Nourishing

Families

ANNUAL REPORT **FY2019**

Del Monte Quality

S&W PREMIUM

Contadina ROMA TOMATOES

SINCE 1923 College Inn

Corporate **Profile**

Dual listed on the Mainboards of the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange, Inc, Del Monte Pacific Limited (Bloomberg: DELM SP/ DELM PM), together with its subsidiaries (the "Group"), is a global branded food and beverage company that caters to today's consumer needs for premium quality healthy products. The Group innovates, produces, markets and distributes its products worldwide.

The Group is proud of its heritage brands - *Del Monte*, *S&W*, *Contadina* and *College Inn* – majority of which originated in the USA more than 100 years ago as premium quality packaged food products. The Group has exclusive rights to use the *Del Monte* trademarks for packaged products in the United States, South America, the Philippines, Indian subcontinent and Myanmar, while it owns *S&W* globally except Australia and New Zealand. The Group owns the *Contadina* and *College Inn* trademarks in various countries.

DMPL's USA subsidiary, Del Monte Foods, Inc (DMFI) (www.delmontefoods.com) owns other trademarks such as *Fruit Naturals*, *Orchard Select*, *SunFresh* and *Fruit Refreshers*, while DMPL's Philippines subsidiary, Del Monte Philippines, Inc (www.delmontephil.com), has the trademark rights to *Del Monte*, *Today's*, *Fiesta*, *202*, *Fit 'n Right*, *Heart Smart*, *Bone Smart* and *Quick 'n Easy* in the Philippines.

The Group sells packaged fruit, vegetable and tomato, sauces, condiments, pasta, broth and juices, under various brands and also sells fresh pineapples under the *S&W* brand.

DMFI has joint ventures with Fresh Del Monte Produce Inc in chilled products – juice, packaged fruit, guacamole and avocado, and *Del Monte*-branded retail food and beverage outlets.

The Group owns approximately 95% of a holding company that owns 50% of FieldFresh Foods Private Limited in India (www.fieldfreshfoods.in). FieldFresh markets *Del Monte*-branded packaged products in the domestic market and *FieldFresh*-branded fresh produce. The Group's partner in FieldFresh India is the well-respected Bharti Enterprises, which is one of the largest conglomerates in India.

DMPL's USA subsidiary operates 10 plants in the USA and two in Mexico, while its Philippines subsidiary operates the world's largest fully-integrated pineapple operation with its 26,000-hectare pineapple plantation in the Philippines and a factory that is about an hour's drive away. It also operates a beverage bottling plant and a frozen fruit processing facility in the Philippines.

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www.delmontepacific.com
www.delmontefoods.com
www.delmonte.com
www.swpremiumfood.com
www.contadina.com
www.collegeinn.com
www.delmontephil.com
www.lifegetsbetter.ph
www.fieldfreshfoods.in

Del Monte, *Del Monte Quality* and *Shield in Colour* are principal registered trademarks of the Group for packaged food and beverage products in the USA, South America, Philippines, Myanmar and Indian subcontinent territories. The Group owns the *S&W* trademarks worldwide except for Australia and New Zealand. The Group's other trademarks include, amongst other trademarks in various jurisdictions, *Contadina*, *College Inn*, *Fruit Naturals*, *Orchard Select*, *SunFresh* and *Fruit Refreshers* in the USA, and *Today's*, *Fiesta*, *202*, *Fit 'n Right*, *Heart Smart*, *Bone Smart* and *Quick 'n Easy* in the Philippines. The Group's vision – *Nourishing Families. Enriching Lives. Every Day.* - is also registered as a trademark in the USA.

For more information, please scan QR Code to access DMPL's website

Del Monte Pacific Limited takes its responsibility of ***Nourishing Families*** with importance. This is at the core of our Vision, *"Nourishing Families. Enriching Lives. Every Day."* It is also the foundation upon which we build value for our shareholders and other stakeholders.

Contents

Our **Vision**

Nourishing Families. Enriching Lives. Every Day.

We nourish families by providing delicious food and beverages that make eating healthfully effortless – anytime and anywhere. We build brands with quality products that are perfectly wholesome and thoughtfully prepared.

Our **Core Values**

C — Championing Together

To champion together is our choice. Del Monte succeeds because we see ourselves as one team. We each work to our unique strengths and play a part in the group's collective greatness. When we collaborate, we achieve more.

H — Healthy Families

We choose to grow healthy families. We strengthen family bonds of our consumers and enable our employees to build better lives for their families. At the heart of who we are is the well-being of the home.

O — Ownership with Integrity

We choose to embody ownership with integrity. Del Monte is under our care – we hold ourselves accountable. We see how our work helps achieve Del Monte's vision. A genuine **Malasakit** – this is what we share in Del Monte.

I — Innovation

We choose to innovate. We constantly rethink, explore, and create to produce only the fresh, groundbreaking and pioneering ideas for our products and processes. We will push – creating breakthroughs, always challenging ourselves to be future-ready.

C — Commitment to Society and Environment

We choose to make a commitment to society and the environment. We are responsible for the big role we play in safeguarding our world's future. Thus, we ensure that Del Monte not only refrains from harming the environment, but also contributes to enriching it. We are committed to uplifting lives through honest and ethical business practices. We are a good corporate citizen.

E — Excellence in Everything We Do

We choose to be excellent in everything we do. No matter how large or small a task is, we understand the value of executing each one effectively and efficiently. We believe in doing the right things the right way.

Our **Strategy**

Nourishing Families. Enriching Lives. Every Day.

We nourish families by providing delicious food and beverages that make eating healthfully effortless – anytime and anywhere. We build brands with quality products that are perfectly wholesome and thoughtfully prepared.

Key Brands and **Brand Ownership**

DEL MONTE
(Packaged Products)

USA, SOUTH AMERICA, PHILIPPINES, INDIAN SUBCONTINENT AND MYANMAR

S&W
(For Both Packaged and Fresh Products)

GLOBALLY EXCEPT AUSTRALIA AND NEW ZEALAND

CONTADINA COLLEGE INN

THE GROUP ALSO OWNS THE CONTADINA AND COLLEGE INN TRADEMARKS

Production Facilities

USA	Mexico	Philippines	India
10	2	3	1

130 Years **Heritage**

1886
Del Monte is born in California

1926
Del Monte US sets up operations in the Philippines

Our Passion For Quality Goes Back Generations.

The *Del Monte* name has been synonymous with premium foods since its debut in 1886. For generations, our Company has proudly earned our reputation with a series of innovations and a singular dedication to quality.

Today that commitment to quality is deeply embedded in our culture. At Del Monte, we will always strive to cultivate the best wholesome vegetables, fruits, and tomatoes to help you and your family live a life full of vitality and enjoyment.

1979
RJR acquires Del Monte US, now called Del Monte Corporation (DMC)

1988
KKR buys RJR-Nabisco

1989
KKR sells DMC and breaks up the *Del Monte* brand

1996
DMC fully divests from Del Monte Philippines

1997
TPG acquires DMC

1999
- DMC lists on the New York Stock Exchange
- Del Monte Pacific Limited (DMPL) is incorporated as parent of Del Monte Philippines
- DMPL lists on the Singapore Exchange

2006
NutriAsia Pacific Limited (NPL) acquires 85% of DMPL

2007
- DMPL buys the S&W brand for Asia and EMEA from DMC
- DMPL enters into a joint venture with the Bharti group in India to form FieldFresh Foods Private Ltd

2011
KKR investor group reacquires DMC and takes it private

2013
- DMPL lists on the Philippine Stock Exchange (PSE)
- NPL down to 67% stake

2014
DMPL acquires the consumer food business of DMC from KKR for US$1.675 billion; re-unites with US company

2017
DMPL lists its Preference Shares on the PSE

TODAY
Del Monte sustains its quality promise for a new generation of consumers

Five-Year **Summary**

FINANCIAL YEAR[1] (Amounts in US$ million unless otherwise stated)	**FY2019**	**FY2018**	**FY2017**	**FY2016 (As Restated)**[2]	**FY2015 (As Restated)**[2]
Profitability[3]					
Turnover	**1,954.8**	2,197.3	2,252.8	2,274.1	2,190.0
Gross Profit	**395.0**	432.5	494.9	485.8	411.5
EBITDA	**143.7**	102.3	194.0	241.3	89.7
EBITDA - without Non-Recurring items	**156.1**	165.0	211.8	208.2	149.3
Profit/(loss) from Operations	**80.1**	29.5	127.6	168.0	38.3
Net Profit Attributable to Owners	**20.3**	(36.5)	24.4	57.0	(40.3)
EPS (US cents)	**0.03**	(2.70)	1.21	2.93	(2.90)
Net Profit - without Non-Recurring items	**15.8**	12.0	45.5	25.2	(3.8)
EPS - without Non-Recurring items[4] (US cents)	**(0.20)**	(0.20)	2.29	1.30	(0.28)
Gross Margin (%)	**20.2**	19.7	22.0	21.4	18.8
EBITDA Margin (%)	**7.4**	4.7	8.6	10.6	4.1
Operating Margin (%)	**4.1**	1.3	5.7	7.4	1.7
Net Margin (%)	**1.0**	na	1.1	2.5	na
EPS Growth (%)	**101.1**	(323.1)	(58.7)	201.0	na
Return on Equity (%)	**3.4**	na	5.1	16.1	na
Return on Assets (%)	**0.8**	na	0.9	2.2	na
Balance Sheet					
Cash	**21.6**	24.2	37.6	47.2	35.6
Debt	**1,478.7**	1,465.2	1,714.0	1,843.8	1,718.5
Net Debt	**1,457.0**	1,441.0	1,676.4	1,796.6	1,682.9
Fixed Assets	**582.0**	610.9	657.2	661.2	679.3
Total Assets	**2,398.7**	2,509.1	2,757.1	2,706.4	2,628.4
Shareholders' Equity	**601.1**	608.3	578.6	377.0	330.5
Net Tangible Asset Per Share (US cents)	**(7.0)**	(7.0)	(9.4)	(19.2)	(22.1)
Net Debt to Equity Ratio (%)	**242.4**	236.9	289.8	476.6	509.2
Cash Flow					
Cash Flow from Operations	**180.9**	357.0	219.5	108.0	308.6
Capital Expenditure	**123.5**	144.8	176.5	137.2	144.1
Share Statistics[5]					
Number of Outstanding Shares (m)	**1,944.0**	1,944.0	1,943.2	1,943.2	1,944.0
Number of Outstanding Preference Shares[6] (m)	**30.0**	30.0	20.0	-	-
<u>Singapore Exchange</u>					
Share Price[7] (S$)	**0.136**	0.197	0.335	0.420	0.567
Share Price (US$ equivalent)	**0.100**	0.148	0.240	0.311	0.412
Market Capitalisation (S$ m)	**264.4**	383.0	651.0	816.1	1,102.3
Market Capitalisation (US$ m)	**194.2**	287.2	466.4	606.8	834.4
P&L rate: US$1 : S$	**1.36**	1.33	1.40	1.35	1.32
Price Earnings Multiple[3] (x)	**nm**	na	20.0	10.6	na
<u>Philippine Stock Exchange</u>					
Share Price[7] (Peso)	**5.84**	10.18	12.00	10.94	13.12
Share Price (US$ equivalent)	**0.11**	0.20	0.24	0.23	0.29
US$: Peso exchange rate	**52.1**	51.7	49.9	46.9	44.5
Market Capitalisation (US$ m)	**217.9**	382.6	467.3	453.4	572.9
Price Earnings Multiple[3] (x)	**nm**	na	19.9	8.0	na
Share Price: Series A-1 Preference Shares[6] (US$)	**10.1**	10.1	10.0	-	-
Share Price: Series A-2 Preference Shares[6] (US$)	**10.0**	10.2	-	-	-
Dividend					
Dividend Per Share (US cents)	**0.52**	-	0.61	1.33	-
Dividend Per Share (Singapore cents)	**0.71**	-	0.84	1.80	-
Dividend Yield (%)	**5.2**	-	2.5	5.2	-
Dividend Payout (%)	**50.0**	-	50.0	50.0	-

1 *DMPL's fiscal year ends in April in line with its USA subsidiary Del Monte Foods, Inc.*

2 *DMPL adopted amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense; however, for EBITDA calculation, the Group retained the old calculation using the lower depreciation for comparability.*

3 *The profitability of the Group from FY2015-2019 had been impacted by non-recurring items mostly in the USA. Please refer to the Operating and Financial Review section for more details.*

4 *EPS is calculated as earnings after preference share dividends resulting in negative figures for FY2018-2019.*

5 *DMPL ordinary shares were listed on 2 August 1999 on the Singapore Exchange and on 10 June 2013 on the Philippine Stock Exchange (PSE). Singapore share prices are converted to US cents for the purpose of computing financial ratios. DMPL did a 2:10 Bonus Issue with ex-date of 9 April 2013. It also did a Rights Issue in March 2015. New shares issued resulted in a 33% dilution.*

6 *Preference Shares started trading on the PSE on 7 April 2017 for Series A-1 and on 15 December 2017 for Series A-2.*

7 *Based on fiscal yearend prices, ie 30 April.*

FY2019 **Highlights**

- Group generated sales of US$2.0bn in FY2019, down 11% from prior year on higher S&W Asia sales, offset primarily by lower US and Philippine sales
- Del Monte Foods USA accounted for US$1.4bn or 73% of total sales
- The Philippine business generated sales of US$307.8m, down 4% in peso terms
- The S&W business in Asia generated record sales of US$115.4m, up 9%
- Without one-off items, the Group generated:
  - EBITDA of US$156.1m, down 5%
  - Net profit of US$15.8m, up 32%
  - Lower loss in the USA due to increased price, lower trade promotion, marketing and G&A expenses
- Including one-off items, the Group generated:
  - EBITDA of US$143.7m, up 41%
  - Net profit of US$20.3m, a significant turnaround from the net loss of US$36.5m in prior year
  - Net one-off gain of US$4.5m due to additional purchase of US$105.5m second lien loans of DMFI in the USA at a discount
- Final dividend of US$0.0052 or S$0.00706 per share representing 50% of FY2019 net profit
- Our Independent Director Dr Emil Q Javier was elected by his peers in the National Academy of Science and Technology of the Philippines as a National Scientist
- Received Best Annual Report (Silver) Award from the Singapore Corporate Awards 2018, 13th SCA award since 2010
- *Del Monte Fruit & Oats*, the first shelf stable ready-to-eat oatmeal was voted 2019 Product of the Year in the Breakfast Category in the US
- Del Monte Philippines bagged the 7-Eleven Account Management Award, and FieldFresh Foods, our JV in India, received the Yum! Service Excellence Award
- Our pineapples in innovative Clear Can won packaging awards in the Philippines and France

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Notes on DMPL's Results

1. Effective 1 May 2014, DMPL changed its financial yearend to 30 April instead of 31 December to align with that of its US subsidiary, Del Monte Foods, Inc (DMFI). FY2019 runs from 1 May 2018 to 30 April 2019.
2. DMPL's financial statements are based on IFRS. DMFI's financial statements were converted from US GAAP to IFRS for consolidation purposes.
3. DMPL's effective stake in DMFI is 89.4%, hence the non-controlling interest (NCI) line in the P&L. Consolidated net income in the narratives are net of NCI.
4. DMPL adopted amendments to IAS 16 and IAS 41 (Agriculture: Bearer Plants in April 2017). The change in accounting standard was applied retrospectively. This involved reclassifying a portion of biological assets to plant, property and equipment leading to much higher depreciation expense. However, for EBITDA calculation, the Group retained the old calculation using the lower depreciation for comparability.

Letter to **Shareholders**

MR ROLANDO C GAPUD
Executive Chairman

MR JOSELITO D CAMPOS, JR
Managing Director and CEO

Dear Shareholders,

Your Company, Del Monte Pacific Limited (DMPL), takes its responsibility of ***Nourishing Families*** with importance. This is at the core of our Vision, "*Nourishing Families. Enriching Lives. Every Day.*" It is also the foundation upon which we build value for our shareholders and other stakeholders.

TRANSFORMATION - A 130-YEAR OLD "START UP"

As more consumers seek healthy, convenient, on-the-go or easy-to-prepare snacks, meals and refreshments, the past year has seen Del Monte transform itself from being a Canned Food Company to a Consumer-Driven Packaged Food Innovator across its markets:

- from being a Leader in Canned Vegetables to a Leader in Vegetable Goodness
- from being a Leader in Canned Fruit to Fruit Goodness made Exciting and Accessible
- from being a Leader in Canned Tomato Paste to a Leader in Contemporary Italian Meal Ingredients and Solutions
- from being a Leader in Canned Broth to a Leader in Rich Savoury Stocks
- from being a Leader in Canned Juice to a Leader in Healthy and Refreshing Beverages

There are three major consumer trends. First is how we eat, with snacking becoming a major component. Nearly 50% of US food consumption is in snacking. Second is the quality of food. Consumers look for fresh, healthy and plant-based food. Third is premiumisation which puts a premium on food transparency and sustainability.

Our product launches in FY2019 seek to address these trends. Our US subsidiary, Del Monte Foods (DMFI), accelerated innovation at an unprecedented pace in the past year, launching not just line extensions but new products in new categories (frozen, oats, parfaits), new uses (snacking), new sections (perimeter of store) and channels (vending machines, schools, e-commerce, clubs).

DMFI entered a new segment with the launch of innovative *Del Monte Fruit & Oats*, the first shelf stable ready-to-eat oatmeal combining fruit and oats in a cup, which was voted 2019 Product of the Year in the Breakfast Category in the US in a national survey conducted by research firm Kantar.

Del Monte entered another new category in the refrigerated section with the launch of *Del Monte Fruit Crunch Parfaits* with non-dairy coconut crème, crunchy granola, a full serving of fruit, plus two billion probiotics.

We also entered the frozen segment with *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, offering a full serving of vegetable which makes eating vegetables easier.

Our Nice Fruit joint venture, which utilises a patented, leading technology for freezing our pineapples and allowing them to preserve their fresh-like nutrients and properties when thawed, successfully launched frozen pineapple spears and chunks in 7-Eleven stores in Japan. These are produced in Bukidnon, Philippines, and positioned as on-the-go healthy snacks.

FY2019 RESULTS

Our Group generated sales of US$2.0 billion in FY2019, down 11% from prior year on higher S&W Asia sales, offset primarily by lower US and Philippine sales.

Sales of the S&W business in Asia delivered a record US$115.4 million turnover, 9% higher than last year, driven by the strong double-digit growth of the *S&W Sweet 16* premium fresh pineapple, mainly in North Asia.

Sales in the USA, however, were down 14% largely due to our divestiture of the unprofitable Sager Creek vegetable business, and lower volume of retail branded products due to price increase and reduced promotional spend, coupled with a decline in non-branded products in line with our strategy. We are deprioritising low-margin, non-core businesses, and focusing on more value-added, less commoditised products both in retail and foodservice. As a result, we increased our gross margin in DMFI by 140 bps in FY2019.

Our Philippine business posted 4% lower sales in peso terms due to a decline in the general trade and mixed fruit categories as a result of operational issues and distributor transition. While the transition impacted sales, this will set up a stronger base for future expansion and restore its historical trajectory of growth in a sustained manner. Improvements are expected to be seen beginning the first quarter of FY2020.

Sales at our Indian joint venture (JV) FieldFresh Foods, which are equity accounted, were US$77.5 million in FY2019, up 10% in rupee terms driven by the *Del Monte* business. FieldFresh sustained its positive EBITDA, growing by double-digit, while our Company's share of loss in the JV was much lower at only US$0.1 million, nearing breakeven.

Without one-off items, the Group generated a net profit of US$15.8 million, 32% higher than prior year due to higher prices and lower trade promotion, marketing and G&A expenses in the US. While the Group's EBITDA of US$156.1 million was down 5%, DMFI's EBITDA margin improved by 140 bps and its net loss declined by US$14.7 million or by 25%.

Including one-off items, the Group generated an EBITDA of US$143.7 million, up strongly by 41%, and a net income of US$20.3 million, a significant turnaround from the net loss of US$36.5 million in FY2018. This year's one-off adjustments from DMFI's continued restructuring initiatives and sale of Sager Creek were more than offset by the one-off gain of US$13.0 million from the additional purchase of US$105.5 million of DMFI's second lien loan at a discount in the secondary market. Total loans bought back, including that of FY2018, amounted to US$231 million out of the total US$260 million. The purchase of the second lien loans, DMFI's highest-interest bearing loans, will save us more than US$10 million of interest expense each year on top of the significant principal savings of the discounted purchase.

DIVIDENDS

With our return to profitability, your Board is pleased to declare a final dividend of US$0.0052 or S$0.00706 per share representing 50% of FY2019 net profit.

STRATEGY

Del Monte is an iconic brand, a household name in the United States with over 130 years of brand heritage. As the Group faces headwinds from the long-term structural decline of canned categories in which it competes, Del Monte is "thinking outside the can" to meet the rapidly changing world of consumer preferences and eating habits. With consumers gravitating towards fresh, healthy food and away from physical retail stores, we are transforming our product portfolio and how we get our products in front of customers.

We will continue to focus on business segments which are on-trend, pursue innovation to address growing consumer needs for more convenient, healthy and flavourful solutions, as well as build distribution base in the growing store perimeter and emerging channels. At the same time, we will rationalise non-profitable businesses, in particular the low-margin, non-branded segments.

Letter to **Shareholders**

We will further develop new categories of frozen and snacking. In FY2020, innovation will be outside of the can.

There is latent market demand to consume more fruits and vegetables. We must recognise and seize opportunities that fulfill this demand. We have the right leadership team that is more strategic, innovative, agile and driven to deliver better performance.

OUTLOOK

DMPL is expected to be profitable in FY2020 on a recurring basis, i.e. without one-off items, barring unforeseen circumstances.

Propelled by our vision of "*Nourishing Families. Enriching Lives. Every Day.*", we will continue to strengthen our product offering and enter new categories, in line with market trends for health and wellness, snacking and convenience. We will grow our branded business and reduce non-strategic, non-branded business segments.

Innovation, through better product and packaging development, and improved agriculture and manufacturing technology, will continue to fuel growth initiatives.

There will be more cross-selling across the different markets of the Group, bringing products from the USA to Asia and vice-versa, and more digital opportunities including e-commerce for our range of products.

We will remain vigilant in keeping costs down, amidst an inflationary environment, through supply chain synergies and G&A cost optimisation.

We will continue to review our manufacturing and distribution footprint in the US to further improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds and impact of tariffs imposed by the US. Certain one-off expenses can be expected in FY2020 from streamlining of operations.

Our Company will continue to expand our branded business in Asia, through the *Del Monte* brand in the Philippines where we are a dominant market leader. *S&W*, primarily our premium *Sweet 16* fresh pineapples, will continue to grow as demand exceeds supply especially in North Asia, while our affiliate in India will continue to generate higher branded *Del Monte* sales and sustain its positive EBITDA towards delivering net profit.

SUSTAINABILITY

Throughout the long history of the *Del Monte* brand, our Group has strived to operate a sustainable business that produces quality products, creates jobs, acts with integrity, and contributes to the economic, environmental and social well-being of the local communities we serve. As a leading global food company, corporate sustainability is an important part of the Group's vision, strategy and core values. We seek to provide consumers with nutritious food and beverage products that are sourced sustainably.

We are proud that GLOBALGAP honoured our Philippine subsidiary with a Good Agricultural Practices (GAP) Award for demonstrating high standards and excellent implementation of GLOBALGAP principles in our plantation. Del Monte Philippines is the first pineapple company in the world to receive this prestigious international agriculture award.

Our Company stands by its commitment to grow its business in a manner that sustains a healthy balance among diverse interests of all stakeholders – our employees, business partners, consumers and host communities.

We will publish our Sustainability Report in August 2019. On pages 64–69 of this Annual Report, we highlight for the first time our Group's contribution to the Sustainable Development Goals of the United Nations.

AWARDS

In May this year, our Independent Director Dr Emil Q Javier was elected by his peers in the National Academy of Science and Technology (NAST) of the Philippines as a National Scientist.

The Order of the National Scientist is the highest honour bestowed by the President of the Philippines to a Filipino man or woman of science in the country who has made significant contributions in one of the fields of science and technology. Since 1978, the President of the Philippines has conferred the rank and title of National Scientist on only 35 Filipinos, 14 of whom are still living.

Congratulations, Dr Javier! You bring pride to our Company!

In the United States, Del Monte Foods is ranked No. 79 in Forbes' Top 100 America's most reputable companies, while in the Philippines, *Del Monte* is one of only 3 food and beverage brands in the Campaign Asia Pacific Top 20 Brands.

Since the Singapore Corporate Awards (SCA) began in 2006, we are truly honoured to have received 4 distinct awards – Best Managed Board, Best Chief Financial Officer, Best Investor Relations and Best Annual Report – and to be amongst only 12 companies who have achieved such recognition from about 750 companies listed in Singapore. In the SCA last July 2018, we won the Best Annual Report (Silver) Award, our 13th SCA recognition.

Our Company also ranked 13th or top 2% amongst 606 Singapore-listed companies in the Singapore Governance and Transparency Index in August 2018.

Our maiden FY2018 Sustainability Report was a finalist for "Asia's Best First Time Sustainability Report" at the Asia Sustainability Reporting Awards in Singapore.

On the commercial front, Del Monte Philippines bagged the 7-Eleven Account Management Award, while FieldFresh received the Yum! Service Excellence Award. Our pineapples in innovative Clear Can won packaging awards in the Philippines and France.

LinkedIn recognised Del Monte Philippines as a company with the "Most Socially Engaged Followers" given its remarkable follower engagement and quality of employer branding.

We are humbled and inspired to continuously uphold corporate governance, innovation and excellent service.

APPRECIATION

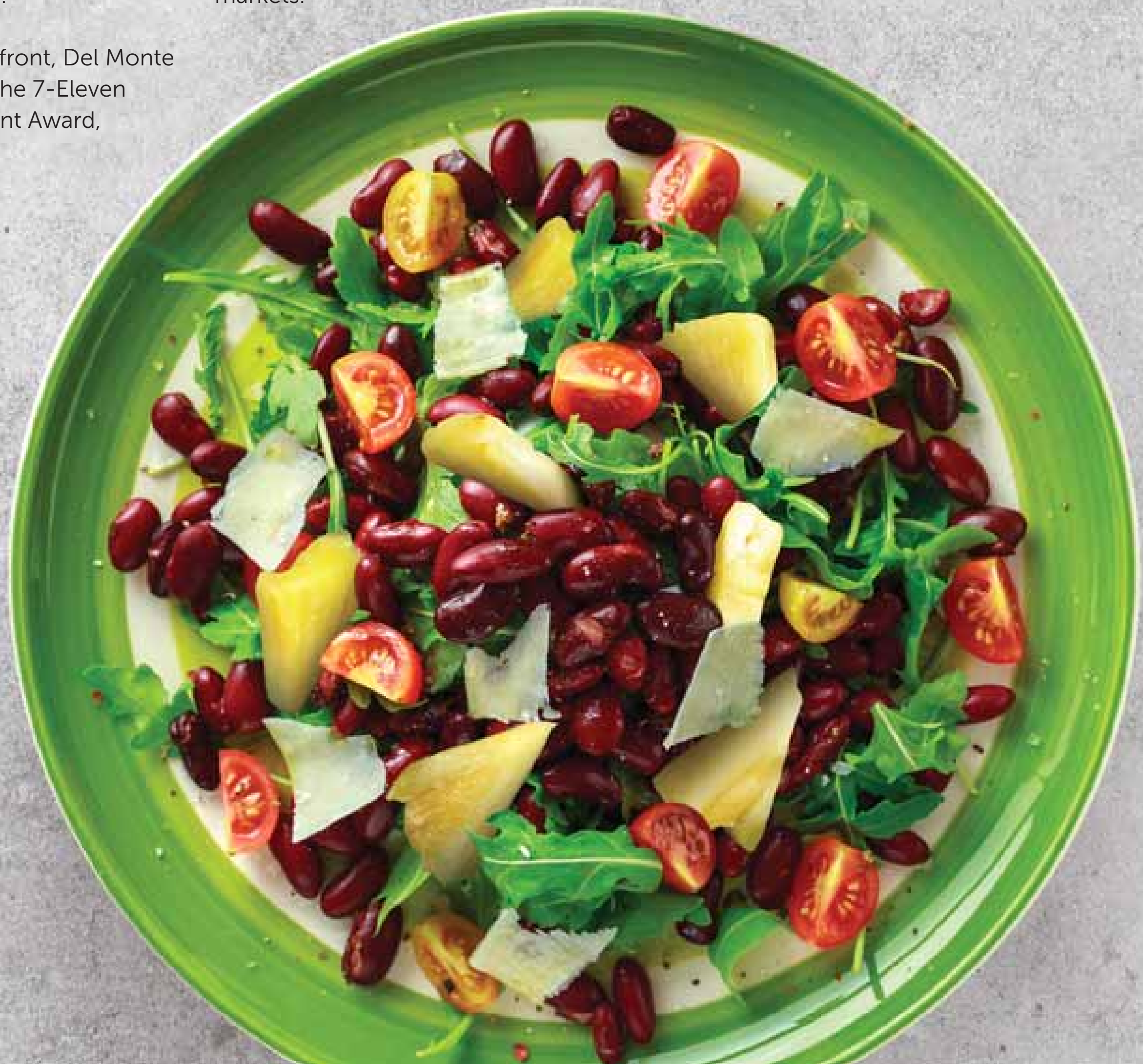
We thank our employees for their hard work and dedication, and encourage them to continue living our Vision "***Nourishing Families. Enriching Lives. Every Day.***" across all our businesses, functions and markets.

We are grateful to you, our shareholders, bankers, business partners and consumers for your sustained support. And finally, we thank the Chairmen of our Board Committees, our Independent Directors and the rest of the Board members for their invaluable wise counsel.

MR ROLANDO C GAPUD
Executive Chairman

MR JOSELITO D CAMPOS, JR
Managing Director and CEO

23 July 2019



Quarterly **Results**

FY2019 QUARTERLY RESULTS					
(US$ '000)	**1Q**	**2Q**	**3Q**	**4Q**	**Total**
Turnover	437,229	556,278	528,723	432,612	1,954,842
Gross Profit	78,026	118,709	116,626	81,624	394,985
EBITDA	18,846	46,311	39,728	38,842	143,726
Operating Profit	2,023	29,986	24,227	23,888	80,122
Net Profit attributable to owners of the Company - without one-offs	(3,731)	7,300	3,040	9,181	15,788
Net Profit attributable to owners of the Company - with one-offs	3,022	8,424	2,576	6,298	20,319
Gross Margin (%)	17.8	21.3	22.1	18.9	20.2
Operating Margin (%)	0.5	5.4	4.6	5.5	4.1
Net Margin (%)	0.7	1.5	0.5	1.5	1.0
EPS (cents)	(0.10)	0.18	(0.12)	0.07	0.03
Net Debt	1,497,084	1,685,012	1,531,394	1,457,019	1,457,019
Net Debt to Equity (%)	249	281	251	242	242
Cashflow from operations	(34,105)	(136,468)	220,316	131,182	180,925

FY2018 QUARTERLY RESULTS					
(US$ '000)	**1Q**	**2Q**	**3Q**	**4Q**	**Total**
Turnover	473,844	624,708	599,782	498,975	2,197,309
Gross Profit	97,884	128,380	119,149	87,061	432,474
EBITDA	32,172	28,586	34,938	6,593	102,289
Operating Profit	14,844	7,398	16,715	(9,456)	29,501
Net Profit attributable to owners of the Company - without one-offs	1,243	10,247	3,425	(2,907)	12,005
Net Profit attributable to owners of the Company - with one-offs	740	(2,820)	(38,369)	3,955	(36,492)
Gross Margin (%)	20.7	20.6	19.9	17.4	19.7
Operating Margin (%)	3.1	1.2	2.8	(1.9)	1.3
Net Margin (%)	0.2	na	na	0.8	na
EPS (cents)	(0.13)	(0.32)	(2.20)	(0.05)	(2.70)
Net Debt	1,748,379	1,856,458	1,605,091	1,440,977	1,440,977
Net Debt to Equity (%)	304	339	267	237	237
Cashflow from operations	(35,568)	(27,568)	225,664	194,458	356,986

FIRST QUARTER FY2019

The Group achieved sales of US$437.2 million for the first quarter of FY2019, down 7.7% versus the prior year period mainly due to lower sales across categories in the US and lower exports of processed pineapple products. The Sager Creek vegetable business was divested in September 2017. Stripping out Sager Creek's sales, the Group sales in the first quarter would have been lower by 6.7%.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) generated US$308.3 million or 70.5% of Group sales. DMFI's sales declined by 8.4% from US$336.5 million driven by lower volume across categories most significantly branded tomatoes and private label sales as well as unfavourable impact of lower pricing in foodservice for pineapple juice concentrate (PJC). The decline in sales was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label.

The Company's thrust on innovation continued. Following the success of *Del Monte Fruit Refreshers* and *Del Monte Fruit & Chia*, *Del Monte Fruit & Oats* was launched in the USA in June. *Del Monte Fruit & Oats* combines healthy fruit and wholesome oats in a cup, is delicious, filling as well as convenient for breakfast and snack. Feedback from the trade has been encouraging. The Group also entered new product categories for foodservice with shipments of *Riced Cauliflower* and other vegetables with broadly positive industry reception.

Del Monte Nice Fruit Fresh Frozen Pineapple had also been placed at some regional chains in the USA. With the Nice Fruit revolutionary technology, frozen pineapple, when thawed, has the same physical properties as fresh cut pineapple.

Continued investments in consumer advertising and insights are paying dividends as DMFI's market share in canned vegetable, canned fruit and fruit cup snacks continue to grow.

DMFI generated lower gross profit and margin of 12.9% from 14.8% in the prior year period. Gross margin was impacted by increased cost to liquidate Sager Creek products, lower PJC pricing, and higher fixed cost per unit due to planned reduction in production volume in FY2018 to reduce inventory, in particular canned vegetable products, partly offset by lower trade spend.

As part of the Group's strategy to improve operational excellence and streamline operations, DMFI divested its underperforming Sager Creek vegetable business and also shut its Plymouth, Indiana tomato production facility in FY2018. These resulted in incremental one-off expenses amounting to US$8.4 million pre-tax in the first quarter of FY2019, mostly for Sager Creek.

Excluding the one-off items, DMFI contributed an EBITDA of US$4.2 million and a net loss of US$18.7 million to the Group.

DMPL ex-DMFI generated sales of US$140.9 million (inclusive of the US$12.0 million sales by DMPL to DMFI which were netted out during consolidation). Sales were lower mainly due to decreased exports of processed pineapple products, and significantly lower PJC pricing as a result of the oversupply situation in Thailand, the main exporter of PJC. The Group has been shifting to more branded consumer beverage given the volatile nature of this industrial and commodity PJC.

DMPL ex-DMFI delivered lower gross margin of 26.5% from 31.7% in the prior year quarter mainly driven by lower PJC and packaged pineapple pricing, sales mix, higher product costs driven by commodity headwinds, devaluation of peso and lower benefit from revaluation of biological assets. These were partly offset by price increases in the Philippine market in line with inflation. DMPL ex-DMFI generated an EBITDA of US$22.2 million which was lower by 19.6% and a net income of US$10.8 million, lower versus the US$15.2 million in the same period last year driven by lower margin as explained above partially offset by lower operating expenses.

Sales in the Philippine domestic market were flat in peso terms and down 5.3% in US dollar terms due to peso depreciation. Key accounts in foodservice and retail continued to grow offset by lower sales of Mixed Fruits in retail due to excess trade inventory. Del Monte Philippines (DMPI) launched *Del Monte Juice & Chews* nationally, a snack-in-a-drink combining nata and pineapple with fruit juice blends, a drink popular amongst teens. Foodservice sales in the Philippines remained strong, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts.

Sales of the *S&W* branded business in Asia and the Middle East declined in the first quarter versus the prior year period mainly driven by lower sales of *S&W* packaged products mostly in North Asia and Turkey. Lower canned pineapple sales in North Asia were due to intense competition from cheaper products from Thailand and Indonesia.

Due to the oversupply situation in Thailand, their exporters cut their canned pineapple prices significantly. Turkey, on the other hand, was impacted by political instability and currency devaluation. To diversify its business, the Group had introduced tomato and pasta sauces from the Philippines into S&W's Asian markets in FY2018. Despite lower sales, the S&W business was able to deliver higher operating profit and a 5.5 ppt increase in operating margin due to lower costs.

The Group's Nice Fruit joint venture in frozen pineapple successfully launched frozen pineapple spears in Japan last June. These are produced in Bukidnon, Philippines. Individually packaged and known as "Pineapple Stick", it is available in about 70% of 7-Eleven outlets or about 14,000 stores in Japan. It is positioned as an on-the-go healthy snack placed in the store's chiller section, and has received good feedback.

DMPL's share in the FieldFresh joint venture in India was favourable at US$0.1 million profit, a significant improvement from the US$0.5 million loss in the prior year period due to improved sales and margins.

The Group's gross profit and operating profit were lower than prior year period due to lower exports of processed pineapple products, lower sales of branded products in the US, unfavourable impact of lower, cyclical PJC pricing, unfavourable sales mix in Philippines, incremental costs to liquidate residual Sager Creek inventory, and higher product costs both in Asian operations and in the US that were partly offset by the price increase in Philippines in line with inflation, and lower trade spend in the US.

The Group's EBITDA of US$18.8 million was lower than prior year quarter's EBITDA of US$32.2 million. This quarter's EBITDA included the

Quarterly **Results**

US$8.4 million of one-off expenses mentioned above. Without the one-off expenses, the Group recurring EBITDA was US$27.3 million. This was lower versus prior year quarter's recurring EBITDA of US$33.1 million due to the factors mentioned above.

The Group reported a net income of US$3.0 million for the quarter, higher compared to the net income of US$0.7 million in the prior year quarter. This quarter's one-off expenses from DMFI's plant closures and sale of Sager Creek were more than offset by the one-off gain worth US$15.9 million pre-tax or US$12.5 million post-tax from the additional purchase of US$99.0 million of DMFI's second lien loan at a discount in the secondary market. Total loans bought back including the one from FY2018 amounted to US$225 million out of the total US$260 million.

Without the one-off items, the Group reported a recurring net loss of US$3.7 million as compared to last year's recurring net income of US$1.2 million.

The Group reduced its gearing to 2.5x equity as of 31 July 2018, from 3.0x in prior year period, primarily due to the US$100 million Preference Shares issued by DMPL in December 2017 to raise equity and the purchase of DMFI loans at a discount in the past two quarters.

The Group's cash outflow from operations in the first quarter was US$34.1 million, slightly higher than last year's US$35.6 million mainly on lower other payables, partially offset by lower inventories.

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

SECOND QUARTER FY2019

The Group achieved sales of US$556.3 million for the second quarter of FY2019, down 11.0% versus the prior year period mainly due to the planned divestiture of the Sager Creek vegetable business in September 2017, lower sales in the USA, decreased exports of processed pineapple products and lower PJC pricing. Sales in the Philippines were slightly lower mainly driven by operational issues and distribution transition in the general trade channel.

Stripping out Sager Creek's sales, the Group sales in the second quarter would have been lower by 6.0%.

The Group's US subsidiary, DMFI, generated US$418.5 million or 75% of Group sales. DMFI's sales declined by 13.8% from US$485.6 million driven by the Sager Creek divestiture, lower volume across categories, most significantly branded tomatoes, and private label sales as well as the unfavourable impact of lower pricing in foodservice for PJC. The decline in sales was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label in retail channel.

DMFI's commitment to innovation continues to be on track. In synch with trends for health and convenience, DMFI continued to expand its successful launch of the new *Del Monte Fruit & Oats* snack cups, the first shelf stable oatmeal item containing real fruit.

Despite lower gross profit due to lower sales, DMFI generated higher gross margin of 17.8% from 16.5% in the prior year period. Higher gross margin was in line with DMFI's strategy to lower trade spend plus the favourable impact of the divestiture of low margin Sager Creek business, partly offset by higher delivered costs. DMFI generated a higher operating income for the quarter driven by the improvement in gross margin and lower operating expenses.

DMPL ex-DMFI generated sales of US$147.9 million (inclusive of the US$10.0 million sales by DMPL to DMFI which were netted out during consolidation). Sales were lower mainly due to decreased exports of processed pineapple products, and significantly lower PJC pricing as a result of the oversupply situation in Thailand, the main exporter of PJC. The Group has been shifting to more branded consumer beverage given the volatile nature of this industrial and commodity PJC. In the Philippines, lower sales were driven by lower volume in retail mainly the packaged fruit category, unfavourable mix and depreciation of peso.

DMPL ex-DMFI delivered lower gross margin of 28.6% from 30.3% in the prior year quarter mainly driven by lower PJC and packaged pineapple pricing for exports, unfavourable sales mix, higher product costs due to commodity headwinds and devaluation of peso. These were partly offset by price increases in the Philippine market in line with inflation. DMPL ex-DMFI generated an EBITDA of US$24.7 million which was lower by 18.7% and a net income of US$11.7 million, lower versus the US$17.1 million in the same period last year driven by lower margin as explained above partially offset by lower operating expenses.

The Philippine market sales were down in both peso and US dollar terms by 2.6% and 7.8%, respectively, mainly in the general trade and mixed fruits category as the Group continued to address operational issues in the general trade. Price increases were implemented across several categories to offset the impact of sugar tax and mitigate inflation.

Foodservice sales in the Philippines remained strong, riding on the rapid expansion of quick service restaurants and convenience stores with partnerships and menu creation with major accounts.

Sales of the *S&W* branded business in Asia and the Middle East grew by 16.6% in the second quarter versus the prior year period mainly driven by higher sales of *S&W* fresh pineapple. *S&W* packaged products continued to decline mostly in North Asia and Turkey. Lower canned pineapple sales in North Asia were due to intense competition from cheaper products from Thailand and Indonesia. Due to the oversupply situation in Thailand, their exporters cut their canned pineapple prices significantly. Turkey, on the other hand, was impacted by political instability and currency devaluation. To diversify its business, the Group had introduced tomato and pasta sauces from the Philippines into S&W's Asian markets in FY2018. The S&W business delivered a much higher operating margin, up 9 ppts, due to better sales mix.

DMPL's share in the FieldFresh joint venture in India was almost flat compared to the same period last year.

The Group's EBITDA of US$46.3 million was higher than prior year quarter's EBITDA of US$28.6 million. This quarter's EBITDA included a US$1.3 million one-off credit from sale of assets written down from the closures of several facilities in the US. In the same period last year, these plant closures and Sager Creek divestiture, which were part of the Group's strategy to improve operational excellence and streamline operations, largely resulted in one-off expenses amounting to US$23.6 million pre-tax. Without the one-off adjustments, the Group's recurring EBITDA was US$45.0 million. It was lower versus prior year quarter's recurring EBITDA of US$52.1 million due to the factors mentioned above.

The Group reported a net income of US$8.4 million for the quarter, a turnaround from the net loss of US$2.8 million in the prior year quarter. This quarter's net income included US$1.1 million of one-off gain (net of tax), while prior year period's included US$13.1 million of one-off expenses. Without the one-off adjustments, the Group generated a recurring net income of US$7.3 million, lower than last year's recurring net income of US$10.2 million. The change in tax rate in the US from 35% to 21% lowered the recurring net income by US$2.3 million.

The Group's cash outflow from operations in the second quarter was US$136.5 million, higher than last year's US$27.6 million mainly on higher inventories and lower payables.

THIRD QUARTER FY2019

The Group generated sales of US$528.7 million for the third quarter of FY2019, down 11.8% versus the prior year period primarily due to the divestiture of the Sager Creek vegetable business in September 2017, lower sales in the USA, decreased exports of processed pineapple products and lower PJC pricing. Sales in the Philippines were slightly lower mainly driven by operational issues and distribution transition in the general trade channel.

Stripping out Sager Creek's sales, the Group sales in the third quarter would have been lower by 6.0%.

The Group's US subsidiary, DMFI, generated US$386.2 million or 73% of Group sales. DMFI's sales declined by 14.5% from US$451.5 million a year ago driven by the Sager Creek divestiture and lower private label sales, in line with strategy, as well as the unfavourable impact of lower pricing in foodservice for PJC.

This year *Del Monte Fruit & Oats* was voted Product of the Year in the Breakfast Category in the USA, backed by votes of 40,000 consumers in a national representative survey, conducted by research firm Kantar, a global leader in consumer research.

Consumers can expect further innovation from the brand as Del Monte continues to diversify beyond the canned goods aisle. DMFI is launching four innovative products in adjacent categories – the refrigerated produce and frozen sections.

DMFI posted higher gross profit than prior year period, generating higher gross margin of 17.9% compared to 15.1% in the same period last year. Higher gross margin was in line with DMFI's strategy to lower trade spend plus the favourable impact of the divestiture of low margin Sager Creek vegetable business, partly offset by higher delivered costs. DMFI generated a higher operating income for the quarter driven by the improvement in gross margin and lower operating expenses.

DMPL ex-DMFI generated sales of US$150.2 million (inclusive of the US$7.7 million sales by DMPL to DMFI which were netted out during consolidation) or 3.0% lower than US$154.9 million sales in prior year period. Sales were lower mainly due to decreased exports of processed pineapple products, and lower PJC pricing as a result of the oversupply situation in Thailand, the main exporter of PJC partly offset by higher sales of S&W fresh pineapple. In the Philippines, lower sales were driven by lower volume in retail mainly the packaged fruit category and unfavourable mix.

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DMPL ex-DMFI delivered slightly lower gross margin of 29.6% from 30.9% in the prior year quarter mainly driven by lower PJC and packaged pineapple pricing for exports, unfavourable sales mix and higher product costs due to commodity headwinds and devaluation of peso. These were partly offset by price increases in the Philippine market in line with inflation. DMPL ex-DMFI generated an EBITDA of US$25.9 million which was lower by 8% and a net income of US$11.2 million, lower versus the US$13.4 million in the same period last year driven by lower margin as explained above partially offset by lower operating expenses.

The Philippine market sales were down in both peso and US dollar terms by 6.1% and 9.8%, respectively, mainly in the general trade and mixed fruits category as the Group continued to address operational issues in the general trade. Key foodservice channels continued to grow. Price increases were implemented across several categories to offset the impact of sugar tax and mitigate inflation.

Sales of the *S&W* branded business in Asia and the Middle East grew by 18.6% in the third quarter versus the prior year period mainly driven by higher sales of *S&W* fresh pineapple. *S&W* packaged product volume also improved but sales declined due to lower pricing from intense competition from Thailand and Indonesia. Due to the oversupply situation in Thailand, their exporters cut their canned pineapple prices significantly. The S&W business delivered a much higher operating margin, up 5.7 ppts, due to better sales mix, driven by fresh pineapple.

DMPL's share in the FieldFresh joint venture in India was lower at US$0.01 million profit from a US$0.1 million profit in the prior year period due to commodity headwinds and devaluation of Indian Rupee.

The Group's EBITDA of US$39.7 million was higher than prior year quarter's EBITDA of US$34.9 million. This quarter's EBITDA included a US$0.7 million one-off net expenses mainly related to the closures of several facilities in the US. In the same period last year, these plant closures and Sager Creek divestiture, which were part of the Group's strategy to improve operational excellence and streamline operations, largely resulted in one-off expenses amounting to US$11.2 million pre-tax. Without the one-off adjustments, the Group's recurring EBITDA was US$40.6 million. It was lower versus prior year quarter's recurring EBITDA of US$46.4 million due to the factors mentioned above.

The Group reported a net income of US$2.6 million for the quarter, a turnaround from the net loss of US$38.4 million in the prior year quarter. This quarter's net income included US$0.5 million of one-off expenses (net of tax), while prior year period's included US$41.8 million of one-off expenses (net of tax). Without the one-off adjustments, the Group generated a recurring net income of US$3.0 million, lower than last year's recurring net income of US$3.4 million. The change in tax rate in the US from 35% to 21% lowered the recurring net income by US$1.8 million.

DMFI contributed an EBITDA of US$10.7 million and a net loss of US$17.5 million to the Group. Excluding the one-off items, DMFI contributed an EBITDA of US$11.5 million and a net loss of US$16.9 million.

The Group's cash flow from operations in the third quarter was US$220.3 million, lower than last year's US$225.7 million driven by higher inventories and trade and other receivables.

FOURTH QUARTER FY2019

The Group generated sales of US$432.6 million for the fourth quarter of FY2019, down 13.3% versus the prior year quarter mainly due to the divestiture of the Sager Creek vegetable business in September 2017, lower sales in the USA, Philippines and lower PJC pricing. Sales in the Philippines were lower mainly driven by operational issues and distribution transition in the general trade channel as the Group appointed several new distributors in the fourth quarter.

Stripping out Sager Creek's sales, the Group sales in the fourth quarter would have been lower by 9.9%.

The Group's US subsidiary, DMFI, contributed US$308.3 million or 71.3% of Group sales. DMFI's sales decreased by 19.0% from US$380.6 million driven by the Sager Creek divestiture, lower private label sales, both in line with strategy as well as the unfavourable impact of lower pricing in foodservice for PJC. Volume decline in packaged fruit was due to reduced holiday promotional activity and pricing.

DMFI has fast-tracked its innovation pipeline. In synch with trends for health, snacking and convenience, it launched four innovative products in the growing categories of refrigerated produce and frozen. Del Monte continues to diversify beyond the canned goods aisle, which is a declining category.

In February, DMFI launched the new *Del Monte Citrus Bowls* in the refrigerated produce section. These are grapefruit and citrus salad in 100% juice with a longer shelf life than fresh cut fruit, and without any preservatives. Del Monte also introduced another innovative product, *Del Monte Fruit Crunch Parfaits*, which feature layers of non-dairy coconut crème, crunchy granola, a full serving of fruit and probiotics in May.

For the frozen segment, DMFI will be launching *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable in five bites. These items are being accepted by retailers across the US and have been also launched in May nationally.

DMFI posted slightly lower gross profit than prior year period, however, it still generated higher gross margin of 15.9% compared to 13.3% in the same period last year. Higher gross margin was in line with DMFI's strategy to increase list price in retail after several years, lower trade spend plus the favourable impact of the divestiture of low margin Sager Creek vegetable business, partly offset by higher delivered costs. DMFI generated a higher operating income for the quarter driven by lower operating expenses.

DMPL ex-DMFI generated sales of US$134.6 million (inclusive of the US$10.3 million sales by DMPL to DMFI which were netted out during consolidation) which were 2.4% higher than US$131.4 million sales in prior year period. Higher sales were mainly driven by higher volume of both packaged and fresh pineapple, partly offset by lower sales in the Philippines. In the Philippines, lower sales were driven by lower volume in retail mainly the beverage and culinary categories, and unfavourable mix.

DMPL ex-DMFI delivered lower gross margin of 24.1% from 28.6% in the prior year quarter mainly driven by lower PJC and packaged pineapple pricing for exports, unfavourable sales mix and higher product costs due to commodity headwinds and devaluation of peso. These were partly offset by price increases in the Philippine market in line with inflation. DMPL ex-DMFI generated an EBITDA of US$16.6 million which was lower by 17.2% and a net income of US$7.2 million, lower versus the US$9.1 million in the same period last year driven by lower margin as explained above partially offset by lower operating expenses.

The Philippine market sales were down in both peso and US dollar terms by 8.0% and 8.5%, respectively, mainly in the general trade, and beverage and culinary categories as the Group continued to strengthen its distributor network which impacted sales during the transition in the short term. Key foodservice channel continued to grow. Price increases were implemented selectively to offset the impact of sugar tax and mitigate inflation.

