109132016001434

# SECURITIES AND EXCHANGE COMMISSION

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Company Information

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|---|---|
| SEC Registration No. | /// |
| Company Name | DEL MONTE PACIFIC LIMITED |
| Filer Name | ANTONIO E.S. UNGSON |
| Contact No | +65 6324 6822 |

**Document Information**

| | |
|---|---|
| Document ID | 109132016001434 |
| Document Type | 17-Q (FORM 11-Q:QUARTERLY REPORT/FS) |
| Period Covered | 07/31/2016 |

Deficiencies Found

- Company Name and SEC Number do not match
- SEC Reg Number is not found

# COVER SHEET

S.E.C. Registration Number

DEL MONTE PACIFIC LIMITED

(Company's Full Name)

Craigmuir Chambers, PO Box 71

Road Town, Tortola

British Virgin Islands

(Business Address : No. Street Company / Town / Province)

| Antonio E.S. Ungson | +65 6324 6822 |
|---|---|
| Contact Person | Company Telephone Number |

**SEC FORM (1st Quarter FY2017)**

| *Month* | *Day* | 17-Q | *Month* | *Day* |
|---|---|---|---|---|
| | | FORM TYPE | Annual Meeting | |

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION**

# SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER**

1. For the quarterly period ended **July 31, 2016**

2. Commission identification number. **N/A**

3. BIR Tax Identification No. **N/A**

4. Exact name of issuer as specified in its charter **Del Monte Pacific Limited**

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. c/o Philippine Resident Agent,
   Craigmuir Chambers, PO Box 71 Road Town,
   Tortola, British Virgin Islands Postal Code

8. **+65 6324 6822**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

| Title of each Class | Number of shares of common stock outstanding and amount of debt outstanding |
|---|---|
| Common Shares | 1,943,214,106 |

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [ / ] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

| | |
|---|---|
| Singapore Exchange Securities Trading Limited | Ordinary Shares |
| Philippine Stock Exchange | Ordinary Shares |

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [ / ]    No [  ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ / ]    No [  ]

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

Please refer to the Financial Statements (FS) section of this report, FS to FS35.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report.

## PART II--OTHER INFORMATION

Not Applicable

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | |
|---|---|
| Issuer | **Del Monte Pacific Limited** |
| Signature and Title | Parag Sachdeva<br>Chief Financial Officer and Duly Authorized Officer |
| Date | September 13, 2016 |

**Del Monte Pacific Limited and its Subsidiaries**

Unaudited Interim Condensed Consolidated
Financial Statements
July 31, 2016 and for the three months ended
July 31, 2016 and 2015
(With Comparative Audited Consolidated Statement of
Financial Position as at April 30, 2016)

**Unaudited Interim Consolidated Statements of Financial Position**

| | Note | As at 31 July 2016 US$'000 | As at 30 April 2016 US$'000 |
|---|---|---|---|
| **Noncurrent assets** | | | |
| Property, plant and equipment | 6, 16 | **566,750** | 563,614 |
| Investments in joint venture | 8 | **23,816** | 22,820 |
| Intangible assets and goodwill | 7, 16 | **748,036** | 750,373 |
| Deferred tax assets | | **112,454** | 100,899 |
| Other noncurrent assets | 9, 16 | **27,893** | 25,941 |
| Biological assets | | **37,259** | 37,468 |
| | | **1,516,208** | 1,501,115 |
| **Current assets** | | | |
| Inventories | 16 | **1,014,936** | 845,233 |
| Biological assets | 16 | **88,438** | 87,994 |
| Trade and other receivables | 10, 15 | **152,658** | 175,532 |
| Prepaid and other current assets | | **32,806** | 35,597 |
| Cash and cash equivalents | 11, 15 | **20,494** | 47,203 |
| | | **1,309,332** | 1,191,559 |
| Assets held for sale | 19 | **1,950** | 1,950 |
| | | **1,311,282** | 1,193,509 |
| **Total assets** | | **2,827,490** | 2,694,624 |
| **Equity** | | | |
| Share capital | 20 | **19,449** | 19,449 |
| Retained Earnings | | **140,146** | 148,866 |
| Reserves | | **134,344** | 134,926 |
| Equity attributable to owners of the Company | | **293,939** | 303,241 |
| Non-controlling interests | | **59,914** | 61,971 |
| **Total equity** | | **353,853** | 365,212 |
| **Noncurrent liabilities** | | | |
| Financial liabilities | 12, 15,16 | **1,117,593** | 1,116,422 |
| Other non-current liabilities | 13 | **63,069** | 62,586 |
| Employee Benefits | | **96,041** | 97,118 |
| Environmental remediation liabilities | | **4,506** | 6,313 |
| Deferred Tax liabilities | | **1,096** | 1,092 |
| | | **1,282,305** | 1,283,531 |
| **Current liabilities** | | | |
| Trade and other payables | 14, 15 | **361,764** | 281,043 |
| Financial liabilities | 12, 15, 16 | **785,469** | 727,360 |
| Current Tax liabilities | | **4,916** | 3,827 |
| Employees Benefits | | **39,183** | 33,651 |
| | | **1,191,332** | 1,045,881 |
| **Total liabilities** | | **2,473,637** | 2,329,412 |
| **Total equity and liabilities** | | **2,827,490** | 2,694,624 |

*The accompanying notes form an integral part of these interim financial statements.*

**Unaudited Consolidated Income Statements**

| | Note | Three months ended 31 July 2016 US$'000 | 2015 US$'000 |
|---|---|---|---|
| Revenue | | **465,523** | 478,698 |
| Cost of sales | | **(371,939)** | (376,201) |
| **Gross profit** | | **93,584** | 102,497 |
| Distribution and selling expenses | | **(45,305)** | (46,563) |
| General and administrative expenses | 18 | **(41,262)** | (47,980) |
| Other expenses | | **238** | (5,314) |
| **Results from operating activities** | | **6,755** | 2,640 |
| | | | |
| Finance income | | **734** | 1,238 |
| Finance expense | | **(27,363)** | (22,903) |
| Net finance expense | | **(26,629)** | (21,665) |
| | | | |
| Share of loss of joint ventures, net of tax | | **(359)** | (578) |
| | | | |
| **Profit (loss) before taxation** | | **(20,233)** | (19,603) |
| | | | |
| Tax benefit/(expense) – current | | **(1,768)** | (1,474) |
| Tax benefit/(expense) – deferred | | **11,180** | (8,925) |
| | | **9,412** | 7,451 |
| | | | |
| **Profit (loss) for the period** | 17 | **(10,821)** | (12,152) |
| | | | |
| **Profit (loss) attributable to:** | | | |
| Owners of the Company | | **(8,720)** | (10,676) |
| Non-controlling interest | | **(2,101)** | (1,476) |
| | | | |
| **Earnings per share** | | | |
| Basic profit (loss) per share (US cents) | 21 | **(0.45)** | (0.55) |
| Diluted profit (loss) per share (US cents) | 21 | **(0.45)** | (0.55) |

*The accompanying notes form an integral part of these interim financial statements.*

**Unaudited Statement Comprehensive Income**

| | Three months ended 31 July 2016 US$'000 | Three months ended 31 July 2015 US$'000 (Restated) |
|---|---|---|
| **Profit (loss) for the period** | **(10,821)** | (12,152) |
| **Other comprehensive income (loss)** | | |
| **Items that will not be classified to profit or loss** | | |
| Remeasurements of retirement plans | **(6,158)** | (7,409) |
| Income tax effect | **7,647** | 8,806 |
| | **1,489** | 1,397 |
| **Items that will or may be reclassified subsequently to profit or loss** | | |
| Currency translation differences | **(1,323)** | (6,818) |
| Effective portion of changes in fair value of cash flow hedges | **(5,110)** | (8,500) |
| Income tax effect | **4,090** | 6,244 |
| | **(2,343)** | (9,074) |
| **Other comprehensive income/(loss) for the period, net of tax** | **(854)** | (7,677) |
| **Total comprehensive income/(loss) for the period** | **(11,675)** | (19,829) |
| **Total comprehensive income/(loss) attributable to:** | | |
| Non-controlling interests | **(2,055)** | (1,553) |
| Owners of the Company | **(9,620)** | (18,276) |

*The accompanying notes form an integral part of these interim financial statements.*

## Unaudited Interim Consolidated Statements of Changes in Equity
## Three months ended 31 July 2015 (Restated)

| | <------------------------ Attributable to owners of the Company ------------------------> | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Share capital US$'000** | **Share premium US$'000** | **Translation reserve US$'000** | **Revaluation reserve US$'000** | **Remeasure-ment of retirement plans US$'000** | **Hedging reserve US$'000** | **Share option reserve US$'000** | **Reserve for own shares US$'000** | **Retained earnings US$'000** | **Total US$'000** | **Non-controlling interests US$'000** | **Total equity US$'000** |
| 2015 | | | | | | | | | | | | |
| At 1 May 2015, as previously stated | 19,449 | 214,843 | (46,342) | 9,506 | (17,231) | (11,722) | 318 | (629) | 105,664 | 273,856 | 59,590 | 333,446 |
| Impact of change in accounting policy | – | – | 7 | – | – | – | – | – | (8,332) | (8,325) | (946) | (9,271) |
| At 1 May 2015, restated | 19,449 | 214,843 | (46,335) | 9,506 | (17,231) | (11,722) | 318 | - | 97,322 | 265,531 | 58,644 | 324,175 |
| **Total comprehensive income for the year** | | | | | | | | | | | | |
| Loss for the year | – | – | – | – | – | – | – | – | (10,676) | (10,676) | (1,476) | (12,152) |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences | – | – | (6,827) | – | – | – | – | – | – | (6,827) | 9 | (6,818) |
| Remeasurement of retirement plans | – | – | – | – | 1,245 | – | – | – | – | 1,245 | 152 | 1,397 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | (2,018) | – | – | – | (2,018) | (238) | (2,256) |
| **Total other comprehensive income** | – | – | (6,827) | – | 1,245 | (2,018) | – | – | – | (7,600) | (77) | (7,677) |
| **Total comprehensive income for the period** | – | – | (6,827) | – | 1,245 | (2,018) | – | – | (10,676) | (18,276) | (1,553)) | (19,829) |
| **Transactions with owners of the Company recognised directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | |
| Value of employee services received for issue of share options | – | (26) | – | – | – | – | - | – | – | (26) | – | (26) |
| Issuance of new ordinary shares | | | – | – | – | – | 38 | – | – | 38 | – | 38 |
| **Total contributions by and distributions to owners** | | (26) | – | – | – | – | 38 | – | – | 12 | – | 12 |
| At 31 July 2015 | 19,449 | 214,817 | (53,162) | 9,506 | (15,986) | (13,740) | 356 | (629) | 86,656 | 247,267 | 57,091 | 304,358 |

*The accompanying notes form an integral part of these interim financial statements.*

