584) | (4,387) | 3,104 |
| - Other comprehensive income | 1,993 | 2,523 | 140 |
| Total comprehensive income | (12,591) | (1,864) | 3,244 |
| Noncurrent assets | 1,210,583 | 1,289,889 | 1,307,257 |
| Current assets | 753,475 | 930,153 | 901,776 |
| Noncurrent liabilities | (1,274,477) | (1,058,455) | (1,155,181) |
| Current liabilities | (215,884) | (568,530) | (443,950) |
| Net assets | 473,697 | 593,057 | 609,902 |
| Net assets attributable to non-controlling interests | 50,057 | 62,671 | 64,451 |
| Cash flows provided by (used in) operating activities | 266,304 | 183,936 | (18,005) |
| Cash flows used in investing activities | (24,323) | (42,482) | (39,104) |
| Cash flows provided by (used in) financing activities, before dividends to non-controlling interests | (242,599) | (139,504) | 57,646 |
| Currency realignment | 3 | (22) | 84 |
| Net increase (decrease) in cash and cash equivalents | (615) | 1,928 | 621 |



Del Monte Pacific Limited and its Subsidiaries

Notes to the financial statements For the financial year ended 30 April 2018

39. Supplemental Disclosure of Cash Flow Information

The changes in liabilities arising from financing activities of the Group for the year ended 30 April 2018 are as follows:

| | Note | 30 April 2017 US\$'000 | Cash inflows US\$'000 | Cash outflows US\$'000 | Accrued interest but not yet paid US\$'000 | Foreign exchange movement US\$'000 | Reclassifi- cation and others US\$'000 | 30 April 2018 US\$'000 |
|--|--------|------------------------------|-----------------------------|------------------------------|---|---|---|------------------------------|
| Group | | | | | | | | |
| Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 19 | 449,698 | 807,822 | (822,773) | — | (6,324) | 53,197 | 481,620 |
| Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 19 | 1,264,268 | — | (234,784) | — | (2,130) | (43,751) | 983,603 |
| Accrued interest payable | | 13,186 | — | (85,274) | 84,852 | — | (785) | 11,979 |
| Derivative liabilities | 20, 23 | 17,973 | — | (9,285) | — | — | (3,625) | 5,063 |
| Total liabilities from financing activities | | 1,745,125 | 807,822 | (1,152,116) | 84,852 | (8,454) | 5,036 | 1,482,265 |

| | Note | 30 April 2017 US\$'000 | Cash inflows US\$'000 | Cash outflows US\$'000 | Accrued interest but not yet paid US\$'000 | Reclassifi- cation and others US\$'000 | 30 April 2018 US\$'000 |
|--|------|------------------------------|-----------------------------|------------------------------|---|---|------------------------------|
| Company | | | | | | | |
| Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 19 | 43,070 | 154,570 | (45,500) | — | 53,894 | 206,034 |
| Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts | 19 | 281,854 | — | (100,000) | — | (52,260) | 129,594 |
| Accrued interest payable | | 1,826 | — | (12,370) | 12,889 | — | 2,345 |
| Total liabilities from financing activities | | 326,750 | 154,570 | (157,870) | 12,889 | 1,634 | 337,973 |

Reclassification and others include the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings to current due to the passage of time, deferred financing costs, and fair value adjustments of hedge contracts.

40. Subsequent events

On 7 June 2018, the Company announced that its Philippine subsidiary, Del Monte Philippines, Inc. (DMPI), was deferring its initial public offering due to volatile market conditions. To safeguard the interests of the Company and DMPI, the offering was deferred until such time when market conditions improve.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Del Monte Pacific Limited
Craigmuir Chambers
PO Box 71 Road Town, Tortola
British Virgin Islands

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Pacific Limited and its Subsidiaries (the Group) as at 30 April 2018 and 2017 and for each of the three years in the period ended 30 April 2018 and have issued our report thereon dated 13 July 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Catherine E. Lopez

Partner

CPA Certificate No. 86447

SEC Accreditation No. 0468-AR-3 (Group A),

May 1, 2016, valid until May 1, 2019

Tax Identification No. 102-085-895

BIR Accreditation No. 08-001998-65-2018

February 26, 2018, valid until February 25, 2021

PTR No. 6621274, January 9, 2018, Makati City

13 July 2018



Del Monte Pacific Limited and Subsidiaries
Index to the Consolidated Financial Statements and
Supplementary Schedules
30 April 2018

I. Supplementary Schedules required by Annex 68-E

SCHEDULE A FINANCIAL ASSETS

SCHEDULE B AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES AND PRINCIPAL
STOCKHOLDERS (OTHER THAN RELATED PARTIES)

SCHEDULE C AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH
ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS

SCHEDULE D INTANGIBLE ASSETS – OTHER ASSETS

SCHEDULE E LONG-TERM DEBT

SCHEDULE F INDEBTEDNESS TO RELATED PARTIES NOT APPLICABLE

SCHEDULE G GUARANTEES OF SECURITIES OF OTHER ISSUERS NOT APPLICABLE

SCHEDULE H CAPITAL STOCK

II. Schedule of Effective Standards and Interpretations

III. Map of Relationships of the Companies within the Group

IV. Financial Ratios

V. Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration

Schedule A – Financial assets

| Description of each issue | Number of shares or principal amount of bonds and notes | Amount shown in the Statements of Financial Position | Value based on market quotations at 30 April 2018 | Income received and accrued |
|-----------------------------|---|--|--|--------------------------------|
| | | US\$'000 | US\$'000 | US\$'000 |
| Cash and cash equivalents | — | 24,246 | 24,246 | 269 |
| Trade and other receivables | — | 161,627 | 161,627 | — |
| Notes receivable | — | 7,744 | 7,744 | — |
| Refundable deposits | — | 1,858 | 1,858 | — |
| Derivative assets | — | 305 | 305 | — |
| | — | 195,780 | 195,780 | 269 |

Schedule B – Amounts receivable from directors, officers, employees and related parties and principal stockholders (other than related parties)

| Name and designation of debtor | Balance at beginning of period US\$'000 | Additions US\$'000 | Amounts collected US\$'000 | Amounts written off US\$'000 | Current US\$'000 | Non-current US\$'000 | Balance at end of period US\$'000 |
|------------------------------------|--|-----------------------|-------------------------------|------------------------------------|---------------------|-------------------------|--|
| Advances to officers and employees | 1,363 | 13,969 | (14,690) | — | 153 | 489 | 642 |
| | 1,363 | 13,969 | (14,690) | — | 153 | 489 | 642 |

Schedule C – Amounts receivable from related parties which are eliminated during the consolidation of the Financial Statements

| Name and designation of debtor | Balance at beginning of period US\$'000 | Additions US\$'000 | Amounts collected US\$'000 | Amounts written off US\$'000 | Current US\$'000 | Non-current US\$'000 | Balance at end of period US\$'000 |
|---|--|-----------------------|-------------------------------|------------------------------------|---------------------|-------------------------|--|
| Philippines Packing Management Services Corporation | 88 | 1,441 | (1,111) | — | 418 | — | 418 |
| Del Monte Philippines, Inc. | 250,467 | 250,373 | (223,254) | — | 277,586 | — | 277,586 |
| Central American Resources, Inc. | 68,867 | 30,000 | (15,569) | — | 83,298 | — | 83,298 |
| Dewey Sdn. Bhd. | 41,538 | — | — | — | 41,361 | 177 | 41,538 |
| Dewey Limited | 19,876 | 30,000 | (15,569) | — | 34,307 | — | 34,307 |
| Del Monte Pacific Resources Limited | 113,514 | 65,000 | (15,569) | — | 162,945 | — | 162,945 |
| GTL Limited | 321,929 | 289,133 | (301,361) | — | 263,025 | 46,676 | 309,701 |
| S&W Fine Foods International Limited | 41,911 | 396 | (2,550) | — | 39,757 | — | 39,757 |
| DMPL Management Services Pte Ltd. | 2,841 | 2,967 | (3,282) | — | 2,059 | 467 | 2,526 |
| Del Monte Pacific Limited | 238,652 | 170,013 | (15,569) | — | 176,042 | 217,054 | 393,096 |
| Del Monte Foods Incorporated | 242 | 13 | — | — | 255 | — | 255 |
| South Bukidnon Fresh Trading, Inc. | 1,272 | 243 | (1,273) | — | 242 | — | 242 |
| | 1,101,197 | 839,579 | (595,107) | — | 1,081,295 | 264,374 | 1,345,669 |

Schedule D – Intangible assets – Other assets

| Description | Balance at beginning of period | Additions through acquisition | Additions | Charged to cost and expenses Additions / (Deductions) | Charged to other accounts Additions / (Deductions) | Adjustment / Disposal | Currency translation adjustments | Balance at end of period |
|----------------------------|--------------------------------------|----------------------------------|-----------|--|---|--------------------------|--|-----------------------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Goodwill | 203,432 | — | — | — | — | — | — | 203,432 |
| Indefinite life trademarks | 408,043 | — | — | — | — | — | — | 408,043 |
| Amortisable trademarks | 29,675 | — | — | (1,731) | 2,520 | (11,900) | — | 18,564 |
| Customer relationships | 99,876 | — | — | (6,053) | 4,289 | (13,500) | — | 84,612 |
| Total | 741,026 | — | — | (7,784) | 6,809 | (25,400) | — | 714,651 |

Schedule E – Long-term debt

| Title of issue and type of obligation | Amount authorised by indenture | Outstanding balance | Current portion of long-term debt | Non-current portion of long-term debt | Interest rates | Final maturity |
|---------------------------------------|--------------------------------|---------------------|-----------------------------------|---------------------------------------|--|----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | | |
| <u>Unsecured bank loans</u> | | | | | | |
| BDO long-term loan | 100,000 | 100,000 | — | 100,000 | 4.5% | 2020 |
| BDO long-term loan | 30,000 | 30,000 | — | 30,000 | 4.5% | 2020 |
| BDO long-term loan | 57,990 | 57,990 | — | 57,990 | 3.5% for the first 60 days; 4.5% for the remaining term + 5% GRT | 2020 |
| <u>Secured bank loans</u> | | | | | | |
| Secured First lien term loan | 710,000 | 681,600 | 7,100 | 674,500 | Higher of Libor +3.25% or 5.15% | 2018-2021 |
| Secured Second lien term Loan | 260,000 | 135,055 | — | 135,055 | Higher of Libor + 7.25% or 9.06% | 2021 |
| Long-term Debt | 1,157,990 | 1,004,645 | 7,100 | 997,545 | | |
| Less: Unamortized debt issue cost | — | — | (3,127) | (13,942) | | |
| | 1,157,990 | 1,004,645 | 3,973 | 983,603 | | |

Schedule F – Indebtedness to related parties

| Description | Name of related party | Balance at beginning of period | Balance at end of period |
|-------------|-----------------------|--------------------------------|--------------------------|
|-------------|-----------------------|--------------------------------|--------------------------|

Not Applicable

Schedule G – Guarantees of securities of other issuers

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by person for which statement is filed | Nature of guarantee |
|---|--|--|--|----------------------------|
|---|--|--|--|----------------------------|

Not Applicable

Schedule H – Capital stock

| Description | Number of shares held | | | | | | | |
|-------------------|-----------------------------------|----------------------------|--------------------|---|---|------------------|---------------------------|----------------|
| | Number of shares authorised | Number of shares issued | Treasury shares | Number of shares issued and outstanding | Number of shares reserved for options | Related party | Directors and officers | Others |
| | '000 | '000 | '000 | '000 | '000 | '000 | '000 | '000 |
| Ordinary shares | 3,000,000 | 1,944,936 | 976 | 1,943,960 | — | 1,303,257 | 18,852 | 621,851 |
| Preference shares | 600,000 | 30,000 | — | 30,000 | — | — | 40 | 29,960 |
| | 3,600,000 | 1,974,936 | 976 | 1,973,960 | — | 1,303,257 | 18,892 | 651,811 |

