



**DEL MONTE PACIFIC LIMITED**

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## **Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the Second Quarter and First Half Ended October 2015**

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### **AUDIT**

Second Quarter FY2016 results covering the period from 1 August to 31 October 2015 have neither been audited nor reviewed by the Group's auditors.

### **ACCOUNTING POLICIES**

The accounting policies and method of computation adopted are consistent with those used in the most recently audited financial statements. The Group will adopt the following new or revised standards and amendments to standards on the respective effective dates:

- IFRS 9 Financial Instruments. IFRS 9 effective 1 January 2018
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) effective 1 January 2016
- IFRS 15, Revenue from Contracts with Customers effective 1 January 2018
- IFRS 14 Regulatory Deferral Accounts effective 1 January 2016
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) effective 1 January 2016
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) effective 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities: Applying the Consolidation Exception effective 1 January 2016
- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture effective 1 January 2016
- Amendments to IAS 1, Disclosure Initiative effective 1 January 2016
- Annual Improvements to IFRSs 2012-2014 cycle effective 1 January 2016

## **DISCLAIMER**

This announcement may contain statements regarding the business of Del Monte Pacific Limited and its subsidiaries (the "Group") that are of a forward looking nature and are therefore based on management's assumptions about future developments. Such forward looking statements are typically identified by words such as 'believe', 'estimate', 'intend', 'may', 'expect', and 'project' and similar expressions as they relate to the Group. Forward looking statements involve certain risks and uncertainties as they relate to future events. Actual results may vary materially from those targeted, expected or projected due to various factors.

Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, service providers' performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. Such factors that may affect the Group's future financial results are detailed in the Annual Report. The reader is cautioned to not unduly rely on these forward-looking statements.

Neither the Group nor its advisers and representatives shall have any liability whatsoever for any loss arising, whether directly or indirectly, from any use or distribution of this announcement or its contents.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in Del Monte Pacific.

## **SIGNED UNDERTAKING FROM DIRECTORS AND EXECUTIVE OFFICERS**

The Company confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) have been procured.

## **DIRECTORS' ASSURANCE**

Confirmation by Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

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

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

(Signed)  
Rolando C Gapud  
Executive Chairman

(Signed)  
Joselito D Campos, Jr  
Executive Director

9 December 2015

## NOTES ON THE 2Q FY2016 DMPL RESULTS

1. Effective 1 May 2014, DMPL changed its financial-year end to 30 April from 31 December to align with that of its US subsidiary, Del Monte Foods, Inc (DMFI). The second quarter of the Company is 1 August to 31 October.
2. DMFI's financial results have been consolidated in DMPL's financials since the acquisition was made on 18 February 2014.
3. DMFI's financial statements are based on US GAAP, while DMPL's are based on IFRS. DMFI's financial statements were converted to IFRS for consolidation purposes.
4. DMPL's effective stake in DMFI is 89.4% hence the non controlling interest (NCI) line in the P&L. Consolidated figures in the narratives are net of NCI.
5. FY means Fiscal Year for the purposes of this MD&A.

## FINANCIAL HIGHLIGHTS – SECOND QUARTER AND FIRST HALF ENDED 31 OCTOBER 2015

in US\$'000 unless otherwise stated	For the three months ended 31 October			For the six months ended 31 October		
	FY2016	FY2015	% Change	FY2016	FY2015	% Change
Turnover	<b>658,277</b>	547,985	20.1	<b>1,131,063</b>	993,627	13.8
Gross profit	<b>153,575</b>	114,724	33.9	<b>247,327</b>	185,457	33.4
Gross margin (%)	<b>23.3</b>	20.9	2.4 ppts	<b>21.9</b>	18.7	3.2 ppts
Operating profit	<b>96,052</b>	25,433	277.7	<b>96,270</b>	13,331	622.2
Operating margin (%)	<b>14.6</b>	4.6	10.0 ppts	<b>8.5</b>	1.3	7.2 ppts
Net profit/(loss) attributable to owners of the Company	<b>53,302</b>	185	nm	<b>41,282</b>	(21,711)	290.1
Net margin (%)	<b>8.1</b>	0.0	8.1 ppts	<b>3.6</b>	(2.2)	5.8 ppts
EPS (US cents)	<b>2.74</b>	0.01	nm	<b>2.12</b>	(1.67)	226.9
Net debt	<b>(2,022,999)</b>	(2,004,934)	0.9	<b>(2,022,999)</b>	(2,004,934)	0.9
Gearing** (%)	<b>550.3</b>	899.9	(349.6) ppts	<b>550.3</b>	899.9	(349.6) ppts
Cash flows used in operations	<b>(132,999)</b>	(137,517)	3.3	<b>(278,921)</b>	(122,801)	(127.1)
Capital expenditure	<b>(12,770)</b>	(7,410)	72.3	<b>(22,567)</b>	(23,787)	(5.1)
			<b>Days</b>			<b>Days</b>
Inventory (days)	<b>197</b>	201	(4)	<b>192</b>	205	(13)
Receivables (days)	<b>34</b>	28	6	<b>32</b>	30	2
Account Payables (days)	<b>62</b>	45	17	<b>53</b>	45	8

\*The Company's reporting currency is US dollars. For conversion to S\$, the following exchange rates can be used: 1.37 in October 2015, 1.25 in October 2014. For conversion to Php, these exchange rates can be used: 45.84 in October 2015, 44.87 in October 2014

\*\*Gearing = Net Debt / Equity

## REVIEW OF OPERATING PERFORMANCE

### Second Quarter

The Group achieved strong sales of US\$658.3 million for the second quarter of FY2016, up 20% over the prior year period as its key branded business in the USA and the Philippines under the Del Monte brand, and the rest of Asia under the S&W brand, delivered better performance.

DMFI generated US\$542.4 million or 82% of Group sales. DMFI's sales, inclusive of its recently acquired Sager Creek Vegetable Company's vegetable business ("Sager Creek") improved by 25%. Without Sager Creek, DMFI's base business also performed strongly with sales up 13%. In the first quarter, DMFI experienced tight supply as a result of higher than anticipated positive consumer response from the corrective marketing actions implemented earlier on. This supply situation had been addressed in the second quarter with better product availability.

