109132019000939

SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name	DEL MONTE PACIFIC LIMITED
Filer Name	****
Contact No	****

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- NO COMPANY PROFILE

COVER SHEET

S.E.C. Registration Number

DEL MONTE PACIFIC LIMITED

(Company's Full Name)

Craigmuir Chambers, PO Box 71
Road Town, Tortola
British Virgin Islands

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

Antonio E.S. Ungson

Contact Person

+65 6324 6822

Company Telephone Number

SEC FORM (1st Quarter FY2020)

Month *Day*

17-Q

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **July 31, 2019**

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

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

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

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

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

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

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

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	1,943,960,024
Preference Shares	30,000,000

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

    Yes [/] No [ ]

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

    Singapore Exchange Securities Trading Limited - Ordinary Shares
    Philippine Stock Exchange - Ordinary and Preference Shares

12. Indicate by check mark whether the registrant:

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

Yes [/] No [ ]

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

Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the Financial Statements (FS) section of this report, FS to FS43

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

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

PART II--OTHER INFORMATION

Not Applicable

SIGNATURES

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

Issuer	**Del Monte Pacific Limited**
Signature and Title	Parag Sachdeva Chief Financial Officer and Duly Authorized Officer
Date	September 9, 2019

Del Monte Pacific Limited and its Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
For the Three Months Ended
31 July 2019 and 31 July 2018
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2019)

Unaudited Interim Consolidated Statements of Financial Position
(With Comparative Audited Figures as at 30 April 2019)

	Note	As at 31 July 2019 US$'000 (Unaudited)	As at 30 April 2019 US$'000 (Audited)
Noncurrent assets			
Property, plant and equipment – net	6	**573,003**	582,033
Right-of-use assets	3	**256,233**	–
Investments in joint ventures	8	**23,829**	24,212
Intangible assets and goodwill	7	**706,335**	707,997
Deferred tax assets – net		**113,937**	106,321
Biological assets	10	**1,795**	1,682
Pension assets		**8,042**	8,240
Other noncurrent assets	9	**29,391**	39,096
		1,712,565	1,469,581
Current assets			
Biological assets	10	**53,466**	52,320
Inventories	11	**782,549**	664,922
Trade and other receivables	12, 18	**140,548**	149,054
Prepaid expenses and other current assets	13	**56,829**	36,716
Cash and cash equivalents	14, 18	**27,198**	21,636
Noncurrent assets held for sale		**4,750**	4,465
		1,065,340	929,113
Total assets		**2,777,905**	2,398,694
Equity			
Share capital	22	**49,449**	49,449
Share premium		**478,339**	478,339
Retained earnings		**63,457**	96,074
Reserves		**(67,275)**	(65,827)
Equity attributable to owners of the Company		**523,970**	558,035
Non-controlling interest		**40,626**	43,106
Total equity		**564,596**	601,141
Noncurrent liabilities			
Loans and borrowings	15, 18	**987,459**	985,915
Lease liabilities	3	**188,483**	–
Employee benefits		**70,359**	63,781
Environmental remediation liabilities		**705**	697
Deferred tax liabilities – net		**8,463**	6,404
Other noncurrent liabilities	16	**22,442**	30,015
		1,277,911	1,086,812
Current liabilities			
Loans and borrowings	15, 18	**598,444**	492,740
Lease liabilities	3	**35,811**	–
Employee benefits		**27,665**	27,640
Trade and other current liabilities	17, 18	**267,626**	188,669
Current tax liabilities		**5,852**	1,692
		935,398	710,741
Total liabilities		**2,213,309**	1,797,553
Total equity and liabilities		**2,777,905**	2,398,694

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Consolidated Statements of Income

	Note	Three months ended 31 July 2019 US$'000	Three months ended 31 July 2018 US$'000
Revenue		**375,858**	437,229
Cost of sales		**(284,710)**	(359,203)
Gross profit		**91,148**	78,026
Distribution and selling expenses		**(39,068)**	(42,548)
General and administrative expenses	21	**(30,212)**	(35,644)
Other income – net		**(1,601)**	2,189
Results from operating activities		**20,267**	2,023
Finance income		**3,937**	17,910
Finance expense		**(25,235)**	(23,063)
Net finance expense		**(21,298)**	(5,153)
Share in net loss of joint ventures	8	**(383)**	(83)
Loss before taxation		**(1,414)**	(3,213)
Tax expense – current		**(43,313)**	(1,681)
Tax benefit - deferred		**4,596**	4,532
		(38,717)	2,851
Loss for the period		**(40,131)**	(362)
Profit (loss) attributable to:			
Non-controlling interest		**(1,870)**	(3,384)
Owners of the Company		**(38,261)**	3,022
Earnings/(loss) per share			
Basic earnings (loss) per share (U.S. cents)	23	**(2.22)**	(0.10)
Diluted earnings (loss) per share (U.S. cents)	23	**(2.22)**	(0.10)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Consolidated Statements of Comprehensive Income

	Three months ended 31 July 2019 US$'000	Three months ended 31 July 2018 US$'000
Loss for the period	**(40,131)**	(362)
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement plans	**(6,565)**	2,989
Income tax effect on remeasurement of retirement plans	**3,917**	(516)
	(2,648)	2,473
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**1,613**	(10,258)
Effective portion of changes in fair value of cash flow hedges	**(1,355)**	1,249
Income tax effect on cash flow hedges	**332**	(306)
	590	(9,315)
Other comprehensive loss for the period, net of tax	**(2,058)**	(6,842)
Total comprehensive loss for the period	**(42,189)**	(7,204)
Total comprehensive loss attributable to:		
Non-controlling interest	**(2,480)**	(3,136)
Owners of the Company	**(39,709)**	(4,068)
	(42,189)	(7,204)

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Unaudited Interim Consolidated Statements of Changes in Equity
Three months ended 31 July 2019

	<---------- Attributable to owners of the Company									---------->		
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Revaluation reserve US$'000	Remeasurement of retirement plans US$'000	Hedging reserve US$'000	Share option reserve US$'000	Reserve for own shares US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Fiscal Year 2020												
At 1 May 2019	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,035	43,106	601,141
Change in accounting policy									15,756	15,756		15,756
At 1 May 2019, as restated	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	111,830	573,791	43,106	616,897
Total comprehensive income for the period												
Profit (loss) for the period	–	–	–	–	–	–	–	–	(38,261)	(38,261)	(1,870)	(40,131)
Other comprehensive income												
Currency translation differences	–	–	1,611	–	–	–	–	–	–	1,611	2	1,613
Remeasurement of retirement plans	–	–	–	–	(2,144)	–	–	–	–	(2,144)	(504)	(2,648)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	(915)	–		–	(915)	(108)	(1,023)
Total other comprehensive income	–	–	1,611	–	(2,144)	(915)	–	–	–	(1,448)	(610)	(2,058)
Total comprehensive income for the period	–	–	1,611	–	(2,144)	(915)	–	–	(38,261)	(39,709)	(2,480)	(42,189)
Transactions with owners of the Company recognised directly in equity												
Contributions by and distributions to owners of the Company												
Value of employee services received for issue of share options	–	–	–	–	–	–	–	–	–	–	–	–
Payment of dividends	–	–	–	–	–	–	–	–	(10,112)	(10,112)	–	(10,112)
Total contributions by and distributions to owners	–	–	–	–	–	–	–	–	(10,112)	(10,112)	–	(10,112)
At 31 July 2019	49,449	478,339	(91,764)	10,885	15,504	(3,367)	1,753	(286)	63,457	523,970	40,626	564,596

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.`

Unaudited Interim Consolidated Statements of Changes in Equity
Three months ended 31 July 2018

	<---------- Attributable to owners of the Company ---------->											
	Share capital US$'000	**Share premium US$'000**	**Translation reserve US$'000**	**Revaluation reserve US$'000**	**Remeasure-ment of retirement plans US$'000**	**Hedging reserve US$'000**	**Share option reserve US$'000**	**Reserve for own shares US$'000**	**Retained earnings US$'000**	**Total US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
Fiscal Year 2019												
At 1 May 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 for the period												
Profit (loss) for the period	–	–	–	–	–	–	–	–	3,022	3,022	(3,384)	(362)
Other comprehensive income												
Currency translation differences	–	–	(10,238)	–	–	–	–	–	–	(10,238)	(20)	(10,258)
Remeasurement of retirement plans	–	–	–	–	2,305	–	–	–	–	2,305	168	2,473
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	843	–		–	843	100	943
Total other comprehensive income	–	–	(10,238)	–	2,305	843	–	–	–	(7,090)	248	(6,842)
Total comprehensive income for the period	–	–	(10,238)	–	2,305	843	–	–	3,022	(4,068)	(3,136)	(7,204)
Transactions with owners of the Company recognised directly in equity												
Contributions by and distributions to owners of the Company												
Transaction costs related to the issuance of preference share	–	16	–	–	–	–	–	–	–	16	–	16
Value of employee services received for issue of share options	–	–	–	–	–	–	88	–	–	88	188	276
Total contributions by and distributions to owners	–	16	–	–	–	–	88	–	–	104	188	292
At 31 July 2018	49,449	478,339	(101,753)	10,885	20,530	(1,921)	1,461	(286)	98,527	555,231	46,117	601,348

