

**Del Monte Foods Holdings Limited
and Subsidiaries**

Consolidated Financial Statements
May 1, 2016

and

Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Del Monte Foods Holdings Limited
P.O. Box 957, Offshore Incorporation Centre
Road Town, Tortola
British Virgin Islands

We have audited the accompanying consolidated financial statements of Del Monte Foods Holdings Limited and its subsidiaries, which comprise the consolidated statement of financial position as at May 1, 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SGVFS019699

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Del Monte Foods Holdings Limited and its subsidiaries as at May 1, 2016, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of Del Monte Foods Holdings Limited, prepared in accordance with U.S. generally accepted accounting principles, as at May 3, 2015 and April 27, 2014 and for the year ended May 3, 2015 and the period from November 11, 2013 to April 27, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 31, 2015.

Sybilis Ganes Velayo & Co.

Makati City, Philippines
July 28, 2016

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DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Financial Position

(In thousands of US dollars, except share and per share data)

	<i>Note</i>	May 1, 2016	May 3, 2015 Restated*	April 28, 2014 Restated*
ASSETS				
Noncurrent Assets				
Property, plant and equipment	5	\$466,044	\$474,980	\$403,190
Intangible assets and goodwill	7	737,451	746,759	729,251
Deferred tax assets	8	97,082	82,122	38,862
Net employee benefits	18	–	–	10,673
Other non-current assets	9	7,390	11,594	8,119
Total Noncurrent Assets		1,307,967	1,315,455	1,190,095
Current Assets				
Inventories	10	770,388	654,343	697,178
Trade and other receivables	11	108,393	127,660	109,835
Prepaid and other current assets	12	19,860	17,544	30,727
Cash	13	1,186	564	18,626
Assets held for sale	14	1,950	6,187	–
Total Current Assets		901,777	806,298	856,366
Total Assets		\$2,209,744	\$2,121,753	\$2,046,461
EQUITY AND LIABILITIES				
Equity				
Common stock (\$1.00 par value, shares authorized: 50,000; issued and outstanding: 1)		\$ –	\$ –	\$ –
Additional paid-in capital		705,000	705,000	705,000
Deficit		(70,869)	(101,063)	(46,538)
Reserves	15	(24,071)	(25,398)	1,979
Equity attributable to owners of the Company		610,060	578,539	660,441
Non-controlling interests	28	552	–	–
Total Equity		610,612	578,539	660,441
Noncurrent Liabilities				
Term loans	16	923,198	924,695	923,161
Employee benefits	18	88,343	118,796	89,561
Environmental remediation liabilities	20	6,313	4,580	4,241
Deferred tax liabilities	8	1,092	1,092	1,092
Derivative liabilities	19	21,527	20,090	4,368
Other noncurrent liabilities	17	39,058	39,447	40,483
Total Noncurrent Liabilities		1,079,531	1,108,700	1,062,906
Current Liabilities				
Loans and borrowings	16	225,879	98,362	114,019
Employee benefits	18	33,651	43,080	33,622
Trade and other payables	21	168,981	250,580	167,021
Derivative liabilities	19	15,218	1,003	–
Intercompany payables	35	75,650	41,236	8,363
Current tax liabilities		222	253	89
Total Current Liabilities		519,601	434,514	323,114
Total Liabilities		1,599,132	1,543,214	1,386,020
Total Equity and Liabilities		\$2,209,744	\$2,121,753	\$2,046,461

* See Note 4 and 37.

DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Income Statements

(In thousands of US dollars)

		Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014**
	<i>Note</i>	Year ended May 1, 2016	Restated* Restated*
Net sales	22	\$1,778,002	\$1,708,937
Cost of sales	23	(1,454,006)	(1,439,691)
Gross profit		323,996	269,246
Distribution and selling expenses	23	(123,306)	(118,040)
General and administrative expenses	23	(133,509)	(180,737)
Transaction fees	4	(504)	(3,008)
Gain on bargain purchase	4	–	27,142
Other income (expenses) - net	24	34,023	(7,103)
Income (loss) from operations		100,700	(12,500)
Net finance expense	25	(72,553)	(70,386)
Profit (Loss) before taxation		28,147	(82,886)
Income tax benefit (expense) – current	26	(1,544)	(921)
Income tax benefit (expense) – deferred	26	3,591	29,282
Profit (Loss)		\$30,194	(\$54,525)

* See Note 4 and 37.

** The Company was incorporated on November 11, 2013.

DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(In thousands of US dollars)

	Year ended	Year ended	Period from
<i>Note</i>	May 1, 2016	May 3, 2015	November 11,
		Restated*	2013 to
			April 27, 2014**
			Restated
			8
Profit (Loss)	\$30,194	(\$54,525)	(\$46,538)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement plans, net of atax benefit (expense) of \$7,279, \$8,797, and (\$1,100) respectively	<i>18</i> 7,774	(14,355)	1,794
	7,774	(14,355)	1,794
Items that will or may be reclassified subsequently to profit or loss:			
Currency translation differences	<i>19</i> 16	(2,623)	2,893
Effective portion of changes in fair value of cash flow hedges:			
Interest rate swaps, net of tax benefit of \$5,709, \$5,974, and \$1,660 respectively	(9,315)	(9,748)	(2,708)
Cross-currency swaps – Peso, net of tax (expense) benefit of (\$860), \$301, and \$0, respectively)	1,615	(702)	–
Commodity swaps – Natural gas, net of tax benefit (expense) of \$116, (\$32), and \$0 respectively)	(190)	51	–
Interest rate swaps - reclassification adjustments to profit or loss net of tax (expense) of (\$875), 0, 0 respectively	1,427	–	–
	(6,447)	(13,022)	185
Other comprehensive income (loss), net of tax	1,327	(27,377)	1,979
Total comprehensive income (loss)	\$31,521	(\$81,902)	(\$44,559)

* See Note 4 and 37.

** The Company was incorporated on November 11, 2013.

DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the year ended May 1, 2016

(In thousands of US dollars)

	Attributable to Owners of the Company							Non-controlling Interests	Total equity
	Capital Stock	Additional paid-in capital	Translation reserve	Re-measurement of retirement plans	Hedging reserve	Deficit	Total		
2016									
Restated balance at May 4, 2015	\$ –	\$705,000	\$270	(\$12,561)	(\$13,107)	(\$101,063)	\$578,539	\$ –	\$578,539
Total comprehensive income									
Profit for the year	–	–	–	–	–	30,194	30,194	–	30,194
Other comprehensive income									
Currency translation differences	–	–	16	–	–	–	16	–	16
Re-measurement of retirement plans	–	–	–	7,774	–	–	7,774	–	7,774
Cash flow hedges	–	–	–	–	(6,463)	–	(6,463)	–	(6,463)
Total other comprehensive income	–	–	16	7,774	(6,463)	–	1,327	–	1,327
Total comprehensive income	–	–	16	7,774	(6,463)	30,194	31,521	–	31,521
Transactions with owners of the Company recognized directly in equity									
Contributions by and distributions to owners of the Company									
Share-based expense	–	–	–	–	–	–	–	552	552
At May 1, 2016	\$ –	\$705,000	\$286	(\$4,787)	(\$19,570)	(\$70,869)	\$610,060	\$552	\$610,612

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DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statement of Changes in Equity (continued)

For the year ended May 3, 2015

(In thousands of US dollars)

	<i>Note</i>	Capital stock	Additional paid-in capital	Translation reserve	Re-measurement of retirement plans	Hedging reserve	Deficit	Total equity
2015								
At April 28, 2014		\$ –	\$705,000	\$2,893	\$1,794	(\$2,708)	(\$46,538)	\$660,441
Total comprehensive income (restated*)								
Loss for the year		–	–	–	–	–	(54,525)	(54,525)
Other comprehensive income								
Currency translation differences		–	–	(2,623)	–	–	–	(2,623)
Re-measurement of retirement plans		–	–	–	(14,355)	–	–	(14,355)
Cash flow hedges		–	–	–	–	(10,399)	–	(10,399)
Total other comprehensive loss		–	–	(2,623)	(14,355)	(10,399)	–	(27,377)
Total comprehensive loss (restated*)		–	–	(2,623)	(14,355)	(10,399)	(54,525)	(81,902)
Restated balance at May 3, 2015		\$ –	\$705,000	\$270	(\$12,561)	(\$13,107)	(\$101,063)	\$578,539

* See Note 4 and 37.

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DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statement of Changes in Equity (continued)

For the period from November 11, 2013 to April 27, 2014*

(In thousands of US dollars)

	<i>Note</i>	Capital stock	Additional paid-in capital	Translation reserve	Remeasure- ment of retirement plans	Hedging reserve	Deficit	Total equity
2014								
At November 11, 2013		\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Total comprehensive income								
Loss for the period		–	–	–	–	–	(46,538)	(46,538)
Other comprehensive income								
Currency translation differences		–	–	2,893	–	–	–	2,893
Re-measurement of retirement plans		–	–	–	1,794	–	–	1,794
Cash flow hedges		–	–	–	–	(2,708)	–	(2,708)
Total other comprehensive income		–	–	2,893	1,794	(2,708)	–	1,979
Total comprehensive income		–	–	2,893	1,794	(2,708)	(46,538)	(44,559)
Transactions with owners of the Company recognized directly in equity								
Contributions by and distributions to owners of the Company								
Issue of common stock		–	705,000	–	–	–	–	705,000
At April 27, 2014		\$ –	\$705,000	\$2,893	\$1,794	(\$2,708)	(\$46,538)	\$660,441

* The Company was incorporated on November 11, 2013.

DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands of US dollars)

		Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014*
	Note	May 1, 2016	Restated**
		Restated**	Restated**
Cash flows from operating activities			
Profit (loss)		\$30,194	(\$54,525)
Adjustments for:			(\$46,538)
Amortisation of intangible assets	7	9,309	6,988
Depreciation of property, plant and equipment	5	47,662	42,512
Impairment losses on property, plant and equipment		5,000	–
Loss on disposal of property, plant and equipment		1,079	1,308
Inventory write-downs		23,951	2,734
Share based compensation expense	28	552	–
Defined benefit plan amendment	18	(40,716)	–
Finance expense	25	72,553	65,576
Deferred income tax benefit	26	(3,591)	(29,282)
Cash flow hedges:			
Commodity hedge		1,887	(735)
Currency hedge		1,003	1,054
Interest rate swaps		2,302	–
Bargain purchase on acquisition of Sager Creek	4	–	(27,142)
Deconsolidation of a subsidiary	24	–	5,103
		151,185	13,591
Changes in:			(51,893)
Other assets		(7,260)	19,498
Inventories		(142,098)	83,098
Trade and other receivables		27,789	(27,456)
Trade and other payables		(59,293)	94,115
Other liabilities		12,850	7,169
Cash generated from (absorbed by) operations		(16,827)	190,015
Income taxes paid		(1,177)	(121)
Net cash flows from/(used in) operating activities		(\$18,004)	\$189,894
			\$71,821

* The Company was incorporated on November 11, 2013.

** Amounts restated due to change in profit (loss) upon transition to IFRS

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DEL MONTE FOODS HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

(In thousands of US dollars)

		Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014*
	Note	Year ended May 1, 2016	Restated**
			Restated**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		\$3,719	\$182
Purchase of property, plant and equipment		(42,823)	(57,342)
Acquisition of Consumer Food Business, net of cash acquired	4	–	(1,783,497)
Purchase of Sager Creek	4	–	(72,500)
Net cash flows used in investing activities		(39,104)	(129,660)
Cash flows from financing activities			
Interest paid		(60,667)	(57,288)
Proceeds from short-term borrowings		782,900	293,773
Proceeds from long-term debt		–	963,850
Payments of debt related costs		(1,029)	(379)
Payments on short-term borrowings		(656,458)	(305,006)
Payments on long-term borrowings		(7,100)	(8,875)
Proceeds from issuance of share capital		–	705,000
Net cash flows from/(used in) financing activities		57,646	(77,775)
Net increase/(decrease) in cash		538	(17,541)
Cash at beginning of year/period		564	18,626
Effect of exchange rate changes on balances held in foreign currency		84	(521)
Cash at end of year/period	13	\$1,186	\$564
			\$18,626

** Amounts restated due to change in profit (loss) upon transition to IFRS

* The Company was incorporated on November 11, 2013.

Notes to the financial statements

These notes form an integral part of the financial statements.

These consolidated financial statements as of May 1, 2016, May 3, 2015, April 27, 2014 and for each of the two years and the period then ended, were approved and authorized by the Executive Officers on July 28, 2016.

1. Reporting entity

Del Monte Foods Holdings Limited (the “Company”) was incorporated in the British Virgin Islands on November 11, 2013. The Company is a wholly-owned subsidiary of DMPL Foods Limited, a subsidiary of Del Monte Pacific Limited (“DMPL”). DMPL was incorporated in the British Virgin Islands and is listed on the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange.

The registered office of the Company is located at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”).

The Group is one of the country’s largest producers, distributors and marketers of premium quality, branded food products for the United States (“US”) retail market. The majority of its products are sold nationwide in all channels serving retail markets, mass merchandisers, the US military, certain export markets, the foodservice industry and food processors. The Group sells products under the “*Del Monte*”, “*Contadina*”, “*College Inn*”, “*S&W*” and other brand names, as well as private label products, to key customers. The Group is one of the largest marketers of processed fruit, vegetables and tomatoes in the US.

The Company is separately liable under various full and unconditional guarantees of indebtedness of Del Monte Foods Inc. (“DMFI”), including under full and unconditional guarantees of DMFI’s Term Loan Credit Agreements and ABL Credit Agreement. DMFI and DMFI’s subsidiaries are subject to limitations on their ability to make loans, advances, dividends and distributions to the Company under the covenants governing DMFI’s Term Loan Credit Agreements and ABL Credit Agreement. For a description of DMFI’s senior credit facility and senior subordinated notes, see Note 16.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These are the Group’s first consolidated financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in Note 37.

The Group operates on a 52 or 53-week fiscal year ending on the Sunday closest to April 30. Fiscal 2016 was a 52-week year and Fiscal 2015 was a 53-week year.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis at each reporting date.

Items	Measurement bases
Derivative financial instruments	Fair value
Net defined benefit (asset) liability	Fair value of plan assets less the present value of the defined benefit obligation
Equity-settled share-based compensation	Fair value at grant date, recognized over the vesting period
Assets Held for Sale	Fair value, less costs to sell

2.3 Functional and presentation currency

These consolidated financial statements are presented in United States (“US”) dollars, which is the Group’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 consolidated 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.

Judgements

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

- Note 6 – Deconsolidation of Del Monte Andina C.A.
- Note 7 – Assessment of Intangible Assets with Indefinite Useful Life
- Note 33 – Lease classification
- Note 34 – Contingencies

Estimates and underlying assumptions

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

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

- Note 5 – Useful life of property, plant and equipment
- Note 6 – Recoverability of investment in subsidiaries
- Note 7 – Useful life of intangible assets and impairment of intangible assets and goodwill
- Note 8 – Realizability of deferred tax assets
- Note 10 – Allowance for inventory obsolescence and net realizable value
- Note 11 – Impairment of trade receivables
- Note 18 – Measurement of employee benefit obligations
- Note 20 – Estimation of environmental remediation liabilities
- Note 26 – Measurement of income taxes
- Note 32 – Determination of fair values
- Note 34 – Provisions

2.5 Measurement of fair value

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

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

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

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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.

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

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

3. Significant accounting policies

The accounting policies set out below have been applied by the Group consistently to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

(i) Business combination

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations* as of the acquisition date, which is the date on which control is transferred to the Group. The Group measures goodwill at the acquisition date, as the fair value of consideration transferred; plus the amount recognized for any non-controlling interests in the acquiree over the net amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

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

The Group acquired Sager Creek Vegetable Company's vegetable business in March 2015 and Del Monte Corporation's consumer food business in February 2014 (see Note 4).

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries are aligned with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

See Note 6 for the details of the Company's subsidiaries.

(iii) Non-controlling interests

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. NCI include increases in equity attributable to the grant of subsidiaries' equity instruments to counterparties who are not part of the Group, in equity-settled share-based expense transactions (see Note 28).

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in the income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The Group deconsolidated Del Monte Andina C.A., its foreign subsidiary operating in Venezuela, in February 2015 (see Note 6).

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

(i) Foreign currency transactions

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

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

Foreign currency differences arising on retranslation are recognized in the income statement, except for differences which are recognized in Other Comprehensive Income (OCI) arising on the retranslation of qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

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

Foreign currency differences are recognized in OCI and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(iii) Foreign operation in hyperinflationary economy

Financial statements of a foreign entity with a functional currency of a country that has a highly inflationary economy, are restated to reflect changes in the general price level or index in that country before translation into US Dollars.

In adjusting for hyperinflation, a general price index is applied to all non-monetary items in the financial statements (including equity) and the resulting gain or loss, which is the gain or loss on the entity's net monetary position, is recognized in the income statement. Monetary items in the closing statement of financial position, which are defined as money held and items to be received or paid in money, are not adjusted.