Del Monte Pacific Limited and Subsidiaries
SCHEDULE OF EFFECTIVE STANDARDS AND INTERPRETATIONS
APRIL 30, 2018

| INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|--|-------------------|-------------|----------------|
| Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics | | ✓ | | |
| IFRSs Practice Statement Management Commentary | | ✓ | | |
| INTERNATIONAL Financial Reporting Standards | | | | |
| IFRS 1 (Revised) | First-time Adoption of International Financial Reporting Standards | | | ✓ |
| | Amendments to IFRS 1 and IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate | ✓ | | |
| | Amendments to IFRS 1: Additional Exemptions for First-time Adopters | | | ✓ |
| | Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters | | | ✓ |
| | Amendments to IFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters | | | ✓ |
| | Amendments to IFRS 1: Government Loans | | | ✓ |
| | Amendment to IFRS 1: First-time Adoption of International Financial Reporting Standards - Meaning of 'Effective IFRSs' | | | ✓ |
| IFRS 2 | Share-based Payment | ✓ | | |
| | Amendments to IFRS 2: Vesting Conditions and Cancellations | ✓ | | |
| | Amendments to IFRS 2: Group Cash-settled Share-based Payment Transactions | ✓ | | |
| | Amendments to IFRS 2: Share-based Payment – Definition of Vesting Condition | ✓ | | |
| | Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions | Not early adopted | | |
| IFRS 3 (Revised) | Business Combinations | | | ✓ |
| | Business Combinations – Accounting for Contingent Consideration in a Business Combination | | | ✓ |
| | Business Combinations – Scope Exceptions for Joint Arrangements | | | ✓ |
| | Amendments to IFRS 3: Previously held interests in a joint operations | Not early adopted | | |
| IFRS 4 | Insurance Contracts | | | ✓ |
| | Amendments to IAS 39 and IFRS 4: Financial Guarantee Contracts | | | ✓ |
| | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts | Not early adopted | | |
| IFRS 5 | Non-current Assets Held for Sale and Discontinued Operations | ✓ | | |
| | Amendment to IFRS 5: Changes in Methods of Disposal | ✓ | | |
| IFRS 6 | Exploration for and Evaluation of Mineral Resources | | | ✓ |
| IFRS 7 | Financial Instruments: Disclosures | ✓ | | |
| | Amendments to IAS 39 and IFRS 7: Reclassification of Financial Assets | ✓ | | |
| | Amendments to IFRS 7: Improving Disclosures about Financial Instruments | ✓ | | |
| | Amendments to IFRS 7: Disclosures - Transfers of Financial Assets | ✓ | | |
| | Amendments to IFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities | ✓ | | |
| | Amendments to IFRS 7: Mandatory Effective Date of IFRS 9 and Transition Disclosures | | | ✓ |
| | Amendments to IFRS 7: Disclosures - Servicing Contracts | | | ✓ |

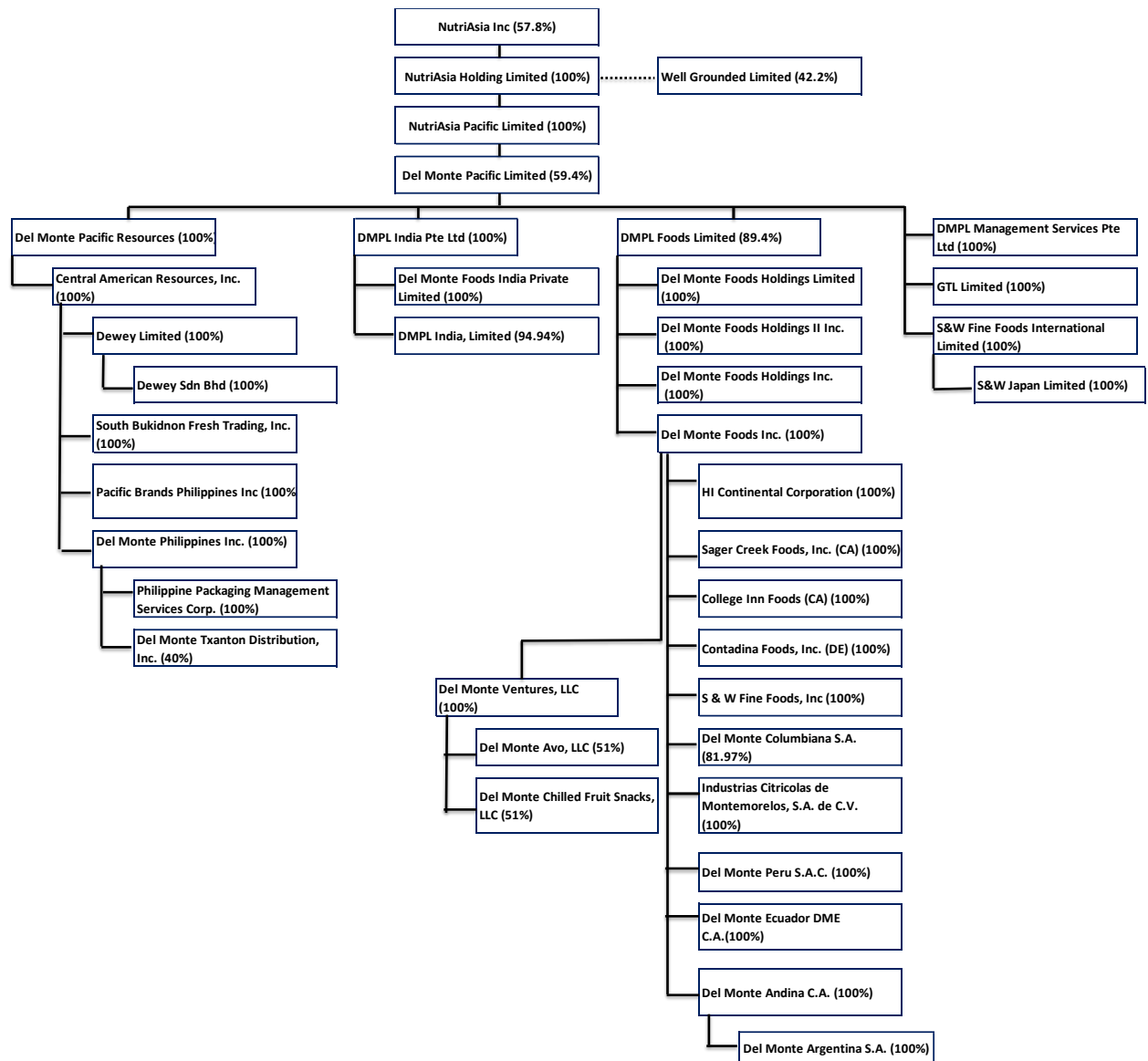
| INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|-------------------|-------------|----------------|
| | Amendments to IFRS 7: Applicability of the Amendments to IFRS 7 to Condensed Interim Financial Statements | | | ✓ |
| IFRS 8 | Operating Segments | ✓ | | |
| | Amendments to IFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets | ✓ | | |
| IFRS 9 | Financial Instruments | Not early adopted | | |
| | Amendments to IFRS 9: Mandatory Effective Date of IFRS 9 and Transition Disclosures | Not early adopted | | |
| | Amendments to IFRS 9: Hedge Accounting | Not early adopted | | |
| | Amendments to IFRS 9: Prepayment features with negative compensation | Not early adopted | | |
| IFRS 10 | Consolidated Financial Statements | ✓ | | |
| | Amendments to IFRS 10: Investment Entities | | | ✓ |
| | Amendments to IFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Not early adopted | | |
| | Amendments to IFRS 10: Applying the Consolidated Exception | | | ✓ |
| IFRS 11 | Joint Arrangements | ✓ | | |
| | Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations | ✓ | | |
| | Amendments to IFRS 3: Previously held interests in a joint operations | Not early adopted | | |
| IFRS 12 | Disclosure of Interests in Other Entities | ✓ | | |
| | Amendments to IFRS 12: Investment Entities | ✓ | | |
| | Amendment to IFRS 12: Disclosure of Interest in other Entities, Clarification of the Scope of the Standard (Part of Annual Improvements to IFRSs 2014 - 2016 Cycle) | ✓ | | |
| IFRS 13 | Fair Value Measurement | ✓ | | |
| | Amendment to IFRS 13: Short-term Receivables and Payables | ✓ | | |
| | Amendment to IFRS 13: Fair Value Measurement - Portfolio Exception | | | ✓ |
| IFRS 14 | Regulatory Deferral Accounts | | | ✓ |
| IFRS 15 | Revenue from Contracts with Customers | Not early adopted | | |
| IFRS 16 | Leases | Not early adopted | | |
| IFRS 17 | Insurance Contracts | Not early adopted | | |
| International Accounting Standards | | | | |
| IAS 1 (Revised) | Presentation of Financial Statements | ✓ | | |
| | Amendment to IAS 1: Capital Disclosures | ✓ | | |
| | Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | | | ✓ |
| | Amendments to IAS 1: Presentation of Items of Other Comprehensive Income | ✓ | | |
| | Amendments to IAS 1: Presentation of Financial Statements – Disclosure Initiative | ✓ | | |
| IAS 2 | Inventories | ✓ | | |
| IAS 7 | Statement of Cash Flows | ✓ | | |
| | Amendments to IAS 7: Statements of Cash Flows – Disclosure Initiative | ✓ | | |

| INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|--|---|-------------------|--------------------|-----------------------|
| IAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | ✓ | | |
| IAS 10 | Events after the Reporting Period | ✓ | | |
| IAS 11 | Construction Contracts | | | ✓ |
| IAS 12 | Income Taxes | ✓ | | |
| | Amendment to IAS 12 - Deferred Tax: Recovery of Underlying Assets | ✓ | | |
| | Amendments to IAS 12: Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses | ✓ | | |
| | Amendments to IAS 12: Income tax consequences of payments on financial instruments classified as equity | Not early adopted | | |
| IAS 16 | Property, Plant and Equipment | ✓ | | |
| | Amendment to IAS 16: Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation | ✓ | | |
| | Amendment to IAS 16: Clarification of Acceptable Methods of Depreciation and Amortization | | | ✓ |
| | Amendment to IAS 16: Agriculture - Bearer Plants | ✓ | | |
| IAS 17 | Leases | ✓ | | |
| IAS 18 | Revenue | ✓ | | |
| IAS 19 (Revised) | Employee Benefits | ✓ | | |
| | Amendments to IAS 19: Actuarial Gains and Losses, Group Plans and Disclosures | ✓ | | |
| | Amendments to IAS 19: Defined Benefit Plans: Employee Contributions | ✓ | | |
| | Amendments to IAS 19: Regional Market Issue Regarding Discount Rate | | | ✓ |
| | Amendments to IAS 19 Plan Amendment, Curtailment or Settlement | Not early adopted | | |
| IAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | | | ✓ |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates | ✓ | | |
| | Amendment: Net Investment in a Foreign Operation | ✓ | | |
| IAS 23 (Revised) | Borrowing Costs | ✓ | | |
| | Amendments to IAS 23: • Borrowing costs eligible for capitalisation | Not early adopted | | |
| IAS 24 (Revised) | Related Party Disclosures | ✓ | | |
| | Amendments to IAS 24: Key Management Personnel | ✓ | | |
| IAS 26 | Accounting and Reporting by Retirement Benefit Plans | | | ✓ |
| IAS 27 (Amended) | Separate Financial Statements | ✓ | | |
| | Amendments to IAS 27: Investment Entities | | | ✓ |
| | Amendments to IAS 27: Equity Method in Separate Financial Statements | ✓ | | |
| IAS 28 (Amended) | Investments in Associates and Joint Ventures | ✓ | | |
| | Amendments to IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Not early adopted | | |
| | Amendments to IAS 28: Investment Entities: Applying Consolidation Exception | | | ✓ |
| | Amendments to IAS 28: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice | Not early adopted | | |

| INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|--|--|-------------------|-------------|----------------|
| | Amendments to IAS 28: Long-term interests in associate and joint ventures | Not early adopted | | |
| IAS 29 | Financial Reporting in Hyperinflationary Economies | | | ✓ |
| IAS 31 | Interests in Joint Ventures | ✓ | | |
| IAS 32 | Financial Instruments: Disclosure and Presentation | ✓ | | |
| | Amendments to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | | | ✓ |
| | Amendment to IAS 32: Classification of Rights Issues | ✓ | | |
| | Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities | ✓ | | |
| IAS 33 | Earnings per Share | ✓ | | |
| IAS 34 | Interim Financial Reporting | ✓ | | |
| | Amendments to IAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report | ✓ | | |
| IAS 36 | Impairment of Assets | ✓ | | |
| | Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets | ✓ | | |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets | ✓ | | |
| IAS 38 | Intangible Assets | ✓ | | |
| | Amendments to IAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization | ✓ | | |
| | Amendments to IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization | | | ✓ |
| IAS 39 | Financial Instruments: Recognition and Measurement | ✓ | | |
| | Amendments to IAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities | ✓ | | |
| | Amendments to IAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions | ✓ | | |
| | Amendments to IAS 39: The Fair Value Option | ✓ | | |
| | Amendments to IAS 39 and IFRS 4: Financial Guarantee Contracts | ✓ | | |
| | Amendments to IAS 39 and IFRS 7: Reclassification of Financial Assets | ✓ | | |
| | Amendments to IAS 39 and IFRS 7: Reclassification of Financial Assets - Effective Date and Transition | ✓ | | |
| | Amendments to IFRIC - 9 and IAS 39: Embedded Derivatives | | | ✓ |
| | Amendment to IAS 39: Eligible Hedged Items | | | ✓ |
| | Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting | | | ✓ |
| | | | | |
| IAS 40 | Investment Property | | | ✓ |
| | Amendments to IAS 40 | | | ✓ |
| | Amendments to IAS 40: Transfers of Investment Property | Not early adopted | | |
| IAS 41 | Agriculture | ✓ | | |
| | Amendments to IAS 41: Bearer Plants | ✓ | | |
| International Financial Reporting and Interpretations Committee | | | | |
| IFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities | ✓ | | |

| INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|--|---|-------------------|--------------------|-----------------------|
| IFRIC 2 | Members' Share in Co-operative Entities and Similar Instruments | | | ✓ |
| IFRIC 4 | Determining Whether an Arrangement Contains a Lease | ✓ | | |
| IFRIC 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds | ✓ | | |
| IFRIC 6 | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | | | ✓ |
| IFRIC 7 | Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies | | | ✓ |
| IFRIC 8 | Scope of IFRS 2 | ✓ | | |
| IFRIC 9 | Reassessment of Embedded Derivatives | | | ✓ |
| | Amendments to IFRIC - 9 and IAS 39: Embedded Derivatives | | | ✓ |
| IFRIC 10 | Interim Financial Reporting and Impairment | ✓ | | |
| IFRIC 11 | IFRS 2 - Group and Treasury Share Transactions | ✓ | | |
| IFRIC 12 | Service Concession Arrangements | | | ✓ |
| IFRIC 13 | Customer Loyalty Programmes | | | ✓ |
| IFRIC 14 | The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | ✓ | | |
| | Amendments to IFRIC- 14, Prepayments of a Minimum Funding Requirement | ✓ | | |
| IFRIC 15 | Agreements for the Construction of Real Estate | | | ✓ |
| IFRIC 16 | Hedges of a Net Investment in a Foreign Operation | | | ✓ |
| IFRIC 17 | Distributions of Non-cash Assets to Owners | | | ✓ |
| IFRIC 18 | Transfers of Assets from Customers | | | ✓ |
| IFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments | | | ✓ |
| IFRIC 20 | Stripping Costs in the Production Phase of a Surface Mine | | | ✓ |
| IFRIC 21 | Levies | | | ✓ |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | Not early adopted | | |
| IFRIC 23 | Uncertainty over Income Tax Treatments | Not early adopted | | |
| SIC-7 | Introduction of the Euro | | | ✓ |
| SIC-10 | Government Assistance - No Specific Relation to Operating Activities | | | ✓ |
| SIC-15 | Operating Leases - Incentives | ✓ | | |
| SIC-25 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders | ✓ | | |
| SIC-27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | ✓ | | |
| SIC-29 | Service Concession Arrangements: Disclosures. | | | ✓ |
| SIC-31 | Revenue - Barter Transactions Involving Advertising Services | | | ✓ |
| SIC-32 | Intangible Assets - Web Site Costs | | | ✓ |

III. Map of Relationships of the Companies within the Group



IV. Financial Ratios

| Ratio | Formula | 30 April 2018 | 30 April 2017 |
|---|---|---------------|---------------|
| (i) Liquidity Analysis Ratios: | | | |
| Current Ratio or Working Capital Ratio | Current Assets / Current Liabilities | 1.3 | 1.6 |
| Quick Ratio | (Current Assets - Inventories - Prepaid expenses and other current assets - Biological Assets – Noncurrent assets held for sale) / Current Liabilities | 0.2 | 0.3 |
| (ii) Solvency Ratio | | | |
| | Total Assets / Total Liabilities | 1.3 | 1.3 |
| Financial Leverage Ratios: | | | |
| Debt Ratio | Total Debt/Total Assets | 0.8 | 0.8 |
| Debt-to-Equity Ratio | Total Debt/Total Stockholders' Equity | 3.1 | 3.8 |
| (iii) Asset to Equity Ratio | | | |
| | Total Assets / Total Stockholders' Equity | 4.1 | 4.8 |
| (iv) Interest Coverage | | | |
| | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 0.3 | 1.2 |
| (v) Debt/EBITDA Ratios | | | |
| | Total Debt/ Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA is exclusive of foreign exchange differences, capitalizable depreciation and depreciation expense attributable to bearer plants) | 18.58 | 11.23 |
| (vi) Profitability Ratios | | | |
| Gross Profit Margin | Revenue - Cost of Sales / Revenue | 19.68% | 21.97% |
| Net Profit Margin attributable to owners of the company | Net Profit/(Loss) attributable to owners / Revenue | (1.66%) | 1.08% |
| Net Profit Margin | Net Profit/(Loss) / Revenue | (2.32%) | 0.88% |
| Return on Assets | Net Profit/(Loss) / Total Assets | (2.04%) | 0.72% |
| Return on Equity | Net Profit/(Loss) / Total Stockholders' Equity | (8.40%) | 3.44% |

V. Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration

| | Amount (In US\$'000) |
|---|---------------------------------------|
| Unappropriated retained earnings, beginning | \$159,169 |
| Less: Non-actual/unrealized income net of tax | |
| Equity in net income of subsidiaries and joint ventures | (186,949) |
| Treasury shares | (802) |
| Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) | (8) |
| Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning | (28,590) |
| Add: Net loss actually earned/realized during the period | |
| Net loss during the period closed to retained earnings | (36,492) |
| Less: Non-actual/unrealized income net of tax | |
| Equity in net income of subsidiaries and joint ventures | 14,229 |
| Reversal of unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) | 8 |
| Net loss actually earned during the period | (22,255) |
| Add (Less): | |
| Dividends declared during the period | (27,172) |
| Dividends received during the period | 120,000 |
| Change in treasury shares | 516 |
| Unappropriated retained earnings available for dividend declaration, end | \$42,499 |

DEL MONTE PACIFIC LIMITED
(Incorporated in the British Virgin Islands with limited liability)

This is the Information Memorandum in relation to the renewal of the shareholders' mandate for Interested Person Transactions referred to in Explanatory Note (vi) in the Notice of Annual General Meeting dated 27 July 2018.

INFORMATION MEMORANDUM

in relation to

**RENEWAL OF SHAREHOLDERS' MANDATE FOR
INTERESTED PERSON TRANSACTIONS**

1. Background

Pursuant to Chapter 9 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited, Del Monte Pacific Limited (the "**Company**") was granted a shareholders' mandate on 26 July 2006 ("**IPT Mandate**") to enable the Company, its subsidiaries and associated companies (as defined in the Appendix* to this Information Memorandum ["**Appendix**"]), or any of them, to enter into any of the transactions falling within the classes of Interested Persons described in the Appendix* ("**Interested Persons**"), provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions ("**IPTs**") as set out in the Appendix. This Appendix is a revised and updated version of Appendix 1 of the Company's Circular to shareholders dated 4 July 2006 which provides information on the rationale of the IPT Mandate, the scope of the IPT Mandate, the benefit to shareholders, the classes of Interested Persons, the particulars of the IPTs and the review procedures for IPTs in respect of which shareholders' approval is sought for the IPT Mandate to be renewed.

2. Audit and Risk Committee's Statement

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit and Risk Committee (comprising Mr Benedict Kwek Gim Song, Mr Godfrey E Scotchbrook, Dr Emil Q Javier and Mrs Yvonne Goh) ("**ARC**") confirms that:

- (i) the review procedures for IPTs set out in the Appendix ("**Review Procedures**") have not changed since shareholders approved the IPT Mandate at the Company's General Meeting of 26 July 2006; and
- (ii) the Review Procedures are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

All transactions carried out with Interested Persons are subject to the periodic review of the ARC to ensure that the prevailing rules and regulations of the Listing Manual (in particular Chapter 9 of the Listing Manual) are complied with.

The ARC will also consider from time to time whether the Review Procedures have become inappropriate or are insufficient to ensure that the transactions are on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

3. Disclosures

Disclosure will be made in the Company's Annual Report on the aggregate value of all IPTs conducted pursuant to the IPT Mandate during the financial year from 1 May 2017 to 30 April 2018, and in the Annual Reports for the subsequent financial years that the IPT Mandate is renewed and continues in force, in accordance with the form set out in Rule 907 of the Listing Manual. Further, the aggregate value of the transactions conducted pursuant to the IPT Mandate for each quarterly period will also be disclosed in the quarterly financial statements that will be reported in accordance with Rule 705 of the Listing Manual.

The Company will comply with the provisions of Chapter 9 of the Listing Manual in respect of all future IPTs and, if required under the Listing Manual, the Company will seek a fresh mandate from

shareholders should the existing guidelines and procedures for transactions with Interested Persons become inappropriate. If a member of the ARC has an interest in a transaction, he will abstain from participating in the review and approval process in relation to that transaction.

The classes of Interested Persons for which the renewal of the IPT Mandate is sought are:

- (i) NutriAsia Inc and its associates (as such term is defined in paragraph 1.5(c) of the Appendix);
and
- (ii) NutriAsia Holdings Ltd and its subsidiaries.

4. Directors' and substantial shareholders' interests

The interests of the Directors and substantial shareholders of the Company in the issued share capital of the Company can be found in the Company's FY2018 Annual Report.

NutriAsia Pacific Limited and its respective associates, being Interested Persons in relation to the proposed renewal of the IPT Mandate, will abstain from voting their respective shareholdings (if any) in the Company on Resolution 10 relating to the renewal of the IPT Mandate at the forthcoming Annual General Meeting to be held on 17 August 2018.

This Appendix is a revised and updated extract of Appendix 1 of the Company's Circular to Shareholders dated 4 July 2006 on the rationale and scope of the IPT Mandate, the benefit to shareholders, the classes of Interested Persons, the particulars of the IPTs, and the review procedures for IPTs in respect of which the IPT Mandate is sought to be renewed.

1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's Interested Persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with Interested Persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**") are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:
 - (a) 5 per cent of the listed company's latest audited consolidated NTA; or
 - (b) 5 per cent of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated accounts of the Company and its subsidiaries (the "**DMPL Group**" or "**Group**") for the financial year ended 30 April 2018, the consolidated NTA of the DMPL Group was (US\$98,085,363) and 5 per cent of this was (US\$ 4,904,268).
- 1.4 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's Interested Persons.
- 1.5 Under the Listing Manual:
 - (a) an "**entity at risk**" (EAR) means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;
 - (b) an "**associated company**" means a company in which at least 20% but not more than 50% of its shares are held by the listed company or listed group;
 - (c) an "**associate**" in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a

discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;
- (e) an “**interested person**”¹ means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder; and
- (f) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

2. RATIONALE FOR THE NEW IPT MANDATE¹ FOR THE INTERESTED PERSON TRANSACTIONS

It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company’s Interested Persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company’s Interested Persons or the obtaining of goods and services from them.

In view of the time-sensitive nature of commercial transactions, the obtaining of a mandate (the “**New IPT Mandate**”) pursuant to Chapter 9 of the Listing Manual will enable:

- (a) DMPL;
- (b) subsidiaries of DMPL (other than subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of DMPL (other than associated companies listed on the SGX-ST or an approved exchange) over which the DMPL Group, or the DMPL Group and interested person(s) of DMPL has or have control, (together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 6 below with the specified classes of DMPL’s Interested Persons (the “**Interested Persons**”) set out in paragraph 5 below, provided such Interested Person Transactions are made on normal commercial terms.