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.`

Unaudited Interim Consolidated Statements of Cash Flows

	Note	Three months ended 31 July 2019 US$'000	2018 US$'000
Cash flows from operating activities			
Loss for the period		**(40,131)**	(362)
Adjustments for:			
Depreciation of property, plant and equipment	20	**33,419**	30,158
Amortisation of intangible assets	7, 20	**1,663**	1,666
Reversal of impairment loss on property, plant and equipment		**(16)**	(25)
Loss on disposal of property, plant and equipment		**1,588**	1,886
Equity-settled share-based payment transactions		**–**	276
Share in net loss of joint ventures	8	**383**	83
Net loss (gain) on derivative settlement		**421**	(9,261)
Finance income*		**(3,937)**	(17,910)
Finance expense*		**25,235**	23,063
Tax expense - current		**43,313**	1,681
Tax expense – deferred		**(4,596)**	(4,532)
		57,342	26,723
Changes in:			
Other noncurrent assets		**(14,370)**	(3,513)
Inventories		**(113,458)**	(33,469)
Biological assets		**50**	(2,586)
Trade and other receivables		**28,244**	(910)
Prepaid and other current assets		**(18,680)**	(4,946)
Trade and other payables		**58,021**	(19,040)
Employee benefits		**3,819**	3,636
Operating cash flows		**968**	(34,105)
Taxes paid		**(39,771)**	–
Net cash flows used in operating activities		**(38,803)**	(34,105)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	**(24,321)**	(28,337)
Proceeds from disposal of property, plant and equipment		**301**	2,337
Interest received		**153**	138
Net cash flows used in investing activities		**(23,867)**	(25,862)

(Continued on next page)

* Includes foreign exchange gains and losses

Unaudited Interim Consolidated Statements of Cash Flows (Continued)

	Note	Three months ended 31 July 2019 US$'000	Three months ended 31 July 2018 US$'000
Cash flows from financing activities			
Proceeds from borrowings		**118,242**	282,411
Repayment of borrowings		**(18,898)**	(201,011)
Interest paid		**(21,268)**	(21,788)
Dividends paid		**(10,112)**	–
Transactions costs related to issuance of preference shares		–	16
Net cash flows provided by financing activities		**67,964**	59,628
Net increase (decrease) in cash and cash equivalents		**5,294**	(339)
Cash and cash equivalents at beginning of period		**21,636**	24,246
Effect of exchange rate changes on balances held in foreign currency		**268**	9,389
Cash and cash equivalents at end of period	14	**27,198**	33,296

Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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 July 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 31 July 2019 and 30 April 2019, 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 31 July 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.

2. Basis of preparation

2.1 Statement of compliance

The accompanying unaudited interim condensed consolidated financial statements as at 31 July 2019 and for the three months ended 31 July 2019 and 2018 have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the 2019 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2019 and 2018 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 30 April 2019, 2018, and 2017.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and 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.

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

3. Significant accounting policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2019 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2019, which did not have any significant impact on the Group's financial position or performance, unless otherwise indicated:

- 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.

  The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 May 2019. Accordingly, the comparative information presented for fiscal year 2019 has not been restated. In relation to those leases under IFRS 16, the Group recognised depreciation and interest costs, instead of operating lease expense.

  As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases, except for some short-term and low-value assets.

  At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 May 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application (the Group applied this approach for leases under a subsidiary, Del Monte Philippines, Inc. "DMPI"); or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (the Group applied this approach for leases under a subsidiary, Del Monte Foods, Inc.).

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 May 2019 were determined at the carrying amount of lease asset and lease liability under IAS 17 immediately before that date. The Group has no finance leases under IAS 17.

Right-of-use assets and lease liabilities are presented separately in the consolidated statement of financial position.

The impact of adoption of IFRS 16 on consolidated statement of financial position as at 1 May 2019 is as follows:

	As at 1 May 2019 US$'000
Assets	
Prepaid expenses and other current assets	**(1,829)**
Right-of-use assets-net	**266,554**
Deferred tax assets	**(303)**
Other noncurrent assets	**(23,896)**
	240,526
Liabilities and Equity	
Lease liability - current portion	**30,173**
Lease liability - noncurrent portion	**200,817**
Other noncurrent liabilities	**(6,220)**
	224,770
Retained earnings	**15,756**
	240,526

- IFRIC 23, *Uncertainty over Income Tax Treatments*

  IFRIC-23 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 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 Associates 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.

- 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.

- 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.

4. Operating segments

The Group has two types of 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.

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.

Information about reportable segments

	Americas Three months ended 31 July		**Asia Pacific Three months ended 31 July**		**Europe Three months ended 31 July**		**Total Three months ended 31 July**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Revenue								
Packaged fruit and vegetable	**194,722**	258,220	**22,837**	21,903	**3,789**	6,294	**221,348**	286,417
Beverage	**2,772**	4,960	**32,328**	31,245	**2,266**	4,060	**37,366**	40,265
Culinary	**42,464**	42,158	**26,200**	24,816	**–**	–	**68,664**	66,974
Others	**235**	961	**48,245**	42,612	**–**	–	**48,480**	43,573
Total	**240,193**	306,299	**129,610**	120,576	**6,055**	10,354	**375,858**	437,229
Gross profit								
Packaged fruit and vegetable	**43,635**	36,098	**5,876**	5,965	**(396)**	1,252	**49,115**	43,315
Beverage	**681**	404	**9,360**	7,843	**(646)**	(2,106)	**9,395**	6,141
Culinary	**7,396**	5,575	**10,109**	9,788	**–**	–	**17,505**	15,363
Others	**(303)**	238	**15,436**	12,969	**–**	–	**15,133**	13,207
Total	**51,409**	42,315	**40,781**	36,565	**(1,042)**	(854)	**91,148**	78,026
Share in net loss of joint ventures								
Packaged fruit and vegetable	**–**	–	**(188)**	(25)	**–**	–	**(188)**	(25)
Beverage	**–**	–	**(18)**	(6)	**–**	–	**(18)**	(6)
Culinary	**–**	–	**(164)**	(49)	**–**	–	**(164)**	(49)
Fresh fruit and others	**–**	–	**(13)**	(3)	**–**	–	**(13)**	(3)
Total	**–**	–	**(383)**	(83)	**–**	–	**(383)**	(83)

	Americas		**Asia Pacific**		**Europe**		**Total**	
	Three months ended 31 July		**Three months ended 31 July**		**Three months ended 31 July**		**Three months ended 31 July**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Profit (loss) before taxation								
Packaged fruit and vegetable	**(11,823)**	(14,963)	**3,390**	9,973	**(833)**	636	**(9,266)**	(4,354)
Beverage	**(474)**	(809)	**5,660**	1,695	**(864)**	(2,401)	**4,322**	(1,515)
Culinary	**(4,732)**	(2,803)	**6,745**	5,567	**–**	–	**2,013**	2,764
Others	**(2,246)**	95	**3,763**	(203)	**–**	–	**1,517**	(108)
Total	**(19,275)**	(18,480)	**19,558**	17,032	**(1,697)**	(1,765)	**(1,414)**	(3,213)
Other information								
Capital expenditure	**1,742**	5,486	**22,579**	22,851	–	–	**24,321**	**28,337**

Major customer

Revenues from a major customer of the Americas segment for the quarters ended 31 July 2019 and 2018 amounted to US$87.2 million and US$105.7 million, respectively representing 29.1% and 28.7% of the total Americas segment's gross revenue, respectively.

5. Seasonality of operations

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

The Group operates several production facilities 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 while its tomato plant is located in California.

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.

6. Property, plant and equipment

During the quarter ended 30 July 2019, the Group acquired assets with a cost of US$24.6 million (year ended 30 April 2019: US$121.6 million), which includes noncash acquisition.

7. Intangible assets and goodwill

	Goodwill US$'000	Indefinite life trademarks US$'000	Amortisable trademarks US$'000	Customer relationship US$'000	Total US$'000
Cost					
At 1 May 2019/ 31 July 2019	203,432	408,043	24,180	107,000	742,655
At 1 May 2018/ 30 April 2019	203,432	408,043	24,180	107,000	742,655
Accumulated amortisation					
At 1 May 2019	–	–	6,919	27,739	34,658
Amortisation	–	–	325	1,337	1,662
At 31 July 2019	–	–	7,244	29,076	36,320
At 1 May 2018	–	–	5,616	22,388	28,004
Amortisation	–	–	1,303	5,351	6,654
At 30 April 2019	–	–	6,919	27,739	34,658
Carrying amounts					
At 31 July 2019	**203,432**	**408,043**	**16,936**	**77,924**	**706,335**
At 30 April 2019	203,432	408,043	17,261	79,261	707,997

Goodwill

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

Indefinite life trademarks

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks. 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.