The Group treated Del Monte Andina C.A. as a hyperinflationary economy effective February 2014 until its deconsolidation in February 2015 (see Note 6).

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the net proceeds from disposal with the carrying amount of the item, and is recognized net within other income (expenses) in the income statement. See Note 3.5 for the accounting policy for impairment.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

Buildings, land improvements and leasehold improvements	-	5 to 50 years
Machinery and equipment	-	10 to 20 years
Computers and software	-	3 to 7 years

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

3.4 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is not amortized (See Note 3.1 and Note 4). Goodwill is assessed for impairment annually (See Note 3.5).

(ii) Indefinite-life Intangible Assets

Intangible assets with indefinite useful lives are not amortized and subject to an annual impairment evaluation (See Note 3.5).

(iii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure is recognized in the income statement as incurred. The Group has not incurred capitalizable research and development expenditures during fiscal years/period 2016, 2015 and 2014.

(iv) Other intangible assets

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

(v) Subsequent expenditure

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

(vi) Amortization

Amortization is calculated based on the cost of the asset, less its residual value. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current period and comparative years are as follows:

Trademarks	- 10 to 20 years
Customer relationships	- 8 to 20 years

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

3.5 Impairment of Non-financial assets

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

When conducting the annual impairment test for goodwill, the Group compares the estimated fair value of the CGU containing goodwill to its recoverable amount. The recoverable amount is computed using two approaches: the VIU approach, which is the present value of expected cash flows, discounted at a risk adjusted weighted average cost of capital; and the fair value less costs of disposal approach, which is based on using market multiples of companies in similar lines of business (see Note 7).

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

3.6 Inventories

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

The Group uses a standard costing system to account for inventories. The cost of inventories is based on the first-in, first-out principle. Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor, certain freight and warehousing cost, and indirect production and overhead costs.

A systematic allocation is made of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads is based on the normal capacity of the production facilities. Normal capacity is the production levels expected to be achieved, on average for the periods or seasons under normal circumstances, taking into account the seasonal business cycle of the Group.

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

3.7 Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss (FVPL), held-to-maturity (HTM) financial assets, loans and receivables and available-for-sale (AFS) financial assets. The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the instruments were acquired and whether they are quoted in an active market. Classification is determined at initial recognition and, where allowed and appropriate, re-evaluated at every reporting date. The Group has no financial assets and liabilities at FVPL, HTM financial assets, and AFS financial assets as of May 1, 2016, May 3, 2015 and April 28, 2014.

(i) Non-derivative financial assets

Loans and receivables

Loans and receivables comprise trade and other receivables. The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the transaction date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Loans and receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence that it is impaired. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults.

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

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

An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in the income statement and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through the income statement.

Cash and Cash equivalents

Cash and cash equivalents comprise bank balances and cash on hand.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise bank loans, and trade and other payables. Financial liabilities are recognized initially on the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Derivative financial instruments, including hedge accounting

The Group uses derivative financial instruments for the purpose of managing risks associated with interest rates, currencies, transportation and certain commodities (see Note 19). The Group does not trade or use instruments with the objective of earning financial gains on fluctuations in the derivative instrument alone, nor does it use instruments where there are no underlying exposures. All derivative instruments are recorded in the statement of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the instrument has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Group designates the hedging instrument based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

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

Derivatives are recognized initially at fair value; any directly attributable transaction costs are recognized in the income statement as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in OCI, generally for derivatives designated as effective hedges, or the income statement, for other derivatives.

Cash flow hedges

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

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

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

(iv) Equity

Common stock

Common stock are classified as equity. Holders of these shares are entitled to dividends when declared and are entitled to one vote per share at general meetings of the Company. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Additional paid-in capital

Additional paid-in capital represents the excess of consideration received over the par value of common stock.

Retained earnings (Deficit)

Retained earnings (Deficit) represent the cumulative balance of periodic net income or loss, dividend distributions, effect of changes in accounting policy and other capital adjustments. No dividends have been declared by the Group during fiscal years/period 2016, 2015 and 2014.

3.8 Prepaid expenses

Prepaid expenses are expenses not yet incurred but already paid by the Group. Prepaid expenses are initially recorded as assets and measured at the amount paid. Subsequently, these are recognized in profit or loss as they are consumed in operations or expire with the passage of time.

3.9 Assets held for sale

Assets held for sale are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in the income statement. Once classified as held-for-sale, property, plant and equipment are no longer depreciated. The Group classifies part of Sager Creek's assets as held-for-sale as of May 1, 2016 and May 3, 2015 (see Note 14).

3.10 Leased assets

Leases in terms of which the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases. Operating leases are not recognized in the Group's statement of financial position. Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent or prepaid rent in the statements of financial position. Lease incentives received are recognized as an integral part of the total lease expenses, over the term of the lease. Leases where substantially all the risks and rewards of ownership are assumed are finance leases. The Group does not have finance leases as of May 1, 2016, May 3, 2015 and April 28, 2014.

3.11 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

(ii) Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Group has a defined benefit qualified retirement plan requiring contributions to be made to separately administered funds. The Group also has various other non-qualified retirement plans and supplemental retirement plans for executives, designed to provide benefits in excess of those otherwise permitted under the Group's qualified retirement plans. These plans are unfunded and comply with Internal Revenue Service (IRS) rules for non-qualified plans (see Note 18).

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

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

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognizes them immediately in other comprehensive income and all expenses related to defined benefit plans in staff cost in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

When the plan amendment or curtailment occurs, the Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement. In fiscal year 2016, a plan amendment was implemented for certain medical and dental benefits (see Note 18).

(iii) Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to certain union employees. The Group accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as a defined contribution plans, as sufficient information is not available to apply defined benefit accounting principles.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in the income statement in the period in which they arise. Other long-term employee benefits include the Group's long-term executive cash incentive awards (see Note 28).

(v) Termination benefits

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

(vi) Short-term employee benefits

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

(vii) Equity-settled Share-based payment transactions

The Group grants share options for the shares of a subsidiary to employees of the Group. The fair value of incentives granted is recognized as an employee benefit expense with a corresponding increase in equity. The fair value, measured at grant date, is recognized over the vesting period during which the employees become unconditionally entitled to the options. At each reporting date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates in employee benefit expense and as a corresponding adjustment to equity over the remaining vesting period.

3.12 Provisions

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

(i) Environment remediation liabilities

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

(ii) Retained insurance liabilities

The Group accrues for retained-insurance risks associated with the deductible portion of any potential liabilities that might arise out of claims of employees, customers or other third parties for personal injury or property damage occurring in the course of the Group's operations. A third-party actuary is engaged to assist the Group in estimating the ultimate cost of certain retained insurance risks. Additionally, the Group's estimate of retained-insurance liabilities is

subject to change as new events or circumstances develop which might materially impact the ultimate cost to settle these losses.

(iii) Coupon redemption

The Group accrues coupon redemption costs in the period in which the coupons are offered based on estimates of redemption rates that are developed by management. Management's estimates are based on recommendations from independent coupon redemption clearing-houses as well as historical information. Should actual redemption rates vary from amounts estimated, adjustments to liabilities may be required. Coupon redemption costs are recorded as a reduction to gross sales.

(iv) Trade promotions

Accruals for trade promotions are recorded primarily at the time a product is sold to the customer based on expected levels of performance. Settlement of these liabilities typically occurs in subsequent periods primarily through an off-invoice allowance at the time of sale or through an authorized process for deductions taken by a customer from amounts otherwise due to the Group. Deductions are offset against related trade promotion accruals. Evaluations of the trade promotion liability are performed monthly and adjustments are made where appropriate to reflect changes in the Company's estimates. Trade spending is recorded as a reduction to gross sales.

3.13 Revenue recognition

Sales of goods

Revenue from the sale of goods in the course of ordinary activities is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of the contract of sale but usually occurs when the customer receives the product.

Revenue is measured at the fair value of the consideration received or receivable, net of customer returns, consumer promotion costs relating to coupon redemption, trade promotions, performance allowances, customer pick-up allowances and discounts. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The Group's customers generally do not have the right to return products unless damaged or defective.

3.14 Cost and expense recognition

Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Expenses are also recognized in the profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in the consolidated statements of income on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

3.15 Net finance expense

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

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

3.16 Income Tax

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

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

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

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

3.17 New standards and interpretations issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after May 4, 2015. The Group has not applied the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's financial statements.

Effective January 1, 2016

- *Annual Improvements to IFRSs 2012 – 2014 Cycle*. This cycle of improvements contains amendments to four standards, none of which are expected to have significant impact on the Group's financial statements. The amendments are effective for annual periods beginning on or after May 1, 2016. Earlier application is permitted.
- *Changes in method for disposal (Amendment to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations)*. IFRS 5 is amended to clarify that:
 - if an entity changes the method of disposal of an asset (or disposal group) – i.e. reclassifies an asset (or disposal group) from held-for-distribution to owners to held-for-sale (or vice versa) without any time lag – then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset (or disposal group) and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset (or disposal group); and
 - if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

Any change in method of disposal or distribution does not, in itself, extend the period in which a sale has to be completed.

The amendment to IFRS 5 is applied prospectively in accordance with IAS 8 to changes in methods of disposal that occur on or after January 1, 2016.

- *Discount rate in a regional market sharing the same currency – e.g. the Eurozone (Amendment to IAS 19 Employee Benefits).* The amendment to IAS 19 clarifies that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not at the country level.

The amendment to IAS 19 is applied from the beginning of the earliest comparative period presented in the first financial statements in which the entity applies the amendment, with any initial adjustment recognized in retained earnings at the beginning of that period.

- *Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying IAS 1. The amendments clarify that:
 - Information should not be obscured by aggregating or by providing immaterial information.
 - Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.
 - The list of line items to be presented in the statement of financial position and statement of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.
 - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

Effective January 1, 2017

- *Disclosure initiative (Amendments to IAS 7 Statement of Cash Flows).* The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes – e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. If the required disclosure is provided in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in

liabilities arising from financing activities separately from changes in those other assets and liabilities.

The amendments are to be applied for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes)*. The amendments clarify that:
 - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;
 - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;
 - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
 - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017. Early adoption is permitted.

Effective January 1, 2018

- *IFRS 9 Financial Instruments (2014)*. IFRS 9 (2014) replaces IAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of IFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). IFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. IFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

- *IFRS 15 Revenue from Contracts with Customers* replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition

model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Effective January 1, 2019

- *IFRS 16 Leases* supersedes *IAS 17 Leases* and the related interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized in the Statement of Financial Position, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

IFRS 16 is effective for annual periods beginning on or after May 1, 2019. The Group is currently assessing the potential impact of IFRS.

4. Acquisition of business

(i) Acquisition of Sager Creek

The Group, through its wholly-owned U.S. subsidiary, Vegetable Acquisition Corp., has acquired Sager Creek Vegetable Company's ("Sager Creek") vegetable business effective March 10, 2015 in San Francisco, U.S.A. Sager Creek is a producer of specialty vegetables for the foodservice and retail markets headquartered in Siloam Springs, Arkansas. Sager Creek has manufacturing operations located in North Carolina, and Arkansas. Sager Creek's well-known brands include Veg-All, Freshlike, Popeye, Princella and Allens', among others. The cash price paid for the Sager Creek assets is \$72.5 million. Such price was established through an auction process and negotiations between the parties. The acquisition cost was financed through Del Monte Foods Inc.'s ("DMFI") revolving credit facility, the payment for which will be secured by the acquired assets.

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

During the period from the date of acquisition on March 10, 2015 to May 3, 2015, Sager Creek contributed revenue of \$29.5 million and an operating loss of \$0.2 million to the Group's results. If the acquisition had occurred on April 28, 2014, management estimates that the contribution to the consolidated revenue for the annual period ended March 3, 2015 would have been \$251.6 million, and operating loss would have been \$23.3 million.

(a) **Consideration transferred**

The following table summarizes the acquisition-date fair value of each major class of consideration transferred.

	Amount
Original purchase price	\$75,000
Working capital adjustments	(2,500)
Total cash consideration transferred	\$72,500

The cash consideration was reduced by a post-closing working capital adjustment settled in January 2016 for \$2.5 million.

(b) **Acquisition-related costs**

The Group incurred acquisition-related costs in respect of the acquisition of Sager Creek amounting to \$0.5 million and \$0.8 million for the years ended May 1, 2016 and May 3, 2015, respectively. These costs include external legal fees and due diligence costs, and have been included in "administrative expenses" in the income statements.

(c) **Identifiable assets acquired and liabilities assumed**

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

	Fair values recognized on acquisition (provisional) May 3, 2015	Adjustments during window period	Fair values recognized on acquisition (final) May 1, 2016
Property, plant and equipment	\$39,511	\$ –	\$39,511
Intangible assets	25,400	–	25,400
Other non-current assets	2,117	–	2,117
Inventories	53,589	–	53,589
Assets held for sale	8,113	(1,926)	6,187
Other current assets	4,412	–	4,412
Trade and other payables	(31,113)	–	(31,113)
Other non-current liabilities	(461)	–	(461)
Total identifiable net assets	<u>\$101,568</u>	<u>(\$1,926)</u>	<u>\$99,642</u>

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

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows: *Property, plant and equipment*: Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate. *Intangible assets*: Relief-from-royalty method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. *Inventories*: Market comparison technique: The fair value was determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Retrospective adjustment

The Group retrospectively adjusted the provisional amounts recognized at the acquisition date to reflect new information about facts and circumstances that existed as of the acquisition date that affected the measurement of the amounts initially recognized or would have resulted in the recognition of other assets or liabilities with a corresponding adjustment to goodwill or bargain purchase gain. The Group also revised comparative information for prior periods presented in the financial statements as a result of changes made to provisional amounts recognized as of May 3, 2015.

(d) Bargain purchase

Bargain purchase gain arising from the acquisition has been recognized in the year ended May 3, 2015 as follows:

	Amount
Total consideration transferred	\$72,500
Fair value of identifiable net assets	(99,642)
Bargain purchase gain	(\$27,142)

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

(ii) Acquisition of Consumer Food Business

On October 9, 2013, DMPL and the Group’s wholly owned subsidiary, DMFI entered into a purchase agreement with Del Monte Corporation, now known as The J.M. Smucker Company or “Smucker’s” (also formerly known as “Big Heart Pet Brands”) (“the Seller”), to acquire all of the shares of certain subsidiaries of the Seller and acquire certain assets and assume certain liabilities related to the Seller’s consumer food business (“Consumer Food Business”) for a purchase price of \$1,675.0 million subject to a post-closing working capital adjustment (the “Acquisition”). The transaction was completed on February 18, 2014.

The Consumer Food Business sells products under the *Del Monte*, *Contadina*, *College Inn*, *S&W* and other brand names, as well as private label products, to key customers. The Consumer Food Business is one of the largest marketers of processed fruit, vegetables and tomatoes in the United States, with the leading retail market share for branded products in both fruit and vegetable.

As a result of the acquisition, the Group expects to gain access to a well-established, attractive and profitable branded consumer business in the US. The Group anticipates generating significant value creation opportunities in the US market through the expansion of the Consumer Food Business’ current product offering to include beverage and culinary products. Furthermore, with greater access for its products, the Group expects to realize synergies by leveraging its vertical integration, benefiting from economies of scale and value-added expansion and optimising operations over time.

In order to support the continued and uninterrupted operation of the Consumer Food Business following the close date, a transition services agreement, dated February 18, 2014 was made by and between the Seller, DMFI and the Company. Beginning on the close date, the Seller provided transition services relating to warehousing, transportation, customer financial services, IT services/use of system and administration (accounting/finance). This agreement terminated on February 18, 2015.

From the date of acquisition on February 18, 2014 to April 27, 2014, the Consumer Food Business contributed revenue of \$293.0 million and loss of \$43.3 million to the Group's results. If the acquisition had occurred on November 11, 2013, management estimates that contribution to consolidated revenue for the period ended 27 April 2014 would have been \$525.0 million, and consolidated loss for the period would have been \$58.0 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on November 11, 2013.

(a) Consideration transferred

The following table summarizes the acquisition-date fair value of each major class of consideration transferred.

	Amount
Original purchase price	\$1,675,000
Working capital adjustments	<u>110,981</u>
Total cash consideration transferred	<u><u>\$1,785,981</u></u>

The cash consideration includes the post-closing working capital adjustments of \$111.0 million which was calculated based on the difference between the target working capital stipulated in the purchase agreement and the Seller's good faith estimate of working capital and was paid upon the completion of the acquisition on February 18, 2014.