3. SCOPE OF THE NEW IPT MANDATE¹

- 3.1 The New IPT Mandate will cover Interested Person Transactions as set out in paragraph 6 below.
- 3.2 The New IPT Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.
- 3.3 Transactions with Interested Persons (including the Interested Persons) that do not fall within the ambit of the New IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

4. BENEFIT TO SHAREHOLDERS

The New IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities

¹ The IPT Mandate which was approved by shareholders in a general meeting held on 26 July 2006 was subsequently renewed on 27 April 2007, 28 April 2008, 27 April 2009, 28 April 2010, 29 April 2011, 30 April 2012, 30 April 2013, 15 April 2014, 28 August 2015, 30 August 2016, and 30 August 2017, respectively.

which are time-sensitive in nature, and will eliminate the need for DMPL to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining other corporate objectives.

5. CLASSES OF INTERESTED PERSONS

The New IPT Mandate will apply to the Interested Person Transactions which are carried out with the following classes of Interested Persons:

- (a) NutriAsia Inc and its associates (as such term is defined in paragraph 1.5(c) of this Appendix 1) (the "**NutriAsia Inc Group**");
- (b) NutriAsia Holdings Limited and its subsidiaries (the "**NutriAsia Holdings Group**"); and
- (c) Mr Edgardo M Cruz, Jr, Mr Rolando C Gapud, and their respective associates (as such term is defined in paragraph 1.5(c) of this Appendix 1).

6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions with the Interested Persons (as described in paragraph 5 above) which will be covered by the New IPT Mandate are set out below:

(a) General Transactions

This category relates to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group comprising the following:

- (i) the sale and/or purchase, or joint sale and/or purchase, of packaging materials, food/food-related supplies/items and livestock;
- (ii) the provision and obtaining of expansion of food service distribution;
- (iii) the provision and obtaining of food preparation, manufacturing, processing, toll packing and related services;
- (iv) the provision and obtaining of, and sale/purchase of, technical, IT, insurance and other related services (such as warehouse/inventory management, software support etc.);
- (v) the provision and obtaining of call centre and customer hotline services; and
- (vi) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (v) above and which are recurring transactions of a revenue or trading nature or necessary for its business.

(b) Treasury Transactions

Treasury transactions ("**Treasury Transactions**") comprise the entry into with any Interested Person of forex, swap and option transactions for hedging purposes or in connection with the operations of the DMPL Group.

The EAR Group may be able to benefit from competitive rates and quotes in an expedient manner on the entry into any forex, swap and option transactions with any Interested Persons.

7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

7.1 The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms.

(a) General Transactions

Review Procedures

In general, there are procedures established by the EAR Group to ensure that Interested Person Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(aa) Provision of Services or the Sale of Products

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and*
- (ii) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. Such comparisons are based on the EAR Group's business experience in relation to those services or products previously provided or sold, which are as comparable as possible to the service or product to be provided or sold. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.*

(bb) Obtaining of Services or the Purchasing of Products

The review procedures are:

- (i) all purchases made by the EAR Group, including purchases from Interested Persons, are governed by the same internal control procedures which detail matters such as the constitution of internal approving authorities, their monetary jurisdictions, the number of vendors from whom bids are to be obtained and the review procedures. The guiding principle is to objectively obtain the best products and/or services on the best terms. In determining whether the price and terms offered by vendors, including Interested Persons, are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and*

- (ii) *in the event that quotations from unrelated third party vendors cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), both the Chief Financial Officer (“CFO”) and Chief Executive Officer (“CEO”) of the Company (as long as they have no interest, direct or indirect in that transaction), will determine whether the price and terms offered by the Interested Persons are fair and reasonable by using their business experience in relation to those services or products previously obtained or purchased, which are as comparable as possible to the service or product to be obtained or purchased and will ensure that the terms of supply will (where applicable) be in accordance with, or not higher than, industry norms. If any one of the two has an interest in the transaction, whether direct or indirect, the reasonableness of the price shall be determined by the Audit and Risk Committee of the Company (“ARC”).*

(b) Treasury Transactions

Review Procedures

In general, there are procedures established by the EAR Group to ensure that Treasury Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In relation to forex, swap and option transactions with any Interested Person by the EAR Group, the Company will require that rate quotations shall be obtained from such Interested Person and at least two commercial banks. The EAR Group will only enter into such forex, swap or option transactions with such Interested Person provided that such terms quoted are no less favourable than the terms quoted by such banks.

7.2 *In addition to the review procedures, the EAR Group will supplement its internal systems to ensure that Interested Person Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:*

- (a) *each Interested Person Transaction equal to or exceeding S\$100,000 (or such equivalent in US\$) but less than S\$1,000,000 (or such equivalent in US\$) in value will be endorsed by the CFO of the Company, approved by the CEO of the Company and the ARC shall be advised; and*
- (b) *each Interested Person Transaction equal to or exceeds S\$1,000,000 (or such equivalent in US\$) in value will be endorsed by the CFO and CEO of the Company respectively and approved by the ARC.*

Where the CFO of the Company has any interest, direct or indirect, in the Interested Person Transaction, such Interested Person Transaction shall be approved by the CEO of the Company. Where such CEO is not available, the ARC shall approve such Interested Person Transaction.

Where the CEO of the Company has any interest, direct or indirect, in the Interested Person Transaction, such Interested Person Transaction shall be approved by the ARC. Where any member of the ARC is interested in any of the Interested Person Transactions, he will abstain from voting in relation to such transactions.

7.3 *The Company will maintain a register of transactions carried out with Interested Persons pursuant to the New IPT Mandate (recording the transaction values, basis, including the quotations obtained to support such basis, on which they were entered into), and the Company's internal audit plan will incorporate an annual review of all transactions entered into in the relevant financial year pursuant to the New IPT Mandate.*

7.4 *The ARC shall review the internal audit report on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. The ARC shall review the Interested Person Transactions on a quarterly basis.*

7.5 *If, during these periodic reviews by the ARC, the ARC is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.*

8. EXPIRY AND SUBSEQUENT RENEWAL OF THE NEW IPT MANDATE

If approved by Shareholders at the Annual General Meeting of the Company which is scheduled to be held on 17 August 2018, the New IPT Mandate will take effect from the date of passing of the ordinary resolution relating thereto and will continue in force until the conclusion of the next Annual General Meeting of the Company, unless revoked or varied by the Company in a general meeting.

The Company will seek the approval of Shareholders for the subsequent renewal of the New IPT Mandate at every Annual General Meeting, subject to the satisfactory review by the ARC of the continued requirements of the New IPT Mandate and the procedures for the Interested Person Transactions.

9. DISCLOSURE OF INTERESTED PERSON TRANSACTIONS PURSUANT TO THE NEW IPT MANDATE

The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the New IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

Disclosure will be made in the Annual Report of the Company for the financial year ended 30 April 2018 of the aggregate value of transactions conducted with Interested Persons pursuant to the New IPT Mandate during the financial year, and will be made in the Company's Annual Reports for subsequent financial years that the New IPT Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

CIRCULAR DATED 27 JULY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about its contents or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares (as defined in this Circular) in the capital of Del Monte Pacific Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”) or the Philippine Depository & Trust Corporation (“**PDTC**”), you need not forward this circular with the Notice of General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP or PDTC for a separate circular with the Notice of General Meeting and the attached Proxy Form to be sent to the purchaser or transferee.

If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this circular with the Notice of General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

Your attention is drawn to page 24 of this Circular in respect of actions to be taken if you wish to attend and vote at the General Meeting.

Neither the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) nor the Philippine Stock Exchange, Inc. (“**PSE**”) assumes any responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this circular.



DEL MONTE PACIFIC LIMITED

(Incorporated in British Virgin Islands with limited liability on 27 May 1999)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE PROPOSED ADOPTION OF SHARE PURCHASE MANDATE**

Important Dates and Times:

| | |
|--|---|
| Last date and time for lodgement of Proxy Form | : 15 August 2018 at 10.30 a.m. |
| Date and time of General Meeting | : 17 August 2018 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place) |
| Place of General Meeting | : Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908 |

CONTENTS

Page

| | |
|---|-------|
| DEFINITIONS | 3 |
| LETTER TO SHAREHOLDERS | 6 |
| 1. INTRODUCTION | 6 |
| 1.1 General Meeting | 6 |
| 1.2 Purpose of this Circular | 6 |
| 2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE | 6 |
| 2.1 Background..... | 6 |
| 2.2 Rationale | 7 |
| 2.3 The Act and the Articles..... | 8 |
| 2.4 The Terms of the Share Purchase Mandate..... | 8 |
| 2.5 Status of Purchased Shares Under the Share Purchase Mandate | 10 |
| 2.6 Treasury Shares | 11 |
| 2.7 Source of Funds for Share Purchase | 11 |
| 2.8 Financial Effects of the Share Purchase Mandate | 11 |
| 2.9 Listing Rules | 17 |
| 2.10 Details of Share Purchases during the last 12 months pursuant to the Share Purchase Mandate..... | 18 |
| 2.11 Tax Implications | 18 |
| 2.12 Take-Over Obligations | 18 |
| 2.13 Application of the Singapore Code on Takeovers and Mergers | 19 |
| 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS | 20 |
| 4. PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS | 22 |
| 5. DIRECTORS' RECOMMENDATION | 22 |
| 6. DIRECTORS' RESPONSIBILITY STATEMENT | 22 |
| 7. GENERAL MEETING | 23 |
| 8. ACTION TO BE TAKEN BY SHAREHOLDERS | 23 |
| 9. DOCUMENTS AVAILABLE FOR INSPECTION | 23 |
| NOTICE OF GENERAL MEETING | N1-N3 |

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

| | | |
|----------------------------------|---|---|
| <i>“Act”</i> | : | Business Companies Act 2004 of the British Virgin Islands as amended, modified or supplemented from time to time |
| <i>“AGM”</i> | : | Annual General Meeting of the Company |
| <i>“Articles”</i> | : | Articles of Association of the Company |
| <i>“Associated Company”</i> | : | A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group |
| <i>“Board”</i> | : | The Board of Directors of the Company for the time being |
| <i>“BVI”</i> | : | British Virgin Islands |
| <i>“CDP”</i> | : | The Central Depository (Pte) Limited |
| <i>“Circular”</i> | : | This circular to Shareholders dated 27 July 2018 |
| <i>“Company”</i> | : | Del Monte Pacific Limited, a company incorporated in the British Virgin Islands |
| <i>“Controlling Shareholder”</i> | : | A person who: (a) holds directly or indirectly 15% or more of the voting rights in the Company. The Exchange may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company |
| <i>“Depositor”</i> | : | An account holder or a depository agent but does not include a sub-account holder |
| <i>“Depository Agent”</i> | : | An entity registered as a depository agent with CDP or PDTC for the purpose of maintaining securities sub-accounts for its own account and for the account of others |
| <i>“Depository Register”</i> | : | A register maintained by the CDP or PDTC in respect of the Shares |
| <i>“Directors”</i> | : | The directors of the Company as at the date of this Circular |
| <i>“EPS”</i> | : | Earnings per Share |
| <i>“FY”</i> | : | The financial year ended or ending 30 April |
| <i>“GM”</i> | : | The General Meeting of the Company to be held on Friday, 17 August 2018 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place), at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908 |
| <i>“Group”</i> | : | The Company and its subsidiaries |