## Unaudited Interim Consolidated Statements of Changes in Equity (continued)
## Three months ended 31 July 2016

| | <------ Attributable to owners of the Company | | | | | | | | | ------> | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Group** | **Share capital US$'000** | **Share premium US$'000** | **Translation reserve US$'000** | **Revaluation reserve US$'000** | **Remeasure -ment of retirement plans US$'000** | **Hedging reserve US$'000** | **Share option reserve US$'000** | **Reserve for own shares US$'000** | **Retained earnings US$'000** | **Total US$'000** | **Non-controlling interests US$'000** | **Total equity US$'000** |
| **2016** | | | | | | | | | | | | |
| At 1 May 2016 | 19,449 | 214,843 | (59,813) | 8,002 | (10,833) | (17,502) | 1,031 | (802) | 148,866 | 303,241 | 61,971 | 365,212 |
| **Total comprehensive income for the year** | | | | | | | | | | | | |
| Loss for the year | – | – | – | – | – | – | – | – | (8,720) | (8,720) | (2,101) | (10,821) |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences | – | – | (1,322) | – | – | – | – | – | – | (1,322) | (1) | (1,323) |
| Remeasurement of retirement plans | – | – | – | – | 1,336 | – | – | – | – | 1,336 | 153 | 1,489 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | (912) | – | – | – | (912) | (108) | (1,020) |
| **Total other comprehensive income** | – | – | (1,322) | – | 1,336 | (912) | – | – | – | (898) | 44 | (854) |
| **Total comprehensive income for the period** | – | – | (1,322) | – | 1,336 | (912) | – | – | (8,720) | (9,618) | (2,057) | (11,675) |
| **Transactions with owners of the Company recognised directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | |
| Value of employee services received for issue of share options | – | – | – | – | – | – | 316 | – | – | 316 | – | 316 |
| **Total contributions by and distributions to owners** | – | – | – | – | – | – | 316 | – | – | 316 | – | 316 |
| At 31 July 2016 | **19,449** | **214,843** | (61,135) | 8,002 | (9,497) | (18,414) | 1,347 | (802) | 140,146 | 293,939 | 59,914 | 353,853 |

*The accompanying notes form an integral part of these interim financial statements.*

**Unaudited Interim Consolidated Statements of Cash Flows**

| | Three months ended 31 July | |
|---|---|---|
| | **FY2017 US$'000** | **FY2016 US$'000 (Restated)** |
| **Cash flows from operating activities** | | |
| Profit/(loss) for the period | **(10,821)** | (12,152) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **15,397** | 14,537 |
| Amortisation of intangible assets | **1,764** | 2,475 |
| Reversal of impairment loss on property, plant and equipment | **-** | (121) |
| Loss on disposal of property, plant and equipment | **743** | 115 |
| Equity-settled share-based payment transactions | **316** | 38 |
| Share of loss of joint venture, net of tax | **359** | 578 |
| Finance income | **(734)** | (1238) |
| Finance expense | **27,363** | 22,903 |
| Tax expense/(benefit), net | **(9,412)** | (7,451) |
| Net Loss on Derivative on financial Statement | **2,342** | 3,132 |
| Changes in: | | |
| Other assets | **10,737** | (1,951) |
| Inventories | **(165,540)** | (193,270) |
| Biological assets | **(758)** | (1,324) |
| Trade and other receivables | **16,240** | 18,523 |
| Prepaid and other current assets | **(2,048)** | (4,484) |
| Trade and other payables | **70,172** | 15,279 |
| Employee benefits | **3,793** | (380) |
| Operating cash flows | **(40,087)** | (144,791) |
| Taxes paid | **-** | (1,132) |
| **Net cash flows provided by/(used in) operating activities** | **(40,087)** | (145,923) |
| **Cash flows from investing activities** | | |
| Interest received | **126** | 98 |
| Proceeds from disposal of property, plant and equipment | **56** | 4 |
| Purchase of property, plant and equipment | **(19,541)** | (9,796) |
| Additional investment in joint venture | **(1,359)** | (1,102) |
| **Net cash flows used in investing activities** | **(20,718)** | (10,796) |

*The accompanying notes form an integral part of these interim financial statements.*

**Unaudited consolidated statement of cash flows (continued)**

| | Note | Three months ended 31 July 2016 US$'000 | Three months ended 31 July 2015 US$'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Interest paid | | **(22,636)** | (18,950) |
| Proceeds from/(repayment of) borrowings | | **57,864** | 163,156 |
| **Net cash flows provided by financing activities** | | **35,228** | 144,206 |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | | **(25,577)** | (12,513) |
| Cash and cash equivalents at 1 May | | **47,203** | 35,618 |
| Effect of exchange rate changes on balances held in foreign currency | | **(1,132)** | (3,226) |
| **Cash and cash equivalents at 31 July** | 11 | **20,494** | 19,879 |

*The accompanying notes form an integral part of these interim financial statements.*

# Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements

## 1. Domicile and activities

Del Monte Pacific Limited (the "Company") was incorporated in the British Virgin Islands on 27 May 1999 under the International Business Companies Ordinance, Chapter 291 of the laws of the British Virgin Islands, as an international business company. 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 Company was also listed on the Philippine Stock Exchange ("PSE"). 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, developing, manufacturing, marketing, distributing and selling packaged fruits and vegetables, canned and fresh pineapples, pineapple concentrate, tropical mixed fruit, tomato-based products, broth and certain other food products mainly under the brand names of *"Del Monte", "S&W"*, *"Contadina*", *"College Inn"* and other brands.

The immediate holding company is NutriAsia Pacific Limited whose ultimate shareholders are NutriAsia Inc and Well Grounded Limited, which at 31 July 2016 held 57.8% and 42.2% (30 April 2016: 57.8% and 42.2%) interest in NutriAsia Pacific Limited respectively, through their intermediary company, NutriAsia Holdings Limited. NutriAsia Pacific Limited, NutriAsia Inc and Well Grounded Limited are incorporated in the British Virgin Islands.

The financial statements of the Group as at and for the year ended 31 July 2016 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. Basis of preparation

### 2.1 Statement of compliance

The accompanying unaudited interim condensed consolidated financial statements as at July 31, 2016 and for the three months ended July 31, 2016 and 2015 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2016 annual audited consolidated financial statements, comprising the consolidated financial statements of financial position as at April 30, 2016 and 2015 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended April 30, 2016, 2015, and four months ended April 30, 2014.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, 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.

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.

## 3. Significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's 2016 annual consolidated 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
- IFRS 16, Leases effective 1 January 2019

## 4. Operating segments

**Geographical segments**

*Americas*

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 across various channels include retail markets, as well as to the United States military, certain export markets, the food service industry and other food processors.

*Asia Pacific*

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

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

### *Information about reportable segments*

| | Americas | | Asia Pacific | | Europe and Middle East | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Three months ended 31 July | | Three months ended 31 July | | Three months ended 31 July | | Three months ended 31 July | |
| | 2016 US$'000 | 2015 US$'000 | 2016 US$'000 | 2015 US$'000 | 2016 US$'000 | 2015 US$'000 | 2016 US$'000 | 2015 US$'000 |
| **Revenue** | | | | | | | | |
| Packaged fruit | **129,016** | 133,594 | **26,591** | 21,349 | **3,510** | 4,535 | **159,117** | 159,478 |
| Packaged vegetable | **155,181** | 170,931 | **509** | 598 | **–** | 908 | **155,690** | 172,437 |
| Beverage | **9,915** | 6,698 | **34,524** | 34,184 | **928** | - | **45,367** | 40,882 |
| Culinary | **55,953** | 62,464 | **26,281** | 24,060 | **–** | - | **82,234** | 86,524 |
| Others | **97** | 11 | **23,018** | 19,366 | **–** | – | **23,115** | 19,377 |
| **Total** | **350,162** | 373,697 | **110,923** | 99,558 | **4,438** | 5,443 | **465,523** | 478,698 |
| **Gross profit** | | | | | | | | |
| Packaged fruit | **21,242** | 23,933 | **7,512** | 4,402 | **1,202** | 955 | **29,956** | 29,290 |
| Packaged vegetable | **24,916** | 37,005 | **148** | 154 | **–** | – | **139,240** | 37,159 |
| Beverage | **2,684** | 1,064 | **12,224** | 10,131 | **372** | (30) | **29,230** | 11,165 |
| Culinary | **7,511** | 9,799 | **10,734** | 9,181 | **–** | – | **83,837** | 18,980 |
| Others | **(79)** | (2) | **5,119** | 5,904 | **–** | – | **10,096** | 5,823 |
| **Total** | **56,274** | 71,800 | **35,737** | 29,772 | **1,574** | 925 | **93,584** | 102,497 |
| **Share of joint venture, net of tax** | | | | | | | | |
| Packaged fruit | **–** | – | **(56.81)** | (57) | **–** | (57) | **(56.81)** | (57) |
| Packaged vegetable | **–** | – | **(20.32)** | - | **–** | (20) | **(20.32)** | - |
| Beverage | **–** | – | **(29)** | (44) | **–** | (29) | **(73)** | (44) |
| Culinary | **–** | – | **(239)** | (238) | **–** | (239) | **(477)** | (238) |
| Fresh fruit and others | **–** | – | **(14)** | (239) | **–** | (14) | **(253)** | (239) |
| **Total** | **–** | – | **(359)** | (578) | **–** | (359) | **(359)** | (578) |
| **Profit/(loss)before taxation** | | | | | | | | |
| Packaged fruit | **(15,011)** | (7,996) | **3,093** | 133 | **705** | 531 | **(11,213)** | (7,332)) |
| Packaged vegetable | **(12,158)** | (10,896) | **78** | 84 | **–** | – | **(12,080)** | (10,812) |
| Beverage | **(80)** | (548) | **4,962** | 2,649 | **270** | (148) | **5,152** | 1,953 |
| Culinary | **(8,418)** | (7,286) | **5,174** | 3,436 | **–** | - | **(3,244)** | (3,850) |
| Others | **386** | (1,393) | **767** | 1,831 | **–** | – | **1,153** | 438 |
| **Total** | **(35,282)** | (28,119) | **14,074** | 8,133 | **975** | 383 | **(20,233)** | (19,603) |

| | **Americas** | | **Asia Pacific** | | **Europe and Middle East** | | **Total** | |
|---|---|---|---|---|---|---|---|---|
| | **31 July 2016** | **30 April 2016** | **31 July 2016** | **30 April 2016** | **31 July 2016** | **30 April 2016** | **31 July 2016** | **30 April 2016** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Reportable** | | | | | | | | |
| **segment assets** | **2,366,706** | 2,243,508 | **451,981** | 432,429 | **8,803** | 18,687 | **2,827,490** | 2,694,624 |
| **segment liabilities** | **1,728,240** | 1,556,300 | **719,397** | 750,369 | **26,000** | 22,743 | **2,473,637** | 2,329,412 |
| **Capital expenditure** | **16,408** | 8,240 | **3,133** | 1,556 | – | – | **19,541** | 9,796 |

***Major customer***

Revenues from a major customer of the Americas segment for the quarter end 31 July 2016 and 2015 amounted to US$134.5 million and US$135.6 million, representing 29% and 29% of the total revenue, respectively.

## 5. 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.

The Group operates several production facilities in the U.S., Mexico, Philippines and Venezuela. Fruit plants are located in California and Washington in the United States and Philippines, most of its vegetable plants are located in the U.S. Midwest and its tomato plants are located in California and Indiana.

The US Consumer Food Business has a seasonal production cycle that generally runs between the months of June and July. 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.

# 6. Property, plant and equipment

During the three months ended 31 July 2016, the Group acquired assets with a cost of US$19.5 million (three months ended 31 July 2015: US$13.2 million). There was no significant disposal of property, plant and equipment in the three months ended 31 July 2016 and 31 July 2015.

# 7. Intangible assets and goodwill

| | **Goodwill** | **Indefinite life trademarks** | **Amortisable trademarks** | **Customer relationship** | **Total** |
|---|---|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Cost** | | | | | |
| At 30 April 2016 | 203,432 | 416,130 | 36,080 | 120,500 | 776,142 |
| At 1 May 2016/31 Jul 16 | 203,432 | 416,130 | 36,080 | 120,500 | 776,142 |
| **Accumulated amortisation** | | | | | |
| At 1 May 2015 | - | - | 9,907 | 6,535 | 16,442 |
| Reclassification | | 8,087 | (8,087) | | - |
| Amortisation | - | - | 2,276 | 7,051 | 9,327 |
| At 30 April 2016 | | 8,087 | 4,096 | 13,586 | 25,769 |
| | - | - | | | |
| At 1 May 2016 | - | 8,087 | 4,096 | 13,586 | 25,769 |
| Amortisation | | | 578 | 1,759 | 2,337 |
| At 31 July 2016 | - | 8,087 | 4,674 | 15,345 | 28,106 |
| **Carrying amounts** | | | | | |
| At 30 April 2016 | 203,432 | 408,043 | 31,984 | 106,914 | 750,373 |
| At 31 July 2016 | 203,432 | 408,043 | 31,406 | 105,155 | 748,036 |

***Goodwill***

Goodwill arising from the acquisition of DMFI was allocated to DMFI and its subsidiaries, which is considered as one cash generating unit ("CGU").