Based on the Seller's calculation of working capital, the Seller requested an additional upward adjustment to the post-closing working capital adjustment of \$16.4 million plus interest accrued from February 18, 2014 through to the date of payment. The \$16.4 million has not been accrued by the Group. DMFI served its Notice of Disagreement asserting that the Sellers' statement setting forth its calculation of closing working capital is in breach of several provisions of the Agreement and that the Seller is not entitled to any adjustment to the purchase price on account of working capital, including the additional post-closing working capital adjustment of \$16.4 million plus interest accrued, and the post-closing adjustment amount must be returned.

In March 2015, the parties submitted this dispute to an independent certified public accounting firm for resolution pursuant to the Purchase Agreement. On April 25, 2016, the parties entered into a settlement agreement, under which the Seller paid/refunded to DMFI \$38 million in full satisfaction of the post-closing working capital amount adjustment under the Purchase Agreement (see Note 34). The resulting settlement gain was recognized in "Other income".

(b) Acquisition-related costs

The Group incurred a total of \$2.2 million for the year ended May 3, 2015 (Period ended April 27, 2014: \$33.4 million) of acquisition-related costs in respect of the Acquisition. These costs include external legal fees and due diligence costs, and have been included in 'Transaction fees' in the consolidated income statement.

(c) **Identifiable assets acquired and liabilities assumed**

The following table summarizes the recognized fair values of identifiable assets acquired and liabilities assumed at the date of acquisition.

	<i>Note</i>	Fair values recognized on acquisition (provisional) April 27, 2014	Adjustments during window period	Fair values recognized on acquisition (final) May 3, 2015
Property, plant and equipment	5	\$406,010	\$7,196	\$398,814
Intangible assets	7	529,000	4,000	525,000
Other non-current assets		22,619	359	22,260
Deferred tax assets	8	7,750	(829)	8,579
Inventories	10	797,459	–	797,459
Cash and cash equivalents		2,484	–	2,484
Trade and other receivables		124,697	(806)	125,503
Trade and other payables		(144,336)	–	(144,336)
Current employee benefits		(4,563)	(172)	(4,391)
Other non-current liabilities		(46,276)	2,585	(48,861)
Deferred tax liabilities		(2,772)	(1,680)	(1,092)
Non-current employee benefits		(105,465)	(4,532)	(100,933)
Total identifiable net assets acquired		1,586,607	6,121	1,580,486
Goodwill	7	199,374	(6,121)	205,495
Total consideration transferred		1,785,981	–	1,785,981
Less: Cash and cash equivalents acquired		(2,484)	–	(2,484)
Acquisition of DMFI, net of cash acquired		\$1,783,497	\$ –	\$1,783,497

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows: *Property, plant and equipment*: Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate. *Intangible assets*: Relief-from-royalty method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. *Inventories*: Market comparison technique: The fair value was determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other receivables comprised gross contractual amounts due of \$126.1 million, of which, \$0.6 million was expected to be uncollectible at the date of acquisition. Of the \$525.0 million of acquired intangible assets, \$107.0 million was assigned to customer relationships and \$418.0 million was assigned to trademarks. Customer relationships and amortisable trademarks will be amortized over 10 - 20 years.

Retrospective adjustment

The Group retrospectively adjusted the provisional amounts recognized at the acquisition date to reflect new information about facts and circumstances that existed as of the acquisition date that affected the measurement of the amounts initially recognized or would have resulted in the recognition of other assets or liabilities with a corresponding adjustment to goodwill. The Group also revised comparative information for prior periods presented in the financial statements as needed, including making changes to depreciation, amortization, or other income as a result of changes made to provisional amounts recognized as of April 27, 2014.

(d) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	<i>Note</i>	Amount
Total consideration transferred		\$1,785,981
Fair value of identifiable net assets		<u>1,580,486</u>
Goodwill	7	<u>\$205,495</u>

The goodwill is attributable mainly to the significant value creation opportunities in the US market through the expansion of the Consumer Food Business' current product offering to include beverage and culinary products as well as synergies between the Consumer Food Business and the different subsidiaries under the Group. Furthermore, with greater access for its products, the Group expects to realize synergies by leveraging its vertical integration, benefiting from economies of scale and value-added expansion and optimising operations over time.

5. Property, plant and equipment

	Buildings, land improvements and leasehold improvements	Machinery and equipment	Construction -in-progress	Freehold land	Total
Cost/Valuation					
At May 3, 2015	\$164,285	\$283,080	\$20,385	\$56,710	\$524,460
Additions	650	3,115	42,196	–	45,961
Disposals	(727)	(3,873)	–	–	(4,600)
Reclassifications	8,794	31,318	(34,327)	(5,785)	–
At May 1, 2016	<u>\$173,002</u>	<u>\$313,640</u>	<u>\$28,254</u>	<u>\$50,925</u>	<u>\$565,821</u>
At April 28, 2014	\$146,476	\$208,158	\$14,223	\$42,247	\$411,104
Additions through business combinations	14,603	10,463	–	14,446	39,512
Additions	162	3,948	72,136	9	76,255
Disposals	(140)	(2,271)	–	–	(2,411)
Reclassifications	3,184	62,782	(65,974)	8	–
At May 3, 2015	<u>\$164,285</u>	<u>\$283,080</u>	<u>\$20,385</u>	<u>\$56,710</u>	<u>\$524,460</u>

	Buildings, land improvements and leasehold improvements	Machinery and equipment	Construction -in-progress	Freehold land	Total
Accumulated depreciation and impairment losses					
At May 3, 2015	\$8,834	\$40,646	\$ –	\$ –	\$49,480
Depreciation for the year	9,148	38,514	–	–	47,662
Impairment loss for the year	1,991	2,619	–	390	5,000
Disposals	(333)	(2,032)	–	–	(2,365)
At May 1, 2016	<u>\$19,640</u>	<u>\$79,747</u>	<u>\$ –</u>	<u>\$390</u>	<u>\$99,777</u>
At April 28, 2014	\$1,430	\$6,484	\$ –	\$ –	\$7,914
Charge for the year	7,410	35,102	–	–	42,512
Disposals	(6)	(940)	–	–	(946)
At May 3, 2015	<u>\$8,834</u>	<u>\$40,646</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$49,480</u>
Carrying amounts					
At May 1, 2016	<u>\$153,362</u>	<u>\$233,893</u>	<u>\$28,254</u>	<u>\$50,535</u>	<u>\$466,044</u>
At May 3, 2015	<u>\$155,451</u>	<u>\$242,434</u>	<u>\$20,385</u>	<u>\$56,710</u>	<u>\$474,980</u>
At April 28, 2014	<u>\$145,046</u>	<u>\$201,674</u>	<u>\$14,223</u>	<u>\$42,247</u>	<u>\$403,190</u>

As of May 1, 2016, May 3, 2015 and April 28, 2014, the Group has no significant legal or constructive obligation to dismantle any of its leasehold improvements as the lease contracts provide, among other things, that the improvements introduced on the leased assets shall become the property of the lessor upon termination of the lease.

As of May 1, 2016, May 3, 2016 and April 28, 2014, the Group has amounts included in accrued liabilities for Property, Plant and Equipment acquired of \$0.7 million, \$15.8 million and \$1.8 million, respectively.

The table below summarizes the acquisition date valuation of freehold land acquired through business combination:

<u>Located in</u>	Valuation	Date of valuation
United States of America (Consumer Foods Business)	\$42,264	February 17, 2014
United States of America (Sager Creek)	\$14,446	April 30, 2015

Plant closure

In April 2016, the Group announced its intention to close Sager Creek's plant in Turkey, North Carolina and has started implementation of its termination plan following the approval by the Board of Directors after the plant continued to experience sub-optimal production activities despite efforts to improve operations. The Group closed the plant's canning facilities and the remainder of the production lines are in the process of being redeployed to other production locations as of May 1, 2016. In connection with the plant closure, the Group recognized impairment losses on related property, plant and equipment amounting to \$5.0 million.

Under the termination plan, approximately 300 employees are affected, about two-thirds of which were terminated by the end of fiscal year 2016, and the remainder expected to be terminated in fiscal year 2017. The Group recognized provisions for employee severance benefits amounting to \$1.4 million, with \$1.2 million outstanding as of May 1, 2016. The employee severance benefits are presented under "Employee benefits". Related equipment removal costs amounting to \$2.3 million, together with other related costs, were recognized and included under "Trade and other payables". These expenditures are expected to be incurred in 2017. See Note 10 for related inventory write-downs and Note 20 for additional environmental remediation liabilities incurred in connection with the plant closure.

Estimating Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experiences with similar assets. It is possible, however, that future financial performance could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property, plant and equipment would increase recorded depreciation expense and decrease non-current assets.

6. Subsidiaries

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group		
			May 1, 2016 %	May 3, 2015 %	April 28, 2014 %
Held by the Company Del Monte Foods Holdings Inc ("DMFHI")	Investment holding	State of Delaware, USA	100.00	100.00	–
Held by DMFHI Del Monte Foods Inc. ("DMFI")	Manufacturing, processing and distributing food, beverages and other related products	State of Delaware, USA	100.00	100.00	100.00
Held by DMFI Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.)	Manufacturing, processing and distributing food, beverages and other related products	State of Delaware, USA	100.00	100.00	–
Del Monte Andina C.A.	Manufacturing, processing and distributing food, beverages and other related products	Venezuela	–	–	100.00
Del Monte Colombiana S.A. ^(a)	Distributing food, beverages and other related products	Colombia	81.97	81.97	99.97
Industrias Citricolas de Montemorelos, S.A. de C.V. (ICMOSA)	Manufacturing, processing and distributing food, beverages and other related products	Mexico	100.00	100.00	100.00
Del Monte Peru S.A.C.	Distributing food, beverages and other related products	Peru	100.00	100.00	100.00
Del Monte Ecuador DME C.A.	Distributing food, beverages and other related products	Ecuador	100.00	100.00	100.00
Hi-Continental Corp.	Distributor of non-Del Monte products	State of California, USA	100.00	100.00	100.00
College Inn Foods	Distributor of College Inn brand products	State of California, USA	100.00	100.00	100.00
Contadina Foods, Inc.	Distributor of Contadina brand products	State of Delaware, USA	100.00	100.00	100.00
S&W Fine Foods, Inc	Distributor of S&W Fine Foods, Inc.	State of Delaware, USA	100.00	100.00	100.00

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group		
			May 1, 2016 %	May 3, 2015 %	April 28, 2014 %
Held by Del Monte Andina C.A.					
Del Monte Argentina S.A.	Inactive	Argentina	–	–	100.00

(a) The non-controlling interest in Del Monte Colombiana S.A. is deemed immaterial.

In 2015, the Group deconsolidated its subsidiary, Del Monte Andina C.A., an entity which has operations in Venezuela. Venezuela is a hyperinflationary economy. The Venezuelan exchange control regulations have resulted in an other-than-temporary lack of exchangeability between the Venezuelan Bolivar and US dollar. This has restricted the Venezuelan entity's ability to pay dividends and obligations denominated in US dollars. The exchange regulations, combined with other recent Venezuelan regulations, have constrained the Venezuelan entity's ability to maintain normal production. Due to the Group's inability to effectively control the operations of the entity, the Group deconsolidated the subsidiary with effect from February 2015. The equity interest in this entity is determined to be the cost of investment of the entity at the date of deconsolidation. The investment is carried at cost less impairment.

The deconsolidation of the Venezuelan entity resulted in a loss from deconsolidation of \$5.2 million, which was recognized as "other expenses" in the income statements.

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

Source of estimation uncertainty

When the subsidiary has suffered recurring operating losses, a test is made to assess whether the interests in subsidiary has suffered any impairment by determining the recoverable amount. This determination requires significant judgement and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the subsidiary, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

7. Intangible assets and goodwill

	Goodwill	Indefinite life trademarks	Amortisable trademarks	Customer relationships	Total
Cost					
At May 3, 2015 and May 1, 2016	\$204,592	\$394,000	\$35,900	\$120,500	\$754,992
At April 28, 2014	205,495	394,000	24,000	107,000	730,495
Additions through business combinations	–	–	11,900	13,500	25,400
Deconsolidation of a subsidiary	(903)	–	–	–	(903)
At May 3, 2015	\$204,592	\$394,000	\$35,900	\$120,500	\$754,992
Accumulated amortization					
At May 3, 2015	\$ –	\$ –	\$1,698	\$6,535	\$8,233
Amortization	–	–	2,257	7,051	9,308
At May 1, 2016	\$ –	\$ –	\$3,955	\$13,586	\$17,541
At April 28, 2014	\$ –	\$ –	\$240	\$1,004	\$1,244
Amortization	–	–	1,458	5,531	6,989
At May 3, 2015	\$ –	\$ –	\$1,698	\$6,535	\$8,233
Carrying amounts					
At May 1, 2016	\$204,592	\$394,000	\$31,945	\$106,914	\$737,451
At May 3, 2015	\$204,592	\$394,000	\$34,202	\$113,965	\$746,759
At April 28, 2014	\$205,495	\$394,000	\$23,760	\$105,996	\$729,251

Goodwill

Goodwill arising from the acquisition of DMFI (Note 4), was allocated to DMFI and its subsidiaries, which is considered to be a single CGU.

Impairment Test

During the period ended April 27, 2014, no impairment test was performed given the recent acquisition of DMFI (Note 4). In 2016 and 2015, the recoverable amount of the CGU was based on fair value less costs of disposal, being greater than the VIU:

	May 1, 2016	May 3, 2015
Value-in-use	\$1,950,000	\$1,840,000
Fair value less costs of disposal	2,110,000	2,060,000
Recoverable amount	\$2,110,000	\$2,060,000

As of valuation date in January 2016 and 2015, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately \$275.8 million and \$313.2 million, respectively. Therefore, the CGU is not impaired.

Value-in-use

The VIU is the present value of expected future cash flows, discounted at a risk-adjusted weighted average cost of capital.

The key assumptions used in the estimation of the recoverable amount using the VIU approach are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

	2016 %	2015 %
Discount rate	8.0	8.0
Terminal value growth rate	2.0	2.0
Budgeted EBITDA growth rate (average of next five years)	7.9	21.6

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible range of debt leveraging of 35% (May 3, 2015: 41%) at a risk free interest rate of 4% (May 3, 2015: 4%).

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate consistent with the assumption that a market participant would make.

EBITDA was estimated taking into account past experience adjusted as follows:

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and estimated sales volume and price growth for the next five years. It was assumed that sales price would increase in line with forecasted inflation over the next five years. The amounts are probability-weighted.

Fair value less costs of disposal

Fair value less costs of disposal is determined using the market approach, which makes use of prices and other relevant information generated by market transactions involving similar companies.

The Market Comparable Method was used in applying the Market Approach, making use of market price data of companies engaged in the same or similar line of business as that of the Group. Stocks of these companies are traded in a free and open market or in private transactions. The process involves the identification of comparable companies, calculation and application of market multiples representing ratios of invested capital or equity to financial measures of the Group, application of an appropriate control premium to the companies being compared, and adjustment for any non-operating assets or liabilities or working capital excess/deficit to arrive at an indication of Business Enterprise Value.

The approach involves the use of both observable inputs and unobservable inputs (e.g. projected revenue and EBITDA, and adjusted market multiples). Accordingly, the fair value measurement is categorized under level 3 of the fair value hierarchy.

Comparable companies were selected from comprehensive lists and directories of public companies in the packaged foods industry. Potential comparable companies were analyzed based on various factors, including, but not limited to, industry similarity, financial risk, company size, geographic diversification, profitability, growth characteristics, financial data availability, and active trading volume.

Calculation of the market multiples considered Market Value of Invested Capital (MVIC), the sum of the market values of a comparable company's common stock, interest-bearing debt and preferred stock, assuming that the book value of the comparable companies' debt approximated the market value of the debt. Adjustments to the market multiples were made to reflect the difference between the estimated size of the Group and each comparable company, improving comparability based on relative size difference prospects. Relative size adjustment factors were calculated based on a regression of a Price / Earnings ratio using size as an independent variable. The market multiples selected and applied to the Group's financial results in the analysis were as follows:

	2016		2015	
	Selected multiple	Assigned weight	Selected multiple	Assigned weight
MVIC/Revenue – Last twelve months	1.1x	25%	1.0x	33%
MVIC/Revenue – Projected	0.9x	25%	0.9x	33%
MVIC/EBITDA – Last twelve months	15.7x	25%	15.2x	0%
MVIC/EBITDA – Projected	11.9x	25%	12.3x	33%

Indefinite life trademarks

The indefinite life trademarks arising from the acquisition of DMFI (Note 4) 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. As of May 1, 2016 and May 3, 2015, the carrying amounts of the trademarks with indefinite useful lives are \$394.0 million. Management has designated these assets as having indefinite useful lives as the Group has exclusive access to the use of these trademarks on a royalty free basis and based on all relevant factors, there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the entity. The carrying amounts for indefinite life trademarks were included in the annual impairment assessment performed for the CGU as described above.

Source of estimation uncertainty

Goodwill and the indefinite life trademarks are assessed for impairment annually. The impairment assessment requires an estimation of the VIU and fair value less costs of disposal of the cash-generating unit to which the goodwill and indefinite life trademarks are allocated.

Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and apply an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations.

Estimating fair value less costs of disposal requires the Group to calculate market multiples, derived from market price data of comparable companies, to be applied to the Group’s financial measures. The estimated fair value would change depending on the assumptions used, such as the annual revenue growth rate, EBITDA margin, and adjusted market multiples.

Sensitivity analysis

Management has identified that a reasonably possible change in the market multiples could cause the carrying amount to exceed the recoverable amount. The following table shows the amount to which the market multiples would need to change independently for the estimated recoverable amount to be equal to the carrying amount.

	Breakeven Multiple
MVIC/Revenue – Last twelve months	0.9x
MVIC/Revenue – Projected	0.8x
MVIC/EBITDA – Last twelve months	15.7x
MVIC/EBITDA – Projected	8.5x

Amortizable trademarks

	Net carrying amount			Remaining amortization period (years)		
	2016	2015	2014	2016	2015	2014
America S&W trademark	\$1,563	\$1,763	\$1,963	7.8	8.8	9.8
America Contadina trademark	19,597	20,697	21,797	17.8	18.8	19.8
Sager Creek trademarks	10,784	11,743	–	10.9	11.9	–
	\$31,944	\$34,203	\$23,760			

America trademarks

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

Management has included these trademarks in the DMFI CGU impairment assessment and concluded that no impairment exists at the reporting date.

The Sager Creek 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. The Group did not recognize any impairment for these trademarks as of May 1, 2016 and May 3, 2015, respectively.

Customer relationships

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

	2016	2015	2014
Net carrying amount	\$106,914	\$113,965	\$105,996
Remaining amortization period (years)	6.9 – 17.8	7.9 – 18.8	19.8

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

Estimating useful lives of amortizable 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 amortizable trademarks and customer relationships would increase recorded amortization expense and decrease non-current assets.

8. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities		
	May 1, 2016	May 3, 2015 (restated)	April 28, 2014	May 1, 2016	May 3, 2015 (restated)	April 28, 2014
Provisions	\$3,012	\$1,493	\$649	\$ –	\$ –	\$ –
Employee benefits	40,930	28,893	6,237	–	–	–
Property, plant and equipment	–	–	–	(30,967)	(26,917)	(6,439)
Intangible assets and goodwill	–	–	–	(44,794)	(20,394)	(4,393)
Tax loss carry-forwards	103,695	78,618	39,641	–	–	–
Effective portion of changes in fair value of cash flow hedges	13,403	7,324	1,660	–	–	–
Inventories	2,187	4,823	–	–	–	(2,491)
Others	8,524	7,190	2,906	–	–	–
Deferred tax assets/(liabilities)	171,751	128,341	51,093	(75,761)	(47,311)	(13,323)
Set off of tax	(74,669)	(46,219)	(12,231)	74,669	46,219	12,231
Deferred tax assets/(liabilities)	\$97,082	\$82,122	\$38,862	(\$1,092)	(\$1,092)	(\$1,092)

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

	At May 4, 2015 (restated)	Recognized in profit or loss (Note 26) (restated)	Recognized in other comprehensive income	Currency realignment	At May 1, 2016
	May 1, 2016				
Deferred tax assets					
Provisions	\$1,493	\$1,519	\$ –	\$ –	\$3,012
Employee benefits	28,893	4,758	7,279	–	40,930
Effective portion of changes in fair value of cash flow hedges	7,324	1,989	4,090	–	13,403
Tax loss carry-forwards	78,618	25,077	–	–	103,695
Inventories	4,823	(2,636)	–	–	2,187
Others	7,190	1,334	–	–	8,524
	128,341	32,041	11,369	–	171,751
Deferred tax liabilities					
Property, plant and equipment	(26,917)	(4,050)	–	–	(30,967)
Intangible assets and goodwill	(20,394)	(24,400)	–	–	(44,794)
	(47,311)	(28,450)	–	–	(75,761)
Net deferred tax	\$81,030	\$3,591	\$11,369	\$ –	\$95,990

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Restated May 3, 2015	At April 28, 2014	Recognized in profit or loss (Note 26) (restated)	Recognized in other comprehen- sive income	Deconsolida- tion of a subsidiary	Currency realignment	At May 3, 2015 (restated)
Deferred tax assets						
Provisions	\$649	\$844	\$ –	\$ –	\$ –	\$1,493
Employee benefits	6,237	13,859	8,797	–	–	28,893
Effective portion of changes in fair value of cash flow hedges	1,660	(580)	6,244	–	–	7,324
Inventories	–	4,823	–	–	–	4,823
Tax loss carry-forwards	39,641	38,977	–	–	–	78,618
Others	2,906	4,517	–	(194)	(39)	7,190
	<u>51,093</u>	<u>62,440</u>	<u>15,041</u>	<u>(194)</u>	<u>(39)</u>	<u>128,341</u>
Deferred tax liabilities						
Property, plant and equipment	(6,439)	(19,648)	–	(830)	–	(26,917)
Intangible assets and goodwill	(4,393)	(16,001)	–	–	–	(20,394)
Inventories	(2,491)	2,491	–	–	–	–
	<u>(13,323)</u>	<u>(33,158)</u>	<u>–</u>	<u>(830)</u>	<u>–</u>	<u>(47,311)</u>
Net deferred tax	<u>\$37,770</u>	<u>\$29,282</u>	<u>\$15,041</u>	<u>(\$1,024)</u>	<u>(\$39)</u>	<u>\$81,030</u>

April 27, 2014	At 11 November 2013	Acquisition of the Business	Recognized in profit or loss (Note 26)	Recognized in other comprehen- sive income	Finalisation of Purchase Price Allocation	Currency realignment	At April 27, 2014
Deferred tax assets							
Provisions	\$ –	\$ –	\$649	\$ –	\$ –	\$ –	\$649
Employee benefits	–	5,092	2,245	(1,100)	–	–	6,237
Effective portion of changes in fair value of cash flow hedges	–	–	–	1,660	–	–	1,660
Tax loss carry-forwards	–	–	39,641	–	–	–	39,641
Others	–	2,658	284	–	–	(36)	2,906
	<u>–</u>	<u>7,750</u>	<u>42,819</u>	<u>560</u>	<u>–</u>	<u>(36)</u>	<u>51,093</u>
Deferred tax liabilities							
Property, plant and equipment	–	(2,772)	(6,177)	–	2,510	–	(6,439)
Intangible assets and goodwill	–	–	(4,393)	–	–	–	(4,393)
Inventories	–	–	(2,491)	–	–	–	(2,491)
	<u>–</u>	<u>(2,772)</u>	<u>(13,061)</u>	<u>–</u>	<u>2,510</u>	<u>–</u>	<u>(13,323)</u>
Net deferred tax	<u>\$ –</u>	<u>\$4,978</u>	<u>\$29,758</u>	<u>\$560</u>	<u>\$2,510</u>	<u>(\$36)</u>	<u>\$37,770</u>

Sources of estimation uncertainty

As of May 1, 2016, deferred tax assets amounting to \$103.7 million (May 1, 2015: \$78.6 million; April 27, 2014: \$39.6 million) of DMFI have been recognized in respect of the tax loss carry forwards because management assessed that it is probable that future taxable profit will be available against which DMFI can utilize these benefits. DMFI incurred operating losses in the prior year. Management expects profitable growth coming from revenue strategies and cost efficiencies in the future. To the extent that profitable growth does not materialize in the future periods, deferred tax assets of \$170.3 million may not be realized. The net operating loss carry forward may be utilized up to a 20 year period.

9. Other noncurrent assets

	May 1, 2016	May 3, 2015	April 28, 2014
Excess insurance	\$4,500	\$7,083	\$5,843
Deferred charges	525	1,073	1,864
Other	2,365	3,438	412
	\$7,390	\$11,594	\$8,119

Excess insurance relate mainly to reimbursements from insurers to cover workers' compensation (Note 17).

10. Inventories

	May 1, 2016	May 3, 2015	April 28, 2014
Finished goods, at net realizable value	\$427,693	\$379,769	\$583,642
Semi-finished goods, at cost	214,314	127,187	128
Raw materials and packaging supplies, at net realizable value	128,381	147,387	113,408
	\$770,388	\$654,343	\$697,178

The cost of inventories recognized as expense during the year was \$1.5 billion (May 3, 2015: \$1.4 billion; April 27, 2014: \$0.3 billion). This includes a total of \$23.9 million in respect of write-downs of inventories to net realizable value (May 3, 2015: \$2.7 million; April 27, 2014: \$2.0 million).

Inventories are stated net of an allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the year/period are as follows:

	<i>Note</i>	May 1, 2016	May 3, 2015	April 27, 2014
At beginning of the year/period		\$3,100	\$1,700	\$ –
Allowance for the year/period	23	684	2,734	1,987
Write-off against allowance		–	(1,334)	(287)
At end of the year/period		\$3,784	\$3,100	\$1,700

In connection with the closure of Sager Creek’s plant in Turkey, the Group has directly written down related inventories to their net realizable values resulting in a loss of \$5.5 million in fiscal year 2016 (Note 5).

The allowance for inventory obsolescence recognized during the period is included in cost of sales.

Source of estimation uncertainty

The Group recognizes an allowance for inventory obsolescence when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. Obsolete goods, when identified are charged to the income statement and are written off. In addition to an allowance for specifically identified obsolete inventory, an estimation is made on a group basis based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given year. The Group reviews the condition of its inventory on a regular basis. The assessment of the condition of the inventory either increases or decreases the expenses or total inventory.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, and reflect management’s assessment of the amount the inventories are expected to be realized at. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date, to the extent that such events confirm conditions existing at the reporting date. The Group regularly reviews product movement, changes in customer demand and introduction of new products, to identify inventories which should be written down to its net realizable value. The write-down of inventories is reviewed periodically. An increase in write-down of inventories would increase the recorded cost of sales and decrease current assets.

11. Trade and other receivables

	May 1, 2016	May 3, 2015	April 28, 2014
Trade receivables	\$95,469	\$123,241	\$102,887
Less: allowance for impairment	(97)	(50)	(194)
Trade receivables, net	95,372	123,191	102,693
Nontrade receivables	13,021	4,469	7,142
Trade and other receivables	\$108,393	\$127,660	\$109,835

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

	<i>Note</i>	May 1, 2016	May 3, 2015	April 28, 2014
At beginning of the year/period		\$50	\$194	\$ –
Allowance recognized	23	47	–	194
Write-off against allowance		–	(144)	–
At end of the year/period		\$97	\$50	\$194

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

	May 1, 2016		May 3, 2015		April 28, 2014	
	Gross	Impairment losses	Gross	Impairment losses	Gross	Impairment losses
Not past due	\$66,776	\$ –	\$82,384	\$ –	\$85,448	\$ –
Past due 0 - 60 days	27,357	–	28,333	–	24,581	(194)
Past due 61 - 90 days	3,367	–	2,830	–	–	–
Past due 91 - 120 days	2,450	–	6,965	–	–	–
More than 120 days	8,540	(97)	7,198	(50)	–	–
	\$108,490	(\$97)	\$127,710	(\$50)	\$110,029	(\$194)

Source of estimation uncertainty

The Group maintains an allowance for impairment of accounts receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilised different estimates. An increase in the Group's allowance for impairment would increase the Group's recorded operating expenses and decrease current assets.

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 adjusted for.

12. Prepaid and other current assets

	May 1, 2016	May 3, 2015	April 28, 2014
Prepayments	\$14,880	\$10,253	\$21,797
Advances to suppliers	3,507	6,473	8,930
Derivative assets	1,473	818	–
	\$19,860	\$17,544	\$30,727

13. Cash

	May 1, 2016	May 3, 2015	April 28, 2014
Cash in bank	\$1,186	\$564	\$18,626

14. 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 was expected within twelve months. As of period end, these assets comprised the following:

	May 1, 2016	May 3, 2015	April 28, 2014
Property, plant and equipment	\$1,950	\$6,187	\$ –

As of May 1, 2016, the sale of the remaining assets are being negotiated with interested parties and/or actively being marketed with the expectation of the sales to be completed within twelve months. There is no cumulative income or expenses included in other comprehensive income relating to the assets held for sale.

15. Reserves

	May 1, 2016	May 3, 2015	April 28, 2014
Translation reserve	\$286	\$270	\$2,893
Remeasurement of retirement plan	(4,787)	(12,561)	1,794
Hedging reserve	(19,570)	(13,107)	(2,708)
	(\$24,071)	(\$25,398)	\$1,979

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

The remeasurement of retirement plan relates to the actuarial gains and losses for the defined benefit plans and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

16. Loans and borrowings

	May 1, 2016	May 3, 2015	April 28, 2014
Current liabilities			
Unsecured bank loans	\$ –	\$ –	\$1,709
Secured bank loans	225,879	98,362	112,310
	225,879	98,362	114,019
Non-current liabilities			
Secured bank loans	923,198	924,695	923,161
	\$1,149,077	\$1,023,057	\$1,037,180

Terms and debt repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	May 1, 2016		May 3, 2015		April 28, 2014	
				Face value	Carrying amount	Face value	Carrying amount	Face value	Carrying amount
Unsecured bank loans	BSF	9.00%	2015	\$ –	\$ –	\$ –	\$ –	\$1,400	\$1,709
Secured bank loan under ABL Credit Agreement	USD	See below.	2016	225,442	225,879	99,000	94,487	109,000	103,694
Secured First lien term loan	USD	See below.	2016-2021	694,025	673,313	701,125	680,588	710,000	685,604
Secured Second lien term Loan	USD	See below.	2021	260,000	249,885	260,000	247,982	260,000	246,173
				\$1,179,467	\$1,149,077	\$1,060,125	\$1,023,057	\$1,080,400	\$1,037,180

Secured Term Loan Credit Agreements

The Group is a party to a First Lien term loan credit agreement and a Second Lien term loan credit agreement (the “Term Loan Credit Agreements”) with the lenders party thereto, Citibank, N.A., as administrative agent and collateral agent, and the other agents named therein, that provided for a \$710.0 million First Lien Term Loan and a \$260.0 million Second Lien Term Loan with terms of seven years and seven years plus six months, respectively.

Interest Rates. Loans under the First and Second Lien Term Loans bear interest at a rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate (with a floor of 1.00%) or (ii) a base rate (with a floor of 2.00%) equal to the highest of (a) the federal funds rate plus 0.50%, (b) CitiBank, N.A.'s "prime commercial rate" and (c) the one-month LIBOR Quoted Rate plus 1.00%. As of 1 May 2016, the interest rate for First Lien Term Loans is 4.25% (May 3, 2015: 4.25%) and the interest rate for Second Lien Term Loans is 8.25% (May 3, 2015: 8.25%).

Principal Payments. The First Lien Term Loan generally requires quarterly scheduled principal payments of 0.25% of the outstanding principal per quarter from April 30, 2014 to January 31, 2021. The balance is due in full on the maturity date of February 18, 2021. Scheduled principal payments with respect to the First Lien Term Loan are subject to reduction following any mandatory or voluntary prepayments on terms and conditions set forth in the First Lien Term Loan Credit Agreement.

The Second Lien Term Loan is due in full at its maturity date of August 18, 2021.

The Term Loan Credit Agreements also require the Group to prepay outstanding loans under the First Lien Term Loan and the Second Lien Term Loan, subject to certain exceptions, with, among other things:

- 50% (which percentage will be reduced to 25% if the leverage ratio is 4.0x or less and to 0% if the leverage ratio is 3.0x or less) of the annual excess cash flow, as defined in the First Lien Term Loan Credit Agreement;
- 100% of the net cash proceeds of certain casualty events and nonordinary course asset sales or other dispositions of property for a purchase price above \$2.0 million, in each case, subject to the Group's right to reinvest the proceeds; and
- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the First Lien Term Loan Credit Agreement.

Ability to Incur Additional Indebtedness. The Group has the right to request an additional \$100 million plus an additional amount of secured indebtedness under the First Lien Term Loan and the Second Lien Term Loan. Lenders under this facility are under no obligation to provide any such additional loans, and any such borrowings will be subject to customary conditions precedent, including satisfaction of a prescribed leverage ratio, subject to the identification of willing lenders and other customary conditions precedent.

ABL Credit Agreement

The Group is a party to a credit agreement (the "ABL Credit Agreement") with Citibank, N.A., as administrative agent, and the other lenders and agents parties thereto, as amended, that provides for senior secured financing of up to \$442.6 million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years.

Interest Rates. Borrowings under the ABL Credit Agreement bear interest at an initial interest rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate, or (ii) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) Citibank, N.A.'s "prime commercial rate" and (c) the one-month LIBOR rate plus 1.00%. The applicable margin with respect to LIBOR borrowings is currently 2.0% (and may increase to 2.25% depending on

average excess availability) and with respect to base rate borrowings is currently 1.00% (and may increase to 1.25% depending on average excess availability).