DEFINITIONS

| | | |
|----------------------------------|---|---|
| <i>"Latest Practicable Date"</i> | : | 2 July 2018, being the latest practicable date prior to the printing of this Circular |
| <i>"Listing Rules"</i> | : | The rules of the Listing Manual |
| <i>"Listing Manual"</i> | : | The listing manual of the SGX-ST, as amended, modified or supplemented from time to time |
| <i>"Market Day"</i> | : | A day on which the SGX-ST is open for securities trading <i>"Memorandum and Articles"</i> |
| <i>and Articles"</i> | : | The memorandum and articles of association of the Company <i>"Notice of GM"</i> |
| <i>GM"</i> | : | The notice of the GM as set out on pages N1 to N3 of this Circular <i>"NTA"</i> |
| | : | Net tangible assets |
| <i>"PDTC"</i> | : | The Philippine Depository & Trust Corporation |
| <i>"PSE"</i> | : | The Philippine Stock Exchange, Inc. |
| <i>"SFA"</i> | : | The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time |
| <i>"SGX-ST"</i> | : | Singapore Exchange Securities Trading Limited |
| <i>"Share"</i> | : | Ordinary share(s) of US\$0.01 each in the capital of the Company |
| <i>"Shareholder"</i> | : | The registered holder/holders of the Shares except that where the registered holder is CDP or the PCD Nominee (in PDTC), the term <i>"Shareholders"</i> shall, in relation to such Shares and where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP or PDTC and into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Account |
| <i>"Share Purchase Mandate"</i> | : | A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in the Circular as well as the rules and regulations set forth in the Listing Manual |
| <i>"Subsidiary"</i> | : | A company in which at least 50 per cent. of its shares is held by the Company and over which the Company has control |
| <i>"Substantial Shareholder"</i> | : | A Shareholder who has an interest in not less than five per cent. (5%) of the issued Shares |
| <i>"Take-over Code"</i> | : | The Singapore Code on Take-overs and Mergers, as amended or modified from time to time |
| <i>"trading day"</i> | : | A day on which Shares are traded on the SGX-ST |

DEFINITIONS

“Treasury Shares” : Such shares as defined in the Act or any other statutory modification thereof. For the purpose of the Listing Rules, treasury shares will be excluded from references to “issued share capital” and “equity securities”, and for the calculation of market capitalization and public float where referred to in the Listing Rules

“US\$” and “US cents” : US dollar and cents respectively

“%” or “per cent.” : Per centum or percentage

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Act, or any statutory modification thereof, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

DEL MONTE PACIFIC LIMITED

(Incorporated in British Virgin Islands with limited liability on 27 May 1999)

Directors:

Mr Rolando C Gapud (Executive Chairman)
Mr Joselito D Campos, Jr (Managing Director and Chief Executive Officer)
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)

Registered Office:

Craigmuir Chambers
PO Box 71
Road Town, Tortola
British Virgin Islands

27 July 2018

To: The Shareholders of Del Monte Pacific Limited Dear

Sir/Madam,

Circular to Shareholders in relation to the Proposed Adoption of the Share Purchase Mandate

1. INTRODUCTION

1.1 General Meeting

The Board is proposing to convene a GM to seek the Shareholders' approval for the proposed adoption of the Share Purchase Mandate.

1.2 Purpose of this Circular

The purpose of this Circular is to explain the reasons for, and to provide Shareholders with, information relating to the aforesaid proposal and to seek Shareholders' approval in relation thereto at the GM to be held at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908 on 17 August 2018 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place). The Notice of the GM is set out on pages N1 to N3 of this Circular.

This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

2. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

2.1 Background

At the GM held on 30 August 2016, the Company had obtained Shareholders' approval for the renewal of the Share Purchase Mandate (the "**2016 Mandate**"). The authority conferred on the Directors by the 2016 Mandate had expired on 30 August 2017, being the date of its next Annual General Meeting.

Accordingly, the Directors of the Company are convening a GM to be held on 17 August 2018 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place) to seek Shareholders' approval for the proposed adoption of the Share Purchase Mandate, which shall be on the same terms as the 2016 Mandate.

As the Company is incorporated in the BVI, it is not subject to the Singapore Companies Act, Cap. 50. Therefore, any purchase or acquisition of Shares by the Company will have to be made in accordance with, and in the manner prescribed by the Act, the Memorandum and Articles, the Listing Manual, and such other laws and regulations as may for the time being be applicable.

LETTER TO SHAREHOLDERS

The Articles provide that any purchase of Shares by the Company shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit, and subject also to the Act, the Memorandum, and for so long as the Shares are listed on the SGX-ST (or any other stock exchange on which the Shares are quoted or listed), the prior approval by an ordinary resolution of the Shareholders in general meeting. Accordingly, approval is being sought from Shareholders at the GM for the proposed adoption of the Share Purchase Mandate and a motion will be proposed as an ordinary resolution at the GM whereby the Directors will be given the authority to exercise all powers of the Company to purchase its own Shares on the terms of the Share Purchase Mandate.

If the motion in relation to the proposed adoption of the Share Purchase Mandate is approved by Shareholders at the GM, the authority conferred by the Share Purchase Mandate will continue in force until the date on which the next AGM is held or required by law or the Articles to be held (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM), provided that the Share Purchase Mandate shall be valid for a period not exceeding 12 months from the date of the GM at which the Share Purchase Mandate is approved (the “**Approval Date**”).

As at the Latest Practicable Date, 975,802 Shares were held as Treasury Shares.

2.2 Rationale

The rationale for the Company to undertake a purchase or acquisition of its Shares is as follows:

- (a) In managing the business of the Group, management will strive to increase Shareholders’ value by improving, *inter alia*, the return on equity of the Company. A share purchase may be considered as an avenue through which the return on equity of the Company may be enhanced;
- (b) The Share Purchase Mandate is an available option for the Company to return surplus cash over, if any, and above its ordinary capital requirements and possible investment needs of the Group to its Shareholders in an expedient and cost effective manner. In addition, the Share Purchase Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company’s share capital structure and its dividend policy;
- (c) Share purchase programmes help buffer short-term share price volatility and offset the effects of short-term speculators and investors and, in turn, bolster Shareholder confidence and employee morale; and
- (d) Shares purchased by the Company and held in treasury may be transferred for the purposes of or, pursuant to employees share option or, award schemes.

Shareholders can be assured that purchases of its Shares by the Company would only be made in circumstances where it is considered to be in the best interests of the Company, after considering relevant factors such as working capital requirements, availability of financial resources, expansion and investment plans of the Group as a whole, the prevailing market conditions and the most cost-effective and efficient approach. Further, the Directors do not propose to carry out purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group or affect the listing status of the Company on the SGX-ST.

The approval of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares up to the said five per cent. (5%) limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full extent of five per cent. (5%) as authorised and no purchases or acquisitions of Shares will be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group or affect the listing status of the Company on the SGX-ST.

2.3 The Act and the Articles

Under the Act and the Articles, the purchase by the Company of its Shares may be made at a price lower than the fair value and may only be funded out of its surplus or in exchange for newly issued Shares of equal value. In particular, the purchase of its Shares may be funded out of surplus available for dividend or distribution, including its share premium account, before the Shares are purchased.

LETTER TO SHAREHOLDERS

Surplus is defined by the Act as “the excess, if any, at the time of the determination, of the total assets of the company over the sum of its total liabilities, as shown in the books of account, plus its capital”. Capital is defined as “the sum of the aggregate par value of all outstanding shares with par value of the company and shares with par value held by the company as treasury shares plus (a) the aggregate of the amounts designated as capital of all outstanding shares without par value of the company and shares without par value held by the company as treasury shares, and (b) the amount as are from time to time transferred from surplus to capital by a resolution of directors”.

Under the Act and the Articles, no purchase by the Company of its own Shares can be effected unless the Directors have, before the purchase of Shares, determined the following:

- (a) that immediately after the purchase, redemption or acquisition, the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business; and
- (b) the realisable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes as shown in the books of accounts, and its capital; and in the absence of fraud, the decision of the Directors as to realisable value of the assets of the Company is conclusive.

To ensure that the Company complies with the statutory requirements, all purchases of Shares in accordance with the Share Purchase Mandate shall be subject to the prior review and endorsement of both the Chief Financial Officer and Chief Executive Officer of the Company based on guidelines determined by the Directors.

As at the Latest Practicable Date, the Directors confirm that the Company has sufficient Surplus available to purchase the maximum number of Shares permitted under the Share Purchase Mandate in accordance with the requirements of the Act.

The Company will, from time to time, evaluate the fair value of its Shares on the basis of its NTA backing, projected performance of the Company and industry market comparable to determine the appropriate time to purchase Shares in order to enhance Shareholders' value.

2.4 The Terms of the Share Purchase Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Purchase Mandate are summarised below.

2.4.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased is limited to that number of Shares representing not more than five per cent. (5%) of the total number of issued Shares (excluding any Treasury Shares and subsidiary holdings¹ in each class) as at the Approval Date.

For illustrative purposes only, based on the existing issued share capital of the Company as at the Latest Practicable Date of 1,944,935,826 Shares, and excluding 975,802 Treasury Shares and no subsidiary holdings as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the GM, not more than 97,198,001 Shares (representing five per cent. (5%) of the issued Shares excluding Treasury Shares and subsidiary holdings in each class as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

2.4.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (a) the date on which the next AGM is held or required by law or the Articles to be held;
- (b) the date on which the share purchases pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

¹ “Subsidiary holdings” is defined in the Listing Manual of the SGX-ST (“**Listing Manual**”) to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Singapore Companies Act (Cap. 50).

LETTER TO SHAREHOLDERS

- (c) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by the Shareholders in a general meeting.

2.4.3 Manner of Purchase of Shares

The Company intends to comply with the Listing Manual in relation to its Share purchases or acquisitions pursuant to the Share Purchase Mandate notwithstanding the absence of any such requirements under the Act and/or in its Memorandum and Articles.

In accordance with the Listing Manual, purchases of Shares may be made by way of, inter alia:

- (a) on-market purchases (each a **"Market Purchase"**), transacted on the SGX-ST (or any other stock exchange on which the Shares may for the time being be listed or quoted), through one or more duly licensed stockbrokers/dealers appointed by the Company for the purpose; and/or
- (b) off-market purchases (each an **"Off-Market Purchase"**) (if effected otherwise than on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted) in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Purchase Mandate"**);

An Off-Market Purchase must, however, satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (ii) differences (if applicable) in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares in board lots of 100 Shares after the Share Purchases, in the event that there are offeree Shareholders holding odd numbers of Shares.

In addition, the Listing Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share purchase;
- (d) the consequences, if any, of Share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share purchase, if made, would have any effect on the listing of the Shares on SGX-ST (or any other stock exchange on which the Shares may for the time being be listed or quoted);

LETTER TO SHAREHOLDERS

- (f) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the issuer will be cancelled or kept as Treasury Shares.

2.4.4 Maximum Purchase Price

In the case of a Market Purchase, the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) (the **"Maximum Purchase Price"**) to be paid for the Shares will be determined by the Directors.

However, the Maximum Purchase Price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105 per cent. (105%) of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase, 130 per cent. (130%) multiplied by the average closing prices of the Shares over the last five consecutive Market Days on which transactions in the Shares were recorded immediately preceding the date on which the Company announces its intentions to make an offer for the purchase or acquisition of Shares stating therein the purchase price for

in either case, excluding related expenses of the purchase. For the

above purposes:

"Average Closing Price" is the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period;

"day of the making of the offer" means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"market day" means a day on which the SGX-ST is open for securities trading.

2.5 Status of Purchased Shares under the Share Purchase Mandate

Under the Act and the Articles, the Shares that are purchased or acquired by the Company may be cancelled or held as Treasury Shares (except to the extent that such shares are in excess of 80 per cent. (80%) of the issued Shares, in which case they shall be cancelled but they shall be available for reissue). The Company currently has 975,802 issued Shares held in treasury.

Shares purchased by the Company which are cancelled will be automatically de-listed by the SGX-ST (or any other stock exchange on which the Shares may for the time being be listed or quoted). Certificates in respect of cancelled purchased Shares will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. The Shares purchased may be cancelled to further enhance the Company's return on equity and increase the value of its equity for its Shareholders.

Shares purchased by the Company which are held in treasury shall only be treated as outstanding for the purposes of determining the capital of the Company. The Shares held in treasury shall not be entitled to vote or to have dividends paid thereon and are therefore considered disabled.

LETTER TO SHAREHOLDERS

2.6 Treasury Shares

Under the Act, a company may, if authorised by its articles of association, purchase its own shares. The shares so purchased may either be cancelled (in which event, the Company's issued, but not its authorised, capital will be diminished accordingly) or may be held as Treasury Shares. Under the laws of the BVI, if a company holds shares as Treasury Shares, the company shall be entered in the register of members as a member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the Company in respect of such shares.