Sales of the *S&W* branded business in Asia and the Middle East grew by 19.9% in the fourth quarter versus the prior year period driven both by higher sales of fresh pineapple and packaged products. *S&W* packaged product volume and sales improved despite lower pricing from intense competition from Thailand and Indonesia. The S&W business delivered a much higher operating income, up 13.7% mainly due to higher volume.

DMPL's share in the FieldFresh joint venture in India was lower at US$0.3 million loss from a US$0.1 million profit in the prior year period due to commodity headwinds and higher overheads.

The Group's EBITDA of US$38.8 million was higher than prior year quarter's EBITDA of US$6.6 million. This quarter's EBITDA included a US$4.4 million one-off net expenses mainly related to severance and self-initiated product recall on Fiesta Corn due to packaging issues. In the same period last year, these plant closures and Sager Creek divestiture, which were part of the Group's strategy to improve operational excellence and streamline operations, largely resulted in one-off expenses amounting to US$28.6 million pre-tax. Without the one-off adjustments, the Group recurring EBITDA was US$43.3 million, higher versus prior year quarter's recurring EBITDA of US$35.1 million due to the factors mentioned above.

The Group reported a net income of US$6.3 million for the quarter, higher than the reported net income of US$4.0 million in the prior year quarter. This quarter's net income included US$2.9 million of one-off expenses (net of tax), while prior year period included a net one-off gain of US$14.3 million (net of tax). Without the one-off adjustments, the Group would have generated a recurring net income of US$9.2 million, better than last year's net loss of US$2.9 million.

DMFI contributed an EBITDA of US$26.2 million and a net income of US$1.2 million to the Group. Excluding the one-off items, DMFI contributed an EBITDA of US$24.5 million and net income of US$4.3 million.

The Group's cash flow from operations in the fourth quarter was US$131.2 million, lower than last year's US$194.5 million driven by lower payables and higher current portion of biological assets as the Group expanded its fresh business.

Board of **Directors**

MR ROLANDO C GAPUD
Executive Chairman, 77
Appointed on 20 January 2006 and last re-appointed on 30 August 2017

Mr Rolando C Gapud has over 45 years of experience in banking, finance and general management, having worked as CEO of several Philippine companies, notably Security Bank and Trust Company, Oriental Petroleum and Minerals Corp and Greenfield Development Corp. He was also the COO of the joint venture operations of Bankers Trust and American Express in the Philippines. He has served in the Boards of various major Philippine companies, including the Development Bank of the Philippines, the development finance arm of the Philippine Government. Mr Gapud is the Chairman of the Board of Del Monte Foods, Inc, DMPL's US subsidiary, and Executive Chairman of Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Master of Science in Industrial Management degree from the Massachusetts Institute of Technology. He is a member of the Asian Executive Board of the Sloan School of MIT and the Board of Governors of the Asia School of Business, a joint venture between the Sloan School of MIT and Bank Negara, the Central Bank of Malaysia.

MR JOSELITO D CAMPOS, JR
Executive Director, 68
Appointed on 20 January 2006 and last elected on 28 April 2006

Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Chairman of Ayala-Greenfield Development Corp, two major Philippines property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. Mr Campos is the Vice Chairman of Del Monte Foods, Inc, DMPL's US subsidiary, and a Director of Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of the Company with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Consul General in the Philippines for the Republic of Seychelles. He is also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council and the Philippines Center for Entrepreneurship; a National Advisory Council Member of the World Wildlife Fund-Philippines; and a Director of the Philippine Eagle Conservation Program Foundation, Inc. Mr Campos holds an MBA from Cornell University.

MR EDGARDO M CRUZ, JR
Executive Director, 64
Appointed on 2 May 2006 and last re-appointed on 17 August 2018

Mr Edgardo M Cruz, Jr is a member of the Board of the NutriAsia Group of Companies. Mr Cruz is a Director of Del Monte Foods, Inc, DMPL's US subsidiary, and an Executive Director of Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is the Chairman of the Board of Bonifacio Gas Corporation, Bonifacio Water Corporation, Bonifacio Transport Corporation and Crescent West Development Corporation. He is a member of the Board of Evergreen Holdings Inc, Fort Bonifacio Development Corporation and the BG Group of Companies. He is also a Board member and Chief Financial Officer of Bonifacio Land Corporation. He sits on the Boards of Ayala Greenfield Development Corporation and Ayala Greenfield Golf and Leisure Club Inc. He is a member of the Board of Trustees of Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. Mr Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University. He is a Certified Public Accountant.

MR BENEDICT KWEK GIM SONG
Lead Independent Director, 72
Appointed on 30 April 2007 and last re-appointed on 30 August 2017
Appointed as Lead Independent Director on 11 September 2013

Mr Benedict Kwek Gim Song is a Director of Del Monte Foods, Inc, DMPL's US subsidiary. Mr Kwek was Chairman of previously SGX-listed Pacific Shipping Trust from 2008 to 2012. He was also a Director and Chairman of the Audit Committee of listed companies including Ascendas REIT. He has over 30 years of banking experience, having served as the President and CEO of Keppel TatLee Bank. He has held various key positions at Citibank in the Philippines, Hong Kong, New York and Singapore. He holds a Bachelor of Social Science (Economics) degree from the then University of Singapore and attended a management development programme at Columbia University in the United States.

MR GODFREY E SCOTCHBROOK
Independent Director, 73
Appointed on 28 December 2000 and last re-appointed on 17 August 2018

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

DR EMIL Q JAVIER
Independent Director, 78
Appointed on 30 April 2007 and last re-appointed on 30 August 2016

Dr Emil Q Javier is a Filipino agronomist with a broad understanding of developing country agriculture. He was the first and only developing country scientist to Chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research (CGIAR), a global consortium led by the World Bank and the Food and Agriculture Organization of the United Nations (FAO). He was Director General of the Asian Vegetable Research and Development Center (AVRDC) based in Taiwan and has served as Chairman of the Board of International Rice Research Institute (IRRI), and as Chairman and Acting Director of the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA). In the Philippines at various periods, he had been President of the University of the Philippines, Minister for Science and Technology and President of the National Academy of Science and Technology, Philippines (NAST PHL). In May 2019, he was elected by his peers in NAST as a National Scientist, the highest honour conferred by the President of the Philippines to a Filipino in the field of science and technology. Dr Javier is an Independent Director of Del Monte Foods, Inc, DMPL's US subsidiary, and of Del Monte Philippines, Inc, DMPL's Philippine subsidiary, and is an Independent Director of Philippine-listed Centro Escolar University. He holds doctorate and master's degrees in plant breeding and agronomy from Cornell University and University of Illinois at Urbana-Champaign, respectively. He completed his bachelor's degree in agriculture at the University of the Philippines Los Baños.

MRS YVONNE GOH
Independent Director, 66
Appointed on 4 September 2015 and last re-appointed on 30 August 2016

Mrs Yvonne Goh is a Director of UNLV Singapore Limited, the Singapore campus of the University of Nevada Las Vegas (UNLV), USA. Mrs Goh is also a Director of EQUAL-ARK Singapore Ltd, a charity registered under the Charities Act and an Institution of a Public Character (IPC), assisting at-risk-kids and the elderly through equine-assisted learning and therapy. She also serves on the Board of Del Monte Foods, Inc, DMPL's US subsidiary. Mrs Goh was previously Managing Director of the KCS Group in Singapore, a professional services organisation and Managing Director of Boardroom Limited, a company listed on the SGX. Mrs Goh had served on the Board of WWF Singapore Limited, the Singapore chapter of WWF International, a leading global NGO. She was a Council Member and Vice Chairman of the Singapore Institute of Directors as well as Chairman of its Professional Development Committee. Mrs Goh was also a Director of the Accounting and Corporate Regulatory Authority (ACRA) and a past Chairman of the Singapore Association of the Institute of Chartered Secretaries and Administrators. Mrs Goh is a Fellow of the Singapore Institute of Directors and a Fellow of the Institute of Chartered Secretaries and Administrators, UK.

Directorships in other listed companies, both current and in the past three years:

MR JOSELITO D CAMPOS, JR
Director of Philippine-listed San Miguel Corporation (since 2010)

DR EMIL Q JAVIER
Independent Director of Philippine-listed Centro Escolar University (since 2002)

MR GODFREY E SCOTCHBROOK
Independent Director of Singapore-listed Boustead Singapore Ltd (since 2000) and Non-Executive Director of Hong Kong-listed Convenience Retail Asia (since 2002)

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

Board of **Directors**

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information on Dr Emil Q Javier and Mrs Yvonne Goh, both of whom are seeking re-appointment as Directors at the Company's Annual General Meeting are set out below:

INFORMATION AS REQUIRED IN APPENDIX 7.4.1	DR EMIL Q JAVIER Independent and Non-Executive Director	MRS YVONNE GOH Independent and Non-Executive Director
Date of appointment	30 April 2007	4 September 2015
Date of last re-appointment	30 August 2016	30 August 2016
Age	78	66
Country of principal residence	Philippines	Singapore
The Board's comments on this re-appointment	The Nominating and Governance Committee (NGC) had recommended to the Board the re-appointment of Dr Javier as a Director and took into account his attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NGC's recommendation on Dr Javier's re-appointment as a Director of the Company.	The NGC had recommended to the Board the re-appointment of Mrs Goh as a Director and took into account her attendance at meetings, contributions and performance in its assessment and recommendation. The Board concurred with the NGC's recommendation on Mrs Goh's re-appointment as a Director of the Company.
Whether re-appointment is executive, and if so, the area of responsibility	N.A.	N.A.
Job Title	Independent and Non-Executive Director, member of the Audit and Risk Committee (ARC), the NGC and the Remuneration and Share Option Committee (RSOC)	Independent and Non-Executive Director, Chairperson of the NGC, member of the ARC and the RSOC
Professional qualifications	• Doctoral and masteral degrees in Plant Breeding and Agronomy • Bachelor's degree in Agriculture	Professional qualification of the Institute of Chartered Secretaries & Administrators, ICSA UK
Working experience and occupation(s) during the past 10 years	2009 – Present Director in various organisations. Please refer to the "Board of Directors" section on pages 18–19.	2009 – Present Managing Director of KCS Group in Singapore; Director of various organisations. Please refer to the "Board of Directors" section on pages 18–19.
Shareholding interest in the Company and its subsidiaries	Please refer to the Directors' Interest discussion under Directors' Statement section on pages 94–95.	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil	Nil

INFORMATION AS REQUIRED IN APPENDIX 7.4.1	DR EMIL Q JAVIER Independent and Non-Executive Director	MRS YVONNE GOH Independent and Non-Executive Director
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST has been submitted to the Company	Yes	Yes
Other Principal Commitments[1] including Directorships[2]	Past Directorships (for the last 5 years) Nil Present / Existing Directorships Listed Companies: • Centro Escolar University Others: • Del Monte Foods, Inc • Del Monte Philippines, Inc	Past Directorships (for the last 5 years) • Certain subsidiaries and indirect subsidiaries of the KCS Limited group • Grosford Pte Ltd • Singapore Institute of Directors Present / Existing Directorships Listed Companies: Nil Others: • Del Monte Foods, Inc • EQUAL-ARK Singapore Ltd • UNLV Singapore Limited
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him/her?	No	No

1 "Principal Commitments" has the same meaning as defined in the 2012 Code of Corporate Governance (i.e. includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments).

2 Not applicable for announcements of appointment pursuant to Rule 704(9) of the Listing Manual of the SGX-ST (i.e. appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the Company to a managerial position in the Company or any of its principal subsidiaries).

Board of **Directors**

INFORMATION AS REQUIRED IN APPENDIX 7.4.1	DR EMIL Q JAVIER Independent and Non-Executive Director	MRS YVONNE GOH Independent and Non-Executive Director
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his/her part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his/her part?	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him/her from engaging in any type of business practice or activity?	No	No

INFORMATION AS REQUIRED IN APPENDIX 7.4.1	DR EMIL Q JAVIER Independent and Non-Executive Director	MRS YVONNE GOH Independent and Non-Executive Director
(j) Whether he/she has ever, to his/her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, In connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Senior **Management**

MR JOSELITO D CAMPOS, JR
Managing Director and Chief Executive Officer
Joined the DMPL Group on 16 March 2006

Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Chairman of Ayala-Greenfield Development Corp, two major Philippines property developers. He is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. Mr Campos is the Vice Chairman of Del Monte Foods, Inc, DMPL's US subsidiary, and a Director of Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of the Company with the Bharti Group of India. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Consul General in the Philippines for the Republic of Seychelles. He is also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation, Inc. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council and the Philippines Center for Entrepreneurship; a National Advisory Council Member of the World Wildlife Fund-Philippines; and a Director of the Philippine Eagle Conservation Program Foundation, Inc. Mr Campos holds an MBA from Cornell University.

MR LUIS F ALEJANDRO
Chief Operating Officer
Joined the DMPL Group on 16 March 2006

Mr Luis F Alejandro has over 30 years of experience in consumer product operations and management. He started his career with Procter & Gamble where he spent 15 years in brand management before joining Kraft Foods Philippines Inc as President and General Manager. Later, he joined Southeast Asia Food Inc and Heinz UFC Philippines, Inc, two leading consumer packaged condiment companies of the NutriAsia Group, as President and Chief Operating Officer. He then became President and Chief Operating Officer of ABS-CBN Broadcasting Corporation, a leading media conglomerate in the Philippines. Mr Alejandro is a Director of Del Monte Foods, Inc, DMPL's US subsidiary, and of Del Monte Philippines, Inc, DMPL's Philippine subsidiary. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management.

MR IGNACIO C O SISON
Chief Corporate Officer
Joined the DMPL Group on 1 August 1999

Mr Ignacio C O Sison is DMPL's Chief Corporate Officer responsible for strategic planning, sustainability, risk management and investor relations. He has been with DMPL since 1999 and was the group's Chief Financial Officer for nine years. Mr Sison has nearly 30 years of experience spanning corporate and strategic planning, financial planning, treasury, controllership, corporate sustainability, risk management and investor relations. Before joining Del Monte Pacific, he was CFO of Macondray and Company, Inc, then DMPL's parent company, for three years. Amongst others, he also worked for Pepsi-Cola Products Philippines and SGV & Co, the largest audit firm in the Philippines. Mr Sison holds an MSc degree in Agricultural Economics from Oxford University; an MA, Major in Economics, from the International University of Japan; a BA in Economics, magna cum laude, from the University of the Philippines; and an International Baccalaureate from the Lester B Pearson United World College of the Pacific in Canada. In 2010, Mr Sison received the Best CFO award from the Singapore Corporate Awards.

MR PARAG SACHDEVA

Chief Financial Officer

Joined the DMPL Group on 21 September 2015

Mr Parag Sachdeva has 25 years of management and finance experience spanning planning and controllership, performance management, mergers and acquisitions, treasury, IT and human resources. Before joining DMPL, he was with Carlsberg Asia for more than a year and supported efficiency and effectiveness programmes across the Asian and African regions. Prior to Carlsberg, he was with HJ Heinz for 20 years and held leadership positions in Asia Pacific regions in finance, IT and human resources. Mr Sachdeva graduated from the Aligarh Muslim University in India, Major in Accounting and Commerce. He also has an MBA degree, Major in Finance from the same university.

MR ANTONIO E S UNGSON

Chief Legal Counsel, Chief Compliance Officer and Company Secretary

Joined the DMPL Group on 16 August 2006

Mr Antonio E S Ungson is the Chief Legal Counsel, Chief Compliance Officer and Company Secretary of the Company. He is also Head of the Legal Department of Del Monte Philippines, Inc since March 2007. Prior to joining the Group in 2006, Mr Antonio E S Ungson was a Senior Associate in SyCip Salazar Hernandez & Gatmaitan in Manila, where he served various clients for eight years in assignments consisting mainly of corporate and transactional work including mergers and acquisitions, securities and government infrastructure projects. He also performed litigation work and company secretarial services. Mr Ungson was a lecturer on Obligations and Contracts and Business Law at the Ateneo de Manila University Loyola School of Management. He obtained his MBA from Kellogg HKUST, his Bachelor of Laws from the University of the Philippines College of Law and his undergraduate degree in Economics, *cum laude* and with a Departmental award at the Ateneo de Manila University.

MR RUIZ G SALAZAR

Chief Human Resource Officer

Joined the DMPL Group on 12 October 2016

Mr Ruiz G Salazar is a Human Resources and Organisation Development Leader with over 25 years of professional career focused on delivering strategic and effective solutions as a value-driven partner to business, most of which was spent with Johnson & Johnson (J&J). He was Regional Human Resources Director of J&J Asia Pacific, where he was responsible for talent management, organisation transformation, succession pipelining and capability development covering mostly J&J's Consumer Division across the region. Prior to J&J, he was also Group Head – Human Resources and Organisation Development of NutriAsia Food, Inc. Mr Salazar completed the J&J's Senior Management Program at the Asian Institute of Management in 1996, and the J&J's Advanced Management Program at the University of California in 1995. He obtained his Bachelor of Arts degree (Major in Economics) from the University of Santo Tomas.

MS MA BELLA B JAVIER

Chief Scientific Officer

Joined the DMPL Group on 5 February 2007

Ms Ma Bella B Javier has more than 30 years of experience in R&D from leading fast moving consumer goods in the food industry. She spent 20 years at Kraft Foods, with her last assignment as the Director for Asia Pacific Beverage Technology and Southeast Asia Development. In her present role, she heads the Consumer Product and Packaging Development and the Quality Assurance functions for the Group. She is driving the Technology Development roadmap for the Company, including plantation research programmes that impact consumer product development. She is a Certified Food Scientist from the Institute of Food Technologists, Chicago, Illinois, USA. Ms Javier is a Licensed Chemist with a Bachelor's degree in Chemistry from the University of the Philippines (UP). She sits in the Board of Trustees of UP's Chemistry Alumni Foundation. Ms Javier was accorded the 2015 UP Distinguished Alumni in the field of Science and Technology.

Senior **Management**

DEL MONTE FOODS, INC

DEL MONTE PHILIPPINES, INC

S&W FINE FOODS INTERNATIONAL LTD

DEL MONTE FOODS, INC

1. **ERIC INGRAM**
   Chief Human Resources Officer
2. **GENE ALLEN**
   Chief Financial Officer
3. **GREGORY LONGSTREET**
   President and
   Chief Executive Officer
4. **WILLIAM SAWYERS**
   General Counsel,
   Chief Compliance Officer,
   Secretary
5. **BIBIE WU**
   Chief Marketing Officer
6. **GARY THOMAS**
   Chief Supply Chain Officer

DEL MONTE PHILIPPINES, INC

1. **AMANTE AGUILAR**
   Group Head,
   Supply Chain
2. **EILEEN ASUNCION**
   Group Head,
   Innovation and New Products
3. **FRANCISCO MOLAS**
   Group Head,
   Mindanao Operations
4. **ANTONIO UNGSON**
   Chief Legal Counsel,
   Chief Compliance Officer and
   Company Secretary
5. **PARAG SACHDEVA**
   Chief Financial Officer
6. **JOSELITO CAMPOS, JR**
   President and CEO
7. **LUIS ALEJANDRO**
   General Manager and COO
8. **PHILIP MACAHILIG**
   Group Head,
   Commercial Operations
9. **GERARD BAUTISTA**
   Group Head,
   Corporate Human Resources
10. **ANGEL GATCHALIAN, JR**
    Group Head,
    Corporate Procurement
11. **CESAR CANLAS**
    Group Head,
    Information Technology

S&W FINE FOODS INTERNATIONAL LTD

1. **MARCO VERDEFLOR**
   Senior Commercial Manager,
   China, Korea, Taiwan and
   Middle East (Fresh)
2. **FRITZ MATTI**
   Commercial Manager,
   Japan (Fresh and Packaged)
3. **SUMARLEKI AMJAH**
   Head,
   ASEAN, MENA and Indian
   subcontinent (Packaged)
4. **SHARIN REBOLLIDO**
   Commercial Manager,
   China, Korea, Hong Kong
   and Taiwan (Packaged)
5. **TAN CHOOI KHIM**
   General Manager
6. **RICHARD LIN**
   Commercial Manager,
   China (Fresh and Packaged)
7. **WARUNEE 'GAYE' KARNASUTA**
   Commercial Manager,
   Europe, Middle East and Africa
   (Packaged)
8. **YAP SIEW LING 'ISON'**
   Commercial Manager,
   Europe, Middle East and Africa
   (Packaged)
9. **LANA PARUNGAO**
   Commercial Head (Frozen Fruit)

Innovation

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.
With our vision, we would like to share our Innovation journey across our markets. Innovation is at the heart of being able to nourish families with delicious food and beverages that make eating healthfully effortless – anytime and anywhere. By doing so, it is our hope that we are enriching lives every day.

Del Monte Pacific has placed greater emphasis on innovation in the past two years which involves re-organising the teams to provide more focus on it.

On 28 February 2018, Bibie Wu joined Del Monte Foods USA as Chief Marketing Officer (CMO) bringing with her vast consumer packaged goods experience with many well-known and respected brands spanning food, laundry and home care. To facilitate more synergies with the Innovation team in bringing DMFI's products to market, R&D is now part of the overall Marketing organisation under the CMO, an important step to drive innovation and support the investment in future products.

This critical change is a major driver of the accelerated pace of innovation in DMFI in the past year, launching not just line extensions but new products in new categories (frozen, oats, parfait), new uses (snacking), new sections (perimeter of the store) and channels (vending machines, schools, etc).

Following the success of having a dedicated Innovation resource in the USA, DMPL has recently created a new role of "Group Head, Innovation and New Products" for its business outside the United States. Eileen Manuel-Asuncion who has been with Del Monte Philippines, Inc (DMPI) for 24 years and until recently Marketing Head, will assume this new role. She will partner with the Group's Chief Scientific Officer, Bella Javier, in driving the innovation and new products pipeline, as well as exploring new business development opportunities. It is expected that the Asian business will have more innovative products going forward.

DMPL also intends to enhance cross market cooperation between USA and Asia, and vice-versa. This has started with selling of US products such as *Contadina* sauces into Philippines and China, *College Inn* broth into Hong Kong, and *Fruit & Chia* cups into Singapore and Hong Kong. At the same time, Nice Fruit frozen pineapple products produced in the Philippines are being sold in the USA. We expect more integration of innovation and selling efforts amongst our business units.

USA

In the five years since Del Monte Pacific acquired the Del Monte consumer food business in the US, significant strides have been made at an accelerated pace in introducing new, more convenient and better-for-you products to the American public especially in FY2019. DMPL's US subsidiary, Del Monte Foods, Inc (DMFI), has taken a leadership role in addressing consumer preferences by fast tracking innovation.

Del Monte Fruit

In June 2018, DMFI continued to grow its adult snacking platform with the launch of *Del Monte Fruit & Oats*, the first ready-to-eat wholesome oatmeal, with a full serving of luscious, orchard-ripened fruit. Each microwave-safe cup has 100% whole grain oats, 400mg of Omega-3 fatty acids, and is a good source of fibre. The new *Fruit & Oats* line is a continuation of DMFI's commitment to meeting an underserved consumer need for nutritious yet convenient snacks. *Del Monte Fruit & Oats* comes in 3 enticing flavours: Apple Cinnamon, Peach Cinnamon Spice, and Pear Maple, providing consumers with more on-the-go options that do not sacrifice the taste and quality *Del Monte* is known for.

Del Monte Fruit & Oats has been recognised as the 2019 Product of the Year winner of the Breakfast category in the largest consumer-voted award for product innovation in the US. Retailer acceptance for DMFI's innovation continues to expand, and the company's Adult Fruit Cup® platform continues to expand in its third year since its introduction.

Del Monte Fruit & Oats won 2019 Product of the Year in the Breakfast category in the USA

Del Monte is expanding its Grab-and-Go Singles lineup to include new Fruit & Oats flavours. Each exciting Adult Fruit Cup® variety comes with a "spork", allowing immediate consumption in all of the on-demand locations consumers expect to find healthy snacks, including club, convenience stores, and vending locations.

Grab-and-go Fruit Cup® with spork

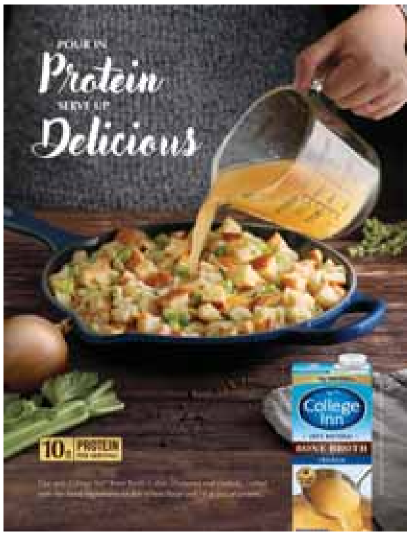
Del Monte Vegetable & Bean Blends, a satisfying mix of delicious vegetables and hearty beans

Del Monte **Vegetables**

Consumers are increasingly seeking plant-based foods that provide a healthier and more sustainable way to incorporate protein into their diet. At the same time, they are looking for low-assembly and easy-to-prepare solutions for meal time. Del Monte began to address these consumer needs and trends by bringing added nutrition and convenience to the Canned Vegetable category. *Del Monte Vegetable & Bean Blends* is a satisfying mix of delicious vegetables and hearty beans with a light seasoning. Each of the four different blends provides 3 grams of protein per serving, is a good source of fibre, and is packed with flavour. The nutritious mix of vegetables and beans are perfect on their own as a side dish or will taste great in salads, soups, casseroles and other crowd-pleasing dishes.

College Inn

Consumers are increasingly more aware of nutritious ingredients and are seeking transparency in the food they eat. They want high-quality, clean and simple ingredients. In response, *College Inn* has continued to expand its product portfolio to meet the needs of today's consumers. In 2018, *College Inn* introduced *College Inn Bone Broth* with 10 grams of protein and rich, savoury taste consumers expect in *College Inn*. In its first year, *College Inn Bone Broth* has become the fastest selling bone broth brand in the category and continues to build its geographic footprint.



College Inn Bone Broth with 10g of protein

Entering Frozen Category

Del Monte is taking its expansive fruit and vegetable portfolio to new categories and channels to meet the snacking and meal preparation solutions today's consumers are seeking beyond centre-of-store. Del Monte Foods saw an opportunity to provide two product lines that could bring delicious taste and healthy nutrition to the frozen snacks category which is dominated today by unhealthy options.

Del Monte Veggieful Bites

With a delicious blend of vegetables and real cheese in a crust made with cauliflower, *Del Monte Veggieful Bites* provide an unexpectedly delicious way to eat vegetables. *Veggieful Bites* provide a serving of vegetables per every five bites that help consumers meet their daily vegetable serving recommendation in no time. Consumers will love this tasty, quick and healthy snack!

Del Monte Veggieful Bites provides a delicious way to eat vegetables

Innovation

Contadina Pizzettas with cauliflower crust, a wholesome alternative to pizza

Contadina Pizzettas

Preferred over leading competitors on taste and quality, *Contadina Pizzettas* offer a delicious and wholesome alternative to the traditional pizza bite. Featuring a blend of Roma tomato sauce, real cheese and crust made with cauliflower, these wholesome snacks offer a serving of vegetables in every five bites. They are parent-approved and kids love them too!

Del Monte Fruit Crunch Parfait for the Perimeter of Store

The perimeter of the store continues to be a high-traffic area as consumers are looking for wholesome and fresh food. Del Monte's goal is to transform the Refrigerated Produce and Deli sections with fruit and vegetable-rich healthy snacks that consumers shopping the perimeter of the store are seeking. Del Monte developed *Del Monte Fruit Crunch Parfait* to meet this need. With one full serving of fruit and non-dairy coconut crème and a crunchy granola topping, *Del Monte Fruit Crunch Parfait* is the perfect way to start one's day or keep one going anytime. The parfaits are packed with 2 billion probiotics for digestive health and contain no artificial flavours or sweeteners.

Del Monte Fruit Crunch Parfaits with 2 billion probiotics

PHILIPPINES

Innovative Del Monte beverages

In the past ten years, the Group has launched a slew of new products using breakthrough technologies in ingredients, packaging and processes. Health and wellness has been the anchor for new product introductions, with the consumers' health needs in mind. Finding solutions to address emerging health issues has led to a host of innovative products that offer clinically-proven benefits, from promoting weight management and body fat reduction, to cholesterol lowering and bone health advantage.

The beverage portfolio in the Philippines offers a range of *Del Monte Fit 'n Right Juice Drinks* with Green Coffee Extract and L-Carnitine proven to result in body fat reduction with diet and exercise; *100% Pineapple Juice Heart Smart with Reducol™*, a special blend of plant sterols and stanols that help lower bad cholesterol; and *100% Pineapple Juice Bone Smart™*, a calcium-fortified juice that has twice the level of calcium than a glass of milk, designed to provide the same benefit to the lactose-intolerant consumers.

The portfolio of products that offer healthier choices has expanded: *100% Pineapple Juice* fortified with vitamins A, C & E, *100% Fiber-Enriched Pineapple Juice*, Lycopene-rich tomato sauces and ketchup, no-MSG culinary sauces and cooking aids.

Del Monte 100% Pineapple Juices with functional benefits

In FY2017, the Group entered the isotonic segment, a new category – with the launch of *Del Monte Fit 'n Right Active*, the first 2-in-1 Isotonic drink with Electrolytes for rehydration and L-Carnitine for fat reduction.

With the strong volumes delivered by the *Del Monte Juice Drinks* in 1-litre carton format, *100% Pineapple Juices (A-C-E, Fiber-Enriched, Heart Smart & Bone Smart)* in 1-litre carton format were launched in FY2018 and positioned to promote family consumption. For the growing juice drinks segment, more flavour variants - *Pineapple Strawberry, Pineapple Blueberry, White Grape and Mango Peach* - were introduced.

Del Monte Juice Drinks with six exciting flavours

ASIA PACIFIC

S&W is our brand platform for Asia outside of the Philippines and the Indian subcontinent, and it is adaptable to the diverse tastes of its markets. Our approach has been to launch products from our existing portfolio and, at the same time, adjust to local tastes and needs.

In Southeast Asia, S&W launched the organic version of the staple *Prune Juice*. This changed the game in the prune juice segment in terms of product positioning where S&W rode on the trend for organic and holistic food. This was followed by the launch of the organic version of *Apple Cider Vinegar* in Malaysia and Singapore.

In FY2018, the Group launched *S&W Pineapple Slices and Chunks* in Clear Can which is a breakthrough package execution in China and

S&W pineapples in revolutionary Clear Can

Korea. Clear Cans are see-through plastic containers with metal lids, which allow consumers to see the product and be assured of its premium quality. This packaging has won numerous awards for the Company (please see Awards section).

Not From Concentrate (NFC) Pineapple Juice in 1-litre carton was launched in China to compete in the growing NFC juice market.

With the success of *Del Monte Fruit & Chia* in the USA, the Group brought this product to Singapore and Hong Kong under the *S&W* brand. This product, which combines fruit and chia, resonates well with consumer trends of healthy living. The Group also brought *College Inn* broth from the USA to Hong Kong.

The Group entered a new category – frozen fruit - using Nice Fruit's revolutionary technology. Extra sweet and golden yellow pineapples from fully ripened fruits are cut into spears then frozen. Individually packaged frozen *Pineapple Stick* and frozen chunks called *Golden Pineapple* are sold in 7-Eleven Japan, positioned as an on-the-go healthy snack in the store's chiller section. The revolutionary technology allows the frozen or newly thawed pineapple to have the same physical properties as fresh cut pineapple.

Launch of S&W Fruit & Chia in Singapore

S&W Organic Apple Cider Vinegar

Using revolutionary technology, these frozen pineapples have similar properties as fresh cut pineapple when thawed; sold in 7-Eleven Japan

Innovation

INDIA

In our 10-year journey in India, Del Monte has worked continuously to establish itself as the lead player in the alternative cuisine and gourmet food products space.

Del Monte was an early entrant into condiment categories like Chinese sauces and 100% Vegetarian Dips and Spreads with unique flavours such as *Eggless Mayo, Mint Mayo, Tandoori Mayo and Cheesy Garlic Mayo*.

Tapping into the growing consumer trend for healthier snacking alternatives amongst young working adults, Del Monte was one of the first to introduce a range of packaged dried fruits - *Cranberries, Blueberries and Prunes* - that gave consumers the benefit of a low-fat, low-sodium, high-fibre snack. In 2018-19, Del Monte extended its dried fruit range, adding variants like *Dried Cherries, Cherry Berry Mix and Trail Mix*. Del Monte also started working with fitness and running communities to promote this range and an overall healthier lifestyle.

As the market leader in imported pasta in India, Del Monte took a new initiative and relaunched its pasta sauces by removing all added preservatives, making *Del Monte* the only brand to offer preservative-free pasta sauces in India.

The year also saw Del Monte introduce a range of low unit priced-SKUs like Mayonnaise 80g and Tomato Ketchup 200g to expand its presence in traditional trade outlets in India. On the back of these introductions, Del Monte managed to increase its distribution in top metros like Delhi and Mumbai by 20%.

NOURISHING FAMILIES. ENRICHING LIVES. EVERY DAY.

New flavours for more healthy snacking options

New Del Monte pasta sauce flavours

Del Monte spreads with unique flavours such as Tandoori Mayo now in smaller affordable pouches

USA Claims **to Fame**

Throughout our
130-year journey,
Del Monte is proud to be recognised for our unsurpassed quality, authenticity and products

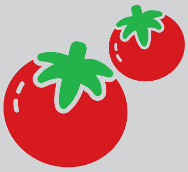
Today, we have a **NATIONAL FOOTPRINT** with more than **98% CONSUMER AWARENESS** for the Del Monte brand

RECENT AWARDS AND RECOGNITIONS:

- **Top 100 (#79)** on **Forbes list for America's Most Reputable Company** in 2019
- **8th time** as a **Produce for Better Health Role Model**
- Named a **Brand That You Can Trust** by Nielsen
- Recognised as an **Authentic Brand**

97% of all Del Monte products are **PRESERVATIVE-FREE**

Del Monte is the **FIRST** consumer-facing manufacturer to work with the **USDA** for **NON-GMO CERTIFICATION** for corn products



100% **TOMATOES** are from the U.S.

99+% **VEGETABLES** are from the U.S.

70% **FRUITS** are from the U.S. with supply from Mexico, Philippines, China, Thailand and Chile

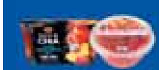
In 2016, we began **labeling most of our vegetables, fruit cups, and many more tomato products** as **NON-GMO**

The fruit, vegetables, and tomatoes we use in our products have always been Non-GMO

Our Del Monte Fruit & Oats Product Won **2019 PRODUCT OF THE YEAR!***

LEADING MARKET POSITIONS

Canned Vegetables
#1 brand nationally
3x the size of the next national brand



Processed Fruit
#1 to market with Adult Snacking platform
#1 innovation in Fruit Snacking

Broth
#1 brand in the Northeast, most developed broth market
#2 brand nationally

Canned Tomatoes
#1 Italian Tomato brand
2x the households of the next Italian Tomato brand

We converted 100% of our branded tomato products, and nearly 100% of our branded fruit and vegetable products to **NON-BPA LININGS**

WE SUPPORT OVER 1,000 **GROWERS** in USA

WE SUPPORT OVER 1,000 **FRUIT GROWERS** in Mexico

2019	VEGETABLES	TOMATOES	FRUIT (US)	FRUIT (MEXICO)
Tons	544,245	224,000	191,108*	41,000
Growers	576	20	618	1,065

*Does not include apple tons

**Product of the Year is the world's largest consumer-voted award for product innovation, where winners are determined by the votes of 40,000 consumers in a national representative survey conducted by research partner Kantar, a global leader in consumer research*

Products

DEL MONTE
IN THE
UNITED STATES

DEL MONTE
IN THE
PHILIPPINES

Products

S&W IN
ASIA AND
THE MIDDLE EAST

DEL MONTE IN INDIA

Asia Claims **to Fame**

Throughout our

93-year journey,

Del Monte is proud to be recognised for our premium quality, nutritious and delicious products

Our operations benefit about

75,000 individuals

RECENT AWARDS AND RECOGNITIONS:

- **13 awards for 9 consecutive years** from the Singapore Corporate Awards including **Best Managed Board**, **Best CFO**, **Best Investor Relations** and **Best Annual Report**
- **Ranked #13** in the Singapore Governance Transparency Index out of 606 SGX-listed companies
- **Finalist for Asia's Best First Time Sustainability Report** at the 4th Asia Sustainability Reporting Awards
- **1 of only 3 food brands** in Campaign Asia Pacific Top 20 Brands in the Philippines
- **Account Management Award** from 7-Eleven Philippines
- **Awards from the Philippine Association of National Advertisers** for the launch of best-in-class campaigns
- **Packaging Awards** in the Philippines and France for our pineapples in Clear Can
- **GLOBALGAP Award**, a prestigious international agriculture award; we are **1 of only 4 companies worldwide** that got this
- Recognised by LinkedIn as a company with the **"Most Socially Engaged Followers"**

LEADING MARKET POSITIONS IN THE PHILIPPINES

Packaged Pineapple
#1 brand nationally
Also **used for everyday cooking**

Canned Mixed Fruit
#1 brand nationally
Healthy snack or dessert

Canned and Carton RTD Juices
#1 brand nationally
100% Pineapple Juices with functional benefits

Tomato Sauce
#1 brand nationally
Versatile ingredient for various recipes

Spaghetti Sauce
#1 brand nationally
For **easy-to-prepare** delicious spaghetti meals

LEADING MARKET POSITIONS IN ASIA

Beans
Top 2 in Hong Kong, Singapore and Indonesia

Apple Cider Vinegar
Top 2 in ASEAN

Canned Pineapple
Top 3 in China and Singapore

Canned Tropical Fruit
Top 3 in South Korea

Fresh Pineapple
Top 3 in China, South Korea, Japan and Singapore

100% of our Culinary products contain **ZERO TRANS FAT**

S&W FRESH PINEAPPLE contains **~100mg of Bromelain** enzyme per cup that reduces inflammation after injury or surgery

S&W HEART SMART PINEAPPLE JUICE won the **Food & Beverage Award** in the Singapore Business Review Listed Companies Awards for Best Innovation

FROZEN PINEAPPLES using patented freezing technology, retains fresh-like properties when thawed

Del Monte Kitchenomics has **3+ MILLION** strong community on Facebook, one recipe per day post

---

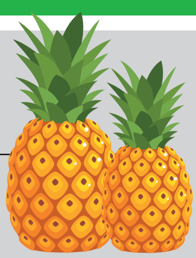
DMPL'S CEO, MR JOSELITO D CAMPOS, JR, won the **Entrepreneur of the Year Award**

3X EMPLOYER OF THE YEAR AWARD from the **Personnel Management Association of the Philippines**

41% of management are women

31.5 **AVERAGE TRAINING HOURS** per employee

~26,000-hectare **PINEAPPLE PLANTATION**



CARBON NEGATIVE given plantation and forest cover

30,000 indigenous trees planted in FY2019

35% of the Cannery's power requirement supplied by **renewable energy**

36,000 **PATIENTS BENEFITED** from the Foundation's medical, dental and mobile missions

320 **YOUTH GRANTED SCHOLARSHIPS** to various schools in SY2018-19

Awards and **Citations**

COUNTRY

Del Monte Pacific's Director Dr Javier Elected by His Peers as a National Scientist

In May 2019, DMPL's Independent Director Dr Emil Q Javier was elected by his peers in the National Academy of Science and Technology (NAST) of the Philippines as a National Scientist.

The Order of the National Scientist is the highest honour given by the President of the Philippines to a Filipino man or woman of science in the Philippines who has made significant contributions in one of the different fields of science and technology. After a nomination process, the Order is conferred during a special ceremony after the President issues a Presidential Proclamation naming the National Scientist. Since 1978, the President of the Philippines has conferred the rank and title of National Scientist on only 35 Filipinos, 14 of whom are still living.

Dr Javier is a Filipino agronomist with a broad understanding of developing country agriculture.

He was the first and only developing country scientist to chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research (CGIAR), a global consortium led by the World Bank and the Food and Agriculture Organization of the United Nations (FAO). He was Director General of the Asian Vegetable Research and Development Center (AVRDC) based in Taiwan and has served as Chairman of the Board of International Rice Research Institute (IRRI), and as Chairman and Acting Director of the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA).

Dr Emil Q Javier was elected by his peers in NAST as a National Scientist

In the Philippines at various periods, he had been President of the University of the Philippines, Minister for Science and Technology and President of the NAST.

Dr Javier holds doctorate and master's degrees in plant breeding and agronomy from Cornell University and University of Illinois at Urbana-Champaign, respectively. He completed his bachelor's degree in agriculture at the University of the Philippines Los Baños.

COMPANY

1. Del Monte Foods is No. 79 in Forbes' Top 100 America's most reputable companies
2. Del Monte is one of only 3 food and beverage brands in the Campaign Asia Pacific Top 20 Brands in the Philippines

GOVERNANCE

Del Monte Pacific Wins at the Singapore Corporate Awards

Since the Singapore Corporate Awards (SCA) began in 2006, Del Monte Pacific Ltd has received 4 distinct awards -- Best Managed Board, Best Chief Financial Officer, Best Investor Relations and Best Annual Report – and is one of only 12 companies to have achieved this from about 750 companies listed on the Singapore Exchange.

DMPL has also won 2 Gold awards each for the Best Managed Board and Best Investor Relations, and is one of only less than 10 companies to have achieved this.

In the SCA held on 18 July 2018, DMPL was honoured to receive the Best Annual Report (Silver) Award for mid-cap companies.

The Company has won a total of 13 awards for 9 consecutive years since 2010, a significant achievement amongst companies listed in Singapore.

From Philippines Top 100 Brands in 2018. Image reproduced from Campaign Asia Pacific page.

DMPL's Chief Corporate Officer, Ignacio 'Iggy' Sison, and Investor Relations Manager, Jennifer Luy, receiving the Best Annual Report Award

The SCA comprises 5 of Singapore's key corporate awards, including Best CEO, to recognise and celebrate the best in corporate governance amongst listed companies in Singapore. The Awards are organised by the Institute of Singapore Chartered Accountants, Singapore Institute of Directors and The Business Times, supported by the Accounting and Corporate Regulatory Authority and Singapore Exchange.

Del Monte Pacific Receives a Shareholder Communication Award

DMPL was awarded the Shareholder Communication Excellence Award by the Securities Investors Association (Singapore) (SIAS) on 25 September 2018. This is the fifth time that SIAS has recognised the Company.

High Corporate Governance Rankings in Singapore and ASEAN

- Ranked #13 or Top 2% amongst 606 Singapore-listed companies in the Singapore Governance and Transparency Index in August 2018. This is the highest ranking DMPL has achieved. Only 2 mid-cap companies, including DMPL, were in the Top 13
- Ranked #23 amongst Top 100 largest Singapore-listed companies in the ASEAN Corporate Governance Scorecard in April 2018

Del Monte Pacific Invited as a Panellist

DMPL was invited by the Investor Relations Professional Association of Singapore to be a panellist in the Singapore Institute of Directors' (SID) module on Investor Relations with directors as audience. This is a recognition of DMPL's good IR efforts. This is the second time DMPL has been invited to speak at an IR seminar of the SID.

COMMERCIAL

Del Monte Fruit & Oats Wins Product of the Year Award in the USA

Del Monte Foods, Inc's new product, *Del Monte Fruit & Oats* snack cups, the first ready-to-eat wholesome oatmeal with a full serving of luscious fruit, has been recognised as a 2019 Product of the Year in the Breakfast Category in the USA. *Del Monte Fruit & Oats* combines cut and rolled oats with a full serving of fruit, providing a convenient meal that consumers can feel good about eating, whether to start their day or as a nutritious snack.

Product of the Year is the world's largest consumer-voted award for product innovation, where winners are determined by the votes of 40,000 consumers in a national representative survey conducted by research partner Kantar, a global leader in consumer research.

"The Product of the Year award is especially significant and meaningful to us as consumer response directly led to the honour," said Bibie Wu, Chief Marketing Officer of Del Monte Foods. "We take enormous pride in our innovation, and this recognition further validates our continued efforts to prioritise consumer response for every new product we debut, ensuring our food complements their everyday lives."

Pineapples in Clear Can Wins Awards in the Philippines and France

Del Monte Philippines, Inc's pineapples in Clear Can bagged the 2018 Packaging Excellence Award in the Food-Retail category from PIP PhilStar Awards. The PhilStar Awards, an annual event hosted by the Packaging Institute of the Philippines

Del Monte Fruit & Oats Voted Product of the Year

Awards and **Citations**

St Mamet S&W Clear Cans sold in France won in the LSA competition

DMPI's Senior Manager for R&D, Jose Rodeo Ferolin, receives the 2018 Packaging Excellence Award from PIP PhilStar Awards

(PIP) was held on 27 February 2019 in Manila. This event recognises the exciting and innovative packaging designs developed in the Philippines. PIP is a national association of users, manufacturers, and suppliers of packaging materials and services.

Clear Can topped the other entries because it hit a perfect score in Packaging Design Innovation and Market Appeal. Clear Can is a transparent packaging, except for the closure capsule, that allows the consumer to see the fruits he buys.

St Mamet S&W Clear Can range also won in the LSA competition. LSA is France's most widely read retail distribution magazine. Each year it hosts a prestigious competition for retail product innovations of which more than half are for food. St Mamet entered the Clear Can range into the packaging design category and won the trophy.

"Clear Can is a design that involves the idea of ready-to-eat, like fresh fruit, but with the benefits of canned packaging," says Joël Derrien, Marketing Communication Director of St Mamet. The brand relies on the emergence of a new behaviour: that the consumer puts this product in the refrigerator alongside perishable references.

"This transparency also wants to be an answer to the new lifestyles of consumers, in search of reassurance and transparency on the freshness and quality of the products they consume. Contrary to popular belief, a can contains no preservatives, "says Joël Derrien.

Advantages

- The product is both ready to eat and long-lasting, up to twenty-four months, leaving the consumer to decide on its use
- The transparency of the packaging makes it possible to enhance the fruit chunks
- The qualities of the container preserve the freshness and aromas of the fruit

The can is fully recyclable, resistant to dent and breakage, and lightweight. It will not rust or harm.

Del Monte Philippines Bags the 7-Eleven Account Management Award

Del Monte Philippines, Inc (DMPI) bagged the 7-Eleven Account Management Award. This award is given to suppliers who meet 7-Eleven's KPIs and who are best-in-class for store promotion executions and are consistent with their partnership objectives. Some of the KPIs are: to grow customer base in present categories, to drive growth in category business and to meet agreed fill rate for each warehouse. Congratulations to DMPI 7-Eleven Customer Development Manager for Foodservice, Gladys Ungson, and for General Merchandise, Anna Alonzo.

Del Monte Philippines Recognised by Jollibee

The Preferred A status was given to DMPI for meeting and exceeding all focus requirements of the Jollibee Foods Corporation's Purchasing Matrix namely: Account Management, Purchase Order Confirmation, Quality Management and Logistics Management.

Del Monte Showcase at Puregold Convention 2018

DMPI met up with local entrepreneurs and showcased its products during the Puregold KAINdustriya Food Business Convention 2018, held on 18-19 September 2018 at World Trade Center Manila. Del Monte is a key supplier and business partner of Puregold, a leading supermarket and retail chain in the Philippines with more than 300 stores nationwide. Puregold organises an annual convention for members of KAINdustriya, a segment of its flagship membership programme called "Tindahan ni Aling Puring."

Del Monte Philippines' Foodservice Team led by Holiday Jeanne Gono receives the 7-Eleven Account Management Award

Del Monte Philippines' Commercial Team headed by Philip Macahilig receives the Jollibee Preferred A Status

Del Monte's booth won 2nd place in Puregold's KAINdustriya Food Business Convention

At the Awards rites, Del Monte bagged two major awards: 2nd Place in Best Booth and 1st Runner-up in Puregold Goldastic Showdown of Suppliers.

Del Monte Philippines Wins Marketing Awards

DMPI won the PANA (Philippine Association of National Advertisers) Awards for:

- *Del Monte Fit 'n Right* "Hidden Sugar" Campaign - Excellence in Marketing Innovation (Silver)
- *Del Monte 100% Fiber-Enriched Pineapple Juice* "Kain, Cleanse, Repeat" Campaign - Excellence in Brand Positioning (Bronze)

Entries to the PANA Awards are judged on four criteria: market challenge, strategy, execution and results.

DMPI's Marketing team, represented by Clars Guerrero, receiving two PANA awards for the launch of best-in-class campaigns

FieldFresh India, represented by Abhishek Goyal, Senior Manager for National Key Accounts, receives a Yum! Supplier Award

FieldFresh India Receives a Yum! Supplier Award

DMPL's affiliate in India, FieldFresh Foods, received the Service Excellence Award from Yum! in November 2018 for its excellent service and account management.

FieldFresh India Wins First Prize for Best Stall Display

FieldFresh Foods won first prize for the Best Stall Display at the Confederation of Indian Industry Agro Tech Fair held at Chandigarh on 1-4 December 2018.

HUMAN RESOURCES

Del Monte Philippines Recognised by LinkedIn

On 28 November 2018, LinkedIn recognised Del Monte Philippines, Inc as a company with the "Most Socially Engaged Followers" given its remarkable follower engagement and quality of employer branding posts. This has been characterised through:

- most of the company's posts generating likes and comments from LinkedIn followers
- postings consistently focused on highlighting the company's values driving conversations and emphasising values
- sustained follower engagement through posts using organic reach (no sponsored ads)

https://www.linkedin.com/company/delmontephilippines/

DMPI HR Head, Gerard Paul Bautista, along with the DMPI Talent Acquisition Team of Stewart Abancio, Angela Urriquia and Rowena Vasquez, received the LinkedIn award for DMPI

Del Monte Foods' Manager Recognised as a Shopper Marketing Hero

Steve Aleksich, Senior Manager of Shopper Marketing & Partnerships at Del Monte Foods, was recognised as Shopper Marketing Hero by Shopperations. Shopperations is a web-based, collaborative planning software for marketers on both CPG and retail sides, to enable transparency, accountability and stronger Shopper Marketing promotional analytics. Steve's industry peer nominated him and said:

"Steve is a shopper marketing expert. I've worked with him across multiple companies and brands, and he always brought thought leadership, unique ideas, and creative flair to every project. Most recently, his work on Del Monte green bean casserole & holiday programmes has been highly impactful. Additionally, his work on Del Monte fruit cups has been very successful."

To learn more about shopper marketing from Steve, read https://blog.shopperations.com/steve-alexich-shopper-marketing-hero

OPERATIONS

Good Agricultural Practices Award

On its 5th edition, GLOBALGAP honoured Del Monte Pacific's Philippine subsidiary with a Good

Awards and **Citations**

Agricultural Practices (GAP) Award 2018 for demonstrating high standards and excellent implementation of GLOBALGAP principles on its farms. Del Monte Philippines is the first pineapple company in the Philippines and in the world to receive the prestigious international agriculture award since it was launched by GLOBALGAP in 2012. Only 4 companies have been given this GAP Award amongst all companies' certified GLOBALGAP worldwide.

GLOBALGAP is a private sector body that sets voluntary standards for the certification of agricultural products around the globe. It has certified more than 194,000 producers in over 130 countries.

Nice Fruit Plant Receives Three Certifications

The Nice Fruit Plant has earned its first three major certifications for quality food manufacturing since its start-up operations in 2016. The certifications cover Food Safety System (Certification Version 4.1), HACCP (Hazard Analysis and Critical Control Points), and GMP (Good Manufacturing Practices). The certifications were issued by leading third party auditor SGS Philippines, affirming that the Plant meets all requirements for the processing, conditioning, freezing and packaging of ready-to-eat pineapple cuts.