Commitment Fees. In addition to paying interest on outstanding principal under the ABL Credit Agreement, the Group is required to pay a commitment fee that was initially 0.375% per annum in respect of the unutilized commitments thereunder. The commitment fee rate from time to time is 0.375% or 0.25% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. The Group must also pay customary letter of credit fees between 2.25% to 1.75% based on average excess availability, and fronting fees equal to 0.125% of the face amount for each letter of credit issued.

Availability under the ABL Credit Agreement. Availability under the ABL Credit Agreement is subject to a borrowing base. The borrowing base, determined at the time of calculation, is an amount equal to: (a) 85% of eligible accounts receivable and (b) the lesser of (1) 75% of the net book value of eligible inventory and (2) 85% of the net orderly liquidation value of eligible inventory, of the Group at such time, less customary reserves. The ABL Credit Agreement will terminate, and the commitments thereunder will mature, on February 18, 2019. As of May 1, 2016, there were \$225.4 million (May 3, 2015: \$99.0 million) of loans outstanding under the ABL Credit Agreement, the amount of letters of credit issued under the ABL Credit Agreement was \$11.4 million (May 3, 2015: \$14.1 million) and the Group's net availability under the ABL Credit Agreement was \$201.8 million (May 3, 2015: \$264.7 million). The interest rate on the ABL Credit Agreement was approximately 3.15% on May 1, 2016 (May 3, 2015: 2.79%). The ABL Credit Agreement includes a sub-limit for letters of credit and for borrowings on same-day notice, referred to as "swingline loans."

Ability to Incur Additional Indebtedness. The commitments under the ABL Facility may be increased, subject only to the consent of the new or existing lenders providing such increases, such that the aggregate principal amount of commitments does not exceed \$450 million. The lenders under this facility are under no obligation to provide any such additional commitments, and any increase in commitments will be subject to customary conditions precedent. Notwithstanding any such increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

Guarantee of Obligations under the Term Loan Credit Agreements and the ABL Credit Agreement

All obligations of the Group under the *Term Loan Credit Agreements and the ABL Credit Agreement* are unconditionally guaranteed by the Company and by substantially all existing and future, direct and indirect, wholly owned material restricted domestic subsidiaries of the Group, subject to certain exceptions.

Security Interests

Indebtedness under the First Lien Term Loan is generally secured by (i) a first priority pledge of all of the equity interests of the Group, (ii) a second priority lien on all ABL Priority Collateral of the Group and (iii) a first priority lien on substantially all other properties and assets of the Group. The Second Lien Term Loan is generally secured by (i) a second priority pledge of all of the equity interests of the Group, (ii) a third priority lien on all ABL Priority Collateral of the Group and (iii) a second priority lien on substantially all other properties and assets of the Group. The ABL Credit Agreement is generally secured by a first priority lien on the Group's inventories and accounts receivable and by a third priority lien on substantially all other assets.

All of the Group's inventory and trade receivables secure the various borrowings.

Restrictive and Financial Covenants

The Term Loan Credit Agreements and the ABL Credit Agreement contain restrictive covenants that limit the Group's ability and the ability of its subsidiaries to take certain actions.

Term Loan Credit Agreement and ABL Credit Agreement Restrictive Covenants. The restrictive covenants in the Term Loan Credit Agreement and the ABL Credit Agreement include covenants limiting the Group's ability, and the ability of the Group's restricted subsidiaries, to incur additional indebtedness, create liens, engage in mergers or consolidations, sell or transfer assets, pay dividends and distributions or repurchase the Group's capital stock, make investments, loans or advances, prepay certain indebtedness, engage in certain transactions with affiliates, amend agreements governing certain subordinated indebtedness adverse to the lenders, and change the Group's lines of business.

Financial Maintenance Covenants. The Term Loan Credit Agreements and ABL Credit Agreement generally do not require that the Group comply with financial maintenance covenants. The ABL Credit Agreement, however, contains a financial covenant that applies if availability under the ABL Credit Agreement (\$201.83 million at May 1, 2016; \$264.7 million at May 3, 2015) falls below a certain level. As of May 1, 2016, the financial covenant was not applicable.

Effect of Restrictive and Financial Covenants. The restrictive and financial covenants in the Term Loan Credit Agreements and the ABL Credit Agreement may adversely affect the Group's ability to finance its future operations or capital needs or engage in other business activities that may be in its interest, such as acquisitions.

Unsecured Bank Loans

Certain unsecured bank loan agreements contain various affirmative and negative covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover and maximum annual capital expenditure restrictions. These covenants include requirements for delivery of periodic financial information and restrictions and limitations on indebtedness, investments, acquisitions, guarantees, liens, asset sales, disposals, mergers, changes in business, dividends and other transfers.

The Group is compliant with its loan covenants as of May 1, 2016 and May 3, 2015.

17. Other non-current liabilities

	May 1, 2016	May 3, 2015	April 28, 2014
Workers' compensation	\$30,969	\$32,101	\$30,921
Deferred rental liabilities	5,173	5,823	7,466
Other payables	2,916	1,523	2,096
	\$39,058	\$39,447	\$40,483

18. Employee benefits

	May 1, 2016	May 3, 2015	April 28, 2014
Net defined benefit asset - Qualified retirement plan	\$ -	\$ -	\$10,673
Post-retirement medical benefits plan obligation	\$41,908	\$94,643	\$88,506
Net defined benefit liability – Qualified retirement plan	41,434	16,446	-
Executive retirement plan	9,758	11,147	10,971
Cash incentive award	1,773	-	-
Short-term employee benefits	19,389	35,360	20,582
Other plans and benefits	7,732	4,280	3,124
Total net defined benefit liability	\$121,994	\$161,876	\$123,183
Current	\$33,651	\$43,080	\$33,622
Non-Current	88,343	118,796	89,561
	\$121,994	\$161,876	\$123,183

The Group contributes to the following post-employment defined benefit plans:

The DMFI Plan

DMFI sponsors a qualified defined benefit pension plan (the "DMFI Plan") and several unfunded defined benefit post-retirement plans providing certain medical, dental, and life insurance benefits to eligible retired, salaried, non-union hourly and union employees. The DMFI Plan comprises of two parts:

The first part is a cash balance plan, which provides benefits for eligible salaried employees and provides that a participant's benefit derives from the accumulation of monthly compensation and interest credits. Compensation credits are calculated based upon the participant's eligible compensation and age each month. Interest credits are calculated each month by applying an interest factor to the previous month's ending balance. Participants may elect to receive their benefit in the form of an annuity or a lump sum.

The second part is an arrangement which provides for grandfathered and suspended hourly participants a traditional pension benefit based upon service, final average compensation and age at termination. This plan was frozen since December 31, 1995, which the active participation of certain participants was grandfathered and the active participation of other participants was suspended.

DMFI currently meets and plans to continue to meet the minimum funding levels required under local legislation, which imposes certain consequences on DMFI's defined benefit plan if it does not meet the minimum funding levels. DMFI has not made any contributions during the year.

DMFI expects to contribute \$8.0 million in 2017.

Movement in net defined benefit (asset)/liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability (asset) and components for the Post-retirement benefits and Qualified retirement plans:

	Defined benefit obligation			Fair value of plan assets			Net defined benefit liability/(asset)		
	May 1, 2016	May 3, 2015	April 28, 2014	May 1, 2016	May 3, 2015	April 28, 2014	May 1, 2016	May 3, 2015	April 28, 2014
Balance at beginning of year	\$470,888	\$436,461	\$435,127	(\$359,799)	(\$358,628)	(\$356,163)	\$111,089	\$77,833	\$78,964
Included in profit or loss									
Current service cost	7,479	7,554	1,452	–	–	–	7,479	7,554	1,452
Past service cost	(40,716)	–	–	–	–	–	(40,716)	–	–
Plan administration cost	–	–	–	–	514	–	–	514	–
Interest cost/(income)	18,694	18,792	4,042	(14,105)	(15,289)	(3,245)	4,589	3,503	797
	(14,543)	26,346	5,494	(14,105)	(14,775)	(3,245)	(28,648)	11,571	2,249
Included in OCI									
Remeasurements loss/(gain)									
- Actuarial loss/(gain) arising from:									
- financial assumptions	(3,879)	11,734	1,980	–	–	–	(3,879)	11,734	1,980
- demographic assumptions	(6,183)	33,046	(3,161)	–	–	–	(6,183)	33,046	(3,161)
- experience adjustment	(5,032)	(6,953)	249	–	–	–	(5,032)	(6,953)	249
- Return on plan assets excluding interest income	–	–	–	17,359	(14,311)	(1,983)	17,359	(14,311)	(1,983)
	(15,094)	37,827	(932)	17,359	(14,311)	(1,983)	2,265	23,516	(2,915)
Others									
Contributions paid into the plan	–	–	–	–	–	(465)	–	–	(465)
Benefits paid	(42,086)	(29,746)	(3,228)	40,722	27,915	3,228	(1,364)	(1,831)	–
	(42,086)	(29,746)	(3,228)	40,722	27,915	2,763	(1,364)	(1,831)	(465)
Balance at end of year	\$399,165	\$470,888	\$436,461	(\$315,823)	(\$359,799)	(\$358,628)	\$83,342	\$111,089	\$77,833

Represented by:

	Net defined benefit liability/(asset)		
	May 1, 2016	May 3, 2015	April 28, 2014
Post-retirement medical benefits plan	\$41,908	\$94,643	\$88,506
Qualified retirement plan	41,434	16,446	(10,673)
	\$83,342	\$111,089	\$77,833

During fiscal year 2016, a change to the post-retirement benefits plan of certain non-union employees were made where current retiree medical and dental benefits were replaced for contributions to a health reimbursement arrangement (HRA) account. As a result of the plan amendment, the Group's defined benefit obligation decreased by \$40.7 million. A corresponding reduction against past service cost was recognized in profit or loss during 2016.

During fiscal year 2015, the actuarial assumptions used in the pension valuation of the arrangements for a number of employees in the United States were adjusted to reflect longer lifespans of Americans. As a result of the change in these assumptions, the Group's defined benefit obligation increased by \$24.2 million. A corresponding remeasurement in retirement reserve was recognized in other comprehensive income during 2015.

Plan assets

Plan assets comprise:

	May 1, 2016	May 3, 2015	April 28, 2014
Interest bearing cash	\$3,576	\$5,260	\$4,939
Common collective trust funds			
- Fixed income	81,229	12,286	13,471
- Equity fund	115,634	134,951	114,738
Mutual funds			
- Equity funds	8,926	-	17,234
Debt Securities			
- Corporate	39,309	45,896	46,914
- Government	44,815	50,249	45,619
- Others	6,388	10,519	9,030
Equity Securities			
- Quoted	-	82,812	49,014
- Unquoted	-	426	441
Others	15,946	17,400	16,739
Total investments	315,823	359,799	318,139
Residual fair value of plan assets transferred	-	-	40,489
Fair value of plan assets	\$315,823	\$359,799	\$358,628

In accordance with the Purchase Agreement with the Seller (Note 4), an initial transfer representing the fair value of plan assets related to the Consumer Products Business was completed in connection with the closing date of February 18, 2014. The fair value of plan assets includes the estimated residual fair value of plan assets to be transferred within 270 days after the acquisition date.

The Board of Directors reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (“ALM”) strategy and investment risk management policy. The Group’s ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments match the expected cash outflows arising from the retirement benefit obligation.

DMFI’s investment objectives are to ensure that the assets of its qualified defined benefit plan are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plan’s benefit obligations as they become due. DMFI believes that a well-diversified investment portfolio, including both equity and fixed income components, will result in the highest attainable investment return with an acceptable level of overall risk. DMFI’s investment policies and procedures are designed to ensure that the plan’s investments are in compliance with the Employee Retirement Income Security Act (“ERISA”).

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuary who carries out a full valuation annually. The last valuation of these obligations and plan was performed in May 2016 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as of May 1, 2016.

The principal actuarial assumptions used for accounting purposes expressed as weighted average were:

	May 1, 2016	May 3, 2015	April 28, 2014
Discount rate (per annum)	4.10% - 4.35%	4.50% - 4.75%	4.60% - 4.75%
Future salary increases (per annum)	3.00% - 4.00%	3.00% - 4.00%	3.63% - 4.00%
Current health care cost trend rate	7.60%/7.90%	7.80%/8.30%	7.80%/8.30%
Ultimate health care cost trend rate	4.00%	4.00%	4.00%

Since the defined benefit plans and other benefits liabilities are measured on a discounted basis, the discount rate is a significant assumption. The discount rate was determined based on an analysis of interest rates for high-quality, long-term corporate debt at each measurement date. In order to appropriately match the bond maturities with expected future cash payments, the Group utilised differing bond portfolios to estimate the discount rates for the defined benefits pension plans and for the postretirement benefits. The discount rate used to determine the defined benefit plans and for the postretirement benefits projected benefit obligation as of the balance sheet date is the rate in effect at the measurement date. The same rate is also used to determine the defined benefit pension plans and postretirement benefits for the following fiscal year. The long-term rate of return for defined benefits pension plans' assets is based on the Group's historical experience; the defined benefits pension plans' investment guidelines and the Group's expectations for long-term rates of return. The defined benefits pension plans' investment guidelines are established based upon an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments.

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows.

The weighted average duration of DMFI's defined benefit retirement obligation for each year are as follows.

	Duration (years)		
	May 1, 2016	May 3, 2015	April 28, 2014
Qualified retirement plan	9.8	9.0	8.3
Post-retirement benefits plan	12.3	14.0	12.6
Executive retirement plans	7.3 - 9.6	7.9 - 9.0	4.9 - 6.7

The projected future benefit payments for the DMFI plan are as follows:

	Normal Retirement	Other than Normal Retirement	Total
Less than one year	\$28,290	\$2,449	\$30,739
More than one year to five years	113,038	10,644	123,682
More than five years	130,627	13,445	144,072

The weighted-average asset allocation of the Group's pension plan assets and weighted-average target allocation as of the measurement date from date of incorporation to May 1, 2016 is as follows:

	May 1, 2016	Target Allocation Range
Equity securities	\$124,560	40%
Debt securities	171,741	54%
Other	19,522	6%
Total	\$315,823	100%

The plan exposes the Group to market risk.

The Board of Directors approves the percentage of asset to be allocated for fixed income instruments and equities. The retirement plan has set maximum exposure limits for each type of permissible investments in marketable securities and deposit instruments. The Board of Directors may, from time to time, in the exercise of its reasonable discretion and taking into account existing investment opportunities, review and revise such allocation and limits.

Source of estimation uncertainty

Pension expense and pension assets/liabilities are determined using certain actuarial estimates and assumptions relating to the discount rate used in valuing the subsidiary's defined benefit obligations and future experiences such as the rate of return on plan assets, future salary increases, retirement date or age, mortality and turnover rate of covered employees. These estimates and assumptions directly influence the amount of the pension assets/liabilities and expense recognized in the financial statements.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of reporting period would have increased/(decreased) as a result of a change in the respective assumptions by the respective percentages below.

Defined benefit obligation

	2016		2015		2014	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(\$16,802)	\$18,411	(\$16,070)	\$17,498	(\$13,672)	\$14,781
Future salary increases	\$1,610	(\$1,569)	\$1,426	(\$1,381)	\$1,289	(\$1,246)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at May 2016 and are applied to adjust the defined benefit obligation at the end of the report period for the assumptions concerned. Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumption shown.

Sensitivity analysis

Post-retirement benefit obligation

	2016		2015		2014	
	1.0% increase	1.0% decrease	1.0% increase	1.0% decrease	1.0% increase	1.0% decrease
Health care cost trend rates	\$4,278	(\$3,525)	\$12,441	(\$10,128)	\$10,359	(\$8,560)
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Discount rate	(\$2,359)	\$2,622	(\$5,999)	\$6,717	(\$5,115)	\$5,680

Accumulated Postretirement Benefit Obligation

The Accumulated Postretirement Benefit Obligation is computed in accordance with IAS 19 *Employee Benefits*. This quantity is the actuarial present value of all benefits attributed under the Cost Method to service rendered prior to a particular date. Prior to an employee's full eligibility date, the accumulated postretirement benefit obligation as of a particular date for an employee is the portion of the expected postretirement benefit obligation attributed to that employee's service rendered to that date; on and after the full eligibility date, the accumulated and expected postretirement benefit obligations for an employee are the same.

Source of estimation uncertainty

Accumulated postretirement benefit obligation is determined using certain actuarial estimates and assumptions relating to the annual rate(s) of change in the cost of health care benefits currently provided by the postretirement benefit plans due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. These estimates and assumptions directly influence the amount of the pension assets/liabilities and expense recognized in the financial statements.

Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to covered union employees. Contributions rates to the multi-employer plans are provided in the collective bargaining agreements for the covered union employees. The contribution rates are expressed in terms of specific amounts to be contributed based on hours worked by covered union employees. The Group made contributions of \$6.7 million and \$6.0 million during fiscal 2016 and 2015 respectively.