### *Indefinite life trademarks*

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks on a royalty free basis.

**America trademarks**

The indefinite life trademarks arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the "Del Monte" trademark in the United States and South America market, and the "College Inn" trademark in the United States, Australia, Canada and Mexico.

**The Philippines trademarks**

A subsidiary, Dewey, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines ("The Philippines trademarks").

**Indian sub-continent trademark**

In November 1996, a subsidiary, DMPRL, entered into a sub-license agreement with an affiliated company to acquire the exclusive right to use the "Del Monte" trademark in the Indian sub-continent territories in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licences to others ("Indian sub-continent trademark"). This led to the acquisition of a joint venture, FFPL in 2007 and the grant of trademarks to FFPL to market the company's product under the "Del Monte" brand name.

**Asia S&W trademark**

In November 2007, a subsidiary, S&W Fine Foods International Limited, 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.

### *Amortisable trademarks and customer relationships*

| | Net Carrying amount | | Remaining amortisation period (years) | |
|---|---|---|---|---|
| | 31July 2016 US$'000 | 30 April 2016 US$'000 | 31 July 2016 | 30 April 2016 |
| America Contadina trademark | 19,322 | 19,597 | 17.6 | 17.8 |
| Sager Creek trademarks | 10,536 | 10,785 | 10.7 | 10.9 |
| Asia S&W trademark | 35 | 39 | 2.0 | 2.2 |
| America S&W trademark | 1,513 | 1,563 | 7.6 | 7.8 |
| | 31,406 | 31,984 | | |

**Asia S&W trademark**

The amortisable trademark pertains to "Label Development" trademark.

**America trademarks**

The amortisable trademarks relate to the exclusive right to use of the "S&W" trademark in the United States, Canada, Mexico and certain countries in Central and South America and "Contadina" trademark in the United States, Canada, Mexico South Africa and certain countries in Asia Pacific, Central America, Europe, Middle East and South America market.

**Sager Creek trademarks**

The trademarks were acquired when the Group acquired the Sager Creek business in March 2015. Sager Creek's well-known brands include Veg-All, Freshlike, Popeye, Princella and Allens', among others.

**Customer relationships**

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

| | Net carrying amount | | Remaining amortisation period (years) | |
|---|---|---|---|---|
| | 31 July 2016 US$'000 | 30 April 2016 US$'000 | 31 July 2016 | 30 April 2016 |
| DMFI customer relationships | 93,975 | 95,313 | 17.6 | 17.8 |
| Sager Creek customer relationships | 11,180 | 11,601 | 6.7 | 6.9 |
| | 105,155 | 106,914 | | |

Management has included the DMFI customer relationships in the DMFI CGU impairment assessment and concluded no impairment exist at the reporting date.

Goodwill, indefinite life trademarks and customer relationship have no impairment indication at reporting date.

*Estimating useful lives of amortisable trademarks and customer relationships*

The Group estimates the useful lives of its amortisable trademarks and customer relationships based on the period over which the assets are expected to be available for use. The estimated useful lives of the trademarks and customer relationships are reviewed periodically and are updated if expectations differ from previous estimates due to legal or other limits on the use of the assets. A reduction in the estimated useful lives of amortisable trademarks and customer relationships would increase recorded amortisation expense and decrease non-current assets.

# 8. Joint venture

Details of the joint venture that is held by DMPL India Limited are as follows:

| Name of joint venture | Principal activities | Place of Incorporation and Business | Effective Equity Held by the Group as at April 30<br>As at 31 Jul 2016<br>% | <br>As at 30 Apr 2016<br>% |
|---|---|---|---|---|
| FieldFresh Foods Private Limited ("FFPL") | Production and sale of fresh and processed fruits and vegetable food products | India | **47.32** | 47.23 |
| Nice Fruit Hong Kong Limited (NFHKL) | Production and sale of frozen fruits and vegetable food products | Hong Kong | **35.00** | 35.00 |

The summarized financial information of a material joint venture, FFPL, not adjusted for the percentage ownership held by the Group, is as follows:

| | 31 July 2016<br>US$'000 | 30 April 2016<br>US$'000 |
|---|---|---|
| **Assets** | | |
| Current assets | 25,693 | 23,842 |
| Noncurrent assets | 16,566 | 17,110 |
| Total assets | **42,259** | 40,952 |
| **Liabilities** | | |
| Current liabilities | (14,195) | (14,283) |
| Noncurrent liabilities | (24,944 ) | (25,271) |
| Total liabilities | **(39,139 )** | (39,554) |
| **Net Assets** | **3,120** | 1,398 |

| | 31 July 2016<br>US$'000 | 30 April 2016<br>US$'000 |
|---|---|---|
| **Results** | | |
| Revenue | 17,630 | 65,838 |
| Loss from continuing operations | (701) | (3,398) |
| Other comprehensive income | 14 | (3) |
| **Total comprehensive income** | (687) | (3,401) |

| | FFPL | | NFHKL | |
|---|---|---|---|---|
| | **31 July 2016** | **30 April 2016** | **31 July 2016** | **30 April 2016** |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Group's interest in net assets of investee at beginning of period** | 20,661 | 20,419 | 2,158 | 2,171 |
| Capital injection during the year | 1,342 | 1,950 | - | - |
| Group's share of: | | - | - | |
| - loss from continuing operations | (350) | (1,705) | **(9)** | (12) |
| - other comprehensive income | 14 | (3) | - | - |
| - total comprehensive loss | **(336)** | **(1,708)** | **(9)** | (12) |
| **Carrying amount of interest in investee at end of period** | 21,667 | 20,661 | **2,149** | 2,159 |

*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 (Note 7) 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.

## 9. Other noncurrent assets

| | **31July 2016** | **30 April 2016** |
|---|---|---|
| | **US$'000** | **US$'000** |
| Deferred Charges | 388 | |
| Advances to growers | 12,029 | 10,342 |
| Excess insurance | 4,500 | 6,628 |
| Advance rentals and deposits | 6,834 | 4,500 |
| Land expansion (development costs of acquired leased areas) | 2,412 | 2,171 |
| Prepayments, non-current | 688 | 1,273 |
| Others | 1,042 | 1,027 |
| | **27,893** | **25,941** |

Excess insurance relate mainly to reimbursements from insurers to cover the workers' compensation.

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.

## 10. Trade and other receivables

| | 31 July 2016 US$'000 | 30 April 2016 US$'000 |
|---|---|---|
| Trade receivables | 133,853 | 152,936 |
| Non trade receivables | 18,835 | 22,677 |
| Amounts due from joint venture (non-trade) | 6,013 | 6,013 |
| Allowance for doubtful accounts – trade | (1,643) | (1,640) |
| Allowance for doubtful accounts - nontrade | (4,400) | (4,454) |
| Trade and other receivables | 152,658 | 175,532 |

The amounts due from subsidiaries and joint venture are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from these outstanding balances.

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

| | Group | | | |
|---|---|---|---|---|
| | Gross | | Impairment losses | |
| **At 31 July 2016** | Trade US$'000 | Non trade US$'000 | Trade US$'000 | Non trade US$'000 |
| Not past due | 88,800 | 16,425 | – | – |
| Past due 0 - 60 days | 23,675 | 613 | – | – |
| Past due 61 - 90 days | 6,682 | (910) | – | – |
| Past due 91 - 120 days | 2,852 | 601 | – | – |
| More than 120 days | 11,844 | 8,119 | (1,643) | (4,400) |
| | 133,853 | 24,848 | (1,643) | (4,400) |

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

The recorded impairment loss falls within the Group's historical experience in the collection of accounts receivables. Therefore, management believes that there is no significant additional credit risk beyond what has been recorded.

## 11. Cash and cash equivalents

| | 31 July 2016 US$'000 | 30 April 2016 US$'000 |
|---|---|---|
| Cash in bank | 20,015 | 47,153 |
| Cash on hand | 54 | 50 |
| Short term placement | 425 | - |
| Cash and cash equivalent | 20,494 | 47,203 |

Cash and cash equivalents comprise cash balances. Certain of the cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.45% per annum.

## 12. Financial liabilities

| | 31 July 2016 US$'000 | 30 April 2016 US$'000 |
|---|---|---|
| **Current liabilities** | | |
| Unsecured bank loans | 485,999 | 501,481 |
| Secured bank loans | 299,470 | 225,879 |
| | **785,469** | **727,360** |
| **Non-current liabilities** | | |
| Unsecured bank loans | 192,999 | 193,224 |
| Secured bank loans | 924,594 | 923,198 |
| | **1,117,593** | **1,116,422** |
| | **1,903,062** | **1,843,782** |

***Terms and debt repayment schedule***

Terms and conditions of outstanding loans and borrowings are as follows:

| | | | | 31 July 2016 | | 30 April 2016 | |
|---|---|---|---|---|---|---|---|
| | Currency | Nominal interest rate % | Year of maturity | Face value US$'000 | Carrying amount US$'000 | Face value US$'000 | Carrying amount US$'000 |
| **Group** | | | | | | | |
| Unsecured bank loans | PHP | 2.10-4.75 | 2016-2020 | **103,651** | **103,651** | 97,697 | 97,697 |
| Unsecured bank loans | USD | 1.15-2.50 | 2016 | **97,000** | **97,000** | 119,145 | 119,145 |
| Unsecured bridging loans | USD | 2.13-4.15 | 2020 | **130,000** | **129,279** | 130,000 | 129,234 |
| Unsecured bank loan | USD | 90 days LIBOR +3.25% | 2017 | **350,000** | **349,068** | 350,000 | 348,630 |
| Secured bank loan under ABL Credit Agreement | USD | Libor +3.25% | 2017 | **300,483** | **297,298** | 225,442 | 221,971 |
| Secured First lien term loan | USD | Higher of Libor +3.25% or 4.25% | 2016-2021 | **692,250** | **676,405** | 694,025 | 677,220 |
| Secured Second lien term Loan | USD | Higher of Libor + 7.25% or 8.25% | 2021 | **260,000** | **250,360** | 260,000 | 249,885 |
| | | | | **1,933,385** | **1,903,062** | 1,876,309 | 1,843,782 |

## New Loan Availment

The group financial liabilities increased by US$ 60 million mainly driven by the increase in DMFI loan under an ABL Credit Agreement (a senior secured asset-based revolving facility) to be used for working capital needs and general corporate purposes (the "ABL Facility") from US$ 222 million to US$ 297 million as of July 31, 2016.