DMFI's market share across major categories improved as DMFI further developed partnerships with key retailers through effective marketing and promotion programs. Restoring packaging to the well recognised Del Monte classic label and reinstating competitive retail prices also contributed to sales growth.

DMFI generated higher gross profit and margin of 21.9% from 19.8% due to lower trade spending and better sales mix. Last year also included a one-time unfavourable inventory step-up adjustment worth US\$20.0 million. DMFI contributed an EBITDA of US\$92.8 million and a net income of US\$47.1 million to the Group, both inclusive of the one-time favourable adjustment arising from DMFI's retirement plan amendment of US\$39.4 million (both gross and net of tax basis, ie no tax impact) which reduced SG&A expenses.

Meanwhile, DMPL ex-DMFI sales were impacted by reduced pineapple supply as a result of the El Niño weather pattern which led to decreased exports of packaged pineapple both under the S&W brand and non-branded business. Despite continued impact of El Niño, DMPL ex-DMFI generated sales of US\$129.0 million (inclusive of the US\$13.1 million sales by DMPL to DMFI which were netted out during consolidation), flat versus the same period last year. However, it was able to deliver higher gross margin of 27% from 23% in the prior year quarter, from favourable sales mix and cost optimisation in other areas. DMPL ex-DMFI generated an EBITDA of US\$20.5 million and a net income of US\$6.3 million.

The El Niño weather pattern is not expected to abate in the second half of the fiscal year which will continue to impact the Group's pineapple supply although the Group expects an improvement in pineapple output versus the first half. The Group has embarked on mitigating measures in the field such as continuous enforcement of land preparation activities and reinforcing root health, among others. The Group will continue to closely monitor the situation and execute mitigating plans accordingly. Meanwhile, the Group will continue its proactive cost management across all other areas to make up for higher pineapple costs resulting from El Niño.

The Philippine market delivered a strong set of results for the second quarter, up 12% in peso terms and 7% in US dollar terms, driven by expanded penetration and increased consumption for its juices, tomato-based sauces and packaged pineapple products. The Group continued to promote its pineapple juice health benefits while in the culinary segment the "Come-Home-to-Del Monte" campaign supported volume growth.

Sales of the S&W branded business in Asia and the Middle East improved by 25% in the second quarter as a result of the strong performance of the fresh segment.

DMPL's share of loss in the FieldFresh joint venture in India was lower at US\$0.4 million from US\$0.6 million in the prior year period due to the robust performance of Del Monte packaged business, primarily led by improved volume in juices and the culinary segment. Higher sales and production efficiencies resulted in FieldFresh generating a positive EBITDA for the quarter.

The DMPL Group achieved an operating profit of US\$96.1 million, 278% higher versus the US\$25.4 million operating income last year due to improved operating results across all markets coupled with the one-time favourable adjustment arising from DMFI's retirement plan amendment of US\$39.4 million plus the absence of the unfavourable inventory step-up adjustment worth US\$20 million (or US\$11.1 million on after tax basis) in DMFI's results last year.

The DMPL Group generated a net income of US\$53.3 million for the quarter, a significant increase versus prior year period's income of US\$0.2 million for the same reasons cited above. Excluding the one-time favourable adjustment, the Group's recurring net income would have been US\$18.0 million, still significantly higher than last year and a turnaround from two years of acquisition and transition-related losses since the Group announced the purchase of DMFI in October 2013.

The Group reported an EBITDA of US\$113.2 million which included the one-time favourable adjustment. Without this, the recurring EBITDA was US\$73.8 million, almost double that of last year's.

Aside from the seasonal sales contribution, cash flow for the second quarter is an outflow due to the seasonal production cycle where the working capital builds up through the end of the second quarter in October. Past the production peak in October, cash flows are expected to improve in the seasonally stronger second semester with peak sales around Thanksgiving and Christmas, as well as Easter in the last quarter ending April.

The Group's cash outflow from operations in the second quarter was US\$133.0 million, better versus last year driven by better profit performance, partly offset by inventory build-up in preparation for the seasonally stronger second semester.

### **First Half**

For the first half of FY2016, the Group generated sales of US\$1.1 billion, up 14% versus the prior year period. DMFI generated US\$915.9 million or 81% of Group sales. DMFI's sales inclusive of the Sager Creek vegetable business improved by 18%. Without Sager Creek, DMFI's sales grew by 8%.

The Philippine market's sales were up 11% in peso terms and 7% in US dollar terms. However, the S&W branded as well as non branded exports of packaged pineapple business were lower due to constrained supply as a result of the El Niño weather pattern.

DMFI's gross margin in the first half improved to 20.5%, much higher than the 17% in the same period last year, due to lower trade spend and favourable sales mix. Last year also included the US\$38.1 million unfavourable inventory step-up adjustment that was absent in the current first half.

DMPL ex-DMFI's gross profit grew to US\$60.1 million, and its gross margin increased to 25.2% from 22.5% due to better sales mix and cost optimisation.

DMPL's share of loss in the FieldFresh joint venture in India was significantly lower at US\$0.8 million from US\$1.2 million in the prior year period.

DMPL's net income, without DMFI was US\$8.7 million, significantly up versus prior period's US\$2.8 million mainly on optimisation of promotion spend and better sales mix.

The DMPL Group generated a net income of US\$41.3 million for the first half (with US\$33.5 million from DMFI), a complete turnaround versus prior year period's loss of US\$21.7 million mainly due to the significant improvement in DMFI's results plus the one-time favourable adjustment arising from DMFI's retirement plan amendment of US\$39.4 million and the absence of inventory step-up adjustments.

Excluding this one off gain, the Group's recurring net income would have been US\$6.0 million, still a turnaround from the loss position last year.

The Group posted an EBITDA of US\$130.5 million of which DMFI accounted for US\$97.2 million.