The risks of participating in the multi-employer pension plans are as follows:

- assets contributed to the multi-employer plan by the Group may be used to provide benefits to employees of other participating employers;
- if a participating employer stops contributing to the plan, the unfunded obligations of the plan allocable to such withdrawing employer may be partially borne by the Group; and
- if the Group stops participating in some of its multi-employer pension plans, the Group may be required to pay those plans an amount based on its allocable share of the underfunded status of the plan, referred to as a withdrawal liability.

Defined Contribution Plans

The Group participates in several defined contribution plans. Group contributions to these defined contribution plans are based on employee contributions and compensation. The expense recognized under these plans for the year ended 1 May 2016 was \$4.7 million (3 May 2015: \$3.7 million).

Other plans

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

19. Derivative liabilities

The Group uses interest rate swaps, commodity swaps and forward foreign currency contracts to hedge market risks relating to possible adverse changes in interest rates, commodity costs, transportation and foreign currency exchange rates. The Group continually monitors its positions and the credit rating of the counterparties involved to mitigate the amount of credit exposure to any one party.

As of May 1, 2016, the Group designated each of its derivative contracts as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"). The following cash flow hedges were outstanding for the Group:

	May 1, 2016	May 3, 2015	April 28, 2014
Interest rate swap valuation	(\$35,115)	(\$20,090)	(\$4,368)
Peso FX contracts	1,473	(1,003)	–
Commodity contracts	(1,630)	818	–
Total	(\$35,272)	(\$20,275)	(\$4,368)
<i>Included in :</i>			
Prepaid and Other – Current Assets	\$1,473	\$818	\$ –
Derivative Liabilities – Current Liabilities	(15,218)	(1,003)	–
Derivative Liabilities – Non Current Liabilities	(21,527)	(20,090)	(4,368)
	(\$35,272)	(\$20,275)	(\$4,368)

The effect of economic hedges in the consolidated income statement were as follows:

	Year ended May 1, 2016	Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014
Commodity Contracts	\$6,075	\$735	\$ –
Foreign exchange contract	3,067	1,054	–

At May 1, 2016, \$12.3 million (May 3, 2015: \$0.9 million) are expected to be reclassified from OCI to the consolidated income statement within the next 12 months.

Interest Rates

As of May 1, 2016, the Group designated each of its derivative contracts as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (“cash flow hedge”). Significant terms of the interest rate swap contracts are as follows:

May 1, 2016, May 3, 2015 and April 28, 2014

Contract Date	Notional amount (in millions)	Fixed LIBOR Rate	Effective Date	Maturity Date
March 19 2014	99	2.02%	February 18, 2016	February 18, 2017
March 19 2014	113	2.44%	February 18, 2016	February 18, 2018
March 19 2014	130	2.79%	February 18, 2016	February 18, 2019
March 19 2014	284	3.30%	February 18, 2016	February 18, 2021

Commodities

Certain commodities such as diesel fuel and natural gas (collectively, “commodity contracts”) are used in the production and transportation of the Group’s products. Generally these commodities are purchased based upon market prices that are established with the vendor as part of the purchase process. The Group may use futures, swaps, and swaption or option contracts, as deemed appropriate; to reduce the effect of price fluctuations on anticipated purchases. These contracts may have a term of up to 24 months. The Group accounts for these commodity derivatives as cash flow hedges. The effective portion of derivative gains and losses is deferred in equity and recognized as part of cost of products sold in the appropriate period and the ineffective portion is recognized as cost of products sold.

The notional amounts of the Group’s commodity contracts were as follows as of the dates indicated:

	May 1, 2016	May 3, 2015	April 28, 2014
Natural Gas (MMBTU)	1,958	1,605	–
Diesel (Gallons)	1,934	3,864	–

Foreign Currency

From time to time, the Group manages its exposure to fluctuations in foreign currency exchange rates by entering into forward contracts to cover a portion of its projected expenditures paid in local currency. These contracts may have a term of up to 24 months. The Group accounted for these contracts as cash flow hedges.

The notional amounts of the Group’s foreign currency contracts were as follows as of the dates indicated:

	May 1, 2016	May 3, 2015	April 28, 2014
Mexican pesos	389,130	304,474	–

20. Environmental remediation liabilities

	May 1, 2016	May 3, 2015	April 28, 2014
At beginning of the year/period	\$4,580	\$4,241	\$ –
Assumed through business combination	–	–	4,236
Provisions used during the year/period	(82)	–	–
Provisions made during the year/period	1,815	339	5
At end of the year/period	<u>\$6,313</u>	<u>\$4,580</u>	<u>\$4,241</u>

Provision for environmental remediation, relates to legal or constructive obligations incurred by the Group in connection with its operations. In connection with the closure of the plant in Turkey, North Carolina, the Group has estimated and recognized additional environmental remediation liabilities of \$1.8 million in fiscal year 2016 (Note 5).

21. Trade and other payables

	May 1, 2016	May 3, 2015	April 28, 2014
Trade payables	\$115,030	\$179,488	\$100,131
Accrued operating expenses	40,511	63,000	61,137
Accrued payroll expenses	258	508	453
Withheld from employees (taxes and social security cost)	390	1,129	1,857
Book overdrafts	11,438	4,714	–
Other payables	1,354	1,741	3,443
	<u>\$168,981</u>	<u>\$250,580</u>	<u>\$167,021</u>

22. Revenue

Revenue of the Group comprises gross invoiced sales, net of discounts and returns, and is recognized when goods are delivered, and title has passed to customers. All intra-group transactions have been excluded from Group revenue.

23. Significant expenses by nature

The following items have been included in Cost of sales, Distribution and selling expenses, and General and administrative expenses for the year/period:

	Year ended May 1, 2016	Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014
Raw materials and packaging materials	\$880,390	\$826,390	\$146,600
Inventory write-downs	23,951	2,734	1,987
Distribution expense	231,999	225,712	36,616
Brokerage	17,826	22,413	4,217
Depreciation of property, plant and equipment	47,662	42,512	8,001
Impairment of property, plant and equipment	5,000	–	–
Amortization of intangible assets	9,309	6,988	1,244
Provision (reversal) of impairment allowance for trade receivables	47	(144)	194
Audit fees	1,895	2,000	200
Legal expenses	4,436	9,357	1,567
Other professional and contracted services	45,521	45,351	–
Operating lease rentals	41,764	42,268	7,130
Staff costs:			
Pension costs – defined benefit pension plan*	(17,951)	3,566	1,152
Pension costs – provident fund	4,703	4,523	245
Social security costs	19,135	15,373	1,728
Value of employee services received under share-based incentive plans	552	–	–
Wages, salaries and other benefits	291,285	284,351	22,206

*Includes effect of post-retirement medical plan modification.

24. Other income (expenses) - net

	Year ended May 1, 2016	Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014
	<i>Note</i>		
Working capital settlement income – Smucker's	\$38,000	\$ –	\$ –
Other plant closure costs	(3,511)	–	–
Loss on de-consolidation of Del Monte Andina, C.A.	–	(5,186)	–
Miscellaneous	(466)	(1,917)	(1,996)
	\$34,023	(\$7,103)	(\$1,996)

25. Net finance expense

	Year ended May 1, 2016	Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014
Interest expenses			
- bank loans			
discount amortization	(\$854)	(\$854)	(\$157)
deferred financing fee amortization	(6,037)	(5,988)	(1,092)
interest on loans and borrowings	(62,500)	(58,734)	(10,760)
- interest rate swap reclassification adjustment	(2,302)	-	-
Foreign exchange loss – net	(860)	(4,810)	-
Net finance expense	<u>(\$72,553)</u>	<u>(\$70,386)</u>	<u>(\$12,009)</u>

26. Income taxes

	Year ended May 1, 2016	Year ended May 3, 2015 (restated)	Period from November 11, 2013 to April 27, 2014
Current tax expense			
- current year	(\$1,544)	(\$921)	\$ –
Deferred tax benefit			
- origination and reversal of temporary differences	3,591	29,282	29,758
Income tax benefit (expense)	<u>\$2,047</u>	<u>\$28,361</u>	<u>\$29,758</u>
 <i>Reconciliation of effective tax rate</i>			
Profit (loss) before taxation	<u>\$28,147</u>	<u>(\$82,886)</u>	<u>(\$76,296)</u>
Taxation on profit at weighted average of the applicable tax rates	(10,696)	31,499	29,134
Non-taxable income	14,720	-	-
Other	(1,977)	(3,138)	624
Income tax benefit (expense)	<u>\$2,047</u>	<u>\$28,361</u>	<u>\$29,758</u>

	Year ended May 1, 2016	Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014
<i>Applicable tax rates</i>			
- United States of America	38%	38%	38%
- Mexico	30%	30%	30%
- Venezuela	<i>N/A</i>	<i>N/A</i>	34%

* based on gross profit for the year/period

N/A – Not applicable

Company

There is no tax expense for the Company as the income of the Company is exempt from all income taxes in the British Virgin Islands.

Sources of estimation uncertainty

The Group has exposure to income taxes in several foreign jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

27. Seasonality of operations

The Group's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. For Americas, products are sold heavily during the Thanksgiving and Christmas seasons. As such, the Group's sales are usually highest during the three months from August to October.

As of May 1, 2016 and May 3, 2015, the Group operates 16 production facilities in the U.S., Mexico and Venezuela. Fruit plants are located in California and Washington in the United States, most of its vegetable plants are located in the U.S. Midwest and its tomato plants are located in California and Indiana.

The US Consumer Food Business has a seasonal production cycle that generally runs between the months of June and October. This seasonal production primarily relates to the majority of processed fruit, vegetable and tomato products, while some of its processed fruit and tomato products and its *College Inn* broth products are produced throughout the year. Additionally, the Consumer Food Business has contracts to co-pack certain processed fruit and vegetable products for other companies.

28. Stock option and incentive plans

Stock Option Programs

The 2014 Equity Compensation Plan (ECP) was adopted by the Board of Directors of DMFHI effective September 24, 2014. The 2014 Plan provided for the grant of stock options to key executives.

During 2015, DMFHI granted 7,065,000 stock options under the ECP. The options granted are subject to service-based and performance-based vesting and vest annually over seven years and have a term of 10 years. The grant date fair value of these options is \$1.22.

As of May 3, 2015, 2,265,000 shares options were available for future grant. However, in September 2015, the 2014 ECP has been cancelled with none of the granted options vested as of termination of the plan.

During the second quarter of fiscal 2016, the Group established a new plan, the 2015 Executive Long-Term Incentive Plan (LTIP), which intends to provide key executives with the opportunity to receive grants of stock options, cash-based awards and other stock-based awards. 9,000,000 shares of common stock of DMFHI were reserved for grant under the plan. In fiscal year 2016, the Group granted nonqualified stock options and cash incentive awards under the plan.

During the fourth quarter of fiscal 2016, DMFHI granted 7,405,000 stock options under a nonqualified stock option grant agreement. The options granted are subject to service-based and performance-based vesting and vests over forty-four (44) months and have a term of ten (10) years. A portion of the total options will vest each year depending on the attainment of defined EBITDA targets and a portion will vest when the employee remains employed for a period of forty-four (44) months from the grant date until the defined exercisability date. The grant date fair value of these options is \$2.04. As of May 1, 2016, 2,380,000 shares options were available for future grant.

The fair values of the stock options granted were estimated at the date of grant using a Black-Scholes option pricing model. This model estimates the fair value of the options based on a number of assumptions, such as expected option life, interest rates, the current fair market value and expected volatility of common stock and expected dividends. The expected term of options granted was based on the “simplified” method. Expected stock price volatility was determined based on the historical volatilities of comparable companies over a historical period that matches the expected life of the options. The risk-free interest rate was based on the expected U.S. Treasury rate over the expected life. The dividend yield was based on the expectation that no dividends will be paid. The following table presents the weighted-average assumptions for performance-based stock options granted for the grant dates indicated:

	<u>November 3,</u> <u>2015</u>	<u>September 24,</u> <u>2014</u>
Expected life (in years)	5.5	3
Expected volatility	38.49%	34.32%
Risk-free interest rate	1.64%	0.97%
Dividend yield	0%	0%

Stock option activity and related information during the periods indicated was as follows:

	2016		2015	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Outstanding at beginning of year	6,735,000	5.00	–	–
Cancelled	(6,735,000)	5.00	–	–
Granted	7,405,000	5.39	7,065,000	5.00
Forfeited	(785,000)	5.39	(330,000)	5.00
Exercised	–	–	–	–
Outstanding at end of year	6,620,000	5.39	6,735,000	5.00
Exercisable at end of year	–	–	–	–

The expense recognized in profit or loss for equity-settled share based compensation amounted to \$552 in the current year and was included in “Wages, salaries and other benefits”.

Cash Incentive Award

On November 3, 2015, DMFHI granted a total cash incentive of \$13.8 million to key executives under cash incentive award agreements. The awards will vest when the employee remains employed for a period of approximately four (4) years from the grant date until the defined vesting date. As of May 1, 2016, \$1.8 million of the total cash incentive has been accrued and recognized as expense under “Wages, salaries and other benefits” (Note 18).

29. 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 premium 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.

30. Financial risk management

The Group has exposure to the following risks from financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- market risk
- foreign exchange risk
- commodity price risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee is responsible for monitoring the Group's risk management policies developed by management.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Financial risk management objectives and policies

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets in the statement of financial position represent the Group's maximum exposure to credit risk, before taking into account any collateral held. The Group and Company do not hold any collateral in respect of their financial assets.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and countries in which customers are located, as these factors may have an influence on credit risk.

The Audit and Risk Committee has approved a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes credit ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. Customers failing to meet the Group's benchmark credit worthiness may transact with the Group only on a prepayment or Letters of Credit basis.

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk for loans and receivables is geographically concentrated in the Americas region.

A relatively limited number of customers account for a large percentage of the Group's total sales. One customer accounted for approximately 27% of list sales for the year ended May 1, 2016 (May 3, 2015: 28%; April 27, 2014: 38%), which approximates gross sales. The customer accounted for approximately 23% of trade accounts receivable as of May 1, 2016 (May 3, 2015: 21%; April 27, 2014: 20%). The Group's top ten customers accounted for approximately 63% (May 3, 2016: 63%; April 27, 2014: 75%) of list sales for the year ended May 1, 2016. The Group closely monitors the credit risk associated with its customers.

Impairment losses

The ageing of trade and other receivables that were not impaired at the reporting date was as follows:

<i>Note</i>	May 1, 2016	May 3, 2015	April 28, 2014
Not past due	\$66,776	\$82,384	\$85,448
Past due 0 - 60 days	27,357	28,333	24,387
Past due 61 - 90 days	3,367	2,830	–
Past due 91 - 120 days	2,450	6,965	–
More than 120 days	8,443	7,148	–
<i>11</i>	<u>\$108,393</u>	<u>\$127,660</u>	<u>\$109,835</u>

The Group believes that the unimpaired amount past due by more than 60 days are still collectible in full, based on historical payment behaviour and extensive analysis of customers' risk rating. An analysis of the credit quality of loans and receivables that are neither past due nor impaired indicates that they are of acceptable risk.

The Group sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis.

The table below shows the credit quality of the Group's financial assets based on their historical experience with the corresponding third parties:

	Grade A	Grade B	Grade C	Total
May 1, 2016				
Cash in bank	\$1,186	\$ –	\$ –	\$1,186
Trade and other receivables	–	108,393	97	108,490
	\$1,186	\$108,393	\$97	\$109,676
May 3, 2015				
Cash in bank	\$564	\$–	\$–	\$564
Trade and other receivables	–	127,660	50	127,710
	\$564	\$127,660	\$50	\$128,274
May 28, 2014				
Cash bank	\$18,626	\$–	\$–	\$18,626
Trade and other receivables	–	109,835	194	110,029
	\$18,626	\$109,835	\$194	\$128,655

Grade A financial assets pertain to those cash that are deposited in reputable banks. Grade B includes receivables that are collected on their due dates even without an effort from the Group to follow them up, while receivables which are collected on their due dates provided that the Group made a persistent effort to collect them are included under Grade C receivables.

Cash and cash equivalents

Cash and cash equivalents are held with banks and financial institutions which are regulated. The Group's cash in bank balances are all held in the Americas.

Apart from the above, the Group and Company have no significant concentration of credit risk with any single counterparty or group counterparties.