## Long Term Borrowings

| Long Term Borrowings | Principal Amount (In Thousands) | Interest Rate | Maturity | Payment Terms (e.g. annually, quarterly, etc.) | Interest already paid May 1, 2016 to Jul 31, 2016 | |
|---|---|---|---|---|---|---|
| Senior secured variable rate first lien term loan | USD 710,000 | Higher of Libor +3.25% or 4.25% | 2021 | 0.25% quarterly principal payments from April 30, 2014 to July 31, 2021; Balance due in full at its maturity, February 18, 2021. | USD | 7,395 |
| Senior secured second lien variable rate term loan | USD 260,000 | Higher of Libor + 7.25% or 8.25% | 2021 | Due in full at its maturity, August 18, 2021. | USD | 5,363 |
| BDO bridging facility | USD 350,000 | 90d Libor + 3.5% margin | 2017 | Quarterly interest payment and principal on maturity date. | USD | 3,596 |
| BDO Long-Term Loan | USD 30,000 | 4.50% | 2020 | Quarterly interest payment and principal on maturity date. | USD | – |
| BDO Long-Term Loan | USD 100,000 | 4.50% | 2020 | Quarterly interest payment and principal on maturity date. | USD | – |
| BDO Long-Term Loan | PHP 3,000,000 | 3.5% for the first 60 days; 4.5% for the remaining term + 5% GRT | 2020 | Quarterly interest payment and principal on maturity date. | Php | 35,831 |

## 13. Other noncurrent liabilities

| | 31 July 2016 US$'000 | 30 April 2016 US$'000 |
|---|---|---|
| Derivative liabilities | **30,924** | 21,527 |
| Workers' compensation | **22,330** | 30,969 |
| Deferred rental liabilities | **6,460** | 5,173 |
| Accrued lease liabilities | **2,905** | 4,440 |
| Other payables | **445** | 477 |
| | **63,069** | 62,586 |

## 14. Trade and other payables

| | 31July 2016 US$'000 | 30 April 2016 US$'000 |
|---|---|---|
| Trade payables | **237,681** | 167,197 |
| Accrued operating expenses | | |
| Advertising | **24,760** | 23,405 |
| Professional fees | **14,387** | 7,620 |
| Taxes and insurance | **5,975** | 6,146 |
| Miscellaneous | **54,927** | 44,438 |
| Derivative liabilities | **14,799** | 15,218 |
| Accrued payroll expenses | **6,783** | 6,875 |
| Advances from customers | **1,286** | 2,465 |
| Withheld from employees (taxes and social security cost) | **1,093** | 1,527 |
| Other payables | **73** | 6,152 |
| | **361,764** | 281,043 |

# 15. Accounting classification and fair values

***Fair values versus carrying amounts***

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

| | *Note* | Loans and receivables US$'000 | Derivatives US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **31 July 2016** | | | | | | |
| Cash and cash equivalents | *11* | 20,494 | – | – | 20,494 | 20,494 |
| Trade and other receivables | *10* | 152,658 | – | – | 152,658 | 152,658 |
| | | 173,152 | – | – | 173,152 | 173,152 |
| Financial liabilities | *12* | – | – | 1,903,062 | 1,903,062 | 1,842,792 |
| Trade and other payables* | *14* | – | 14,799 | 345,679 | 360,478 | 360,478 |
| Derivative liabilities | *13* | – | 22,330 | – | 22,330 | 22,330 |
| | | – | 37,129 | 2,248,741 | 2,285,870 | 2,225,600 |
| **30 April 2016** | | | | | | |
| Cash and cash equivalents | *11* | 47,203 | – | – | 47,203 | 47,203 |
| Trade and other receivables | *10* | 175,532 | – | – | 175,532 | 175,532 |
| Derivative asset | | – | 1,473 | – | 1,473 | 1,473 |
| | | 222,735 | 1,473 | – | 224,208 | 224,208 |
| Financial liabilities | *12* | – | – | 1,843,782 | 1,843,782 | 1,822,868 |
| Trade and other payables* | *14* | – | 15,218 | 263,354 | 278,572 | 278,572 |
| Derivative liabilities | *13* | – | 21,527 | – | 21,527 | 21,527 |
| | | – | 36,745 | 2,107,136 | 2,143,881 | 2,122,967 |

* *excludes advances from customers*

# 16. Determination of fair values

***Fair value hierarchy***

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- 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 recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

| | | **31 July 2016** | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Totals** |
| **Non-financial assets** | | | | |
| Fair value of agricultural produce harvested | – | – | 22,279 | 22,279 |
| Noncurrent assets held for sale | – | – | 1,950 | 1,950 |
| Freehold land | – | – | 65,346 | 65,346 |
| **Financial liabilities** | | | | |
| Derivative liabilities | – | 37,129 | – | 37,129 |

| | | **30 April 2016** | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Totals** |
| **Financial assets** | | | | |
| Derivative assets | – | 1,473 | – | 1,473 |
| **Non-financial assets** | | | | |
| Fair value of agricultural produce harvested | – | – | 98,412 | 98,412 |
| Noncurrent assets held for sale | – | – | 1,950 | 1,950 |
| Freehold land | – | – | 65,372 | 65,372 |
| **Financial liabilities** | | | | |
| Derivative liabilities | – | 36,745 | – | 36,745 |

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.

***Determination of fair values of financial assets***

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

**Financial instruments measured at fair value**

| **Type** | **Valuation technique** |
|---|---|
| Forward exchange contracts | Market comparison technique: The fair values are based on brokers' quotes. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate. |
| Interest rate swaps | Market comparison technique: The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve. |
| Commodities contracts | Market comparison technique: The commodities are traded over-the-counter and are valued based on the Chicago Board of Trade quoted prices for similar instruments in active markets or corroborated by observable market data available from the Energy Information Administration. The values of these contracts are based on the daily settlement prices published by the exchanges on which the contracts are traded. |

**Financial instruments not measured at fair value**

| **Type** | **Valuation technique** |
|---|---|
| Financial liabilities | The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 3). The fair value of the loan is based on the discounted value of expected future cash flows using risk free rates and credit spread. |
| 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. |

**Non-financial assets**

The valuation techniques used for measuring the fair value of material assets acquired in both Sager Creek acquisition and DMFI were as follows:

| Assets | Valuation technique |
|---|---|
| Property, plant and equipment | Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate. |
| Assets held for sale | Market comparison technique: The fair values are based on brokers' quotes or assessments. |
| Trademarks | Relief-from-royalty method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. |
| Customer relationship | Multi-Period Excess Earnings Method: Multi-Period Excess Earnings Method considers the present value of the incremental after-tax cash flows specific to the intangible asset after deducting contributory asset charges. |
| Inventories | Market comparison technique: The fair value was determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. |

**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 (Level 3).<br><br>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. | The unobservable inputs used to determine market value are the net prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighbourhood, utility, terrain, and the time element involved. |

| Assets | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Harvested crops – sold as fresh fruit | The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit adjusted for margin and costs to sell. | The unobservable inputs are estimated future pineapple gross margin per ton specific for fresh products, estimated pineapple yield per hectare, estimated pineapple fruit recovery. |
| Harvested crops – used in processed products | The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product (concentrates, pineapple beverages, sliced pineapples, etc) adjusted for margin and associated costs related to production. | The unobservable inputs are estimated future pineapple gross margin per ton specific for processed products, estimated pineapple yield per hectare, estimated pineapple fruit recovery. |

## 17. Profit/(loss) for the period

The following items have been included in arriving at profit/(loss) for the period:

| | Three months ended 31 July | |
|---|---|---|
| | **2016** | **2015** |
| | **US$'000** | **US$'000** |
| Provision for inventory obsolescence | **6,940** | 6,225 |
| Reversal of allowance for doubtful receivables (trade) | **49** | 103 |
| Amortisation of intangible assets | **1,764** | 2,475 |
| Depreciation of property, plant and equipment | **15,397** | 14,537 |

## 18. General and administrative expenses

This account consists of the following:

| | 31 July 2016 US$'000 | 31 July 2015 US$'000 |
|---|---|---|
| Professional and contracted services | 8,567 | 11,030 |
| Personnel costs | 21,070 | 20,498 |
| Computer costs | 3,243 | 3,243 |
| Facilities expense | 1,851 | 1,851 |
| Postage and telephone | 1,111 | 968 |
| Travelling and business meals | 817 | 839 |
| Employee-related expenses | 297 | 297 |
| Rental | 555 | 514 |
| Machinery and equipment maintenance | 259 | 234 |
| Utilities | 156 | 173 |
| Materials and supplies | 199 | 144 |
| Research and development projects | 195 | 278 |
| Auto operating and maintenance costs | 71 | 113 |
| Miscellaneous overhead | 3,373 | 3,217 |
| **Totals** | **41,762** | **47,980** |

## 19. Assets held for sale

In March 2015, management committed to a plan to sell part of the assets of Sager Creek. Accordingly, these assets are presented as assets held for sale. Efforts to sell the assets have started and a sale is expected within twelve months.

| | 31 July 2016 US$'000 | 30 April 2016 US$'000 |
|---|---|---|
| Property, plant and equipment | 1,950 | 1,950 |
| Assets held for sale | 1,950 | 1,950 |

There is no cumulative income or expenses included in other comprehensive income relating to the assets held for sale.

# 20. Share capital

| | | 31 July 2016 | | 30 April 2016 | |
|---|---|---|---|---|---|
| | | **No. of shares ('000)** | **US$'000** | **No. of shares ('000)** | **US$'000** |
| **Authorised:** | | | | | |
| Ordinary shares of | US$0.01 each | 3,000,000 | 30,000 | 3,000,000 | 30,000 |
| Preference shares of | US$1.00 each | 600,000 | 600,000 | 600,000 | 600,000 |
| | | 3,600,000 | 630,000 | 3,600,000 | 630,000 |
| **Issued and fully paid:** | | | | | |
| Ordinary shares of | US$0.01 each | 1,944,936 | 19,449 | 1,944,936 | 19,449 |

*Reconciliation of number of outstanding ordinary shares in issue:*

| | **Year ended 31 July 2016 ('000)** | **Year ended 30 April 2016 ('000)** |
|---|---|---|
| At beginning of the year/period | 1,944,035 | 1,944,035 |
| Acquisition of own shares | (821) | (821) |
| Issued for cash | – | – |
| At end of the year/period | 1,943,214 | 1,943,214 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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 of Directors may designate. The terms and conditions of the authorised preference share will be finalised upon issuance.

On 30 October 2014, the Company had additional ordinary shares listed and traded on the Philippine Stock Exchange. The Company had offered and sold by way of primary offer, 5,500,000 shares at an offer price of 17.00 Philippine pesos (Php) per share.

In March 2015, the Company issued 641,935,335 shares at an exercise price of S$0.325 or Php10.60 for each share in Singapore and the Philippines, respectively.

Total shares outstanding were at 1,943,214,106 as of 31 July 2016; (31 July 2015: 1,944,035,406). 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 in new shares of 641,935,335. Share capital remains at US$19.5 million as of 31 July 2016 (31 July 2015: US$19.5 million). Market price options and share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan.

The number of shares outstanding includes 1,721,720 shares held by the Company as treasury shares as at 31 July 2016 (31 July 2015: 900,420). There was no sale, disposal and cancellation of treasury shares during the period and as at 31 July 2016.

***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 and reserves. The Board of Directors monitors the return on capital, which the Group defines as profit or loss for the year divided by total shareholders' equity. The Board also monitors the level of dividends paid to ordinary shareholders.

The bank loans of the Group contain various capital covenants with respect to capital maintenance and ability to incur additional indebtedness. The Board ensures that loan covenants are considered as part of its capital management through constant monitoring of covenant results through interim and full year results.

There were no changes in the Group's approach to capital management during the year.

## 21. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

| | Three months ended 31 July | |
|---|---|---|
| | **2016** | **2015** |
| Basic profit/(loss) per share is based on: | | |
| Profit/(loss) for the period attributable to owners of the Company (US$'000) | **(8,720)** | (10,676) |
| Basic weighted average number of ordinary shares ('000): | | |
| Issued ordinary shares at 1 May | **1,943,214** | 1,944,035 |
| Effect of shares issued during the year | – | – |
| Weighted average number of ordinary shares at end of period (basic) | **1,943,214** | 1,944,035 |
| Basic profit/(loss) per share (in US cents) | **(0.45)** | (0.55) |

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 ESOP and Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

| | Three months ended 31 July | |
|---|---|---|
| | **2016** | **2015** |
| Diluted profit/(loss) per share is based on: | | |
| Profit/(loss) for the period attributable to owners of the Company (US$'000) | **(8,720)** | (10,676) |

| | | |
|---|---|---|
| Diluted weighted average number of shares ('000): | | |
| Weighted average number of ordinary shares (basic) | **1,943,214** | 1,944,035 |
| Effect of share options on issue | **–** | – |
| Weighted average number of ordinary issued and potential shares assuming full conversion | **1,943,214** | 1,944,035 |
| Diluted profit/(loss) per share (in US cents) | **(0.45)** | (0.55) |

The potential ordinary shares issuable under the Del Monte RSP were excluded from the diluted weighted average number of ordinary shares calculation because their effect would decrease the loss per share and have an anti-dilutive effect.