## VARIANCE FROM PROSPECT STATEMENT

The first half results showed a net income for the Group. It is on track to achieving a net profit for the full year which is in line with earlier guidance.

## BUSINESS OUTLOOK

DMFI's performance in the second quarter reflects the fundamentals that have been restored since the Group's acquisition, coupled with effective promotion of its products in the retail channel along with cost optimisation programs. DMFI expects to maintain the momentum in the second half of the fiscal year having established Del Monte as the brand of choice for festive occasions. As DMFI continues to unlock the growth potential of its products, accelerate its penetration of the food service sector and enter new vegetable market segments through Sager Creek, its results are expected to improve further.

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

The Group has successfully laid a solid foundation from which it will execute its multi pronged strategies and growth plans in the coming quarters. Barring unforeseen circumstances, it expects to return to profitability in FY2016.

DMFI's cash flow is expected to improve in the seasonally stronger second semester with peak sales around Thanksgiving, Christmas and Easter, coupled with lower working capital needs past the production peak in October. DMFI contributes about 80% of Group performance.

As part of the Group's deleveraging plan subject to all regulatory approvals and market conditions, DMPL intends to issue US dollar denominated perpetual preference shares in the first half of 2016 in the Philippine Capital Market, to be listed on the Philippine Stock Exchange. The proposed issue will amount to US\$360 million that will result in a further improvement of the Group's leverage ratios.

## REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

The Group revised its segment reporting to show the packaged fruit and packaged vegetable categories separately.

### AMERICAS

#### For the second quarter ended 31 October

In US\$'000	Net Sales			Gross Profit			Operating Income/(Loss)		
	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg
Packaged fruit	187,774	169,614	10.7	35,790	30,175	18.6	23,293	3,348	595.8
Packaged vegetable	260,181	162,847	59.8	62,011	35,365	75.3	44,248	8,932	395.4
Beverage	7,181	7,741	(7.2)	1,332	655	103.4	508	(785)	164.7
Culinary	87,348	80,904	8.0	21,254	18,044	17.8	14,119	3,392	316.3
Others	1	16,099	(100.0)	(1)	2,501	(100.0)	(1,338)	(2,558)	47.7
Total	542,485	437,205	24.1	120,386	86,740	38.8	80,830	12,329	555.6

**For the first half ended 31 October**

In US\$'000	Net Sales			Gross Profit			Operating Income/(Loss)		
	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg
Packaged fruit	<b>321,310</b>	323,071	(0.5)	<b>58,722</b>	50,454	16.4	<b>18,851</b>	1,516	nm
Packaged vegetable	<b>431,113</b>	270,502	59.4	<b>97,998</b>	49,801	96.8	<b>45,373</b>	(2,298)	nm
Beverage	<b>13,827</b>	15,183	(8.9)	<b>2,266</b>	774	192.8	<b>87</b>	(1,667)	105.2
Culinary	<b>149,796</b>	135,572	10.5	<b>30,618</b>	23,816	28.6	<b>9,958</b>	(4,895)	303.4
Others	<b>11</b>	35,176	(100.0)	<b>(4)</b>	7,744	(100.0)	<b>(2,731)</b>	(2,299)	(18.8)
Total	<b>916,057</b>	779,504	17.5	<b>189,600</b>	132,589	43.0	<b>71,538</b>	(9,643)	841.8

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. 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 in the Americas are distributed across the United States, in all channels serving retail markets, as well as to the US military, certain export markets, the food service industry and other food processors.

Net sales in the Americas in the second quarter increased by 24% to US\$542.5 million mainly due to the strong growth of the packaged vegetable segment. The acquisition of Sager Creek vegetable business in March 2015 added US\$68.0 million to the packaged vegetable sales. Volume (excluding Sager Creek) increased by 6% as DMFI gained market share in the retail segment. Net price increased by 3% reflecting efficiencies in trade spending.

Moreover, in the first quarter, DMFI experienced tight supply as a result of higher than anticipated positive consumer response from the corrective marketing actions implemented earlier on. This supply situation had been addressed in the second quarter with better product availability.

Beverage sales were lower due to reduced pineapple juice concentrate volume resulting from the El Niño weather pattern.

The Others category showed a significant decline due to the deconsolidation of the Venezuelan business in March 2015 due to the unstable economic conditions and additional currency devaluation in that country.

Operating profit in the second quarter increased by US\$68.5 million to US\$80.8 million reflecting strong volume performance, better sales mix across major categories, gross margin improvements and reduction of marketing and administrative expenses. Gross margin improvement is mainly due to the absence of the one-off inventory step-up last year worth US\$20.0 million. The operating profit also benefited from the one-time favourable adjustment arising from DMFI's retirement plan amendment that reduced SG&A expenses by US\$39.4 million (both gross and net of tax basis, ie no tax impact). As per IFRS, the decrease in the obligation due to plan change is recognised immediately.

**ASIA PACIFIC**

**For the second quarter ended 31 October**

In US\$'000	Net Sales			Gross Profit			Operating Income/(Loss)		
	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg
Packaged fruit	<b>21,386</b>	26,562	(19.5)	<b>5,402</b>	6,220	(13.1)	<b>2,147</b>	2,594	(17.2)
Packaged vegetable	<b>432</b>	293	47.4	<b>106</b>	83	27.7	<b>37</b>	29	27.6
Beverage	<b>32,686</b>	29,334	11.4	<b>8,180</b>	6,672	22.6	<b>2,780</b>	2,121	31.1
Culinary	<b>40,404</b>	35,866	12.7	<b>15,206</b>	13,457	13.0	<b>7,878</b>	8,364	(5.8)
Others	<b>13,138</b>	12,185	7.8	<b>2,707</b>	1,161	133.2	<b>1,356</b>	272	nm
Total	<b>108,046</b>	104,240	3.7	<b>31,601</b>	27,593	14.5	<b>14,198</b>	13,380	6.1

**For the first half ended 31 October**

In US\$'000	Net Sales			Gross Profit			Operating Income/(Loss)		
	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg
Packaged fruit	41,125	48,093	(14.5)	8,695	10,152	(14.4)	2,349	3,307	(29.0)
Packaged vegetable	1,030	948	8.7	258	244	5.7	118	135	(12.6)
Beverage	66,621	60,223	10.6	16,560	13,913	19.0	6,148	5,005	22.8
Culinary	64,431	60,087	7.2	23,728	22,232	6.7	11,348	12,205	(7.0)
Others	28,857	30,416	(5.1)	6,260	5,334	17.4	3,563	2,648	34.5
Total	202,064	199,767	1.1	55,501	51,875	7.0	23,526	23,300	1.0

Reported under this segment are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; 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.