Derivatives

The derivatives are entered into with banks and financial institutions which are regulated.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group is able to increase the commitments under the ABL Facility, subject only to the consent of the new or existing lenders providing such increases, such that the aggregate principal amount of commitments does not exceed \$450.0 million. The lenders under this facility are under no obligation to provide any such additional commitments, and any increase in commitments will be subject to customary conditions precedent. Notwithstanding any such increase in the facility size, the Group's ability to borrow under the facility will remain limited

at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

The Group has the right to request an additional \$100.0 million plus an additional amount of secured indebtedness under the First Lien Term Loan and the Second Lien Term Loan. Lenders under this facility are under no obligation to provide any such additional loans, and any such borrowings will be subject to customary conditions precedent, including satisfaction of a prescribed leverage ratio, subject to the identification of willing lenders and other customary conditions precedent.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
May 1, 2016					
Derivative financial liabilities					
Interest rate swaps used for hedging, net-settled	\$35,115	\$36,130	\$11,258	\$24,873	\$ –
Non-derivative financial liabilities					
Secured bank loans					
- Short-term	\$225,879	\$232,542	\$232,542	\$ –	\$ –
- Long-term	923,198	1,226,975	57,895	901,127	267,953
Accrued lease liabilities	2,439	152,318	41,193	86,752	24,373
Trade and other payables	168,981	168,981	168,981	–	–
	<u>\$1,355,612</u>	<u>\$1,816,946</u>	<u>\$511,869</u>	<u>\$1,280,705</u>	<u>\$24,373</u>
May 3, 2015					
Derivative financial liabilities					
Interest rate swaps used for hedging, net-settled	\$20,090	\$10,523	\$ –	\$9,654	\$869
Peso foreign exchange contracts	\$1,003	\$1,003	\$1,003	–	–
	<u>\$21,093</u>	<u>\$11,526</u>	<u>\$1,003</u>	<u>\$9,654</u>	<u>\$869</u>
Non-derivative financial liabilities					
Secured bank loans					
- Short-term	\$98,362	\$108,862	\$108,862	\$ –	\$ –
- Long-term	924,695	1,349,704	56,479	1,024,120	269,105
Accrued lease liabilities	763	135,084	37,815	74,705	22,564
Trade and other payables	250,580	250,580	250,580	–	–
	<u>\$1,274,400</u>	<u>\$1,844,230</u>	<u>\$453,736</u>	<u>\$1,098,825</u>	<u>\$291,669</u>

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
April 28, 2014					
Derivative financial liabilities					
Interest rate swaps used for hedging, net-settled	\$4,368	\$8,460	\$ –	\$9,994	(\$1,534)
Non-derivative financial liabilities					
Unsecured bank loans					
- Short-term	\$1,709	\$1,709	\$1,709	\$ –	\$ –
Secured bank loans					
- Short-term	112,310	112,310	112,310	–	–
- Long-term	923,161	1,423,663	60,293	284,154	1,079,217
	<u>\$1,037,180</u>	<u>\$1,537,682</u>	<u>\$174,312</u>	<u>\$284,154</u>	<u>\$1,079,217</u>

The Group's bank loans contain loan covenants, for which breaches will require the Group to repay the loans earlier than indicated in the above table. The covenants are constantly monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance.

For derivative financial liabilities, the disclosure shows net cash from amounts for derivatives that are net cash settled.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Group's income due to changes in fair value or future cash flows of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risk exposure of the Group comprise of foreign exchange risk, interest rate risk and commodity price risk.

Foreign exchange risk

The Group is exposed to foreign exchange risk from its subsidiaries operating in foreign countries, which generate revenue and incur costs in foreign currencies, and from those operations of its local subsidiaries, which are in foreign currencies. The currency giving rise to this risk is primarily the US dollar, Mexican Peso and Venezuelan Bolivar.

Group entities maintain their respective books and accounts in their functional currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations.

From time to time, the Group manages its exposure to fluctuations in foreign currency exchange rates by entering into forward contracts to cover a portion of its projected expenditures paid in foreign currency. The Group accounts for these contracts as cash flow hedges.

At the reporting date, the Group's exposure to foreign currencies is as follows:

	May 1, 2016	May 3, 2015	April 28, 2014	
	Mexican Peso	Mexican Peso	Mexican Peso	Venezuela Bolivar
Trade and other receivables	\$3,813	\$2,502	\$460	\$11,983
Cash	294	208	872	2,154
Other noncurrent assets	–	–	–	(1,400)
Trade and other payables	(5,332)	(6,033)	(3,988)	(11,337)
	(\$1,225)	(\$3,323)	(\$2,656)	\$1,400

Sensitivity analysis

A 10% strengthening of the group entities' foreign currencies against their respective functional currency at the reporting date would have (decreased)/increased loss/profit before taxation and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% weakening of the group entities' foreign currencies against their respective functional currency would have the equal but opposite effect on the amounts shown below, on the basis that all other variables remain constant.

	Mexican Peso		Venezuelan Bolivar	
	Loss/profit before taxation	Equity	Loss/profit before taxation	Equity
May 1, 2016				
10% strengthening	(\$123)	\$2,222	\$ –	\$ –
10% weakening	123	(3,696)	–	–
May 3, 2015				
10% strengthening	(\$332)	\$1,934	\$ –	\$ –
10% weakening	332	(1,934)	–	–
April 28, 2014				
10% strengthening	(\$266)	\$ –	\$140	\$ –
10% weakening	266	–	(140)	–

Interest rate risk

The Group's cash balances are placed with reputable global banks and financial institutions. The Group manages its interest rate risks by placing the cash balances with varying maturities and interest rate terms. This includes investing the Group's temporary excess liquidity in short-term low-risk securities from time to time. The Group obtains financing through bank borrowings and leasing arrangements. Funding is obtained from bank loan facilities for both short-term and long-term requirement. The Group's policy is to obtain the most favourable interest rate available without increasing its foreign currency exposure.

Interest rate profile of interest bearing financial instruments

The interest rate profile of the Group's interest bearing financial instruments as reported to management of the Group is as follows:

	May 1, 2016	May 3, 2015	April 28, 2014
Fixed rate instruments			
Loans and borrowings	\$249,885	\$247,982	\$246,173
Variable rate instruments			
Loans and borrowings	\$899,192	\$775,075	\$789,298
Interest rate swaps	35,115	20,090	4,368
	\$934,307	\$795,165	\$793,666

Cash flow sensitivity analysis for variable rate instruments

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit/loss before tax in the next 12 months and equity would have been affected as follows:

	Profit/loss before tax	Equity - hedging reserve Dr (Cr)
May 1, 2016		
100 basis points increase	(\$5,535)	(\$15,803)
100 basis points decrease	5,535	6,603
May 3, 2015		
100 basis points increase	(\$4,341)	(\$15,352)
100 basis points decrease	4,341	12,181
April 28, 2014		
100 basis points increase	(\$4,544)	(\$18,915)
100 basis points decrease	4,544	19,937

Commodity price risk

Certain commodities such as diesel fuel and natural gas (collectively, "commodity contracts") are used in the production and transportation of the Group's products. Generally these commodities are purchased based upon market prices that are established with the vendors as part of the procurement process. The Group uses futures, swaps, and swaption or option contracts, as deemed appropriate; to reduce the effect of price fluctuations on anticipated purchases. These contracts may have a term of up to 24 months.

Sensitivity analysis

A 10% change in commodity prices at the reporting date would have decreased/(increased) profit/loss before tax and increased/(decreased) equity by the amounts shown below.

	May 1, 2016		May 3, 2015	
	Profit/loss before tax	Equity	Profit/loss before tax	Equity
10% increase in commodity price	(\$281)	(\$494)	(\$784)	(\$473)
10% decrease in commodity price	281	494	784	473

As of April 28, 2014, there were no outstanding commodity contracts.

31. 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	Carrying amount			Total	Fair value	Fair value Hierarchy
		Loans and receivables	Derivatives	Other financial liabilities			
May 1, 2016							
Cash	13	\$1,186	\$ –	\$ –	\$1,186		
Trade and other receivables	11	108,393	–	–	108,393		
Hedge contracts	12	–	1,473	–	1,473	\$1,473	Level 2
		<u>\$109,579</u>	<u>\$1,473</u>	<u>\$ –</u>	<u>\$111,052</u>	<u>\$1,473</u>	
Loans and borrowings	16	\$ –	\$ –	\$1,149,077	\$1,149,077	\$1,098,655	Level 2
Trade and other payables	21	–	–	168,981	168,981		
Hedge contracts	19	–	36,745	–	36,745	36,745	Level 2
		<u>\$ –</u>	<u>\$36,745</u>	<u>\$1,318,058</u>	<u>\$1,354,803</u>	<u>\$1,135,400</u>	

	Note	Carrying amount			Total	Fair value	Fair value Hierarchy
		Loans and receivables	Derivatives	Other financial liabilities			
May 3, 2015							
Cash	13	\$564	\$ –	\$ –	\$564		
Trade and other receivables	11	127,660	–	–	127,660		
Hedge contracts	12	–	818	–	818	\$818	Level 2
		<u>\$128,224</u>	<u>\$818</u>	<u>\$ –</u>	<u>\$129,042</u>	<u>\$818</u>	
Loans and borrowings	16	\$ –	\$ –	\$1,023,057	\$1,023,057	\$1,013,381	Level 2
Trade and other payables	21	–	–	250,580	250,580		
Hedge contracts	19	–	21,093	–	21,093	21,093	Level 2
		<u>\$ –</u>	<u>\$21,093</u>	<u>\$1,273,637</u>	<u>\$1,294,730</u>	<u>\$1,034,474</u>	

	Note	Carrying amount			Total	Fair value	Fair value Hierarchy
		Loans and receivables	Derivatives	Other financial liabilities			
April 28, 2014							
Cash	13	\$18,626	\$ –	\$ –	\$18,626		
Trade and other receivables	11	109,835	–	–	109,835		
		<u>\$128,461</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$128,461</u>	<u>\$ –</u>	
Loans and borrowings	16	\$ –	\$ –	\$1,037,180	\$1,037,180	\$1,037,179	Level 2
Trade and other payables	21	–	–	167,021	167,021		
Hedge contracts	19	–	4,368	–	4,368	4,368	Level 2
		<u>\$ –</u>	<u>\$4,368</u>	<u>\$1,204,201</u>	<u>\$1,208,569</u>	<u>\$1,041,547</u>	

32. 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.

	May 1, 2016			May 3, 2015		
	Level 2	Level 3	Totals	Level 2	Level 3	Totals
Financial assets						
Derivative assets	\$1,473	\$ –	\$1,473	\$818	\$ –	\$818
Non-financial assets						
Assets held for sale	–	1,950	1,950	–	6,187	6,187
Financial liabilities						
Derivative liabilities	36,745	–	36,745	21,093	–	21,093

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

Measurement of fair values

Financial instruments

Fair value and fair value hierarchy information on financial instruments are disclosed in Note 31.

Valuation techniques and significant observable inputs

Summarized below are the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	<i>Market comparison technique:</i> 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	<i>Market comparison technique:</i> The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve.
Commodity contracts	<i>Market comparison technique:</i> 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	<i>Discounted cash flows:</i> 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.
Other financial assets and liabilities	The carrying amounts of financial assets and liabilities with maturity of one year or less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate 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, including Assets held for sale	<i>Market comparison technique and cost technique:</i> The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate.
Trademarks	<i>Relief-from-royalty method:</i> 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	<i>Multi-Period Excess Earnings Method:</i> 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	<i>Market comparison technique:</i> 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.

33. Commitments

Operating lease commitments

The Group leases certain property, equipment and office and warehouse facilities. 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. The Group determined that the significant risks and rewards incidental to ownership are retained by the lessors and classified these leases as operating leases.

Lease terms do not contain any restrictions on Group activities concerning dividends, additional debts or further leasing.

At the reporting date, the Group have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	May 1, 2016	May 3, 2015	April 28, 2014
Within one year	\$41,193	\$37,815	\$38,354
Between one to five years	86,752	74,705	90,571
More than five years	24,373	22,564	23,411
	\$152,318	\$135,084	\$152,336

Purchase commitments

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

	May 1, 2016	May 3, 2015	April 28, 2014
Within one year	\$387,548	\$542,227	\$387,605
After one year but within five years	284,728	296,530	199,691
After five years	340,724	339,052	77,033
	<u>\$1,013,000</u>	<u>\$1,177,809</u>	<u>\$664,329</u>

Future capital expenditure

The Group has planned capital expenditures for property, plant and equipment approved by the Board of Directors.

	May 1, 2016	May 3, 2015	April 28, 2014
Capital expenditure not provided for in the financial statements			
- approved by Directors and contracted for	\$10,983	\$50,000	\$95,500
- approved by Directors but not contracted for	43,917	5,352	–
	<u>\$54,900</u>	<u>\$55,352</u>	<u>\$95,500</u>

34. Contingencies

Legal proceedings

Matters Assumed in Connection with the Consumer Products Business

As described in Note 1 and Note 4, the Group acquired the Consumer Products Business in February 2014. In connection with the acquisition of the Consumer Products Business, the Group assumed the legal matters described below from the Seller.

Kosta Misbranding Class Action

On 5 April 2012, Plaintiff (Kosta) filed a complaint against DMFI in the U.S. District Court for the Northern District of California alleging false and misleading advertising under California's consumer protection laws. Plaintiff alleges that DMFI made a variety of false and misleading labeling and advertising claims including, but not limited to lycopene and antioxidant claims for tomato products and claims that DMFI misled consumers with respect to its refrigerated fruit products. The complaint sought certification as a class action. On 30 July 2015 the Court denied Plaintiff's motion for class certification. Plaintiff has applauded this ruling to the U.S. Ninth Circuit Court of Appeal. The appeal has been fully briefed. Oral arguments are expected to be scheduled for 2017. The Group cannot at this time reasonably estimate a range of exposure, if any, of the potential liability.

Fresh Del Monte v. DMFI

On 19 December 2013, Fresh Del Monte ("FDP") filed a complaint against DMFI in the U.S. District Court for the Southern District of New York for breach of a 1989 License Agreement ("License"). FDP asserts that DMFI committed a breach by denying FDP's requests for additional rights under the License. DMFI denies these claims and counterclaimed for breach of contract, trademark infringement, and unfair competition on 31 March 2014. Among other things, DMFI asserts that FDP committed a breach and trademark infringement by marketing under the Del Monte trademark pasteurized juice products, processed avocado and guacamole products, and combination products that combine fresh and non-fresh ingredients. Both parties seek declaratory, monetary, and injunctive relief from the other. Discovery is proceeding in the cases, and no trial date has been set. The Group cannot at this time reasonably estimate a range of exposure, if any, of the potential liability.

Del Monte International v. DMFI

On 13 August 2013, Del Monte International ("DMI") sued DMFI in U.S. District Court for the Central District of California, Western Division based on the July 29, 2013 ruling by the World Intellectual Property Organization (WIPO) granting Seller's objection to DMI's attempt to register the <.delmonte> gTLD. In its July 29 decision, WIPO granted Seller's objection. In its declaratory relief action DMI asked the court to (i) declare that DMI has bona fide rights in the DEL MONTE trademark, (ii) that it is not in violation of the Anti-cybersquatting Consumer Protection Act by seeking to register the <.delmonte> gTLD, (iii) that the registration of the gTLD <.delmonte> will not create an impermissible likelihood of confusion and (iv) an order compelling Del Monte to withdraw its Legal Rights Objection to DMI's application to register the <.delmonte> gTLD. DMFI filed a Motion to Dismiss, which was granted by the U.S. District Court on 5 February 2014. DMI has appealed this ruling to the U.S. Court of Appeals for the Ninth Circuit. This appeal was argued on 8 July 2015. The Group cannot at this time reasonably estimate a range of exposure, if any, of the potential liability.

In a separate matter, DMFI initiated an arbitration action against an affiliate of FDP for breach of another license agreement by using the Del Monte brand on cafes and a delivery service in the Middle East. The arbitration panel issued its ruling in July 2016, finding that the FDP affiliate's activities are permitted under the license agreement but that the affiliate breached the terms of the license agreement in the manner in which it used the Del Monte trademarks. The arbitration panel is expected to rule on the appropriate cure for these breaches in Summer, 2016.

Resolved Dispute with Smucker's

On 18 February 2014, DMFI consummated the acquisition of the consumer products business of Smucker's. The purchase price to be paid by DMFI at closing was adjusted upward in the amount of \$111.0 million (the "Closing Adjustment Amount") based on the difference between the target working capital agreed by the parties in the Purchase Agreement and Smucker's good faith estimate of working capital on the day immediately preceding the closing date. Based on Smucker's calculation of closing working capital, Smucker's seeks an additional upward adjustment to the purchase price in the amount of \$16.3 million, together with interest accrued from the closing date through the date of payment.

On 18 June 2014, DMFI served its Notice of Disagreement asserting that Smucker's statement setting forth its calculation of closing working capital is in breach of several provisions of the Purchase Agreement and that Smucker's is not entitled to any adjustment of the purchase price on account of working capital, including the \$16.3 million it now seeks, and the Closing Adjustment Amount must be returned.

In March 2015, the parties have submitted this dispute to an independent certified public accounting firm for resolution pursuant to the Purchase Agreement. An initial ruling on the closing working capital calculation was issued in July 2015. The parties continued discussions and on 25 April 2016, have entered into a settlement agreement, under which Smucker's paid/refunded to DMFI \$38 million in full satisfaction of the post-closing working capital amount adjustment under the Purchase Agreement. The resulting settlement gain was recognized in "Other income".