The Nice Fruit Plant, DMPI's newest manufacturing facility under a joint venture with European partners, processes and freezes various pineapple cuts using a patent-regulated technology. The process freezes pineapples, which, upon thawing, retains the original qualities of the fresh produce without any additives, preservatives or chemicals. It extends the shelf life to three years. The plant's products are for export mainly under the *S&W* brand.

SUSTAINABILITY

1. Del Monte Pacific was honoured as a **finalist for Asia's Best First Time Sustainability Report** at the 4th Asia Sustainability Reporting Awards (ASRA) on 6 March 2019 in Singapore. ASRA is the highest recognition for corporate reporting in the region. The judges sifted through nearly 400 entries received from 16 countries for 17 award categories to select the finalists.

DMPL's Sustainability Senior Manager, Raulito Rodil, with the ASRA Certificate for DMPL as a finalist for Asia's Best First Time Sustainability Report

2. Recognised for the 8th time as a **Fruit & Veggies—More Matters Role Model** by The Produce for Better Health Foundation in the USA.

   "PBH is thrilled to be aligned with such passionate people at the forefront of our industry and with those who are interacting directly with consumers daily to help them achieve happier, healthier lives by eating more fruits and veggies," Wendy Reinhardt Kapsak, PBH President and CEO, said in a news release.

Del Monte Foods' Senior Director for Omni-Channel Marketing & eCommerce, Jennifer Reiner, receives the Fruit & Veggies—More Matters Role Model Award

3. Awarded the **Mission Partner status by Feeding America** for donating over 5 million pounds of food for natural disasters.

4. Recognised as an **EPA Green Power Partner** for investing in renewable energy in the Hanford, USA facility as part of EPA's programme.

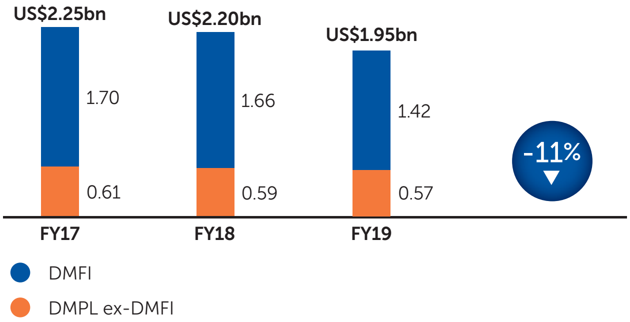
5. DMPI-Laguna is an active member of the Cabuyao River Protection Advocates (CaRPA). CaRPA received the **Gintong Lawa (Golden Lake) Award** from the City Government of Cabuyao on 22 March 2019 in Quezon City, Philippines. CaRPA was lauded for its Vetiver Project, a multi-sectoral effort to rehabilitate the Cabuyao River, a major waterway in the province. DMPI-Laguna contributed funding for the planting of vetiver grass.

6. DMPL's affiliate in India, FieldFresh Foods, received the **Food Safety Award 2018** from the Confederation of Indian Industry for strong commitment to good manufacturing practices at its Hosur facility.

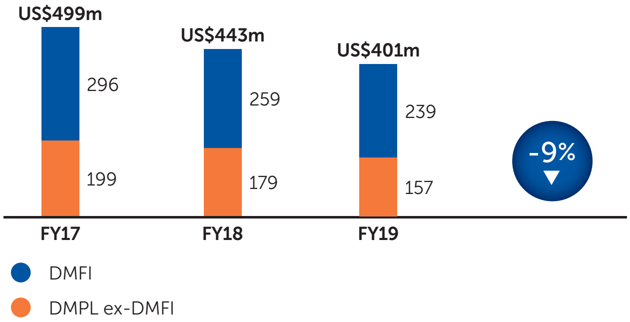
Operating and **Financial Review**

DMPL FY2019 RECURRING PERFORMANCE

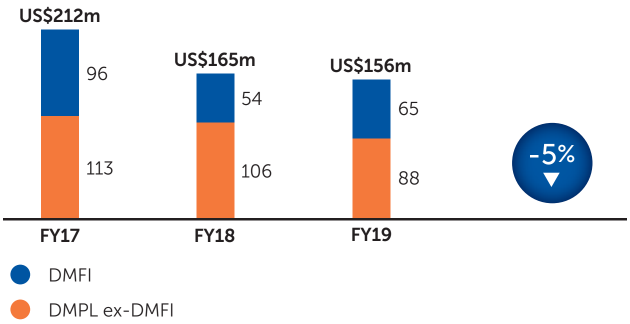
Net Sales



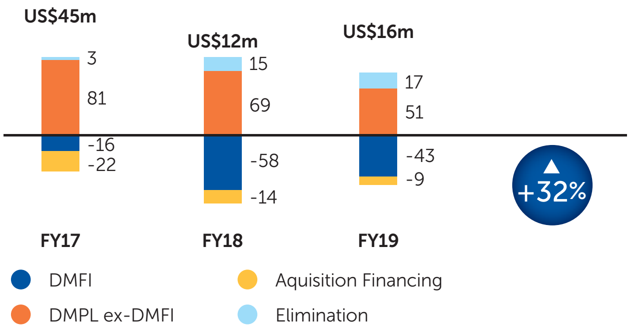
Gross Profit



EBITDA

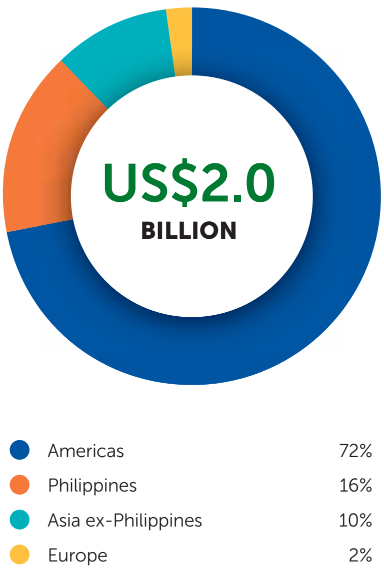


Net Profit

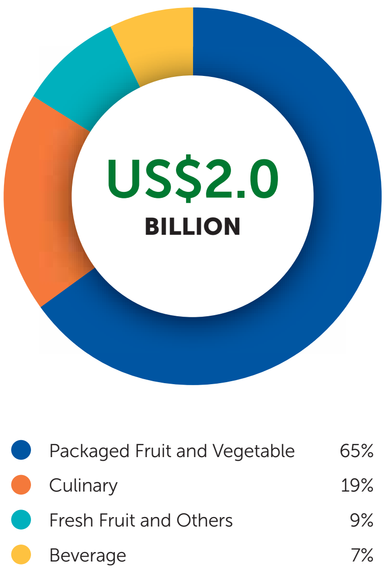


Excluding one-off items, Gross Profit and EBITDA were lower than prior year due to lower sales in the Philippines. However, net profit was up 32% due to lower loss in the USA.

DMPL FY2019 SALES (BY GEOGRAPHY)



DMPL FY2019 SALES (BY PRODUCT)



Operating and **Financial Review**

SALES

DMPL generated sales of US$2.0 billion in FY2019, lower by 11% versus the prior year as higher sales in S&W in Asia were offset by lower sales in the United States, Philippines and Europe.

USA

DMPL's US subsidiary, Del Monte Foods, Inc (DMFI), generated sales of US$1.4 billion or 73% of Group sales, lower by 14% versus prior year due to the divestiture of the Sager Creek vegetable business in September 2017, and lower volume of retail branded products due to price increase and reduced promotional spend. There was also a decline in non-branded products which was in line with DMFI's strategy, partially offsetting lower retail trade spend.

DMFI maintained its leading market share position for the full year in canned vegetable and fruit. Business fundamentals remain on solid ground with strong shelving, new innovation and sustained marketing investments.

Campaigns

A new, integrated master brand campaign "Growers of Good" was launched in September 2018 promoting Del Monte as an advocate for doing what is good – Del Monte nurtures Earth's goodness today to grow a healthier and more hopeful tomorrow. Bibie Wu, DMFI's Chief Marketing Officer said, "Growers of Good tells multiple stories about our product line. It will feel very big because it will have the scale of an effective campaign, but also be able to highlight different parts of our portfolio".

DMFI relaunched the *Contadina* brand with national marketing support. In 2018, *Contadina* celebrated its 100th Anniversary. To honour its 100-year-history of being in the kitchen of confident female cooks, *Contadina* – which is Italian for "woman in the field" – celebrated 100 years of women in the culinary field. As part of the programme, *Contadina* partnered with Cherry Bombe, a bi-annual magazine that champions women and food, for the launch of The Cherry Bombe 100, its inaugural list of 100 women who are making unique and lasting contributions to the food industry.

STRONG MARKET POSITION IN KEY CATEGORIES IN THE USA

Products	Market Share	Market Position	Brands
Canned Vegetable	29.4%	#1	Del Monte
Canned Fruit	37.8%	#1	Del Monte
Fruit Cup Snacks	31.1%	#2	Del Monte
Canned Tomato*	8.4%*	#2	Del Monte, S&W, Contadina

Canned market shares are for branded only, ex-private labels
**Combined share for Del Monte, S&W and Contadina brands*
Source: Nielsen Scantrack dollar share, Total US Grocery + WalMart, 12M ending 27 April 2019

Growers of Good campaign promoting Del Monte as an advocate for doing what is good

Contadina, one of our heritage brands, celebrated 100 years in 2018

New Products - Retail

Three years ago, to meet the unique snacking needs of on-the-go adults, DMFI introduced *Del Monte Fruit Refreshers*, the first-ever adult fruit cup. This won the 2017 Product of the Year Award in the Healthy Snacking category in the USA. Two years ago, DMFI expanded the adult fruit cup snacking segment with the launch of *Del Monte Fruit & Chia*, combining fruit with wholesome chia. Nearly 50% of US food consumption is in snacking, hence, the exciting potential in the fruit cup segment.

Del Monte Foods' thrust on innovation accelerated in FY2019 with entry into new categories. Following the success of *Del Monte Fruit Refreshers* and *Del Monte Fruit & Chia*, DMFI entered a new segment with the launch of innovative *Del Monte Fruit & Oats* in June 2018. It is the first shelf stable ready-to-eat oatmeal item combining healthy fruit and wholesome oats in a cup, is delicious, filling as well as convenient for breakfast and snack. *Del Monte Fruit & Oats* was voted 2019 Product of the Year in the Breakfast category in the USA, backed by votes of 40,000 consumers in a national representative survey, conducted by research firm Kantar, a global leader in consumer research.

Del Monte Fruit & Oats, the first shelf stable ready-to-eat oatmeal combining fruit and oats in a cup

Del Monte Vegetable & Bean Blends offer 3-4 grams of protein

In line with health and wellness trends, in particular with protein being on-trend across multiple categories, DMFI launched *Del Monte Vegetable & Bean Blends* and *College Inn Bone Broth* in September 2018. *Del Monte Vegetable & Bean Blends* come in four varieties - *Mexican, Country, California* and *Classic Styles* - offering 3-4 grams of protein and great tasting source of fibre.

College Inn Bone Broth offers 10 grams of protein and superior taste to competition. It now has 5% share of the Bone Broth segment, surpassing Swanson. It also has the strongest unit velocity in the category, surpassing the current leader Pacific.

DMFI also launched *College Inn Mushroom Stock*, a savoury, great tasting vegan and vegetarian alternative.

College Inn Bone Broth offers 10 grams of protein, while Mushroom Stock is a vegan/ vegetarian alternative

In synch with trends for health, snacking and convenience, and to diversify beyond the declining centre-of-store canned goods aisle, Del Monte introduced four products in the growing refrigerated produce and frozen categories - *Del Monte Citrus Bowls*, *Del Monte Fruit Crunch Parfaits, Del Monte Veggieful Bites* and *Contadina Pizzettas*.

DMFI launched *Del Monte Citrus Bowls* in the refrigerated produce section in February 2019. These are grapefruit and citrus salad in 100% juice with a longer shelf life than fresh cut fruit, and without any preservatives. Del Monte entered a new category and introduced, *Del Monte Fruit Crunch Parfaits*, which feature layers of non-dairy coconut crème, crunchy granola, a full serving of fruit, plus two billion probiotics to aid digestive health.

Del Monte Fruit Crunch Parfaits with two billion probiotics

Del Monte's first foray into the frozen segment was through *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with no artificial flavours or preservatives. Both of these come with a full serving of vegetable in five bites, making eating vegetables easier and crave-worthy! "With *Veggieful Bites*, we set out to create a healthy snack with vegetables as the primary ingredient," said Del Monte Foods CEO Gregory Longstreet. "In fact," he adds, "we are the only brand

Operating and **Financial Review**

Entry into the frozen category with Del Monte Veggieful Bites and Contadina Pizzettas

in the frozen snack space that can list vegetables as the largest ingredient in the recipe, with veggies in the filling and the dough. This meets consumers' desire for quick, convenient, delicious snacks that are wholesome and nutritious."

New Products - Foodservice
For the foodservice channel, Del Monte Foods also entered new product categories with *Riced Cauliflower* and other vegetables with broadly positive industry reception. These are pre-cut, recipe-ready vegetables which provide easy and tasty alternative to high carbohydrate-sides. Del Monte is the first national player in this rapidly-growing new category. Items are now stocked nationally throughout the United States.

One foodservice operator, Clean Eatz (with over 50 locations)

Riced Veggies, pre-cut vegetables for the foodservice channel

offers as an alternative to rice to provide healthy menu options. Its commissary prepares contracted meals sold through Gold's Gym as well. Selection was based on Del Monte's higher quality and consistency versus the fresh products in the market.

Del Monte Nice Fruit Fresh Frozen Pineapple from the Philippines had also been placed within the College and University segment in the USA at Stanford University as well as University of California Davis. With the patented Nice Fruit freezing technology, frozen pineapple retains cellular integrity and when thawed, retains fresh-quality colour, taste and texture.

Frozen pineapples made with the patented Nice Fruit Dry freezing technology

DMFI introduced grab-and-go singles for foodservice and vending operators. These are single-serve fruit cups with 'sporks' in the lid, for convenient snacking on-the-go perfect for college students. Aramark is a contract foodservice management company. Del Monte placed its Adult Fruit Cup singles with Aramark's college and university division and initial shipment will put the cups into 500 locations across the USA.

Single fruit cups for convenient snacking

Del Monte joined a number of key foodservice and convenience industry trade shows and presented its products:

- National Restaurant Association
- National Association of College & University Food Service
- School Nutrition Association
- National Vending
- Perimeter Merchandising Association
- National Association for Convenience Stores
- Pizza Expo

Del Monte foodservice team attending the School Nutrition Association Annual Conference (top) and Pizza Expo (bottom)

Response was positive from distributors and operators, especially on the *Del Monte Fruit Crunch Parfaits*, due to the micro-mart need for diverse offerings and extended shelf life.

DMFI's foodservice team has also realigned and reinforced its relationship with Vistar, the leading nationwide distributor for Vending, Concessions and Hospitality. Its partnership with Vistar is expected to increase the availability of its products to operators across the USA.

DMFI's foodservice teams are focusing efforts and Broker attention on key channels where it has the strongest opportunity to succeed: College and University, Healthcare and Lodging channels. Del Monte product benefits (branded quality, healthy ingredients, labour solutions, grab and go snacking occasions) resonate most with the needs of these channels, and these operators are drawn to Del Monte's new innovative products.

Cross-selling

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

DMFI has continued to export its *S&W* canned specialty fruits, corn and tomato products to Asia. It has also introduced its *Contadina* sauces and *College Inn* broth to certain markets in Asia.

Philippines

The Philippine market sales in FY2019 were US$307.8 million, down 4.2% and 8.0% in peso and US terms, respectively. Decline was mainly in the general trade and mixed fruit categories as a result of operational issues and distributor transition. Decline in sales was further driven by unfavourable sales mix and higher direct promotion spending. These were partly offset by price increases implemented across several categories in line with inflation.

Specific to distributor operations, FY2019 was a year of transformation as the Group worked to upgrade operations and processes. As some of its legacy distributors have lagged in terms of modernisation required, the Group felt it necessary to transition out of these distributors and replace them with those that could support the level of expansion that the Group expects, particularly in a fast-changing, highly competitive environment. While the transition impacted Philippine market sales in FY2019, the Group believes it will help set up a stronger base for future growth. Improvements are expected to be seen beginning in the first quarter of FY2020.

Despite operational issues, DMPL continues to lead in market share position in most categories it competes in.

MARKET LEADER IN VARIOUS CATEGORIES IN THE PHILIPPINES

Products	Market Share	Market Position	Brands
Packaged Pineapple	85.3%	#1	Del Monte
Canned Mixed Fruit[1]	70.3%	#1	Del Monte, Today's
Canned and Carton RTD Juices	83.1%	#1	Del Monte
Tomato Sauce	82.9%	#1	Del Monte
Spaghetti Sauce[2]	39.3%	#1	Del Monte, Today's, Contadina

1 Combined share for Del Monte and Today's brands
2 Combined share for Del Monte, Today's and Contadina brands
Source: Nielsen Retail Index, 12M to April 2019

Operating and **Financial Review**

Some of the highlights for the Philippine retail market in FY2019 were:

- Expanded successful 1-litre carton packaging format to the *Del Monte 100% Pineapple Juice* line as Filipinos' way of building their immunity (ACE variant), detoxify daily (Fibre-Enriched variant) or manage cholesterol (Heart Smart variant) in a more affordable and convenient format

Del Monte 100% Pineapple Juices in a convenient 1-litre carton

- Drove continued improvements in consumption metrics for its base Tomato-Based Sauces category behind impactful campaigns and relevant in-trade value packs, even as we expanded *Del Monte* Culinary's footprint amongst working moms via *Del Monte Quick 'n Easy* and amongst millennials and culinary hobbyists behind *Contadina's* Gourmet Made Easy campaign

Empower working moms to go beyond fried dishes with Quick 'n Easy

Contadina's Gourmet Made Easy campaign

- Penetrated Culinary Schools with sampling and school partnerships with Contadina
- Continued to build consumption for *Del Monte Pineapple* behind a successful national ad campaign, bannering preference for Pina-Adobo amongst 3 out of 4 kids, even as we worked to improve consumption in Visayas and Mindanao with a Sweet & Sour Fish recipe highlight

Promoting consumption of pineapples

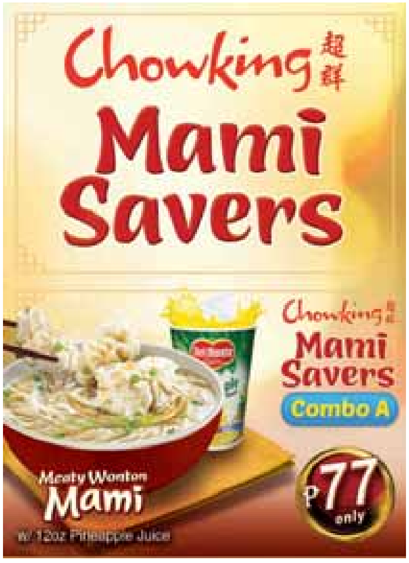
- Expanded beyond traditional media with a stronger push on digital, collaborating heavily with Facebook and Google on hackathons, training and executions

Del Monte Spaghetti Sauces in 5 delicious flavours

- Recognition received include the following: being one of only 3 food and beverage brands in the Campaign Asia Pacific Top 20 Brands in the Philippines, as well as PANAta Awards for Excellence in Marketing Innovation (Silver), Excellence in Brand Positioning (Bronze) (please also refer to the Awards section)

Foodservice sales in the Philippines remained strong, riding on the rapid expansion of quick service restaurants and convenience stores, as well as Del Monte Philippines' growth of its juice dispensers, meal partnerships and customised products.

Del Monte Philippines supplies Jollibee, the largest local fast food chain, with their pineapple juice requirements, and supplies



Meal tie-ups with leading fastfood chains Jollibee and Chowking

Greenwich, the Philippines' largest pizza chain, with all their pineapple tidbits requirements. Moreover, *Del Monte 100% Pineapple Juice* is available in all of Cebu Pacific's flights, while it continues to supply Philippine Airlines for all their international flights.

The Group will continue to drive dispenser juice and condiments sachet expansion to grab opportunities in convenience stores as emerging channel for ready-to-eat meals amongst young, urban professionals. It will expand portfolio range via ready-to-eat recipe ideations with convenience store commissaries.

S&W in Asia

Sales of the S&W business in Asia reached US$115.4 million in FY2019, 9% higher than the US$106.1 million in FY2018, a record for this brand since the Group acquired it in 2007. The fresh segment accounted for 79% of S&W's total sales, while the packaged segment accounted for the balance 21%.

Improved sales were driven by the robust 19% growth of the *S&W Sweet 16* fresh pineapple mainly in China on the back of increased distribution of fresh pineapple in Tier 1-3 cities.

However, the packaged segment's sales were lower mostly in Turkey, Korea and Indonesia. Turkey was impacted by currency devaluation and political instability, while North Asia suffered from increased competition from cheaper canned pineapple products from Thailand and Indonesia, partly offset by new customers.

Some of the highlights for the S&W business in FY2019 were:

- Launched *College Inn Chicken Broth* from USA in ParknShop Hong Kong on 5 October 2018
- *S&W Pineapple Juice* in carton now available on Tmall.com, the e-commerce portal of Alibaba
- New *S&W Tomato Juice* is served on Singapore Airlines flights
- S&W supplies *100% Pineapple Juice* to Jollibee Singapore, Dubai, Saudi Arabia and Italy
- Creation of S&W's WeChat account to engage with consumers/followers in China
- S&W joined Gulfood in Dubai in February 2019; Gulfood is the the world's largest annual F&B trade exhibition
- S&W joined Food & Hotel Asia 2018 in Singapore which drew international and local business enquirers

S&W Pineapple Juice on Tmall.com, the e-commerce portal of Alibaba

S&W Tomato Juice on Singapore Airlines' flights

Joined Gulfood, the world's largest F&B trade exhibition, held in Dubai

Operating and **Financial Review**

The Group's Nice Fruit joint venture, utilising patented technology that allows fruits to be picked at their optimal ripeness and frozen for up to 3 years, while preserving its nutrients and original properties, successfully launched frozen pineapple spears in 7-Eleven stores in Japan in June 2018. These are produced in Bukidnon, Philippines. Individually packaged and known as *Pineapple Stick*, it is positioned as an on-the-go healthy snack placed in the store's chiller section. The JV followed this with the launch of frozen pineapple chunks called *Golden Pineapple* in the same convenience store chain in November.

Using revolutionary technology, these frozen pineapples have similar properties as fresh cut pineapple when thawed; sold in 7-Eleven Japan

FieldFresh India (equity accounted)

Sales at FieldFresh Foods, our Indian joint venture (JV), which are equity accounted and not consolidated, were US$77.5 million in FY2019, 10% and 2% higher in rupee and US$ terms, respectively, versus prior year. US$69.3 million came from the *Del Monte*-branded packaged segment and US$8.2 million from the *FieldFresh*-branded fresh segment.

The Del Monte business in India was up 12% in rupee terms on continued product innovation, as well as trade, marketing and digital campaigns.

Tapping into the growing consumer trend for healthier snacking alternatives amongst young working adults, Del Monte extended its dried fruit range, adding variants like *Dried Cherries, Cherry Berry Mix* and *Nutty Cruiser Trail Mix*. The latter is a delicious and healthy blend of almonds, cashews, dried cranberries and black raisins. Del Monte also started working with fitness and running communities to promote this range and an overall healthier lifestyle.

Low salt, low fat snacking options

October saw the relaunch of *Del Monte* gourmet pasta sauces. The range was revamped to include two tomato-based sauces, *Napoletana* & *Puttanesca*, and one vegetarian *Alfredo* sauce with real cheese (a first for the Indian market). Also, in line with its desire to move to cleaner products and labels, these sauces contain no added preservatives, making *Del Monte* the only brand to offer preservative-free pasta sauces in India.

New pasta sauces with no preservatives, a first for India

The year also saw Del Monte introduce a range of low unit priced-SKUs like Mayonnaise 80g and Tomato Ketchup 200g to expand its presence in traditional trade outlets in India. On the back of these introductions, Del Monte managed to increase its distribution in top metros like Delhi and Mumbai by 20%.

Del Monte joined Aahar, India's largest B2B food exhibition in New Delhi with 100,000+ footfalls overs 5 days and with 10,000+ visits to the Del Monte stall.

FieldFresh sustained its positive EBITDA, growing by double-digit, while DMPL's share of loss in the FieldFresh joint venture in India was lower at US$0.1 million from US$0.3 million in the prior year on higher sales and margins.

GROSS PROFIT AND MARGIN

DMPL generated a gross profit of US$395.0 million, lower by 9% versus the prior year, while gross margin increased to 20.2% from 19.7% in the same period last year.

DMFI's gross margin increased to 16.4% from 15.0% driven by lower trade spend, increase in retail list prices, higher USDA pricing and favourable sales mix, partially offset by higher costs.

DMPL ex-DMFI gross margin was 27.3% from 30.4% due to lower, cyclical pineapple juice concentrate pricing, unfavourable sales mix and higher product costs. These were partly offset by price increases in the Philippine market in line with inflation.

EBITDA AND NET PROFIT

DMPL generated an EBITDA of US$143.7 million of which US$52.5 million came from DMFI and US$87.9 million from DMPL ex-DMFI. DMPL's EBITDA improved by 40.5% due to a net one-off gain of US$4.5 million in FY2019 versus a net one-off expense of US$48.5 million in the prior year.

As part of the Group's strategy to improve operational excellence and streamline operations, DMFI divested its underperforming Sager Creek vegetable business in FY2018.

This resulted in incremental one-off expenses for the year ended. Please refer to the table below for the schedule of one-off items.

NON-RECURRING EXPENSE/(INCOME) (IN US$M)	FY2018	FY2019	BOOKED UNDER
Closure of plants[1]	55.1	6.2	CGS, G&A and other income /expense
Gain due to loan purchase[2]	(33.6)	(16.7)	Interest income
Severance and others	7.6	6.2	G&A expense and other income/ expense
Total expense/(income) (pre-tax basis)	29.1	(4.3)	
Write-off of Deferred Tax Asset at DMFI	39.8[3]	-	Tax expense
Total (net of tax and non-controlling interest of 10.6%)	48.5	(4.5)	

1 *As part of its multiyear restructuring project to streamline operations and improve profitability, the Group closed two plants in the US in FY2018-2019.*
2 *Please refer to the "Cash Flow and Debt" section in the next page for the purchase of loan in the USA.*
3 *The Group wrote off US$39.8m of deferred tax assets at DMFI due to the change in Federal income tax rate from 35% to 21%. Other companies in the US with deferred tax assets have similar write-offs due to the reduction in income tax rates. However, this should be more than offset by the reduced tax rates in future years which will be substantial.*

Excluding one-off expenses, the Group's EBITDA would have been US$156.1 million, 5% lower versus the recurring EBITDA of US$165.0 million in the prior year. DMFI contributed an EBITDA of US$64.9 million, higher by 21% mainly from lower marketing and general and administrative (G&A) expenses while DMPL ex-DMFI generated an EBITDA of US$87.9 million, lower by 17% due to reduced sales in the Philippines.

The Group reported a net income of US$20.3 million for the full year, favourable compared to the prior year's net loss of US$36.5 million. Of the US$20.3 million of Group income, DMFI reported a loss of US$51.5 million while DMPL ex-DMFI reported a net income of US$41.9 million. This year's one-off adjustments from DMFI's continued restructuring initiatives and sale of Sager Creek were more than offset by the one-off gain worth US$16.7 million pre-tax or US$13.0 million post-tax from the additional purchase of US$105.5 million of DMFI's second lien loan at a discount in the secondary market. Total loans bought back including that of FY2018 amounted to US$231 million out of the total US$260 million.

Without the one-off items, the Group achieved a recurring net income of US$15.8 million as compared to last year's net income of US$12.0 million. DMFI had a recurring net loss of US$43.0 million from a loss of US$57.7 million in the prior year mainly due to lower sale of branded fruits and vegetables and sale of Sager residual inventory. However, DMFI's recurring loss was reduced versus prior year loss due to increased list price, lower trade promotion, marketing and G&A expenses. DMPL ex-DMFI had no one-off expenses and as such, its reported net income of US$41.9 million was also its recurring net income.

INVENTORIES

DMPL's inventories decreased to US$664.9 million as at 30 April 2019, from US$761.0 million as at 30 April 2018 mainly due to lower level of inventories in its USA subsidiary, Del Monte Foods.

CAPEX

Capital expenditures (capex) were US$121.6 million in FY2019, lower than the US$148.2 million in the prior year. DMFI accounted for US$21.7 million of Group capex in FY2019, lower than the US$37.3 million in FY2018 due to timing, while DMPL ex-DMFI's capex accounted for US$99.9 million, down from US$110.8 million in FY2018 due to lower spending on capital projects.

CASH FLOW AND DEBT

The Group's cash flow from operations in FY2019 was US$180.9 million, lower versus prior year's cash flow of US$357.0 million mainly driven by lower trade and other payables.

In FY2018, the Group purchased from certain lenders US$125.9 million worth of principal amount of DMFI's Second Lien Term Loans at a 30% discount to par value in the secondary market. In FY2019, the Group purchased an additional US$105.5 million bringing the total purchased loans to US$231.4 million out of US$260 million. The Second Lien Term Loans are the highest-interest bearing loans for DMFI with an interest rate of LIBOR or 1%, plus 7.25% (10.15% p.a. until 24 June 2019 and 9.47% thereafter) and will mature in August 2021.

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

Operating and **Financial Review**

This loan purchase is in line with the Company's plan to delever its balance sheet and improve the capital structure and profitability of the DMPL Group, through a reduction in effective interest expense of over US$10 million per annum and savings from the purchase price discount for the Second Lien Term Loans. The one-off gain of US$16.7 million pre-tax or US$13.0 million post-tax booked in FY2019, and the US$33.6 million pre-tax or US$25.3 million post-tax booked in FY2018 was a result of principal savings given the purchase discount.

The Group's net debt (cash and bank balances less borrowings) amounted to US$1.46 billion as at 30 April 2019, slightly higher than the US$1.44 billion as at 30 April 2018 due to additional loans obtained during the year. This is just a timing difference to augment working capital needs.

Out of the total net debt of US$1.46 billion, DMFI accounted for US$823 million while DMPL ex-DMFI accounted for US$634 million.

The Group's net debt to equity ratio increased to 242% from 237% in the prior year.

DIVIDENDS

In October 2018 and April 2019, respectively, the Company paid dividends to holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 April 2018 to 7 October 2018 and US$0.33125 for the six-month period from 8 October 2018 to 7 April 2019. The Series A-1 Preference Shares were listed on the Philippine Stock Exchange on 7 April 2017.

In October 2018 and April 2019, respectively, the Company paid dividends to holders of the Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.325 per Series A-2 Preference Share for the six-month period from 8 April 2018 to 7 October 2018 and US$0.325 for the six-month period from 8 October 2018 to 7 April 2019. The Series A-2 Preference Shares were listed on the Philippine Stock Exchange on 15 December 2017.

Under the Company's Articles of Association and the terms of the Preference Shares, the Company may declare and pay dividends on Common Shares provided there are adequate and available funds for dividends on Preference Shares which have priority over Common Shares. Subject to the foregoing, the Board approved a final dividend of 0.52 US cents (US$0.0052) or 0.706 Singapore cents (S$0.00706) per share representing 50% of FY2019 net profit.

	FOR THE FISCAL YEAR ENDED 30 APRIL	
	2019	**2018**
Name of dividend	Final Ordinary	Final Ordinary
Type of dividend	Cash	Cash
Rate of dividend	**US$0.0052 per ordinary share**	**Nil**
Tax rate	Nil	Nil
Book closure date	12 July 2019	Nil
Payable date	19 July 2019	Nil

SUMMARY OF DMFI'S FY2019 PROGRESS

Accelerated Innovation:
- Approved long-term innovation strategy and growth plan
- Entered Frozen category
- Expanding Centre Store and Perimeter

Non-Strategic Sales Reduction:
- USDA
- Private Label (Retail)
- Sager Creek

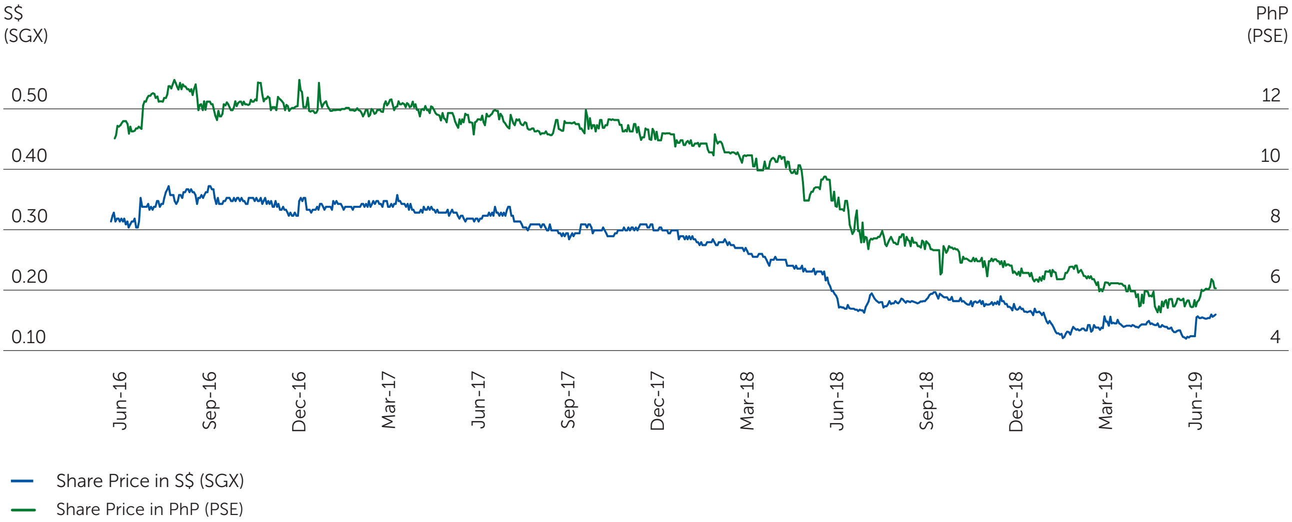
Immediate Trade & Cost Reduction:
- -US$50m FY2019 Trade Spend/Price Promotion Reduction
- 10% List Price Increase Feb 2019
- -US$100M Cost Out over 24-36 months (excludes inflation)

Reallocated Resources & New Sales Capabilities:
- Perimeter & Convenience team
- Foodservice Organisation
- Direct Retail Sales Model

Finalised Asset-Light Strategy:
- 1 Plant and 8 Warehouses idled
- US$100m reduction in inventory

Share Price **and Calendar**

DEL MONTE PACIFIC SHARE PRICE ON THE SINGAPORE EXCHANGE AND THE PHILIPPINE STOCK EXCHANGE



DEL MONTE PACIFIC SHARE PRICE HIGHLIGHTS*

	in SGX (S$)				in PSE (PhP)			
	up to 10 July 2019	2018	2017	2016	up to 10 July 2019	2018	2017	2016
Low	0.116	0.117	0.275	0.290	5.30	6.32	10.80	10.60
High	0.157	0.285	0.360	0.395	6.85	11.20	12.36	13.00
End of period	0.157	0.125	0.275	0.340	6.09	6.38	10.92	12.90
Average	0.137	0.200	0.317	0.336	6.11	8.67	11.68	11.86

**Calendar Year basis*

CALENDAR FOR FY2020 (MAY 2019 - APRIL 2020)

28 Aug 2019	FY2019 Annual General Meeting
6 Sep 2019	1Q FY2020 results announcement
11 Dec 2019	2Q FY2020 results announcement
12 Mar 2020	3Q FY2020 results announcement
24 Jun 2020	4Q FY2020 results announcement

From December onwards, the schedule is indicative and is subject to changes.

The final dates will be announced about two weeks before the results announcement.

DMPL Group's Senior Management during a results briefing in Singapore

Business **Outlook**

The DMPL Group is expected to be profitable in FY2020 on a recurring basis, i.e. without one-off items, barring unforeseen circumstances. Certain one-off expenses can be expected in FY2020 from streamlining of operations in the USA.

Propelled by its vision of "Nourishing Families. Enriching Lives. Every Day." the Group will continue to strengthen its product offering and enter new categories, in line with market trends for health and wellness, snacking and convenience. It will grow its branded business and reduce non-strategic, non-branded business segments.

Innovation, through better product and packaging development, and improved agriculture and manufacturing technology, will continue to fuel growth initiatives.

There will be more cross-selling across the different markets of the Group, bringing products from the USA to Asia and vice-versa, and more digital opportunities including e-commerce for its range of products.

DMPL's entry into the frozen pineapple segment through its joint venture with Nice Fruit will be further leveraged as the Group brings this leading Nice Frozen Dry technology and exciting product into new markets and applications for both retail and foodservice. The Group expects Nice Fruit frozen pineapple to be a growth engine across geographies particularly in Japan, China and the US.

DMPL will remain vigilant in keeping costs down, amidst an inflationary environment, through supply chain synergies and G&A cost optimisation.

The Group is committed to improve cash flow, further strengthen the balance sheet, and reduce leverage and interest expense.

USA

The Group faces headwinds from the long-term structural decline of canned categories in which it competes. Del Monte is "thinking outside the can" to meet the rapidly changing world of consumer preferences and eating habits. With consumers gravitating towards fresh, healthy food and away from physical retail stores, Del Monte had to rethink its products and how to get them in front of customers.

"We put an emphasis on products that are convenient and available on-the-go to fit people's busy lifestyles," said Bibie Wu, Chief Marketing Officer of Del Monte Foods. The company's fast track innovation efforts have produced new, incredible, better-for-you products.

The Group will continue to focus on business segments which are on-trend, pursue innovation to address growing consumer needs for more convenient, healthy and flavourful solutions, as well as build its distribution base in the growing store perimeter and emerging channels. At the same time, it will rationalise non-profitable businesses, in particular the low-margin, non-branded segment.

Over time, the product portfolio in the USA will no longer be mostly canned but will have increasingly meaningful contribution from non-can formats such as cups, cartons and pouches. New categories of frozen and snacking will be further developed. In FY2020, innovation will be out of the can. It will no longer focus solely on retail centre-of-store, but also on retail perimeter, convenience stores, foodservice and e-commerce.

The Group will continue to review its manufacturing and distribution footprint in the US to further improve operational efficiency, reduce costs and increase margins amidst expected cost headwinds including rising metal packaging prices and impact of tariffs imposed by the US. Certain one-off expenses can be expected in FY2020 from streamlining of operations.

Young consumers enjoying our new Contadina Pizzettas

In summary, for the US market:

Our imperatives

- Build Relevance – *Drive Our Advantage*
- Drive Innovation – *Think Outside of the Can*

Back to our roots

- Marketing like a brand leader
- Packaging and product innovator
- Leader in plant-based goodness

Right to win

- #1 brand with strong insights and category captaincy
- Trusted, extendable equities
- Quality fruits and vegetables
- Energised team with significantly more resources
- Strategic external partners to accelerate innovation

Long-term Transformational Focus

- Branded Growth and Development through Innovation
- Asset Light Cost Reduction
- Minimising Non-Strategic Margin Dilutive Business
- Significant Reduction in Balance Sheet Leverage

COMMERCIAL SHIFT: BRANDED GROWTH AND DEVELOPMENT THROUGH INNOVATION

	From		To	
Vegetable Transformation	Leader in Canned Vegetables 		Leader in Vegetable Goodness 	
Fruit Transformation	Leader in Canned Fruit 		Fruit Goodness made Exciting and Accessible 	
Contadina Transformation	Leader in Canned Tomato Paste 		Leader in Contemporary Italian Meal Ingredients and Solutions 	
College Inn Transformation	Leader in Canned Broth 		Leader in Rich Savoury Stocks 	
Other Initiatives	Frozen Riced Vegetables 	Frozen and Refrigerated Pineapple 	Single-Serve Fruit 	Quality Kitchen Ingredients 

Business **Outlook**

TRANSFORMATION – A 130 YEAR OLD "START UP"

Del Monte in Recent Years	Del Monte of the Future	Progress Made
Exclusive focus on declining centre-of-store grocery categories	Portfolio extended into high-growth and high-margin categories sold across diverse channels	✓
Limited innovation and investment to contemporise brands	Revitalised and strengthened brands supported by category-leading innovation and marketing	✓
Pricing and margin erosion driven by excessive price promotion and non-strategic business	Best-in-class revenue management focused on strategically relevant categories	✓
Significant declines in profitability driven by increased COGS and no effort to pass through net inflation	A disciplined cost containment approach and a commitment to consistently reduce cost and pass through net inflation	✓
Bloated supply chain with excess inventory and underutilised manufacturing assets	Streamlined supply chain (internal and co-pack) supporting base demand and growth platforms	✓
Lack of internal alignment, communication and culture of continuous improvement	A dynamic culture, aligned on priorities, and focused on continuous improvement	✓
A Canned Food Company	**A Consumer-Driven Packaged Food Innovator**	

ASIA

DMPL will continue to expand its existing branded business in Asia, through the *Del Monte* brand in the Philippines, where it is a dominant market leader. *S&W*, both fresh and packaged, will gain more traction as it leverages its distribution expansion in Asia and the Middle East while the Group's joint venture in India will continue to generate higher branded *Del Monte* sales and continue to yield positive EBITDA.

Philippines

In the Philippines, the Group will continue to drive increased consumption frequency amongst a wider base of consumers through sustained investments in product innovation, advertising, and expanded trade availability. It experienced a setback in FY2019 with distributorship issues, as discussed in the Operating and Financial Review section. With active steps taken to strengthen the general trade, sales and profitability in FY2020 are expected to rebound and improve against the prior year.

Tomato Sauce campaign in the Philippines

In addition, it expects to take full advantage of the fast-growing foodservice industry by forging strategic tie-ups with key foodservice accounts, including quick service restaurants and convenience stores.

As the Philippine economy continues to grow, as the company innovates with new healthy products, and expands into new channels and market segments, it is well positioned to grow further.

Asia through S&W

The significant expansion of *S&W* in recent years has been driven by rising demand for fresh pineapples and sustained by increased supply of high quality fresh pineapples from the Group's plantation in Bukidnon, Philippines. The Group will continue to scale up this fast-growing, high-margin business in driving revenue and profitability.

It will also expand its packaged segment through new markets, partnerships, new products, including frozen pineapple that has been launched in 7-Eleven Japan, while growing the base products in retail and foodservice channels, as well as e-commerce. Co-branding of *S&W* with *St Mamet* in France, *Goodfarmer* in China and *Farmind* in Japan will be further developed, and cross-selling of products and brands from the USA and the Philippines to other markets in Asia will continue. The *S&W* team has already brought the Group's US *Contadina* brand to China and *College Inn* to Hong Kong.

India

In line with its commitment to health and wellness, FieldFresh, our joint venture in India, will focus on improving the nutritional profile of its key offerings in retail in the coming year. The company will continue to expand *Del Monte's* presence in traditional trade by leveraging a low-unit price portfolio of condiment and pasta offering, while also riding on the growth of e-commerce to overcome the constraints of physical distribution, and reach out directly to relevant consumers in smaller towns.

Given the strong underlying momentum in its base foodservice business and the above factors, FieldFresh remains confident in maintaining its track record of delivering double-digit growth.

Sought after S&W Sweet 16 pineapples

College Inn from USA now available in Hong Kong

Del Monte spreads with unique flavours such as Tandoori Mayo now in smaller affordable pouches

Risk **Management**

ENTERPRISE-RISK MANAGEMENT PROGRAMME

The Group has an established enterprise-wide risk management programme that aims to provide a structured basis for proactively managing financial, operational, compliance, information technology and sustainability risks in all levels of the organisation.

Risk management is a regular board agenda item.

PRINCIPAL RISK	SPECIFIC RISK WE FACE	MITIGATION
Working Capital Management	Working capital management impacts the Group's ability to manage vendor payments.	• Execute the Group's strategic plans to improve cash flow and profitability by strengthening the core business • Streamline manufacturing footprint to improve inventory management • Monitor receivables and payables to improve working capital • Support affiliate companies with credit lines to fund working capital requirements
Supply Chain Optimisation	Network manufacturing and distribution capacity is not optimised, resulting in increased costs.	• Rationalise the Group's manufacturing and distribution footprint • Use co-manufacturers to variabilise manufacturing assets, increase speed to market and introduce new capabilities • Implement a robust transformation programme that instills ownership and accountability across the supply chain and support function to deliver the plans • Manage relationships with growers and renegotiate contracts to meet requirements
Operations	As an integrated producer of packaged and fresh fruit products for the world market, the Group's earnings are inevitably subject to certain other risk factors, which include general economic, market and business conditions, change in business strategy or development plans, international business operations, production efficiencies, input costs and availability, disruption of logistics and transportation facilities, litigious counterparties, insurgent activities and changes in government regulations, including environmental regulations.	• Develop and execute a long-term strategic plan and annual operating plan with clear targets and accountabilities, supported by a business continuity plan, risk management and a corporate sustainability programme • Enhance relevance of existing products across key brands and segments through consumer communication and marketing strategy • Transform operational processes by streamlining, simplifying and standardising processes and procedures where appropriate • Implement price adjustments to cover cost inflation • Optimise packing operations, procurement, logistics and transportation cost • Pursue productivity-enhancing and efficiency-generating work practices and capital projects • Continue to comply with new legislations on the environment, taxation and labour that affect operations and proactively develop strategies to reduce the impact of these regulations • Manage security risks in operating units in the Philippines by strengthening security measures and improving stakeholder relations in local communities

PRINCIPAL RISK	SPECIFIC RISK WE FACE	MITIGATION
Financial Leverage and Capital Structure	The Group has long-term acquisition financing resulting in a leveraged balance sheet. Risks would arise if there is a general economic or industry slowdown that may impact the Group's performance, which subsequently may affect the Group's ability to service its interest and principal obligations.	• The Group successfully completed the offering and listing of about US$300 million Preference Shares in the Philippines in April and December 2017, with a coupon rate of 6.625% p.a. and 6.5% p.a., respectively. Proceeds of the capital-raising were used to repay debt. • To date DMPL has purchased about US$231 million of Second Lien Term Loans (as of April 2019) at a discount in the secondary market, providing the Group with significant principal and interest savings • The Group expects to meet its financial obligation by generating more cash flows through the following: – Improved cash flows in the US which accounts for approximately 70% of Group sales – Expected cost savings from selling, general and administrative expense reduction initiatives, managing working capital, production levels, productivity enhancements and operational efficiencies – Expected sales and profit growth in the Asian business with the continuous expansion of the *S&W* brand in Asia and the Middle East, especially in the fresh business, and growth of the Philippine business through its market leadership position • The Group manages its interest rate risk by swapping variable with fixed interest rates – The majority of the term acquisition loans in the USA had been swapped to fixed rates in February 2014, which took effect beginning February 2016 until 2021
Innovation	The Group's branded business in the USA, the Philippines and the Indian subcontinent through the *Del Monte* brand, and in Asia and the Middle East through the *S&W* brand, is affected by evolving consumer preferences and trends. Product innovation is one of the Group's strategic pillars. The success of new product launches is key to the attainment of the Group's strategic plan.	• Develop new products that improve category trends, expand into new channels and white space, generate sales growth and profitability • Execute and fast-track the Group's innovation strategy by prioritising projects • Ensure new product launches and platform criteria are met to improve likelihood of new product success and breakthrough by implementing the following measures: – Increase resources on innovation – Establish new capabilities to extend reach of portfolio into new growing channels – Prioritise effective execution and project management to improve profitability and cash flow • Shift to branded, value-added and packaged products by limiting private label business • Leverage brand heritage for growth and position new products that address consumer needs and preferences

Risk **Management**

PRINCIPAL RISK	SPECIFIC RISK WE FACE	MITIGATION
Talent Management	The Group's capability to acquire and retain talent has an impact on the execution of the strategic plan. New labour regulation in the Philippines on regular and hired employees and occupational health and safety, increase the direct labour cost of manufactured goods.	• In the US, the Group has strengthened its leadership by hiring new talent in Sales, Marketing, Finance, Human Resources, Research and Development and Operations • Long-term incentives and retention plans are in place for key positions • Employee engagement and regular communication create a positive culture and help retain talent • Good execution of the strategy will significantly improve results and the ability to reward talent • Comply with new labour legislation and proactively develop productivity-enhancing and efficiency-generating work practices and strategies to reduce the impact of these new regulations
Tax	In the Philippines, the government passed a new regulation in 2018, Tax Reform for Acceleration and Inclusion (TRAIN), which applies a tax on beverages with added sugar, petroleum products and coal, among others, which impact the cost of goods. Sixty percent of the Group's beverage products, namely 100% juices, are not subject to this tax. The Group may lose certain tax incentives should it fail to comply with the conditions, or through new tax legislation rationalising incentives. The Group may be exposed to additional losses from write-offs of deferred tax credits should the operations in the US continue to incur losses.	• Reduce the impact of the sugar tax by spreading the price adjustment across categories in order to temper the beverage price adjustment and protect consumption and volume • Optimise production of 100% juice which is exempt from the sugar tax and work on product reformulation to mitigate the impact • Work on cost savings from sales, general and administrative expense reduction initiatives, management of working capital, production levels, productivity enhancements and operational efficiencies • Implement measures to comply with conditions related to the tax incentive • Proper execution of the Group's strategic and annual operating plan to meet its projected income in the US
Environmental Risks	Production output is subject to certain risk factors relating to weather conditions, catastrophes, crop yields, crop diseases, contract growers and service providers' performance and leasehold arrangements. There is no assurance that natural catastrophes or climate change will not materially disrupt the Group's business operations in the future or that the Group is fully capable to deal with these situations with respect to all the damages and economic losses resulting from these risks. Our business in the US operates and contractually grows food in the United States where water availability may be at risk due to drought and limited water supply, new regulations on fresh water use and grey water discharges and increasing cost.	• The Group develops and executes a long-term strategic plan and annual operating plan, supported by risk mitigation measures • The Group also has in place disaster recovery plans and business continuity plans and has implemented programmes and initiatives to mitigate the effects of climate change • The Group has Good Agricultural Practices (G.A.P.) certifications and complies with agricultural standards • To manage any impact from heavy rainfall and floods, plantings are done in various locations to minimise tonnage loss, and towing units have been augmented to ensure continuity of harvest during wet conditions • The Group also works with insurance brokers to assess the risk exposure and secure adequate insurance coverage, if cost effective

PRINCIPAL RISK	SPECIFIC RISK WE FACE	MITIGATION
Cyber Security	The increasing global incidence of cyberattacks on Company servers and websites demonstrates the need to strengthen and improve security of the Group's systems and avoid breach. Cyberattacks can disrupt operations such as exploiting weaknesses in network devices and servers, corrupting information and stealing confidential data which can lead to financial losses.	• The Group develops and implements the following measures to counter and eliminate cyberattacks from outside sources: – Adopt industry best practice to strengthen network security such as updating security patches to the system and encrypting workstations – Incidence response strategy – Continue to monitor progress, emerging risks and control and prioritise improvements by the Data Protection and Privacy Security Task Force – Design and implement security policies and control at each local site – Implement cybersecurity awareness and training to all employees – Deploy effective security governance to outside sites • The Group has engaged a third party to audit its systems and mitigate such risks
Group Assets	The Group assets are exposed to various risks relating to the assets of, and the possible liabilities from, its operations.	• To safeguard its assets, the Group assesses its risk exposure annually with its insurance brokers and insurance companies • Assets are generally insured at current replacement values • Additions during the current year are automatically included with provision for inflation protection • During the financial year in review, all major risks were adequately covered, except where the premium costs were considered excessive in relation to the probability and extent of a loss

Sustainability

UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations (UN) released a 15-year agenda that was created by world leaders in September 2015. This was coined as the "Sustainable Development Goals" (SDGs).