## 22. Commitments and contingencies

***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 at approximately US$235.8 million.

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.

***Purchase commitments***

The Group has entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes and packaging services. At the reporting date, the Group have commitments for future minimum payments under non-cancellable agreements at approximately US$1,108.7 million.

***DMPL India Limited***

As at 31 July 2016, a subsidiary, DMPL India Limited has a contingent liability amounting to INR417.6 million or an equivalent of US$8.6 million (30 April 2016: US$8.4 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.

# 23. 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 disclosed elsewhere in the financial statements, transactions with related parties are as follows:

| Category/ Transaction | Period (as of) | Amount of the transaction | Outstanding balance - receivables/ (payables) | Terms | Conditions |
|---|---|---|---|---|---|
| **Under Common Control** | | | | | |
| ▪ Shared IT services | **July 2016** | **172** | **1,203** | Due and demandable; | Unsecured; |
| | April 2016 | 215 | 79 | non-interest bearing | no impairment |
| ▪ Sale of tomato paste | **July 2016** | - | **-** | Due and demandable; | Unsecured; |
| | April 2016 | 1,111 | - | non-interest bearing | no impairment |
| ▪ Inventory Count | **July 2016** | **-** | **(4,052)** | Due and demandable; | Unsecured; |
| Shortage | April 2016 | 25 | - | non-interest bearing | no impairment |
| Purchases | **July 2016** | **168** | **-** | Due and demandable; | Unsecured; |
| | April 2016 | 826 | - | non-interest bearing | no impairment |
| Tollpack fees | **July 2016** | **170** | **-** | Due and demandable; | Unsecured; |
| | April 2016 | 551 | (63) | non-interest bearing | no impairment |
| **Other Related Party** | | | | | |
| ▪ Management fees from DMPI retirement | **July 2016** | **1** | **12,039** | Due and demandable; | Unsecured; |
| fund | April 2016 | 4 | 261 | non-interest bearing | no impairment |
| ▪ Rental to DMPI | **July 2016** | **393** | **-** | Due and demandable; | Unsecured; |
| Retirement | April 2016 | 1,365 | (3) | non-interest bearing | no impairment |
| ▪ Rental to NAI | **July 2016** | **135** | **-** | Due and demandable; | Unsecured; |
| Retirement | April 2016 | 529 | (166) | non-interest bearing | no impairment |
| ▪ Rental to DMPI | **July 2016** | **1** | **-** | Due and demandable; | Unsecured; |
| provident fund | April 2016 | 5 | - | non-interest bearing | no impairment |
| ▪ Purchase of services to | **July 2016** | **1,047** | **-** | Due and demandable; | Unsecured; |
| DMPI retirement | April 2016 | 30 | - | non-interest bearing | no impairment |
| | **July 2016** | **2,087** | **9,190** | | |
| | April 2016 | 4,661 | 108 | | |

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 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.

## 24. Other Matters

a. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Group's liquidity.

b. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favourable or unfavourable impact on net sales or revenues or income from continuing operations.

c. There were no known events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual statements of financial position date.

d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

e. The effects of seasonality or cyclicality on the interim operations of the Group's businesses are explained in Note 4, Operating Segments.

f. The Group's material commitments for capital expenditure projects have been approved but are still ongoing and not yet completed as of end of July 31 2016. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to the next quarter until its completion. The fund to be used for these projects will come from available cash, short and long-term loans.

g. The 2015 comparative information was restated to reflect the adjustment from WAC to FIFO.

## Annex A

### 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 SEC.

**A. Current Ratio**

| | 31-Jul-16 | 31-Jul-15 | 30-Apr-16 | Benchmark |
|---|---|---|---|---|
| **Current Ratio** | 1.1 | 1.2 | 1.1 | Minimum of 1.20 |

Current ratio decreased due to higher current financial liabilities

**B. Debt to Equity**

| | 31-Jul-16 | 31-Jul-15 | 30-Apr-16 | Benchmark |
|---|---|---|---|---|
| **Debt to Equity** | 7.0 | 8.1 | 6.4 | Maximum of 2.50 |

Debt ratio has significantly improved versus last year driven by successful equity offerings and improved profitability.

**C. Net Profit Margin**

| | 31-Jul-16 | 31-Jul-15 | 30-Apr-16 | Benchmark |
|---|---|---|---|---|
| **Net Profit Margin attributable to owners of the company** | -1.87% | -2.23% | 2.27% | Minimum of 3% |

The Group incurred a net loss of US$8.7 million for the quarter, a lower loss versus prior year period's loss of US$10.7 million. This quarter's loss of US$8.7 million included US$2.8 million of non-recurring expenses from severance and closure of the North Carolina plant. Without the non-recurring expenses, the Group reported a recurring net loss of US$5.9 million, subtantially lower than last year's US$9.0 million.

**D. Return on Asset**

| | 31-Jul-16 | 31-Jul-15 | 30-Apr-16 | Benchmark |
|---|---|---|---|---|
| **Return on Asset** | -0.38% | -0.44% | 2.02% | Minimum of 1.21 |

Headwinds in the Group's net sales, improved operating results supported by increase in operating assets led to better return on assets compared to same period last year.

**E. Return on Equity**

| | 31-Jul-16 | 31-Jul-15 | 30-Apr-16 | Benchmark |
|---|---|---|---|---|
| **Return on Equity** | -3.06% | -3.99% | 14.93% | Minimum of 8% |

Unfavorable earnings since first quarter is seasonally the weakest quarter of DMFI.

**Material Changes in Accounts**

**A. Cash and cash equivalent**

Lower Sales also reflect on profit performance.

**B. Inventories**

Increase in inventory is due to inventory build-up in the first half to support the increased demand in the 2nd half of the fiscal year.

**C. Property, plant and equipment**

Increase is driven mainly on capital expenditures for the period.

**E. Intangible assets**

Decrease in intangibles is mainly attributed to the amortization for the year.

**F. Deferred tax assets**

Increase in deferred tax assets mainly on DMFI taxable losses on the first quarter.

**H. Trade & other payables**

Increase in trade and other payables are mainly due to purchases to support working capital build during the quarter.

**H. Financial liabilities**

Increase in financial liabilities is due to working capital requirements.

**Liquidity and Covenant Compliance**

The Group monitors its liquidity risk to ensure that it has sufficient resources to meet its liabilities as they become due, under both normal and stressed circumstances without incurring unacceptable losses or risk 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 and constantly maintains good relations with its banks, such that additional facilities, whether for short or long term requirements, may be made available.

As at 31 July 2016 and 30 April 2016, the Company is in compliance with the covenants stipulated in its loan agreements.

# Annex B

**DEL MONTE PACIFIC, LTD.**
**SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

| Ratio | Formula | For the three months ended July 31, 2016 | July 31, 2015 |
|---|---|---|---|
| (i) Liquidity Analysis Ratios: | | | |
| Current Ratio or Working Capital Ratio | Current Assets / Current Liabilities | 1.1 | 1.2 |
| Quick Ratio | (Current Assets - Inventory - Prepaid expense - Biological - Assets held for sale) / Current Liabilities | 0.1 | 0.2 |
| (ii) Solvency Ratio | Total Assets / Total Liabilities | 1.1 | 1.1 |
| Financial Leverage Ratios: | | | |
| Debt Ratio | Total Liabilities/Total Assets | 0.9 | 0.9 |
| Debt-to-Equity Ratio | Total Liabilities/Total Stockholders' Equity | 7.0 | 8.1 |
| (iii) Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 8.0 | 9.1 |
| (iv) Interest Coverage | Earnings Before Interest and Taxes (EBIT) / Interest Charges | 0.2 | 0.1 |
| (v) Profitability Ratios | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of Service / Sales | 20.10% | 21.41% |
| Net Profit Margin attributable to owners of the company | Net Profit attributable to owners / Sales | -1.87% | -2.23% |
| Net Profit Margin | Net Profit / Sales | -2.32% | -2.54% |
| Return on Assets | Net Income / Total Assets | -0.38% | -0.44% |
| Return on Equity | Net Income / Total Stockholders' Equity | -3.06% | -3.99% |

**DEL MONTE PACIFIC LIMITED**

# Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the First Quarter Ended July 2016


For enquiries, please contact:

| | |
|---|---|
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## AUDIT

First Quarter FY2017 results covering the period from 1 May 2016 to 31 July 2016 have neither been audited nor reviewed by the Group's auditors.

## ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's FY2016 annual consolidated 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
- IFRS 16, Leases effective 1 January 2019

## 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 September 2016

## NOTES ON THE 1Q FY2017 DMPL RESULTS

1. DMPL's effective stake in DMFI is 89.4%, hence the non controlling interest line (NCI) in the P&L. Net income/(loss) is net of NCI.

2. FY would mean Fiscal Year for the purposes of this MD&A.

3. DMPL changed its group policy with respect to measurement of the cost of inventory from weighted average to FIFO method in April 2016. The change in accounting policy was applied retrospectively.

## FINANCIAL HIGHLIGHTS – FIRST QUARTER ENDED 31 JULY 2016

| | For the three months ended 31 July | | |
|---|---|---|---|
| **in US$'000 unless otherwise stated*** | **FY2017** | **FY2016** | **% Change** |
| Turnover | **465,523** | 478,698 | (2.8) |
| Gross profit | **93,584** | 102,497 | (8.7) |
| *Gross margin (%)* | ***20.1*** | *21.4* | *(1.3) ppts* |
| Operating profit | **6,755** | 2,640 | 155.9 |
| *Operating margin (%)* | ***1.5*** | *0.6* | *0.9 ppts* |
| Net loss attributable to owners of the Company | **(8,720)** | (10,676) | 18.3 |
| *Net margin (%)* | ***(1.9)*** | *(2.2)* | *(0.3) ppts* |
| EPS (US cents) | **(0.45)** | (0.55) | 18.2 |
| Net debt | **1,882,568** | 1,858,978 | 1.3 |
| *Gearing** (%)* | ***532.0*** | *610.8* | *(78.8) ppts* |
| EBITDA | **23,669** | 19,675 | 20.3 |
| Cash outflows from operations | **(40,087)** | (145,923) | 72.5 |
| Capital expenditure | **19,541** | 9,796 | 99.5 |
| Inventory (days) | **225** | 204 | 21 |
| Receivables (days) | **27** | 31 | (4) |
| Account Payables (days) | **54** | 58 | (4) |

**The Company's reporting currency is US dollars. For conversion to S$, the following exchange rates can be used: 1.36 in July 2016, 1.34 in July 2015. For conversion to PhP, these exchange rates can be used: 46.93 in July 2016, 44.74 in July 2015.*

***Gearing = Net Debt / Equity*

## REVIEW OF OPERATING PERFORMANCE

The Group achieved sales of US$465.5 million for the first quarter of FY2017, down 2.8% versus the prior year period as a result of lower non-branded sales in the USA, partially offset by the strong performance in the Philippines under the Del Monte brand, and the rest of Asia under the S&W brand.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) contributed US$350.9 million or 75.4% of Group sales. DMFI's sales declined by 6.1% due to the continued impact of unsuccessful low-margin US Department of Agriculture bids from the second half of FY2016 plus reduced sales in private label and foodservice business lines. However, amidst industry contraction, DMFI increased market share across major categories in retail for the quarter. Del Monte canned vegetable, Del Monte canned fruit and College Inn broth performed well in the first quarter with volume up 17% and 32% for canned vegetable and broth, respectively. However, volume gains in branded retail were offset by declines in the private label segment.