Asia Pacific sales in the second quarter increased by 4% to US\$108.0 million driven by higher sales of beverage and culinary products in the Philippines.

The Philippine market delivered a strong set of results for the second quarter, growing 12% in peso terms and 7% in US dollar terms, driven by expanded penetration and increased consumption for its juices, tomato-based sauces and packaged pineapple products. The Group continued to promote its pineapple juice health benefits – immunity-building, daily detoxification and cholesterol management, while in the culinary segment, the “Come-Home-to-Del Monte” campaign supported volume growth.

Sales of the S&W branded business in Asia and the Middle East improved by 25% in the second quarter as a result of the strong performance of the fresh segment.

Sales of the packaged fruit segment were lower due to reduced pineapple volume resulting from the El Niño weather pattern.

However, operating profit in the second quarter still increased by 6% to US\$14.2 million reflecting gross margin improvement, favourable sales mix and optimisation of trade discount spending.

**EUROPE**

**For the second quarter ended 31 October**

In US\$'000	Net Sales			Gross Profit			Operating Income/(Loss)		
	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg
Packaged fruit	4,321	4,004	7.9	1,040	219	374.9	704	(239)	395.0
Beverage	3,425	2,461	39.2	548	172	218.6	320	(37)	nm
Culinary	–	75	(100.0)	–	–	–	–	–	–
Total	7,746	6,540	18.4	1,588	391	306.1	1,024	(276)	471.0

**For the first half ended 31 October**

In US\$'000	Net Sales			Gross Profit			Operating Income/(Loss)		
	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg	FY2016	FY2015	% Chg
Packaged fruit	8,671	10,011	(13.4)	1,783	818	118.0	1,064	(145)	nm
Beverage	4,271	4,270	0.0	443	175	153.1	142	(181)	178.5
Culinary	–	75	(100.0)	–	–	–	–	–	–
Total	12,942	14,356	(9.8)	2,226	993	124.2	1,206	(326)	470.0



Included in this segment are sales of unbranded products in Europe.

Net sales in Europe in the second quarter increased by 18% to US\$7.7 million mainly driven by beverages category.

Operating income in the second quarter increased by US\$1.3 million to US\$1.0 million reflecting gross margin improvement mainly from higher pricing in line with prevailing market conditions.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the three months ended 31 October			For the six months ended 31 October		
	FY2016	FY2015	Comments	FY2016	FY2015	Comments
Cost of Goods Sold	76.7	79.1	Prior year quarter included the non-recurring expense of inventory step up	78.1	81.3	Same as 2Q
Distribution and Selling Expenses	8.5	7.0	Mainly due to higher DMFI spending	7.9	6.8	Same as 2Q
G&A Expenses	(0.2)	9.3	Mainly due to DMFI's favourable adjustment from retirement plan amendment worth US\$39.4 million	4.7	10.5	Same as 2Q
Other Operating Expenses	0.4	0.0	Higher other miscellaneous expenses	0.7	0.1	Same as 2Q

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

in US\$'000	For the three months ended 31 October				For the six months ended 31 October			
	FY2016	FY2015	%	Comments	FY2016	FY2015	%	Comments
Depreciation and amortisation	(16,873)	(14,673)	15.0	Mainly due to higher asset base and increased trademark from purchase of Sager Creek	(33,883)	(27,594)	22.8	Same as 2Q
Interest income	58	67	(13.4)	Lower interest income from operating assets	160	147	8.8	Higher interest income from operating assets
Interest expense	(24,443)	(23,829)	2.6	Higher level of borrowings	(46,787)	(47,315)	(1.1)	Lower interest expenses as portions of the bridge loans were already paid off through successful equity offerings
Share of loss of JV, (attributable to the owners of the Company)	(300)	(576)	(47.9)	Higher sales in Indian joint venture	(853)	(1,170)	(27.1)	Same as 2Q
Taxation	(13,097)	(314)	nm	Higher tax due to higher income	(4,725)	11,802	(140.0)	Same as 2Q

## REVIEW OF GROUP ASSETS AND LIABILITIES

Extract of Accounts with Significant Variances <i>in US\$'000</i>	31 Oct 2015	31 Oct 2014	30 Apr 2015	Comments
Joint venture	23,802	20,612	22,590	Driven by equity infusion in FieldFresh
Other assets	28,809	27,124	28,985	Due to increase in non current deferred charges
Biological assets	126,905	122,278	128,640	Mainly due to increased hectares
Inventories	1,122,954	1,040,206	764,350	Due to higher inventory buildup in preparation for the seasonally stronger second half
Trade and other receivables	255,415	216,501	199,039	Due to timing of collection
Cash and cash equivalents	22,084	31,924	35,618	Mainly on increased working capital spending
Financial liabilities – non-current	1,464,869	927,234	1,272,945	Refinancing of short term bridge loans to long term
Financial liabilities – current	580,214	1,109,624	445,542	Due to working capital requirements and refinancing of bridge loans
Trade and other payables	428,788	376,261	374,414	Due to higher accrued expenses
Current tax liabilities	1,400	1,509	1,299	Due to timing of tax payment

## SHARE CAPITAL

Total shares outstanding were at 1,943,737,506 as of 31 October 2015 (31 October 2014: 1,302,100,071). The Group successfully placed out 5.5 million ordinary shares in the Philippines on 30 October 2014 and successfully completed a Rights Issue in March 2015 resulting to new shares of 641,935,335. Share capital increased to US\$19.5 million (31 October 2014: US\$13.0 million). Market price options and share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan as set out in the table below.