The Sustainable Development Goals are a call for action by all countries to promote prosperity while protecting the planet. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs, including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

The SDGs are aimed to materialise by 2030 following the success of their predecessor Millennium Development Goals (MDGs) that were centered on eliminating poverty in all forms.

Sustainable Development is defined by the UN as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

The campaign calls for a collaborative effort to promote prosperity while protecting the planet with the main objective to end global poverty through the following:

- Build economic growth
- Address social needs: education, health, social protection and job opportunities
- Respond to climate change, environmental protection, and social injustices

Source: United Nations website on Sustainable Development Goals - https://www.un.org/sustainabledevelopment/

Sustainability

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

- **50 supplier partners** provide various goods and services in the Philippines
- **15,000 families** directly or indirectly depend on the Company

2 ZERO HUNGER

- Del Monte in the US is a Mission Partner of **Feeding America**
- **2,465,140 kilos** of canned fruits and vegetables to relieve hunger
- **30,000 cases** contribute to ending hunger
- **Global GAP** certified plantation in the Philippines
- Over **90 years**, the foundation of sustainable agriculture practices is efficient land use

3 GOOD HEALTH AND WELL-BEING

- In the US, Del Monte has more ***No-Sugar-Added*** fruit products, ***No Salt-Added*** and ***Reduced-Sodium*** vegetable products than other brands
- **97%** of all Del Monte products in the US are **preservative-free**
- All culinary products contain **100% zero trans fat**
- All S&W fresh fruit contain about **100 milligrams of Bromelain enzyme** per cup

4 QUALITY EDUCATION

- **320 high school and college youth** were granted scholarships to various schools

5 GENDER EQUALITY

- Ratio of **65 % men** and **35% women**

6 CLEAN WATER AND SANITATION

- **98% of Del Monte tomato growers** utilise drip irrigation for targeted application of water and fertiliser
- **6% reduction** in water usage in litres per case produced by the bottling plant
- **56 sanitary toilets** built by the Foundation for families residing near the plantation in the Philippines

7 AFFORDABLE AND CLEAN ENERGY

- **6,400 solar panels** generate **1.2 MW** in the Hanford facility in the USA
- Renewable energy contributes **35% of the cannery's electricity**

8 DECENT WORK AND ECONOMIC GROWTH

- **750 community graduates** completed technical and vocational training on various courses, such as welding, pastry production, and basic driving, and passed the certification assessment of TESDA
- **406 Home Care Education Programmes** conducted by the Foundation to teach women proper nutrition, preventive health, family planning, herbal remedies, emergency care and livelihood skills, amongst others
- Workers are paid **above the minimum wage** and average rates in the industry

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- ***Del Monte Fruit & Oats*** won **"Product of the Year"** based on 40,000 consumer votes on product innovation
- **162 reformulated products** by the Group
- **5 drones** are used for mapping in Bukidnon, Philippines

10 REDUCED INEQUALITIES

- Diversity in the workplace regardless of race or gender
- Discrimination on the basis of nationality, ethnicity, religion, age and gender is against the **Group's Code of Business Ethics**
- Child and forced labour or any form of exploitation are not allowed
- **13 labour service providers** audited for labour compliance in FY2019

11 SUSTAINABLE CITIES AND COMMUNITIES

- Close to **15,200 farm and production people** employed in Mindanao from surrounding local communities
- Plantation employees live with their families in **about 1,200 company-owned houses and dormitories** in the Philippines

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Reduced **1,755 metric tons** of corrugated carton and **533 metric tons** of tin cans since 2009 in the US

13 CLIMATE ACTION

- **570,273 MT CO_2** equivalent net carbon sequestration making DMPI **carbon negative**
- Work with farmers on various sustainability initiatives to address climate change in the US

14 LIFE BELOW WATER

- Cleansed cannery water discharged at Macajalar Bay has Biochemical Oxygen Demand levels **below government mandated levels at 100 mg/L**
- The Cabuyao bottling plant received the **Gintong Lawa (Golden Lake) Award** for its Vetiver Project
- **Clean-up Day** and **Adopt-A-Creek Projects** conducted in the Philippines

15 LIFE ON LAND

- **30,000 assorted hardwood and fruit** bearing trees planted in the Philippines
- Tree planting programme in Mindanao, Philippines started using mostly endemic tree species seedlings

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Won **13 Singapore Corporate Awards** for 9 consecutive years since 2010, a significant achievement amongst companies listed in Singapore
- **2 employee unions** of the cannery and plantation signed memorandums of agreement in FY2018 covering enhanced economic and social benefits for its members

17 PARTNERSHIPS FOR THE GOALS

- DMFI is a member of the **Sustainable Packaging Coalition**
- Del Monte Foundation partners with the **Technical Education and Skills Development Authority** for trainings conducted in the Philippines
- Foundation provides start-up assistance of the **Department of Social Welfare and Development** or **Local Government Units** to self-employed people

Sustainability

SDG	DMPL'S CONTRIBUTION
1 NO POVERTY	Provide employment to people in local communities
2 ZERO HUNGER	Improve food production through sustainable agriculture and nutrition through the product portfolio
3 GOOD HEALTH AND WELL-BEING	Offer quality food and beverage products that promote health and wellness across demographic segments
4 QUALITY EDUCATION	Provide communities with access to proper education and skills training
5 GENDER EQUALITY	Promote a diverse workforce of women and men, and equitable livelihood opportunities
6 CLEAN WATER AND SANITATION	Improve water consumption efficiency, provision of clean drinking water and adequate sewage disposal
7 AFFORDABLE AND CLEAN ENERGY	Invest in renewable energy and optimise efficiency across energy sources
8 DECENT WORK AND ECONOMIC GROWTH	Provide communities with sustainable livelihood opportunities and decent work environment
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Promote innovation, leverage technology to improve production efficiency and infrastructure resilience

SDG	DMPL'S CONTRIBUTION
10 REDUCED INEQUALITIES	Comply with labour laws and promote equal opportunity for men and women
11 SUSTAINABLE CITIES AND COMMUNITIES	Provide communities with a sustainable living environment
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Reduce and manage waste in production, promote clean emissions and effluent
13 CLIMATE ACTION	Implement climate change risk mitigation and reduce greenhouse gas emissions
14 LIFE BELOW WATER	Conserve marine life by treating waste that goes to waterways
15 LIFE ON LAND	Protect biodiversity through sustainable agricultural practices and promote environmental stewardship of natural resources
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Uphold good governance in the company and promote industrial peace
17 PARTNERSHIPS FOR THE GOALS	Pursue global partnerships for sustainable development

For more information, please refer to DMPL's FY2019 Sustainability Report.

Corporate **Governance**

Del Monte Pacific Limited (Company or DMPL) is committed to the highest standards of corporate governance and supports the principles of openness, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited (SGX-ST), and similarly upheld by The Philippine Stock Exchange, Inc (PSE) and the Philippine Securities and Exchange Commission (SEC).

The Board of Directors (Board) and Management are also committed to use their best endeavours to align the Company's governance framework with the recommendations of the 2012 Code of Corporate Governance issued on 2 May 2012 by the Monetary Authority of Singapore (MAS) (2012 Code) and the SEC Code of Corporate Governance for Publicly Listed Companies which took effect on 1 January 2017 (SEC CG Code), as well as the Singapore Governance and Transparency Index (SGTI) and the ASEAN Corporate Governance Scorecard (ACGS). In addition, the Board and Management are cognizant of the 2018 Code of Corporate Governance issued on 6 August 2018 by the MAS (2018 Code) and where possible, had voluntarily elected for early adoption of certain provisions contained in the 2018 Code.

The Company confirms that it has adhered to the principles and guidelines set out in the 2012 Code and the SEC CG Code, where applicable, and has identified and explained areas of non-adherence in this report. Areas adopting the 2018 Code are also specifically identified.

This report describes the Company's corporate governance policies and practices with specific reference made to each of the principles of the 2012 Code and certain provisions of the 2018 Code (where stated) in compliance with the Listing Manual of the SGX-ST.

BOARD MATTERS

Principle 1
The Board's Conduct of Affairs

The Board oversees Management and ensures that the long-term interests of the Company's shareholders are served.

The Board provides entrepreneurial leadership and sets the strategic direction for the Company which includes sustainability matters. The Company's summary Sustainability Report can be found in the "Sustainability" section of this Annual Report. (The complete Sustainability Report is available for download from www.delmontepacific.com and upon request starting August 2019).

The Board is responsible for the overall policies and integrity of the Group to ensure success. The Board will, amongst other things, review on an annual basis: (i) the vision, mission and strategy of the Company; and (ii) Management's performance. The Board had, on 20 June 2019, reviewed and confirmed the vision and strategy of the Company.

The Board has adopted a set of internal guidelines specifying matters requiring the Board's approval. These include approval of the Group's strategic plans, appointment of Directors and Key Management Personnel, annual budgets, major investment proposals, and review of the financial performance of the Group. Key Management Personnel refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board, on the recommendation of the Remuneration and Share Option Committee (RSOC), also approves all remuneration matters of Key Management Personnel.

The Company has established guidelines setting forth matters reserved for the Board's decision. Management was also given clear directions on matters (including set thresholds for certain operational matters relating to subsidiaries) that require the Board's approval.

Certain material corporate actions or material transactions that require the Board's approval include:

- the Group's strategic plans;
- the Group's annual operating plans (AOP);
- quarterly results announcements;

Corporate **Governance**

- annual results and financial statements;
- issuance of shares or securities, and grant of share awards or options;
- remuneration and HR matters;
- declaration of dividends;
- convening of shareholders' meetings;
- merger and acquisition transactions;
- certain interested person transactions;
- major transactions and investments exceeding certain thresholds;
- capital expenditure exceeding certain material limits;
- gearing levels and financial risk appetite of the Group; and
- succession plans for Key Management Personnel, including appointments and the appropriate level of compensation.

The Company's Memorandum of Association and Articles of Association require Directors to abstain from participating in Board discussions on a particular agenda item if they are conflicted.

The Board likewise reviews and approves all corporate actions for which shareholders' approval is required.

To facilitate effective management, certain functions have been delegated to various Board committees, each of which has its own written terms of reference (TOR) and whose actions are reported to, and monitored by, the Board.

The Board committees, namely, the Audit and Risk Committee (ARC), the Nominating and Governance Committee (NGC), and the RSOC support the Board in discharging its responsibilities. The role and powers of each of the Board committees are set out separately in this Report. Each committee has been constituted with a clearly written TOR that sets out its duties, authorities and accountabilities. The TORs are reviewed on a regular basis (at least once annually) to ensure continued relevance and consistency with the 2012 Code and the SEC CG Code.

To achieve its goals, the Board ensures that the Company is equipped with the necessary financial, technical and human resources. The Board, together with Management, shapes the Company's values and standards to be more strategic, innovative and global in its mindset and outlook.

The Board works closely with Management to drive the Group's business to a higher level of success. Management is accountable to the Board and its performance is reviewed by the Board annually. The Board approves the AOP with key performance metrics. The Board then sanctions and works with the Del Monte Performance Management System as a tool for alignment on annual key result areas (key results performance objectives, with assigned weight and ratings).

The Board has also put in place a framework of prudent and effective controls that allows risks to be assessed and managed, including the safeguarding of shareholders' interests and the Company's assets.

The Board ensures that obligations to shareholders and other stakeholders are understood and complied with. Stakeholders include shareholders, business partners, suppliers, communities (in areas where the Group has a presence), customers and employees. With the Company Secretary's assistance, the Board and Management are kept continually apprised of their compliance obligations and responsibilities arising from various regulatory requirements and changes.

The Board meets at least quarterly, or more frequently when required, to review and evaluate the Group's operations and performance, and to address key policy matters.

Board meetings are scheduled to enable the Board to perform its duties. These meetings are scheduled before the start of each financial year. Management endeavours to provide Board papers to the Board at least five business days before the date of meetings.

During the year in review, the Board held six meetings. The Company's Articles of Association allow for tele-conference and video-conference meetings to facilitate participation by Board members and Management.

Corporate **Governance**

Attendance for FY2019
(from 1 May 2018 to 30 April 2019)

Directors	Board Meetings	Audit and Risk Committee Meetings	Remuneration and Share Option Committee Meetings	Nominating and Governance Committee Meetings	Annual General Meeting	General Meetings
Mr Rolando C Gapud	6	NA	NA	3	1	2
Mr Joselito D Campos, Jr	6	NA	NA	NA	1	2
Mr Edgardo M Cruz, Jr	6	NA	NA	3	1	2
Mr Benedict Kwek Gim Song	6	5	3	3	1	1
Mr Godfrey E Scotchbrook	6	5	3	3	1	1
Dr Emil Q Javier	6	5	3	3	1	2
Mrs Yvonne Goh	6	5	3	3	1	2
Total No. of Meetings Held	**6**	**5**	**3**	**3**	**1**	**2**

New Directors undergo an orientation programme whereby they are briefed by the Company Secretary on their obligations as Directors, as well as the Group's corporate governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They are also briefed by Management on the Group's industry and business operations. Ongoing orientation includes visits to the Group's plantation and manufacturing facilities for Board members to gain a first-hand understanding and appreciation of the Group's business operations. During the year in review, there was no appointment of new Director in the Company.

Timely updates on developments in accounting matters, legislation, jurisprudence, government policies and regulations affecting the Group's business and operations are likewise provided to all Directors. The Board was duly updated on the 2012 Code and SEC CG Code, as well as on any developments or changes to relevant laws and related matters. The Board also receives regular training updates on matters affecting the Group's business and operations. In addition, all Directors are required to undergo annual continuing training as may be relevant to the effective discharge of their responsibilities, at the expense of the Company, as set out in the table below:

DIRECTORS AND OFFICERS TRAINING AND SEMINARS ATTENDED IN FY2019 (MAY 2018 – APRIL 2019)

Date	Location	No. of hours	Training/Seminar/Conference	Organiser	Attendees
16-18 Jul 2018	USA	24.0	IFT 18 – A Matter of Science + Food	Institute of Food Technologists	Ma Bella Javier
26 Jul 2018	Singapore	2.0	Executive and Directors Remuneration	SID	Benedict Kwek
31 Jul 2018	Singapore	6.0	Disruptive Technologies for Directors	SID	Yvonne Goh
25 Sep 2018	Singapore	8.0	Listed Entity Director Essentials	SID	Yvonne Goh
25 Sep 2018	Singapore	2.0	Guide to Annual Reports in Singapore 2018	Black Sun	Ignacio Sison
3 Oct 2018	Singapore	2.0	2018 Singapore Directorship Report & CG Guides	SID	Yvonne Goh
8 Oct 2018	Manila	8.0	GRI Sustainability Summit: Together Towards a Sustainable Philippines	GRI	Ignacio Sison
17 Oct 2018	Manila	4.0	Digital Security Risk Management in Corporate Governance and Update on the Enforcement of the Anti-Money Laundering Act of 2001 as amended and the 2016 Implementing Rules and Regulations	Philippine Corporate Enhancement and Governance, Inc	Edgardo Cruz, Jr and Antonio Ungson
20 Oct 2018	Manila	4.5	Advanced Corporate Training Course on Digital Trade-offs and Data Privacy	Institute of Corporate Directors	Emil Javier
21-25 Oct 2018	France	32.0	SIAL 2018 – International Food Exhibition	SIAL – Comexposium	Ma Bella Javier
23 Oct 2018	Manila	8.0	5th SEC-PSE Corporate Governance Forum: Ushering in the Era of Sustainability and Sustainable Business	SEC and PSE Philippines	Edgardo Cruz Jr and Ignacio Sison
24 Oct 2018	Singapore	2.0	Independent Directors and the Integrity Agenda	Ernst & Young	Yvonne Goh
2 Nov 2018	Singapore	2.0	Ethics & Corruption	SID	Yvonne Goh
6 Nov 2018	Manila	2.5	Digital Transformation	Boston Consulting Group	Ignacio Sison

Corporate **Governance**

Date	Location	No. of hours	Training/Seminar/Conference	Organiser	Attendees
7 Nov 2018	Manila	1.5	War for Talent: Winning in the Age of Digital Disruption	Boston Consulting Group	Ignacio Sison
14 Nov 2018	Singapore	16.0	Disruptive Innovation for Sustainability in Food and Agriculture	Rabobank	Ignacio Sison
6 Dec 2018	Manila	4.0	Corporate Governance Forum	Risks, Opportunities, Assessment and Management, Inc	Joselito Campos, Jr
7 Dec 2018	Singapore	4.0	Nominating Committee Essentials (Instructor)	SID	Yvonne Goh
16 Jan 2019	Singapore	2.0	ACRA-SGX-SID Audit Committee Seminar 2019	ACRA, SGX and SID	Benedict Kwek
26 Jan 2019	Manila	6.0	Propak Philippine 2019 – International Processing & Packaging Trade Event	UBM Exhibitions Philippines Inc	Ma Bella Javier
31 Jan 2019	Bangkok	8.0	Invest Cannabis Asia 2019	Everbrite UK	Ma Bella Javier
Mar 2019	Hong Kong	2.0	Sustainable Practices in the Supply Chain		Godfrey Scotchbrook
Mar 2019	Hong Kong	2.0	Environment Health and Safety		Godfrey Scotchbrook
19, 20 March and 3 April 2019	Manila	24.0	Various Mandatory Continuing Legal Education Courses	Asian Center for Legal Excellence	Antonio Ungson
11 Apr 2019	Manila	4.5	2019 Revised Corporation Code of the Philippines	Center for Global Best Practices	Edgardo Cruz Jr
12 Apr 2019	Manila	4.0	SEC-PSE Conference on Building a Sustainable Business Community	Securities and Exchange Commission and the Philippine Stock Exchange	Ignacio Sison
9 May 2019	Hong Kong	2.0	Seminar on Cybersecurity		Godfrey Scotchbrook
14 May 2019	Singapore	2.0	Breaking the Rules : An Insider's Perspective	SID	Yvonne Goh

The NGC has formalised procedures for the selection, appointment and re-appointment of Directors. Letters of appointment are issued to new Directors setting out their duties, obligations and terms of appointment, as appropriate.

The Board is of the view that all Directors objectively discharge their duties and responsibilities at all times as fiduciaries, in the best interest of the Company.

The Board received the Best Managed Board (Gold) Award twice from the Singapore Corporate Awards (for companies with a market capitalisation of between S$300 million to less than S$1 billion), and it will continue to uphold the Company's high standards of corporate governance.

Principle 2
Board's Composition and Guidance

The Board comprises seven Directors, three of whom are Executive Directors. The four Non-Executive Directors are Independent Directors. The composition of the Board is as follows:

Mr Rolando C Gapud	Executive Chairman
Mr Joselito D Campos, Jr	Managing Director and CEO
Mr Edgardo M Cruz, Jr	Executive Director
Mr Benedict Kwek Gim Song	Lead Independent Director
Mr Godfrey E Scotchbrook	Independent Director
Dr Emil Q Javier	Independent Director
Mrs Yvonne Goh	Independent Director

The profiles of the Directors, including information on their appointments and re-appointments, are set out in the "Board of Directors" section of this Report.

Corporate **Governance**

Lead Independent Director

Mr Benedict Kwek Gim Song acts as the Lead Independent Director and is the principal liaison to address shareholders' concerns, for which direct contact through normal channels of the Chairman, CEO or Management has failed to resolve, or for which such contact is inappropriate. His role as Lead Independent Director includes the following:

- Act as liaison between the Independent Directors and the Chairman of the Board, and lead the Independent Directors to provide a non-executive perspective in circumstances where it would be inappropriate for the Chairman to serve in such capacity, and contribute a balanced viewpoint to the Board;

- Advise the Chairman of the Board as to the quality, quantity and timeliness of information submitted by Management that is necessary or appropriate for the Independent Directors to effectively and responsibly perform their duties;

- Assist the Board in better ensuring compliance with, and implementation of, governance guidelines; and

- Serve as a liaison for consultation and communication with shareholders.

The Board is of the view that a strong element of independence is present on the Board with Independent Directors making up more than half the Board. The Board exercises objective and independent judgment on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making.

The Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against pre-determined goals and objectives. Their views and opinions provide an alternative and objective perspective to the Group's business. The Directors exercise independent judgment and discretion on the Group's business activities and transactions, in particular, in situations involving conflicts of interest and other complexities.

The NGC, on an annual basis, determines whether or not a Director is independent, taking into account the 2012 Code's definition.

Independence is taken to mean that Directors have no relationship with the Company, or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment. Disclosures of Directors' interests and their interest in transactions are standing agenda items in all Board meetings, and would be circulated and tabled for Board members' information, as appropriate.

The 2012 Code states that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

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

As part of this rigorous review, Board members were asked to share their observations on how the Independent Directors whose tenure had exceeded 9 years, namely Messrs Benedict Kwek Gim Song, Emil Q Javier and Godfrey Scotchbrook, have demonstrated their independence on the Board. Board members were invited to cite, as appropriate, specific instances and examples.

The results were analysed and discussed at the NGC and Board meetings. It was concluded that there is a strong sense of independence amongst all Board members. Management is constantly challenged and questioned on proposals that come before the Board with all Directors engaging in thorough and robust discussion and deliberation, taking into consideration the interest of the Group's stakeholders.

Corporate **Governance**

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

Each member of the NGC had abstained from deliberations in respect of the assessment on his own independence.

The Directors also bring invaluable experience, extensive business network and expertise in specialised fields, such as strategic planning, mergers and acquisitions, corporate finance and restructuring, accounting, marketing and business development, risk and crisis management, corporate communications, investor relations, corporate governance and agronomy.

The size, composition, range of experience and the varied expertise of the current Board allow discussions on policy, strategy and performance to be critical, informed and effective.

The Board has adopted a Board Diversity Policy which recognises the importance of diversity. The Board firmly believes that its effectiveness and decision-making will be enhanced as it harnesses the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of its own diverse Board.

The NGC is responsible for administering this policy and for evaluating it annually.

During the year in review, the Independent Directors met more than once without the presence of the Executive Directors and Management.

Principle 3
Chairman and Chief Executive Officer

There is a clear division of executive duties and responsibilities in the Company, providing checks and balances to ensure that there is no concentration of power, in any one individual and that accountability is increased. The Company's business is managed and administered by the Managing Director and CEO, Mr Joselito D Campos Jr, whilst the Board is headed by Mr Rolando C Gapud as Executive Chairman. The Chairman of the Board and the CEO are not related to each other.

The duties of the Executive Chairman include, amongst other things, providing leadership to the Board and ensuring the effectiveness of the Board in all aspects, leading the Company in its relationships with stakeholders and setting the course for the Company to reach greater heights. He works closely with the CEO, as well as the business unit heads on strategic planning. He leads the Board in charting the strategic roadmap of the Company including setting the vision and the key initiatives to achieve it. He is in the forefront of any acquisitions, joint ventures and strategic alliances of the Company.

The Executive Chairman also sets the tone of Board meetings to encourage proactive participation and constructive discussions on agenda topics. At Board meetings, he ensures that adequate time is available for discussion of all agenda items, in particular, discussions on strategic matters and issues. Constructive relations between the Board and Management are encouraged, as with Executive Directors and Non-Executive Directors. The Executive Chairman ensures that Directors and shareholders alike, receive clear, timely and accurate information from Management, thus maintaining the Company's high standards of corporate governance.

Corporate **Governance**

The duties of the CEO include, amongst other things, determining the Company's strategic direction, formulating, executing and implementing the strategic plan together with its Key Management Personnel. He communicates and implements the Company's vision, mission, values and overall strategy, and promotes any organisation change in relation to the same. He oversees the operations of the Company, and manages the human and financial resources in accordance with the strategic plan. The CEO ensures that he has an intimate working knowledge of the Company's industry and market, and keeps up to date with developments in both. He also directs, evaluates and guides the work of the Company's Key Management Personnel, provides the Board with timely information, and interfaces between the Board and Management. He builds the corporate culture and motivates the Company's employees, and serves as the link between the Company and its stakeholders.

Principle 4
Board Membership

The Nominating Committee was set up on 7 February 2003 and renamed on 29 June 2017 as the Nominating and Governance Committee to include corporate governance matters in its functions. It currently comprises the following members, a majority of whom, including the Chairperson, are Independent Directors:

Mrs Yvonne Goh	NGC Chairperson
Mr Benedict Kwek Gim Song	Member
Mr Godfrey E Scotchbrook	Member
Dr Emil Q Javier	Member
Mr Rolando C Gapud	Member
Mr Edgardo M Cruz, Jr	Member

Under its TOR, the NGC is responsible for reviewing the Board's composition and effectiveness, and determining whether Directors possess the requisite qualifications, skills, experience and expertise to meet the Company's needs, and whether their independence is compromised. The NGC also oversees succession planning for Directors and Key Management Personnel of the Group. The NGC is also tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices recommended by the 2012 Code and the SEC CG Code and where possible, with certain provisions of the 2018 Code.

All appointments and re-appointments of Directors are first reviewed and considered by the NGC and then recommended for approval by the Board. The NGC has formalised this process and has adopted procedures for the selection, appointment and re-appointment of Directors in order to increase transparency of the nominating process.

The NGC evaluates the balance of skills and competencies on the Board and, in consultation with the Chairman of the Board determines the desired skill sets and qualities for a particular appointment.

The NGC does not usually but may consider engaging the services of search consultants to identify prospective Board candidates if the need so arises. The NGC currently considers recommendations and referrals from other sources, provided the prospective candidates meet the qualification criteria established for the particular appointment.

The NGC undertakes the process of identifying the quality of Directors aligned with the Company's strategic directions. The NGC evaluates the suitability of a prospective candidate based on her or his qualifications and experience, ability to commit time and effort in the effective discharge of duties and responsibilities, independence, past business and related experience, and track record. The NGC identifies any core competencies that will complement those of current Directors on the Board.

The NGC is also tasked with reviewing the performance and contribution of the Directors in order to nominate them for re-election or re-appointment. The NGC will review, in particular, the Directors' attendance and participation at meetings of the Board and Board committees, and their efforts and contributions towards the success of the Group's business and operations.

The NGC reviews and determines the independence of each Director on an annual basis.

Corporate **Governance**

Details of each Director's academic and professional qualifications, directorships or chairmanships in other companies, and other major appointments (where applicable) are presented in the "Board of Directors" section of this Annual Report.

DMPL's policy on Directors' conflict of interest states that Directors should consult the Chairman of the Board and the Chairperson of the NGC prior to accepting any appointments to the Board of Directors or advisory Board of another listed company or its principal subsidiaries, or any other principal commitments so that such appointments may be considered by the Board in accordance with corporate guidelines and the said policy.

In cases where a Director has multiple Board representations, the NGC also assesses whether such Director has been adequately carrying out his duties as a Director of the Company.

To address competing time commitments when Directors serve on multiple boards, the Board had set a maximum limit of four directorships and/or chairmanships that Executive Directors may hold concurrently for listed companies, and a maximum limit of five directorships and/or chairmanship in listed companies for Independent and Non-Executive Directors. None of the Directors hold multiple board seats in other listed companies.

Under Article 88 of the Company's Articles of Association, all Directors hold office for a maximum period of three years whereupon they shall retire, but are eligible for re-appointment. In addition, effective 1 January 2019, all Directors must submit themselves for re-nomination and re-appointment at least once every three years pursuant to Rule 720(5) of the Listing Manual of the SGX-ST.

Directors Retiring Under Article 88 and Rule 720(5) of the Listing Manual of the SGX-ST

Dr Emil Q Javier
Independent Director
Appointed on 30 April 2007
Last re-appointed on 30 August 2016

Mrs Yvonne Goh
Independent Director
Appointed on 4 September 2015
Last re-appointed on 30 August 2016

In reviewing the nomination for the re-appointment of Directors retiring under Article 88 of the Company's Articles of Association and Rule 720(5) of the Listing Manual of the SGX-ST, the NGC had considered the contributions and performance of each Director, taking into account his or her attendance and participation at Board and Board committee meetings, as well as his or her independence.

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

Both Dr Javier and Mrs Goh are not family-related to the other directors, substantial shareholders, or shareholders who own at least 10% of the Company. Please refer to the "Board of Directors" section of this Annual Report for more information on Dr Javier's and Mrs Goh's directorships in other listed companies and other principal commitments (where applicable).

Accordingly, the NGC supports the nomination of Dr Javier and Mrs Goh for re-appointment as Directors of the Company.

In its long-term drive towards excellence, the Company recognises the importance of sustainable leadership. To support this, a Succession Planning Programme has been established where a leadership talent bench is developed. DMPL is committed to building and sustaining leadership capabilities by strengthening the talent pipeline, rolling out a programme that identifies and sets out plans to develop expected leadership competencies, identifying high performers, and executing development and retention plans for these high performers. The Company further drives functional excellence via an integrated employee development programme which includes training, on-the-job learning, coaching and mentoring.

Corporate **Governance**

There is a set retirement age for Key Management Personnel. The NGC conducts a regular review of the succession plan for Board members, CEO and Key Management Personnel of the Company.

The NGC implements an annual evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves NGC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of NGC meetings
- Training and resources available
- Reporting to the Board
- Process for selection and appointment of new Directors
- Nomination of Directors for re-appointment
- Independence of Directors
- Board performance evaluation
- Succession planning
- Multiple Board representations
- Standards of conduct
- Communication with shareholders

The evaluation process takes into account the views of each NGC member and provides an opportunity for members to give constructive feedback on the workings of the NGC, including procedures and processes adopted, and if these may be improved upon.

During the year in review, the NGC held three meetings.

Principle 5
Board Performance

The Board, through the NGC, implements an annual evaluation process to assess the effectiveness of the Board as a whole. The evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas relating to:

- Board composition
- Information to the Board
- Board procedures
- Board accountability
- Communication with CEO and Key Management Personnel
- Succession planning of Key Management Personnel
- Standards of conduct by the Board

The evaluation process takes into account the views of each Board member and provides an opportunity for Directors to provide constructive feedback on the workings of the Board, including its procedures and processes and if these may be improved upon.

Led by the NGC Chairperson and facilitated by Boardroom Corporate & Advisory Services Pte. Ltd., an external service provider, this collective assessment was conducted by means of a confidential questionnaire completed by each Director, which is collated, analysed and discussed with the NGC and the Board with comparatives from the prior period evaluation. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

Each Board Committee undertakes an annual performance assessment of its effectiveness as a whole.

None of the Directors have appointed any alternate Director(s).

Corporate **Governance**

Board Performance Criteria

Most of the Company's industry peers are not listed entities in Singapore. Comparative financial information and ratios are not easily obtainable for comparison and benchmarking purposes.

The NGC and the Board, having considered Management's rationale, concurred that it was not feasible for the Company to disclose the following details as recommended under Guideline 5.2 of the 2012 Code:

- performance criteria, which allow for comparison with industry peers;
- how the Board has enhanced long-term shareholder value; and
- justification by the Board on the circumstances that deem the changes on the performance criteria to be necessary.

The NGC would continue to review, on an ongoing basis, and recommend necessary changes to the Company's practices and disclosures as and when deemed feasible and appropriate.

Individual Director Evaluation

Each Director conducts a self-assessment of his performance and contribution to the Board through completion of a questionnaire the results of which are collated by an external facilitator and tabled for discussion by the NGC.

When nominating Directors who are retiring by rotation for re-appointment at the AGM, the NGC reviews each retiring Director's contribution, performance, attendance and participation at the Board and/or Board Committee meetings, and if the Director has devoted adequate time to the affairs of the Group to discharge his or her duties as a Director of the Company.

The NGC and the Board are cognizant of the recommendations as set out under Guideline 5.3 of the 2012 Code and would continue to review, on an ongoing basis, and recommend necessary changes to the Company's practices and disclosures as and when deemed feasible and appropriate .

Principle 6
Access to Information

Management endeavours to provide the Board with timely and complete information at least five business days prior to Board meetings and on an ongoing basis. These include relevant information and explanatory notes for matters that are presented to the Board, such as budgets and forecasts.

At Board meetings, when reviewing the Group's performance, its actual results are compared with budgets, and material variances are explained. The strategies and forecasts for the following months are discussed and approved as appropriate.

The Directors have separate and independent access to Management and the Company Secretary. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed, and that the Company's Memorandum and Articles of Association, and relevant rules and regulations are complied with.

The Company Secretary also assists in the preparation of the Agenda for Board and Board committee meetings, and attends and prepares minutes of all Board and Board committee meetings.

The Company Secretary ensures the flow of qualitative information within the Board and its committees, and between senior Management and the Non-Executive Directors. He is the primary channel of communication between the Company and the SGX-ST, the PSE and the SEC.

Corporate **Governance**

The Company Secretary advises newly-appointed Directors on their duties and obligations as Directors, the Group's governance practices, and relevant statutory and regulatory compliance matters, as part of an orientation programme. In addition, he assists with the professional development and training of Board members, as appropriate.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

The Company Secretary, Mr Antonio E S Ungson, is a lawyer by profession. He had previously served as company secretary in various companies during the course of his career. He also has an understanding of basic financial and accounting matters.

Aside from access to the advice and services of Management and the Company Secretary, the Directors may, in appropriate circumstances, seek independent professional advice concerning the Company's affairs at the Company's expense.

Remuneration Matters

Principle 7
Procedures for Developing Remuneration Policies

The RSOC was set up on 7 February 2003 and for the year in review, the RSOC comprises the following members who are all Independent Non-Executive Directors:

Mr Godfrey E Scotchbrook	RSOC Chairman
Mr Benedict Kwek Gim Song	Member
Dr Emil Q Javier	Member
Mrs Yvonne Goh	Member

The RSOC's principal function is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the Directors as well as the Key Management Personnel of the Group. It is at liberty to seek independent professional advice as appropriate and has periodically sought the advice of remuneration consultants on remuneration matters for the Directors and Key Management Personnel.

Under its TOR, the RSOC is responsible for reviewing and recommending a remuneration framework for the Directors and Key Management Personnel. The RSOC considers all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options, share awards and other benefits-in-kind. All remuneration matters are ultimately approved by the Board.

In conjunction with the review of remuneration matters of the Key Management Personnel, the RSOC reviews individual performance appraisal reports and benchmark studies conducted by Management.

The RSOC's recommendation for Directors' fees had been made in consultation with the Chairman of the Board and endorsed by the entire Board, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of the RSOC or the Board participated in the deliberation of his own remuneration.

The RSOC implements an annual evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves RSOC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of RSOC meetings
- Scope of remuneration matters reviewed
- Reporting to the Board
- Standards of conduct
- Communication with shareholders

Corporate **Governance**

The evaluation process takes into account the views of each RSOC member and provides an opportunity for members to give constructive feedback on the workings of the RSOC, including procedures and processes adopted and if these may be improved upon.

During the year in review, the RSOC held three meetings.

Principle 8
Level and Mix of Remuneration

The remuneration of the Company's Directors and Key Management Personnel has been formulated to attract, retain and motivate these executives to run the Company successfully. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company. Relative to industry practice, trends and norms, the Company has measurable standards to align the performance-based remuneration of the Executive Directors and Key Management Personnel with the long-term interests of the Company.

Where appropriate, the RSOC reviews the service contracts of the Company's Executive Directors and Key Management Personnel.

In reviewing the recommendation for Non-Executive Directors' remuneration for FY2019, the RSOC continued to adopt a framework based on guidelines of the Singapore Institute of Directors, which comprises a base fee, fees for membership on Board committees, as well as fees for chairing Board committees. The fees take into consideration the amount of time and effort that each Board member is required to devote to their role.

Directors' Fee Structure

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

The compensation structure for Key Management Personnel of the Company's subsidiaries consists of two key components – fixed cash and a short-term variable bonus. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises a performance-based bonus which is payable upon the achievement of individual and corporate performance targets such as revenue and net profit.

Restricted Share Plan/Performance Share Plan

The Company had two share plans – the Restricted Share Plan and the Performance Share Plan (collectively, Share Plans) which were also administered by the RSOC. The Share Plans were long-term incentive schemes based on participants achieving pre-set operating unit financial goals, individual performance, as well as achieving corporate financial goals in the case of the PSP.

The purpose of the Share Plans was to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, currently targeted at executives holding key positions to excel in their performance. These were also designed to align the interest of these executives with those of the Company's shareholders.

Corporate **Governance**

Under the Share Plans, shares were delivered after the participant has served the Group for a specific period or after a further period beyond completion of prescribed performance targets.

The aggregate number of shares which may be offered under the Share Plans should not exceed 10% of the Company's total issued capital. The terms of the Share Plans are described in more detail in the Directors' Statement.

The Share Plans which were first adopted on 26 April 2005 had a duration of ten years and had expired on 25 April 2015. The RSOC would review and consider the necessity to adopt new share plans in the future. All share awards previously granted under the Share Plans had since 21 August 2017 completed its vesting and there are no further outstanding share awards under the Share Plans.

Share Option Plan

The Company also has the Del Monte Pacific Executive Share Option Plan 2016 (ESOP 2016), which was approved by shareholders at the general meeting held on 30 August 2016. The ESOP 2016 aims to provide an opportunity for Group executives and Directors to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 is valid for a period of ten years; however, no options have been granted to date.

Principle 9
Disclosure on Remuneration

The remuneration of Directors and the CEO are disclosed in bands of S$250,000/– with a maximum disclosure band of S$500,000/– and above.

The remuneration of the top five Key Management Personnel are similarly disclosed in bands of S$250,000/– with a maximum disclosure band of S$500,000/– and above.

Although the disclosure is not in compliance with the recommendation of the 2012 Code, the Board is of the view that it is in the best interest of the Company not to disclose such remuneration information in detail, given the confidentiality and commercial sensitivity (within the industry and within the Group itself) attached to remuneration matters and for personal security reasons, disclosure in bands of S$250,000/– in excess of S$500,000/– is not provided. Also for personal security reasons, the names of, and the aggregate remuneration paid to, the Company's top five Key Management Personnel are not disclosed. Similarly, the aggregate remuneration paid to the Executive Directors is not disclosed.

Employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year

Ms Jeanette Beatrice Campos Naughton is Vice President, Strategic Planning of the Company's USA subsidiary, Del Monte Foods, Inc (DMFI). She is the daughter of Mr Joselito D Campos, Jr, DMPL's Managing Director and CEO, and DMFI's Vice Chairman and Director. Ms Naughton is responsible for spearheading DMFI's strategic planning function, with principal involvement in DMFI's mid-to-long term corporate vision, financial goals and key measures, business strategies and resources requirements. Her remuneration for the period in review was in the range of S$500,000-S$550,000. Ms Naughton formerly held management positions at Google in their Mountain View, California headquarters. She has an MBA from the Sloan School of Management of the Massachusetts Institute of Technology.

Corporate **Governance**

DISCLOSURE ON REMUNERATION OF DIRECTORS FOR FY2019

Remuneration Bands and Names of Directors	Fixed Salary/ Consultancy Fees %	Director Fees %	Variable Income / Bonus %	Benefits in Kind %
EXECUTIVE DIRECTORS				
Above S$500,000				
Mr Joselito D Campos, Jr	55	2	43	–
Mr Rolando C Gapud	82	18	–	–
Mr Edgardo M Cruz, Jr	74	11	14	1
NON-EXECUTIVE DIRECTORS				
Below S$250,000				
Mrs Yvonne Goh	–	100	–	–
Dr Emil Q Javier	56[1]	38	6	–
Mr Benedict Kwek Gim Song	–	100	–	–
Mr Godfrey E Scotchbrook	–	100	–	–

Notes:
1 Refers to consultancy fees

DISCLOSURE ON REMUNERATION OF TOP FIVE KEY EXECUTIVES[1] FOR FY2019

Remuneration Bands and Number of Key Executives	Fixed Salary %	Variable Income / Bonus %	Benefits in Kind %
Above S$500,000			
1	59	40	1
1	75	14	11
1	85	14	1
1	82	17	1
S$250,000 to below S$500,000			
1	82	17	1

Notes:
1 Key Management Personnel who are not Directors

Corporate **Governance**

ACCOUNTABILITY AND AUDIT

Principle 10
Accountability

There are in place comprehensive management reporting disciplines and structured financial approval authorities to govern the implementation of agreed Company policies and Board decisions, including the day-to-day management of the Group's operating units.

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board. Information such as disclosure documents, quarterly results, profit and loss statements, cash flow statements, working capital requirements and borrowing levels are presented using comparative figures between actual results, budgeted levels and prior year's results.

The Group's annual budget is reviewed and approved by the Board. A strategic plan, which defines business development goals and overall business objectives, is prepared and updated periodically.

Based on Management's reports, the Board provides a balanced and fair assessment of the Company's performance, position and prospects for interim reports, other price sensitive public reports and other reports to regulators as required.

Principle 11
Internal Controls

The Group maintains an effective system of internal controls addressing financial, operational, compliance and information technology (IT) risks. These controls are designed to provide reasonable assurance as to the adequacy, effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The adequacy and effectiveness of these controls is subject to a periodic review by the Group's Internal Audit department and monitored by the ARC. In addition, the Group's external auditors also review the effectiveness of the Group's key internal controls as part of their audit for the year with respect to financial reporting. Significant non-compliance in internal controls, if any, together with recommendations for improvement, is reported to the ARC. A copy of this report is also issued to the relevant department for follow-up action.

Risk assessment and evaluation takes place as an integral part of the AOP. Having identified key risks to the achievement of the Group's AOP, mitigating actions are formulated in respect of each significant risk. Identified risks are also included and monitored in the corporate risk register, and mitigating measures are followed up. The approach to risk management is set out in the "Risk Management" section of this Annual Report.

IT issues are also regularly reported to the Board through the ARC. Reports include matters on business continuity, disaster recovery and cybersecurity amongst others. The Board, through the ARC, provides directions on these matters which Management executes and Internal Audit monitors.

Amongst the significant control initiatives that came out of this process is the Cybersecurity Remediation Project. This initiative is intended to significantly improve the cybersecurity posture of the Group to better manage emerging cybersecurity threats.

In FY2019, the Company made significant progress in the roll-out of Advanced Persistent Threat protection for end point systems, Encryption and Data Loss Protection systems to key end user devices and pilot departments, respectively. To sustain the programme, the Company's Philippine subsidiary has also started rolling out cybersecurity awareness and training initiatives The inputs gathered from these sessions would be used to complete the Information Security Policy which will be issued and cascaded to the entire organisation in due course. Data Privacy training sessions have also been started pursuant to an existing Data Privacy Policy and Manual.

Corporate **Governance**

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, assurances by the CEO, Chief Operating Officer, Chief Corporate Officer, Chief Financial Officer (CFO) and Chief Compliance Officer, and reviews performed by Management and various Board Committees, the Board is of the opinion, and the ARC concurs, that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and its risk management systems were adequate and effective as at 30 April 2019.

For the year in review, the Board had received the written confirmation from the CEO and the CFO that (a) the financial records have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems remained adequate and effective.

The Board will, on a continuing basis, endeavour to further enhance and improve the Company's system of internal controls and risk management policies.

The Group's internal audit team, led by the Head of Internal Audit, reports directly to the ARC. An internal audit report is submitted to the ARC on a quarterly basis. The ARC reports all material updates to the Board. Hence, the Board is of the view that it is not necessary to establish a separate risk committee to oversee and monitor the Group's risk management framework and policies as recommended under Guideline 11.4 of the 2012 Code.

Principle 12
Audit and Risk Committee

The Audit Committee was set up on 9 July 1999 and renamed Audit and Risk Committee (ARC) on 25 June 2015 as it had always served the function of overseeing the Company's risk management framework and policies. The ARC comprises the following members who are all Independent Non-Executive Directors:

Mr Benedict Kwek Gim Song	ARC Chairman
Mr Godfrey E Scotchbrook	Member
Dr Emil Q Javier	Member
Mrs Yvonne Goh	Member

The members of the ARC are highly qualified with two members having the requisite financial management experience and expertise.

The ARC implements an annual evaluation process to assess its effectiveness as a whole. The evaluation process is undertaken as an internal exercise and involves ARC members completing a questionnaire covering areas relating to:

- Memberships and appointments
- Conduct of ARC meetings
- Training and resources available
- Financial reporting processes
- Financial and operational internal controls
- Risk management systems
- Internal and external audit processes
- Whistle blowing reporting processes
- ARC's relationship with the Board

The evaluation process takes into account the views of each ARC member and provides an opportunity for members to give constructive feedback on the workings of the ARC including procedures and processes adopted and if these may be improved upon.

Led by the ARC Chairman, a summary of findings prepared based on responses from the completed questionnaires was discussed with feedback noted.

Corporate **Governance**

Under its TOR, the ARC reviews the scope and results of the Company’s annual audit and its cost effectiveness. The ARC also ensures the independence and objectivity of the external auditors. Likewise, it reviews the non-audit services provided by the Company’s external auditors.

For FY2019, the ARC had reviewed the audit and non-audit services of the external auditors and was satisfied that the auditors continue to be independent, adequately resourced and effective. Non-audit fees include services related to tax advisory and transfer pricing review. A breakdown of the aggregate fees paid for audit and non-audit services is set out below:

	Year ended 30 April 2019 (US$’000)
AUDIT FEES	
– paid to the auditors of the Company	345
– paid to other auditors	998
NON-AUDIT FEES	
– paid to the auditors of the Company	3
– paid to other auditors	141

The ARC also reviews significant financial reporting issues to ensure the integrity of the Company’s financial statements and any announcements relating to the Company’s financial performance. The ARC further conducts periodic reviews of all interested persons transactions.

The ARC reviewed the external auditor’s audit plan for the financial year ended 30 April 2019 and agreed with the auditor’s proposed significant areas of focus and assumptions that would have an impact on the financial statements. In the ARC review of the financial statements as at 30 April 2019, it had discussed with management the accounting principles applied and their judgment of items that could affect the integrity of the statements, and it had also considered the clarity of key disclosures in the statements. The ARC also reviewed and addressed among other matters, the following key audit maters (KAMs) as reported by the external auditor for the financial year ended 30 April 2019:

Fair Value of Biological Assets	The ARC was provided with an understanding of the relevant processes the Group undertook in separating bearer plants from the agriculture produce. The ARC considered the reasonableness of the approach and methodology applied to the fair value of biological assets (fruits growing on bearer plants and fruits harvested), and reviewed management's estimates and assumptions as well as the adequacy of disclosures related to this matter. Additionally, the ARC also considered the external auditor’s assessment of the valuation methodology and assumptions adopted by management in valuing the biological assets. The ARC was satisfied with the valuation process and the methodology adopted.

Corporate **Governance**

Recoverability of Goodwill and Indefinite Life Trademarks	The ARC considered the approach and methodology applied to the valuation model in the goodwill impairment assessment. The ARC reviewed the reasonableness of cash flow forecasts, long term growth rate and discount rate as well as the independence and competency of the valuer appointed to perform the valuations. The Group has assessed the following trademarks as having indefinite useful lives: "Del Monte" in the United States, South America, Philippines and Indian subcontinent, "College Inn" in the United States, Australia, Canada and Mexico, "Today's" in the Philippines, and "S&W" in Asia (excluding Australia and New Zealand), Middle East, Western Europe, Eastern Europe and Africa. The ARC reviewed the data, estimates and assumptions used in each valuation model as well as the independence and competency of the valuer appointed to perform the valuations. The ARC considered the findings of the external auditors with regard to the appropriateness of the assumptions used. The ARC was satisfied that no impairment was required on the goodwill and indefinite life trademarks for the financial year.
Recoverability of Deferred Tax Assets	The ARC considered the methodology and assumptions applied to the recoverability or non-recoverability of deferred assets. The ARC reviewed the reasonableness of cash flow, forecasts, past performance and future plans associated with the Group's operations. The ARC also considered the external auditor's findings including their assessment of the key assumptions used and the procedures applied to test these assumptions. The ARC is satisfied with the methodology and assumptions used. The Group has recognised US$106.3 million of deferred tax assets, which includes deferred tax assets recognised by Del Monte Foods, Inc, a subsidiary in the USA, amounting to US$105.5 million.
Measurement of Defined Benefit Liability	Actuarial valuations of the Group's defined benefit obligations are undertaken annually, using the projected unit credit method. Accounting treatment for the defined pension plan can be found in note 4 Significant Accounting Policies, section 13. The ARC reviewed the reasonableness of the valuation of the Group's defined benefit plans, termination and retirement rates, discount rate and compensation increase assumptions, as well as the independence and competency of the valuer appointed to perform the valuations. The ARC also considered the external auditor's evaluation of the key actuarial assumptions and valuation methodology used by management. The ARC was satisfied with the valuation process used.

The ARC concluded that the Group's accounting treatment in each of the significant matters was appropriate. All the KAMs that were raised by the external auditors for the financial year ended 30 April 2019 have been addressed by the ARC and covered in the above commentary. The KAMs in the auditors' report can be found on pages 97 to 100 of this Annual Report.

Except as disclosed, the Company did not enter into any other material contracts involving the interests of its CEO, Directors or controlling shareholders for FY2019.

Corporate **Governance**

The ARC keeps abreast of changes in accounting standards by requiring on a continuing basis Management and the external auditors to look into and present these changes as well as their implications on the Group's financial statements. The ARC monitors these changes and provides guidance on concomitant issues on financial reporting. These matters are taken up in ARC meetings, in ARC's separate meetings with the external auditors and their periodic meetings with the CFO.

The ARC has the authority to investigate any matter within its TOR, unrestricted access to Management and the Head of the Internal Audit department, and full discretion to invite any Director or executive officer to attend its meetings.

The ARC monitors the adequacy and effectiveness of the Group's internal control system and internal audit function. It has set in place arrangements to ensure independent investigation of matters such as improprieties in financial reporting.

The Company has a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices without fear of retaliation. A Whistleblower Policy has been in place since 2004 to promote the highest standards of business and personal ethics in the conduct of the Group's affairs. As representatives of the Group, officers and employees must practise honesty and integrity, and strictly comply with all applicable laws, rules and regulations.

The said policy aims to deter and uncover corrupt, illegal, unethical, fraudulent practices or other conduct detrimental to the interest of the Group committed by officers and employees, as well as third parties, such as, but not limited to, suppliers and contractors. The Group encourages its officers, employees, suppliers and contractors to provide information that evidences unsafe, unlawful, unethical, fraudulent or wasteful practices. It does not disregard anonymous complaints.

This policy enables the Group to effectively deal with reports from whistleblowers in a manner that will protect the identity of the whistleblower and provide for the appropriate use of the information provided. It also establishes the policies for protecting whistleblowers against reprisal by any person internal or external to the Company, and provide for the appropriate infrastructure, including the appointment of a Whistleblower Protection Officer and a Whistleblower Investigations Officer, as well as alternative means of reporting.

The Board, together with the Chairman of the ARC, had appointed the Group CFO as the Protection Officer and the Head of Internal Audit as the Investigations Officer to administer the Company's Whistleblower programme. These are the contact details:

For legal compliance: +632 856 2557, +63 917 534 1680, or email legalcompliance@delmonte-phil.com

For other matters: +6388 855 2090, +63 917 712 0311, or email othercompliance@delmonte-phil.com

The ARC also makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors, including their remuneration and terms of engagement. Such recommendation, once approved by the Board, is then ratified by shareholders at a general meeting (GM). For any change in the external auditor, the Company provides the reason for the change in its disclosure to the regulators.

In appointing the external auditors for the Company and its subsidiaries, the Group has complied with Rule 712 of the SGX Listing Manual in having appointed a suitable auditing firm to meet its audit obligations, and one that is registered with the Accounting and Corporate Regulatory Authority of Singapore (ACRA). The Group has also complied with Rule 715 in having engaged the same auditing firm based in Singapore to audit its Singapore-incorporated subsidiaries and significant associated companies, and for having appointed suitable auditing firms for its significant foreign-incorporated subsidiaries and associated companies. The Group has also complied with the requirements of SRC Rule 68 in selecting an SEC-accredited auditing firm in the Philippines.