No acquisition by a company of its own shares to be held as Treasury Shares may be effected unless the Directors determine that immediately after the purchase that the Company will be able to satisfy its liabilities as they become due in the ordinary course of its business and the realisable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes as shown in the books of accounts, and its capital; and, in the absence of fraud, the decision of the Directors as to the realisable value of the assets of the Company is conclusive.

A company that acquires its own shares to be held as Treasury Shares may:

- (a) hold all or any of the shares;
- (b) dispose of or transfer all or any of the shares for cash or other considerations; or
- (c) cancel all or any of the shares.

The Company may transfer any Treasury Shares for the purpose of or pursuant to an employee share option or award scheme. The number of Shares held as Treasury Shares cannot at any time exceed 80 per cent. (80%) of the total issued Shares.

2.7 Source of Funds for Share Purchase

In purchasing Shares pursuant to the proposed Share Purchase Mandate, the Company may only apply funds available for such purchases in accordance with the Act and its Articles. In particular, the purchase of Shares may only be funded out of the Company's Surplus.

The Company will principally use its internal sources of funds or external borrowings or a combination of both to finance the purchases or acquisitions of Shares, including its revenue reserves, pursuant to the Share Purchase Mandate.

Where the consideration paid by the Company for a purchase or acquisition of Shares is made out of distributable profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for a purchase or acquisition of Shares is made out of capital, the amount available for a distribution of cash dividends by the Company will not be reduced.

The Directors will consider the appropriate gearing level to ensure solvency. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the working capital requirements or investment ability of the Company would be materially and adversely affected. The purchase of the Shares will only be effected after considering relevant factors such as working capital requirements, availability of financial resources, expansion and investment plans of the Group as a whole and prevailing market conditions.

2.8 Financial Effects of the Share Purchase Mandate

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares are purchased or acquired, the consideration paid at the relevant time and whether the Shares purchased or acquired are held in treasury or are cancelled.

The purchase of Shares, if cancelled, will result in a reduction in the capital of the Company by an amount equivalent to the par value of the Shares and in the Company's surplus, which consists of the share premium, translation reserves and revenue reserves ("**Distributable Reserves**") by the balance of the purchase price. If the capital of the Company is reduced by a cancellation of Shares, the Directors must have, before the cancellation, made determinations to ensure that:

LETTER TO SHAREHOLDERS

- (a) the capital of the Company will not be reduced to an amount that is less than the sum of the aggregate par value of all outstanding shares with par value and all shares with par value held by the Company as Treasury Shares and the aggregate of the amounts designated as capital of all outstanding shares without par value and all shares without par value held by the Company as Treasury Shares that are entitled to a preference, if any, in the assets of the Company upon liquidation of the Company; and
- (b) a reduction of capital will not be effected unless the Directors determine that immediately after reduction, the Company will be able to satisfy its liabilities as they become due in the ordinary course of business, and that the realisable value of the assets of the Company will not be less than its total liabilities other than deferred taxes, as shown in the books of account, and its remaining capital; and, in the absence of fraud, the decision of the Directors as to the realisable value of the assets of the Company is conclusive.

It is not possible for the Company to realistically calculate or quantify the impact of purchase that may be made pursuant to the proposed Share Purchase Mandate on the net asset value and EPS as it would largely depend, inter alia, on the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and whether the Shares purchased or acquired are held in treasury or cancelled. However, on the basis of the audited consolidated financial position of the Company as at 30 April 2018 (being the date to which the latest published audited financial statements of the Company have been made up) and, in particular, having regard to the amount of Distributable Reserves that are available for payment as dividends, the working capital and gearing position of the Company at that time and the number of Shares as at the Latest Practicable Date, the Directors consider that the purchase of up to the maximum number of Shares permitted by the Share Purchase Mandate during the period which the Share Purchase Mandate is expressed to be in force is not expected to have an adverse effect on the consolidated financial position of the Company or the Group.

For illustrative purposes only, based on the existing issued share capital of the Company as at the Latest Practicable Date of 1,944,935,826 Shares, and excluding 975,802 Treasury Shares and no subsidiary holdings in each class as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the GM, the purchase by the Company of up to the maximum limit of five per cent. (5%) of its issued Shares excluding Treasury Shares and subsidiary holdings in each class will result in the purchase or acquisition of 97,198,001 Shares. It is assumed the Average Closing Price is S\$0.177 and using exchange rate of US\$1:S\$1.36.

In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires 97,198,001 Shares at the Maximum Purchase Price of S\$0.186 or US\$0.137 for one Share (being the price equivalent to 105 per cent. (105%) above the average of the closing market prices of the Shares over the last five (5) Market Days preceding the day of the Market Purchase on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 97,198,001 Shares is S\$18,135,898 or US\$13,316,126. This calculation is based on the assumption that the purchase consideration will be funded 100 per cent. (100%) through bank loans at an interest rate of five per cent. (5%) per annum.

In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires 97,198,001 Shares at the Maximum Purchase Price of S\$0.230 or US\$0.169 for one Share (being the price equivalent to 130 per cent. (130%) above the average of the closing market prices of a Share for the five Market Days on which transactions in the Shares were recorded, preceding the date of the announcement of the offer for the Off-Market Scheme, the maximum amount of funds required for the purchase or acquisition of 97,198,001 Shares is S\$22,372,020 or US\$16,426,462. This calculation is based on the assumption that the purchase consideration will be funded 100 per cent. (100%) through bank loans at an interest rate of five per cent. (5%) per annum.

Assuming the above, the financial effects of the:

- (i) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as Treasury Shares;
- (ii) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled;
- (iii) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and held as Treasury Shares; and
- (iv) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled,

LETTER TO SHAREHOLDERS

on the audited financial statements of the Group and the Company for the financial year ended 30 April 2018 are as follows:

(i) Purchases made entirely out of capital and held as Treasury Shares

| | <----- Group -----> | | | <----- Company -----> | | |
|--------------------------------------|-----------------------------|--|--|-----------------------------|--|--|
| | | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase | | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase |
| (US\$'000) | Before Share Purchase | | | Before Share Purchase | | |
| At 30 April 2018 | 616,851 | 616,851 | 616,851 | 567,049 | 567,049 | 567,049 |
| Treasury share | (286) | (13,602) | (16,712) | (286) | (13,602) | (16,712) |
| Shareholders' funds | 616,565 | 603,249 | 600,139 | 566,763 | 553,447 | 550,337 |
| NTA | (98,086) | (111,402) | (114,512) | 566,763 | 553,447 | 550,337 |
| Current assets | 1,025,103 | 1,025,103 | 1,025,103 | 169,313 | 169,313 | 169,313 |
| Current liabilities | 797,891 | 811,207 | 814,317 | 280,527 | 293,843 | 296,953 |
| Working capital | 227,212 | 213,896 | 210,786 | (111,214) | (124,530) | (127,640) |
| Total borrowings | 1,465,223 | 1,478,539 | 1,481,649 | 335,628 | 348,944 | 352,054 |
| Cash and cash equivalents | 24,246 | 24,246 | 24,246 | 2,709 | 2,709 | 2,709 |
| Loss after tax and minority interest | (42,771) | (42,771) | (42,771) | (28,181) | (28,181) | (28,181) |
| Treasury shares ('000) | (976) | (98,174) | (98,174) | (976) | (98,174) | (98,174) |
| No. of outstanding shares ('000) | 1,943,960 | 1,846,762 | 1,846,762 | 1,943,960 | 1,846,762 | 1,846,762 |
| Financial Ratios | | | | | | |
| NTA per Share (cents) ⁽¹⁾ | (5.05) | (6.03) | (6.20) | 29.16 | 29.97 | 29.80 |
| Basic EPS (cents) ⁽²⁾ | (1.45) | (1.53) | (1.53) | (1.45) | (1.53) | (1.53) |
| Net gearing (times) ⁽³⁾ | 2.34 | 2.41 | 2.43 | 0.59 | 0.63 | 0.63 |
| Return on equity (%) ⁽⁴⁾ | (7.16) | (7.24) | (7.26) | (5.20) | (5.26) | (5.28) |

Notes:

(1) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 April 2018.

(2) Basic EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 30 April 2018 of 1,943,670,024 Shares. Whereas, the basic EPS of After Share Purchase was computed based on the weighted average number of shares, as Latest Practicable Date, of 1,846,471,830.

(3) Net gearing equals to total borrowings net of cash and cash equivalents divided by Shareholders' funds.

(4) Return on equity equals profit after tax and minority interest divided by average Shareholders' funds.

LETTER TO SHAREHOLDERS

(ii) Purchases made entirely out of capital and cancelled

| | <----- Group -----> | | | <----- Company -----> | | |
|--|-----------------------------|--|--|-----------------------------|--|--|
| (US\$'000) | Before Share Purchase | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase | Before Share Purchase | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase |
| At 30 April 2018 | 616,851 | 616,851 | 616,851 | 567,049 | 567,049 | 567,049 |
| Share capital | - | (972) | (972) | - | (972) | (972) |
| Share premium | - | (12,344) | (15,454) | | (12,344) | (15,454) |
| Treasury Shares | (286) | (286) | (286) | (286) | (286) | (286) |
| Shareholders' funds | 616,565 | 603,249 | 600,139 | 566,763 | 553,447 | 550,337 |
| NTA | (98,086) | (111,402) | (114,512) | 566,763 | 553,447 | 550,337 |
| Current Assets | 1,025,103 | 1,025,103 | 1,025,103 | 169,313 | 169,313 | 169,313 |
| Current Liabilities | 797,891 | 811,207 | 814,317 | 280,527 | 293,843 | 296,953 |
| Working Capital | 227,212 | 213,896 | 210,786 | (111,214) | (124,530) | (127,640) |
| Total Borrowings | 1,465,223 | 1,478,539 | 1,481,649 | 335,628 | 348,944 | 352,054 |
| Cash and cash equivalents | 24,246 | 24,246 | 24,246 | 2,709 | 2,709 | 2,709 |
| Profit after tax and minority interest | (42,771) | (42,771) | (42,771) | (28,181) | (28,181) | (28,181) |
| Treasury Shares ('000) | (976) | (976) | (976) | (976) | (976) | (976) |
| No. of Shares ('000) | 1,943,960 | 1,846,762 | 1,846,762 | 1,943,960 | 1,846,762 | 1,846,762 |
| Financial Ratios | | | | | | |
| NTA per Share (dollar) ⁽¹⁾ | (5.05) | (6.03) | (6.20) | 29.16 | 29.97 | 29.80 |
| Basic EPS (dollar) ⁽²⁾ | (1.45) | (1.53) | (1.53) | (1.45) | (1.53) | (1.53) |
| Net gearing (times) ⁽³⁾ | 2.34 | 2.41 | 2.43 | 0.59 | 0.63 | 0.63 |
| Return on equity (%) ⁽⁴⁾ | (7.16) | (7.24) | (7.26) | (5.20) | (5.26) | (5.28) |

Notes:

(1) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 April 2018.

(2) Basic EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 30 April 2018 of 1,943,670,024 Shares. Whereas, the basic EPS of After Share Purchase was computed based on the weighted average number of shares, as Latest Practicable Date, of 1,846,471,830.

(3) Net gearing equals to total borrowings net of cash and cash equivalents divided by Shareholders' funds.

(4) Return on equity equals profit after tax and minority interest divided by average Shareholders' funds.