Date of Grant	Options	Share Awards	Recipient(s)
7 March 2008	1,550,000	1,725,000	Key Executives
20 May 2008	–	1,611,000	CEO
12 May 2009	–	3,749,000	Key Executives
29 April 2011	–	2,643,000	CEO
21 November 2011	–	67,700	Non-Executive Director
30 April 2013	150,000	486,880	Key Executives
22 August 2013	–	688,000	Executive/Non-Executive Directors
1 July 2015	75,765	57,918	Executive/Non-Executive Directors

The number of shares outstanding includes 1,198,320 shares held by the Company as treasury shares as at 31 October 2015 (31 October 2014: 900,420). There was no sale, disposal and cancellation of treasury shares during the period and as at 31 October 2015.

The Company bought back an additional 523,400 shares in November which increased treasury shares to 1,721,720 shares and reduced outstanding shares to 1,943,214,106.

## BORROWINGS AND NET DEBT

Liquidity in US\$'000	As at 31 October		As at 30 April
	2015	2014	2015
Gross borrowings	(2,045,083)	(2,036,858)	(1,718,487)
Current			
Secured	(361,367)	(281,246)	(98,362)
Unsecured	(218,847)	(828,378)	(347,180)
Non-current			
Secured	(923,950)	(926,701)	(924,695)
Unsecured	(540,919)	(533)	(348,250)
Less: Cash and bank balances	22,084	31,924	35,618
Net debt	(2,022,999)	(2,004,934)	(1,682,869)

The Group's net debt (cash and bank balances less borrowings) amounted to US\$2.0 billion as at 31 October 2015. DMPL's conversion of a substantial amount of unsecured short-term loans to unsecured medium-term loans has significantly improved the Group's current ratio and liquidity.

## DIVIDENDS

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

## INTERESTED PERSON TRANSACTIONS

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

In US\$'000 For the second quarter of the fiscal year	Aggregate value of all IPTs (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2016	FY2015	FY2016	FY2015
Nutri-Asia, Inc	NIL	NIL	1,434	946
DMPI Retirement	NIL	NIL	740	745
NAI Retirement	NIL	NIL	309	NIL
<b>Aggregate Value</b>	NIL	NIL	<b>2,483</b>	1,691

## Rule 704(13)

Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or substantial shareholder of the issuer:

Name	Age	Family relationship with any director and/or substantial shareholders	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Jeanette Beatrice Naughton	39	Daughter of Mr Joselito D Campos, Jr, the Managing Director and Chief Executive Officer of Del Monte Pacific Limited and a Director and Vice Chairman of Del Monte Foods, Inc	<u>Del Monte Foods, Inc (DMFI)</u> Appointed as Vice President, Strategic Planning on 1 March 2015. Responsible for spearheading DMFI's strategic planning function, with principal involvement in DMFI's mid-to-long term corporate vision, financial goals and key measures, business strategies and resources requirements.	Re-designation from Non-Executive Director to Executive Director on 1 March 2015.

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

Amounts in US\$'000	For the three months ended 31 October			For the six months ended 31 October		
	FY2016 (Unaudited)	FY2015 (Unaudited)	%	FY2016 (Unaudited)	FY2015 (Unaudited)	%
Turnover	658,277	547,985	20.1	1,131,063	993,627	13.8
Cost of sales	(504,702)	(433,261)	16.5	(883,736)	(808,170)	9.4
<b>Gross profit</b>	<b>153,575</b>	<b>114,724</b>	<b>33.9</b>	<b>247,327</b>	<b>185,457</b>	<b>33.4</b>
Distribution and selling expenses	(55,941)	(38,088)	46.9	(89,822)	(67,318)	33.4
General and administration expenses	1,314	(51,021)	(102.6)	(53,362)	(104,212)	(48.8)
Other operating (expenses)/income	(2,896)	(182)	n.m.	(7,873)	(596)	n.m.
<b>Profit from operations</b>	<b>96,052</b>	<b>25,433</b>	<b>277.7</b>	<b>96,270</b>	<b>13,331</b>	<b>622.2</b>
Financial income*	966	687	40.6	2,204	867	154.2
Financial expense*	(24,756)	(25,279)	(2.1)	(47,659)	(49,155)	(3.0)
<b>Net finance income/(expense)</b>	<b>(23,790)</b>	<b>(24,592)</b>	<b>(3.3)</b>	<b>(45,455)</b>	<b>(48,288)</b>	<b>(5.9)</b>
Share of loss of joint venture, net of tax	(324)	(613)	(47.1)	(903)	(1,246)	(27.5)
<b>Profit/(loss) before taxation</b>	<b>71,938</b>	<b>228</b>	<b>n.m.</b>	<b>49,912</b>	<b>(36,203)</b>	<b>237.9</b>
Taxation	(13,097)	(314)	n.m.	(4,725)	11,802	(140.0)
<b>Profit/(loss) after taxation</b>	<b>58,841</b>	<b>(86)</b>	<b>n.m.</b>	<b>45,187</b>	<b>(24,401)</b>	<b>285.2</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the Company	53,302	185	n.m.	41,282	(21,711)	290.1
Non-controlling interest	5,539	(271)	n.m.	3,905	(2,690)	245.2
<b>Profit/(loss) for the period</b>	<b>58,841</b>	<b>(86)</b>	<b>n.m.</b>	<b>45,187</b>	<b>(24,401)</b>	<b>285.2</b>
<b>Notes:</b>						
Depreciation and amortization	(16,873)	(14,673)	15.0	(33,883)	(27,594)	22.8
Reversal of asset impairment	117	130	(10.0)	238	260	(8.5)
(Provision)/reversal for inventory obsolescence	9,819	195	n.m.	3,595	(958)	475.3
(Provision)/reversal for doubtful debts	(72)	3,308	(102.2)	(175)	2,455	(107.1)
Gain/(loss) on disposal of fixed assets	(161)	(233)	(30.9)	(277)	(147)	88.4
<b>*Financial income comprise:</b>						
Interest income	58	67	(13.4)	160	147	8.8
Foreign exchange gain	908	620	46.5	2,044	720	183.9
	<b>966</b>	<b>687</b>	<b>40.6</b>	<b>2,204</b>	<b>867</b>	<b>154.2</b>
<b>*Financial expense comprise:</b>						
Interest expense	(24,443)	(23,829)	2.6	(46,787)	(47,315)	(1.1)
Foreign exchange loss	(313)	(1,450)	(78.4)	(872)	(1,840)	(52.6)
	<b>(24,756)</b>	<b>(25,279)</b>	<b>(2.1)</b>	<b>(47,659)</b>	<b>(49,155)</b>	<b>(3.0)</b>