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 performs an annual impairment testing for all indefinite life trademarks. There are no indicators that indefinite life trademarks are impaired as at the reporting date.

Amortisable trademarks and customer relationships

	Net Carrying amount		Remaining amortisation period (years)	
	31 July 2019 US$'000	**30 April 2019 US$'000**	**31 July 2019**	**30 April 2019**
America S&W trademark	**913**	963	**4.6**	4.8
America Contadina trademark	**16,023**	16,298	**14.6**	14.8
	16,936	17,261		

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.

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.

	31 July 2019 US$'000	30 April 2019 US$'000
Net carrying amount	**77,924**	79,261
Remaining amortisation period	**14.6**	14.8

Management has included the customer relationships in the CGU annual impairment assessment and has likewise concluded no impairment exists at the reporting date.

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.

8. Investments in joint ventures

Name of joint venture	Principal activities	Place of Incorporation and Business	Effective Equity Held by the Group: As at 31 Jul 2019 %	Effective Equity Held by the Group: As at 30 Apr 2019 %
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

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

	31 July 2019 US$'000	**30 April 2019 US$'000**
Assets		
Current assets	**13,309**	13,475
Noncurrent assets	**27,492**	22,309
Total assets	**40,801**	35,784
Liabilities		
Current liabilities	**(18,691)**	(17,798)
Noncurrent liabilities	**(18,875)**	(13,910)
Total liabilities	**(37,566)**	(31,708)
Net assets	**3,235**	4,076

	31 July 2019 US$'000	**31 July 2018 US$'000**
Results		
Revenue	**20,723**	19,235
Profit/loss from continuing operations	**(506)**	290
Other comprehensive income	–	–
Total comprehensive loss	**(506)**	290

	31 July 2019 US$'000	**30 April 2019 US$'000**
Group's interest in net assets of FFPL at beginning of the period/year	**23,446**	23,557
Capital injection during the period/year	–	–
Group's share of:		
- Profit/loss from continuing operations	**(253)**	(111)
- other comprehensive income	–	–
total comprehensive income	**(253)**	(111)
Carrying amount of interest at end of the period/year	**23,193**	23,446

	31 July 2019 US$'000	**30 April 2019 US$'000**
Group's interest in net assets of NFHKL at beginning of the period/year	**766**	1,638
Group's share of:		
- loss from continuing operations	**(130)**	(872)
- other comprehensive income	–	–
total comprehensive income	**(130)**	(872)
Carrying amount of interest at end of the period/year	**636**	766

The summarised interest in joint ventures of the Group is as follows:

	31 July 2019 US$'000	30 April 2019 US$'000
Group's interest in joint ventures		
FFPL	**23,193**	23,446
NFHKL	**636**	766
Carrying amount of investment in joint ventures	**23,829**	24,212

Source of Estimation Uncertainty

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

Since its acquisition, the Indian sub-continent trademark (Note 7) and the investment in FFPL were allocated to the Indian sub-continent cash-generating unit ("Indian sub-continent CGU"). The recoverable amount of Indian sub-continent CGU was estimated using the discounted cash flows based on five-year cash flow projections.

9. Other noncurrent assets

	31 July 2019 US$'000	30 April 2019 US$'000
Advances to growers and advance rentals and deposits	**13,087**	19,977
Excess insurance	**5,514**	5,514
Note receivables	**4,071**	4,038
Land expansion (development costs of acquired leased areas)	**3,609**	8,230
Down payments for capital expenditures	**1,809**	–
Prepayments	**546**	631
Others	**755**	706
	29,391	39,096

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 16).

The note receivables include a receivable relating to the sale of certain assets of Sager Creek which is payable in three years until 2020. 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 31 July 2019 (30 April 2019: US$5.4 million), is presented under "Trade and other receivables".

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.

Down payment to suppliers for capital expenditures amounting to US$1.8 million includes advances for capital construction which is now expected to be completed over one year from reporting date. Previously the amount was US$2.5 million and presented as part of "Prepaid expenses and other current assets" since management assessed that the construction will be completed within one year.

10. Biological assets

	31 July 2019 US$'000	**30 April 2019 US$'000**
Livestock		
At beginning of the period/year	**1,682**	1,629
Purchases of livestock	**245**	990
Sales of livestock	**(173)**	(927)
Currency realignment	**41**	(10)
At end of the period/year	**1,795**	1,682

	31 July 2019 US$'000	**30 April 2019 US$'000**
Agricultural produce		
At beginning of the period/year	**26,421**	23,473
Additions	**2,960**	11,755
Harvested	**(2,986)**	(8,674)
Currency realignment	**640**	(133)
At end of the period/year	**27,035**	26,421
Fair value gain on produce prior to harvest	**26,431**	25,899
At end of the period/year	**53,466**	**52,320**

	31 July 2019 US$'000	**30 April 2019 US$'000**
Current	**53,466**	52,320
Noncurrent	**1,795**	1,682
Totals	**55,261**	54,002

11. Inventories

	31 July 2019 US$'000	30 April 2019 US$'000
Finished goods		
- at cost	**517,872**	470,698
- at net realisable value	**29,107**	30,092
Semi-finished goods		
- at cost	**1,148**	981
- at net realisable value	**16,348**	15,623
Raw materials and packaging supplies		
- at net realisable value	**218,074**	147,528
	782,549	664,922

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

	Note	31 July 2019 US$'000	30 April 2019 US$'000
At beginning of the period/year		**10,527**	26,616
Allowance for the period/year	20	**1,657**	19,245
Release of NRV		**–**	(13,080)
Write-off against allowance		**(1,864)**	(22,775)
Currency realignment		**(19)**	521
At end of the period/year		**10,301**	10,527

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 April 2019, these reserves were reversed since the related inventories had been sold.

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

12. Trade and other receivables

		31 July 2019 US$'000	**30 April 2019 US$'000**
Trade receivables		**124,352**	132,934
Non trade receivables	*9*	**25,875**	25,893
Allowance for doubtful accounts – trade		**(5,007)**	(5,158)
Allowance for doubtful accounts – nontrade		**(4,672)**	(4,615)
Trade and other receivables		**140,548**	149,054

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

	Gross		**Impairment losses**	
At 31 July 2019	**Trade US$'000**	**Non trade US$'000**	**Trade US$'000**	**Non trade US$'000**
Not past due	**102,713**	**16,510**	**–**	**–**
Past due 0 - 60 days	**1,237**	**1,052**	**–**	**–**
Past due 61 - 90 days	**1,970**	**601**	**–**	**–**
Past due 91 - 120 days	**221**	**725**	**–**	**–**
More than 120 days	**18,211**	**6,987**	**(5,007)**	**(4,672)**
	124,352	**25,875**	**(5,007)**	**(4,672)**

	Gross		**Impairment losses**	
At 30 April 2019	**Trade US$'000**	**Non trade US$'000**	**Trade US$'000**	**Non trade US$'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)

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

13. Prepaid expenses and other current assets

	31 July 2019 US$'000	30 April 2019 US$'000
Prepaid expenses	**43,045**	30,046
Downpayment to contractors and suppliers	**11,005**	4,921
Derivative asset	**–**	64
Others	**2,779**	1,685
	56,829	36,716

Prepaid expenses consist of advance payments for insurance, advertising, rent and taxes, among others.

14. Cash and cash equivalents

	31 July 2019 US$'000	30 April 2019 US$'000
Cash on hand	**65**	41
Cash in banks	**15,821**	17,231
Cash equivalents	**11,312**	4,364
Cash and cash equivalents	**27,198**	21,636

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% for the quarter (30 April 2019: 0.01% to 0.50% per annum). 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 1.70% to 4.44% (30 April 2019: 0.18% to 6.50%) per annum.