Corporate **Governance**

Consistent with the Company's rotation policy, the ARC and the Board undertake to conduct a comprehensive review of the external auditors at least every five years.

The ARC meets with the Group's external auditors and with the Head of Internal Audit department without the presence of Management at least once a year. During the year in review, the ARC had met with the Group's external auditors without the presence of Management more than once and Head of Internal Audit, without the presence of Management once.

During the year in review, the ARC held five meetings.

Principle 13
Internal Audit

The Group's Internal Audit department is staffed by qualified, experienced and trained personnel who are members of the Institute of Internal Auditors. Their duties are appropriately segregated. The Head of Internal Audit is Mr Gil Ramon S Veloso who reports functionally to the ARC and administratively to the CEO.

This department commands a respectable standing within the Company and is responsible for reviewing the risk management, internal control and governance processes of the Group to ensure these are adequate and effectively implemented.

It is the Group's policy to support the Internal Audit department in complying with the International Professional Practices Framework set by The Institute of Internal Auditors. Training and development opportunities are provided for staff of the Internal Audit department to upgrade their technical knowledge and skill sets to ensure they remain current and relevant.

The Internal Audit department has unfettered access to all company documents, records, properties and personnel, including access to the ARC.

The ARC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The ARC annually reviews the adequacy, effectiveness and independence of the internal audit function, and it is of the view that the Company's internal audit function is adequately resourced, effective and independent.

Principle 14
Shareholder Rights

The Group treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Moreover, the Group continually reviews and updates such governance arrangements.

Shareholders are informed of changes in the Group's business that are likely to materially affect the value of the Company's shares.

The Group ensures that shareholders have the opportunity to participate effectively in, and vote at, GMs. Shareholders are informed of the rules and voting procedures that govern AGMs and GMs. The results of the votes taken during the AGM or GM are disclosed and made available to the public on the same day, and likewise uploaded on the Company's website within five days from the date of the meeting.

The Company's Memorandum and Articles of Association do not allow corporations which provide nominee or custodial services to appoint more than two proxies to vote. At present, only the Central Depository (Pte) Ltd is permitted to appoint more than two proxies. The Company does, however, allow non-shareholders to attend the AGM or GM as observers.

Corporate **Governance**

The Company's dividend policy for Ordinary Shares has been to distribute a minimum of 33% of full year profit. The holders of Ordinary Shares are entitled to receive dividends, as declared from time to time, after dividends of Preference Shares are paid. For FY2019, the Company declared 50% of its full year profit as dividends to Ordinary shareholders.

The dividend policy and terms, including the declaration dates from previous years, are provided in the Company's website. The Company endeavours to pay dividends within 30 days after declaration date.

Principle 15
Communication with Shareholders/Investor Relations

The Company is committed to engaging its stakeholders including its shareholders, and providing easy and regular access to timely, effective, fair, pertinent and accurate information about the Company. The Company has an Investor Relations policy that clearly articulates and promotes this.

The Company's Investor Relations (IR) is handled in-house. It has a dedicated Investor Relations team comprising the Chief Corporate Officer and Investor Relations Manager who regularly engage and communicate with the investing community. Various IR and communication modes are employed by the Company to provide information, gather feedback, and address questions and concerns. Insights and feedback gathered are taken and, where appropriate, acted upon.

The Company strengthens its relationship with the investing community and solicits their views through one-on-one meetings, participation in conferences, forums and road shows organised by stock broking and investing companies. Between May 2018 and April 2019, the Company met with 52 investors, brokers, lenders, and investment bankers, including conference calls, and did a roadshow for the planned IPO of the Company's subsidiary, Del Monte Philippines, Inc.

To maintain an open channel of communication, the Company also has an email alert system whereby emails on material developments and updates concerning the Company are sent out to investors. Such information, and other material information about the Company, including its financial position, performance, ownership, strategies, activities and governance, are disclosed to all shareholders and the investing community via the SGX-ST and PSE portals.

The Company has organised visits to its plantation and cannery, as well as trade checks, for the investing community, providing them with first-hand appreciation and understanding of the Group's operations and markets.

The Company provides descriptive and detailed disclosures whenever possible and avoids boilerplate disclosures, and immediately announces any material information on the Company or any of its subsidiaries or associated companies.

The Company observes a closed-window period of two weeks prior to the announcement of its quarterly results and one month prior to the announcement of its full year results. During this period, the Company does not meet nor communicate with the investing community to ensure no selective disclosure is made.

The Company announces its financial results on a quarterly basis within the prescribed timeframe and holds joint briefings or conference calls with the investing community. The briefings are held in an accessible central location. These briefings are also broadcast via webcast to global viewers, with a recording available for six months. Key Management Personnel are present during the briefings. The Company uploads on its website the materials for media briefings and press conferences.

The Management Discussion and Analysis (MDA) report, press release and presentation on the Company's financial results are disseminated through the SGX-ST and PSE portals, and the Company's email alerts and website all on the same day.

Corporate **Governance**

The Company's corporate website (www.delmontepacific.com) has an international design to promote DMPL as a global food and beverage player, while the structure and sitemap allow for easy navigation and access to key investor information. The website features the Company's four key brands (*Del Monte, S&W, Contadina* and *College Inn*), the international business and DMPL's various awards across many sectors. It also has links to the websites of its other subsidiaries and brands, and includes social media links to DMPL's subsidiaries' Facebook, Instagram, Twitter, Pinterest and LinkedIn pages. The website is mobile-responsive and accessible from tablets and smartphones.

The corporate website has a dedicated and comprehensive IR section that is user-friendly with easily downloadable and updated press releases, announcements, quarterly reports, presentations, annual reports and analyst reports. Announcements are uploaded as soon as they are released to the SGX-ST and PSE portals, including other disclosures and reports submitted to the Philippine SEC.

The following are also included in the IR site: IR policy, IR calendar, AGM and GM Minutes, dividend policy and payment details, share information, and the Company's top 20 shareholders. The following are also available on the website: Sustainability, Corporate Governance, profile of Directors and Senior Management, Memorandum and Articles of Association, Code of Business Ethics and other policies.

The IR email address (jluy@delmontepacific.com) and telephone number (+65 6594 0980) are listed prominently on the IR homepage and in the annual report, making DMPL's IR Manager accessible. The IR team endeavours to reply to emails and requests within a day.

The Company is guided by strong principles grounded on the guidelines of the 2012 Code, the SEC CG Code, the SGX Listing Manual, the SGTI and the ACGS to strengthen stakeholder relations. DMPL's IR is guided by principles of trust; good corporate governance; transparency, openness and quality of disclosure; fairness; timeliness; pro-activeness and engagement; accessibility; employment of IT; and continuous improvement.

The Company received the Best Investor Relations (Gold) Award in 2017 and the Best Annual Report (Silver) Award in 2018 from the Singapore Corporate Awards (SCA) for companies with a market capitalisation of between S$300 million to less than S$1 billion.

Since the SCA began in 2006, DMPL has won two Gold awards for the Best Managed Board and Best Investor Relations. DMPL is one of only less than ten companies from the 750 companies listed in Singapore to have achieved this.

The Company also received four distinct awards including that for the Best CFO and is one of only 12 companies to have achieved this.

The Company has won a total of 13 awards for nine consecutive years, since 2010.

The Company was ranked 13th amongst 606 Singapore-listed companies or within the top two percentile in the August 2018 SGTI. This is the highest ranking DMPL has achieved. DMPL also ranked 23rd amongst 100 largest Singapore-listed companies in the April 2018 ACGS.

As part of the Company's ongoing effort to improve investor relations, it will continue to review and update governance arrangements with stakeholders. The Company also benchmarks against peers and industry best practices by having its relevant executives attend seminars and forums, joining IR organisations, and keeping abreast of the 2018 Code and similar guidelines and recommendations.

Corporate **Governance**

Principle 16
Conduct of Shareholder Meetings

The Company encourages shareholder participation at AGMs or GMs, and ensures that the venue for the meetings is in a central location easily accessed by public transportation.

Shareholders have the opportunity to participate effectively and vote in the general meetings either in person or by proxy.

Resolutions on each distinct issue are tabled separately at GMs.

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Senior Management regarding the Company. The Chairman of the Board, the respective Chairperson of the ARC, NGC and RSOC, three other Directors, Senior Management including the CEO, and the external auditors were present at the most recent AGM to assist the Board in addressing shareholders' questions.

For greater transparency, the Company had since 2013 instituted electronic poll voting and all resolutions are put to vote by electronic poll at its AGMs and GMs. The voting procedures are discussed before the start of any meeting. The Company had also appointed independent scrutineers, Drewcorp Services Pte Ltd, to validate the votes at its most recent AGM. Announcement of the detailed results of the poll, including the number of votes cast for and against each resolution with the respective percentages, is made on the same day.

The AGM and GM Minutes state that shareholders are given the opportunity to ask questions and the Minutes include the questions and answers during the meetings. The Minutes are available on the Company's website after the meetings.

DEALINGS WITH SECURITIES

The Company adopted in 2013 a Securities Dealings Policy to govern dealings in the Company's shares by its Directors, Key Management Personnel and certain designated employees having access to price sensitive information. With this policy, these individuals are required to seek the approval of the Chairman or the Board before dealing in the Company's shares. Directors are also required to report their dealings in the Company's shares within two business days from the date of transaction.

Directors, Key Management Personnel and certain designated employees had been advised that it is an offence to deal in the Company's securities when they are in possession of unpublished material price-sensitive information. They are also discouraged from dealing in the Company's securities on short-term considerations.

They are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full-year financial results. For the year in review, these individuals had been compliant with the Securities Dealings Policy.

Directors' **Statement**

The Directors are pleased to present their report to the members together with the audited financial statements of Del Monte Pacific Limited (the Company) and its subsidiaries (collectively, the Group) comprising the statements of financial position, income statements, statements of comprehensive income, statements of changes in equity and the statements of cash flow of the Group and Company for the financial year ended 30 April 2019.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 April 2019 and the financial performance, changes in equity and cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due. The Group's net current assets position is US$218.4 million as at 30 April 2019 and the Company expects dividend payment from its subsidiaries with net earnings.

DIRECTORS

The Directors in office as at the date of this report are as follows:

Mr Rolando C Gapud	(Executive Chairman)
Mr Joselito D Campos, Jr	(Managing Director and Chief Executive Officer)
Mr Edgardo M Cruz, Jr	(Executive Director)
Mr Benedict Kwek Gim Song	(Lead Independent Director)
Mr Godfrey E Scotchbrook	(Independent Director)
Dr Emil Q Javier	(Independent Director)
Mrs Yvonne Goh	(Independent Director)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed under the "Share Option and Incentive Plans" section of this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company, its subsidiaries or any other body corporate.

Directors' **Statement**

DIRECTORS' INTERESTS

According to the registers kept by the Company, particulars of interests of Directors in shares and share options in the Company who held office at the end of the financial year (including those held by their spouses and children) are as follows:

Directors' Interest in Shares:

	Direct interests			Deemed interests		
	As at beginning of the year 1 May 2018	As at end of the year 30 April 2019	As at 21 May 2019	As at beginning of the year 1 May 2018	As at end of the year 30 April 2019	As at 21 May 2019
The Company						
Ordinary shares of US$0.01 each						
Mr Rolando C Gapud	2,291,903	2,651,203	2,651,203	–	–	–
Mr Joselito D Campos, Jr	7,621,466	7,621,466	7,621,466	1,344,766,730	1,386,276,498	1,386,276,498
Mr Edgardo M Cruz, Jr	2,984,632	2,984,632	2,984,632	–	–	–
Dr Emil Q Javier	611,828	611,828	611,828	–	–	–
Mr Benedict Kwek Gim Song	117,092	117,092	117,092	–	–	–
Mr Godfrey E Scotchbrook	117,092	117,092	117,092	–	–	–

Directors' Interest in Options:

All unexercised options granted to Directors pursuant to the Del Monte Pacific Executive Stock Option Plan 1999 had lapsed on 6 March 2018.

Directors' Interest in Share Awards:

All share awards granted to Directors had since 20 September 2017 been vested and released to Directors.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share-based incentives of the Company or of related corporations, either at the beginning or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except for salaries, bonuses and fees, and those benefits that are disclosed in this report and in Notes 25 and 37 to the financial statements, since the end of the last financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTION AND INCENTIVE PLANS

The Company also has the Del Monte Pacific Executive Share Option Plan 2016 (ESOP 2016) which was approved by shareholders at the general meeting held on 30 August 2016. The ESOP 2016 aims to provide an opportunity for Group executives and Directors to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 is valid for a period of ten years; however, no options had been granted to date.

Directors' **Statement**

SHARE OPTION AND INCENTIVE PLANS (CONT'D)

The ESOP 2016 is administered by the Remuneration and Share Option Committee (RSOC) which comprises the following members:

Mr Godfrey E Scotchbrook	(RSOC Chairman)
Mr Benedict Kwek Gim Song	(Member)
Dr Emil Q Javier	(Member)
Mrs Yvonne Goh	(Member)

Except as disclosed above, no options or share awards have been granted to the controlling shareholders of the Company or their associates, or to Directors of the Company or employees of the Group, either at the beginning or at the end of the financial year.

AUDIT AND RISK COMMITTEE

The Audit Committee was renamed Audit and Risk Committee (ARC) on 25 June 2015 as it had always served the function of overseeing the Company's risk management framework and policies. For the financial year ended 30 April 2019, the ARC comprised the following members:

Mr Benedict Kwek Gim Song	(ARC Chairman)
Mr Godfrey E Scotchbrook	(Member)
Dr Emil Q Javier	(Member)
Mrs Yvonne Goh	(Member)

From 1 May 2018 to 30 April 2019, the ARC held five meetings. The ARC reviews the effectiveness of the systems of internal controls of the Group, its accounting policies, annual financial statements and quarterly reports, the adequacy and effectiveness of the internal audit function, and the findings of both the external and internal auditors. The ARC may also examine whatever aspects it deems appropriate regarding the Group's financial affairs, its internal and external audits, and its exposure to risks of a regulatory or legal nature. Furthermore, all interested person transactions are subject to regular periodic reviews by the ARC to ensure that they are carried out on arm's length commercial terms, consistent with the Group's usual business practices and policies, and are not prejudicial to the Company's minority shareholders.

In performing its functions, the ARC reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. The ARC met with the internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The ARC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 April 2019, as well as the external auditors' report thereon.

The ARC has full access to, and the cooperation of, Management and the internal auditors. It also has full discretion to invite any Director or executive officer to attend its meetings. The Chief Financial Officer attends all meetings of the ARC. The auditors have unrestricted access to the ARC. The ARC has reasonable resources to enable it to discharge its functions effectively.

Directors' **Statement**

INTERNAL CONTROLS

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, assurances by the CEO, Chief Operating Officer, Chief Corporate Officer, Chief Financial Officer and Chief Compliance Officer, and reviews performed by Management and various Board Committees, the Board is of the opinion, and the ARC concurs, that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and its risk management systems were adequate and effective as at 30 April 2019.

AUDITORS

The auditors, Ernst & Young LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Mr Rolando C Gapud
Executive Chairman

Mr Joselito D Campos, Jr
Executive Director

Date: 23 July 2019

Independent **Auditor's Report**

to the Members of Del Monte Pacific Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Del Monte Pacific Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 April 2019, the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the Company present fairly, in all material respects, the financial position of the Group and the Company as at 30 April 2019, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements, ACRA Code and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent **Auditor's Report**

to the Members of Del Monte Pacific Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
Fair value of biological assets	
The gain on changes in the fair value of produce prior to harvest and harvested produce amounted to US$52.4 million for the year ended 30 April 2019. The valuation of biological assets was significant to our audit because the estimation process is complex, involves significant management estimate, and is based on assumptions that can be affected by natural phenomena. The key assumptions for the fair value of harvested produce include selling prices and gross margins. The key assumptions for the fair value of produce prior to harvest include future selling prices, gross margin, estimated tonnage of harvests and future growing costs. Refer to Note 11 to the financial statements.	We obtained an understanding of management's fair value measurement methodology and their process in valuing the biological assets. We tested the key assumptions used in the valuation, which include selling prices and gross margin for harvested produce; and future selling prices, gross margin, estimated tonnage of harvests and future growing costs for produce prior to harvest, by comparing them to external data such as selling prices in the principal market and historical information. We also assessed the methodology used in estimating the fair value. We also assessed the adequacy of the related disclosures on the assumptions underlying the measurement of these biological assets.
Recoverability of goodwill and indefinite life trademarks As at 30 April 2019, goodwill is carried at US$203.4 million, which represents 14% of the total non-current assets. Indefinite life trademarks were carried at US$408.0 million, which represents 28% of the total non-current assets. *(a) Goodwill and indefinite life trademarks allocated to Del Monte Foods, Inc. and its subsidiaries*	
The Group's goodwill is allocated to a Cash Generating Unit (CGU), Del Monte Foods, Inc. and its subsidiaries. Included within the CGU are the indefinite life trademarks "Del Monte" and "College Inn" in the United States of America (USA) amounting to US$394.0 million. The Group uses the value in use calculation to estimate the recoverable value of the CGU. The annual impairment test is significant to our audit because the valuation process is complex, involves significant management judgement, and dependent on certain estimates such as expected cash flow covering a five-year period and the long-term growth rate and discount rate of the CGU. Refer to Note 8 to the financial statements.	We obtained an understanding of the Group's impairment assessment process and the related controls. We tested the reasonableness of the key assumptions, which include revenue growth, gross margin and EBITDA margin, discount rate, long-term growth rate by comparing them to available market and historical information and management plans. Given the complexity of the valuation process, our internal valuation specialist was involved in performing some of these procedures. We also focused on the adequacy of the Group's disclosures in Note 8 to the financial statements, about those assumptions to which the outcome of the impairment test was most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the CGU.

Independent **Auditor's Report**

to the Members of Del Monte Pacific Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
(b) Other indefinite life trademarks	
As at 30 April 2019, other indefinite life trademarks were carried at US$14.1 million which comprises of the following trademarks: "Del Monte" in the Philippines and India, "S&W" in Asia, and "Todays" in the Philippines. The annual impairment tests are significant to our audit because the valuation process is complex, involves significant management judgment and dependent on certain estimates that can be affected by future market and economic conditions as well as trademark and royalty rates in the market. The Group used the Royalty Savings Approach in valuing its Philippines and Asia S&W trademarks. This approach relies on the forecasted revenue for the related brand or trademark and applies the royalty rates in the market. For the India trademark, the Group used the discounted cash flow of the related CGU. This method relies on forecasted financial results which uses significant assumptions such as revenue growth rates, EBITDA and long-term margins, terminal value growth rate and discount rate. Refer to Notes 7 and 8 to the financial statements.	We assessed the reasonableness of the forecasted revenue and royalty rates used to derive the recoverable value of the brand and trademarks by comparing against available market and historical information. We also evaluated the significant assumptions used in the financial forecast of the CGU, which include revenue growth rates, EBITDA and long-term margins, terminal value growth rate and discount rate, by comparing them against available market information, historical data and management plans. Given the complexity of the valuation process, our internal specialist was involved in performing some of these procedures.
Recoverability of deferred tax assets	
As at 30 April 2019, the Group has recognised net deferred tax assets of US$106.3 million, which includes deferred tax assets recognised by Del Monte Foods, Inc., a subsidiary in the United States of America (USA), amounting to US$105.5 million. The recoverability of the deferred tax asset was significant to our audit because it involves significant management judgment and is based on assumptions that are affected by future market or economic conditions. The key assumptions in the taxable income forecast include revenue growth rates and gross and EBITDA margins. Refer to Note 9 to the financial statements.	We assessed the recognition of deferred tax assets by comparing it to the taxable income forecast. We tested the key assumptions in the taxable income forecast such as revenue growth rates and gross and EBITDA margins against available market information, management plans, historical performance and industry/market outlook. We compared the consistency of management's taxable income forecasts with those included in the budget approved by the Board of Directors. We assessed the robustness of management's forecasting process by comparing the actual results of the subsidiary against the forecast used in prior year. We involved our internal specialist in reviewing the temporary differences.

Independent **Auditor's Report**

to the Members of Del Monte Pacific Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the matter
Valuation of defined benefit liability and asset	
As at 30 April 2019. the Group has defined benefit plans in the USA giving rise to defined benefit liability of US$58.5 million, which are measured using projected unit credit valuation methods. We considered this to be a key audit matter because of the magnitude of the amounts, management's judgement in the use of assumptions such as future salary increases, discount rates, mortality rates and health care trends and technical expertise required to determine these amounts. Refer to Note 21 to the financial statements.	Our procedures included, among others, involving our internal specialist to assist us in reviewing the valuation methodology and the actuarial and demographic assumptions used by management to value the Group's various pension obligations. We evaluated the competence, capabilities and objectivity of management's specialist. We evaluated the key actuarial assumptions such as future salary increases, discount rates, mortality rates and health care trends by comparing them to market data and historical information. We tested the employees' payroll data on a sample basis, and reviewed the reconciliation of the membership census data used in the actuarial models to the payroll data of the Group.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Group's 2019 Annual Report, but does not include the financial statements and our auditor's report thereon. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with ISAs.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent **Auditor's Report**

to the Members of Del Monte Pacific Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control._

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent **Auditor's Report**

to the Members of Del Monte Pacific Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Alvin Phua.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
5 July 2019

Statements of **Financial Position**

As at 30 April 2019 and 2018

(In US$'000)

	Note	Group 30 April 2019	Group 30 April 2018	Company 30 April 2019	Company 30 April 2018
Noncurrent assets					
Property, plant and equipment – net	5	**582,033**	610,889	**–**	–
Investments in subsidiaries	6	**–**	–	**830,855**	707,644
Investments in joint ventures	7	**24,212**	25,195	**766**	1,638
Intangible assets and goodwill	8	**707,997**	714,651	**–**	–
Deferred tax assets – net	9	**106,321**	79,829	**27**	9
Biological assets	11	**1,682**	1,629	**–**	–
Pension assets	21	**8,240**	10,607	**–**	–
Other noncurrent assets	10	**39,096**	41,223	**–**	–
Due from a related company	37	**–**	–	**202,471**	88,880
		1,469,581	1,484,023	**1,034,119**	798,171
Current assets					
Biological assets	11	**52,320**	41,963	**–**	–
Inventories	12	**664,922**	760,981	**–**	–
Trade and other receivables	13	**149,054**	161,627	**3,187**	180,948
Prepaid expenses and other current assets	14	**36,716**	30,782	**192**	210
Cash and cash equivalents	15	**21,636**	24,246	**886**	2,709
		924,648	1,019,599	**4,265**	183,867
Noncurrent assets held for sale	16	**4,465**	5,504	**–**	–
		929,113	1,025,103	**4,265**	183,867
Total assets		**2,398,694**	2,509,126	**1,038,384**	982,038
Equity					
Share capital	17	**49,449**	49,449	**49,449**	49,449
Share premium	18	**478,339**	478,323	**478,478**	478,462
Retained earnings	18	**96,074**	95,505	**96,074**	95,505
Reserves	18	**(65,827)**	(64,082)	**(65,827)**	(64,082)
Equity attributable to owners of the Company	38	**558,035**	559,195	**558,174**	559,334
Non-controlling interests	38	**43,106**	49,065	**–**	–
Total equity		**601,141**	608,260	**558,174**	559,334
Noncurrent liabilities					
Loans and borrowings	19	**985,915**	983,603	**241,015**	129,594
Employee benefits	21	**63,781**	76,905	**148**	3
Environmental remediation liabilities	22	**697**	144	**–**	–
Deferred tax liabilities – net	9	**6,404**	7,128	**–**	–
Other noncurrent liabilities	20	**30,015**	35,195	–	–
		1,086,812	1,102,975	**241,163**	129,597
Current liabilities					
Loans and borrowings	19	**492,740**	481,620	**135,070**	206,034
Employee benefits	21	**27,640**	37,645	**–**	–
Trade and other current liabilities	23	**188,669**	276,618	**103,977**	87,073
Current tax liabilities		**1,692**	2,008	**–**	–
		710,741	797,891	**239,047**	293,107
Total liabilities		**1,797,553**	1,900,866	**480,210**	422,704
Total equity and liabilities		**2,398,694**	2,509,126	**1,038,384**	982,038

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

Income **Statements**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

	Note	Group Year ended 30 April 2019	Group Year ended 30 April 2018	Group Year ended 30 April 2017	Company Year ended 30 April 2019	Company Year ended 30 April 2018	Company Year ended 30 April 2017
Revenue	24	**1,954,842**	2,197,309	2,252,783	**–**	–	–
Cost of sales	25	**(1,559,857)**	(1,764,835)	(1,757,891)	**–**	–	–
Gross profit		**394,985**	432,474	494,892	**–**	–	–
Distribution and selling expenses	25	**(202,839)**	(221,433)	(203,168)	**–**	–	–
General and administrative expenses	25	**(115,540)**	(163,378)	(165,074)	**(10,685)**	(8,823)	(15,906)
Other income (expenses) – net		**3,516**	(18,162)	960	**1,234**	839	673
Results from operating activities		**80,122**	29,501	127,610	**(9,451)**	(7,984)	(15,233)
Finance income	26	**21,985**	41,472	5,809	**20,231**	1,086	47
Finance expense	26	**(100,424)**	(105,653)	(111,068)	**(17,518)**	(16,275)	(22,829)
Net finance expense		**(78,439)**	(64,181)	(105,259)	**2,713**	(15,189)	(22,782)
Share in net income (loss) of joint ventures and subsidiaries	29	**(983)**	(1,552)	(1,909)	**27,059**	(13,303)	62,393
Profit (loss) before taxation	25	**700**	(36,232)	20,442	**20,321**	(36,476)	24,378
Tax benefit (expense)	27	**13,524**	(14,844)	(551)	**(2)**	(16)	(12)
Profit (loss) for the year		**14,224**	(51,076)	19,891	**20,319**	(36,492)	24,366
Profit (loss) attributable to:							
Owners of the Company		**20,319**	(36,492)	24,366	**20,319**	(36,492)	24,366
Non-controlling interests		**(6,095)**	(14,584)	(4,475)	**–**	–	–
		14,224	(51,076)	19,891	**20,319**	(36,492)	24,366
Earnings per share							
Basic earnings (loss) per share (US cents)	28	**0.03**	(2.70)	1.21			
Diluted earnings (loss) per share (US cents)	28	**0.03**	(2.70)	1.21			

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

Statements of **Comprehensive Income**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

	Note	Year ended 30 April 2019	Year ended 30 April 2018	Year ended 30 April 2017
Group				
Profit (loss) for the year		**14,224**	(51,076)	19,891
Other comprehensive income				
Items that will or may be reclassified subsequently to profit or loss:				
Currency translation differences		**(1,838)**	(13,428)	(18,276)
Effective portion of changes in fair value of cash flow hedges	9	**462**	9,330	18,140
Tax impact on share in cash flow hedges	9	**(113)**	(4,098)	(6,893)
		(1,489)	(8,196)	(7,029)
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement plans	21	**(2,513)**	23,326	20,337
Tax impact on remeasurement of retirement plans	9	**2,127**	(5,469)	(6,360)
Gain on property revaluation	5	**–**	–	4,119
Tax impact on revaluation reserve	9	**–**	–	(1,236)
		(386)	17,857	16,860
Other comprehensive income (loss) for the year, net of tax		**(1,875)**	9,661	9,831
Total comprehensive income (loss) for the year		**12,349**	(41,415)	29,722
Total comprehensive income (loss) attributable to:				
Owners of the Company		**18,194**	(28,824)	31,675
Non-controlling interests		**(5,845)**	(12,591)	(1,953)
		12,349	(41,415)	29,722

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

Statements of **Comprehensive Income**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

	Year ended 30 April 2019	Year ended 30 April 2018	Year ended 30 April 2017
Company			
Profit (loss) for the year	**20,319**	(36,492)	24,366
Other comprehensive income			
Items that will or may be reclassified subsequently to profit or loss:			
Share in currency translation differences of subsidiaries	**(1,860)**	(13,428)	(18,274)
Share in effective portion of changes in fair value of cash flow hedges of a subsidiary	**425**	8,777	16,224
Tax impact on share in cash flow hedges	**(113)**	(4,098)	(6,165)
	(1,548)	(8,749)	(8,215)
Items that will not be reclassified to profit or loss:			
Share in remeasurement of retirement plans of subsidiaries	**(1,812)**	21,448	18,393
Tax impact on share in remeasurement of retirement plans	**1,235**	(5,031)	(5,752)
Share in the revaluation reserve of a subsidiary	**–**	–	4,119
Tax impact on share in the revaluation reserve of a subsidiary	**–**	–	(1,236)
	(577)	16,417	15,524
Other comprehensive income (loss) for the year, net of tax	**(2,125)**	7,668	7,309
Total comprehensive income (loss) for the year	**18,194**	(28,824)	31,675

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

Statements of **Changes in Equity**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

	Note	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure -ment of retirement plans	Hedging reserve	Share option reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
		← Attributable to owners of the Company →											
Group													
2019													
At 30 April 2018		49,449	478,323	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,195	49,065	608,260
Total comprehensive income (loss) for the year													
Profit (loss) for the year		–	–	–	–	–	–	–	–	20,319	20,319	(6,095)	14,224
Other comprehensive income													
Currency translation differences		–	–	(1,860)	–	–	–	–	–	–	(1,860)	22	(1,838)
Remeasurement of retirement plans, net of tax	21	–	–	–	–	(577)	–	–	–	–	(577)	191	(386)
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	312	–	–	–	312	37	349
Total other comprehensive income (loss)		–	–	(1,860)	–	(577)	312	–	–	–	(2,125)	250	(1,875)
Total comprehensive income (loss) for the year		–	–	(1,860)	–	(577)	312	–	–	20,319	18,194	(5,845)	12,349
Transactions with owners of the Company recognised directly in equity													
Contributions by and distributions to owners of the Company													
Refund of transaction costs from issue of preference shares in FY2018		–	16	–	–	–	–	–	–	–	16	–	16
Value of employee services received for issue of share options	25	–	–	–	–	–	–	380	–	–	380	(114)	266
Dividends	18	–	–	–	–	–	–	–	–	(19,750)	(19,750)	–	(19,750)
Total contributions by and distributions to owners		–	16	–	–	–	–	380	–	(19,750)	(19,354)	(114)	(19,468)
At 30 April 2019	18	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,035	43,106	601,141

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

Statements of **Changes in Equity**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

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

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

Statements of **Changes in Equity**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

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

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

Statements of **Changes in Equity**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

	Note	Share capital	Share premium	Share in translation reserve of subsidiaries	Share in revaluation reserve of subsidiaries	Share in remeasurement of retirement plans of subsidiaries	Share in hedging reserve of a subsidiary	Share option reserve	Reserve for own shares	Retained earnings	Total equity
Company											
2019											
At 30 April 2018		49,449	478,462	(91,515)	10,885	18,225	(2,764)	1,373	(286)	95,505	559,334
Total comprehensive income for the year											
Profit (loss) for the year		–	–	–	–	–	–	–	–	20,319	20,319
Other comprehensive income											
Currency translation differences		–	–	(1,860)	–	–	–	–	–	–	(1,860)
Remeasurement of retirement plans, net of tax	21	–	–	–	–	(577)	–	–	–	–	(577)
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	312	–	–	–	312
Total other comprehensive income (loss)		–	–	(1,860)	–	(577)	312	–	–	–	(2,125)
Total comprehensive income (loss) for the year		–	–	(1,860)	–	(577)	312	–	–	20,319	18,194
Transactions with owners of the Company recognised directly in equity											
Contributions by and distributions to owners of the Company											
Refund of transaction costs from issue of preference shares in FY2018		–	16	–	–	–	–	–	–	–	16
Value of employee services received for issue of share options	25	–	–	–	–	–	–	380	–	–	380
Dividends	18	–	–	–	–	–	–	–	–	(19,750)	(19,750)
Total contributions by and distributions to owners		–	16	–	–	–	–	380	–	(19,750)	(19,354)
At 30 April 2019		49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,174

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

Statements of **Changes in Equity**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

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

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

Statements of **Changes in Equity**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

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

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

Statements of **Cash Flows**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

	Note	Group			Company		
		Year ended 30 April 2019	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2019	Year ended 30 April 2018	Year ended 30 April 2017
Cash flows from operating activities							
Profit (loss) for the year		**14,224**	(51,076)	19,891	**20,319**	(36,492)	24,366
Adjustments to reconcile profit (loss) for the year to net cash flows:							
Amortisation of intangible assets	8	**6,654**	7,784	9,347	**–**	–	–
Depreciation of property, plant and equipment	5	**132,052**	140,061	138,995	**–**	–	–
Impairment loss (reversal of impairment) of property, plant and equipment	5	**1,262**	24,534	(330)	**–**	–	–
Loss (gain) on disposal of property, plant and equipment	25	**(6,158)**	(11,317)	729	**–**	–	–
Equity-settled share-based payment transactions		**266**	377	890	**–**	30	96
Share in earnings (losses) of joint ventures and subsidiaries		**983**	1,552	1,909	**(27,060)**	13,303	(62,393)
Finance income		**(18,132)**	(38,567)	(5,735)	**(20,231)**	(1,086)	(47)
Finance expense		**100,363**	104,991	111,024	**17,518**	16,275	22,829
Unrealised foreign exchange gains – net		**(3,792)**	(2,243)	(30)	**–**	–	–
Tax expense – current	27	**11,721**	11,701	6,730	**7**	25	14
Tax credit – deferred	27	**(25,245)**	3,143	(6,179)	**(5)**	(9)	(2)
Ineffective portion of cash flow hedges		**264**	846	(1,070)	**–**	–	–
Impairment losses on noncurrent assets held for sale	25	**775**	–	–	**–**	–	–
		215,237	191,786	276,171	**(9,452)**	(7,954)	(15,137)
Changes in:							
Other assets		**6,281**	(5,169)	1,786	**–**	–	–
Inventories		**104,077**	147,643	(64,858)	**–**	–	–
Biological assets		**(10,650)**	(537)	19,852	**–**	–	–
Trade and other receivables		**12,043**	12,716	(331)	**(24)**	(1)	(5)
Prepaid expenses and other current assets		**(4,083)**	10,600	(8,602)	**30**	(143)	(102)
Trade and other payables		**(138,454)**	(11,777)	(7,255)	**(5,481)**	(6,833)	3,360
Employee benefits		**3,304**	16,298	5,052	**–**	–	–
Operating cash flows		**187,755**	361,560	221,815	**(14,927)**	(14,931)	(11,884)
Taxes paid		**(6,830)**	(4,574)	(2,344)	**(31)**	(22)	–
Net cash flows provided by (used in) operating activities		**180,925**	356,986	219,471	**(14,958)**	(14,953)	(11,884)

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

Statements of **Cash Flows**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

		Group			Company		
	Note	Year ended 30 April 2019	Year ended 30 April 2018	Year ended 30 April 2017	Year ended 30 April 2019	Year ended 30 April 2018	Year ended 30 April 2017
Cash flows from investing activities							
Interest received		**715**	550	476	**–**	5	–
Proceeds from disposal of property, plant and equipment and noncurrent assets held for sale		**16,206**	41,241	2,191	**–**	–	–
Acquisitions of property, plant and equipment		**(123,479)**	(144,776)	(176,525)	**–**	–	–
Investments in joint ventures	7	**–**	(949)	(3,570)	**–**	(949)	–
Advances to joint ventures		**–**	–	–	**(950)**	(1,570)	–
Repayments from joint ventures		**–**	–	–	**–**	6,013	–
Advances to related company		**–**	–	–	**(89,232)**	(97,335)	–
Dividend received		**–**	–	–	**33,000**	57,989	–
Net cash flows used in investing activities		**(106,558)**	(103,934)	(177,428)	**(57,182)**	(35,847)	–
Cash flows from financing activities							
Interest paid		**(87,494)**	(94,961)	(103,098)	**(15,927)**	(12,370)	(24,183)
Proceeds from borrowings	19	**886,279**	807,822	930,901	**227,841**	154,570	52,650
Repayment of borrowings	19	**(860,631)**	(1,053,042)	(1,056,280)	**(187,670)**	(145,500)	(205,580)
Proceeds from issuance of share capital	17	**–**	100,000	200,000	**–**	100,000	200,000
Refund (payment) of transaction costs related to issuance of share capital		**16**	(2,085)	(4,523)	**16**	(2,085)	(4,523)
Repayments of advances from related companies		**–**	–	–	**–**	(281,994)	247
Advances from related companies		**–**	–	–	**65,866**	262,025	25,542
Payment of debt related costs		**(146)**	(4,515)	–	**–**	(730)	–
Dividends paid	18	**(19,750)**	(27,172)	(25,828)	**(19,750)**	(27,172)	(25,828)
Net cash flows provided by (used in) financing activities		**(81,726)**	(273,953)	(58,828)	**70,376**	46,744	18,325

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

Statements of **Cash Flows**

Years ended 30 April 2019, 2018 and 2017

(In US$'000)

		Group			Company		
	Note	**Year ended 30 April 2019**	**Year ended 30 April 2018**	**Year ended 30 April 2017**	**Year ended 30 April 2019**	**Year ended 30 April 2018**	**Year ended 30 April 2017**
Net increase (decrease) in cash and cash equivalents		**(7,359)**	(20,901)	(16,785)	**(1,764)**	(4,056)	6,441
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		**4,749**	7,576	7,153	**(59)**	(2)	(35)
Cash and cash equivalents at beginning of year		**24,246**	37,571	47,203	**2,709**	6,767	361
Cash and cash equivalents at end of year	15	**21,636**	24,246	37,571	**886**	2,709	6,767

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

These notes form an integral part of the financial statements.

The accompanying financial statements were approved and authorised for issuance by the Board of Directors (the "Board" or "BOD") on 5 July 2019.

1. DOMICILE AND ACTIVITIES

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

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

The principal activity of the Company is that of investment holding. Its subsidiaries are principally engaged in growing, processing, and selling packaged fruits, vegetable and tomato, fresh pineapples, sauces, condiments, pasta, broth and juices, mainly under the brand names of "Del Monte", "S&W", "Today's", "Contadina", "College Inn" and other brands. The Company's subsidiaries also produce and distribute private label food products.

The immediate holding company is NutriAsia Pacific Limited ("NAPL") whose indirect shareholders are NutriAsia Inc. ("NAI") and Well Grounded Limited ("WGL"), which at 30 April 2019, 2018 and 2017, held 57.8% and 42.2% interests in NAPL, respectively, through their intermediary company, NutriAsia Holdings Limited. NAPL, NAI and WGL were incorporated in the British Virgin Islands.

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

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

The financial statements of the Group as at and for the year ended 30 April 2019 comprise the Company and its subsidiaries (together referred to as the "Group", and individually as "Group entities"), and the Group's interests in joint ventures.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

2. GOING CONCERN – THE COMPANY

The Company's current liabilities are higher by US$234.8 million compared to current assets as at 30 April 2019 (30 April 2018: US$109.2 million).

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

- the Group's net current assets position of US$218.4 million as at 30 April 2019 (30 April 2018: US$227.2 million) and the Company expects to receive dividend payments from its subsidiaries in the next 12 months; and

- the Group generated net operating cash flow of US$180.9 million (30 April 2018: US$ 357.0 million). Management expect that the operating costs will be further reduced in the succeeding years as the Group further review its manufacturing and distribution footprint in the US as well as streamline its operations to further improve operational efficiency with the intent of increasing future operating cash flows.

- the Group has sufficient credit lines available for draw down and as such, management believes that the Group will have sufficient working capital to enable it to meet its objectives and future financial obligations.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgements

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

Judgements

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

Estimates and underlying assumptions

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

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

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

3.5 Measurement of fair value

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

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

3. BASIS OF PREPARATION (CONT'D)

3.5 Measurement of fair value (cont'd)

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

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

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

The Group applied for the first time certain pronouncements, effective 1 May 2018. Adoption of these pronouncements did not have a significant impact to the financial statements of the Group and the Company unless otherwise stated.

- IFRS 9, *Financial Instruments*

  IFRS 9 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 Group applied IFRS 9 retrospectively, with an initial application date of 1 May 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39.

  Classification

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

  The assessment of the Group's business model was made as of the date of initial application, 1 May 2018. The assessment of whether contractual cash flows on debt instruments are solely payments of principal and interest (SPPI) was made based on the facts and circumstances as at the initial recognition of the assets.

  Cash in banks, trade and other receivables, notes receivable and refundable deposits, previously classified as loans and receivables, are held to collect contractual cash flows and give rise to cash flows representing SPPI. These are now classified and measured as financial assets at amortised cost. The Group has not designated any financial liabilities as at FVTPL. There are no changes in the classification and measurement for the Group's financial liabilities.

  The measurement requirements of IFRS 9 did not have a significant impact to the Group. The Group continued measuring at amortised cost all financial assets previously carried at amortised cost under IAS 39.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

- IFRS 9, *Financial Instruments (cont'd)*

As at 1 May 2018, the Group had the following required reclassifications upon the adoption of IFRS 9:

	1 May 2018	
	IAS 39 Measurement	IFRS 9 Measurement
	Loans and Receivables US$'000	Amortised Cost US$'000
Cash and cash equivalents	24,246	24,246
Trade and other receivables	161,627	161,627
Refundable deposits	1,858	1,858
Notes receivables	7,744	7,744

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. The new impairment model applies to the Group's financial assets measured at amortised cost and any contract assets recognised under IFRS 15 *Revenue from Contracts with Customers*.

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

The adoption of the ECL approach has no material effect on the financial position and financial performance of the Group.

Hedge Accounting

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting.

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

- IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. The new standard introduces a new and more comprehensive revenue recognition model for contracts with customers which specifies that revenue should be recognised when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled.

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

Before IFRS 15, the Group's revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. 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. Under IFRS 15, although the resulting timing of recognition generally remained similar for the Group's transactions, the Group's sale of goods is now recognised at the point in time that control of the goods transfer to the customer.

Before IFRS 15, revenue was 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 recognised as a reduction of revenue as the sales are recognised. Under IFRS 15, although the resulting measurement of revenue generally remained similar for the Group's transactions, the Group now measures revenue at the transaction price determined based on new requirements from the standard, including detailed guidance on variable consideration and consideration payable to customers.

The Group has adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 May 2018. Under this method, IFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the method only to those contracts that are not completed as at 1 May 2018. Accordingly, the information presented for fiscal year ended 30 April 2018 has not been restated and the disclosure requirements in IFRS 15 have not generally been applied to comparative information. The adoption of IFRS 15 did not have a material impact to the financial statements.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

3. BASIS OF PREPARATION (CONT'D)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

- IFRS 15, *Revenue from Contracts with Customers*

The effects on the statement of financial position as at May 1, 2018 are as follows:

	As at May 1, 2018 before application	IFRS 15 Adjustment Increase (decrease)	As at May 1, 2018 after application
Liabilities			
Contract liabilities	US$–	US$13,592	US$13,592
Deferred revenue	13,592	(13,592)	–

- Amendments to IAS 40, *Investment Property*, *Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

Since the Group's current practice is in line with the clarifications issued, the adoption of the amendments did not affect the consolidated financial statements.

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

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

Since the Group's current practice is in line with the clarifications issued, the adoption of this interpretation did not affect the consolidated financial statements.

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

- Amendments to IFRS 4, *Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts*

- Amendments to IAS 28, *Investments in Associates and Joint Ventures*, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to IFRSs* 2014 – 2016 Cycle)

Notes to the **Financial Statements**
For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation

(i) Business combination

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, *Business Combinations,* as at 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 recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

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

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

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

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

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

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(i) Business combination (cont'd)

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

(ii) Investments in subsidiaries

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

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

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

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

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

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(iii) Acquisition under common control

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

(iv) Loss of control

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

(v) Goodwill

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

Subsequent measurement

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

Impairment of goodwill is discussed in Note 4.11.

(vi) Investments in joint ventures

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

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

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

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

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(vii) Transactions eliminated on consolidation

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

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

Interest in subsidiaries and joint ventures are accounted for using the equity method. It is initially recognised at cost, which includes transactions costs. Subsequent to the initial recognition, the financial statements include the Company's share of profit or loss and other comprehensive income of the equity-accounted investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency (cont'd)

(ii) Foreign operations

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

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

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

4.3 Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Intangible assets

(i) Indefinite useful life intangible assets

Intangible assets are measured at cost less accumulated impairment losses.

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

(ii) Research and development

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

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

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

(iii) Other intangible assets

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

(iv) Subsequent expenditure

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

(v) Amortisation

Amortisation is calculated based on the cost of the asset.

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

Trademarks	–	10 to 20 years
Customer relationships	–	20 years

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Subsequent Measurement Prior to the Adoption of IFRS 9

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

(i) Non-derivative financial assets

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

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

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

Non-derivative financial assets comprise of loans and receivables.

Loans and receivables

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(ii) Non-derivative financial liabilities

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

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

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

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

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

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

(iii) Derivative financial instruments, including hedge accounting

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

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(iii) Derivative financial instruments, including hedge accounting (cont'd)

Cash flow hedges

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

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

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

Starting May 1, 2018, the Group has adopted IFRS 9.

(i) Recognition and measurement

Financial instruments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a financing component, or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price determined under IFRS 15.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, the Group classifies its financial assets into the following categories: financial assets at amortised cost, financial assets at FVTPL, and financial assets at FVOCI. The classification depends on the Group's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL: (1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL: (1) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The Group's financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has insignificant investment in club shares classified and measured at FVOCI.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Impairment losses on trade receivables are recognised under selling expenses. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at amortised cost comprise cash in banks and cash equivalents, trade and other receivables, due from related party, refundable deposits and note receivables.

Business model assessment

The business model refers to how an entity manages its financial assets in order to generate cash flows. It determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group makes an assessment of the objective of the business model in which financial assets held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the policies and objectives in managing the Group's financial assets for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model and how those risks are managed;

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost comprise bank loans, trade and other payables.

(iii) Derecognition

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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. Repurchases of a portion of a financial liability result in the allocation of the original carrying value of the financial liability between the portion that continues to be recognised and the portion that was repurchased based on the relative fair values on the date of the repurchase.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(iv) Offsetting

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

(v) Derivative financial instruments, including hedge accounting

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

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 also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other. To qualify for hedge accounting, the hedging relationship has to meet the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item; and
- the hedged item and the hedging instrument are not intentionally weighted to create hedge ineffectiveness, whether recognised or not, to achieve an accounting outcome that would be inconsistent with the purpose of hedge accounting.

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(v) Derivative financial instruments, including hedge accounting (cont'd)

Cash flow hedges

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

The amount accumulated in equity is retained in OCI and reclassified to the consolidated income statement in the same period or periods during which the hedged item affects the consolidated income statement, except when a hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, in which case the amount retained in OCI is included directly in the initial cost of the non-financial item when it is recognised.

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. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in OCI remains in equity until, for hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the income statement in the same period or periods as the hedged expected future cash flows affect the income statement. If a hedged forecast transaction is no longer expected to occur, then the amount accumulated in equity is immediately reclassified to the income statement.

Policy prior to adoption of IFRS 9

Before application of IFRS 9, 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. Other significant accounting policies of the Group on derivative financial instruments remain similar before and after the application of IFRS 9.

4.6 Property, plant and equipment

(i) Recognition and measurement

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

Any increase in the revaluation amount is recognised in OCI and presented in the revaluation reserve in equity unless it offsets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from other comprehensive income to retained earnings.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

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

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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

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

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

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

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

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

4.7 Biological assets

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

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

Bearer Plants

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

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Biological assets (cont'd)

Breeding and Dairy Herd

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

Growing Herd

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

Cattle for Slaughter

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

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

Agricultural Produce

The Group's growing produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Group uses the future selling prices and gross margin of finished goods, less future growing cost as the basis of fair value and adjusted for margin and associated costs related to production. The Group's harvested produce are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell.

Cutmeat

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

4.8 Leases

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

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or

(d) There is a substantial change to the asset.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Leases (cont'd)

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

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

Group as Lessee

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

4.9 Inventories

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

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

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

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

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

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

4.10 Cash and cash equivalents

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment

(i) Non-derivative financial assets

Impairment of non-derivative financial assets prior to the adoption of IFRS 9

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

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

Loans and receivables

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

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

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

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

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

Impairment of non-derivative financial assets upon adoption of IFRS 9

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loss allowances are measured on either lifetime ECLs or 12-month ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date, or a shorter period if the expected life of the instrument is less than 12 months.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for debt securities that are determined to have low credit risk at the reporting date and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables and contract assets without a significant financing component are measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held), or when the financial asset is more than 90 days past due.

The Group considers a debt security to have a low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

At each reporting date, the Group assesses whether financial assets at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired may include significant financial difficulty of the debtor, a breach of contract such as a default, the restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that the debtor or issuer will enter bankruptcy or other financial reorganisation, the disappearance of an active market for that financial asset because of financial difficulties, adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets in the statement of financial position. The gross carrying amount of a financial asset is written-off when the Group has no realistic prospects of recovery of the asset.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (cont'd)

(ii) Non-financial assets

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

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

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

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

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

Joint ventures and investments in subsidiaries

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

Goodwill

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Goodwill is allocated to a CGU or group of CGUs that represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The recoverable amount is computed using two approaches: the 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 cost to sell approach, which is based on the Income Approach, which indicates the recoverable amount of an asset based on the value of the cash flows that the asset can be expected to generate in the future.

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

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

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

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

4.12 Noncurrent assets held for sale

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

4.13 Employee benefits

(i) Defined contribution plans

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits (cont'd)

(ii) Defined benefit pension plan

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

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

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

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

When the plan amendment or curtailment occurs, the Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Multi-employer plans

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

(iii) Other plans

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Employee benefits (cont'd)

(iv) Other long-term employee benefits

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

(v) Termination benefits

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

(vi) Short-term employee benefits

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

(vii) Share-based payment transactions

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

Share awards

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

Share options

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Share Capital and Retained earnings

(i) Share capital

Ordinary shares

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

Preference shares

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

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

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

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

Share premium

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

(ii) Retained Earnings

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

(iii) Dividends

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Provisions

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

(i) Environment remediation liabilities

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

(ii) Retained insurance liabilities

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

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

4.16 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of goods

Revenue from the sale of goods is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the promised goods.

Each contract with a customer specifies minimum quantity, fixed prices and effective period and is not subject to change for the contractual period unless mutually agreed by the parties. Invoices are usually payable within 30 days.

Certain customers are entitled to, and in most cases avail of, cash discounts when payments are made within a defined time frame. For certain contracts, the Group may be charged a penalty for late deliveries. Variable amounts related to these discounts and penalties are estimated using the most likely amount and included in the transaction price to the extent it is highly probable that a significant revenue reversal will not subsequently occur.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Revenue recognition (cont'd)

(i) Sales of goods (cont'd)

The Group provides allowances under trade promotions to customers and coupons to end consumers which are reimbursable by the Group to customers when redeemed. Allowances and coupons are considered as reductions from the transaction price and recognised at the later of when the Group recognises revenue for the transfer of the related goods and when the Group pays or promises to pay the allowances or coupons.

Variable amounts related to these allowances and coupons are estimated using the expected value method or most likely amount and included in the transaction price to the extent it is highly probable that a significant revenue reversal will not subsequently occur. Accruals for trade promotions are based on expected levels of performance. Settlement typically occurs in subsequent periods primarily through an off-invoice allowance at the time of sale or through an authorised process for deductions taken by a customer from amounts otherwise due to the Group. Evaluation of trade promotions are performed monthly and adjustments are made where appropriate to reflect changes in the Group's estimates. The Group accrues coupon redemption costs 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 may be required.

The Group's customers generally do not have the right to return products unless damaged or defective. Accordingly, returns are not considered as variable consideration and the related costs are accounted for as warranty provisions.