DMFI generated lower gross profit and margin of 15.5% from 19.0% in the prior year period. Gross margin was partly impacted by the incremental cost of the closure of the North Carolina plant amounting to US$1.5 million. In addition, last year's trade spending was lower than usual given the short supply of products. In the first quarter of this year, trade spending was increased to normal levels as planned. These trade promotions help maintain market share, consumer relevance and retailer support ahead of the primary holiday season.

DMFI has also launched a restructuring initiative in FY2016 which aims at optimising G&A costs and should improve profitability by 150 to 200 basis points on an annualised basis. The closure of the North Carolina plant was one of these initiatives as well as the shift to a leaner organisation in the United States which had a cost impact.

These one-off expenses amounted to US$4.9 million pre-tax or US$2.8 million post-tax in the first quarter. Please refer to the last page of this MD&A for a schedule of the one-off expenses.

Exclusive of the one-off expenses, DMFI contributed an EBITDA of US$7.0 million and a net loss of US$14.8 million to the Group. The first quarter is generally the least profitable quarter for DMFI due to its seasonal nature.

Meanwhile, DMPL ex-DMFI sales were higher as compared to the same period last year. Last year was severely impacted by reduced pineapple supply as a result of the El Niño weather pattern. DMPL ex-DMFI generated sales of US$127.2 million (inclusive of the US$12.6 million sales by DMPL to DMFI which were netted out during consolidation), higher by 9.9%.

It delivered higher gross margin of 31.3% from 27.3% in the prior year quarter driven by improvement in productivity in the cannery, improved pricing as well as lower commodity costs particularly packaging. DMPL ex-DMFI generated an EBITDA of US$22.1 million which was higher by 56.7% and a net income of US$9.5 million, significantly higher versus the US$2.5 million in the same period last year.

The Philippine market delivered a strong performance for the first quarter, with sales up 14% in peso terms and 8.7% in US dollar terms, driven by expanded penetration and increased consumption of its packaged pineapple, culinary products and beverages as a result of new advertising campaigns. Foodservice channel continued to outperform the market, growing by 28% in peso terms.

Sales of the S&W branded business in Asia and the Middle East rose 12% in the first quarter mainly due to strong sales of canned fruit in North Asia on the back of improved distribution. In China, S&W tied up with Burger King to supply pineapple slices for its burgers. In the fresh segment, S&W partnered with a leading distributor of fresh produce to co-brand S&W fresh pineapple products. S&W is expanding its reach in Asia through partnerships amongst other initiatives.

DMPL's share of loss in the FieldFresh joint venture in India was lower at US$0.3 million from US$0.4 million in the prior year period. Del Monte packaged business saw strong growth from key accounts and foodservice segments led by improved volume in ketchup and mayonnaise. Higher sales and production efficiencies resulted in FieldFresh generating a positive EBITDA for the quarter.

The DMPL Group achieved an operating profit of US$6.8 million, more than double last year's operating profit of US$2.6 million due to lower distribution and selling, general and administrative, and miscellaneous expenses. Also, DMPL ex-DMFI generated higher gross margin as explained above.

The Group incurred a net loss of US$8.7 million for the quarter, a lower loss versus prior year period's loss of US$10.7 million. This quarter's loss of US$8.7 million included US$2.8 million of one-off expenses from severance and closure of the North Carolina plant. Without the one-off expenses, the Group reported a recurring net loss of US$5.9 million, substantially lower than last year's US$9.0 million.

DMFI's first quarter is seasonally its weakest quarter accounting for only 19-21% of full year sales. Lower sales also reflect on profit performance where it historically incurs a loss in the first quarter. Sales would peak in the second and third quarters around Thanksgiving and Christmas.

The Group's cash outflow from operations in the first quarter was US$40.1 million driven by inventory build-up in preparation for the seasonally stronger second semester. Last year, the outflow was much higher at US$145.9 million.

Past the production peak in October, cash flows are expected to further improve in the seasonally stronger second semester with peak sales around Thanksgiving and Christmas, as well as Easter in the last quarter ending April.

## VARIANCE FROM PROSPECT STATEMENT

The first quarter results showed a net loss but the Group expects to generate net profit for the balance of the year. It is on track to achieving a net profit for the full year which is in line with earlier guidance.

## BUSINESS OUTLOOK

DMFI expects to be profitable in FY2017 as it improves its financial performance through procurement synergies and transformation, and optimisation of G&A costs through the restructuring initiative that started in FY2016. DMFI also completed an organisational realignment to create a leaner and more agile management structure to be better positioned for growth and new business opportunities. From the restructuring that was announced in June 2016, the organisation had been streamlined which would generate savings of over US$9.0 million annually.

In the mid-to-long term, DMFI will continue to unlock the growth potential of its products and brands, and accelerate its penetration of the foodservice sector. DMFI also will continue to invest to grow the College Inn brand and healthy snack offerings.

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 Group will increase its investment to further grow the beverage and culinary business in the Philippines and collaborate with its distributor partners to further expand the S&W business across Asia.

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

Barring unforeseen circumstances, the Group will continue to be profitable for FY2017.

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 2016 in the Philippine capital market, to be listed on the Philippine Stock Exchange (PSE). The Company has received approvals from the Philippine SEC and the Bangko Sentral ng Pilipinas (Central Bank) and is awaiting the approval of its listing application and the offering from the PSE. As this is the first US$-denominated preference shares to be issued and listed on the PSE, the platform is being set up. The PSE has approved and endorsed its amended Dollar Denominated Securities rules to the SEC for the latter's concurrence. The proposed issue will be up to US$360 million (with an initial tranche of up to US$250 million and the balance issuable within three years) that will result in a further improvement in the Group's leverage ratios.

## REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

### AMERICAS

**For the three months ended 31 July**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit/(Loss) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2017 | FY2016 | % Chg | FY2017 | FY2016 | % Chg | FY2017 | FY2016 | % Chg |
| Packaged vegetable | **155,181** | 170,931 | (9.2) | **24,916** | 37,005 | (32.7) | **(3,560)** | 2,248 | (258.4) |
| Packaged fruit | **129,016** | 133,594 | (3.4) | **21,242** | 23,933 | (11.2) | **(2,563)** | (3,237) | 20.8 |
| Beverage | **9,915** | 6,698 | 48.0 | **2,684** | 1,064 | 152.3 | **699** | (351) | 299.1 |
| Culinary | **55,953** | 62,464 | (10.4) | **7,511** | 9,799 | (23.3) | **(4,287)** | (3,643) | (17.7) |
| Others | **97** | 11 | 781.8 | **(79)** | (2) | n.m. | **393** | (1,393) | 128.2 |
| Total | **350,162** | 373,698 | (6.3) | **56,274** | 71,799 | (21.6) | **(9,318)** | (6,376) | (46.1) |

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.

Sales in the Americas declined by 6.3% to US$350.2 million due to lower packaged fruit and vegetable and lower culinary sales due to the continued impact of unsuccessful low-margin US Department of Agriculture bids from the second half of FY2016 plus reduced sales in private label and foodservice business lines. However, volume of branded retail was up with DMFI's branded vegetable products higher by 17% and College Inn broth by 32%.

Beverage sales increased on higher pineapple juice concentrate exports from the Philippines. Last year was impacted by reduced pineapple supply as a result of the El Niño weather pattern.

DMFI generated lower gross profit and gross margin in the first quarter. Gross margin was partly impacted by the incremental cost from the closure of the North Carolina plant amounting to US$1.5 million. In addition, last year's trade spending was lower than usual given the short supply of products. In the first quarter of this year, trade spending was increased to normal levels as planned. These trade promotions help maintain market share, consumer relevance and retailer support ahead of the primary holiday season.

Operating loss for the quarter was higher at US$9.3 million from a loss of US$6.4 million in the prior year quarter mainly due to the one-off expenses related to severance and closure of the North Carolina plant. These amounted to US$4.9 million pre-tax in the first quarter.

DMFI's first quarter is seasonally its weakest quarter accounting for only 19-21% of full year sales. As such, the first quarter is generally the least profitable quarter for DMFI.

### ASIA PACIFIC

**For the three months ended 31 July**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2017 | FY2016 | % Chg | FY2017 | FY2016 | % Chg | FY2017 | FY2016 | % Chg |
| Packaged vegetable | **509** | 598 | (14.9) | **148** | 154 | (3.9) | **101** | 83 | 21.7 |
| Packaged fruit | **26,591** | 21,349 | 24.6 | **7,512** | 4,402 | 70.6 | **3,303** | 175 | n.m. |
| Beverage | **34,524** | 34,184 | 1.0 | **12,224** | 10,132 | 20.6 | **5,191** | 2,668 | 94.6 |
| Culinary | **26,281** | 24,060 | 9.2 | **10,734** | 9,181 | 16.9 | **5,564** | 3,656 | 52.2 |
| Fresh fruit and others | **23,018** | 19,366 | 18.9 | **5,119** | 5,904 | (13.3) | **914** | 2,056 | (55.5) |
| Total | **110,923** | 99,557 | 11.4 | **35,737** | 29,773 | 20.0 | **15,073** | 8,638 | 74.5 |

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 and the Middle East 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's sales in the first quarter improved by 11.4% to US$110.9 million from US$99.6 million on higher packaged fruit and culinary sales.

The Philippine market delivered a strong performance for the first quarter, with sales up 14% in peso terms and 8.7% in US dollar terms, driven by expanded penetration and increased consumption of its packaged pineapple, culinary products and beverages as a result of new advertising campaigns. Foodservice channel continued to outperform the market, growing by 28% in peso terms.

Operating profit in the first quarter rose 74.5% to US$15.1 million reflecting gross margin improvement resulting from higher sales, productivity initiatives in the cannery and plantation, and lower promotion spending.

**EUROPE**

**For the three months ended 31 July**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit/(Loss) | | |
|---|---|---|---|---|---|---|---|---|---|
| | **FY2017** | **FY2016** | **% Chg** | **FY2017** | **FY2016** | **% Chg** | **FY2017** | **FY2016** | **% Chg** |
| Packaged fruit | **3,510** | 4,535 | (22.6) | **1,202** | 955 | 25.9 | **725** | 527 | 37.6 |
| Beverage | **928** | 908 | 2.2 | **372** | (30) | n.m. | **275** | (149) | 284.6 |
| Total | **4,438** | 5,443 | (18.5) | **1,574** | 925 | 70.2 | **1,000** | 378 | 164.6 |

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

For the first quarter, Europe's sales declined by 18.5% to US$4.4 million from US$5.4 million on lower packaged pineapple sales. However, gross profit increased by 70% and operating profit almost tripled versus last year driven by higher pricing in line with prevailing market conditions. Sales are expected to recover in the second half of the fiscal year.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

| *% of Turnover* | For the three months ended 31 July | | |
|---|---|---|---|
| | **FY2017** | **FY2016** | **Comments** |
| Cost of Goods Sold | **79.9** | 78.6 | Higher DMFI cost, partially offset by lower pineapple cost from better yield and higher recovery |
| Distribution and Selling Expenses | **9.7** | 9.7 | No change |
| G&A Expenses | **9.0** | 10.0 | Mainly due to timing of spending and lower personnel costs |
| Other Operating Expenses | **(0.1)** | 1.1 | Lower miscellaneous expenses |

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

| in US$'000 | For the three months ended 31 July | | | |
|---|---|---|---|---|
| | **FY2017** | FY2016 | **%** | **Comments** |
| Depreciation and amortisation | **(17,161)** | (17,012) | 0.9 | Mainly due to higher asset base |
| Reversal of asset impairment | – | 121 | (100.0) | No impairment for the quarter |

| | | | | |
|---|---|---|---|---|
| Provision for inventory obsolescence | **(6,940)** | (6,225) | 11.5 | Due to timing of the provision |
| Provision for doubtful debts | **(49)** | (103) | 52.4 | Due to settlement of receivables |
| Loss on disposal of fixed assets | **(743)** | (115) | 546.1 | Due to DMFI |
| Foreign exchange gain, net | **93** | 577 | (83.9) | Favourable impact of peso depreciation for the quarter |
| Interest income | **127** | 102 | 24.5 | Higher interest income from operating assets |
| Interest expense | **(26,849)** | (22,344) | 20.2 | Higher level of borrowings |
| Share of loss of JV, (attributable to the owners of the Company) | **(340)** | (553) | 38.5 | Higher sales in Indian joint venture |
| Taxation | 9,412 | 7,451 | 26.3 | Due to higher DMFI loss position |