15. Loans and borrowings

	31 July 2019 US$'000	30 April 2019 US$'000
Current liabilities		
Unsecured bank loans	**452,066**	138,870
Secured bank loans	**146,378**	353,870
	598,444	492,740
Non-current liabilities		
Unsecured bank loans	**111,241**	111,241
Secured bank loans	**876,218**	874,674
	987,459	985,915
	1,585,903	1,478,655

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	31 July 2019 Face value US$'000	31 July 2019 Carrying amount US$'000	30 April 2019 Face value US$'000	30 April 2019 Carrying amount US$'000
Group							
Secured bank loans	PHP	4.50%	2020	58,980	58,980	57,584	57,584
Unsecured bank loans	PHP	5.75%-5.85%	2019	40,696	40,696	–	–
Unsecured bank loans	USD	3.00%-4.50%	2019-2021	522,611	522,611	465,111	465,111
Secured bridging loan	USD	4.50%	2020	53,500	53,500	53,500	53,500
Secured bridging loan	USD	4.50%	2020	76,500	76,319	76,500	76,274
Secured bank loan under ABL Credit Agreement	USD	Tranche B – 5.14% - 7.25%	2019/2020	144,172	141,802	136,672	133,851
Secured First lien term loan	USD	Higher of Libor or 1% + 3.25% or total of 5.77%	2021	672,725	667,826	674,500	668,697
Secured Second lien term Loan	USD	Higher of Libor or 1% + 7.25% or total of 9.47%	2021	28,555	24,169	28,555	23,638
				1,597,739	1,585,903	1,492,422	1,478,655

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.

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, debt service coverage ratio, 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, and changes in business, dividends and other transfers.

The Group is compliant with its loan covenants as at 31 July 2019 and 30 April 2019.

Long Term Borrowings

Long-term Borrowings	**Outstanding Balance (In '000)**	**Interest Rate** % p.a.	**Year of Maturity**	**Payment Terms (e.g., annually, quarterly, etc.)**	**Interest paid 1 May 2019 to 31 July 2019 (In '000)**
Senior secured variable rate first lien term loan	USD 672,725	Higher of Libor or 1% + 3.25% or total of 5.77%	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 10,169
Senior secured second lien variable rate term loan	USD 28,555	Higher of Libor or 1% + 7.25% or total of 9.47%	2021	Due in full at its maturity, 18 August 2021.	USD 771
BDO Long-term Loan	USD 53,500	4.50%	2020	Quarterly interest payment and principal on maturity date.	USD 600
BDO Long-term Loan	USD 76,500	4.50%	2020	Quarterly interest payment and principal on maturity date.	USD 813
BOC Long-term Loan	USD 54,000	4.50%	2020	Monthly interest payment and principal on maturity date.	USD 614
DBP Long-term Loan	USD 57,241	3.98%	2021	Quarterly interest payment and principal on maturity date	USD 564
BDO Long-term Loan	PHP 3,000,000	Higher of Libor or 4.50%	2020	Quarterly interest payment and principal on maturity date	PHP 35,149

The balance of unamortised debt issuance cost follows:

	Three months ended 31 July 2019 US$'000	Year ended 30 April 2019 US$'000
Beginning of period/year	**13,767**	20,732
Additions	**–**	868
Amortisation	**(1,931)**	(7,833)
End of period/year	**11,836**	13,767

16. Other noncurrent liabilities

	31 July 2019 US$'000	30 April 2019 US$'000
Workers' compensation	**19,078**	19,304
Derivative liabilities	**1,525**	1,759
Accrued vendors liabilities	**802**	802
Accrued lease liabilities	**314**	7,610
Other payables	**723**	540
	22,442	30,015

17. Trade and other current liabilities

	31 July 2019 US$'000	30 April 2019 US$'000
Trade payables	**170,166**	113,202
Accrued operating expenses:		
Freight and warehousing	**13,758**	7,121
Accrued interest	**10,565**	10,481
Advertising	**9,588**	11,108
Taxes and insurance	**6,519**	6,246
Professional fees	**5,193**	6,292
Salaries, bonuses and other employee benefits	**4,856**	2,579
Trade promotions	**3,132**	9,476
Tinplate and consigned stocks	**2,396**	3,340
Miscellaneous	**7,483**	4,709
Overdrafts	**18,068**	3,478
Accrued payroll expenses	**4,830**	3,617
Derivative liabilities	**3,882**	2,201
Withheld from employees (taxes and social security cost)	**2,586**	2,259
VAT payables	**1,126**	1,104
Advances from customers	**707**	304
Deferred revenue	**417**	530
Other payables	**2,354**	622
	267,626	188,669

18. 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
31 July 2019						
Cash and cash equivalents	14	27,198	–	–	27,198	27,198
Notes receivables	9	4,071	–	–	4,071	4,071
Refundable deposit		8,041	–	–	8,041	8,041
Trade and other receivables	12	140,548	–	–	140,548	140,548
		179,858	–	–	179,858	179,858
Loans and borrowings	15	–	–	1,585,903	1,585,903	1,429,393
Trade and other current liabilities*	17	–	–	258,908	258,908	258,908
Derivative liabilities	16, 17	–	5,407	–	5,407	5,407
		–	5,407	1,844,811	1,850,218	1,693,708

	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
30 April 2019						
Cash and cash equivalents	14	21,636	–	–	21,636	21,636
Trade and other receivables	12	149,054	–	–	149,054	149,054
Notes receivables	9	4,038	–	–	4,038	4,038
Refundable deposits		1,861		–	1,861	1,861
Derivative asset	13	–	64	–	64	64
		176,589	64	–	176,653	176,653
Loans and borrowings	15	–	–	1,478,655	1,478,655	1,324,846
Trade and other current liabilities*	17	–	–	182,271	182,271	182,271
Derivative liabilities	16, 17	–	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*

19. Determination of fair values

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.
For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

		31 July 2019			
	Note	**Level 1**	**Level 2**	**Level 3**	**Totals**
Financial assets					
Derivative assets	13	–	–	–	–
Notes receivable	9	–	4,071	–	4,071
Non-financial assets					
Fair value of agricultural produce harvested under inventories		–	–	6,122	6,122
Fair value of growing produce	10	–	–	53,466	53,466
Freehold land		–	–	57,529	57,529
Noncurrent assets held for sale		–	–	4,750	4,750
Financial liabilities					
Derivative liabilities	16, 17	–	5,407	–	5,407
Loans and borrowings	15	–	1,429,393	–	1,429,393

		30 April 2019			
	Note	**Level 1**	**Level 2**	**Level 3**	**Totals**
Financial assets					
Derivative assets	13	–	64	–	64
Notes receivable	9	–	4,038	–	4,038
Non-financial assets					
Fair value of agricultural produce harvested under inventories		–	–	6,016	6,016
Fair value of growing produce	10	–	–	52,320	52,320
Freehold land		–	–	57,244	57,244
Noncurrent assets held for sale		–	–	4,465	4,465
Financial liabilities					
Derivative liabilities	16, 17	–	3,960	–	3,960
Loans and borrowings	15	–	1,324,846	–	1,324,846

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

Determination of fair values of financial assets

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

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Market comparison technique: The fair values are based on brokers' quotes. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate.
Interest rate swaps	Market comparison technique: The fair values are calculated using a discounted cash flow analysis based on terms of the swap contracts and the observable interest rate curve. 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.

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	Sales Comparison Approach: the valuation	The unobservable inputs are age,

Assets	Valuation technique	Significant unobservable inputs
for slaughter and cut meat)	model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3).	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.
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.

20. Profit for the period

The following items have been included in arriving at profit for the period:

	Note	Three months ended 31 July 2019 US$'000	Three months ended 31 July 2018 US$'000
Provision for inventory obsolescence		**586**	(159)
Reversal (provision) of allowance for doubtful receivables (trade)		**55**	12
Amortisation of intangible assets	7	**1,663**	1,666
Depreciation of property, plant and equipment		**33,419**	30,158

21. General and administrative expenses

This account consists of the following:

	Three months ended 31 July 2019 US$'000	Three months ended 31 July 2018 US$'000
Personnel costs	**13,812**	16,959
Professional and contracted services	**6,044**	5,938
Computer cost	**4,669**	4,278
Employee-related expenses	**977**	669
Facilities expense	**889**	1,670
Postage and telephone	**688**	980
Travelling and business meals	**534**	624
Materials and supplies	**184**	98
Utilities	**148**	176
Machinery and equipment maintenance	**144**	172
R&D projects	**117**	78
Auto operating and maintenance costs	**83**	166
Rental	–	572
Miscellaneous overhead	**1,923**	3,264
	30,212	35,644

Miscellaneous overhead consists of donation, corporate initiatives, and other expenses. Personnel cost last year is net of the DMFI retirement plan change impact.

22. Share capital

		31 July 2019 No. of shares ('000)	31 July 2019 US$'000	30 April 2019 No. of shares ('000)	30 April 2019 US$'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

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 shares 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 of Directors (BOD) may designate. The terms and conditions of the authorised preference share 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.

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 20 September 2017, the Company transferred 745,918 of its treasury shares to ordinary shares in connection to the release of share awards granted to its 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.

On 20 June 2019, the Company declared dividends of US$0.0052 per share for ordinary shareholders on record as at 12 July 2019. The final dividend was paid on 19 July 2019.