The Group recognises a contract liability, presented under "Deferred revenue", for consideration received or due from a customer before the related revenue qualifies for recognition – e.g., receipt of payment in advance of the delivery of goods.

The Group recognises a contract asset representing conditional rights to consideration in exchange for goods the Group transferred to a customer. The Group recognises a trade receivable when the Group's right to consideration is or becomes unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

(ii) Finance income

Such income is recognised as the interest accrues taking into account the effective interest yield on the asset.

(iii) Other income

Other income is recognised when earned.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Revenue recognition (cont'd)

(iv) Bill-and-hold arrangements

Bill-and-hold arrangements pertain to sales of the Group wherein the customers are billed for goods that are ready for delivery, but the Group retains physical possession of the product until it is transferred to the customer at a future date. The Group assessed whether control has transferred to the customers, even though the customers do not have physical possession of the goods. The following criteria must all be met in order for the customers to have obtained control in bill-and-hold arrangements:

- the reason for the bill-and-hold arrangement must be substantive;
- the product must be identified separately as belonging to the customer;
- the product currently must be ready for physical transfer to the customer; and
- the entity cannot have the ability to use the product or to direct it to another customer.

Custodial services provided to the customers are identified as a separate performance obligation. A portion of the contract price should be allocated to the custodial services and separately recognised over the period of time the product is being held by the Group, along with the related costs of storing the product.

Penalty on the late payment of the invoices affects the estimate of the transaction price.

Under IAS 18, prior to the adoption of IFRS 15, revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably, regardless of when payment is being made. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

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

(ii) Finance income

Revenue is recognised as the interest accrues, taking into account the effective yield on the asset.

(iii) Others

Revenue is recognised when earned.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Lease payments

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

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

4.18 Finance income and finance costs

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

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

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

4.19 Tax

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

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

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

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Tax (cont'd)

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

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

4.20 Earnings per share

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

4.21 Segment reporting

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

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

4.22 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Contingencies (cont'd)

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

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

4.23 New standards and interpretations issued but not yet adopted

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

<u>Applicable for the first annual reporting period that begins on or after 1 May 2019</u>

- IFRS 16, *Leases*

  IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

  IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

  A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

  Early application is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group has performed preliminary impact assessment of the adoption of IFRS 16 and expects that the adoption of IFRS 16 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

- IFRIC-23, *Uncertainty over Income Tax Treatments* clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments.

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12, *Income Taxes,* and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately

  - The assumptions an entity makes about the examination of tax treatments by taxation authorities

  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The interpretation is effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted. The Group is currently assessing the impact of this new standard.

- Amendments to IAS 19, *Plan Amendment, Curtailment or Settlement*

  The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

  The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

  The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after May 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

- *Annual Improvements to IFRSs 2015-2017 Cycle*

  This cycle of improvements contains amendments to the following standards relevant to the Group:

  - Amendments to IFRS 3, and IFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

    A party that participates in, but does not have joint control of, a joint operation, might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after May 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after May 1, 2019, with early application permitted.

  - Amendments to IAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

    An entity applies those amendments for annual reporting periods beginning on or after May 1, 2019, with early application is permitted.

  - Amendments to IAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

    An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after May 1, 2019, with early application permitted.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

- Amendments to IFRS 9 *Prepayment features with negative compensation*

  Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest on the principal amount outstanding" (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract. These amendments have no impact on the consolidated financial statements of the Group.

- Amendments to IAS 28 *Long-term interests in associate and joint ventures*

  The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

  The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28, *Investments in Associates and Joint Ventures*.

  The amendments are effective for annual periods beginning on or after 1 May 2019. Earlier application is permitted. These amendments are not applicable to the Group since interests in joint ventures is accounted for using equity method.

<u>Applicable for the first annual reporting period that begins on or after 1 May 2020</u>

- *Definition of a Business* (Amendments to IFRS 3)

  The amendments to IFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after May 1, 2020, with earlier application permitted.

- *Definition of Material* (Amendments to IAS 1 *Presentation of Financial Statements and* IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors)*

  The amendments refine the definition of material in IAS 1 and align the definitions used across IFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after May 1, 2020, with earlier application permitted.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 New standards and interpretations issued but not yet adopted (cont'd)

Applicable for the first annual reporting period that begins on or after 1 May 2021

- IFRS 17 *Insurance Contracts.*

  IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  IFRS 17 is effective for reporting periods starting on or after 1 May 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

Deferred effectivity

- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

5. PROPERTY, PLANT AND EQUIPMENT – NET

	At cost				At appraised value	
	Buildings, land improvements and leasehold improvements US$'000	Machineries and equipment US$'000	Construction -in-progress US$'000	Bearer Plants US$'000	Freehold land US$'000	Total US$'000
Cost/Valuation						
At 1 May 2018	217,950	552,084	55,941	260,424	67,109	1,153,508
Additions	1,781	2,285	34,906	82,627	–	121,599
Disposals	(7,948)	(5,897)	–	–	(839)	(14,684)
Write off – closed fields	–	–	–	(29,234)	–	(29,234)
Reclassifications	6,848	48,978	(58,130)	–	(4,646)	(6,950)
Currency realignment	(318)	(1,327)	(234)	(1,880)	(83)	(3,842)
At 30 April 2019	218,313	596,123	32,483	311,937	61,541	1,220,397
At 1 May 2017	216,617	546,529	37,707	219,443	68,000	1,088,296
Additions	5,309	5,146	54,947	82,796	–	148,198
Disposals	(907)	(24,751)	–	–	(86)	(25,744)
Write off – closed fields	–	–	–	(34,038)	–	(34,038)
Reclassifications	(1,652)	31,580	(35,812)	–	(369)	(6,253)
Currency realignment	(1,417)	(6,420)	(901)	(7,777)	(436)	(16,951)
At 30 April 2018	217,950	552,084	55,941	260,424	67,109	1,153,508
Accumulated depreciation and impairment losses						
At 1 May 2018	67,563	298,398	–	172,361	4,297	542,619
Charge for the year	10,647	50,036	–	71,369	–	132,052
Impairment loss	1,262	–	–	–	–	1,262
Write off – closed fields	–	–	–	(29,234)	–	(29,234)
Disposals	(935)	(4,036)	–	–	–	(4,971)
Reclassification	(1,068)	–	–	–	–	(1,068)
Currency realignment	(61)	(858)	–	(1,377)	–	(2,296)
At 30 April 2019	77,408	343,540	–	213,119	4,297	638,364
At 1 May 2017	46,577	250,542	–	133,992	–	431,111
Charge for the year	11,284	51,553	–	77,224	–	140,061
Impairment loss	11,278	8,959	–	–	4,297	24,534
Write off – closed fields	–	–	–	(34,038)	–	(34,038)
Disposals	(130)	(7,449)	–	–	–	(7,579)
Reclassification	(700)	(91)	–	–	–	(791)
Currency realignment	(746)	(5,116)	–	(4,817)	–	(10,679)
At 30 April 2018	67,563	298,398	–	172,361	4,297	542,619
Carrying amounts						
At 30 April 2019	140,905	252,583	32,483	98,818	57,244	582,033
At 30 April 2018	150,387	253,686	55,941	88,063	62,812	610,889

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

5. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

The Group has amounts in accrued liabilities relating to property, plant and equipment acquisitions of US$0.6 million as of 30 April 2019 (30 April 2018: US$6.4 million). Down payments made by the Group for the acquisition of property, plant and equipment amounted to US$2.6 million as of 30 April 2019 (30 April 2018: US$2.9 million). The cost of fields closed and written off in 2019 amounted to US$29.2 million, which have been fully depreciated during the year (2018: US$34.0 million).

Bearer Plants

	Group	
	30 April 2019	**30 April 2018**
Hectares planted with growing crops:		
– Pineapples	14,992	16,402
– Papaya	47	59
Fruits harvested from the growing crops: (in metric tons)		
– Pineapples	651,517	743,008
– Papaya	3,554	1,312

Bearer plants is stated at cost which comprises actual costs incurred in nurturing the crops reduced by depreciation. Depreciation represents the estimated cost of fruits harvested from the Group's plant crops. An estimated cost is necessary since the growth cycle of the plant crops is beyond twelve months, hence total growing costs are not yet known as of reporting date. The estimated cost is developed by allocating estimated growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. Estimated growing costs are affected by inflation and foreign exchange rates, volume and labour requirements. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The Group reviews and monitors the estimated cost of harvested fruits regularly.

Leasehold Improvements

As at 30 April 2019 and 2018, the Group has no significant legal or constructive obligation to dismantle any of its leasehold improvements as the lease contracts provide, among other things, that the improvements introduced on the leased assets shall become the property of the lessor upon termination of the lease.

Freehold Land

The table below summarises the valuation of freehold land held by the Group as at 30 April 2019 in various locations:

Located in	**Valuation US$'000**	**Date of Valuation**
The Philippines	8,786	2016 (Various)
United States of America	39,399	31 December 2016
Singapore	9,059	9 September 2016
	57,244	

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

5. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

The Group engaged independent appraisers to determine the fair values of its freehold land. Revaluations are performed at regular intervals to ensure that the fair value of the freehold land does not differ materially from its carrying amount. Management evaluated that the fair values of its freehold land at the respective valuation dates approximate their fair values as of the reporting date. The assumptions used in determining the fair value are disclosed in Note 34.

In fiscal year 2019, the Group reclassified US$4.6 million of its freehold land as held-for-sale (2018: US$0.4 million) and disposed US$0.8 million (2018: US$0.1 million).

The carrying amount of the Group's freehold land as at 30 April 2019 would be US$41.9 million (2018: US$47.5 million) had the freehold land been carried at cost less impairment losses.

Construction-in-Progress

Construction-in-progress includes on-going item expansion projects for the Group's operations.

Major items in the Construction in Progress (CIP) include construction of a new juicing facility plant and cyberspace security network. Most of the CIP items are expected to be completed within fiscal year 2020.

Plant closures and divestiture of Sager Creek business

In connection with the plant closures, the Group recognised impairment losses amounting to US$1.3 million in fiscal year 2019 (2018: US$24.5 million).

Seed Operation Exit

In fiscal year 2019, the Group entered into production and packaging agreements to meet breeding objectives with the Group's intellectual property (research and breeding lines) for its seed operations. The Group will maintain the variety selection process it's had in the past to select varieties that meet the Group's standards. Due to these agreements, the Group closed its Idaho Falls, Idaho and Gilroy, California seed operations in August 2018 and February 2019, respectively. In connection with the Idaho Falls plant closure, the Group recognised a gain on the sale of related property, plant and equipment amounting to US$1.5 million in fiscal year 2019. Additionally, in fiscal year 2019, management committed to a plan to sell certain assets of the Group's Gilroy plant. Those assets have been reclassified as "Assets held for sale" in the consolidated statement of financial position.

Plymouth Plant

The Group closed its Plymouth, Indiana plant during fiscal year 2018. In connection with the plant closure, the Group recognised impairment losses on related property, plant and equipment amounting to US$7.0 million in fiscal year 2018.

Under the termination plan, approximately 100 employees were affected, all of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US$2.3 million, with US$0.2 million outstanding as of 30 April 2018. Remaining employee severance benefits amounting to US$0.2 million were settled in fiscal year 2019. The employee severance benefits are presented under "Employee benefits".

The Group reclassified the plant's land and building as held-for-sale as of 30 April 2018 (see Note 16). The plant's office building and land were sold in 2019.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

5. PROPERTY, PLANT AND EQUIPMENT – NET (CONT'D)

Sager Creek – Siloam Springs, Arkansas

The Group also closed its Country production plant in Siloam Springs, Arkansas. The operations ceased on 20 September 2017.

Under the termination plan, approximately 230 employees were affected, the majority of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US$2.3 million, with US$0.4 million outstanding as of 30 April 2018. Employee severance benefits amounting to less than US$0.1 million were settled in fiscal year 2019. The employee severance benefits are presented under "Employee benefits".

The Group reclassified the plant's office building as held-for-sale as of 30 April 2018 (see Note 16) and were correspondingly sold in 2019 for US$4.4 million.

Northwest Arkansas Distribution and Warehouse Facilities

The Group announced on 19 January 2018 its intention to close its distribution and warehouse facilities in Northwest Arkansas. These closures occurred during the first half of 2019.

Under the termination plan, approximately 125 employees were affected, the majority of which were terminated by the end of fiscal year 2018. The Group recognised provisions for employee severance benefits amounting to US$1.3 million, with US$1.1 million outstanding as of 30 April 2018. Employee severance benefits amounting to US$0.5 million were settled in fiscal year 2019, with US$0.1 million outstanding as of 30 April 2019. The employee severance benefits are presented under "Employee benefits".

Source of estimation uncertainty

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

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

The depreciation of bearer plants require estimation of future yield which is affected by natural phenomena and weather patterns.

The valuation of freehold land is based on comparable transaction subject to adjustments. These adjustments require judgement.

The recoverable amount of the impaired assets was based on fair value less cost to sell, which is subject to estimation.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

6. INVESTMENTS IN SUBSIDIARIES

	30 April 2019 US$'000	30 April 2018 US$'000
Unquoted equity shares, at cost	**640,699**	640,699
Amounts due from subsidiaries (nontrade)	**205,106**	75,243
	845,805	715,942
Accumulated share in (losses) profit and other comprehensive income at the beginning of the year	**(8,298)**	115,946
Share in net profit (losses) of subsidiaries	**27,931**	(12,066)
Dividends declared by subsidiaries	**(33,000)**	(120,000)
Share in other comprehensive (losses) income of subsidiaries, net of tax	**(1,965)**	7,668
Others	**382**	154
	(14,950)	(8,298)
Interests in subsidiaries at the end of the year	**830,855**	707,644

The amounts due from subsidiaries are unsecured and interest-free. Settlement of the balances are neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company's net investments in the subsidiaries.

In April 2019, the Company converted its advances to wholly owned subsidiaries Del Monte Pacific Resources Limited (DMPRL) and DMPL India, Pte Ltd (DMPLI) in the amounts of US$167.6 million and US$70.1 million, respectively, into other equity. The conversion was approved by the Board of directors on 30 April 2019.

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 30 April 2019 %	Effective equity held by the Group 30 April 2018 %
Held by the Company				
Del Monte Pacific Resources Limited ("DMPRL") [6]	Investment holding	British Virgin Islands	100.00	100.00
DMPL India Pte Ltd ("DMPLI") [2]	Investment holding	Singapore	100.00	100.00
DMPL Management Services Pte Ltd [2]	Providing administrative support and liaison services to the Group	Singapore	100.00	100.00
GTL Limited [6]	Trading food products mainly under the brand names: "Del Monte" and buyer's own label	Federal Territory of Labuan, Malaysia	100.00	100.00
S&W Fine Foods International Limited ("S&W") [6]	Selling processed and fresh food products under the "S&W" trademark; Owner of the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa	British Virgin Islands	100.00	100.00
DMPL Foods Limited ("DMPLFL") [7]	Investment holding	British Virgin Islands	89.43	89.43

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2019 %	Effective equity held by the Group 30 April 2018 %
Held by DMPRL				
Central American Resources, Inc. ("CARI")[6]	Investment holding	Panama	100.00	100.00
Dewey Limited ("Dewey") [4] [7]	Mainly investment holding	Bermuda	100.00	–
Held by CARI				
Del Monte Philippines, Inc ("DMPI") [1]	Growing, processing and distribution of food products mainly under the brand name "Del Monte"	Philippines	100.00	100.00
Dewey Limited ("Dewey") [4] [7]	Mainly investment holding	Bermuda	–	100.00
Pacific Brands Philippines, Inc [1]	Inactive	State of Delaware, U.S.A.	100.00	100.00
South Bukidnon Fresh Trading Inc ("SBFTI") [1]	Production, packing, sale and export of food products	Philippines	100.00	100.00
Held by DMPI				
Philippines Packing Management Services Corporation [1]	Management, logistics and support services	Philippines	100.00	100.00
Del Monte Txanton Distribution Inc ("DMTDI") [a] [1]	Trading, selling and distributing food, beverages and other related products	Philippines	40.00	40.00
Held by Dewey				
Dewey Sdn. Bhd. [3]	Owner of various trademarks	Malaysia	100.00	100.00
Held by DMPLI				
DMPL India Limited	Investment holding	Mauritius	94.94	94.94
Held by S&W				
S&W Japan Limited [7]	Support and marketing services for S&W	Japan	100.00	100.00
Held by DMPLFL				
Del Monte Foods Holdings Limited ("DMFHL") [1]	Investment holding	British Virgin Islands	89.43	89.43
Held by DMFHL				
Del Monte Foods Holdings II, Inc. ("DMFHII") [5]	Investment holding	State of Delaware, U.S.A.	89.43	89.43
Held by DMFHII				
Del Monte Foods Holdings Inc. ("DMFHI") [5]	Investment holding	State of Delaware, U.S.A.	89.43	89.43
Held by DMFHI				
Del Monte Foods, Inc. ("DMFI") [5]	Manufacturing, processing and distributing food, beverages and other related products	State of Delaware, U.S.A	89.43	89.43

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2019 %	Effective equity held by the Group 30 April 2018 %
Held by DMFI				
Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.) [5]	Manufacturing, processing and distributing food, beverages and other related products	State of Delaware, U.S.A.	89.43	89.43
Del Monte Andina C.A. [8]	Manufacturing, processing and distributing food, beverages and other related products	Venezuela	–	–
Del Monte Colombiana S.A. [3]	Manufacturing, processing and distributing food, beverages and other related products	Colombia	73.31	73.31
Industrias Citricolas de Montemorelos, S.A. de C.V. (ICMOSA) [3]	Manufacturing, processing and distributing food, beverages and other related products	Mexico	89.43	89.43
Del Monte Peru S.A.C. [7]	Distribution of food, beverages and other related products	Peru	89.43	89.43
Del Monte Ecuador DME C.A. [7]	Distribution of food, beverages and other related products	Ecuador	89.43	89.43
Hi-Continental Corp. [7]	Lessee of real property	State of California, U.S.A.	89.43	89.43
College Inn Foods [7]	Inactive	State of California, U.S.A.	89.43	89.43
Contadina Foods, Inc. [7]	Inactive	State of Delaware, U.S.A.	89.43	89.43
S&W Fine Foods, Inc. [7]	Inactive	State of Delaware, U.S.A.	89.43	89.43
Del Monte Ventures, LLC ("DM Ventures") [b]	Investment holding	State of Delaware, U.S.A.	89.43	89.43
Held by DM Ventures				
Del Monte Avo, LLC [b]	Development, production, marketing, sale and distribution of UHP avocado products	State of Delaware, U.S.A.	45.61	45.61
Del Monte Chilled Fruit Snacks, LLC [b]	Development, production, marketing, sale and distribution of processed refrigerated fruit products	State of Delaware, U.S.A.	45.61	45.61
Held by Del Monte Andina C.A.				
Del Monte Argentina S.A. [8]	Inactive	Argentina	–	–

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) DMTDI is consolidated as the Group has de facto control over the entity.
Management believes that the Group has control over DTMTDI since it is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over DMTDI. In its special meeting held on 22 April 2019, DMTDI's board of directors approved the dissolution and liquidation of DMTDI by shortening its corporate term to 30 April 2019.

(b) The Group incorporated its subsidiary, Del Monte Ventures, LLC on 21 June 2017 which acquired interests in four joint venture entities which were all incorporated in the state of Delaware, USA. These joint ventures will pursue sales of expanded refrigerated offerings across all distribution and sales channels, and will establish a new retail food and beverage concept. These joint ventures will initially focus on the U.S. market, with the potential for expansion into other territories. These joint venture entities are in their pre-operating stages and have no material assets or liabilities as of 30 April 2019 and 2018.

[1] Audited by SyCip Gorres Velayo & Co. ("SGV").
[2] Audited by Ernst and Young LLP ("EY") Singapore.
[3] Audited by Ernst & Young member firms in the respective countries.
[4] On 30 April 2019, the Board of Directors of CARI approved the transfer of its outstanding shares in Dewey, as well as all rights, title and interest attributed thereto, to DMPRL.
[5] Not required to be audited in the country of incorporation. Audited by SGV for the purpose of group reporting.
[6] Not required to be audited in the country of incorporation. Audited by Ernst and Young LLP, Singapore for the purpose of group reporting.
[7] Not required to be audited in the country of incorporation.
[8] Not required to be audited in the country of incorporation. The Venezuelan entity was deconsolidated in 2015.

The Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4. The Company determined that it exercised control on all its subsidiaries as it has all elements of control.

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

Source of estimation uncertainty

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

7. INVESTMENTS IN JOINT VENTURES

Name of joint venture	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2019 %	Effective equity held by the Group 30 April 2018 %
FieldFresh Foods Private Limited ("FFPL") *	Production and sale of fresh and processed fruits and vegetable food products	India	47.47	47.47
Nice Fruit Hong Kong Limited (NFHKL) #	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	35.00

* Audited by Deloitte Haskins & Sells, Gurgaon, India.
\# Audited by Ernst and Young Hong Kong.

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For the financial year ended 30 April 2019

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

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

	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Revenue	76,597	76,588	72,914
Loss from continuing operations [a]	(222)	(630)	(3,352)
Other comprehensive income	–	–	–
Total comprehensive income	(222)	(630)	(3,352)
[a] Includes:			
– depreciation	134	151	177
– interest expense	1,501	1,522	2,086
Noncurrent assets	13,475	14,657	15,877
Current assets	22,309	21,882	20,907
Noncurrent liabilities	(17,798)	(17,992)	(19,927)
Current liabilities	(13,910)	(13,684)	(11,616)
Net assets	4,076	4,863	5,241
Proportion of the Group's ownership including non-controlling interest	50%	50%	50%
	2,038	2,432	2,621
Goodwill	20,000	20,000	20,000
Translation adjustment	1,408	1,125	1,251
Carrying amount of investment	23,446	23,557	23,872
Carrying amount of interest in FFPL at beginning of the year	23,557	23,872	20,661
Capital injection during the year	–	–	4,887
Group's share of:			
– loss from continuing operations	(111)	(315)	(1,676)
– other comprehensive income	–	–	–
total comprehensive loss	(111)	(315)	(1,676)
Carrying amount of interest at end of the year	23,446	23,557	23,872

The interest in the net assets of an immaterial joint venture, NFHKL, is as follows:

	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Carrying amount of interest in NFHKL at beginning of the year	1,638	1,925	2,159
Capital injection during the year	–	950	–
Group's share of:			
– loss from continuing operations	(872)	(1,237)	(234)
– other comprehensive income	–	–	–
Total comprehensive loss	(872)	(1,237)	(234)
Carrying amount of interest at end of the year	766	1,638	1,925

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

The summarised interest in joint ventures of the Group, is as follows:

	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Group's interest in joint ventures			
FFPL	23,446	23,557	23,872
NFHKL	766	1,638	1,925
Carrying amount of investments in joint ventures	24,212	25,195	25,797

Determination of joint control and the type of joint arrangement

Joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has assessed that it has joint control in all joint arrangements.

The Group determines the classification of a joint venture depending upon the parties' rights and obligations arising from the arrangement in the normal course of business. When making an assessment, the Group considers the following:

(a) the structure of the joint arrangement.
(b) when the joint arrangement is structured through a separate vehicle:

   i. the legal form of the separate vehicle;
   ii. the terms of the contractual arrangement; and
   iii. when relevant, other facts and circumstances.

The Group determined that its interests in FFPL and NFHKL are joint ventures as the arrangements are structured in a separate vehicle and that it has rights to the net assets of the arrangements. The terms of the contractual arrangements do not specify that the parties have rights to the assets and obligations for the liabilities relating to the arrangements.

Source of estimation uncertainty

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

Since its acquisition, the Indian sub-continent trademark and the investment in FFPL were allocated to the Indian sub-continent cash-generating unit ("Indian sub-continent CGU"). The recoverable amount of Indian sub-continent CGU was estimated using the discounted cash flows based on five-year cash flow projections.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

7. INVESTMENTS IN JOINT VENTURES (CONT'D)

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, revenue growth rates, earnings before interest, taxes, depreciation and amortisation (EBITDA) margin and terminal value growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the industries and were based on both external and internal sources.

	30 April 2019 %	30 April 2018 %
Pre-tax discount rate	13.8	14.1
Revenue growth rate	19.0 – 21.0	15.0 – 20.0
EBITDA margin	4.9 – 13.0	7.0 – 12.0
Long-term EBITDA margin	12.8	11.6
Terminal value growth rate	5.0	5.0

In fiscal year 2019, discount rate is a pre-tax measure estimated based on past experience, and industry average weighted average cost of capital, which is based on a rate of debt leveraging rate of 14.3% in 2019 (2018: 15.7%), at a market interest rate of 9.7% in 2019 (2018: 9.5%).

Revenue growth rate is expressed as compound annual growth rates in the initial five years of the plan. In the first year of the business plan, revenue growth rate was projected at 32% (2018: 18%) based on the near-term business plan and market demand. The annual revenue growth included in the cash flow projections for four years was projected at the growth rate based on the historical growth in volume and prices and industry growth.

A long-term growth rate into perpetuity has been determined based on management's estimate of the long-term compound annual growth rate in the Indian economy which management believed was consistent with the assumption that a market participant would make.

EBITDA margin has been a factor of the revenue forecast based on business plan and market demand coupled with the cost saving initiatives.

Sensitivity to changes in assumptions

The estimated recoverable amount exceeds its carrying amount of interest in joint venture and trademark and accordingly no impairment loss is recorded.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	31 March 2019 %	31 March 2018 %
Group		
Discount rate	6.8	5.4
Revenue growth rate	(5.0)	(5.0)

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

8. INTANGIBLE ASSETS AND GOODWILL

	Note	Goodwill US$'000	Indefinite life trademarks US$'000	Amortisable trademarks US$'000	Customer relationships US$'000	Total US$'000
Cost						
At 1 May 2018 / 30 April 2019		203,432	408,043	24,180	107,000	742,655
At 1 May 2017		203,432	408,043	36,080	120,500	768,055
Disposal	16	–	–	(11,900)	(13,500)	(25,400)
At 30 April 2018		203,432	408,043	24,180	107,000	742,655
Accumulated amortisation						
At 1 May 2018		–	–	5,616	22,388	28,004
Amortisation	25	–	–	1,303	5,351	6,654
At 30 April 2019		–	–	6,919	27,739	34,658
At 1 May 2017		–	–	6,405	20,624	27,029
Amortisation	25	–	–	1,731	6,053	7,784
Disposal	16	–	–	(2,520)	(4,289)	(6,809)
At 30 April 2018		–	–	5,616	22,388	28,004
Carrying amounts						
At 30 April 2019		203,432	408,043	17,261	79,261	707,997
At 30 April 2018		203,432	408,043	18,564	84,612	714,651

Goodwill

Goodwill arising from the acquisition of Consumer Food Business was allocated to DMFI and its subsidiaries, which is considered as one CGU.

Indefinite life trademarks

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks. These trademarks are expected to be used indefinitely by the Group as they relate to continuing businesses that have a proven track record with stable cash flows.

America trademarks

The indefinite life trademarks of US$394 million arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the "Del Monte" trademark in the United States and South America market, and the "College Inn" trademark in the United States, Australia, Canada and Mexico.

The Philippines trademarks

A subsidiary, Dewey, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines ("The Philippines trademarks") with carrying value amounting to US$1.8 million.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Indian sub-continent trademark

In November 1996, a subsidiary, DMPRL, entered into a sub-license agreement with an affiliated company to acquire the exclusive right to use the "Del Monte" trademark in the Indian sub-continent territories in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licenses to others ("Indian sub-continent trademark"). This led to the acquisition of a joint venture, FFPL in 2007 and the grant of trademarks to FFPL to market the Company's product under the "Del Monte" brand name. The trademark has a carrying value of US$4.1 million.

Asia S&W trademark

In November 2007, a subsidiary, S&W, entered into an agreement with Del Monte Corporation to acquire the exclusive right to use the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa for a total consideration of US$10.0 million. The trademark has a carrying value of US$8.2 million.

Impairment test

Management has performed impairment testing for all indefinite life trademarks and concluded that no impairment exist at the reporting date.

Philippines trademarks

In 2019 and 2018, the recoverable amounts of these intangible assets were based on fair value less cost of disposal using the Relief from Royalty method (RFR). The key assumptions used in the estimation of the fair value less cost of disposal are set out below. 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.

	2019 %	2018 %
Royalty rate	3.0	3.0
Discount rate	13.9	9.0
Revenue growth rate (five years average)	5.0	11.0

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years.

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Asia S&W trademark

In 2019 and 2018, the recoverable amount was based on fair value less cost of disposal using the relief from royalty method (RFR). The key assumptions used in the estimation of the fair value less cost of disposal are set out below.

	2019 %	**2018** %
Royalty rate	3.0	3.0
Revenue growth rate (five years average)	14.0	14.0
Discount rate	16.2	9.0

Indian sub-continent trademark

The Indian sub-continent trademark and the investment in FFPL were allocated to Indian sub-continent CGU (see Note 7).

America trademarks and Goodwill

In 2019 and 2018, the recoverable amount of the CGU was based on VIU being greater than the fair value less costs of disposal:

	30 April 2019 US$'000	**30 April 2018** US$'000
Value-in-use	2,650,000	2,630,000
Fair value less costs of disposal – income approach	2,600,000	1,920,000
Recoverable amount	2,650,000	2,630,000

The Americas trademarks were also included in the CGU used in the goodwill impairment testing.

As of valuation date in January 2019 and 2018, the estimated recoverable amount of the CGU exceeded its carrying amount by approximately US$1,174.3 million and US$1,156.4 million, respectively. Therefore, the CGU is not impaired.

VIU

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

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

	2019 %	**2018** %
Pre-tax discount rate	8.6	9.1
Terminal value growth rate	2.0	2.0
Long-term EBITDA margin	11.9	13.0
Revenue growth rate	(14.3) – 6.2	(16.1) – 11.3
Gross margin	14.3 – 25.4	14.3 – 25.4

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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 72% as of 30 April 2019 (2018: 44%) at a risk free interest rate of 3.5% as of 30 April 2019 (2018: 3.5%).

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

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

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

- The amounts are probability-weighted.

Fair value less costs of disposal

Fair value less costs of disposal is determined using the Income Approach, which indicates value based on the present value of the cash flows that a business is expected to generate in the future.

The Discounted Cash Flow Method was used in applying the Income Approach. The Discounted Cash Flow Method estimates the value of a business or an asset by combining the projected annual cash flows available to all capital holders in the business (i.e., debt and equity investors) for a discrete period with the residual value of the cash flows, grown into perpetuity at an estimated long-term growth rate. Additionally, other adjustments may be warranted to reflect specific characteristics of the valuation subject. Accuracy of the indicated results depends on the reasonableness of the underlying cash flow projections.

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

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

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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

- B&G Foods Inc.
- Campbell Soup Company
- Conagra Brands, Inc.
- General Mills, Inc.
- Hormel Foods Corporation
- Seneca Foods Corp.
- Treehouse Foods, Inc.

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

	2019		2018	
	Selected multiple	**Assigned weight**	**Selected multiple**	**Assigned weight**
MVIC/Revenue – Last twelve months	1.5x	33%	1.1x	25%
MVIC/Revenue – Projected	2.0x	33%	1.3x	25%
MVIC/EBITDA – Last twelve months	15.2x	0%	13.3x	25%
MVIC/EBITDA – Projected	11.8x	33%	12.5x	25%

Sensitivity analysis

Management has identified that a reasonably possible change in the discount rate or long-term margin could cause the carrying amount to exceed the recoverable amount. The following table shows the amount to which these would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

	Breakeven Multiple	
	2019	**2018**
MVIC/Revenue – Last twelve months	0.8x	0.7x
MVIC/Revenue – Projected	0.7x	0.8x
MVIC/EBITDA – Last twelve months	14.7x	12.6x
MVIC/EBITDA – Projected	7.9x	9.6x

The following table shows the amount to which the discount rate, and long-term EBITDA margin would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

	2019	**2018**
	%	**%**
Discount rate	11.8	12.2
Long-term EBITDA margin	(6.5)	(7.7)

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8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Source of estimation uncertainty

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

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

Estimating fair value less costs of disposal requires the use of estimates and assumptions. The estimated fair value would change depending on the assumptions used, such as the discount rate and long-term margin.

Amortisable trademarks and customer relationship

	Net carrying amount		**Remaining amortisation period (years)**	
	30 April 2019 US$'000	**30 April 2018 US$'000**	**2019**	**2018**
Asia S&W trademark	–	4	–	0.2
America S&W trademark	963	1,162	4.8	5.8
America Contadina trademark	16,298	17,398	14.8	15.8
	17,261	18,564		

Asia S&W trademark

The amortisable trademark pertains to "Label Development" trademark.

America trademarks

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

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

Customer relationships

Customer relationships relate to the network of customers where DMFI has established relationships with the customers, particularly in the United States market through contracts. The Sager Creek customer relationships were included in the sale of certain assets of Sager Creek in September 2017.

	30 April 2019 US$'000	**30 April 2018 US$'000**
Net carrying amount	79,261	84,612
Remaining amortisation period	14.8	15.8

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

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8. INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Source of estimation uncertainty

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

9. DEFERRED TAX

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax assets and liabilities of the Group are attributable to the following:

	Assets		Liabilities	
	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000
Group				
Provisions	4,928	3,291	–	–
Employee benefits	24,043	23,348	–	–
Property, plant and equipment – net	–	–	(24,480)	(26,227)
Intangible assets and goodwill	–	–	(63,072)	(50,944)
Effective portion of changes in fair value of cash flow hedges	890	1,166	–	–
Tax loss carry-forwards	146,586	127,780	–	–
Inventories	1,812	2,547	–	–
Biological assets	–	–	(1,053)	(2,390)
Deferred income	–	–	(11,456)	(8,562)
Interest	14,415	–	–	–
Others	7,304	2,692	–	–
Deferred tax assets (liabilities)	199,978	160,824	(100,061)	(88,123)
Set off of tax	(93,657)	(80,995)	93,657	80,995
Deferred Taxes	106,321	79,829	(6,404)	(7,128)

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

9. DEFERRED TAX (CONT'D)

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

	At 1 May 2018 US$'000	Recognised in profit or loss US$'000	Recognised in other comprehensive income US$'000	Currency realignment US$'000	At 30 April 2019 US$'000
30 April 2019					
Provisions	3,291	400	–	1,237	4,928
Employee benefits	23,348	(431)	2,127	(1,001)	24,043
Property, plant and equipment – net	(26,227)	1,746	–	1	(24,480)
Intangible assets and goodwill	(50,944)	(12,128)	–	–	(63,072)
Effective portion of changes in fair value of cash flow hedges	1,166	(163)	(113)	–	890
Tax loss carry-forwards	127,780	18,806	–	–	146,586
Inventories	2,547	334	–	(1,069)	1,812
Biological assets	(2,390)	–	–	1,337	(1,053)
Deferred income	(8,562)	(2,894)	–	–	(11,456)
Interest	–	14,415	–	–	14,415
Others	2,692	5,160	–	(548)	7,304
	72,701	25,245	2,014	(43)	99,917
30 April 2018					
Provisions	5,437	(1,967)	–	(179)	3,291
Employee benefits	36,554	(4,166)	(5,469)	(3,571)	23,348
Property, plant and equipment – net	(40,216)	13,881	–	108	(26,227)
Intangible assets and goodwill	(64,890)	13,946	–	–	(50,944)
Effective portion of changes in fair value of cash flow hedges	5,809	(545)	(4,098)	–	1,166
Tax loss carry-forwards	138,299	(10,519)	–	–	127,780
Inventories	1,518	1,029	–	–	2,547
Biological assets	(2,436)	(156)	–	202	(2,390)
Deferred income	–	(8,562)	–	–	(8,562)
Others	8,798	(6,084)	(19)	(3)	2,692
	88,873	(3,143)	(9,586)	(3,443)	72,701

The total amount of potential income tax consequences that would arise from the payment of cash dividends by a subsidiary to the Company, on the total retained earnings as at 30 April 2019, is approximately US$7.9 million (30 April 2018: US$14.4 million).

In 2018, the Group plans to declare stock dividends from the excess reserves. No provision has been made because stock dividends are exempt from tax. No stock dividends were declared in 2019.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

9. DEFERRED TAX (CONT'D)

Unrecognised deferred tax assets

The following deferred tax assets have not been recognised as of 30 April 2019 and 2018:

	30 April 2019 US$'000	30 April 2018 US$'000
Deductible temporary differences	5,024	9,281
Tax losses and tax credits	481	549
	5,505	9,830

The tax losses will expire in 2020 and 2021. The tax carry forwards will expire between 2024 and 2028. Deferred tax assets have not been recognised with respect to these items because it is not probable that future taxable profits will be available to utilise the benefits.

Sources of estimation uncertainty

As of 30 April 2019, deferred tax assets amounting to US$146.6 million (30 April 2018: US$127.8 million) have been recognised in respect of the tax loss carry forwards because management assessed that it is probable that future taxable profit will be available against which DMFI can utilise these benefits. Management expects profitable growth coming from revenue strategies and cost efficiencies in the future. To the extent that profitable growth does not materialise in the future periods, deferred tax assets of DMFI of US$199.9 million as at 30 April 2019 may not be realised. The majority of the tax loss for 30 April 2019 can be carried forward indefinitely and tax loss carry forwards prior to 30 April 2019 may be utilised up to a 20-year period.

10. OTHER NONCURRENT ASSETS

		Group	
	Note	30 April 2019 US$'000	30 April 2018 US$'000
Advances to growers		12,861	13,358
Land expansion (development costs of acquired leased areas)		8,230	6,353
Advance rentals and deposits		7,116	6,233
Excess insurance		5,514	5,960
Note receivables	32, 33, 34	4,038	7,744
Prepayments		631	268
Others		706	1,307
		39,096	41,223

Advances to growers and advance rentals and deposits consists of short term, generally noninterest-bearing cash and other advances to growers and landowners which are collected against delivery of fruits or minimum guaranteed profits of the growers or against payment of rentals to landowners.

Excess insurance relate mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 20).

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

10. OTHER NONCURRENT ASSETS (CONT'D)

The note receivables include a receivable relating to the sale of certain assets of Sager Creek which is payable in three years until 2020 (see Note 16). The note receivables are payable in four installments bearing interest of 3.50% per annum for the first installment and 5.22% from the second installment up to the final installment. Total note receivables due in 2020 amounted to US$7.7 million, the current portion of US$5.4 million as at 30 April 2019 (2018: US$2.6 million), is presented under "Trade and other receivables (see Notes 13).

Land expansion comprises development costs of newly acquired leased areas including costs such as creation of access roads, construction of bridges and clearing costs. These costs are amortised on a straight-line basis over the lease periods of 10 years or lease term, whichever is shorter.

11. BIOLOGICAL ASSETS

	Group	
	30 April 2019 US$'000	**30 April 2018 US$'000**
Livestock		
At beginning of the year	1,629	1,420
Purchases of livestock	990	909
Sales of livestock	(927)	(646)
Currency realignment	(10)	(54)
At end of the year	1,682	1,629
Agricultural produce		
At beginning of the year	23,473	23,307
Additions	11,755	10,458
Harvested	(8,674)	(9,452)
Currency realignment	(133)	(840)
At end of the year	26,421	23,473
Fair value gain on produce prior to harvest	25,899	18,490
At end of the year	52,320	41,963
Current	52,320	41,963
Noncurrent	1,682	1,629
Total	54,002	43,592

		Group	
	Note	**30 April 2019 US$'000**	**30 April 2018 US$'000**
Fair value gain (loss) recognised under:			
Inventories	34	6,016	9,174
Cost of sales	25	39,002	36,651
Unharvested agricultural produce		7,409	(721)
Fair value gain recognised under revenues		52,427	45,104

The changes in fair values of the Group's biological assets are recorded as part of revenues (see Note 24).

Livestock

Livestock comprises growing herd and breeding and dairy herd that are stated at cost and cattle for slaughter that is stated at fair value less point-of-sale costs. The fair value is determined based on the actual selling prices approximating those at year end less estimated point-of-sale costs.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

11. BIOLOGICAL ASSETS (CONT'D)

Risk Management strategy related to agricultural activities

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the Philippines in which it operates its agricultural activities. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of pineapples and papayas. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

(iii) Climate and other risks

The Group's pineapple plantations are exposed to the risk of damage from climate changes, diseases, forest fires, flood, and other natural forces. To manage these risks, the Group develops and executes a long-term strategic plan and annual operating plan, supported by a contingency plan and risk management measures ensuring business continuity should there be a natural catastrophe. The Group is also insured against natural disasters such as floods and earthquakes.

Source of estimation uncertainty

The fair values of the harvested pineapple fruits are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest, as determined by the Group. For the pineapple variety being sold as fresh fruits, the market price is based on the selling price of fresh fruits as sold in the local and international markets. For the pineapple variety being processed as cased goods, the market price is derived from average sales price of the processed product adjusted for margin related to further processing. Changes in fair values of agricultural produce after initial recognition are included in the carrying amount of cased goods at the reporting date.

The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group. Fair value is initially recognised when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated selling price at point of harvest less future growing costs to be incurred until harvest. Such future growing costs decreases as the growing crops near the point of harvest.

Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by the equivalent amortisation of fruits harvested which considers the future volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The estimated cost is developed by allocating growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. The Group reviews and monitors the estimated future volume of harvests regularly.

The valuation techniques and significant unobservable inputs used in determining the fair value of these biological assets are discussed in Note 34.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

12. INVENTORIES

	Group 30 April 2019 US$'000	Group 30 April 2018 US$'000
Finished goods		
– at cost	470,698	554,712
– at net realisable value	30,092	33,448
Semi-finished goods		
– at cost	981	454
– at net realisable value	15,623	18,945
Raw materials and packaging supplies		
– at net realisable value	147,528	153,422
	664,922	760,981

Inventories recognised as an expense in cost of sales amounted to US$1,101.1 million for the year ended 30 April 2019 (30 April 2018: US$1,241.2 million) (see Note 25).

Inventories are stated after allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the year are as follows:

	Note	Group 30 April 2019 US$'000	Group 30 April 2018 US$'000
At beginning of the year		26,616	15,086
Allowance for the year	25	19,245	21,823
Release of NRV		(13,080)	–
Write-off against allowance		(22,775)	(9,284)
Currency realignment		521	(1,009)
At end of the year		10,527	26,616

The allowance for inventory obsolescence recognised during the period is included in "Cost of sales".

In connection with the sale of Sager Creek, the Group has directly written down related inventories to their net realisable values resulting in a loss of US$13.1 million, including the write-down of inventory subsequently purchased by McCall Farms, in fiscal year 2018. In 2019, these reserves were reversed since the related inventories had been sold.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

12. INVENTORIES (CONT'D)

Source of estimation uncertainty

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

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories expected to be realised. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at the reporting date.

The Group reviews on a continuous basis the product movement, changes in customer demands and introductions of new products to identify inventories which are to be written down to the net realisable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records. An increase in write-down of inventories would increase the recorded cost of sales and operating expenses and decrease current assets.

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
		30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000
Trade receivables		132,934	145,094	–	–
Nontrade receivables	10	25,893	21,946	32	8
Amounts due from subsidiaries (nontrade)	37	–	–	635	179,370
Amounts due from joint venture (nontrade)		–	1,570	2,520	1,570
Allowance for doubtful accounts – trade		(5,158)	(2,440)	–	–
Allowance for doubtful accounts – nontrade		(4,615)	(4,543)	–	–
Trade and other receivables		149,054	161,627	3,187	180,948

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

Nontrade receivables consist of vendor rebates, plant receivables, claims from third party service providers, advances to growers, which are claimed upon delivery of fruits, and fuel withdrawals applied against truckers' bills when due.

Nontrade receivables also includes of the current portion of the notes receivable from sale of Sager Creek Assets amounting to US$5.4 million and US$2.6 million as at 30 April 2019 and 2018, respectively (See Note 10).

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

13. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group			
	Gross		Impairment losses	
At 30 April 2019	**Trade US$'000**	**Nontrade US$'000**	**Trade US$'000**	**Nontrade US$'000**
Not past due	80,706	16,831	–	–
Past due 0 – 60 days	26,033	867	–	–
Past due 61 – 90 days	1,232	523	–	–
Past due 91 – 120 days	5,935	482	–	–
More than 120 days	19,028	7,190	(5,158)	(4,615)
	132,934	25,893	(5,158)	(4,615)

	Group			
	Gross		Impairment losses	
At 30 April 2018	**Trade US$'000**	**Nontrade US$'000**	**Trade US$'000**	**Nontrade US$'000**
Not past due	116,543	6,630	–	–
Past due 0 – 60 days	13,457	1,612	–	–
Past due 61 – 90 days	2,677	1,640	–	–
Past due 91 – 120 days	1,123	617	–	–
More than 120 days	11,294	13,017	(2,440)	(4,543)
	145,094	23,516	(2,440)	(4,543)

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

	Company			
	Gross		Impairment losses	
At 30 April 2019	**Trade US$'000**	**Nontrade US$'000**	**Trade US$'000**	**Nontrade US$'000**
Not past due	–	3,187	–	–
Past due 0 – 60 days	–	–	–	–
Past due 61 – 90 days	–	–	–	–
Past due 91 – 120 days	–	–	–	–
More than 120 days	–	–	–	–
	–	3,187	–	–

	Company			
	Gross		Impairment losses	
At 30 April 2018	**Trade US$'000**	**Nontrade US$'000**	**Trade US$'000**	**Nontrade US$'000**
Not past due	–	180,948	–	–
Past due 0 – 60 days	–	–	–	–
Past due 61 – 90 days	–	–	–	–
Past due 91 – 120 days	–	–	–	–
More than 120 days	–	–	–	–
	–	180,948	–	–

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

13. TRADE AND OTHER RECEIVABLES (CONT'D)

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

		Group		
	Note	Trade US$'000	Nontrade US$'000	Total US$'000
At 1 May 2018		2,440	4,543	6,983
Provision for the year	25	2,574	72	2,646
Currency realignment		144	–	144
At 30 April 2019		5,158	4,615	9,773

		Group		
	Note	Trade US$'000	Nontrade US$'000	Total US$'000
At 1 May 2017		2,022	4,510	6,532
Provision for the year	25	460	42	502
Currency realignment		(42)	(9)	(51)
At 30 April 2018		2,440	4,543	6,983

In fiscal year 2018, allowance for doubtful accounts are based on specific and collective impairment assessment by the Group. In fiscal year 2019, new impairment loss model applies to the Group which are based on a provision matrix that tracks loss rates over a prior of three years and adjusted for forward-looking information.

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 based on the applicable ECL methodology. 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. Additionally, allowance is also determined, through a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's allowance for impairment would increase the Group's recorded operating expenses and decrease current assets.

14. PREPAID EXPENSES AND OTHER CURRENT ASSETS

		Group		Company	
	Note	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000
Prepaid expenses		30,046	24,931	150	179
Down payment to suppliers		4,921	4,166	–	–
Derivative asset	20, 32, 33, 34	64	305	–	–
Others		1,685	1,380	42	31
		36,716	30,782	192	210

Prepaid expenses consist of advance payments for insurance, advertising, rent and taxes, among others.

Down payment to suppliers pertain to advance payments for the purchase of materials and supplies that will be used for operations.

Notes to the **Financial Statements**

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15. CASH AND CASH EQUIVALENTS

	Group		Company	
	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000
Cash on hand	41	51	–	–
Cash in banks	17,231	17,370	886	2,709
Cash equivalents	4,364	6,825	–	–
Cash and cash equivalents	21,636	24,246	886	2,709

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% per annum in 2019 (2018: 0.01% to 3.38%). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest rate of 0.18% to 6.50% as of 30 April 2019 (30 April 2018: 0.18% to 3.38%) per annum.

16. NONCURRENT ASSETS HELD FOR SALE

The Group classifies noncurrent assets as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria are reviewed periodically if still met, otherwise revert back to property, plant and equipment.

In 2017, several assets were sold resulting in a gain of US$0.3 million recognised in "Other income (expenses) – net" in the income statement of the Group. The remaining unsold assets amounting to US$0.7 million have been reclassified out of assets held for sale and back to property, plant and equipment (see Note 5).

In 2018, management committed to a plan to sell certain assets of the Group's Plymouth, Indiana plant and an office building in Siloam Springs, Arkansas. The majority of these assets have been sold during fiscal year 2019.

In 2019, management committed to a plan to sell certain assets of the Group's Gilroy, California and Kenwood, Arkansas plants. Accordingly, these assets were presented as assets held for sale. Efforts to sell the assets have started and a sale is expected within twelve months from the date of reclassification.

Sale of business

Sager Creek

On 18 September 2017, the Group entered into an agreement with McCall Farms Inc. ("McCall Farms") to sell certain assets of its Sager Creek vegetable business ("Sager Creek") for US$55.0 million in total consideration. The Group previously acquired Sager Creek in March 2015. Sager Creek was a producer of specialty vegetables for the foodservice and retail markets headquartered in Siloam Springs, Arkansas.

The Group received US$30.0 million at closing on 18 September 2017, US$15.0 million on 27 February 2018 and US$2.5 million on 28 February 2019. The remaining US$7.5 million, is due in installments along with accrued interest: US$5.0 million on 28 February 2020 and US$2.5 million on 1 December 2020. As of 30 April 2019 and 2018, the Group has recorded current receivables of US$5.4 million and US$2.6 million, respectively, in "Trade and other receivables" and noncurrent receivables of US$2.7 million and US$7.7 million, respectively, in "Other noncurrent assets" related to this sale. In 2019, the Group recognised a gain on sale amounting to US$16.4 million relating to the sale of certain assets of Sager Creek.

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16. NONCURRENT ASSETS HELD FOR SALE

The carrying amounts of the assets sold in September 2017 included the following:

	Amount US$'000
Trademark	9,379
Customer relationship	9,211
Property, plant and equipment	16,794
Inventories	3,169
	38,553

17. SHARE CAPITAL

	30 April 2019		30 April 2018	
	No. of shares ('000)	US$'000	No. of shares ('000)	US$'000
Authorised:				
Ordinary shares of US$0.01 each	3,000,000	30,000	3,000,000	30,000
Preference shares of US$1.00 each	600,000	600,000	600,000	600,000
	3,600,000	630,000	3,600,000	630,000
Issued and fully paid:				
Ordinary shares of US$0.01 each	1,944,936	19,449	1,944,936	19,449
Preference shares of US$1.00 each	30,000	30,000	30,000	30,000
	1,974,936	49,449	1,974,936	49,449

Reconciliation of number of outstanding ordinary shares in issue:

	Note	Year ended 30 April 2019 No. of shares ('000)	Year ended 30 April 2018 No. of shares ('000)
At beginning of the year		1,943,960	1,943,214
Release of share awards	31	–	746
At end of the year		1,943,960	1,943,960

Reconciliation of number of outstanding preference shares in issue:

	Year ended 30 April 2019 No. of shares ('000)	Year ended 30 April 2018 No. of shares ('000)
At beginning of the year	30,000	20,000
Issuance of shares	–	10,000
At end of the year	30,000	30,000

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17. SHARE CAPITAL (CONT'D)

The following summarises the information on the Company's registration of securities under the Securities Regulation Code of the Philippines (SRC):

Ordinary Shares

Date of SEC Approval	Authorised Shares	No. of Shares Issued	Issue/Offer Price
28 May 2013*	2,000,000,000	1,297,500,491	Php29.80
15 October 2014**	3,000,000,000	5,500,000	Php17.00
14 January 2015***	3,000,000,000	641,935,335	Php10.60

* The SEC issued an order rendering effective the registration of its issued shares. Company was listed by way of introduction on The Philippine Stock Exchange, Inc. on 10 June 2013.