## REVIEW OF GROUP ASSETS AND LIABILITIES

| **Extract of Accounts with Significant Variances** | **31 July 2016** | **31 July 2015** | **30 April 2016** | **Comments** |
|---|---|---|---|---|
| ***in US$'000*** | | | | |
| Joint venture | **23,816** | 23,285 | 22,820 | Driven by additional capital call for FieldFresh |
| Deferred tax assets | **112,454** | 95,511 | 100,899 | Due to increase in non current deferred charges |
| Other assets | **27,893** | 29,934 | 25,941 | Due to decrease in DMFI |
| Biological assets | **125,697** | 128,831 | 125,462 | Mainly due to translation |
| Inventories | **1,014,936** | 938,870 | 845,233 | Due to DMFI's lower sales |
| Trade and other receivables | **152,658** | 183,071 | 175,532 | Due to timing of collection |
| Prepaid and other current assets | **32,806** | 26,501 | 35,597 | Due to decrease in DMFI |
| Cash and cash equivalents | **20,494** | 19,879 | 47,203 | Mainly on increased borrowings |
| Financial liabilities – non-current | **1,117,593** | 1,272,574 | 1,116,422 | Reclassification of loans and availment |
| Other non-current liabilities | **63,069** | 65,351 | 62,586 | Decrease due to settlement of liabilities |
| Employee benefits | **96,041** | 118,924 | 97,118 | Due to DMFI decrease in employee retirement plan |
| Financial liabilities – current | **785,469** | 606,283 | 727,360 | Due to working capital requirements |
| Trade and other payables | **361,764** | 392,960 | 281,043 | Due to lower accrued expenses |
| Current tax liabilities | **4,916** | 1,728 | 3,827 | Due to timing of tax payment |

## SHARE CAPITAL

Total shares outstanding were at 1,943,214,106 as of 31 July 2016; (31 July 2015: 1,944,035,406). 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 in new shares of 641,935,335. Share capital remains at US$19.5 million as of 31 July 2016 (31 July 2015: US$19.5 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 1,721,720 shares held by the Company as treasury shares as at 31 July 2016 (31 July 2015: 900,420). There was no sale, disposal and cancellation of treasury shares during the period and as at 31 July 2016.

## BORROWINGS AND NET DEBT

| Liquidity in US$'000 | As at 31 July **2016** | 2015 | As at 30 April 2016 |
|---|---|---|---|
| Gross borrowings | **(1,903,062)** | (1,878,857) | (1,843,782) |
| Current | **(785,469)** | (606,283) | (727,360) |
| Secured | **(299,470)** | (283,460) | (225,879) |
| Unsecured | **(485,999)** | (322,823) | (501,481) |
| Non-current | **(1,117,593)** | (1,272,574) | (1,116,422) |
| Secured | **(924,594)** | (924,324) | (923,198) |
| Unsecured | **(192,999)** | (348,250) | (193,224) |
| *Less:* Cash and bank balances | **20,494** | 19,879 | 47,203 |
| Net debt | **(1,882,568)** | (1,858,978) | (1,796,579) |

The Group's net debt (cash and bank balances less borrowings) amounted to US$1.9 billion as at 31 July 2016, slightly higher than last year's due to higher working capital loan at DMFI.

Past the production peak in October, cash flows are expected to further improve in the seasonally stronger second semester with peak sales around Thanksgiving and Christmas, as well as Easter in the last quarter ending April. This will allow the Group to deleverage in the second semester.

## 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**<br><br>**For the first 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)** | |
|---|---|---|---|---|
| | **FY2017** | FY2016 | **FY2017** | FY2016 |
| NutriAsia, Inc | **–** | – | **510** | 624 |
| DMPI Retirement Fund | **–** | – | **401** | 298 |
| NutriAsia, Inc Retirement Fund | **–** | – | **135** | 123 |
| **Aggregate Value** | **–** | – | **1,046** | 1,045 |

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

| Amounts in US$'000 | For the three months ended 31 July | | |
|---|---|---|---|
| | **FY2017** | FY2016 | % |
| | **(Unaudited)** | (Restated, Unaudited) | |
| Turnover | **465,523** | 478,698 | (2.8) |
| Cost of sales | **(371,939)** | (376,201) | (1.1) |
| **Gross profit** | **93,584** | 102,497 | (8.7) |
| Distribution and selling expenses | **(45,305)** | (46,563) | (2.7) |
| General and administration expenses | **(41,762)** | (47,980) | (13.0) |
| Other operating income | **238** | (5,314) | 104.5 |
| **Profit from operations** | **6,755** | 2,640 | 155.9 |
| Financial income* | **734** | 1,238 | (40.7) |
| Financial expense* | **(27,363)** | (22,903) | 19.5 |
| **Net finance expense** | **(26,629)** | (21,665) | 22.9 |
| Share of loss of joint venture, net of tax | **(359)** | (578) | (37.9) |
| **Loss before taxation** | **(20,233)** | (19,603) | (3.2) |
| Taxation | **9,412** | 7,451 | 26.3 |
| **Loss after taxation** | **(10,821)** | (12,152) | 11.0 |
| **Loss attributable to:** | | | |
| Owners of the Company | **(8,720)** | (10,676) | 18.3 |
| Non-controlling interest** | **(2,101)** | (1,476) | (42.3) |
| **Loss for the period** | **(10,821)** | (12,152) | 11.0 |
| **Notes:** | | | |
| Depreciation and amortisation | **(17,161)** | (17,012) | 0.9 |
| Reversal of asset impairment | – | 121 | (100.0) |
| Provision for inventory obsolescence | **(6,940)** | (6,225) | 11.5 |
| Reversal for doubtful debts | **(49)** | (103) | (52.4) |
| Loss on disposal of fixed assets | **(743)** | (115) | 546.1 |
| ***Financial income comprise:** | | | |
| Interest income | **127** | 102 | 24.5 |
| Foreign exchange gain | **607** | 1,136 | (46.6) |
| | **734** | 1,238 | (40.7) |
| ***Financial expense comprise:** | | | |
| Interest expense | **(26,849)** | (22,344) | 20.2 |
| Foreign exchange loss | **(514)** | (559) | (8.1) |
| | **(27,363)** | (22,903) | 19.5 |

*nm – not meaningful*

| Earnings per ordinary share in US cents | For the three months ended 31 July | |
|---|---|---|
| | **FY2017** | **FY2016** |
| Earnings per ordinary share based on net profit attributable to shareholders: | | |
| (i) Based on weighted average no. of ordinary shares | **(0.45)** | (0.55) |
| (ii) On a fully diluted basis | **(0.45)** | (0.55) |

***Includes US$2,313 for DMFI and US$19 for FieldFresh in the first quarter ended 31 July of FY2017 and US$1,451 for DMFI and US$25 for FieldFresh in the first quarter of FY2016.*

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

| **Amounts in US$'000** | **For the three months ended 31 July** | | |
| --- | --- | --- | --- |
| | **FY2017** | **FY2016** | **%** |
| **Profit/(loss) for the period** | **(10,821)** | (12,152) | 11.0 |
| **Other comprehensive income (after reclassification adjustment):** | | | |
| ***Items that will or may be reclassified subsequently to profit or loss*** | | | |
| Exchange differences on translating of foreign operations | **(1,323)** | (6,818) | 80.6 |
| Effective portion of changes in fair value of cash flow hedges | **(5,110)** | (8,500) | 39.9 |
| Income tax benefit on cash flow hedge | **4,090** | 6,244 | (34.5) |
| | **(2,343)** | (9,074) | 74.2 |
| ***Items that will not be classified to profit or loss*** | | | |
| Remeasurement of retirement benefit | **(6,158)** | (7,409) | 16.9 |
| Income tax benefit (expense) on retirement benefit | **7,647** | 8,806 | (13.2) |
| | **1,489** | 1,397 | 6.6 |
| **Other comprehensive income/(loss) for the period** | **(854)** | (7,677) | 88.9 |
| **Total comprehensive income/(loss) for the period** | **(11,675)** | (19,829) | 41.1 |
| **Attributable to:** | | | |
| Owners of the Company | **(9,620)** | (18,276) | 47.4 |
| Non-controlling interests | **(2,055)** | (1,553) | (32.3) |
| **Total comprehensive income/(loss) for the period** | **(11,675)** | (19,829) | 41.1 |

*nm – not meaningful*

*Please refer to page 3 for the Notes*

## DEL MOTE PACIFIC LIMITED
## UNAUDITED STATEMENT OF FINANCIAL POSITION

| **Amounts in US$'000** | **Group** | | | **Company** | | |
|---|---|---|---|---|---|---|
| | **31 July 2016** | **31 July 2015** | **30 April 2016** | **31 July 2016** | **31 July 2015** | **30 April 2016** |
| | **(Unaudited)** | (Restated, Unaudited) | (Audited) | **(Unaudited)** | (Restated, (Unaudited) | (Audited) |
| **Non-Current Assets** | | | | | | |
| Property, plant and equipment | **566,750** | 573,669 | 563,614 | – | – | – |
| Subsidiaries | – | – | – | **747,143** | 753,918 | 749,133 |
| Joint ventures | **23,816** | 23,285 | 22,820 | **2,551** | 2,551 | 2,551 |
| Intangible assets and goodwill | **748,036** | 757,225 | 750,373 | – | – | – |
| Other assets | **27,893** | 29,934 | 25,941 | – | – | – |
| Deferred tax assets | **112,454** | 95,511 | 100,899 | – | – | – |
| Biological assets | **37,259** | 41,606 | 37,468 | – | – | – |
| | **1,516,208** | 1,521,230 | 1,501,115 | **749,694** | 756,469 | 751,684 |
| **Current Assets** | | | | | | |
| Inventories | **1,014,936** | 938,870 | 845,233 | – | – | – |
| Biological assets | **88,438** | 87,225 | 87,994 | – | – | – |
| Trade and other receivables | **152,658** | 183,071 | 175,532 | **145,549** | 103,354 | 145,240 |
| Prepaid and other current assets | **32,806** | 26,501 | 35,597 | **236** | 892 | 257 |
| Cash and cash equivalents | **20,494** | 19,879 | 47,203 | **1,223** | 386 | 361 |
| | **1,309,332** | 1,255,546 | 1,191,559 | **147,008** | 104,632 | 145,858 |
| Assets held for sale | **1,950** | 7,183 | 1,950 | – | – | – |
| | **1,311,282** | 1,262,729 | 1,193,509 | **147,008** | 104,632 | 145,858 |
| **Total Assets** | **2,827,490** | 2,783,959 | 2,694,624 | **896,702** | 861,101 | 897,542 |
| **Equity attributable to equity holders of the Company** | | | | | | |
| Share capital | **19,449** | 19,449 | 19,449 | **19,449** | 19,449 | 19,449 |
| Retained earnings | **140,146** | 86,656 | 148,866 | **140,146** | 86,656 | 148,866 |
| Reserves | **134,344** | 141,162 | 134,926 | **134,483** | 141,301 | 135,065 |
| Equity attributable to owners of the Company | **293,939** | 247,267 | 303,241 | **294,078** | 247,406 | 303,380 |
| Non-controlling interest | **59,914** | 57,091 | 61,971 | – | – | – |
| **Total Equity** | **353,853** | 304,358 | 365,212 | **294,078** | 247,406 | 303,380 |
| **Non-Current Liabilities** | | | | | | |
| Financial liabilities | **1,117,593** | 1,272,574 | 1,116,422 | **129,279** | 348,250 | 129,234 |
| Other non-current liabilities | **63,069** | 65,351 | 62,586 | – | – | – |
| Employee benefits | **96,041** | 118,924 | 97,118 | – | – | – |
| Environmental remediation liabilities | **4,506** | 4,553 | 6,313 | – | – | – |
| Deferred tax liabilities | **1,096** | 1,092 | 1,092 | – | – | – |
| | **1,282,305** | 1,462,494 | 1,283,531 | **129,279** | 348,250 | 129,234 |