Other

The Group is the subject of, or a party to, other various suits and pending or threatened litigation. While it is not feasible to predict or determine the ultimate outcome of these matters, The Group believes that none of these legal proceedings will have a material adverse effect on its financial position.

Source of estimation uncertainty

The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies were recognized in the Group's consolidated financial statements as of May 1, 2016 and May 3, 2015.

As of 1 May 2016, provision for probable losses arising from environmental remediation amounted to \$6,313 (3 May 2015: \$4,580; 28 May 2014: \$4,241) (Note 20).

35. 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. Related parties may be individuals or other entities.

In connection with the purchase of the Consumer Food Business, the Group paid approximately \$2,203 and \$33,413 in transaction costs primarily as a reimbursement to DMPL or directly on DMPL's behalf in fiscal year 2015 and 2014, respectively. The Group also accrued approximately \$42 in management fees payable to DMPL in fiscal period 2014. No additional amounts were accrued during fiscal 2015.

Other than those disclosed elsewhere in the financial statements, transactions with related parties are as follows:

Category/ Transaction	Year	Note	Transaction Amount	Outstanding Balance		Terms	Conditions
				Receivable	Payable		
Parent							
▪ Loan from parent	2016		\$ –	\$ –	\$10	Due and demandable;	Unsecured
	2015		–	–	10	non- interest bearing	
	2014		10	–	10		
Under Common Control							
▪ Sale of goods and other charges	2016		10,426	295	–	Due and demandable;	Unsecured; no impairment
	2015		435	6,194	–	non- interest bearing	
	2014		–	5,759	–		
▪ Purchases of goods	2016		111,287	–	70,439	Due and demandable;	Unsecured
	2015		52,004	–	45,811	non- interest bearing	
	2014		6,286	–	12,892		
▪ Administrative expenses	2016		885	–	5,496	Due and demandable;	Unsecured
	2015		390	–	1,609	non- interest bearing	
	2014		1,219	–	1,219		
Subsidiaries							
▪ Sale of goods	2016		1,324	–	–	Due and demandable;	Unsecured
	2015		–	–	–	non- interest bearing	
	2014		–	–	–		
TOTAL	2016			\$295	\$75,945		
TOTAL	2015			\$6,194	\$47,430		
TOTAL	2014			\$5,759	\$14,121		

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.

The Group has an agreement to source the majority of its pineapple requirements from a subsidiary of DMPL. Purchases under this agreement were approximately \$111.3 million, \$52 million and \$6.3 million for fiscal 2016, 2015 and fiscal period 2014, respectively.

In 2016 and 2015, DMFI accrued \$614 and \$263, respectively, for rental expenses and property management fees relating to the use of office spaces owned by a subsidiary of its parent, DMPL, and included under administrative expenses above.

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors of the Company and key executive officers (excluding executive directors) are considered as key management personnel of the Group.

The key management personnel compensation is as follows:

	Year ended May 1, 2016	Year ended May 3, 2015	Period from November 11, 2013 to April 27, 2014
Key executive officers (excluding Directors):			
Short-term employee benefits	\$11,569	\$14,102	\$3,024
Post-employment benefits	1,606	3,869	431
Other long-term benefits	1,773	–	–
Termination benefits	1,712	–	–
Share-based compensation	552	–	–
	\$17,212	\$17,971	\$3,455

36. Subsequent events

Restructuring

At the end of June 2016, the Group announced its intention to implement a cost-reduction program which includes the reduction of the Group's workforce by the end of calendar year 2016 to enable the Group to better adapt to current market conditions. The workforce reduction announced in June 2016 cost approximately \$3.5 million. The Group is currently evaluating additional cost reduction measures.

37. Transition to IFRS

As stated in Note 2, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies discussed in Note 3 have been applied in preparing the financial statements for the year ended May 1, 2016, the comparative information presented in these financial statements for the year ended May 3, 2015 and in the preparation of the opening IFRS statement of financial position at April 28, 2014 (the Group's date of transition).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts previously reported in the financial statements prepared in accordance with US GAAP (previous GAAP). An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes that accompany the tables.

37.1 Reconciliation of equity

Statements of Financial Position

	<i>Note</i>	May 3, 2015			April 28, 2014		
		Previous GAAP	Effect of transition to IFRS	IFRS	Previous GAAP	Effect of transition to IFRS	IFRS
ASSETS							
Noncurrent assets							
Property, plant and equipment	<i>a, e</i>	\$460,376	\$14,604	\$474,980	\$392,759	\$10,431	\$403,190
Intangible assets and goodwill		746,759	–	746,759	729,251	–	729,251
Deferred tax assets	<i>d, f, g</i>	62,210	19,912	82,122	35,883	2,979	38,862
Employee benefits		–	–	–	10,673	–	10,673
Deferred financing fees	<i>b</i>	31,929	(31,929)	–	37,538	(37,538)	–
Other assets	<i>e</i>	11,594	–	11,594	8,093	26	8,119
Total Noncurrent Assets		1,312,868	2,587	1,315,455	1,214,197	(24,102)	1,190,095
Current assets							
Inventories	<i>a, c, e</i>	646,069	8,274	654,343	676,539	20,639	697,178
Trade and other receivables		127,660	–	127,660	109,835	–	109,835
Prepaid and other current assets	<i>a, e, f</i>	61,797	(44,253)	17,544	57,585	(26,858)	30,727
Cash		564	–	564	18,626	–	18,626
Assets held for sale		6,187	–	6,187	–	–	–
Total Current Assets		842,277	(35,979)	806,298	862,585	(6,219)	856,366
Total Assets		\$2,155,145	(\$33,392)	\$2,121,753	\$2,076,782	(\$30,321)	\$2,046,461

Reconciliation of equity (continued)

	<i>Note</i>	May 3, 2015			April 28, 2014		
		Previous	Effect of	IFRS	Previous	Effect of	IFRS
		GAAP	transition		GAAP	transition	
			to IFRS			to IFRS	
EQUITY AND LIABILITIES							
Equity							
Common stock		\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Additional paid-in capital		705,000	–	705,000	705,000	–	705,000
Deficit	<i>g</i>	(92,599)	(8,464)	(101,063)	(50,439)	3,901	(46,538)
Reserves	<i>d, e</i>	(32,399)	7,001	(25,398)	(1,027)	3,006	1,979
Total Equity		580,002	(1,463)	578,539	653,534	6,907	660,441
Non-current liabilities							
Other financial liabilities	<i>b</i>	948,886	(24,191)	924,695	955,133	(31,972)	923,161
Employee benefits		118,796	–	118,796	89,561	–	89,561
Environmental remediation liabilities		4,580	–	4,580	4,241	–	4,241
Deferred tax liabilities		1,092	–	1,092	1,092	–	1,092
Derivative liabilities		20,090	–	20,090	4,368	–	4,368
Other non-current liabilities		39,447	–	39,447	40,483	–	40,483
Total Noncurrent Liabilities		1,132,891	(24,191)	1,108,700	1,094,878	(31,972)	1,062,906
Current liabilities							
Loans and borrowings	<i>b, e</i>	106,100	(7,738)	98,362	119,275	(5,256)	114,019
Employee benefits		43,080	–	43,080	33,622	–	33,622
Trade and other payables		250,580	–	250,580	167,021	–	167,021
Derivative liabilities		1,003	–	1,003	–	–	–
Intercompany payable		41,236	–	41,236	8,363	–	8,363
Current tax liabilities		253	–	253	89	–	89
Total Current Liabilities		442,252	(7,738)	434,514	328,370	(5,256)	323,114
Total Liabilities		1,575,143	(31,929)	1,543,214	1,423,248	(37,228)	1,386,020
Total Equity and Liabilities		\$2,155,145	(\$33,392)	\$2,121,753	\$2,076,782	(\$30,321)	\$2,046,461

37.2 Reconciliation of comprehensive income for the year ended May 3, 2015

	<i>Note</i>	Previous GAAP	Effect of transition to IFRS	IFRS
Net Sales	<i>e</i>	\$1,705,143	\$3,794	\$1,708,937
Cost of sales	<i>c, e</i>	(1,426,021)	(13,670)	(1,439,691)
Gross profit		279,122	(9,876)	269,246
Distribution and selling expenses	<i>e</i>	(117,560)	(480)	(118,040)
General and administrative expenses	<i>d, e</i>	(171,077)	(9,660)	(180,737)
Transaction fees		(3,008)	–	(3,008)
Gain on bargain purchase		27,142	–	27,142
Other income (expenses) – net	<i>e</i>	(7,176)	73	(7,103)
Income (loss) from operations		7,443	(19,943)	(12,500)
Net finance expense		(70,386)	–	(70,386)
(Loss) before taxation		(62,943)	(19,943)	(82,886)
Income tax benefit (expense) – current		(921)	–	(921)
Income tax benefit (expense) – deferred		21,704	7,578	29,282
Net (Loss)		(42,160)	(12,365)	(54,525)
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement plans, net of tax	<i>d</i>	(20,104)	5,749	(14,355)
		(20,104)	5,749	(14,355)
Items that will or may be reclassified subsequently to profit or loss:				
Currency translation differences, net of tax	<i>e</i>	(869)	(1,754)	(2,623)
Effective portion of changes in fair value of cash flow hedges, net of tax		(10,399)	–	(10,399)
		(11,268)	(1,754)	(13,022)
Other comprehensive income for the year/period, net of tax		(31,372)	3,995	(27,377)
Total comprehensive income for the year/period		(\$73,532)	(\$8,370)	(\$81,902)

37.3 Material presentation adjustments to the statement of cash flows for 2015

Under previous GAAP, interest payments of \$57.3 million were classified within operating activities. Under IFRS, the Group classifies these interest payments as financing activities. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous GAAP.

37.4 Notes to the reconciliations

- a. Prepaid and other current assets
- b. Debt issuance costs
- c. Measurement of inventories
- d. Net defined benefit obligation
- e. Foreign operation in a hyperinflationary economy
- f. Deferred tax assets and liabilities presentation
- g. Retained earnings

(a) *Prepaid and other current assets*

Under previous GAAP, spare parts and supply inventories (MRO) were presented as prepaid and other current assets. Under IFRS, MRO is presented as property, plant and equipment or inventories if the respective definitions under IFRS are satisfied.

The impact of the change is summarized as follows:

	May 3, 2015	April 28, 2014
Comprehensive income		
Adjustment before income tax	\$ –	
Financial position		
Prepaid and other current assets	(\$25,237)	(\$20,654)
Inventories	10,633	11,073
Property, plant and equipment	14,604	9,581
Adjustment to retained earnings	\$ –	\$ –

(b) *Debt issuance costs*

Under previous GAAP, the Group capitalized and presented debt issuance costs as a separate asset in the statement of financial position. Under IFRS, the debt issuance costs are included in the measurement of the financial liability.

The impact arising from the change is summarized as follows:

	May 3, 2015	April 28, 2014
Comprehensive income		
Adjustment before income tax	<u>\$ –</u>	
Financial position		
Deferred financing fees	(\$31,929)	(\$37,538)
Other financial liabilities (current)	7,738	5,566
Other financial liabilities (noncurrent)	24,191	31,972
Adjustment to retained earnings	<u>\$ –</u>	<u>\$ –</u>

(c) *Measurement of inventories*

Under previous GAAP, the Group measured inventories at the lower of cost and market value, which is generally the current replacement cost subject to a ceiling (net realizable value) and a floor (net realizable value less normal profit margin). Under IFRS, inventories were measured at the lower of cost and net realizable value, defined as the estimated selling price in the ordinary course of business less estimated costs of completion and sale.

The impact of the change is summarized as follows:

	May 3, 2015	April 28, 2014
Comprehensive income		
Cost of sales	<u>\$1,176</u>	
Adjustment before income tax	<u>\$1,176</u>	
Financial position		
Inventories	<u>(\$1,176)</u>	\$ –
Adjustment to retained earnings	<u>(\$1,176)</u>	<u>\$ –</u>

(d) *Net defined benefit obligation*

Under previous GAAP, the group recognized actuarial gains and losses in profit or loss using the corridor approach. Expected return on plan assets reflecting the best estimate of future market returns on plan assets is used to recognize interest income on plan assets. There is no limitation on the amount of asset to be recognized.

Under IFRS, actuarial gains and losses are recognized directly in other comprehensive income. The discount rate used to measure the defined benefit obligation is applied to the net defined benefit (asset) in recognizing the 'net interest' instead of applying an expected rate of return to plan assets. The net defined benefit asset is limited by an asset ceiling.

The impact from the change is summarized as follows:

	May 3, 2015	April 28, 2014
Comprehensive income		
<i>Profit or Loss</i>		
General and administrative expenses	\$9,275	
Adjustment before income tax	<u>\$9,275</u>	
 <i>Other Comprehensive Income</i>		
Remeasurement of retirement plans, before tax	(\$9,275)	
Related tax	<u>3,525</u>	
Remeasurement of retirement plans, net of tax	<u>(\$5,750)</u>	
 Financial position		
Reserve for remeasurement of retirement plans	(\$10,969)	(\$1,694)
Adjustment to retained earnings	<u>(\$10,969)</u>	<u>(\$1,694)</u>

(e) *Foreign operation in a hyperinflationary economy*

Under previous GAAP, the financial statements of the Group's Venezuelan subsidiary, Del Monte Andina C.A., a foreign operation in a highly inflationary economy are remeasured as if the parent's reporting currency were its functional currency.

Under IFRS, if the functional currency of a foreign operation is the currency of a hyperinflationary economy, current purchasing power adjustments are made to its financial statements before translation into a different presentation currency. The adjustments are based on the closing rate at the end of the current period.

The impact from the change is summarized as follows:

	May 3, 2015	April 28, 2014
Comprehensive income		
<i>Profit or Loss</i>		
Net Sales	\$3,794	
Cost of sales	(3,001)	
Distribution and selling expenses	(480)	
General and administrative expenses	(385)	
Other income (expenses) - net	72	
Adjustment before income tax	\$ –	
 <i>Other Comprehensive Income</i>		
Foreign currency translation adjustment	(\$1,754)	
 Financial position		
Property, plant and equipment	\$ –	\$850
Other assets	–	26
Inventories	–	1,256
Other current assets	–	(67)
Other financial liabilities (current)	–	(310)
Translation reserve	–	(1,956)
Adjustment to retained earnings	\$ –	(\$201)

(f) *Deferred tax assets and liabilities presentation*

Under previous GAAP, deferred tax assets and liabilities are classified as current or non-current based on the classification of the related asset or liabilities. Under IFRS, deferred tax assets and liabilities are classified as non-current.

The impact from the change is summarized as follows:

	May 3, 2015	April 28, 2014
Previous GAAP		
<i>Current assets</i>		
Prepaid expenses and other current assets	\$19,016	\$6,137
IFRS		
<i>Noncurrent assets</i>		
Deferred tax assets	\$19,016	\$6,137

(g) *Retained earnings*

The above changes decreased (increased) retained earnings as follows:

	<i>Note</i>	May 3, 2015	April 28, 2014
Measurement of inventories	<i>d</i>	(\$1,176)	\$ –
Net defined benefit obligation	<i>e</i>	(10,969)	(1,694)
Foreign operation in a hyperinflationary economy	<i>f</i>	(200)	(200)
Other		(1,183)	8,310
Cumulative tax impact of adjustments		5,064	(2,515)
Increase (decrease) in retained earnings		(\$8,464)	\$3,901

Supplemental Disclosures

The following information is intended to comply with the requirements in the Wisconsin Agriculture Producer Statute 126 and Agriculture, Trade and Consumer Protection Chapter 101.

Financial ratios

The following table represents the Group's current ratio and debt to equity ratio (as calculated in accordance with the above statutes) as of May 1, 2016:

Current ratio:

Current assets/ current liabilities	<u>\$901,777</u>	= 1.74
	519,601	

Debt to equity ratio:

Total liabilities/ total stockholder's equity	<u>\$1,599,132</u>	= 2.62
	610,612	

Allowance for Doubtful Accounts

The Group has an allowance for doubtful accounts totalling \$0.1 million, \$0.05 million and \$0.2 million on May 1, 2016, May 3, 2015 and April 27, 2014 respectively. The method for determining the allowance is "specific identification" such that the Group reviews the accounts receivable balances and the aging and reserves for any balances that are determined to be uncollectible. Such balances may include those due from companies that are having financial trouble or filing bankruptcy, balances older than a year or balances that the Group has determined to be uncollectible for another reason. The Group does not have any accounts receivable balances that are older than a year that are not covered by the allowance for doubtful accounts. The Group does not have any non-trade notes or accounts receivables from an officer, director, employee, partner, or stockholder, or from a member of the family of any of those individuals. The Group does not have any notes or accounts receivables from a parent organization, a subsidiary, or affiliates, on a net basis.