n.m. – not meaningful

Earnings per ordinary share in US cents	For the three months ended 31 October		For the six months ended 31 October	
	FY2016	FY2015	FY2016	FY2015
Earnings per ordinary share based on net profit attributable to shareholders:				
(i) Based on weighted average no. of ordinary shares	2.74	0.01	2.12	(1.67)
(ii) On a fully diluted basis	2.74	0.01	2.12	(1.67)

\*\*Includes US\$3,956m for DMFI and US\$49m for FieldFresh in the first half of FY 2016 and US\$2,614m for DMFI and US\$76m for FieldFresh in the first half of FY 2015.

Includes US\$1,623m for DMFI and US\$24m for FieldFresh in the second quarter of FY 2016 and US\$234m for DMFI and US\$37m for FieldFresh in the second quarter of FY 2015.

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

Amounts in US\$'000	For the six months ended 31 October		
	FY2016	FY2015 (Restated, Unaudited)	%
<b>Profit/(loss) for the period</b>	<b>45,187</b>	(24,401)	285.2
<b>Other comprehensive income (after reclassification adjustment):</b>			
<i>Items that will or may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating of foreign operations	(13,642)	1,466	n.m.
Effective portion of changes in fair value of cash flow hedges	(4,994)	(6,832)	(26.9)
	<b>(18,636)</b>	(5,366)	(247.3)
<i>Items that will not be classified to profit or loss</i>			
Remeasurement of retirement benefit	7,601	(421)	n.m.
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>(11,035)</b>	(5,787)	90.7
<b>Total comprehensive income/(loss) for the period</b>	<b>34,152</b>	(30,188)	213.1
<b>Attributable to:</b>			
Owners of the Company	29,986	(27,105)	210.6
Non-controlling interests	4,166	(3,083)	235.1
<b>Total comprehensive income/(loss) for the period</b>	<b>34,152</b>	(30,188)	213.1

*n.m. – not meaningful*

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

Amounts in US\$'000	Group			Company		
	31 Oct 2015 (Unaudited)	31 Oct 2014 (Restated, Unaudited)	30 Apr 2015 (Audited)	31 Oct 2015 (Unaudited)	31 Oct 2014 *** (Restated, Unaudited)	30 Apr 2015 (Audited)
<b>Non-Current Assets</b>						
Property, plant and equipment	564,423	526,322	578,359	–	–	–
Subsidiaries	–	–	–	819,746	793,163	774,123
Joint venture	23,802	20,612	22,590	2,551	–	2,551
Intangible assets	754,719	728,668	759,700	–	–	–
Other assets	28,809	27,124	28,985	–	–	–
Deferred tax assets	81,254	59,560	80,773	3	–	–
Employee benefits	–	11,820	–	–	–	–
Biological assets	1,412	1,495	1,446	–	–	–
	<b>1,454,419</b>	<b>1,375,601</b>	<b>1,471,853</b>	<b>822,300</b>	<b>793,163</b>	<b>776,674</b>
<b>Current assets</b>						
Inventories	1,122,954	1,040,206	764,350	–	–	–
Biological assets	125,493	120,783	127,194	–	–	–
Trade and other receivables	279,695	244,877	224,272	100,789	104,564	105,860
Cash and cash equivalents	22,084	31,924	35,618	392	400	6,126
Assets held for sale	5,801	–	8,113	–	–	–
	<b>1,556,027</b>	<b>1,437,790</b>	<b>1,159,547</b>	<b>101,181</b>	<b>104,964</b>	<b>111,986</b>
<b>Total Assets</b>	<b>3,010,446</b>	<b>2,813,391</b>	<b>2,631,400</b>	<b>923,481</b>	<b>898,127</b>	<b>888,660</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	19,449	13,030	19,449	19,449	13,030	19,449
Reserves	284,416	145,239	254,407	284,555	145,378	254,546
Equity attributable to owners of the Company	303,865	158,269	273,856	304,004	158,408	273,995
Non-controlling interest	63,756	64,520	59,590	–	–	–
<b>Total Equity</b>	<b>367,621</b>	<b>222,789</b>	<b>333,446</b>	<b>304,004</b>	<b>158,408</b>	<b>273,995</b>
<b>Non-Current Liabilities</b>						
Financial liabilities	1,464,869	927,234	1,272,945	476,899	–	348,250
Other non-current liabilities	71,955	34,298	61,163	–	–	–
Employee Benefits	74,393	123,356	129,199	–	–	–
Environmental remediation liabilities	4,560	4,257	4,580	–	–	–
Deferred tax liabilities	1,092	1,092	1,092	–	–	–
	<b>1,616,869</b>	<b>1,090,237</b>	<b>1,468,979</b>	<b>476,899</b>	<b>–</b>	<b>348,250</b>

