

Diamond Foods Posts 4Q Loss, But Beats Expectations

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(AP) — Diamond Foods Inc. on Friday reported a loss for its fiscal fourth quarter, but after adjusting for costs tied to an accounting probe the snack company beat market expectations.

Shares of the struggling San Francisco company fell in after-hours trading.

The maker of Emerald nuts, Pop Secret popcorn and Kettle chips posted a loss of \$32.9 million, or \$1.52 per share, for the period that ended July 31. That compares with a profit of \$2.8 million, or 12 cents per share, in the same quarter last year.

Diamond Foods is still struggling with the impact of some incorrect accounting. The company disclosed last year that an internal investigation found that it improperly accounted for payments to walnut growers, which skewed its financial results. As a result Diamond had to restate financial results for two years in November, which effectively wiped away \$56.5 million of profits.

Meanwhile its stock price sank, it lost its bid to buy the Pringles brand from Procter & Gamble Co. and it eventually replaced its CEO and chief financial officer over the accounting issue.

The company said Friday that after adjusting for special costs for a plant closure, investigation, restatement and other items, it earned 5 cents per share. Total revenue fell 5 percent to \$224 million as its sales to food service companies and other non-retail customers fell.

Analysts polled by FactSet expected the company to earn 3 cents per share on revenue of \$219.1 million.

Diamond CEO Brian Driscoll, who joined the company in May, is trying to take it in a new direction as it invests in its brands, cuts costs and rebuilds its walnut supply. He said the company is making progress in those areas, and Driscoll said the earnings results reflect the change in strategic direction.

Diamond shares fell 71 cents, or 4.8 percent, to \$14.10 in after-hours trading. The stock has lost nearly 84 percent of its value since September last year when news of the accounting probe became public.

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