** The SEC issued an order rendering effective the registration of additional 5,500,000 ordinary shares which were offered and sold to the public in the Philippines.

*** The rights shares were considered exempt from registration pursuant to Section 10(e) and 10(l) of the SRC. The exemption from registration was confirmed by the SEC in a letter dated 14 January 2015.

Preference Shares

Date of SEC Approval	Authorised Shares	No. of Shares Issued	Issue/Offer Price
21 March 2017	600,000,000	20,000,000 Series A-1 Preference Shares	US$10.00
21 March 2017* / 27 November 2017**	600,000,000	10,000,000 Series A-2 Preference Shares	US$10.00

* No Order of Registration was issued for the second tranche offer of preference shares as it was part of the shelf-registration previously applied by the Company with the SEC.

** Date of issuance of the SEC Permit to Sell.

The total number of ordinary shareholders as at 30 April 2019 and 2018 is 7,646 and 7,752, respectively. Additionally, the total number of Series A-1 preference shareholders as at 30 April 2019 and 2018 is 15 and 14, respectively. The total number of Series A-2 preference shareholders as at 30 April 2019 and 2018 is 22 and 20, respectively.

The holders of ordinary shares are entitled to receive dividends after dividend of preference shares are paid, as declared from time to time, and are entitled to one vote per share at meetings of the Company. The preference share s are cumulative, non-voting, redeemable at the option of the issuer, non-participating and non-convertible. The preference share has a par value of US$1.0 per share and were issued at US$10.0 per share. Ordinary shares rank equally with regard to the Company's residual assets after preference shares are paid.

In April 2014, the Company increased its authorised share capital from US$20.0 million, divided into 2,000,000,000 ordinary shares at US$0.01 per share, to US$630.0 million, divided into 3,000,000,000 ordinary shares at US$0.01 per share and 600,000,000 preference shares at US$1.00 per share. The preference shares may be issued in one or more series, each such class of shares will have rights and restrictions as the Board may designate. The terms and conditions of the authorised preference shares are finalised upon each issuance.

On 30 October 2014, the Company had additional ordinary shares listed and traded on the SGX-ST and the PSE pursuant to a public offering conducted in the Philippines. The Company offered and sold by way of primary offer 5,500,000 ordinary shares at an offer price of 17.00 Philippine pesos (Php) per share.

In March 2015, additional 641,935,335 ordinary shares were listed on the SGX-ST and the PSE, which were offered and sold to eligible shareholders by way of a stock rights offering at an exercise price of S$0.325 or Php10.60 for each share in Singapore and the Philippines, respectively.

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17. SHARE CAPITAL (CONT'D)

In April 2017, the Company completed the offering and listing of 20,000,000 Series A-1 Preference Shares which were sold at an offer price of US$10.0 per share (US$1.0 par value per share) in the Philippines, generating US$200 million in proceeds. The said shares were listed on the PSE.

In September 2017, the Company transferred 745,918 of its treasury shares to ordinary shares in connection with the release of share awards granted to certain Directors pursuant to the Del Monte Pacific RSP.

In December 2017, the Company completed the offering and listing of 10,000,000 Series A-2 Preference Shares in the Philippines generating approximately US$100 million in proceeds (or a combined US$300 million if including the US$200 million that was raised in April 2017). The Company used the net proceeds to substantially refinance the US$350 million bridging loan due in February 2019.

The Company also issued share awards under the Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP") (see Note 31) during the fiscal year 2018.

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital comprises its share capital, retained earnings and total reserves as presented in the statements of financial position. The Board monitors the return on capital, which the Group defines as profit or loss for the year divided by total shareholders' equity. The Board also monitors the level of dividends paid to ordinary shareholders.

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

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

18. RETAINED EARNINGS AND RESERVES

Retained earnings

Dividends

	Group			Company		
	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2017 US$'000	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2017 US$'000
Declared and paid during the financial year:						
Dividends on ordinary shares						
2019: US$nil (2018: US$0.0061; 2017: US$0.0133)	–	11,882	25,828	–	11,882	25,828
Dividends on preference shares						
A-1 preference shares for 2019 and 2018: US$0.33125	13,250	13,250	–	13,250	13,250	–
A-2 preference shares for 2019 and 2018: US$0.20403	6,500	2,040	–	6,500	2,040	–
	19,750	15,290	–	19,750	15,290	–
	19,750	27,172	25,828	19,750	27,172	25,828

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

18. RETAINED EARNINGS AND RESERVES (CONT'D)

Retained earnings (cont'd)

Dividends (cont'd)

	Group			Company		
	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2017 US$'000	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2017 US$'000
Proposed but not recognised as a liability as at 30 April 2019:						
Dividends on ordinary shares						
2019: US$0.0052	10,109	–	–	10,109	–	–

Ordinary shares

On 20 June 2019, the Board approved the declaration of dividend of 0.52 US cents (US$0.0052) per share to stockholders on record as at 12 July 2019 payable on 19 July 2019.

On 23 August 2017, the Company declared a dividend of 0.61 US cents (US$0.0061) per share to stockholders on record as at 28 August 2017. The final dividend was paid on 8 September 2017.

On 29 June 2016, the Company declared a dividend of 1.33 US cents (US$0.0133) per share to stockholders on record as at 26 August 2016. The final dividend was paid on 8 September 2016.

Preference shares

On 20 March 2019, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2018 to 7 April 2019. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2018 to 7 April 2019. The final dividends were paid on 8 April 2019.

On 19 September 2018, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 7 April 2018 to 7 October 2018. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 7 April 2018 to 7 October 2018. The final dividends were paid on 8 October 2018.

On 3 April 2018, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2017 to 7 April 2018. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.20403 per Series A-2 Preference Share for the 113-day period from 15 December 2017 to 7 April 2018. The final dividends were paid on 10 April 2018.

On 29 September 2017, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 7 April 2017 to 7 October 2017. The final dividend was paid on 9 October 2017.

The cumulative undeclared dividends on the preference shares amounted to US$1.3 million as of 30 April 2019 and 2018.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

18. RETAINED EARNINGS AND RESERVES (CONT'D)

Preference shares *(cont'd)*

The retained earnings is restricted for the payment of dividends representing the accumulated equity in net earnings of the subsidiaries amounting to US$465.9 million as at 30 April 2019 (30 April 2018: US$433.5 million). The accumulated equity in net earnings of the subsidiaries will be available for dividend distribution upon receipt of dividends from the subsidiaries. As of 30 April 2019 and 2018, joint ventures have no undistributed net earnings.

Share premium

Under the British Virgin Islands law in whose jurisdiction the Company operates, the Company's share premium and retained earnings form part of the Company's surplus that may be available for dividend distribution provided that the solvency test is met by the Company. The Group's share premium is shown net of a merger deficit of US$0.14 million, which arose from the acquisition of a subsidiary, DMPRL, under common control in 1999.

The share premium account includes any premium received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium account, net of any related income tax effects.

Reserves

	Group		Company	
	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000
Translation reserve	(93,375)	(91,515)	(93,375)	(91,515)
Remeasurement of retirement plan	17,648	18,225	17,648	18,225
Revaluation reserve	10,885	10,885	10,885	10,885
Hedging reserve	(2,452)	(2,764)	(2,452)	(2,764)
Share option reserve	1,753	1,373	1,753	1,373
Reserve for own shares	(286)	(286)	(286)	(286)
	(65,827)	(64,082)	(65,827)	(64,082)

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

The revaluation reserve relates to surplus on the revaluation of freehold land of the Group. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect the income statement of the Group (see Note 20).

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 30 April 2019 and 2018, the Group held 975,802 of the Company's shares.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

19. LOANS AND BORROWINGS

	Group 30 April 2019 US$'000	Group 30 April 2018 US$'000	Company 30 April 2019 US$'000	Company 30 April 2018 US$'000
Current liabilities				
Unsecured bank loans	353,870	417,310	135,070	152,140
Secured bank loans	138,870	64,310	–	53,894
	492,740	481,620	135,070	206,034
Noncurrent liabilities				
Unsecured bank loans	168,825	57,990	111,241	–
Secured bank loans	817,090	925,613	129,774	129,594
	985,915	983,603	241,015	129,594
	1,478,655	1,465,223	376,085	335,628

Terms and debt repayment schedule

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

	Currency	Nominal interest rate % p. a.	Year of maturity	30 April 2019 Face value US$'000	30 April 2019 Carrying amount US$'000	30 April 2018 Face value US$'000	30 April 2018 Carrying amount US$'000
Group							
Unsecured bank loans	PHP	3.00%-4.50%	2020	57,584	57,584	61,856	61,856
Unsecured bank loans	USD	2.00%-4.50%	2019-2021	465,111	465,111	413,444	413,444
Secured bridging loan	USD	4.50%-5.29%	2020	53,500	53,500	54,000	53,894
Secured bridging loan	USD	4.50%	2020	76,500	76,274	130,000	129,594
Secured bank loan under ABL Credit Agreement	USD	Tranche A – 4.11% – 6.75% Tranche B – 4.61% – 7.25%	2019/2020	136,672	133,851	10,000	6,442
Secured First lien term loan	USD	Higher of Libor or 1% + 3.25% or total of 5.90%	2021	674,500	668,697	681,600	671,247
Secured Second lien term loan	USD	Higher of Libor or 1% + 7.25% or total of 10.15%	2021	28,555	23,638	135,055	128,746
				1,492,422	1,478,655	1,485,955	1,465,223

	Currency	Nominal interest rate % p. a.	Year of maturity	30 April 2019 Face value US$'000	30 April 2019 Carrying amount US$'000	30 April 2018 Face value US$'000	30 April 2018 Carrying amount US$'000
Company							
Unsecured bank loans	USD	2.75%-4.50%	2019-2021	246,311	246,311	152,140	152,140
Secured bridging loans	USD	4.50%-5.29%	2020	130,000	129,774	184,000	183,488
				376,311	376,085	336,140	335,628

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

19. LOANS AND BORROWINGS (CONT'D)

The secured bridging loans of US$53.5 million as at 30 April 2019 (2018: US$54 million) is the remaining balance for the bridging loan that was obtained by the Company to finance the acquisition of Sager Creek and its related costs. In 2017, the Company signed a two-year extension of the US$350.0 million BDO loans from 10 February 2017 to 2019. In April 2017, the Company settled US$196.0 million of the US$350.0 million BDO loan using the proceeds from the issuance of Series A-1 preference shares. In December 2017, the Company settled an additional US$100.0 million using the proceeds from the issuance of Series A-2 Preference Shares (see Note 17). In 2019, the Company settled an additional US$0.5 million and extended the maturity date from February 2019 to August 2020. The loans are secured by the following: 1) Share Charge by DMPL on its share in DMPL Foods Limited; 2) Pledge by DMPRL of its shares in CARI; and 3) Pledge by CARI of its shares in DMPI.

In 2015, the Company obtained loans from BDO amounting to US$130 million to refinance its existing bridge loans with the same bank and other bridge loans with other lenders and for general corporate requirements. The loans are secured by DMPI suretyship. In 2019, the Company settled US$53.5 million bringing the balance to US$76.5 million.

The BDO bridging loans above require the Company to continuously maintain a debt to equity ratio of 3:1 applicable to fiscal years 2018 to 2020 and interest coverage of 1.5x. The Company is compliant with these covenants as at 30 April 2019 and 2018.

The Company has also entered into an agreement with DBS for an omnibus facility comprising of a short-term dollar denominated loan (US$30 million) and import financing facilities. The maximum aggregate utilization for the loans shall not exceed US$80 million at all times. The Company has drawn US$30 million during the fiscal year and will mature in May 2019.

The Company also obtained additional loans from Bank of Commerce (BOC) amounting to US$54.0 million and Development Bank of the Philippines (DBP) amounting to US$57.2 million for various financing needs.

Long-term Borrowings

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest already paid 1 May 2018 to 30 April 2019 (In '000)
Senior secured variable rate first lien term loan	USD 710,000	USD 674,500	Higher of Libor or 1% + 3.25% or total of 5.90%	2021	0.25% quarterly principal payments from 30 April 2014 to 31 January 2021; Balance due in full at its maturity, 18 February 2021.	USD 38,538
Senior secured second lien variable rate term loan	USD 260,000	USD 28,555	Higher of Libor or 1% + 7.25% or total of 10.15%	2021	Due in full at its maturity, 18 August 2021.	USD 7,106
BDO Long -term Loan	USD 350,000	USD 53,500	4.50%	2020	Quarterly interest payment and principal on maturity date.	USD 2,496
BDO Long -term Loan	USD 130,000	USD 76,500	4.50%	2020	Quarterly interest payment and principal on maturity date.	USD 4,575

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

19. LOANS AND BORROWINGS (CONT'D)

Long-term Borrowings (cont'd)

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest already paid 1 May 2018 to 30 April 2019 (In '000)
BOC Long -term Loan	USD 54,000	USD 54,000	4.50%	2020	Monthly interest payment and principal on maturity date.	USD 1,229
DBP Long -term Loan	USD 57,241	USD 57,241	3.98%	2021	Quarterly interest payment and principal on maturity date.	–
BDO Long -term Loan	PHP 3,000,000	PHP 3,000,000	Higher of Libor or 4.50%	2020	Quarterly interest payment and principal on maturity date.	PHP 140,981

Loans and borrowings are stated net of unamortised debt issuance cost. The balance of unamortised debt issuance cost follows:

	Note	Group Year ended 30 April 2019 US$'000	Group Year ended 30 April 2018 US$'000	Company Year ended 30 April 2019 US$'000	Company Year ended 30 April 2018 US$'000
Beginning of year		20,732	25,663	512	2,146
Additions		868	4,223	–	730
Amortisation	26	(7,833)	(9,154)	(286)	(2,364)
End of year		13,767	20,732	226	512

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

Interest Rates. Loans under the First and Second Lien Term Loans bear interest at a rate equal to an applicable margin, plus a LIBOR rate (with a floor of 1.00%). As of 30 April 2019, the interest rate for First Lien Term Loans is 5.90% (30 April 2018: 5.15%) and the interest rate for Second Lien Term Loans is 10.15% (30 April 2018: 9.06%).

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

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

19. LOANS AND BORROWINGS (CONT'D)

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

- 50% (which percentage will be reduced to 25% if the leverage ratio is 4.0x or less and to 0% if the leverage ratio is 3.0x or less) of the annual excess cash flow, as defined in the First Lien Term Loan Credit Agreement;

- 100% of the net cash proceeds of certain casualty events and non-ordinary course asset sales or other dispositions of property for a purchase price above US$2.0 million, in each case, subject to DMFI's right to reinvest the proceeds; and

- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the First Lien Term Loan Credit Agreement.

On 14 March 2018, the Company, a trust owned by DMFHII and certain seller lenders entered into a Purchase Agreement wherein the Company, or its designated affiliate, agreed to purchase certain Second Lien term loans from the seller lenders at an amount equal to 70% of the principal amount of the loans to be sold, plus accrued and unpaid interest thereon. On 27 March 2018, DMFI, DMFHI and the lenders signed the second amendment to the Second Lien term loan allowing the Company, or its eligible assignee, to purchase any and all loans outstanding under the amended agreement which were duly submitted by the lenders for purchase at a price equal to 70% of the principal amount.

In March 2018, DMFHII, the affiliate assignee, through a trust, purchased DMFI's Second Lien term loans with principal amount of US$125.9 million from seller lenders for US$88.2 million. On 5 June 2018, 24 July 2018 and 15 April 2019, an additional US$4.0 million, US$95.1 million and US$6.5 million, respectively, of the Second Lien Term Loans were purchased. The pre-tax net gain from the purchase of the loans in 2019 amounting to US$16.9 million (2018: US$33.6 million), net of transaction costs amounting to US$2.0 million (2018: US$3.2 million), was recognised in the Group's consolidated financial statements and is presented under "Finance income" in the consolidated income statement. The non-controlling interests of DMPLFL agreed to waive its share in any economic benefits arising from the Group's purchase of the Second Lien term loans. DMFHII agreed to make an equity contribution to DMFI in the amount equivalent to the interest received from DMFI.

To finance the purchase of the Second Lien term loans, the Company extended a loan to DMFHII amounting to US$88.2 million in fiscal year 2018 with an additional US$87.8 million extended in fiscal year 2019. As of 30 April 2019, such loans are subject to interest of 13.90%, subject to quarterly repricing, and will mature on 18 August 2021. The interest income earned by the Company on this loan amounted to US$20.2 million in 2019 (2018: US$1.0 million).

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

ABL Credit Agreement

DMFI is a party to a credit agreement (the "ABL Credit Agreement") with Citibank, N.A., as administrative agent, and the other lenders and agents parties thereto, as amended, that provides for senior secured financing of up to US$442.6 million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years until 18 February 2019, prior to an amendment in 2018.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

19. LOANS AND BORROWINGS (CONT'D)

ABL Credit Agreement (cont'd)

On 23 April 2018, the Group amended and restated the ABL Credit Agreement. The US$442.6 million facility was divided into two tranches: "Tranche A" with an amount up to US$46.5 million and "Tranche B" with an amount up to US$442.6 million. Any drawdown or repayment are to be made in proportion to the two tranches and maximum borrowings cannot exceed the Tranche B commitments. Proceeds of US$40.0 million from the amended ABL Agreement were used to pay-off the balance of the previous credit agreement. The Group fully amortised the deferred financing fees related to the previous credit agreement of US$0.9 million from the amendment. As of 30 April 2019 and 30 April 2018, the Group's commitment could not exceed US$450 million. Tranche A matured on 18 February 2019 and Tranche B matures 19 November 2020.

Interest Rates. Borrowings under the ABL Credit Agreement bear interest at an initial interest rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate, or (ii) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) Citibank, N.A.'s "prime commercial rate" and (c) the one month LIBOR rate plus 1.00%. The applicable margin with respect to LIBOR borrowings is 2.50% for Tranche B at 30 April 2019 (and may decrease to 2.25% or increase to 2.75% depending on average excess availability) (30 April 2018: Tranche A: 2.00% and Tranche B: 2.50%) and with respect to base rate borrowings is 1.50% for Tranche B at 30 April 2019 (and may decrease to 1.25% or increase to 1.75% depending on average excess availability) (30 April 2018: Tranche A: 1.00% and Tranche B: 1.50%).

Commitment Fees. In addition to paying interest on outstanding principal under the ABL Credit Agreement, the Group is required to pay a commitment fee that was initially 0.375% per annum in respect of the unutilised commitments thereunder. The commitment fee rate on Tranche A from time to time is 0.250% or 0.500% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. The commitment fee rate on Tranche B is 0.500%. The Group must also pay customary letter of credit fees between 1.75% to 2.75% based on average excess availability, and fronting fees equal to 0.125% of the face amount for each letter of credit issued.

Availability under the ABL Credit Agreement. Availability under the ABL Credit Agreement is subject to a borrowing base. The borrowing base, determined at the time of calculation, is an amount equal to: (a) 85% of eligible accounts receivable and (b) the lesser of (1) 75% of the net book value of eligible inventory and (2) 85% of the net orderly liquidation value of eligible inventory, of the Group at such time, less customary reserves. The ABL Credit Agreement will terminate, and the commitments thereunder will mature. On 18 February 2019, Tranche A matured and on 19 November 2020 Tranche B will mature. As of 30 April 2019, under Tranche B of the ABL Credit Agreement, there were US$136.7 million (30 April 2018: Tranche A: US$0.9 million and Tranche B: US$9.1 million) of loans outstanding and US$16.9 million of letters of credit issued (30 April 2018: Tranche A: US$1.6 million and Tranche B: US$15.3 million). The Group's net availability under the ABL Credit Agreement was US$289.0 million as of 30 April 2019 (30 April 2018: US$415.7 million). The weighted average interest rate on the ABL Credit Agreement was approximately 4.90% on 30 April 2019 (30 April 2018: 6.20%).

The ABL Credit Agreement includes a sub limit for letters of credit and for borrowings on same day notice, referred to as "swingline loans."

Ability to Incur Additional Indebtedness. Notwithstanding any increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

Guarantee of Obligations under the Term Loan Credit Agreements and the ABL Credit Agreement. All obligations of DMFI under the Term Loan Credit Agreements and the ABL Credit Agreement are unconditionally guaranteed by the Del Monte Foods Holdings Limited (DMFHL) and by substantially all existing and future, direct and indirect, wholly owned material restricted domestic subsidiaries of DMFI, subject to certain exceptions.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

19. LOANS AND BORROWINGS (CONT'D)

Security Interests

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

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

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

Financial Maintenance Covenants. The Term Loan Credit Agreements and ABL Credit Agreement generally do not require that DMFI comply with financial maintenance covenants.

Minimum Consolidated EBITDA. Beginning on 1 May 2018, the DMFHL Group will be subjected to an EBITDA financial covenant. Consolidated Trailing Twelve Month EBITDA of the Borrower and the Guarantors as of the last day of any fiscal quarter shall not be lower than specified amounts in the Credit Agreement.

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

The Group is compliant with its loan covenants as of 30 April 2019 and 2018.

Unsecured Bank Loans

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

	Bank	Principal In '000	Debt-to equity ratio	Interest coverage
Unsecured loans	BOC	USD 54,000	3.0x	2.0x
Unsecured loans	DBP	USD 57,241	3.0x	–
Unsecured loans	BDO	PHP 3,000,000	2.0x	–

The Company and the Group is compliant with its loan covenants as at 30 April 2019 and 2018.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

19. LOANS AND BORROWINGS (CONT'D)

Ability to Incur Additional Indebtedness.

On 12 December 2017, the Company entered into a Third Amendment Agreement with BDO that gives the Company the right to reborrow up to an aggregate amount of US$200 million, subject to the terms of such amendment agreement.

In 2019, the Company also availed of an omnibus facility with DBS totaling US$80 million of which US$30 million has already been drawn.

20. OTHER NONCURRENT LIABILITIES

	Group	
	30 April 2019 US$'000	**30 April 2018 US$'000**
Workers' compensation	19,304	22,209
Accrued lease liabilities	7,610	7,555
Derivative liabilities	1,759	1,803
Accrued vendors liabilities	802	1,208
Due to related party – non current	–	684
Deferred rental liabilities	–	333
Other payables	540	1,403
	30,015	35,195

Workers' compensation are liabilities for wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

Derivative liabilities

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

As of 30 April 2019 and 2018, the Group designated each of its derivative contracts as a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognised asset or liability ("cash flow hedge"). The following cash flow hedges were outstanding for the Group:

		Group	
	Note	**30 April 2019 US$'000**	**30 April 2018 US$'000**
Interest rate swap	32, 34	(3,960)	(5,017)
Commodity contracts		64	259
Total		(3,896)	(4,758)
Included in :			
Prepaid expenses and other current assets	14, 33	64	305
Trade and other current liabilities	23	(2,201)	(3,260)
Other noncurrent liabilities		(1,759)	(1,803)
		(3,896)	(4,758)

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

20. OTHER NONCURRENT LIABILITIES (CONT'D)

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

	Group	
	30 April 2019 US$'000	30 April 2018 US$'000
Commodity contracts	(283)	(1,381)
Foreign exchange contracts	–	(3,422)

At 30 April 2019, US$2.6 million (30 April 2018: US$3.5 million) are expected to be reclassified from OCI to the consolidated income statement within the next 12 months.

21. EMPLOYEE BENEFITS

	Group	
	30 April 2019 US$'000	30 April 2018 US$'000
Pension asset	8,240	10,607
Total pension asset (noncurrent)	8,240	10,607
Post-retirement benefit obligation	16,914	34,594
Executive retirement plan	3,092	5,169
Cash incentive award	6,210	7,459
Short-term employee benefits	17,115	30,278
Other plans	6,360	6,499
Net defined benefit liability	41,730	30,551
Total employee benefit liability	91,421	114,550
Current	27,640	37,645
Noncurrent	63,781	76,905
	91,421	114,550

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

The DMPI Plan

DMPI has a funded defined benefit plan wherein starting on the date of membership of an employee in the DMPI Plan, DMPI contributes to the retirement fund 7.00% of the member's salary as defined every month. In addition, DMPI contributes periodically to the fund the amounts which shall be required, if any, to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable on retirement. DMPI's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

DMPI does not expect to make contributions to the plan in fiscal year 2020.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

The ROHQ Plan

ROHQ has a funded defined benefit plan wherein starting on the date of membership of an employee in the ROHQ Plan, ROHQ contributes to the retirement fund 7.00% of the member's salary as defined every month. In addition, ROHQ contributes periodically to the fund the amounts which shall be required, if any, to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable on retirement. ROHQ's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

ROHQ does not expect to make contributions to the plan in fiscal year 2020.

The DMFI Plan

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

The first part is a cash balance plan ("Part B") which provides benefits for eligible salaried employees and provides that a participant's benefit derives from the accumulation of monthly compensation and interest credits. Compensation credits are calculated based upon the participant's eligible compensation and age each month. Interest credits are calculated each month by applying an interest factor to the previous month's ending balance. Participants may elect to receive their benefit in the form of an annuity or a lump sum. Part B of the plan was frozen to new participants effective 31 December 2016, which the active participation of certain participants was grandfathered subject to meeting participation requirements.

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

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

As of 30 April 2019, there was an amendment to the post-retirement benefit plan. Under the amendment, certain benefits will be eliminated after fiscal year 2022. The net liability impact of this amendment was a decrease of US$13.4 million, which was recognised immediately in "General and administrative expenses" in the consolidated income statement.

DMFI does not expect to make contributions to the plan in fiscal year 2020.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

Movement in net defined benefit liability (asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability (asset) and its components:

	Defined benefit obligation		Fair value of plan assets		Effect of Asset Ceiling		Net defined benefit liability (asset)	
	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000
Group								
Balance, Beginning	385,105	418,602	(336,939)	(347,157)	6,372	–	54,538	71,445
Included in profit or loss:								
Current service cost	7,827	9,620	–	–	–	–	7,827	9,620
Past service cost	(15,099)	–	–	–	–	–	(15,099)	–
Plan administration cost	–	–	675	926	–	–	675	926
Interest cost/ (income)	16,400	16,688	(14,754)	(13,845)	497	–	2,143	2,843
	394,233	444,910	(351,018)	(360,076)	6,869	–	50,084	84,834
Included in OCI								
Remeasurements loss (gain):								
– Actuarial loss (gain) arising from:								
– financial assumptions	10,297	(17,043)	–	–	–	–	10,297	(17,043)
– demographic assumptions	(514)	(2,396)	–	–	–	–	(514)	(2,396)
– experience adjustment	(366)	(6,755)	–	–	–	–	(366)	(6,755)
– Return on plan assets excluding interest income	–	–	(703)	(6,976)	–	–	(703)	(6,976)
– Changes in the effect of the asset ceiling	–	–	–	–	(5,380)	6,372	(5,380)	6,372
– Effect of movements in exchange rates	(100)	(1,158)	258	1,519	19	–	177	361
	9,317	(27,352)	(445)	(5,457)	(5,361)	6,372	3,511	(26,437)
Others								
Contributions	–	–	(1,692)	(2,080)	–	–	(1,692)	(2,080)
Benefits paid	(39,573)	(32,453)	38,074	30,674	–	–	(1,499)	(1,779)
	(39,573)	(32,453)	36,382	28,594	–	–	(3,191)	(3,859)
Balance, Ending	363,977	385,105	(315,081)	(336,939)	1,508	6,372	50,404	54,538

Represented by:

	Net defined benefit liability (asset)	
	30 April 2019 US$'000	30 April 2018 US$'000
Net defined benefit asset	(8,240)	(10,607)
Post-retirement benefit obligation	16,914	34,594
Net defined benefit liability	41,730	30,551
	50,404	54,538

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

Plan assets

Plan assets comprise:

	Group	
	30 April 2019 US$'000	**30 April 2018 US$'000**
Interest-bearing cash/bank deposits	14,501	10,791
Real estate (within Philippines)	15,004	15,176
Common collective trust funds:		
Fixed income	68,624	74,884
Equity fund	87,474	107,320
Mutual funds –		
Equity fund	13,840	8,647
Debt instruments:		
Corporate	41,191	41,491
Government	42,590	44,566
Others	5,109	6,272
Equity securities –		
Quoted	12,602	15,069
Others	14,146	12,723
Fair value of plan assets	315,081	336,939

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

DMFI's investment objectives are to ensure that the assets of its qualified defined benefit plan are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plan's benefit obligations as they become due.

DMFI believes that a well-diversified investment portfolio, including both equity and fixed income components, will result in the highest attainable investment return with an acceptable level of overall risk. DMFI's investment policies and procedures are designed to ensure that the plan's investments are in compliance with the Employee Retirement Income Security Act (ERISA).

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuary who carries out a full valuation annually. The last valuation of these obligations and plan was performed in April 2019 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 30 April 2019.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

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

	DMFI	
	30 April 2019	**30 April 2018**
Discount rate (per annum)	3.65% – 4.25%	4.05% – 4.25%
Future salary increases (per annum)	3.00% – 4.00%	3.00% – 4.00%
Current health care cost trend rate (per annum)	6.80%	7.10%
Ultimate health care cost trend rate	4.50%	4.50%
Mortality rate	RP-2014 adjusted backward to 2006 with MP-2014 and projected forward using MP-2018	RP-2014 adjusted backward to 2006 with MP-2014 and projected forward using MP-2017

	DMPI	
	30 April 2019	**30 April 2018**
Discount rate (per annum)	6.06%	7.88%
Future salary increases (per annum)	6.00%	6.00%

	ROHQ	
	30 April 2019	**30 April 2018**
Discount rate (per annum)	6.21%	8.04%
Future salary increases (per annum)	6.00%	6.00%

Since the defined benefit plans and other benefits liabilities are measured on a discounted basis, the discount rate is a significant assumption. The discount rate for DMFI plan was determined based on an analysis of interest rates for high-quality, long-term corporate debt at each measurement date. The discount rate for DMPI and ROHQ Plans were determined based on the theoretical spot yield curve calculated for the government securities market. In order to appropriately match the bond maturities with expected future cash payments, the Group utilised differing bond portfolios to estimate the discount rates for the defined benefits pension plans and for the post-retirement benefits.

The discount rate used to determine the defined benefit plans and for the post-retirement benefits projected benefit obligation as of the balance sheet date is the rate in effect at the measurement date. The same rate is also used to determine the defined benefit pension plans and post-retirement benefits for the following fiscal year. The defined benefits pension plans' investment guidelines are established based upon an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments. Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 30 April 2019, the weighted average duration of DMPI's and ROHQ's defined benefit retirement obligation is 7.4 years and 6.5 years, respectively (30 April 2018: 8.5 years and 8.8 years, respectively).

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

The projected future benefit payments for the DMPI and ROHQ plans as of 30 April 2019 are as follows:

	DMPI US$'000	ROHQ US$'000	Total Expected Benefit Payments US$'000
2020	2,337	35	2,372
2021	4,295	40	4,335
2022	3,548	44	3,592
2023	2,671	49	2,720
2024	4,290	53	4,343
2025 to 2029	14,802	638	15,440

The weighted average duration of DMFI's defined benefit retirement obligation are as follows:

	Duration (years)	
	30 April 2019	30 April 2018
Qualified retirement plan	9.3	9.3
Post-retirement benefits plan	9.5	11.1
Executive retirement plans	9.3 – 9.4	6.5 – 10.7

The projected future benefit payments for the DMFI plan as of 30 April 2019 are as follows:

	Normal Retirement US$'000	Other than Normal Retirement US$'000	Total US$'000
Less than one year	30,187	–	30,187
More than one year to five years	112,396	–	112,396
More than five years	120,484	–	120,484

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

	30 April 2019	Target Allocation Range
Equity securities	36%	31-51%
Debt securities	50%	42-64%
Other	14%	2-19%
Total	100%	

	30 April 2018	Target Allocation Range
Equity securities	39%	31-51%
Debt securities	27%	42-64%
Other	34%	2-19%
Total	100%	

The plan exposes the Group to market risk.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

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

Source of estimation uncertainty

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

Sensitivity analysis

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

Defined benefit obligation	**DMFI**			
	2019		**2018**	
	0.5% increase US$'000	**0.5% decrease US$'000**	**0.5% increase US$'000**	**0.5% decrease US$'000**
Discount rate (per annum)	(13,151)	14,264	(13,502)	14,646
Future salary increases (per annum)	1,070	(1,020)	1,364	(1,318)

Defined benefit obligation	**DMPI**			
	2019		**2018**	
	1.0% increase US$'000	**1.0% decrease US$'000**	**1.0% increase US$'000**	**1.0% decrease US$'000**
Discount rate (per annum)	(2,253)	1,963	(1,858)	2,139
Future salary increases (per annum)	2,232	(1,981)	1,901	(1,683)

Defined benefit obligation	**ROHQ**			
	2019		**2018**	
	1.0% increase US$'000	**1.0% decrease US$'000**	**1.0% increase US$'000**	**1.0% decrease US$'000**
Discount rate (per annum)	(38)	35	(30)	31
Future salary increases (per annum)	38	(35)	34	(28)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 30 April 2019 and are applied to adjust the defined benefit obligation at the end of the report period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumption shown.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

Sensitivity analysis

Post-retirement benefit obligation

	DMFI			
	2019		**2018**	
	1.0% Increase US$'000	**1.0% decrease US$'000**	**1.0% increase US$'000**	**1.0% decrease US$'000**
Health care cost trend rates (per annum)	908	(744)	2,991	(2,501)

Accumulated post-retirement benefit obligation

The accumulated post-retirement benefit obligation is computed in accordance with IAS 19 *Employee Benefits*. This quantity is the actuarial present value of all benefits attributed under the projected unit credit method to service rendered prior to a particular date. Prior to an employee's full eligibility date, the accumulated post-retirement benefit obligation as of a particular date for an employee is the portion of the expected post-retirement benefit obligation attributed to that employee's service rendered to that date; on and after the full eligibility date, the accumulated and expected post-retirement benefit obligations for an employee are the same.

Source of estimation uncertainty

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

Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to covered union employees. Contribution rates to the multi-employer plans are provided in the collective bargaining agreements for the covered union employees. The contribution rates are expressed in terms of specific amounts to be contributed based on hours worked by covered union employees. The Group made contributions of US$6.7 million and US$6.1 million during fiscal years 2019 and 2018, 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.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

21. EMPLOYEE BENEFITS (CONT'D)

Defined Contribution Plans

The Group participates in two defined contribution plans. Group contributions to these defined contribution plans are based on employee contributions and compensation. The expense recognised under these plans for the year ended 30 April 2019 was US$4.1 million (30 April 2018: US$4.8 million; 30 April 2017: US$4.3 million).

Other plans

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

22. ENVIRONMENTAL REMEDIATION LIABILITIES

	Group	
	30 April 2019 US$'000	30 April 2018 US$'000
At beginning of the year	144	6,198
Provision made during the year	631	31
Reversal during the year	–	(5,837)
Provisions used during the year	(78)	(78)
Reclassification	–	(170)
At end of the year	697	144

Provision for environmental remediation relates to legal or constructive obligations incurred by the Group in connection with its operations. In connection with sales of property in Rochelle, Illinois and Turkey, North Carolina, US$4.0 million and US$1.8 million, respectively, of environmental provisions were released in fiscal year 2018.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

23. TRADE AND OTHER CURRENT LIABILITIES

	Note	Group 30 April 2019 US$'000	Group 30 April 2018 US$'000	Company 30 April 2019 US$'000	Company 30 April 2018 US$'000
Trade payables		113,202	156,450	335	479
Deferred revenue		530	13,592	–	–
Accrued operating expenses:					
Advertising		11,108	22,223	–	–
Accrued interest		10,481	11,939	2,159	2,345
Trade promotions		9,476	10,167	–	–
Freight and warehousing		7,121	7,163	–	–
Professional fees		6,292	13,474	–	1,725
Taxes and insurance		6,246	7,355	–	–
Tinplate and consigned stocks		3,340	1,986	–	–
Salaries, bonuses and other employee benefits		2,579	4,653	–	–
Plant closure costs		–	3,025	–	–
Miscellaneous		4,709	2,512	360	420
Accrued payroll expenses		3,617	5,583	2,661	2,874
Overdrafts		3,478	3,606	–	–
Withheld from employees (taxes and social security cost)		2,259	1,527	28	35
Derivative liabilities	20	2,201	3,260	–	–
VAT payables		1,104	1,215	120	136
Other payables		622	6,571	120	39
Advances from customers		304	317	–	–
Amounts due to subsidiaries (non-trade)	37	–	–	98,194	79,020
		188,669	276,618	103,977	87,073

Deferred revenue pertains to contract liabilities relating to advances from customers which are generally expected to be recognised as revenue within periods of less than one year. Accordingly, opening contract liabilities are recognised within each reporting period. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the aggregate amount of the transaction price of unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period because its contracts have original expected durations of one year or less (see Note 24).

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Accrued miscellaneous include interest, utilities, customer deposits, freight and warehousing and customs and other importation incidental costs.

Sources of estimation uncertainty

The determination of the unbilled trade promotion accrual requires significant estimation of the amount of discount to be redeemed based on volumes sold when the services are performed and billings are received.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

24. REVENUE

Revenue of the Group comprises fair value gains arising from biological assets, gross invoiced sales of goods, net of discounts and returns, and is recognised when goods are delivered. All intra-group transactions have been excluded from Group revenue.

Revenue for fiscal year ended 30 April 2019 is net of discounts of US$75.8 million, returns of US$16.8 million and direct promotions of US$327.2 million. Revenue for fiscal year ended 30 April 2018 is net of discounts of US$87.1 million, returns of US$20.6 million and direct promotions of US$486.5 million. Revenue for fiscal year ended 30 April 2017 is net of discounts of US$86.0 million, returns of US$20.1 million and direct promotions of US$491.2 million.

Disaggregation of revenue is presented in Note 29.

Contract Balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	Group	
	30 April 2019 US$'000	**30 April 2018 US$'000**
Receivables, included in Trade and other receivables	127,776	142,654
Contract liabilities	530	13,592

The Group recognised revenue adjustments from performance obligations satisfied or partially satisfied in previous periods due to changes in estimates of trade promotions, coupon redemptions, cash discounts and penalties amounting to US$3.5 million in fiscal year 2019 and 2018.

The Group recognised revenue from contract liabilities as of 1 May 2018 amounting to US$13.4 million in fiscal year 2019.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

25. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived at after charging (crediting):

	Note	Group Year ended 30 April 2019 US$'000	Group Year ended 30 April 2018 US$'000	Group Year ended 30 April 2017 US$'000	Company Year ended 30 April 2019 US$'000	Company Year ended 30 April 2018 US$'000	Company Year ended 30 April 2017 US$'000
Inventories recognised as cost of sales	12	1,101,109	1,241,195	1,288,042	–	–	–
Depreciation of property, plant and equipment	5	132,052	140,061	138,995	–	–	–
Operating lease rentals	35	57,971	62,272	64,951			
Changes in fair value of agricultural produce harvested and sold	11	39,002	36,651	33,501	–	–	–
Impairment loss (reversal of impairment) on property, plant and equipment	5	1,262	24,534	(330)	–	–	–
Allowance for inventory obsolescence	12	19,245	21,823	7,415	–	–	–
Research and development expenses		11,526	13,522	2,779	–	–	–
Amortisation of intangible assets	8	6,654	7,784	9,347	–	–	–
Impairment of trade and nontrade receivables	13	2,646	502	791	–	–	–
Audit fees							
– paid to the auditors of the Company		345	340	371	345	340	371
– paid to other auditors		998	1,064	1,553	–	–	–
Non-audit fees							
– paid to other auditors		144	150	667	3	11	14
Loss (gain) on disposal of property, plant and equipment		(6,158)	(11,317)	729	–	–	–
Legal (reversal of legal expenses)		2,626	4,956	7,334	1	(204)	997
Staff costs							
Wages and salaries		228,769	353,944	385,192	4,638	3,533	3,792
Social security costs		16,133	17,063	18,760	4	–	–
Pension costs – defined benefit pension plan*		7,633	13,390	14,917	59	–	–
Pension costs – provident fund		4,435	5,366	4,825	1	–	–
Equity-settled share-based payment transactions	31	266	377	890	–	30	96

* includes effect of post-retirement medical plan amendment and enhanced early retirement program

Other expenses not included above are advertising and marketing costs, freight, warehousing costs and others.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

26. NET FINANCE EXPENSE

	Note	Group			Company		
		Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Finance income							
Interest income from:							
Bank deposits		481	269	129	–	5	4
Due from a related party		–	–	–	20,231	1,079	–
Others		744	871	362	–	–	–
Gain on purchase of second lien term loan	19	16,900	33,623	–	–	–	–
Foreign exchange gain		3,860	6,709	5,318	–	2	43
		21,985	41,472	5,809	20,231	1,086	47
Finance expense							
Interest expenses on bank loans		(89,125)	(93,169)	(101,375)	(17,216)	(13,910)	(21,047)
Amortisation of debt issue cost, discount	19	(7,833)	(9,154)	(8,613)	(286)	(2,364)	(1,740)
Foreign exchange loss		(3,466)	(3,330)	(1,080)	(16)	(1)	(42)
		(100,424)	(105,653)	(111,068)	(17,518)	(16,275)	(22,829)
Net finance expense		(78,439)	(64,181)	(105,259)	2,713	(15,189)	(22,782)

As discussed in Note 19, the Group recognised a gain of US$16.9 million (2018: US$33.6 million) on purchase of a portion of the Second Lien term loan.

27. TAX EXPENSE (CREDIT) – NET

	Note	Group		
		Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Current tax expense				
– current year		11,721	11,701	6,730
Deferred tax credit				
– origination and reversal of temporary differences	9	(25,245)	3,143	(6,179)
		(13,524)	14,844	551
Reconciliation of effective tax rate				
Profit (loss) before taxation		700	(36,232)	20,442
Taxation on profit at applicable tax rates		(8,878)	(13,687)	(11,869)
Non-deductible expenses		2,225	2,022	2,183
Non-taxable income		(2,733)	(2,537)	(995)
Change in unrecognised deferred tax asset		(4,325)	2,199	11,428
Others		187	(90)	(196)
Change in tax rate		–	26,937	–
		(13,524)	14,844	551

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

27. TAX EXPENSE (CREDIT) – NET

	Company		
	Year ended 30 April 2019 US$'000	**Year ended 30 April 2018 US$'000**	**Year ended 30 April 2017 US$'000**
Current tax expense			
– current year	7	25	14
Deferred tax credit			
– origination and reversal of temporary differences	(5)	(9)	(2)
	2	16	12

	Group		
	Year ended 30 April 2019 US$'000	**Year ended 30 April 2018 US$'000**	**Year ended 30 April 2017 US$'000**
Applicable tax rates			
– Philippines (non-PEZA)	30%	30%	30%
– Philippines (PEZA)*	5%	5%	5%
– India	31%	31%	31%
– Singapore	17%	17%	17%
– United States of America	25%	25%	38%
– Mexico	30%	30%	30%

* based on gross profit for the year

DMPI's core production operations in Cagayan de Oro City, Philippines is under Philippine Packing Agricultural Export Processing Zone. This new zone has been established in accordance with the policies of the Philippine Economic Zone Authority (PEZA). DMPI enjoys certain fiscal and non-fiscal incentives including a 5% (2018 and 2017: 5%) tax on gross profit in lieu of the statutory 30% (2018 and 2017: 30%) on profit before tax, duty free importation of capital equipment, raw materials and supplies used in pursuit of its Ecozone-registered activities, among other incentives. The incentives will be available for as long as DMPI complies with the PEZA's requirements which includes exporting 70% of its production. This current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021.

DMPI has received the PEZA approval for a second zone, the Bukidnon Agro-Resources Export Zone, for agri-development projects. This current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021.

On 22 December 2017, the United States enacted the Tax Cuts and Jobs Act ("Act"). The Act lowered the U.S. federal statutory income tax rate from 35% to 21% effective 1 January 2018.

Company

There is no tax expense for the Company as the income of the Company is exempt from all income taxes in the British Virgin Islands except for ROHQ in the Philippines which has a preferential tax rate of 10%.

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For the financial year ended 30 April 2019

27. TAX EXPENSE (CREDIT) – NET (CONT'D)

Sources of estimation uncertainty

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

28. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Cumulative undeclared preference dividends amounted to US$1.3 million as of 30 April 2019 and 2018.

	Group		
	Year ended 30 April 2019	**Year ended 30 April 2018**	**Year ended 30 April 2017**
Profit (loss) attributable to owners of the Company (US$'000)	20,319	(36,492)	24,366
Cumulative preference share dividends for the year (US$'000)	(19,750)	(15,958)	(847)
	569	(52,450)	23,519
Weighted average number of ordinary shares ('000):			
Outstanding ordinary shares at 1 May	1,943,960	1,943,214	1,943,214
Effect of share awards granted	–	456	–
Weighted average number of ordinary shares during the year	1,943,960	1,943,670	1,943,214
Basic earnings (loss) per share (in US cents)	0.03	(2.70)	1.21

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

28. EARNINGS (LOSS) PER SHARE (CONT'D)

Diluted earnings (loss) per share

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

	Group		
	Year ended 30 April 2019	Year ended 30 April 2018	Year ended 30 April 2017
Profit (loss) attributable to owners of the Company (US$'000)	20,319	(36,492)	24,366
Cumulative preference share dividends for the year (US$'000)	(19,750)	(15,958)	(847)
	569	(52,450)	23,519
Diluted weighted average number of shares ('000):			
Weighted average number of ordinary shares at end of year (basic)	1,943,960	1,943,670	1,943,214
Potential ordinary shares issuable under share awards	–	–	746
Weighted average number of ordinary shares issued (diluted)	1,943,960	1,943,670	1,943,960
Diluted earnings (loss) per share (in US cents)	0.03	(2.70)	1.21

The potential ordinary shares issuable under the Del Monte ESOP were excluded from the diluted weighted average number of ordinary shares calculation for the year ended 30 April 2019 and 2018 because their exercise price is greater than the market price. As at 30 April 2019, all shares under the Del Monte ESOP have expired.

29. OPERATING SEGMENTS

The Group has two operating segments: geographical and product. In identifying these operating segments, management generally considers geographical as its primary operating segment.

Geographical segments

Americas

Reported under the Americas segment are sales and profit on sales in North and South America, and Canada. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales across various channels include retail markets, as well as to the United States military, certain export markets, the food service industry and other food processors.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

29. OPERATING SEGMENTS (CONT'D)

Asia Pacific

Reported under Asia Pacific are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; Today's; S&W products in Asia both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded fresh and packaged goods.

Europe

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

Product segments

Packaged fruit and vegetable

The packaged fruit and vegetable segment includes sales and profit of processed fruit and vegetable products under the Del Monte and S&W brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Key products under this segment are canned beans, peaches and corn sold in the United States and canned pineapple and tropical mixed fruit in Asia Pacific.

Beverage

Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can, tetra and PET packaging, and pineapple juice concentrate.

Culinary

Culinary includes sales and profit of packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments under four brands namely Del Monte, S&W, College Inn and Contadina.

Fresh fruit and others

Fresh fruit and others include sales and profit of S&W branded fresh pineapples in Asia Pacific and buyer's label or non-branded fresh pineapples in Asia, and sales and profit of cattle in the Philippines. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals. This would also include non-branded sales to South America.

The Group allocated certain overhead and corporate costs to the various product segments based on sales for each segment relative to the entire Group.

Segment assets

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables, biological assets, inventories and investments in joint ventures.

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29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Americas			Asia Pacific			Europe			Total		
	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Revenue												
Packaged/processed fruit and vegetable	1,150,516	1,349,509	1,363,015	101,861	123,136	127,092	22,501	24,359	28,254	1,274,878	1,497,004	1,518,361
Beverage	14,507	19,522	28,859	122,691	131,412	131,258	9,413	9,133	14,745	146,611	160,067	174,862
Culinary	245,695	274,208	298,454	121,299	123,620	120,857	–	–	–	366,994	397,828	419,311
Fresh fruit and others	4,277	2,217	1,108	162,082	140,193	139,141	–	–	–	166,359	142,410	140,249
Total	1,414,995	1,645,456	1,691,436	507,933	518,361	518,348	31,914	33,492	42,999	1,954,842	2,197,309	2,252,783
Gross profit												
Packaged/processed fruit and vegetable	191,191	214,615	239,208	27,939	37,704	38,694	3,515	8,587	11,706	222,645	260,906	289,608
Beverage	559	(275)	10,018	27,493	37,014	41,212	(4,292)	(2,585)	6,403	23,760	34,154	57,633
Culinary	49,094	44,226	54,949	44,311	48,582	46,268	–	–	–	93,405	92,808	101,217
Fresh fruit and others	1,119	499	250	54,056	44,107	46,184	–	–	–	55,175	44,606	46,434
Total	241,963	259,065	304,425	153,799	167,407	172,358	(777)	6,002	18,109	394,985	432,474	494,892
Share in net loss of joint ventures												
Packaged/processed fruit and vegetable	(176)	–	–	(610)	(97)	(491)	(111)	–	–	(897)	(97)	(491)
Beverage	–	–	–	(8)	(23)	(97)	–	–	–	(8)	(23)	(97)
Culinary	–	–	–	(72)	(185)	(1,003)	–	–	–	(72)	(185)	(1,003)
Fresh fruit and others	–	–	–	(6)	(1,247)	(318)	–	–	–	(6)	(1,247)	(318)
Total	(176)	–	–	(696)	(1,552)	(1,909)	(111)	–	–	(983)	(1,552)	(1,909)

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29. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Americas			Asia Pacific			Europe			Total		
	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Profit (loss) before taxation												
Packaged/processed fruit and vegetable	(49,323)	(81,733)	(55,362)	11,107	20,404	17,617	577	5,618	8,265	(37,639)	(55,711)	(29,480)
Beverage	(4,247)	(5,775)	1,021	1,725	9,683	13,752	(5,513)	(3,685)	–	(8,035)	223	14,773
Culinary	(5,987)	(27,904)	(13,095)	20,706	24,789	17,915	–	–	4,781	14,719	(3,115)	9,601
Fresh fruit and others	(204)	(51)	2,790	31,859	22,422	22,758	–	–	–	31,655	22,371	25,548
Total	**(59,761)**	**(115,463)**	**(64,646)**	**65,397**	**77,298**	**72,042**	**(4,936)**	**1,933**	**13,046**	**700**	**(36,232)**	**20,442**
Other Material Non-Cash Items												
Depreciation and amortisation	51,738	54,677	47,278	86,968	93,168	101,064	–	–	–	138,706	147,845	148,342
Capital expenditure	**21,092**	**30,937**	**44,591**	**73,153**	**79,801**	**99,532**	**–**	**–**	**–**	**94,245**	**110,738**	**144,123**
Segment assets	**1,843,771**	**1,972,616**	**2,228,986**	**533,690**	**521,213**	**503,177**	**21,233**	**15,297**	**24,983**	**2,398,694**	**2,509,126**	**2,757,146**
Segment liabilities	**1,104,990**	**1,198,647**	**1,508,147**	**649,852**	**624,249**	**610,411**	**42,711**	**77,970**	**60,033**	**1,797,553**	**1,900,866**	**2,178,591**

Major customer

Revenues from a major customer of the Americas segment for fiscal year 2019 amounted to approximately US$394.4 million or 20% (2018: US$631.9 million or 29%, 2017: US$630.3 million or 28%) of the Group's total revenue. The customer accounted for approximately 12% of trade and other receivable 30 April 2019 (2018: 13%, 2017: 15%).

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For the financial year ended 30 April 2019

30. SEASONALITY OF OPERATIONS

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

The Group operates 12 production facilities (30 April 2018 and 2017: 12 and 15 production facilities, respectively) in the U.S., Mexico, and Philippines. Fruit plants are located in California and Washington in the United States and Philippines, most of its vegetable plants are located in the U.S. Midwest and its tomato plants are located in California and Indiana.