LETTER TO SHAREHOLDERS

(iii) Purchases made entirely out of profits and held as Treasury Shares

| (US\$'000) | <----- Group -----> | | | <----- Company -----> | | |
|--|-----------------------------|--|--|-----------------------------|--|--|
| | Before Share Purchase | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase | Before Share Purchase | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase |
| At 30 April 2018 | 616,851 | 616,851 | 616,851 | 567,049 | 567,049 | 567,049 |
| Treasury share | (286) | (13,602) | (16,712) | (286) | (13,602) | (16,712) |
| Shareholders' funds | 616,565 | 603,249 | 600,139 | 566,763 | 553,447 | 550,337 |
| NTA | (98,086) | (111,402) | (114,512) | 566,763 | 553,447 | 550,337 |
| Current Assets | 1,025,103 | 1,025,103 | 1,025,103 | 169,313 | 169,313 | 169,313 |
| Current Liabilities | 797,891 | 811,207 | 814,317 | 280,527 | 293,843 | 296,953 |
| Working Capital | 227,212 | 213,896 | 210,786 | (111,214) | (124,530) | (127,640) |
| Total Borrowings | 1,465,223 | 1,478,539 | 1,481,649 | 335,628 | 348,944 | 352,054 |
| Cash and cash equivalents | 24,246 | 24,246 | 24,246 | 2,709 | 2,709 | 2,709 |
| Profit after tax and minority interest | (42,771) | (42,771) | (42,771) | (28,181) | (28,181) | (28,181) |
| Treasury Shares ('000) | (976) | (98,174) | (98,174) | (976) | (98,174) | (98,174) |
| No. of Shares ('000) | 1,943,960 | 1,846,762 | 1,846,762 | 1,943,960 | 1,846,762 | 1,846,762 |
| Financial Ratios | | | | | | |
| NTA per Share (dollar) ⁽¹⁾ | (5.05) | (6.03) | (6.20) | 29.16 | 29.97 | 29.80 |
| Basic EPS (dollar) ⁽²⁾ | (1.45) | (1.53) | (1.53) | (1.45) | (1.53) | (1.53) |
| Net gearing (times) ⁽³⁾ | 2.34 | 2.41 | 2.43 | 0.59 | 0.63 | 0.63 |
| Return on equity (%) ⁽⁴⁾ | (7.16) | (7.24) | (7.26) | (5.20) | (5.26) | (5.28) |

Notes:

(1) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 April 2018.

(2) Basic EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 30 April 2018 of 1,943,670,024 Shares. Whereas, the basic EPS of After Share Purchase was computed based on the weighted average number of shares, as Latest Practicable Date, of 1,846,471,830.

(3) Net gearing equals to total borrowings net of cash and cash equivalents divided by Shareholders' funds.

(4) Return on equity equals profit after tax and minority interest divided by average Shareholders' funds.

LETTER TO SHAREHOLDERS

(iv) Purchases made entirely out of profits and cancelled

| (US\$'000) | <----- Group -----> | | | <----- Company -----> | | |
|--|-----------------------------|--|--|-----------------------------|--|--|
| | Before Share Purchase | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase | Before Share Purchase | After Share Purchase assuming Market Purchase | After Share Purchase assuming Off-Market Purchase |
| At 30 April 2018 | 616,851 | 616,851 | 616,851 | 567,049 | 567,049 | 567,049 |
| Revenue reserves | - | (13,316) | (16,426) | - | (13,316) | (16,426) |
| Treasury Shares | (286) | (286) | (286) | (286) | (286) | (286) |
| Shareholders' funds | 616,565 | 603,249 | 600,139 | 566,763 | 553,447 | 550,337 |
| NTA | (98,086) | (111,402) | (114,512) | 566,763 | 553,447 | 550,337 |
| Current Assets | 1,025,103 | 1,025,103 | 1,025,103 | 169,313 | 169,313 | 169,313 |
| Current Liabilities | 797,891 | 811,207 | 814,317 | 280,527 | 293,843 | 296,953 |
| Working Capital | 227,212 | 213,896 | 210,786 | (111,214) | (124,530) | (127,640) |
| Total Borrowings | 1,465,223 | 1,478,539 | 1,481,649 | 335,628 | 348,944 | 352,054 |
| Cash and cash equivalents | 24,246 | 24,246 | 24,246 | 2,709 | 2,709 | 2,709 |
| Profit after tax and minority interest | (42,771) | (42,771) | (42,771) | (28,181) | (28,181) | (28,181) |
| Treasury Shares ('000) | (976) | (98,174) | (98,174) | (976) | (98,174) | (98,174) |
| No. of Shares ('000) | 1,943,960 | 1,846,762 | 1,846,762 | 1,943,960 | 1,846,762 | 1,846,762 |
| Financial Ratios | | | | | | |
| NTA per Share (dollar) ⁽¹⁾ | (5.05) | (6.03) | (6.20) | 29.16 | 29.97 | 29.80 |
| Basic EPS (dollar) ⁽²⁾ | (1.45) | (1.53) | (1.53) | (1.45) | (1.53) | (1.53) |
| Net gearing (times) ⁽³⁾ | 2.34 | 2.41 | 2.43 | 0.59 | 0.63 | 0.63 |
| Return on equity (%) ⁽⁴⁾ | (7.16) | (7.24) | (7.26) | (5.20) | (5.26) | (5.28) |

Notes:

(1) NTA per Share equals to NTA divided by the number of Shares outstanding as at 30 April 2018.

(2) Basic EPS equals to profit attributable to Shareholders divided by the weighted average number of Shares outstanding during the year ended 30 April 2018 of 1,943,670,024 Shares. Whereas, the basic EPS of After Share Purchase was computed based on the weighted average number of shares, as Latest Practicable Date, of 1,846,471,830.

(3) Net gearing equals to total borrowings net of cash and cash equivalents divided by Shareholders' funds.

(4) Return on equity equals profit after tax and minority interest divided by average Shareholders' funds.

LETTER TO SHAREHOLDERS

The disclosed financial effects remain the same irrespective of whether:

- (a) the purchase of Shares are affected out of capital or profits, or
- (b) the purchase of Shares are held in treasury or cancelled.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the latest audited financial statements of the Company as at 30 April 2018 and is not necessarily representative of the future financial performance of the Company. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to five per cent. (5%) of the issued Shares excluding Treasury Shares and subsidiary holdings in each class, the Company may not necessarily purchase or acquire the entire five per cent. (5%). In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased as Treasury Shares.

Shareholders should also note however, that the actual financial impact of purchases of Shares will depend, inter alia, on the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and whether the Shares purchased or acquired are held in treasury or are cancelled. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company or the Group.

It is not the purpose of the Share Purchase Mandate to assist any Shareholder or its concert parties to obtain or consolidate effective control of the Company. The Directors will decide when, how many and on what terms to purchase any Shares pursuant to the Share Purchase Mandate in the interests of the Company and its Shareholders as a whole, taking into consideration relevant factors such as the financial effects of such purchases on the Company, working capital requirements, availability of financial resources, the expansion and investment plans of the Company and prevailing market conditions. If it becomes necessary for funds to be borrowed, the Directors will consider the appropriate gearing level to ensure the solvency of the Company. The proposed Share Purchase Mandate will only be exercised with a view to enhance the EPS of the Group.

2.9 Listing Rules

2.9.1 The Listing Rules provide that a listed company shall report all purchases or acquisitions of its Shares to SGX-ST:

- (a) in the case of a Market Purchase, by 9.00 a.m. on the Market Day following the day of purchase or acquisition of any of its Shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer.

Such announcement must include details of the total number of Shares purchased and the purchase price per Share or the highest and lowest prices paid for such Shares and any other information required under the Listing Rules, as applicable.

2.9.2 While the Listing Rules do not expressly prohibit any purchase of shares by a listed company of its own shares during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase of its issued shares, the Company will not undertake any Purchase of Shares pursuant to the proposed Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until such price sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by SGX-ST, the Company will not purchase or acquire any shares pursuant to the proposed Mandate during the period commencing two weeks immediately preceding the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month immediately preceding the announcement of the Company's financial statements of its full-year results and ending on the date of the announcement of the relevant results.

2.9.3 The Listing Rules also require a listed company to ensure that at least ten per cent. (10%) of its Shares is at all times held by the public. The “public”, as defined under the Listing Manual, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as associates of such persons.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, 439,180,649 Shares representing 22.6 per cent. (22.6%) of the issued share capital of the Company are held in the hands of the public by an aggregate of 7,799 Shareholders. In the event that the Company purchases the maximum of five per cent. (5%) of its issued ordinary share capital from such public Shareholders, the resultant percentage of the issued Shares held by the public Shareholders would be reduced to approximately 18.51 per cent. (18.51%). Accordingly, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases and acquisitions of the Shares up to the full five per cent. (5%) limit pursuant to the proposed Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST.

The Directors will endeavour to ensure that any purchase of Shares pursuant to the Share Purchase Mandate will not:

- (a) adversely affect the listing status of the Shares on the SGX-ST;
- (b) cause market illiquidity; or
- (c) adversely affect the orderly trading of the Shares on the SGX-ST.

2.10 Details of Share Purchases during the last 12 months pursuant to the Share Purchase Mandate

The Company did not purchase any of its own Shares during the last twelve (12) months immediately preceding and up to the Latest Practicable Date as its previous mandate had expired on 30 August 2017.

2.11 Tax Implications

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

2.12 Take-Over Obligations

An increase in a Shareholder's proportionate interest in the voting rights of the Company resulting from a Share purchase by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory takeover offer if, inter alia, he and persons acting in concert with him increase their voting rights in the Company to 30 per cent. (30%) or more or, if they, together hold between 30 per cent. (30%) but not more than 50 per cent. (50%) of the Company's voting rights, increase their voting rights in the Company by more than one per cent. (1%) in any period of six (6) months.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will, inter alia, be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies and any company whose associated companies include any of the above companies, any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its clients in respect of the shareholdings of (i) the adviser and the persons controlling, controlled by or under the same control as the adviser; and (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;

LETTER TO SHAREHOLDERS

- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act in accordance with the instructions of the individual and companies controlled by any of the above; and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20 per cent. (20%) but not more than 50 per cent. (50%) of the voting rights of a company will be regarded as the test for associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company as set out in Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that:

- (a) unless exempted, directors of a company and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such directors and their concert parties would increase to 30 per cent. (30%) or more, or if the voting rights of such directors and their concert parties fall between 30 per cent. (30%) and 50 per cent. (50%) of the Company's voting rights, the voting rights of such directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months; and
- (b) a Shareholder who is not acting in concert with directors will not be required to make a takeover offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30 per cent. (30%) or more, or if the voting rights of such directors and their concert parties fall between 30 per cent. (30%) and 50 per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Mandate.

2.13 Application of the Singapore Code on Takeovers and Mergers

2.13.1 Background

As at the Latest Practicable Date, the Controlling Shareholders of the Company are –

- NutriAsia Pacific Ltd
- NutriAsia Holdings Limited
- NutriAsia Inc
- Golden Chamber Investment Limited
- Well Grounded Limited
- Star Orchid Limited
- HSBC Finance (Netherlands)
- HSBC International Trustee Limited
- HSBC Holdings plc
- HSBC Trustee (Hong Kong) Limited
- HSBC International Trustee (Holdings) Pte. Limited
- The Hongkong and Shanghai Banking Corporation Limited
- HSBC Asia Holdings B.V.
- HSBC Asia Holdings (UK) Limited
- HSBC Holdings (B.V.)
- Mr Joselito D Campos, Jr

LETTER TO SHAREHOLDERS

2.13.2 Application of the Take-over Code to the proposed Share Purchase Mandate

In the event that the Company undertakes Share purchases under the Share Purchase Mandate up to the maximum of five per cent. (5%) of the issued share capital of the Company as permitted, the shareholding and voting rights of the Controlling Shareholders will increase to 75.47 per cent. (75.47%). As the Controlling Shareholders, being presumed to be concert parties under the Take-over Code, in aggregate hold more than 50 per cent. (50%) of the issued share capital of the Company, any increase in their shareholding pursuant to Share Purchases undertaken by the Company would not result in them incurring a take-over obligation pursuant to Rule 14 of the Take-over Code.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, were as follows:

| Directors | Number of Shares | | | | | |
|------------------------|------------------|------------------|---------------------------------|------------------|---------------|------------------|
| | Direct Interest | % ⁽¹⁾ | Deemed Interest | % ⁽¹⁾ | Total | % ⁽¹⁾ |
| Rolando C Gapud | 2,291,903 | 0.11 | – | – | 2,291,903 | 0.11 |
| Joselito D Campos, Jr | 7,621,466 | 0.39 | 1,386,276,498 ⁽²⁾⁽³⁾ | 71.31 | 1,393,897,964 | 71.70 |
| Edgardo M Cruz, Jr | 2,984,632 | 0.15 | – | – | 2,984,632 | 0.15 |
| Yvonne Goh | – | – | – | – | – | – |
| Dr Emil Q Javier | 611,828 | 0.03 | – | – | 611,828 | 0.03 |
| Benedict Kwek Gim Song | 117,092 | n.m. | – | – | 117,092 | n.m. |
| Godfrey E Scotchbrook | 117,092 | n.m. | – | – | 117,092 | n.m. |