*To be continued*

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

| Amounts in US$'000 | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | **31 July 2016 (Unaudited)** | **31 July 2015** (Unaudited) | **30 April 2016** (Audited) | **31 July 2016 (Unaudited)** | **31 July 2015** (Unaudited) | **30 April 2016** (Audited) |
| **Current Liabilities** | | | | | | |
| Trade and other payables | **361,764** | 392,960 | 281,043 | **124,281** | 162,377 | 116,298 |
| Financial liabilities | **785,469** | 606,283 | 727,360 | **349,068** | 103,068 | 348,630 |
| Current tax liabilities | **4,916** | 1,728 | 3,827 | **(4)** | – | – |
| Employee benefits | **39,183** | 16,136 | 33,651 | – | – | – |
| | **1,191,332** | 1,017,107 | 1,045,881 | **473,345** | 265,445 | 464,928 |
| **Total Liabilities** | **2,473,637** | 2,479,601 | 2,329,412 | **602,624** | 613,695 | 594,162 |
| **Total Equity and Liabilities** | **2,827,490** | 2,783,959 | 2,694,624 | **896,702** | 861,101 | 897,542 |
| NAV per ordinary share (US cents) | **18.21** | 15.66 | 18.79 | **15.13** | 12.73 | 15.61 |

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

| | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure-ment 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** |
| **Group** | | | | | | | | | | | | |
| **Fiscal Year 2016** | | | | | | | | | | | | |
| At 1 May 2015, as previously stated | 19,449 | 214,843 | (46,342) | 9,506 | (17,231) | (11,722) | 318 | 105,664 | (629) | 273,856 | 59,590 | 333,446 |
| Impact of change in accounting policy | – | – | 7 | – | – | – | – | (8,332) | – | (8,325) | (946) | (9,271) |
| At 1 May 2015, restated | 19,449 | 214,843 | (46,335) | 9,506 | (17,231) | (11,722) | 318 | 97,332 | (629) | 265,531 | 58,644 | 324,175 |
| **Total comprehensive income for the period** | | | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | – | (10,676) | – | (10,676) | (1,476) | (12,152) |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (6,827) | – | – | – | – | – | – | (6,827) | 9 | (6,818) |
| Remeasurement of retirement plan | – | – | – | – | 1,245 | – | – | – | – | 1,245 | 152 | 1,397 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | (2,018) | – | – | – | (2,018) | (238) | (2,256) |
| **Total other comprehensive income/(loss)** | – | – | (6,827) | – | 1,245 | (2,018) | – | – | – | (7,600) | (77) | (7,677) |
| **Total comprehensive loss for the period** | – | – | (6,827) | – | 1,245 | (2,018) | – | (10,676) | – | (18,276) | (1,553) | (19,829) |
| **Transactions with owners recorded directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Transaction costs related to the issuance of share capital | – | (26) | – | – | – | – | – | – | – | (26) | – | (26) |
| Value of employee services received for issue of share options | – | – | – | – | – | – | 38 | – | – | 38 | – | 38 |
| **Total contributions by and distributions to owners** | – | (26) | – | – | – | – | 38 | – | – | 12 | – | 12 |
| **At 31 July 2015** | **19,449** | **214,817** | **(53,162)** | **9,506** | **(15,986)** | **(13,740)** | **356** | **86,656** | **(629)** | **247,267** | **57,091** | **304,358** |

## DEL MONTE PACIFIC LIMITED
## UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

| | 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** |
| **Group** | | | | | | | | | | | | |
| **Fiscal Year 2017** | | | | | | | | | | | | |
| At 1 May 2016 | 19,449 | 214,843 | (59,813) | 8,002 | (10,833) | (17,502) | 1,031 | 148,866 | (802) | 303,241 | 61,971 | 365,212 |
| **Total comprehensive income for the period** | | | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | – | (8,720) | – | (8,720) | (2,101) | (10,821) |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (1,322) | – | – | – | – | – | – | (1,322) | (1) | (1,323) |
| Remeasurement of retirement plan | – | – | – | – | 1,336 | – | – | – | – | 1,336 | 153 | 1,489 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | (912) | – | – | – | (912) | (108) | (1,020) |
| **Total other comprehensive income** | – | – | (1,322) | – | 1,336 | (912) | – | – | – | (898) | 44 | (854) |
| **Total comprehensive (loss)/income for the period** | – | – | (1,322) | – | 1,336 | (912) | – | (8,720) | – | (9,618) | (2,057) | (11,675) |
| **Transactions with owners recorded directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Value of employee services received for issue of share options | – | – | – | – | – | – | 316 | – | – | 316 | – | 316 |
| **Total contributions by and distributions to owners** | – | – | – | – | – | – | 316 | – | – | 316 | – | 316 |
| **At 31 July 2016** | **19,449** | **214,843** | **(61,135)** | **8,002** | **(9,497)** | **(18,414)** | **1,347** | **140,146** | **(802)** | **293,939** | **59,914** | **353,853** |

## DEL MONTE PACIFIC LIMITED
## UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year 2016** | | | | | | | | | | |
| At 1 May 2015, as previously stated | 19,449 | 214,982 | (46,342) | 9,506 | (17,231) | 318 | (11,722) | (629) | 105,664 | 273,995 |
| Impact of change of accounting policies | – | – | 7 | – | – | – | – | – | (8,332) | (8,325) |
| **At 1 May 2015, as restated** | 19,449 | 214,982 | (46,335) | 9,506 | (17,231) | 318 | (11,722) | (629) | 97,332 | 265,670 |
| **Total comprehensive income for the period** | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | – | – | (10,676) | (10,676) |
| **Other comprehensive income** | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (6,827) | – | – | – | – | – | – | (6,827) |
| Remeasurement of retirement plan | – | – | – | – | 1,245 | – | – | – | – | 1,245 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | – | (2,018) | – | – | (2,018) |
| **Total other comprehensive income** | – | – | (6,827) | – | 1,245 | – | (2,018) | – | – | (7,600) |
| **Total comprehensive loss for the period** | – | – | (6,827) | – | 1,245 | – | (2,018) | – | (10,676) | (18,276) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | |
| Transaction costs related to the issuance of share capital | – | (26) | – | – | – | – | – | – | – | (26) |
| Value of employee services received for issue of share options | – | – | – | – | – | 38 | – | – | – | 38 |
| Total contributions by and distributions to owners | – | (26) | – | – | – | 38 | – | – | – | 12 |
| **At 31 July 2015** | **19,449** | **214,956** | **(53,162)** | **9,506** | **(15,986)** | **356** | **(13,740)** | **(629)** | **86,656** | **247,406** |

## DEL MONTE PACIFIC LIMITED
## UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

| **Company** | **Share capital** | **Share premium** | **Translation Reserve** | **Revaluation Reserve** | **Remeasure -ment retirement plan** | **Share Option Reserve** | **Hedging Reserve** | **Reserve for own shares** | **Retained earnings** | **Total Equity** |
|---|---|---|---|---|---|---|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Fiscal Year 2017** | | | | | | | | | | |
| At 1 May 2016 | 19,449 | 214,982 | (59,813) | 8,002 | (10,833) | 1,031 | (17,502) | (802) | 148,866 | 303,380 |
| **Total comprehensive income for the period** | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | – | – | (8,720) | (8,720) |
| **Other comprehensive income** | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (1,322) | – | – | – | – | – | – | (1,322) |
| Remeasurement of retirement plan | – | – | – | – | 1,336 | – | – | – | – | 1,336 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | – | (912) | – | – | (912) |
| **Total other comprehensive income** | – | – | (1,322) | – | 1,336 | – | (912) | – | – | (898) |
| **Total comprehensive loss for the period** | – | – | (1,322) | – | 1,336 | – | (912) | – | (8,720) | (9,618) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | |
| Value of employee services received for issue of share options | – | – | – | – | – | 316 | – | – | – | 316 |
| Total contributions by and distributions to owners | – | – | – | – | – | 316 | – | – | – | 316 |
| **At 31 July 2016** | **19,449** | **214,982** | **(61,135)** | **8,002** | **(9,497)** | **1,347** | **(18,414)** | **(802)** | **140,146** | **294,078** |

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

| **Amounts in US$'000** | **For the three months ended 31 July** | |
|---|---|---|
| | **FY2017** (Unaudited) | FY2016 (Restated, Unaudited) |
| **Cash flows from operating activities** | | |
| Loss for the period | **(10,821)** | (12,152) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **15,397** | 14,537 |
| Amortisation of intangible assets | **1,764** | 2,475 |
| Reversal of impairment loss on property, plant and equipment | **–** | (121) |
| Loss on disposal of property, plant and equipment | **743** | 115 |
| Equity-settled share-based payment transactions | **316** | 38 |
| Share of loss of joint venture, net of tax | **359** | 578 |
| Finance income | **(734)** | (1,238) |
| Finance expense | **27,363** | 22,903 |
| Tax expense (benefit) - net | **(9,412)** | (7,451) |
| Net loss on derivative financial instrument | **2,342** | 3,132 |
| Operating profit before working capital changes | **27,317** | 22,816 |
| Changes in: | | |
| Other assets | **10,737** | (1,951) |
| Inventories | **(165,540)** | (193,270) |
| Biological assets | **(758)** | (1,324) |
| Trade and other receivables | **16,240** | 18,523 |
| Prepaid and other current assets | **(2,048)** | (4,484) |
| Trade and other payables | **70,172** | 15,279 |
| Employee Benefit | **3,793** | (380) |
| Operating cash flow | **(40,087)** | (144,791) |
| Income taxes paid | **–** | (1,132) |
| **Net cash outflows from operating activities** | **(40,087)** | (145,923) |
| | | |
| **Cash flows from investing activities** | | |
| Interest received | **126** | 98 |
| Proceeds from disposal of property, plant and equipment | **56** | 4 |
| Purchase of property, plant and equipment | **(19,541)** | (9,796) |
| Additional investment in joint venture | **(1,359)** | (1,102) |
| **Net cash flows used in investing activities** | **(20,718)** | (10,796) |
| | | |
| **Cash flows from financing activities** | | |
| Interest paid | **(22,636)** | (18,950) |
| Proceeds of borrowings | **57,864** | 163,156 |
| **Net cash flows from financing activities** | **35,228** | 144,206 |
| | | |
| **Net decrease in cash and cash equivalents** | **(25,577)** | (12,513) |
| **Cash and cash equivalents at 1 May** | **47,203** | 35,618 |
| **Effect of exchange rate fluctuations on cash held** | **(1,132)** | (3,226) |
| | | |
| **Cash and cash equivalents at 31 July** | **20,494** | 19,879 |

**One-off expenses**

| | For the three months ended 31 July | | |
|---|---|---|---|
| | **FY2017** | **FY2016** | **% Change** |
| **in US$ million** | | | |
| Closure of North Carolina plant | **1.5** | - | 100.0 |
| ERP implementation at DMFI | **-** | 2.0 | (100.0) |
| Sager Creek acquisition/integration | **-** | 0.8 | (100.0) |
| Severance | **3.4** | 0.3 | 904.2 |
| **Total (pre-tax basis)** | **4.9** | 3.1 | 58.4 |
| **Total (post-tax and post non-controlling interest)** | **2.8** | 1.7 | 64.5 |