No dividends were declared for this quarter and the prior year quarter. The Group does not declare dividends based on first quarter, third quarter or nine months results. Undeclared preference dividends as of 31 July 2019 amounted to US$6.3 million.

Capital management

The BOD'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 Company's capital comprises its share capital and reserves. The BOD monitors the return on capital, which the Company defines as profit or loss for the year divided by total shareholders' equity. The BOD also monitors the level of dividends paid to ordinary shareholders.

The bank loans of the Company contain various capital covenants with respect to capital maintenance and ability to incur additional indebtedness. The BOD 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 Company's approach to capital management during the period.

23. Earnings (loss) per share

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

	Three months ended 31 July	
	2019	**2018**
Basic profit/loss per share is based on:		
Profit (loss) attributable to owners of the Company (US$'000)	**(38,261)**	3,022
Cumulative preference share dividends (US$'000)	**(4,938)**	(4,938)
	(43,199)	(1,916)
Basic weighted average number of ordinary shares ('000):		
Outstanding ordinary shares at 1 May	**1,943,960**	1,943,960
Effect of shares option held	**–**	–
Weighted average number of ordinary shares at end of period (basic)	**1,943,960**	1,943,960
Basic loss per share (in U.S. cents)	**(2.22)**	(0.10)

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.

	Three months ended 31 July	
	2019	**2018**
Diluted profit per share is based on:		
Profit (loss) attributable to owners of the Company (US$'000)	**(38,261)**	3,022
Cumulative preference share dividends (US$'000)	**(4,938)**	(4,938)
	(43,199)	(1,916)
Diluted weighted average number of shares ('000):		
Weighted average number of ordinary shares (basic)	**1,943,960**	1,943,960
Effect of share options on issue	**–**	–
Weighted average number of ordinary issued and potential shares assuming full conversion	**1,943,960**	1,943,960
Diluted loss per share (in U.S. cents)	**(2.22)**	(0.10)

The potential ordinary shares issuable under the Executive Stock Options Plan (ESOP) were excluded from the diluted weighted average number of ordinary shares calculation because they have an anti-dilutive effect.

24. Commitments and contingencies

Operating lease commitments

The Group leases certain property, equipment and office and warehouse facilities. At the reporting date, the Group have commitments for future minimum lease payments under non-cancellable operating leases at approximately US$302.0 million.

The leases typically run for an initial period of 2 to 25 years, with an option to renew the lease after that date. Some of the leases contain escalation clauses but do not provide for contingent rents. Lease terms do not contain any restrictions on Group activities concerning dividends, additional debts or further leasing.

Purchase commitments

The Group has entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes and packaging services. At the reporting date, the Group have commitments for future minimum payments under non-cancellable agreements at approximately US$955.4 million.

25. Related parties

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

Category/ Transaction	Period (as of)	Amount of the transaction US$'000	Outstanding balance – receivables/ (payables) US$'000	Terms	Conditions
Under Common Control					
▪ Shared IT & JYCC Fit-out services	July 2019	**43**	**90**	Due and demandable;	Unsecured;
	April 2019	161	242	non–interest bearing	no impairment
▪ Sale of tomato paste	July 2019	**–**	**–**	Due and demandable;	Unsecured;
	April 2019	31	–	non–interest bearing	no impairment
▪ Purchases	July 2019	**17**	**–**	Due and demandable;	Unsecured;
	April 2019	115	–	non–interest bearing	no impairment
▪ Tollpack fees	July 2019	**109**	**(16)**	Due and demandable;	Unsecured
	April 2019	556	90	non–interest bearing	no impairment
Other Related Party					
▪ Management fees from DMPI Retirement fund	July 2019	**1**	**233**	Due and demandable;	Unsecured;
	April 2019	96	230	non–interest bearing	
▪ Rental to DMPI Retirement	July 2019	**467**	**–**	Due and demandable;	Unsecured
	April 2019	1,827	–	non–interest bearing	
▪ Rental to NAI Retirement	July 2019	**246**	**–**	Due and demandable;	Unsecured
	April 2019	536	–	non–interest bearing	
▪ Cash Advances NAI	July 2019	–	–	Short-term;	Unsecured
	April 2019	6,000	6,000	non–interest bearing	no impairment

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group policy is to solicit competitive quotations. Bids from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases are normally awarded based on the lowest price.

26. Other Matters

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

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

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

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

e. The effects of seasonality or cyclicality on the interim operations of the Group's businesses are explained in Note 5, Seasonality of operations.

f. The Group's material commitments for capital expenditure projects have been approved but are still ongoing and not yet completed as of end of 31 July 2019. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to the next quarter until its completion. The fund to be used for these projects will come from available cash, short and long-term loans.

g. The Group is the subject of, or a party to, various suits and pending or threatened litigations. 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.

h. The retained earnings is restricted for the payment of dividends to the extent representing the accumulated equity in net earnings of the subsidiaries and unrealised asset revaluation reserve. The accumulated equity in net earnings of the subsidiaries is not available for dividend distribution until such time that the Company receives the dividends from the subsidiaries.

i. On 14 March 2018, the Company, a trust owned by Del Monte Foods Holdings II, Inc. (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.

j. 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.

k. 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).

Annex A

Key Performance Indicators

The following sets forth the explanation why certain performance ratios (i.e. current ratio, debt to equity ratio, net profit margin, return on asset, and return on equity) do not fall within the benchmarks indicated by SEC.

A. Current Ratio

	31-Jul-19	31-Jul-18	30-Apr-19	Benchmark
Current Ratio	**1.1389**	**1.1333**	**1.3072**	**Minimum of 1.20**

Current ratio decreased versus last year due to higher current financial liabilities and trade and other current liabilities

B. Debt to Equity

	31-Jul-19	31-Jul-18	30-Apr-19	Benchmark
Debt to Equity	**3.9202**	**3.2493**	**2.9902**	**Maximum of 2.50**

Debt ratio increased versus last year due to higher financial liabilities from additional borrowings and recognition of lease liabilities (adoption of IFRS 16)

C. Net Profit Margin

	31-Jul-19	31-Jul-18	30-Apr-19	Benchmark
Net Profit Margin attributable to owners of the company	**-10.18%**	**0.69%**	**1.04%**	**Minimum of 3%**

Lower profit due to final taxes paid on intercompany dividends and deferred final taxes recognised on undistributed profits of DMPI.

D. Return on Asset

	31-Jul-19	31-Jul-18	30-Apr-19	Benchmark
Return on Asset	**-1.44%**	**-0.01%**	**0.59%**	**Minimum of 1.21**

Lower profit due to final taxes paid on intercompany dividends and deferred final taxes recognised on undistributed profits of DMPI.

E. Return on Equity

	31-Jul-19	31-Jul-18	30-Apr-19	Benchmark
Return on Equity	**-7.11%**	**-0.06%**	**2.37%**	**Minimum of 8%**

Lower profit due to final taxes paid on intercompany dividends and deferred final taxes recognised on undistributed profits of DMPI.

Material Changes in Accounts

A. Cash and cash equivalent

Increase is due to additional borrowings during the quarter.

B. Inventories

Increase is due to inventories starting to build up due to pack season in the US in preparation for the peak in 2Q.

C. Prepaid expenses and other current assets

Increase is mainly from higher prepaid trade deals, parts and supplies from DMFI as well as short-term warehouse rentals from DMPI.

E. Right-of-use assets

Mainly due to change in accounting policy (IFRS 16).

F. Trade and other current liabilities

Increase is m,ainly due to increase in trade payables and overdrafts to build up inventories in time for the pack season.

G. Lease liabilities

This is mainly due to change in accounting policy (IFRS 16).

Liquidity and Covenant Compliance

Certain unsecured bank loan agreements contain various 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.

The following financial covenants apply to the Company and its subsidiaries, as Borrower, excluding DMFHL and its subsidiaries, including, but not limited to, DMFI.

- For the US$54.0 million loan to BOC, the debt shall not exceed 3 times the equity and the interest cover shall not be lower than 2.0 (EBIT over interest).

- For the US$57.2 million loan to DBP, the debt shall not exceed 3 times the equity.

The Group monitors its liquidity risk to ensure that it has sufficient resources to meet its liabilities as they become due, under both normal and stressed circumstances without incurring unacceptable losses or risk to the Group’s reputation. The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks and constantly maintains good relations with its banks, such that additional facilities, whether for short or long term requirements, may be made available.

As at 31 July 2019 and 30 April 2019, the Company is in compliance with the covenants stipulated in its loan agreements.