LETTER TO SHAREHOLDERS

| Substantial Shareholders | Number of Shares | | | | | |
|---|----------------------------|------------------|---------------------------------|------------------|---------------|------------------|
| | Direct Interest | % ⁽¹⁾ | Deemed Interest | % ⁽¹⁾ | Total | % ⁽¹⁾ |
| Bluebell Group Holdings Limited | 189,736,540 ⁽²⁾ | 9.76 | | | 189,736,540 | 9.76 |
| Golden Sunflower International Limited | – | – | 189,736,540 ⁽²⁾ | 9.76 | 189,736,540 | 9.76 |
| NutriAsia Pacific Ltd. | 1,196,539,958 | 61.55 | – | – | 1,196,539,958 | 61.55 |
| NutriAsia Inc | – | – | 1,196,539,958 ⁽⁴⁾ | 61.55 | 1,196,539,958 | 61.55 |
| NutriAsia Holdings Limited | – | – | 1,196,539,958 ⁽⁵⁾ | 61.55 | 1,196,539,958 | 61.55 |
| Golden Chamber Investment Limited | – | – | 1,196,539,958 ⁽⁵⁾ | 61.55 | 1,196,539,958 | 61.55 |
| Star Orchid Limited | – | – | 1,196,539,958 ⁽⁵⁾ | 61.55 | 1,196,539,958 | 61.55 |
| Well Grounded Limited | – | – | 1,196,539,958 ⁽⁵⁾ | 61.55 | 1,196,539,958 | 61.55 |
| HSBC Trustee (Hong Kong) Limited | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| HSBC International Trustee Limited | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| HSBC International Trustee (Holdings) Pte. Limited | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| The Hongkong and Shanghai Banking Corporation Limited | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| HSBC Asia Holdings B.V. | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| HSBC Asia Holdings (UK)Limited | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| HSBC Holdings (B.V.) | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| HSBC Finance (Netherlands) | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| HSBC Holdings plc | – | – | 1,386,276,498 ⁽⁶⁾ | 71.31 | 1,386,276,498 | 71.31 |
| Joselito D Campos, Jr | 7,621,466 | 0.39 | 1,386,276,498 ⁽²⁾⁽³⁾ | 71.31 | 1,393,897,964 | 71.70 |
| Lee Foundation, States of Malaya | – | – | 106,854,000 ⁽⁸⁾⁽⁹⁾ | 5.49 | 106,854,000 | 5.49 |
| Lee Pineapple Company (Pte) Limited | 100,422,000 | 5.16 | 6,432,000 ⁽⁹⁾ | 0.33 | 106,854,000 | 5.49 |
| Lee Foundation | – | – | 106,854,000 ⁽⁷⁾⁽⁹⁾ | 5.49 | 106,854,000 | 5.49 |

Notes:

- (1) The percentage of issued capital is calculated based on 1,943,960,024 Shares (being 1,944,935,826 Shares excluding 975,802 Treasury Shares) and there are no subsidiary holdings.
- (2) Bluebell Group Holdings Limited (“BGHL”) is wholly owned by Golden Sunflower International Limited (“GSIL”). GSIL is therefore deemed interested in the Shares of the Company held by BGHL. GSIL is wholly owned by HSBC Trustee (Hong Kong) Limited (“HKL”). HKL is the trustee of Twin Palms Pacific Trust, the beneficiaries of which are Mr Joselito D Campos, Jr (“JDC”) and his children and JDC is therefore interested in the shares held by BGHL. The 189,736,540 Shares are held in nominee by HSBC (Singapore) Nominees Pte Ltd.
- (3) NutriAsia Pacific Limited (“NPL”) is a substantial and controlling shareholder of the Company, holding 1,196,539,958 Shares in the Company. JDC and his family have beneficial interests in NPL (through Golden Chamber Investment Limited and Star Orchid Ltd which hold trusts in which they are beneficiaries). JDC is therefore deemed interested in the Shares held by NPL.
- (4) NutriAsia Inc (“NI”) owns 57.8% of NutriAsia Holdings Limited (“NHL”), which in turn owns 100% of NPL. NI is therefore deemed to be interested in the Shares held by NPL.
- (5) NPL is wholly owned by NHL. NHL is therefore deemed interested in the Shares held by NPL.

NHL is in turn majority owned by NI (57.8%) and partly owned by Well Grounded Limited (“WGL”) (42.2%). NI and WGL are therefore deemed interested in the Shares held by NPL.

NI is in turn majority owned by Golden Chamber Investment Limited (“GCIL”) (65.4%) and WGL is in turn wholly owned by Star Orchid Limited (“SOL”). GCIL and SOL are therefore deemed interested in the Shares held by NPL.

LETTER TO SHAREHOLDERS

- (6) GCIL and GSIL are owned by the Twin Palms Pacific Trust and SOL is wholly owned by The Star Orchid Trust, for which HSBC Trustee (Hong Kong) Limited ("**HKL**") acts as trustee for both trusts. HKL is therefore deemed interested in the Shares of the Company held by NPL and BGHL. The beneficiaries of the Star Orchid Trust are beneficially owned by the Campos family.

HKL is in turn, wholly owned by HSBC International Trustee Limited. HSBC International Trustee Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

HSBC International Trustee Limited is wholly owned by HSBC International Trustee (Holdings) Pte. Limited. HSBC International Trustee (Holdings) Pte. Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

HSBC International Trustee (Holdings) Pte Limited is wholly owned by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

The Hongkong and Shanghai Banking Corporation Limited is wholly owned by HSBC Asia Holdings B.V.. HSBC Asia Holdings B.V. is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

HSBC Asia Holdings B.V. is wholly owned by HSBC Asia Holdings (UK) Limited. HSBC Asia Holdings (UK) Limited is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

HSBC Asia Holdings (UK) Limited is majority owned by HSBC Holdings B.V.. HSBC Holdings B.V. is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

HSBC Holdings B.V. is wholly owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

HSBC Finance (Netherlands) is wholly owned by HSBC Holdings Plc. HSBC Holdings Plc is therefore deemed interested in the Shares of the Company held by NPL and BGHL.

- (7) Lee Foundation, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.
- (8) Lee Foundation, States of Malaya, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.
- (9) Lee Pineapple Company (Pte) Limited is deemed interested in the 6,432,000 Shares held by its wholly-owned subsidiary, Pineapples of Malaya Private Limited.

4. PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HAND

Based on the information provided, to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 22.6 per cent. (22.6%) of the Company's Shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the adoption of the proposed Share Purchase Mandate is in the best interests of the Shareholders and the Company, and accordingly recommend Shareholders to vote in favour of the ordinary resolution relating thereto to be proposed at the GM as set out in the Notice of GM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading, and where the Circular contains a profit forecast, the Directors are satisfied that the profit forecast has been stated after due and careful enquiry.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

7. GENERAL MEETING

The GM, notice of which is set out on pages N1 to N3 of this Circular, will be held on Friday, 17 August 2018, at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10.00 a.m. on the same day and at the same place) at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908, for the purpose of considering, and if thought fit, passing with or without any modifications, the ordinary resolutions as set out in the Notice of the GM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the GM and who wish to appoint a proxy to attend and vote at the GM on their behalf should complete, sign and return the proxy form attached to the Notice of GM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the offices of the Company's Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 or at the offices of the Company's Share Transfer Agent in the Philippines, as the case may be, not less than forty-eight (48) hours before the time fixed for the GM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the GM if he wishes to do so.

A Depositor shall not be regarded as a Shareholder entitled to attend the GM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP or PDMC, as at forty-eight (48) hours before the GM.

For Shareholders whose shares are lodged on the PSE, please refer to the Notes for Philippine Shareholders which can be found in the Notice of GM.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Company Share Transfer Agent in Singapore and Manila during normal business hours from the date of this Circular up to and including the date of the GM:

- (a) the Memorandum and the Articles of the Company; and
- (b) the Annual Report of the Company for FY2018.

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

Rolando C Gapud
Executive Chairman

NOTICE OF GENERAL MEETING

DEL MONTE PACIFIC LIMITED

(Incorporated in the British Virgin Islands with limited liability on 27 May 1999)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the General Meeting (“GM”) of the shareholders of Del Monte Pacific Limited (the “Company”) will be held on Friday, 17 August 2018 at 10.30 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting (“AGM”) to be held at 10.00 a.m. on the same day and at the same place), at Banquet Suite, Level 10 of M Hotel, 81 Anson Road, Singapore 079908, for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions, as an Ordinary Resolution:

THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

- (a) for the purposes of the Business Companies Act 2004 of the British Virgin Islands (the “Act”) and otherwise in accordance with the rules and regulations of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the exercise by the Board of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “Shares”) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Board from time to time, up to the Maximum Purchase Price (as hereafter defined), whether by way of:
- (i) on-market purchases (each a “Market Purchase”), transacted on the SGX-ST (or any other stock exchange on which the Shares may be listed or quoted), through one or more duly licensed stockbrokers/dealers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (each an “Off-Market Purchase”) (if effected otherwise than on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted) in accordance with any equal access schemes as may be determined or formulated by the Board as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “Share Purchase Mandate”);

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Board pursuant to the Share Purchase Mandate, may be exercised by the Board at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next AGM of the Company is held;
 - (ii) the date by which the next AGM of the Company is required by law to be held; or
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“Prescribed Limit” means that number of Shares representing 5% of the issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings in each class);

“Maximum Purchase Price” in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105 per cent. (105%) of the Average Closing Price (as defined hereafter); and
- (ii) in the case of an Off-Market Purchase of a Share, 130 per cent. (130%) of the Average Closing Price (as defined hereafter).

where:

NOTICE OF GENERAL MEETING

“Average Closing Price” is the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed or quoted, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period;

“day of the making of the offer” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“market day” means a day on which the SGX-ST is open for securities trading; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (i)]

By Order of the Board

Antonio E S Ungson
Company Secretary
27 July 2018

Explanatory Note to Resolution:

- (i) The Ordinary Resolution proposed above, if passed, will empower the Board, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, or the date on which purchases and acquisitions of shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated, whichever is the earlier, to repurchase Shares by way of market purchases or off-market purchases of up to 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings in each class) in the capital of the Company at the Maximum Purchase Price. Information relating to this proposed Resolution is set out in Circular attached.

NOTICE OF GENERAL MEETING

A. Notes for Shareholders (in Singapore):

1. A Shareholder entitled to attend and vote at the GM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. If a Depositor wishes to appoint a proxy/proxies to attend the GM, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least forty-eight (48) hours before the time of the GM.
3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

B. Notes for Shareholders (in the Philippines):

1. Proceedings of the GM in Singapore will be made available to Shareholders in the Philippines via a videoconference facility at the 1st Floor, JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, Metro Manila Philippines.
2. While electronic poll voting is not available to Shareholders in the Philippines who are unable to attend the GM in Singapore, they will still be able to vote by manual poll voting in Manila. However, Shareholders in the Philippines who wish to attend the GM in Singapore will be able to participate in the electronic poll voting. To facilitate registration, please bring a valid government-issued ID.
3. Shareholders in the Philippines who wish to vote but cannot attend either the GM in Singapore or the videoconference in the Philippines may still do so by appointing a proxy/proxies to attend the GM in Singapore or in Manila. He/she must complete the enclosed proxy form and submit the same on or before 15 August 2018 at 10.00 a.m. to the Company's Philippine Stock Transfer Agent, BDO Unibank Inc - Trust and Investments Group, at its office address at the Securities Services and Corporate Agencies Department, 15th Floor South Tower, BDO Corporate Centre, 7899 Makati Avenue, Makati City, 0726 Philippines, for the attention of Ms. Carla B Salonga.
4. Only Shareholders at record date at the close of business on 15 August 2018 are entitled to attend and vote at the GM.
5. Shareholders in the Philippines may also be entitled to appoint not more than two (2) proxies to attend in his/ her stead. A proxy need not be a Member or Shareholder of the Company.
6. Validation of proxies shall be held on 16 August 2018 at 2.00 p.m. at the office of the Philippine Stock Transfer Agent, BDO Unibank Inc - Trust and Investments Group.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the GM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the GM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the GM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.