*To be continued*

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

Amounts in US\$'000	Group			Company		
	31 Oct 2015 (Unaudited)	31 Oct 2014 (Restated, Unaudited)	30 Apr 2015 (Audited)	31 Oct 2015 (Unaudited)	31 Oct 2014 *** (Restated, Unaudited)	30 Apr 2015 (Audited)
<b>Current Liabilities</b>						
Trade and other payables	428,788	376,261	374,414	127,578	135,876	163,785
Financial liabilities	580,214	1,109,624	445,542	15,000	603,843	102,630
Current tax liabilities	1,400	1,509	1,299	–	–	–
Employee benefits	15,554	12,971	7,720	–	–	–
	<b>1,025,956</b>	<b>1,500,365</b>	<b>828,975</b>	<b>142,578</b>	<b>739,719</b>	<b>266,415</b>
<b>Total Liabilities</b>	<b>2,642,825</b>	<b>2,590,602</b>	<b>2,297,954</b>	<b>619,477</b>	<b>739,719</b>	<b>614,665</b>
<b>Total Equity and Liabilities</b>	<b>3,010,446</b>	<b>2,813,391</b>	<b>2,631,400</b>	<b>923,481</b>	<b>898,127</b>	<b>888,660</b>
NAV per ordinary share (US cents)	18.91	17.11	17.15	15.64	12.17	14.09

\*\*\*Retrospective restatement due to early adoption of IAS 27

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

	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Revenue reserve	Reserve for own shares	Totals	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>												
<b>Fiscal Year 2015</b>												
At 1 May 2014	12,975	69,205	(44,874)	9,506	(4,370)	(2,422)	174	143,711	(629)	183,276	67,603	250,879
<b>Total comprehensive income for the period</b>												
Loss for the period	–	–	–	–	–	–	–	(21,711)	–	(21,711)	(2,690)	(24,401)
<b>Other comprehensive income</b>												
Currency translation differences recognised directly in equity	–	–	1,136	–	–	–	–	–	–	1,136	330	1,466
Remeasurement of retirement plan	–	–	–	–	(420)	–	–	–	–	(420)	(1)	(421)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	(6,110)	–	–	–	(6,110)	(722)	(6,832)
<b>Total other comprehensive income</b>	–	–	1,136	–	(420)	(6,110)	–	–	–	(5,394)	(393)	(5,787)
<b>Total comprehensive (loss)/income for the period</b>	–	–	1,136	–	(420)	(6,110)	–	(21,711)	–	(27,105)	(3,083)	(30,188)
<b>Transactions with owners recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Value of employee services received for issue of share options	–	–	–	–	–	–	73	–	–	73	–	73
Proceeds from issue of share capital	55	1,970	–	–	–	–	–	–	–	2,025	–	2,025
<b>Total contributions by and distributions to owners</b>	55	1,970	–	–	–	–	73	–	–	2,098	–	2,098
<b>At 31 October 2014</b>	<b>13,030</b>	<b>71,175</b>	<b>(43,738)</b>	<b>9,506</b>	<b>(4,790)</b>	<b>(8,532)</b>	<b>247</b>	<b>122,000</b>	<b>(629)</b>	<b>158,269</b>	<b>64,520</b>	<b>222,789</b>



	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasurement of retirement plan	Hedging Reserve	Share Option reserve	Revenue reserve	Reserve for own shares	Totals	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>												
<b>Fiscal Year 2016</b>												
At 1 May 2015	19,449	214,843	(46,342)	9,506	(17,231)	(11,722)	318	105,664	(629)	273,856	59,590	333,446
<b>Total comprehensive income for the period</b>												
Profit for the period	–	–	–	–	–	–	–	41,282	–	41,282	3,905	45,187
<b>Other comprehensive income</b>												
Currency translation differences recognised directly in equity	–	–	(13,643)	–	–	–	–	–	–	(13,643)	1	(13,642)
Remeasurement of retirement plan	–	–	–	–	6,765	–	–	–	–	6,765	836	7,601
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	(4,418)	–	–	–	(4,418)	(576)	(4,994)
<b>Total other comprehensive income</b>	–	–	(13,643)	–	6,765	(4,418)	–	–	–	(11,296)	261	(11,035)
<b>Total comprehensive (loss)/income for the period</b>	–	–	(13,643)	–	6,765	(4,418)	–	41,282	–	29,986	4,166	34,152
<b>Transactions with owners recorded directly in equity</b>												
<b>Contributions by and distributions to owners</b>												
Value of employee services received for issue of share options	–	–	–	–	–	–	79	–	–	79	–	79
Transaction cost from issue of ordinary shares	–	7	–	–	–	–	–	–	–	7	–	7
Purchase of own shares	–	–	–	–	–	–	–	–	(63)	(63)	–	(63)
<b>Total contributions by and distributions to owners</b>	–	7	–	–	–	–	79	–	(63)	23	–	23
<b>At 31 October 2015</b>	<b>19,449</b>	<b>214,850</b>	<b>(59,985)</b>	<b>9,506</b>	<b>(10,466)</b>	<b>(16,140)</b>	<b>397</b>	<b>146,946</b>	<b>(692)</b>	<b>303,865</b>	<b>63,756</b>	<b>367,621</b>

Company	Share Capital US\$'000	Share Premium US\$'000	Translation Reserve US\$'000	Revaluation reserve US\$'000	Remeasure-ment retirement plan US\$'000	Share option reserve US\$'000	Hedging Reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total Equity US\$'000
<b>Fiscal Year 2015</b>										
At 1 May 2014, as previously stated	12,975	69,344	–	–	–	174	–	(629)	13,978	95,842
Impact of change of accounting policies	–	–	(44,874)	9,506	(4,370)	–	(2,422)	–	129,733	87,573
<b>At 1 May 2014, as restated</b>	<b>12,975</b>	<b>69,344</b>	<b>(44,874)</b>	<b>9,506</b>	<b>(4,370)</b>	<b>174</b>	<b>(2,422)</b>	<b>(629)</b>	<b>143,711</b>	<b>183,415</b>
<b>Total comprehensive income for the period</b>										
Loss for the period	–	–	–	–	–	–	–	–	(21,711)	(21,711)
<b>Other comprehensive income</b>										
Currency translation differences recognised directly in equity	–	–	1,136	–	–	–	–	–	–	1,136
Remeasurement of retirement plan	–	–	–	–	(420)	–	–	–	–	(420)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	(6,110)	–	–	(6,110)
<b>Total other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>1,136</b>	<b>–</b>	<b>(420)</b>	<b>–</b>	<b>(6,110)</b>	<b>–</b>	<b>–</b>	<b>(5,394)</b>
<b>Total other comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>1,136</b>	<b>–</b>	<b>(420)</b>	<b>–</b>	<b>(6,110)</b>	<b>–</b>	<b>(21,711)</b>	<b>(27,105)</b>
<b>Transactions with owners, recorded directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Proceeds from issue of share capital	55	1,970	–	–	–	–	–	–	–	2,025
Value of employee services received for issue of share options	–	–	–	–	–	73	–	–	–	73
Total contributions by and distributions to owners	55	1,970	–	–	–	73	–	–	–	2,098
<b>At 31 October 2014</b>	<b>13,030</b>	<b>71,314</b>	<b>(43,738)</b>	<b>9,506</b>	<b>(4,790)</b>	<b>247</b>	<b>(8,532)</b>	<b>(629)</b>	<b>122,000</b>	<b>158,408</b>