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

Ratio	Formula	For the three months ended July 31, 2019	July 31, 2018
(i) Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.1	1.1
Quick Ratio	(Current Assets - Inventory - Prepaid expense - Biological - Assets held for sale) / Current Liabilities	0.2	0.2
(ii) Solvency Ratio	Total Assets / Total Debt*	1.3	1.3
Financial Leverage Ratios:			
Debt Ratio	Total Debt*/Total Assets	0.8	0.8
Debt-to-Equity Ratio	Total Debt*/Total Stockholders' Equity	3.9	3.2
(iii) Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	4.9	4.2
(iv) Interest Coverage	Earnings Before Interest and Taxes (EBIT)** / Interest Charges	0.9	0.2
(v) Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	24.25%	17.85%
Net Profit Margin attributable to owners of the company	Net Profit attributable to owners / Sales	-10.18%	0.69%
Net Profit Margin	Net Profit / Sales	-10.68%	-0.08%
Return on Assets	Net Income / Total Assets	-1.44%	-0.01%
Return on Equity	Net Income / Total Stockholders' Equity	-7.11%	-0.06%

* *Total Debt refers to total liabilities which composed of financial liabilities, trade payables, accrued expenses, and other liabilities.*
*** EBIT =Profit before tax plus finance expenses excluding foreign exchange gain/loss*

DEL MONTE PACIFIC LIMITED

Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the First Quarter Ended July 2019

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AUDIT

First Quarter FY2020 results covering the period from 1 May 2019 to 31 July 2019 have neither been audited nor reviewed by the Group's auditors.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's FY2019 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2019, which the Group has adopted or is currently assessing the impact thereof:

Applicable 1 May 2019 which the Group has adopted:

- IFRS 16, Leases. The Group has adopted IFRS 16 effective 1 May 2019

Applicable for the first annual reporting period that begins on or after 1 May 2019 and onwards and are currently being assessed by the Group:

- IFRIC 23, Uncertainty over Income Tax Treatments Amendments to IAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to IAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- Amendments to IAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalisation
- Amendments to IFRS 9, Prepayment Features with Negative Compensation
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures

DISCLAIMER

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

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

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

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

SIGNED UNDERTAKING FROM DIRECTORS AND EXECUTIVE OFFICERS

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

DIRECTORS' ASSURANCE

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

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

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

(Signed)
Rolando C Gapud
Executive Chairman

(Signed)
Joselito D Campos, Jr
Executive Director

6 September 2019

NOTES ON THE 1Q FY2020 DMPL RESULTS

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

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

3. DMPL Group adopted the 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.

4. The Group has adopted IFRS 16 from 1 May 2019. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, recognises right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Please refer to page 21 for a discussion of the impact of IFRS 16.

FINANCIAL HIGHLIGHTS – FIRST QUARTER ENDED 31 JULY 2019

	For the three months ended 31 July		
in US$'000 unless otherwise stated *	**Fiscal Year 2020**	**Fiscal Year 2019**	**% Change**
With one-off items**			
Turnover	**375,858**	437,229	(14.0)
Gross profit	**91,148**	78,026	16.8
Gross margin (%)	***24.3***	*17.8*	*6.5*
EBITDA	**36,646**	18,846	94.4
Operating profit	**20,267**	2,023	901.8
Operating margin (%)	***5.4***	*0.5*	*4.9*
Net profit attributable to owners of the Company	**(38,261)**	3,022	nm
Net margin (%)	***(10.2)***	*0.7*	*(10.9)*
EPS (US cents)	**(2.22)**	(0.10)	nm
EPS before preference dividends (US cents)	**(1.97)**	0.16	nm

	For the three months ended 31 July		
in US$'000 unless otherwise stated *	**Fiscal Year 2020**	**Fiscal Year 2019**	**% Change**
Without one-off items**			
Gross profit	**91,148**	81,426	11.9
EBITDA	**38,730**	27,288	41.9
Operating profit	**22,351**	10,465	113.6
Net profit attributable to owners of the Company	**4,149**	(3,731)	211.2
Net debt	**1,558,705**	1,498,085	4.0
*Gearing*** (%)*	***276.1***	*249.1*	*27.0*
Cash flow from operations	**(38,803)**	(34,105)	(13.8)
Capital expenditure	**24,321**	28,337	(14.2)
Inventory (days)	**229**	195	34
Receivables (days)	**31**	29	2
Account Payables (days)	**54**	48	6

**The Company's reporting currency is US dollars. For conversion to S$, the following exchange rates can be used: 1.36 in July 2019, 1.34 in July 2018. For conversion to Php, these exchange rates can be used: 51.98 in July 2019, 52.97 in July 2018.*

***Please refer to the last page of this MD&A for a schedule of the one-off items*

****Gearing = Net Debt / Equity*

REVIEW OF OPERATING PERFORMANCE

The Group achieved sales of US$375.9 million for the first quarter of FY2020, down 14.0% versus the prior year quarter mainly due to the divestiture of the Sager Creek vegetable business in September 2017, lower sales in the USA and lower exports of processed pineapple products, partly offset by higher sales in the Philippines and S&W business in Asia.

Stripping out Sager Creek's sales, the Group sales in the first quarter would have been lower by 9.2%.

The Group's US subsidiary, Del Monte Foods, Inc (DMFI) generated US$241.4 million or 64.2% of Group sales. DMFI's sales decreased by 21.7% from US$308.3 million mainly driven by the Sager Creek divestiture, and lower private label and USDA sales. Volume decline in packaged fruit was due to the impact of pricing.

DMFI has fast-tracked its innovation pipeline. In synch with trends for health, snacking and convenience, it launched innovative products in the growing categories of refrigerated produce and frozen. Del Monte continued to diversify beyond the canned goods aisle, which is a declining category. New products contributed 3.8% to DMFI's retail sales in the first quarter.

In May, Del Monte introduced an innovative product, *Del Monte Fruit Crunch Parfaits*, which feature layers of non-dairy coconut crème, crunchy granola with probiotics, and a full serving of fruit. For the frozen segment, DMFI launched *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 launched nationwide in May.

In June, DMFI started shipping Del Monte bubble fruit, exciting fruit cups with juicy popping boba great for kids' snacks. DMFI also started shipping new flavours of *Del Monte Fruit & Oats - Strawberry Apple* and *Blueberry Apple*, and *Del Monte Fruit & Chia Apple Raspberry Cherry*.

DMFI generated higher gross profit and margin of 20.3% from 12.9% in the prior year period. Higher gross margin was in line with DMFI's strategy to increase list price in the fourth quarter of FY2019 after several years of no price increase, favourable impact of the divestiture of low-margin Sager Creek vegetable business and reduced sales of low-margin private label, partly offset by higher delivered costs. FY2019 was also impacted by increased costs to liquidate Sager Creek products.

DMFI generated a higher operating income for the quarter driven by improvement in gross profit and lower operating expenses.

DMPL ex-DMFI generated sales of US$144.3 million (inclusive of the US$8.4 million sales by DMPL to DMFI which were netted out during consolidation) which were 2.4% higher than US$140.9 million sales in prior year period. Higher sales were mainly driven by higher volume of fresh pineapple and higher sales in the Philippines as the Group continued to fix the distribution transition issues in General Trade.

DMPL ex-DMFI delivered higher gross margin of 27.9% from 26.5% in the same period last year mainly from higher sales of fresh pineapple and price increases in the Philippine market in line with inflation, partly offset by lower pineapple juice concentrate (PJC) and packaged pineapple pricing for exports.

DMPL ex-DMFI generated an EBITDA of US$25.3 million which was higher by 14.0% and a net income of US$12.5 million, higher versus the US$11.6 million in the same period last year driven by higher margin as explained above and gain on foreign exchange due to strengthening of the peso versus the US dollar.

Reversing a decline in FY2019, sales in the Philippines domestic market grew by 2.2% in peso terms and 4.1% in US dollar terms due to peso appreciation. Retail sales grew by 4% in volume and 9% in peso sales value. Non-retail foodservice declined due to a change in a customer's procurement policy. Price increase and lower direct promotion spend saw a positive contribution of 4.8% to net sales growth, driven by a series of price adjustments across all categories mostly in 2019. In retail, sales in the General Trade segment (about 50% of Philippines sales) grew by 4% year on year and by 20% quarter on quarter, as the Group continued to make progress in improving its distributor business that had impacted results in the prior year. Sales in the Modern Trade (about 30% of Philippines sales) increased by 7%.

Sales of the S&W branded business in Asia and the Middle East grew strongly by 19.1% in the first quarter versus the prior year period mainly driven by higher sales of fresh pineapple in North Asia. Fresh sales, both branded and non-branded, improved by 28%. S&W packaged product also delivered higher volume and sales. The S&W business generated a much higher operating income, up 22.3% mainly due to higher volume.

DMPL's share in the FieldFresh joint venture in India was lower at US$0.2 million loss from a US$0.1 million profit in the prior year quarter, due to lower than planned sales, higher logistics costs for the fresh business, commodity headwinds and higher overheads.