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

31. SHARE OPTION AND INCENTIVE PLANS

The Del Monte Pacific Executive Stock Option Plan 1999 ("ESOP 1999") of the Company was approved and amended by its shareholders at general meetings held on 30 July 1999 and 21 February 2002, respectively. No further options could be granted pursuant to the ESOP 1999 as it had expired on 24 July 2009. Any options granted by the Company prior to 24 July 2009 would continue to be valid for a period of ten years from the date of the grant of options. All options previously granted under the ESOP 1999 had since lapsed on 6 March 2018 and there are no further outstanding options under the ESOP 1999.

The Company adopted the Del Monte Pacific Executive Share Option Plan 2016 ("ESOP 2016"), which was approved by the shareholders at the general meeting held on 30 August 2016. The purpose of the ESOP 2016 is to provide an opportunity for Group executives and directors to participate in the equity of the Company in order to motivate them to excel in their performance. The ESOP 2016 shall be valid for a period of ten years; however, it has yet to be implemented, and no options had been granted to-date.

The ESOP 2016 is administered by the Remuneration Share Option Committee (RSOC).

Details of the outstanding options granted to the Company's directors and employees under the ESOP 1999 and Del Monte Pacific RSP on unissued ordinary shares of the Company at the reporting date, are as follows:

ESOP

			Options outstanding		
Date of grant of options	**Exercise period**	**Exercise price S$**	**30 April 2019**	**30 April 2018**	**30 April 2017**
7 March 2008	Up to 60%: 7 March 2010 – 6 March 2011	0.627	–	–	750,000
	40%: 7 March 2011 – 6 March 2018		–	–	
30 April 2013	Up to 100%: 30 April 2013 – 6 March 2018	0.627	–	–	150,000
1 July 2015	Up to 100%: 6 March 2018	0.578	–	–	75,765
			–	–	975,765

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31. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

On 30 April 2013, the Company approved the grant of 150,000 stock options, representing a 20% adjustment to the number of unexercised stock options previously granted. The exercise period therefore follows that of the options granted on 7 March 2008.

As of 30 April 2019 and 2018, there is no outstanding ESOP options due to the lapse of its exercise period.

Del Monte Pacific RSP

Date of grant of share awards	Vesting period	Market price on date of grant S$	Share awards granted	Share awards outstanding
22 August 2013	Up to 60%: 22 August 2013 – 21 August 2016 40%: 22 August 2016 – 21 August 2017	0.840	688,000	–
1 July 2015	Up to 60%: 22 August 2016 – 21 August 2017 40%: 22 August 2017 – 21 August 2018	0.385	57,918	–
			745,918	–

Since the commencement of the employee share option plans until the end of the financial year, no option have been granted at a discount.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

On 20 September 2017, the Company released all of its outstanding share awards to its Directors. There were no additional share options exercised during the fiscal year ended 30 April 2019 and 2018.

Fair value of share options/awards and assumptions

Date of grant of options/awards	7 March 2008	30 April 2013	1 July 2015	12 May 2009	29 April 2011	30 April 2013	22 August 2013	1 July 2015
	ESOP			Del Monte Pacific RSP				
Fair value at measurement date	US$0.12	US$0.18	US$0.29	US$0.37	US$0.40	US$0.18	US$0.65	US$0.29
Share price (Singapore Dollars) at grant date	0.615	0.810	0.385	0.540	0.485	0.810	0.840	0.385
Exercise price (Singapore Dollars)	0.627	0.627	0.578	–	–	–	–	–
Expected volatility	5.00%	2.00%	2.00%	–	–	–	–	–
Time to maturity	2 years	2 years	2 years	–	–	–	–	–
Risk-free interest rate	3.31%	1.51%	2.51%	–	–	–	–	–

Notes to the **Financial Statements**

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31. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Del Monte Foods Holding Equity Compensation Plan

The 2014 Equity Compensation Plan (the "2014 Equity Plan") was adopted by the Board of DMFHI effective 24 September 2014. The 2014 Equity Plan provided for the grant of stock options to key executives. 9,000,000 shares of common stock of DMFHI were reserved for grant under the 2014 Equity Plan.

In 2015, DMFHI granted 7,065,000 stock options. The options granted were subject to performance-based and service-based vesting and vested annually over 7 years and had a term of 10 years. The grant date fair value of these options was US$1.22. As of 30 April 2015, 2,265,000 shares of common stock were available for future grant. However, in September 2015, the 2014 Equity Plan was cancelled with none of the granted options vested as of the termination of the plan.

During the second quarter of fiscal year 2016, DMFHI 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 Company granted nonqualified stock options and cash incentive awards under the plan.

In September 2016, the authorised shares reserved for grant under the plan was increased from 9,000,000 to 15,000,000. As of 30 April 2019 and 2018, 14,372,044 and 13,577,999 share were available for future grant, respectively.

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

	3 November 2015
Expected life (in years)	5.5
Expected volatility	38.49%
Risk-free interest rate	1.64%

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31. SHARE OPTION AND INCENTIVE PLANS (CONT'D)

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

	2019		2018	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at beginning of year	1,422,001	5.39	2,759,592	5.39
Cancelled	(212,163)	5.39	(64,302)	5.39
Forfeited	(581,882)	5.39	(1,273,289)	5.39
Outstanding at end of year	627,956	5.39	1,422,001	5.39
Exercisable at end of year	–	–	–	–

The expense recognised in profit or loss for equity-settled share-based payments amounted to US$0.3 million in fiscal year 2019 (fiscal year 2018: US$0.4 million) were included in personnel cost.

Cash incentives

In December 2017, DMFI granted US$4.6 million in cash incentives to key executives under cash incentive award agreements. The awards will vest when the employee remains employed for a period of approximately two years from the grant date until the defined vesting date. Additionally, some of the grants require the employee to meet certain performance criteria. Of the total grant, US3.5 million and US$4.6 million remained outstanding as of 30 April 2019 and 2018, respectively.

In March 2018, DMFI granted an additional US$0.3 million in cash incentives to key executives under cash incentive award agreements. The awards will vest when the employee remains employed for a period of approximately one to two years from the grant date until the defined vesting date. As of 30 April 2019 and 2018, US$0.3 million remained outstanding.

On November 3, 2015, DMFHI granted a total cash incentive of US$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. Of the total grant, US$4.0 million and US$6.1 million remained outstanding as of 30 April 2019 and 2018, respectively.

The accrued net obligation for the cash incentives amounted to US$6.2 million and US$5.7 million as of 30 April 2019 and 2018, respectively, and the total expense recognised under "Wages, salaries and other benefits" in the income statement of the Group amounted to US$3.1 million, US$2.9 million and US$3.4 million in fiscal years 2019, 2018 and 2017, respectively.

Notes to the **Financial Statements**

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32. FINANCIAL RISK MANAGEMENT

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

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

Risk management framework

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

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

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

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

Financial risk management objectives and policies

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

Credit risk

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

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

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

Notes to the **Financial Statements**

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk for financial assets, excluding cash on hand, by geographic region was:

	Note	Group 30 April 2019 US$'000	Group 30 April 2018 US$'000
Americas		81,658	90,311
Europe		5,470	6,097
Asia Pacific		83,521	89,414
	13,15	170,649	185,822

At 30 April 2019, the Group's most significant customer accounted for 12% of the trade and other receivables carrying amount (30 April 2018: 22%).

Impairment losses

The ageing of financial assets excluding cash on hand that were not impaired at the reporting date was:

Group	Note	30 April 2019 US$'000	30 April 2018 US$'000
Not past due		125,095	157,275
Past due 0 – 60 days		26,900	15,069
Past due 61 – 90 days		1,755	4,317
Past due 91 – 120 days		6,417	(604)
More than 120 days		16,445	19,672
	10,13,14,15	176,612	195,729

As at 30 April 2019 and 2018, the Company's financial assets are all not past due.

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

	Note	30 April 2019 Grade A US$'000	30 April 2019 Grade B US$'000	30 April 2019 Total US$'000
Cash in banks and cash equivalents	15	21,595	–	21,595
Trade and other receivables	13	–	149,054	149,054
Note receivables	10	4,038	–	4,038
Refundable deposits*	10	–	1,861	1,861
Derivative assets	14	–	64	64
		25,633	150,979	176,612

* included under advance rentals and deposits

Notes to the **Financial Statements**

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

	Note	30 April 2018 Grade A US$'000	 Grade B US$'000	 Total US$'000
Cash in banks and cash equivalents	15	24,195	–	24,195
Trade and other receivables	13	–	161,627	161,627
Note receivables	10	7,744	–	7,744
Refundable deposits*	10	–	1,858	1,858
Derivative assets	14	–	305	305
		31,939	163,790	195,729

* included under advance rentals and deposits

As at 30 April 2019 and 2018, the Company's financial assets were all classified under Grade A and Grade B, respectively.

	Note	30 April 2019 Grade A US$'000	 Grade B US$'000	 Total US$'000
Cash in banks and cash equivalents	15	886	–	886
Trade and other receivables	13	–	3,187	3,187
		886	3,187	4,073

	Note	30 April 2018 Grade A US$'000	 Grade B US$'000	 Total US$'000
Cash in banks and cash equivalents	15	2,709	–	2,709
Trade and other receivables	13	–	180,948	180,948
		2,709	180,948	183,657

Grade A financial assets pertain to those cash that are deposited in reputable banks. Grade B includes receivables that are collected on their due dates even without an effort from the Group to follow them up.

The Group sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis. In addition, the Group also engages in sale of its trade receivables without recourse to certain financial institutions.

The Group assessed that all balances under Grade A and Grade B have not experienced significant increase in credit risk as of 30 April 2019 and 2018.

The Group applies the simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Group uses a provision matrix to measure ECLs. Loss rates are based on actual credit loss experience over a period of three years. The Group has assessed that adjusting the loss rates for forward-looking information does not have a material effect considering the significantly low historical loss rates and the absence of economic factors that are highly correlated with the Group's credit loss experience on receivables.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Cash in banks and cash equivalents

Cash in banks and cash equivalents are held with banks and financial institutions which are regulated.

The percentages of cash in banks and cash equivalents held in the following regions are:

	30 April 2019 %	30 April 2018 %
Group		
United States of America	13	10
Philippines	45	56
Hong Kong	41	33
Singapore	1	1
Company		
Philippines	55	11
Hong Kong	45	89

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

Derivatives

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term debt obligations with floating interest rates.

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

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate profile of interest-bearing financial instruments

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

	Group		Company	
	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2019 US$'000	30 April 2018 US$'000
Fixed rate instruments				
Loans and borrowings	372,574	402,854	183,774	129,594
Variable rate instruments				
Loans and borrowings	1,106,081	1,062,369	192,311	206,034
Interest rate swaps	3,960	5,017	–	–
	1,110,041	1,067,386	192,311	206,034

Cash flow sensitivity analysis for variable rate instruments

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

	Profit/loss before tax in the next 12 months	
	100 bp increase US$'000	100 bp decrease US$'000
Group		
30 April 2019		
Variable rate instruments	(6,825)	6,825
Interest rate swaps	(6,407)	2,491
Cash flow sensitivity (net)	(13,232)	9,316
30 April 2018		
Variable rate instruments	(9,529)	9,529
Interest rate swaps	4,140	(4,140)
Cash flow sensitivity (net)	(5,389)	5,389

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

32. FINANCIAL RISK MANAGEMENT (CONT'D)

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 maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks. Currently, the Group excluding DMFI is entitled to a total of US$655.7 million (30 April 2018: US$663.9 million) in credit lines, of which 46% (30 April 2018: 29%) remain available. The lines are mostly for short-term financing requirements since the long term facilities have been fully drawn. The Group constantly maintains good relations with its banks, such that additional facilities, whether for short or long-term requirements, may be made available.

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

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

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

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2019						
Derivative financial assets						
Commodity contracts	14	64	64	64	–	–
Non-derivative financial assets						
Cash in banks and cash equivalents	15	21,595	21,595	21,595	–	–
Trade and other receivables	13	149,054	149,054	149,054	–	–
Note receivables	10	4,038	4,038	–	4,038	–
Refundable deposits*	10	1,861	1,861	–	–	1,861
		176,612	176,612	170,713	4,038	1,861

* included under advance rentals and deposits

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Derivative financial liabilities						
Interest rate swaps used for hedging, net-settled	20	3,960	4,704	2,410	2,294	–

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2019						
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term	19	353,870	354,778	354,778	–	–
– Long-term	19	168,825	180,353	7,381	172,972	–
Secured bank loans						
– Short-term	19	138,870	145,547	145,547	–	–
– Long-term	19	817,090	905,424	46,884	858,540	–
Trade and other current liabilities*	23	182,271	182,271	182,271	–	–
		1,664,886	1,773,077	739,271	1,033,806	–
Net financial liabilities (assets)		1,488,274	1,596,465	568,558	1,029,768	(1,861)

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2018						
Derivative financial assets						
Commodity contracts	14	305	305	305	–	–
Non-derivative financial assets						
Cash in banks and cash equivalents	15	24,195	24,195	24,195	–	–
Trade and other receivables	13	161,627	161,627	161,627	–	–
Note receivables	10	7,744	7,744	–	7,744	–
Refundable deposits*	10	1,858	1,858	–	–	1,858
		195,729	195,729	186,127	7,744	1,858

* included under advance rentals and deposits

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Derivative financial liabilities						
Interest rate swaps used for hedging, net-settled	20	5,017	3,940	2,264	1,676	–
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term	19	417,310	418,162	418,162	–	–
– Long-term	19	57,990	63,991	2,705	61,286	–
Secured bank loans						
– Short-term	19	64,310	74,057	74,057	–	–
– Long-term	19	925,613	1,282,900	71,001	1,211,899	–
Trade and other current liabilities*	23	256,707	259,967	259,967	–	–
		1,726,947	2,103,017	828,156	1,274,861	–
Net financial liabilities (assets)		1,531,218	1,907,288	642,029	1,267,117	(1,858)

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

Company	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2019						
Non-derivative financial assets						
Cash in banks and cash equivalents	15	886	886	886	–	–
Trade and other receivables	13	3,187	3,187	3,187	–	–
		4,073	4,073	4,073	–	–
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term	19	135,070	135,532	135,532	–	–
– Long-term	19	111,241	119,571	4,783	114,788	–
Secured bank loans						
– Long-term	19	129,774	138,797	5,906	132,891	–
Trade and other current liabilities*	23	103,829	103,829	103,829	–	–
		479,914	497,729	250,050	247,679	–
Net financial liabilities (assets)		475,841	493,656	245,977	247,679	–

* excludes withheld from employees (taxes and social security cost) and VAT payables

Company	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2018						
Non-derivative financial assets						
Cash in banks and cash equivalents	15	2,709	2,709	2,709	–	–
Trade and other receivables	13	180,948	180,948	180,948	–	–
		183,657	183,657	183,657	–	–
Non-derivative financial liabilities						
Unsecured bank loans						
– Short-term	19	152,140	152,685	152,685	–	–
Secured bank loans						
– Short-term	19	53,894	56,957	56,957	–	–
– Long-term	19	129,594	142,041	5,820	136,191	–
Trade and other current liabilities*	23	86,902	86,902	86,902	–	–
		422,530	438,585	302,364	136,191	–
Net financial liabilities (assets)		238,873	254,928	118,707	136,191	–

* excludes withheld from employees (taxes and social security cost) and VAT payables

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.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency giving rise to this risk is primarily the US Dollar, Mexican Peso and Venezuelan Bolivar.

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

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

	US Dollar US$'000	Mexican Peso US$'000
30 April 2019		
Trade and other receivables	40,259	2,554
Cash and cash equivalents	8,434	552
Other noncurrent assets	27,654	705
Loans and borrowings	(57,584)	–
Trade and other payables	(68,766)	(8,234)
	(50,003)	(4,423)
30 April 2018		
Trade and other receivables	37,129	5,053
Cash and cash equivalents	11,654	343
Other noncurrent assets	25,866	–
Loans and borrowings	(61,860)	–
Trade and other payables	(87,538)	(5,954)
	(74,749)	(558)

The Company has no significant exposure to foreign currencies as at 30 April 2019 and 2018.

Sensitivity analysis

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

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

	US Dollar		Mexican Peso	
	Profit (loss) before taxation US$'000	Equity US$'000	Profit (loss) before taxation US$'000	Equity US$'000
30 April 2019				
10% strengthening	(5,000)	–	(442)	–
10% weakening	5,000	–	442	–
30 April 2018				
10% strengthening	(7,475)	–	(239)	–
10% weakening	7,475	–	239	–

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Commodity price risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk related to tinplates and fuel. The Group ensures future supply of tinplates while minimising the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group.

Certain commodities such as diesel fuel and natural gas (collectively, "commodity contracts") are used in the production and transportation of the Group's products. Generally, these commodities are purchased based upon market prices that are established with the vendors as part of the procurement process. The Group uses futures, swaps, and swaption or option contracts, as deemed appropriate, to reduce the effect of price fluctuations on anticipated purchases. These contracts may have a term of up to 24 months. The Group has no active commodity hedges as of 30 April 2019 and 2018.

33. ACCOUNTING CLASSIFICATION AND FAIR VALUES

Fair values versus carrying amounts

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

	Note	Financial assets at amortised cost US$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
30 April 2019						
Cash and cash equivalents	15	21,636	–	–	21,636	21,636
Trade and other receivables	13	149,054	–	–	149,054	149,054
Note receivables	10	4,038	–	–	4,038	4,038
Refundable deposits	10	1,861	–	–	1,861	1,861
Derivative assets	14	–	64	–	64	64
		176,589	64	–	176,653	176,653
Loans and borrowings	19	–	–	1,478,655	1,478,655	1,324,846
Trade and other payables*	23, 32	–	–	182,271	182,271	182,271
Derivative liabilities	20, 23	–	3,960	–	3,960	3,960
		–	3,960	1,660,926	1,664,886	1,511,077

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

33. ACCOUNTING CLASSIFICATION AND FAIR VALUES (CONT'D)

	Note	Financial assets at amortised cost US$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
30 April 2018						
Cash and cash equivalents	15	24,246	–	–	24,246	24,246
Trade and other receivables	13	161,627	–	–	161,627	161,627
Note receivables	10	7,744	–	–	7,744	7,744
Refundable deposits	10	1,858	–	–	1,858	1,858
Derivative assets	14	–	305	–	305	305
		195,475	305	–	195,780	195,780
Loans and borrowings	19	–	–	1,465,223	1,465,223	1,362,771
Trade and other payables*	23, 32	–	–	256,707	256,707	256,707
Derivative liabilities	20, 23	–	5,063	–	5,063	5,063
		–	5,063	1,721,930	1,726,993	1,624,541

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

	Note	Financial assets at amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company					
30 April 2019					
Cash and cash equivalents	15	886	–	886	886
Trade and other receivables	13	3,187	–	3,187	3,187
Due from a related party	37	202,471	–	202,471	136,668
		206,544	–	206,544	140,741
Loans and borrowings	19	–	376,085	376,085	367,610
Trade and other payables*	23, 32	–	103,829	103,829	103,829
		–	479,914	479,914	471,439

* excludes withheld from employees (taxes and social security cost) and VAT payables

	Note	Financial assets at amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
30 April 2018					
Cash and cash equivalents	15	2,709	–	2,709	2,709
Trade and other receivables	13	180,948	–	180,948	180,948
Due from a related party	37	88,880	–	88,880	49,773
		272,537	–	272,537	233,430
Loans and borrowings	19	–	335,628	335,628	332,922
Trade and other payables*	23, 32	–	86,902	86,902	86,902
		–	422,530	422,530	419,824

* excludes withheld from employees (taxes and social security cost) and VAT payables

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

34. DETERMINATION OF FAIR VALUES

Fair value hierarchy

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing the categorisation at the end of each reporting period.

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

Group		30 April 2019			
	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative assets	14	–	64	–	64
Notes receivables	10	–	4,038	–	4,038
Non-financial assets					
Fair value of agricultural produce harvested under inventories	11	–	–	6,016	6,016
Fair value of growing produce	11	–	–	52,320	52,320
Freehold land	5	–	–	57,244	57,244
Noncurrent assets held for sale	16	–	–	4,465	4,465
Financial liabilities					
Derivative liabilities	20, 23	–	3,960	–	3,960
Loans and borrowings	19	–	1,324,846	–	1,324,846

		30 April 2018			
	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Derivative assets	14	–	305	–	305
Notes receivables	10	–	7,744	–	7,744
Non-financial assets					
Fair value of agricultural produce harvested under inventories	11	–	–	9,174	9,174
Fair value of growing produce	11	–	–	41,963	41,963
Freehold land	5	–	–	62,812	62,812
Noncurrent assets held for sale	16	–	–	5,504	5,504
Financial liabilities					
Derivative liabilities	20, 23	–	5,063	–	5,063
Loans and borrowings	19	–	1,362,771	–	1,362,771

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

34. DETERMINATION OF FAIR VALUES (CONT'D)

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

The Company has no assets and liabilities measured at fair value as of 30 April 2019 and 2018.

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

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

Type	Valuation technique
Financial liabilities and note receivable	The fair value of the secured first lien term loans, second lien term loans, and note receivable are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2).
Other financial assets and liabilities	The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All financial assets and liabilities with maturity of more than one year are discounted using risk free rates, LIBOR and credit spreads to determine their fair values ranging from 3.8% to 4.5% (30 April 2018: 2.0% to 5.3%) (Level 2).

Notes to the **Financial Statements**

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34. DETERMINATION OF FAIR VALUES (CONT'D)

Other non-financial assets

Assets	Valuation technique	Significant unobservable inputs
Freehold land	The fair value of freehold land is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation method used is sales comparison approach. This is a comparative approach that consider the sales of similar or substitute properties and related market data and establish a value estimate by involving comparison (Level 3).	The unobservable inputs used to determine market value are the net selling prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighbourhood, utility, terrain, and the time element involved. The market value per square meter ranges from US$62.9 to US$69.6. The market value per acre ranges from US$2,300 to US$80,582.
Livestock (cattle for slaughter and cut meat)	Sales Comparison Approach: the valuation model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3).	The unobservable inputs are age, average weight and breed.
Harvested crops – sold as fresh fruit	The fair values of harvested crops are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit reduced by costs to sell (Level 3).	The unobservable input is the estimated pineapple selling price per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product reduced by costs to sell (concentrates, pineapple beverages, sliced pineapples, etc.) and adjusted for margin associated to further processing (Level 3).	The unobservable input is the estimated pineapple selling price and gross margin per ton specific for processed products.
Unharvested crops – fruits growing on the bearer plants	The growing produce are measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing costs applied to the estimated volume of harvest as the basis of fair value.	The unobservable inputs are estimated pineapple selling price and gross margin per ton for fresh and processed products, estimated volume of harvest and future growing costs.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

34. DETERMINATION OF FAIR VALUES (CONT'D)

Assets	Valuation technique	Significant unobservable inputs
Noncurrent assets held for sale	Market comparison technique and cost technique: The valuation model considered quoted market prices for similar items when available, and depreciated replacement cost as appropriate.	The unobservable inputs used to determine the market value are net selling prices, sizes, and property location. The unobservable inputs used to determine replacement costs are purchase price of building, land, and furniture and fixtures reduced by related selling costs.

Significant increase (decrease) in the significant unobservable inputs of freehold land, livestock, harvested crops sold as fresh fruit and harvested crop sold used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future pineapple selling price, gross margin per ton and estimated volume of harvest would result in higher (lower) fair value of growing produce, while significant increase (decrease) in the future growing costs would result in lower (higher) fair value.

35. COMMITMENTS

Operating lease commitments

The Group leases certain property, equipment and office and warehouse facilities. At the reporting date, the Group have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	30 April 2019 US$'000	**30 April 2018 US$'000**
Within one year	46,450	46,104
Between one to five years	135,678	150,888
More than five years	66,060	64,206
	248,188	261,198

The leases typically run for an initial period of 2 to 25 years, with an option to renew the lease after that date. Some of the leases contain escalation clauses but do not provide for contingent rents. Lease terms do not contain any restrictions on Group activities concerning dividends, additional debts or further leasing.

Minimum lease payments, recognised as an expense in the Group's profit or loss for the fiscal years ended 30 April 2019, 2018 and 2017 amounted to US$57,971, US$62,272 and US$64,951, respectively.

Operating Lease Commitments – Group as Lessee

The Group has entered into various lease agreements as a lessee. The Group had determined that the significant risks and rewards on properties leased from third parties are retained by the lessors.

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35. COMMITMENTS (CONT'D)

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:

	Group	
	30 April 2019 US$'000	**30 April 2018 US$'000**
Within one year	278,910	276,836
After one year but within five years	270,448	284,157
After five years	406,047	417,949
	955,405	978,942

Future capital expenditure

	Group	
	30 April 2019 US$'000	**30 April 2018 US$'000**
Capital expenditure not provided for in the financial statements		
– approved by Directors and contracted for	8,467	10,785
– approved by Directors but not contracted for	39,418	59,481
	47,885	70,266

36. CONTINGENCIES

In fiscal year 2019, a contingent liability of a subsidiary, DMPL India Limited, in the form of a letter of undertaking securing 50% of the obligations of FFPL under its Loan Agreement with Infrastructure Development Finance Company Limited, in proportion to its equity interest was fully settled.

<u>Other legal cases</u>

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

Source of estimation uncertainty

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

No provision for probable losses arising from legal contingencies were recognised in the Group's financial statements as of 30 April 2019 and 2018.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

36. CONTINGENCIES (CONT'D)

As of 30 April 2019, provision for probable losses arising from environmental remediation amounted to US$1.1 million, US$0.7 million of which is noncurrent (30 April 2018: US$2.4 million, US$0.1 million of which is noncurrent) (see Note 22).

As of 30 April 2019, provision for retained liabilities arising from workers' compensation claims amounted to US$22.6 million, US$19.3 million of which is noncurrent (30 April 2018: US$26.0 million, US$22.2 million of which is noncurrent) (see Note 20).

37. RELATED PARTIES

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than those disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.

Group			Outstanding balance			
Category/ Transaction	**Year**	**Amount of the transaction US$'000**	**Due from Related Parties* US$'000**	**Due to Related Parties** US$'000**	**Terms**	**Conditions**
Under Common Control						
• Shared IT services	**2019**	**161**	**242**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	343	247	–		
	2017	351	57	–		
• Sale of tomato paste	**2019**	**31**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	32	–	–		
	2017	34	–	–		
• Inventory count shortage	**2019**	**–**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	33	–	–		
	2017	–	–	–		
• Purchases	**2019**	**115**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured
	2018	393	–	–		
	2017	247	–	24		

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

37. RELATED PARTIES (CONT'D)

(Forward)

Category/ Transaction	Year	Amount of the transaction US$'000	Outstanding balance: Due from Related Parties* US$'000	Outstanding balance: Due to Related Parties** US$'000	Terms	Conditions
• Share in JYCC Fit Out Project	**2019**	**–**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	–	–	–		
	2017	16	–	–		
• Tollpack fees	**2019**	**556**	**90**	**–**	Due and demandable; non-interest bearing	Unsecured
	2018	572	110	–		
	2017	666	–	60		
Other Related Party						
• Management fees from DMPI retirement fund	**2019**	**96**	**230**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	19	446	–		
	2017	4	241	–		
• Rental to DMPI Retirement	**2019**	**1,827**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured
	2018	1,858	–	–		
	2017	1,619	–	277		
Other Related Party						
• Rental to NAI Retirement	**2019**	**536**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured
	2018	543	–	–		
	2017	572	–	48		
• Rental to DMPI provident fund	**2019**	**–**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	–	–	–		
	2017	5	–	–		
• Cash advances NAI	**2019**	**6,000**	**6,000**	–	Short-term; Non interest bearing	Unsecured; no impairment
	2018	–	–	–		
	2017	–	–	–		
	2019	**9,322**	**6,562**	**–**		
	2018	3,793	803	–		
	2017	3,514	298	409		

* included as part of trade and other receivables excluding long-term loans receivable

** included as part of trade and other payables

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

37. RELATED PARTIES (CONT'D)

Company

Category/ Transaction	Year	Amount of the Transaction US$'000	Outstanding Balance: Due from Related Parties* US$'000	Outstanding Balance: Due to Related Parties** US$'000	Terms	Conditions
Subsidiaries						
• Dividend income	**2019**	**33,000**	–	–	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	120,000	62,011	–		
• Long-term loans receivable	**2019**	**91,741**	**202,471**	**–**	Due on 2021; Interest- bearing	Unsecured; no impairment
	2018	88,880	88,880	–		
• Reimbursement of expenses	**2019**	**(97,981)**	**635**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	136,455	114,938	–		
• Cash advance	**2019**	**(20,923)**	**–**	**98,104**	Due and demandable; non-interest bearing	Unsecured
	2018	29,801	–	77,400		
• Management fees payable to subsidiaries	**2019**	**437**	**–**	**90**	Due and demandable; non-interest bearing	Unsecured
	2018	748	–	1,620		
Joint Venture						
• Cash advance	**2019**	**99**	**2,520**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2018	–	2,421	–		
	2019	**6,373**	**205,626**	**98,194**		
	2018	375,884	268,250	79,020		

* included as part of trade and other receivables excluding long-term loans receivable

** included as part of trade and other payables

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group's policy is to solicit competitive quotations. Purchases are normally awarded based on the lowest price.

Except for transactions identified in the previous section as interest-bearing, outstanding balances at financial reporting date are unsecured, interest-free and settlement occurs in cash and are collectible or payable on demand. For the years ended 30 April 2019 and 2018, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties.

As discussed in Note 19, the Company extended a loan to DMFHII that was used to finance DMFHII's purchase of DMFI's Second Lien term loans. The loan will mature in 2021 subject to the applicable interest rate.

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

37. RELATED PARTIES (CONT'D)

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:

	Group			Company		
	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000	Year ended 30 April 2019 US$'000	Year ended 30 April 2018 US$'000	Year ended 30 April 2017 US$'000
Directors –						
Fees and remuneration	2,964	2,873	2,969	2,541	2,531	2,507
Key executive officers (excluding Directors):						
Short-term employee benefits	3,836	3,317	3,331	1,691	1,486	1,459
Post-employment benefits	170	180	128	–	–	–

38. NON-CONTROLLING INTEREST IN SUBSIDIARIES

The following table summarises the information relating to the Group's subsidiaries with material non-controlling interests, based on their respective financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2017 US$'000
DMPLFL			
Ownership interests held by non-controlling interests	10.57%	10.57%	10.57%
Revenue	1,421,317	1,649,060	1,696,457
Profit (loss)	(49,826)	(138,130)	(41,512)
Other comprehensive income	2,170	18,860	23,872
Total comprehensive income			
Attributable to non-controlling interests:			
– Profit (loss)	(5,265)	(14,597)	(4,387)
– Other comprehensive income	229	1,993	2,523
Total comprehensive income	(5,036)	(12,604)	(1,864)
Noncurrent assets	1,179,843	1,210,583	1,289,889
Current assets	659,036	753,475	930,153
Noncurrent liabilities	(982,861)	(1,274,477)	(1,058,455)
Current liabilities	(400,529)	(215,884)	(568,530)
Net assets	455,489	473,697	593,057
Net assets attributable to non-controlling interests	48,133	50,057	62,671

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

38. NON-CONTROLLING INTEREST IN SUBSIDIARIES (CONT'D)

	30 April 2019 US$'000	30 April 2018 US$'000	30 April 2017 US$'000
Cash flows provided by (used in) operating activities	(51,844)	266,304	183,936
Cash flows used in investing activities	(4,976)	(24,323)	(42,482)
Cash flows provided by (used in) financing activities, before dividends to non-controlling interests	57,184	(242,599)	(139,504)
Currency realignment	9	3	(22)
Net increase (decrease) in cash and cash equivalents	373	(615)	1,928

39. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The changes in liabilities arising from financing activities of the Group for the year ended 30 April 2019 are as follows:

	Note	30 April 2018 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Foreign exchange movement US$'000	Reclassification and others US$'000	30 April 2019 US$'000
Group								
Current interest-bearing loans and borrowings	19	481,620	721,538	(710,798)	–	(1,508)	1,888	492,740
Noncurrent interest-bearing loans and borrowings	19	983,603	164,741	(149,833)	–	(406)	(12,190)	985,915
Accrued interest payable	23	11,939	–	(83,958)	82,623	(3)	(120)	10,481
Derivative liabilities	20, 23	5,063	–	(3,536)	–	–	2,433	3,960
Total liabilities from financing activities		1,482,225	886,279	(948,125)	82,623	(1,917)	(7,989)	1,493,096

Notes to the **Financial Statements**

For the financial year ended 30 April 2019

39. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Note	30 April 2018 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Reclassifi-cation and others US$'000	30 April 2019 US$'000
Company							
Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	19	206,034	63,100	(134,170)	–	106	135,070
Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	19	129,594	164,741	(53,500)	–	180	241,015
Accrued interest payable	23	2,345	–	(15,927)	15,741	–	2,159
Total liabilities from financing activities		337,973	227,841	(203,597)	15,741	286	378,244

Reclassification and others include the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings to current due to the passage of time, deferred financing costs, and fair value adjustments of hedge contracts.

Statistics of **Ordinary Shareholders**

As at 8 July 2019

ORDINARY SHARES

Authorised Share Capital	:	US$30,000,000
Issued and Fully Paid-up Capital (including Treasury Shares)	:	US$19,449,358
Issued and Fully Paid-up Capital (excluding Treasury Shares)	:	US$19,163,646
Number of Shares Issued (including Treasury Shares)	:	1,944,935,826
Number of Shares Issued (excluding Treasury Shares)	:	1,943,960,024
Number of Treasury Shares held	:	975,802
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Ordinary shares of US$0.01 each, with each ordinary shares entitled to one vote

Percentage of the aggregate number of Treasury Shares and Subsidiary Holdings held against the total number of issued ordinary shares: 0.05%

STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	49	0.64	1,463	0.00
100 – 1,000	158	2.07	88,829	0.00
1,001 – 10,000	5,744	75.29	15,309,143	0.79
10,001 – 1,000,000	1,637	21.46	116,973,451	6.02
1,000,001 AND ABOVE	41	0.54	1,811,587,138	93.19
TOTAL	**7,629**	**100.00**	**1,943,960,024**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	NUTRIASIA PACIFIC LIMITED	1,196,539,958	61.55
2	HSBC (SINGAPORE) NOMINEES PTE LTD	196,603,459	10.11
3	LEE PINEAPPLE COMPANY PTE LTD	100,422,000	5.17
4	DBS NOMINEES (PRIVATE) LIMITED	71,955,514	3.70
5	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	49,960,390	2.57
6	RAFFLES NOMINEES (PTE) LIMITED	38,186,296	1.96
7	GOVERNMENT SERVICE INSURANCE SYSTEM	16,489,237	0.85
8	WEE POH CHAN PHYLLIS	16,212,400	0.83
9	CITIBANK NOMINEES SINGAPORE PTE LTD	10,350,234	0.53
10	COL FINANCIAL GROUP, INC	9,319,060	0.48
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,540,180	0.44
12	BANCO DE ORO – TRUST BANKING GROUP	8,157,466	0.42
13	JOSELITO JR DEE CAMPOS	7,621,466	0.39
14	PINEAPPLES OF MALAYA PRIVATE LIMITED	6,432,000	0.33
15	SAW PAIK PENG	6,363,800	0.33
16	OCBC SECURITIES PRIVATE LIMITED	5,418,985	0.28
17	MAYBANK KIM ENG SECURITIES PTE LTD	4,479,011	0.23
18	IGC SECURITIES INC	4,358,784	0.22
19	UOB KAY HIAN PRIVATE LIMITED	3,915,900	0.20
20	PHILLIP SECURITIES PTE LTD	3,831,877	0.20
	TOTAL	**1,765,158,017**	**90.79**

Substantial **Ordinary Shareholders**

As recorded in the Register of Substantial Shareholders as at 8 July 2019

Name of Shareholders	Direct Interest Number of Shares	Direct Interest %	Deemed Interest Number of Shares	Deemed Interest %	Total Interest Number of Shares	Total Interest %
Bluebell Group Holdings Limited	189,736,540[2]	9.76	–	–	189,736,540	9.76
Golden Sunflower International Limited	–	–	189,736,540[2]	9.76	189,736,540	9.76
Mr Joselito D Campos, Jr	7,621,466	0.39	1,386,276,498[2][3]	71.31	1,393,897,964	71.70
NutriAsia Pacific Limited	1,196,539,958	61.55	–	–	1,196,539,958	61.55
NutriAsia Inc	–	–	1,196,539,958[4]	61.55	1,196,539,958	61.55
NutriAsia Holdings Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
Golden Chamber Investment Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
Star Orchid Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
Well Grounded Limited	–	–	1,196,539,958[5]	61.55	1,196,539,958	61.55
HSBC Trustee (Hong Kong) Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC International Trustee Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC International Trustee (Holdings) Pte. Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
The Hongkong and Shanghai Banking Corporation Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC Asia Holdings Limited	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
HSBC Holdings plc	–	–	1,386,276,498[6]	71.31	1,386,276,498	71.31
Lee Pineapple Company (Pte) Limited	100,422,000	5.16	6,432,000[9]	0.33	106,854,000	5.49
Lee Foundation	–	–	106,854,000[7][9]	5.49	106,854,000	5.49
Lee Foundation, States of Malaya	–	–	106,854,000[8][9]	5.49	106,854,000	5.49

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HAND

Based on the information provided, to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 22.6% of the Company's Shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notes:

(1) The percentage of issued capital is calculated based on 1,943,960,024 Shares (being 1,944,935,826 Shares excluding 975,802 Treasury Shares) and there are no subsidiary holdings.

(2) Bluebell Group Holdings Limited ("**BGHL**") is wholly owned by Golden Sunflower International Limited ("**GSIL**"). GSIL is therefore deemed interested in the Shares of the Company held by BGHL.

GSIL is wholly owned by the Twin Palms Pacific Trust ("**TPP Trust**"), of which HSBC Trustee (Hong Kong) Limited ("**HKL**") is the trustee. The beneficiaries of the TPP Trust are Mr Joselito D Campos, Jr ("**JDC**") and his children. JDC is therefore deemed interested in the Shares held by BGHL. The 189,736,540 Shares are held in nominee by HSBC (Singapore) Nominees Pte Ltd.

(3) NutriAsia Pacific Limited ("**NPL**") is a substantial and controlling shareholder of the Company, holding 1,196,539,958 Shares in the Company. JDC and his family have beneficial interests in NPL (through Golden Chamber Investment Limited ("**GCIL**") and Star Orchid Ltd ("**SOL**") which hold trusts in which they are beneficiaries). JDC is therefore deemed interested in the Shares held by NPL.

(4) NutriAsia Inc ("**NI**") owns 57.8% of NutriAsia Holdings Limited ("**NHL**"), which in turn owns 100% of NPL. NI is therefore deemed to be interested in the Shares held by NPL.

(5) NPL is wholly owned by NHL. NHL is therefore deemed interested in the Shares held by NPL.

NHL is in turn majority owned by NI (57.8%) and partly owned by Well Grounded Limited ("**WGL**") (42.2%). NI and WGL are therefore deemed interested in the Shares held by NPL.

NI is in turn majority owned by GCIL (65.4%) and WGL is in turn wholly owned by SOL. GCIL and SOL are therefore deemed interested in the Shares held by NPL.

(6) GCIL and GSIL are owned by the TPP Trust and SOL is wholly owned by The Star Orchid Trust, for which HKL acts as trustee for both trusts. HKL is therefore deemed interested in the Shares held by NPL and BGHL. The beneficiaries of the Star Orchid Trust are beneficially owned by the Campos family.

HKL is wholly owned by HSBC International Trustee Limited. HSBC International Trustee Limited is therefore deemed interested in the Shares held by NPL and BGHL.

HSBC International Trustee Limited is wholly owned by HSBC International Trustee (Holdings) Pte. Limited. HSBC International Trustee (Holdings) Pte. Limited is therefore deemed interested in the Shares held by NPL and BGHL.

HSBC International Trustee (Holdings) Pte. Limited is wholly owned by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is therefore deemed interested in the Shares held by NPL and BGHL.

The Hongkong and Shanghai Banking Corporation Limited is wholly owned by HSBC Asia Holdings Limited. HSBC Asia Holdings Limited is therefore deemed interested in the Shares held by NPL and BGHL.

HSBC Asia Holdings Limited is wholly owned by HSBC Holdings plc. HSBC Holdings plc is therefore deemed interested in the Shares held by NPL and BGHL.

(7) Lee Foundation, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

(8) Lee Foundation, States of Malaya, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's Shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

(9) Lee Pineapple Company (Pte) Limited is deemed interested in the 6,432,000 Shares held by its wholly-owned subsidiary, Pineapples of Malaya Private Limited.

Statistics of **Preference Shareholders**

As at 8 July 2019

PREFERENCE SHARES

Authorised Share Capital	:	US$600,000,000
Issued and Fully-Paid-up Capital (including Treasury Shares)	:	US$30,000,000
Issued and Fully-Paid-up Capital (excluding Treasury Shares)	:	US$30,000,000
Number of Shares Issued (including Treasury Shares)	:	30,000,000
Number of Shares Issued (excluding Treasury Shares)	:	30,000,000
Number of Treasury Shares held	:	Nil
Number of Subsidiary Holdings held	:	Nil
Class of Shares	:	Preference shares of US$1.00 each, with no voting rights (in general)

Percentage of the aggregate number of Treasury Shares and Subsidiary Holdings held against the total number of issued preference shares: Nil

SERIES A-1 PREFERENCE SHARES

STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF[1] SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	1	6.67	2,890	0.01
1,001 – 10,000	0	0.00	0	0.00
10,001 – 1,000,000	9	60.00	487,410	2.44
1,000,001 AND ABOVE	5	33.33	19,509,700	97.55
TOTAL	**15**	**100.00**	**20,000,000**	**100.00**

1 There are only 15 registered shareholders and these are mostly financial institutions and trading participants which hold the shares for many Series A-1 Preference Shareholders.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BDO SECURITIES CORPORATION[2]	7,027,030	35.14
2	CHINA BANKING CORPORATION – TRUST GROUP	4,216,240	21.08
3	BANCO DE ORO – TRUST BANKING GROUP	3,567,350	17.84
4	CITIBANK N.A.	3,258,670	16.29
5	PNB TRUST BANKING GROUP	1,440,410	7.20
6	STERLING BANK OF ASIA TRUST GROUP	246,310	1.23
7	ARMSTRONG SECURITIES INC	50,450	0.25
8	WEALTH SECURITIES INC	45,850	0.23
9	CHINA BANK SECURITIES CORPORATION	45,330	0.23
10	FIRST METRO SECURITIES BROKERAGE CORPORATION	22,550	0.11
11	ASTRA SECURITIES CORPORATION	22,290	0.11
12	BPI SECURITIES CORPORATION	21,540	0.11
13	EASTWEST BANKING CORPORATION – TRUST DIVISION	19,490	0.10
14	PHILIPPINE EQUITY PARTNERS INC	13,600	0.07
15	AP SECURITIES INCORPORATED	2,890	0.01
	TOTAL	**20,000,000**	**100.00**

2 BDO Securities Corporation holds the shares of the following DMPL officers: Luis F Alejandro (15,000 shares); Parag Sachdeva (15,000 shares); and Ignacio Carmelo O Sison (8,000 shares), as well as other individuals.

Statistics of **Preference Shareholders**

As at 8 July 2019

SERIES A-2 PREFERENCE SHARES

STATISTICS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF[3] SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	1	4.55	300	0.00
1,001 – 10,000	6	27.27	38,880	0.39
10,001 – 1,000,000	10	45.45	873,330	8.73
1,000,001 AND ABOVE	5	22.73	9,087,490	90.87
TOTAL	**22**	**100.00**	**10,000,000**	**99.99**

3 There are only 22 registered shareholders and these are mostly financial institutions and trading participants which hold the shares for many Series A-2 Preference Shareholders.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	BDO SECURITIES CORPORATION[4]	2,643,660	26.44
2	CHINA BANKING CORPORATION – TRUST GROUP	2,177,600	21.78
3	CITIBANK N.A.	1,643,090	16.43
4	BANCO DE ORO – TRUST BANKING GROUP	1,440,120	14.40
5	PNB TRUST BANKING GROUP	1,183,020	11.83
6	PHILIPPINE EQUITY PARTNERS INC	218,260	2.18
7	UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION	190,000	1.90
8	EASTWEST BANKING CORPORATION – TRUST DIVISION	132,390	1.32
9	FIRST METRO SECURITIES BROKERAGE CORPORATION	119,550	1.20
10	STERLING BANK OF ASIA TRUST GROUP	59,000	0.59
11	WEALTH SECURITIES INC	48,430	0.48
12	CHINA BANK SECURITIES CORPORATION	41,510	0.42
13	BPI SECURITIES CORPORATION	38,330	0.38
14	MBTC – TRUST BANKING GROUP	12,960	0.13
15	ASTRA SECURITIES CORPORATION	12,900	0.13
16	STANDARD CHARTERED BANK	10,000	0.10
17	UNITED FUND, INC	10,000	0.10
18	THE HONGKONG AND SHANGHAI BANKING CORP LTD -CLIENTS' ACCOUNT	9,700	0.10
19	SUNSECURITIES, INC	6,880	0.07
20	MANDARIN SECURITIES CORPORATION	1,200	0.01
	TOTAL	**9,998,600**	**99.99**

4 BDO Securities Corporation holds the shares of the following DMPL officer: Ma Bella B Javier (2,000 shares), as well as other individuals.

Interested **Person Transactions**

As at 30 April 2019

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$'000
NutriAsia, Inc	–	6,956
DMPI Retirement Fund	–	1,830
NutriAsia, Inc Retirement Fund	–	536
Aggregate Value	**–**	**9,322**

Proforma Group **Financial Information***

For the year ended 30 April 2019

(Amounts in Singapore Dollars)

	GROUP		
	Year ended 30 April 2019 S$'000	**Year ended 30 April 2018 S$'000**	**Year ended 30 April 2017 S$'000**
Revenue	2,658,585	2,966,367	3,131,368
Cost of sales	(2,121,406)	(2,382,527)	(2,443,468)
Gross Profit	**537,179**	**583,840**	**687,900**
Other income	–	–	–
Distribution and selling expenses	(275,861)	(298,935)	(282,404)
General and administrative expenses	(157,134)	(220,560)	(229,453)
Other expenses (expenses) – net	4,782	(24,519)	1,334
Results from operating activities	**108,966**	**39,826**	**177,377**
Finance income	29,900	55,987	8,075
Finance expenses	(136,577)	(142,632)	(154,385)
Net finance expense	(106,677)	(86,645)	(146,310)
Share in loss of investments in joint ventures, net of tax	(1,337)	(2,095)	(2,654)
Profit (loss) before taxation	**952**	**(48,914)**	**28,413**
Tax credit (expense) – net	18,393	(20,039)	(766)
Profit (loss) for the year/period	**19,345**	**(68,953)**	**27,647**
Profit attributable to:			
Non-controlling interests	(8,289)	(19,689)	(6,222)
Owners of the Company	27,634	(49,264)	33,869

* Basis of presentation of Proforma Group Financial Information

The audited financial statements of the Group are expressed in United States dollars (US$).

Given the Company's listing on the SGX-ST, for the convenience of certain readers, the above financial information for the years 2019, 2018 and 2017 are presented in Singapore dollars (S$) obtained by measurement of the S$ figures using the exchange rate of S$1.36, S$1.35 and S$1.39, respectively.

Such translations should not be construed as a representation that the US$ amounts have been or could be converted into S$ at this or any other rates. In addition, the above financial information does not form part of the audited financial statements of the Group.

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Corporate **Information**

BOARD OF DIRECTORS

Mr Rolando C Gapud
Executive Chairman

Mr Joselito D Campos, Jr
Managing Director and CEO

Mr Edgardo M Cruz, Jr
Executive Director

Mr Benedict Kwek Gim Song
Lead Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Dr Emil Q Javier
Independent Director

Mrs Yvonne Goh
Independent Director

AUDIT AND RISK COMMITTEE

Mr Benedict Kwek Gim Song
Chairman and Lead Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Dr Emil Q Javier
Independent Director

Mrs Yvonne Goh
Independent Director

NOMINATING AND GOVERNANCE COMMITTEE

Mrs Yvonne Goh
Chairperson and Independent Director

Mr Benedict Kwek Gim Song
Lead Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Dr Emil Q Javier
Independent Director

Mr Rolando C Gapud
Board Executive Chairman

Mr Edgardo M Cruz, Jr
Executive Director

REMUNERATION AND SHARE OPTION COMMITTEE

Mr Godfrey E Scotchbrook
Chairman and Independent Director

Mr Benedict Kwek Gim Song
Lead Independent Director

Dr Emil Q Javier
Independent Director

Mrs Yvonne Goh
Independent Director

EXECUTIVE OFFICERS

Mr Joselito D Campos, Jr
Managing Director and Chief Executive Officer

Mr Luis F Alejandro
Chief Operating Officer

Mr Ignacio C O Sison
Chief Corporate Officer

Mr Parag Sachdeva
Chief Financial Officer

Mr Antonio E S Ungson
Chief Legal Counsel, Chief Compliance Officer and Company Secretary

Mr Ruiz G Salazar
Chief Human Resource Officer

Ms Ma Bella B Javier
Chief Scientific Officer

COMPANY SECRETARY

Mr Antonio E S Ungson
10/F JY Campos Centre
9th Avenue corner 30th Street
Bonifacio Global City
Taguig City 1634
Philippines
Tel : +632 856 2888
Fax: +632 856 2628

AUDITORS

SyCip Gorres Velayo & Co
(A member firm of Ernst & Young)
6760 Ayala Avenue
1226 Makati City
Philippines
Partner in-charge: Catherine E Lopez
(Date of appointment: since financial year ended 30 April 2016)

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in-charge: Phua Chun Yen Alvin
(Date of appointment: since financial year ended 30 April 2016)

BANKERS

Australia and New Zealand Banking Group Limited
BDO Unibank, Inc
Bank of Commerce
Bank of the Philippine Islands
China Banking Corporation
Citibank, NA
DBS Bank, Ltd
Development Bank of the Philippines
The Hongkong & Shanghai Banking Corporation
MUFG Bank, Ltd
Metropolitan Bank and Trust Company
Mizuho Bank Ltd
Philippine Bank of Communications
Philippine National Bank
Rabobank International
Rizal Commercial Banking Corporation
Robinsons Bank Corporation
Security Bank Corporation
Standard Chartered Bank (Singapore) Limited
Union Bank of the Philippines
Wealth Development Bank Corporation

REGISTERED OFFICE

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British Virgin Islands
Tel : +284 494 2233
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SINGAPORE SHARE TRANSFER AGENT

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50 Raffles Place #32-01
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Fax: +65 6536 1360

PHILIPPINES SHARE TRANSFER AGENT

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Tel: +632 878 4963
Fax: +632 878 4056

BVI REGISTRAR AND SHARE TRANSFER OFFICE

Nerine Trust Company (BVI) Limited
PO Box 905 Quastisky Building
Road Town, Tortola VG 1110, British Virgin Islands

LISTING & TRADING SYMBOLS

Listed on 2 August 1999 on the Singapore Exchange
Listed on 10 June 2013 on the Philippine Stock Exchange (PSE)
Preference Shares listed on 7 April 2017 and 15 December 2017 on the PSE
Bloomberg: DELM SP and DELM PM, and DMPA1 and DMPA2 for the Preference Shares
Reuters: DMPL.SI and DELM.PS, and DMPA1.PS and DMPA2.PS for the Preference Shares

FOR FURTHER ENQUIRIES PLEASE CONTACT:

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