Company	Share capital US\$'000	Share premium US\$'000	Translation Reserve US\$'000	Revaluation Reserve US\$'000	Remeasure-ment retirement plan US\$'000	Share Option Reserve US\$'000	Hedging Reserve US\$'000	Reserve for own shares US\$'000	Retained earnings US\$'000	Total Equity US\$'000
<b>Fiscal Year 2016</b>										
At 1 May 2015	19,449	214,982	(46,342)	9,506	(17,231)	318	(11,722)	(629)	105,664	273,995
<b>Total comprehensive income for the period</b>										
Profit for the period	–	–	–	–	–	–	–	–	41,282	41,282
<b>Other comprehensive income</b>										
Currency translation differences recognised directly in equity	–	–	(13,643)	–	–	–	–	–	–	(13,643)
Remeasurement of retirement plan	–	–	–	–	6,765	–	–	–	–	6,765
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	(4,418)	–	–	(4,418)
<b>Total other comprehensive income</b>	–	–	(13,643)	–	6,765	–	(4,418)	–	–	(11,296)
<b>Total comprehensive (loss)/income for the period</b>	–	–	(13,643)	–	6,765	–	(4,418)	–	41,282	29,986
<b>Transactions with owners, recorded directly in equity</b>										
<b>Contributions by and distributions to owners</b>										
Transaction cost from issue of ordinary shares	–	7	–	–	–	–	–	–	–	7
Value of employee services received for issue of share options	–	–	–	–	–	79	–	–	–	79
Purchase of own shares	–	–	–	–	–	–	–	(63)	–	(63)
Total contributions by and distributions to owners	–	7	–	–	–	79	–	(63)	–	23
<b>At 31 October 2015</b>	<b>19,449</b>	<b>214,989</b>	<b>(59,985)</b>	<b>9,506</b>	<b>(10,466)</b>	<b>397</b>	<b>(16,140)</b>	<b>(692)</b>	<b>146,946</b>	<b>304,004</b>

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

Amounts in US\$'000	For the three months ended		For the six months ended	
	31 October		31 October	
	FY2016 (Unaudited)	FY2015 (Restated, Unaudited)	FY2016 (Unaudited)	FY2015 (Restated, Unaudited)
<b>Cash flows from operating activities</b>				
Profit/(loss) for the period	58,842	(86)	45,187	(24,401)
Adjustments for:				
Depreciation of property, plant and equipment	14,367	12,935	28,903	24,000
Amortisation of intangible assets	2,506	1,738	4,980	3,594
Reversal of impairment loss on property, plant and equipment	(117)	(130)	(238)	(260)
Loss/(gain) on disposal of property, plant and equipment	161	233	277	147
Share of loss of joint venture, net of tax	324	613	903	1,246
Finance income	(966)	(687)	(2,204)	(867)
Finance expense	24,756	25,279	47,659	49,155
Tax expense (benefit)	13,097	314	4,725	(11,802)
Remeasurement of Retirement Benefits Reserve	(39,422)	–	(39,422)	–
Equity-settled share-based payment transactions	41	36	79	73
Operating profit before working capital changes	73,589	40,245	90,849	40,885
Other assets	(4,735)	4,482	(3,553)	(316)
Inventories	(168,592)	(146,795)	(359,439)	(221,445)
Biological assets	(2,674)	(3,997)	(3,998)	(3,273)
Trade and other receivables	(61,196)	(53,188)	(47,157)	(33,187)
Trade and other payables	26,288	276	41,568	64,828
Employee Benefit	5,018	22,173	4,638	31,919
Operating cash flow	(132,302)	(136,804)	(277,092)	(120,589)
Income taxes paid	(697)	(713)	(1,829)	(2,212)
<b>Net cash flows used in operating activities</b>	<b>(132,999)</b>	<b>(137,517)</b>	<b>(278,921)</b>	<b>(122,801)</b>
<b>Cash flows from investing activities</b>				
Interest received	54	63	152	143
Proceeds from disposal of property, plant and equipment	522	28	526	254
Purchase of property, plant and equipment	(12,770)	(7,410)	(22,567)	(23,787)
Additional investment in joint venture	–	(457)	(1,102)	(497)
<b>Net cash flows used in investing activities</b>	<b>(12,194)</b>	<b>(7,776)</b>	<b>(22,991)</b>	<b>(23,887)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(21,802)	(35,171)	(40,752)	(35,897)
Proceeds (repayment) of borrowings	168,866	182,141	332,021	183,638
Proceeds from issue of share capital	–	2,025	–	2,025
Acquisition of treasury shares	(63)	–	(63)	–
<b>Net cash flows from financing activities</b>	<b>147,001</b>	<b>148,995</b>	<b>291,206</b>	<b>149,766</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,808</b>	<b>3,702</b>	<b>(10,706)</b>	<b>3,078</b>
<b>Cash and cash equivalents at 1 May</b>	<b>19,879</b>	<b>28,509</b>	<b>35,618</b>	<b>28,400</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>397</b>	<b>(287)</b>	<b>(2,828)</b>	<b>446</b>
<b>Cash and cash equivalents at 31 October</b>	<b>22,084</b>	<b>31,924</b>	<b>22,084</b>	<b>31,924</b>