The Group's EBITDA of US$36.6 million was significantly higher than prior year quarter's EBITDA of US$18.8 million. This quarter's EBITDA included US$2.1 million of one-off expenses mainly related to severance and loss on partial disposal of assets of a plant in Crystal City, Texas. Without the one-off expenses, the Group recurring EBITDA was US$38.7 million, also higher versus prior year quarter's recurring EBITDA of US$27.3 million due to the factors mentioned above. Please refer to the last page of this MD&A for a schedule of the one-off items.

In preparation for its capital raising initiatives, DMPL's Philippine subsidiary, Del Monte Philippines, Inc, declared a dividend to its parent which was taxed at 15% amounting to US$39.6 million. Consequently, the Group reported a net loss of US$38.3 million for the quarter versus a net income of US$3.0 million in the prior year quarter. Last year's net income had also included a one-off gain of US$15.9 million pre-tax or US$12.6 million post-tax from the purchase of US$99.0 million of DMFI's second lien loan at a discount in the secondary market.

Without the one-off items, the Group reported a recurring net income of US$4.1 million as compared to last year's recurring net loss of US$3.7 million.

The Group gearing increased marginally to 2.7x equity as of 31 July 2019, from 2.5x in prior year quarter, primarily due to additional loans obtained to pay taxes on intercompany dividends as well as reduction of retained earnings from net loss booked in the first quarter.

The Group's cash outflow from operations in the first quarter was US$38.8 million, slightly higher than last year's US$34.1 million mainly on income tax payments as explained above.

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.

VARIANCE FROM PROSPECT STATEMENT

The Group expects to generate a net profit for the balance of the year on a recurring basis. It is on track to achieving a net profit for the full year on a recurring basis which is in line with earlier guidance.

BUSINESS OUTLOOK

DMFI 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.

The Group will continue to strengthen its product offerings and enter new categories, in line with market trends for health and wellness, snacking and convenience. It 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 are expected in 2Q of FY2020 from streamlining of operations.

On 20 August 2019, DMFI announced the closure and sale of facilities in four locations. The facilities include those in Sleepy Eye, Minnesota and Mendota, Illinois, which will cease production at the end of the current peak season. The company will also divest from its facilities in Cambria, Wisconsin and from its manufacturing assets in Crystal City, Texas. Most of the production in these locations will be transferred to other facilities within the US. The company looks to fully utilise the capacity of its existing plants after the restructuring.

"The restructuring is a necessary step for us to remain competitive in a rapidly changing marketplace," said DMPL Managing Director and Chief Executive Officer Joselito D Campos, Jr. "Our asset-light strategy will lead to more efficient and lower cost operations," he added. The facilities are part of Del Monte Foods' 10 plants in the US. It also has two plants in Mexico.

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

The Nice Fruit frozen pineapple plant is in operation, with shipments to the USA, Japan, China and South Korea. We expect Nice Fruit frozen pineapple to be a growth engine for us across all major geographies particularly US and China.

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

Barring unforeseen circumstances, the Group is expected to be profitable for FY2020 on a recurring basis (without one-off items).

REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

AMERICAS

For the three months ended 31 July

In US$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	**87,423**	130,091	(32.8)	**21,836**	15,129	44.3	**5,758**	(8,965)	164.2
Packaged fruit	**107,299**	128,129	(16.3)	**21,799**	20,969	4.0	**(124)**	(2,311)	94.6
Beverage	**2,772**	4,960	(44.1)	**681**	404	68.6	**(232)**	(724)	68.0
Culinary	**42,464**	42,158	0.7	**7,396**	5,575	32.7	**(805)**	(2,174)	63.0
Others	**235**	961	(75.5)	**(303)**	238	(227.3)	**(2,225)**	108	nm
Total	**240,193**	306,299	(21.6)	**51,409**	42,315	21.5	**2,372**	(14,066)	116.9

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales in the Americas are distributed across the United States, in all channels serving retail markets, as well as to the US military, certain export markets, the foodservice industry and other food processors.

Sales in the Americas declined by 21.6% to US$240.2 million driven by the Sager Creek divestiture and lower sales from private label and USDA. The decline in sales was in line with DMFI's strategy to deprioritise non-profitable businesses, including private label. Stripping out Sager Creek's sales, Americas sales would have been lower by 15.1%.

DMFI has fast-tracked its innovation pipeline. In synch with trends for health, snacking and convenience, it launched innovative products in the growing refrigerated produce and frozen categories. Del Monte continues to diversify beyond the canned goods aisle which is a declining category. Please refer to page 4 for more details.

Gross profit was higher this quarter as a result of price increase and the divestiture of low-margin Sager Creek business. Also, last year's gross profit was impacted by incremental one-off expenses of US$8.4 million from the sale of Sager Creek residual inventory and closure of Plymouth plant. Please refer to the last page of this MD&A for a schedule of the one-off expenses.

Americas reported a higher operating income for the quarter of US$2.4 million versus prior year quarter's operating loss of US$14.1 million due to factors mentioned above as well as lower brokerage cost and variable selling expenses.

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

ASIA PACIFIC

For the three months ended 31 July

In US$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	**449**	609	(26.3)	**94**	171	(45.0)	**87**	116	(25.0)
Packaged fruit	**22,388**	21,294	5.1	**5,782**	5,794	(0.2)	**3,433**	2,613	31.4
Beverage	**32,328**	31,245	3.5	**9,360**	7,843	19.3	**5,595**	1,877	198.1
Culinary	**26,200**	24,816	5.6	**10,109**	9,788	3.3	**6,843**	5,756	18.9
Others	**48,245**	42,612	13.2	**15,436**	12,969	19.0	**3,649**	7,434	(50.9)
Total	**129,610**	120,576	7.5	**40,781**	36,565	11.5	**19,607**	17,796	10.2

Reported under this segment are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded packaged products, including Del Monte traded goods; S&W products in Asia and the Middle East both fresh and packaged; and Del Monte packaged products from the Philippines into Indian subcontinent as well as unbranded Fresh and packaged goods.

Asia Pacific's sales in the fourth quarter increased by 7.5% to US$129.6 million from US$120.6 million mainly due to increase in exports of fresh pineapples as well as increase in sales from the Philippine market as the Group continued to fix the distribution transition issues in General Trade.

Sales in the Philippines domestic market were up in both peso and US dollar terms by 2.2% and 4.1%, respectively, mainly due to peso appreciation, price increases and lower direct promotion spending.

EUROPE

For the three months ended 31 July

In US$'000	Turnover			Gross Profit			Operating Income/(Loss)		
	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg	FY2020	FY2019	% Chg
Packaged vegetable	**-**	-	-	**-**	-	-	**-**	-	-
Packaged fruit	**3,789**	6,294	(39.8)	**(396)**	1,252	(131.6)	**(842)**	671	(225.5)
Beverage	**2,266**	4,060	(44.2)	**(646)**	(2,106)	69.3	**(870)**	(2,378)	63.4
Culinary	**-**	-	-	**-**	-	-	**-**	-	-
Others	**-**	-	-	**-**	-	-	**-**	-	-
Total	**6,055**	10,354	(41.5)	**(1,042)**	(854)	(22.0)	**(1,712)**	(1,707)	(0.3)

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

For the first quarter, Europe's sales declined by 41.5% to US$6.1 million from US$10.4 million mainly on lower sales from all categories. Gross profit and operating profit decreased by 22.0% and 0.30%, respectively, driven by significantly lower PJC pricing.

REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the three months ended 31 July		
	FY2020	FY2019	Explanatory Notes
Cost of Goods Sold	**75.7**	82.2	Due to low er delivered cost per unit primarily from divestiture of low margin businesses as w ell as low er overall variable cost and fixed manufacturing cost versus last year
Distribution and Selling Expenses	**10.4**	9.7	Mainly due to higher freight cost from increased line haul rates as w ell as higher w arehousing cost
G&A Expenses	**8.0**	8.2	Mainly due to low er personnel and medical costs
Other Operating Expenses (Income)	**0.4**	(0.5)	Mainly due to loss on properties disposed of from plant closures

REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

In US$'000	For the three months ended 31 July			
	FY2020	FY2019	%	Explanatory Notes
Depreciation and amortisation	**(35,082)**	(31,824)	(10.2)	Mainly from adoption of new standards (IFRS 16)
Reversal/ (Provision) of asset impairment	**16**	25	(36.0)	This is mainly from w rite off of closed fields for replanting w hich w as low er this quarter
Reversal/ (Provision) for inventory obsolescence	**(586)**	159	(468.6)	Due to unrealised demand resulting to higher obsolescence for the quarter
Provision for doubtful debts	**(55)**	(12)	(358)	Higher debt reversal last quarter w hich offset provision for debts
Net gain/(loss) on disposal of fixed assets	**(1,588)**	(1,886)	15.8	Driven by low er losses on assets sold in relation to plant closures
Foreign exchange gain/(loss)- net	**3,463**	1,763	96.4	Mainly from appreciation of the Philippine peso
Interest income	**259**	16,110	(98.4)	Recognised gain on second lien loan buyout last year, none this year
Interest expense	**(25,020)**	(23,026)	(8.7)	Maiinly from additional loans obtained during the quarter
Share in net loss of JV	**(383)**	(83)	(361.4)	Due to higher losses of JV companies during the quarter
Taxation	**(38,717)**	2,851	(1,458.0)	Payment of final taxes on intercompany dividends

REVIEW OF GROUP ASSETS AND LIABILITIES

Balance Sheet	31 July 2019	30 April 2019	1Q Variance %	Explanatory Notes
In US$'000				
ASSETS				
Property, plant and equipment - net	**573,003**	582,033	(1.6)	*nm*
Right-of-use assets	**256,233**	-	nm	Change in accounting policy (IFRS 16)
Investment in joint ventures	**23,829**	24,212	(1.6)	*nm*
Intangible assets and goodwill	**706,335**	707,997	(0.2)	*nm*
Other noncurrent assets	**29,391**	39,096	(24.8)	Reposition of deferred rent as part of Right of Use Asset due to IFRS 16 change
Deferred tax assets - net	**113,937**	106,321	7.2	*nm*
Pension assets	**8,042**	8,240	(2.4)	*nm*
Biological assets	**1,795**	1,682	6.7	*nm*
Inventories	**782,549**	664,922	17.7	Inventories starting to build up due to pack season in the US in preparation for the peak in 2Q
Biological assets	**53,466**	52,320	2.2	nm
Trade and other receivables	**140,548**	149,054	(5.7)	nm
Prepaid expenses and other current assets	**56,829**	36,716	54.8	Mainly from higher prepaid trade deals, parts and supplies from DMFI as well as short-term warehouse rentals from DMPI
Cash and cash equivalents	**27,198**	21,636	25.7	Increase in borrowings during the quarter
Noncurrent assets held for sale	**4,750**	4,465	6.4	*nm*
EQUITY				
Share capital	**49,449**	49,449	-	*nm*
Share premium	**478,339**	478,339	-	*nm*
Retained earnings	**63,457**	96,074	(33.9)	First quarter loss and dividend payment
Reserves	**(67,275)**	(65,827)	2.2	*nm*
Non-controlling interest	**40,626**	43,106	(5.8)	Share in DMFI losses
LIABILITIES				
Loans and borrowings	**1,585,903**	1,478,655	7.3	*nm*
Lease liabilities	**224,294**	-	nm	Change in accounting policy (IFRS 16)
Other noncurrent liabilities	**22,442**	30,015	(25.2)	Lease liabilities are presented separately due to adoption of IFRS 16
Employee benefits	**98,024**	91,421	7.2	*nm*
Environmental remediation liabilities	**705**	697	1.1	*nm*
Deferred tax liabilities - net	**8,463**	6,404	32.2	Mainly from deferred tax set up for undistributed 1Q earnings
Trade and other current liabilities	**267,626**	188,669	41.8	Mainly due to increase in trade payables and overdrafts to build up inventories in time for the pack season
Current tax liabilities	**5,852**	1,692	245.9	This is mainly from timing difference, unpaid taxes for FY2019

SHARE CAPITAL

Total shares outstanding were at 1,973,960,024 (common shares 1,943,960,024 and preference shares 30,000,000) as of 31 July 2019 and 2018. Share capital is at US$49.5 million as of 31 July 2019 and 2018. Market price options and share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan as set out in the table below.

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

The number of shares outstanding includes 975,802 shares held by the Company as treasury shares as at 31 July 2019 and 2018. There was no sale, disposal and cancellation of treasury shares during the quarter and as at 31 July 2019.

In April 2019, the parent 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 additional paid in capital. The conversion was approved by the Board of directors on 30 April 2019.

In April 2017, the Company successfully completed the offering and listing of 20 million Series A-1 Preference Shares at an offer price of US$10 per share in the Philippines generating US$200 million in proceeds. In December 2017, the Company raised and listed another US$100 million of Preference Shares (10 million Series A-2 shares).

The Company used the net proceeds to substantially refinance the US$350 million BDO Unibank, Inc loan due in February 2019.

BORROWINGS AND NET DEBT

Liquidity in US$'000	31 July 2019	31 July 2018	30 April 2019
Gross borrowings	**(1,585,903)**	(1,531,381)	(1,478,655)
Current	**(598,444)**	(644,212)	(492,740)
Secured	**(146,378)**	(149,558)	(138,870)
Unsecured	**(452,066)**	(494,654)	(353,870)
Non-current	**(987,459)**	(887,169)	(985,915)
Secured	**(876,218)**	(887,169)	(874,674)
Unsecured	**(111,241)**	0	(111,241)
Less: Cash and bank balances	**27,198**	33,296	21,636
Net debt	**(1,558,705)**	(1,498,085)	(1,457,019)

The Group's net debt (cash and bank balances less borrowings) amounted to US$1.6 billion as at 31 July 2019, higher than last year due to additional borrowings made during the quarter for payment of dividend taxes as well as for general use purposes.

DIVIDENDS

No dividends were declared for this quarter and the prior year quarter. The Group does not declare dividends based on first quarter, third quarter or nine months results. The last dividend declaration was in June 2019, based on FY2019 results, and paid on 19 July 2019.

INTERESTED PERSON TRANSACTIONS

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

In US$'000 For the first quarter of the fiscal year	**Aggregate value of all IPTs (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to**		**Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**	
	FY2020	FY2019	**FY2020**	FY2019
NutriAsia, Inc	**-**	-	**169**	272
DMPI Retirement Fund	**-**	-	**468**	396
NutriAsia, Inc Retirement Fund	**-**	-	**246**	167
Aggregate Value	**-**	-	**883**	835

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED INCOME STATEMENT

Amounts in US$'000	**For the three months ended 31 July**		
	FY2020 (Unaudited)	FY2019 (Unaudited)	**%**
Turnover	**375,858**	437,229	(14.0)
Cost of sales	**(284,710)**	(359,203)	20.7
Gross profit	**91,148**	78,026	16.8
Distribution and selling expenses	**(39,068)**	(42,548)	8.2
General and administration expenses	**(30,212)**	(35,644)	15.2
Other operating income/(loss)	**(1,601)**	2,189	(173.1)
Profit from operations	**20,267**	2,023	901.8
Financial income*	**3,937**	17,910	(78.0)
Financial expense*	**(25,235)**	(23,063)	(9.4)
Share in net loss of joint venture	**(383)**	(83)	(361.4)
Profit /(loss) before taxation	**(1,414)**	(3,213)	56.0
Taxation	**(38,717)**	2,851	nm
Profit/(loss) after taxation	**(40,131)**	(362)	nm
Profit(loss) attributable to:			
Owners of the Company	**(38,261)**	3,022	nm
Non-controlling interest**	**(1,870)**	(3,384)	44.7
Profit/(loss) for the period	**(40,131)**	(362)	nm
Notes:			
Depreciation and amortisation	**(35,082)**	(31,824)	(10.2)
Reversal (Provision) of asset impairment	**16**	25	nm
Reversal of (provision for) inventory obsolescence	**(586)**	159	(468.6)
Provision for doubtful debts	**(55)**	(12)	(358.3)
Gain (loss) on disposal of fixed assets	**(1,588)**	(1,886)	15.8
***Financial income comprise:**			
Interest income	**259**	16,110	(98.4)
Foreign exchange gain	**3,678**	1,800	104.3
	3,937	17,910	(78.0)
***Financial expense comprise:**			
Interest expense	**(25,020)**	(23,026)	(8.7)
Foreign exchange loss	**(215)**	(37)	(481.1)
	(25,235)	(23,063)	(9.4)

nm – not meaningful

Earnings per ordinary share in US cents	**For the three months ended 31 July**	
	FY2020	FY2019
Earnings per ordinary share based on net profit attributable to shareholders:		
(i) Based on weighted average no. of ordinary shares	**(2.22)**	(0.10)
(ii) On a fully diluted basis	**(2.22)**	(0.10)

***Includes (US$1,857) for DMFI and (US$13) for FieldFresh in the first quarter ended 31 July of FY2020 and (US$3,390) for DMFI and US$7 for FieldFresh in the first quarter of FY2019.*

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

Amounts in US$'000	**For the three months ended 30 July**		
	FY2020 (Unaudited)	FY2019 (Unaudited)	**%**
Profit /(Loss) for the period	**(40,131)**	(362)	(10,985.9)
Other comprehensive income (after reclassification adjustment):			
Items that will or may be reclassified subsequently to profit or loss			
Exchange differences on translating of foreign operations	**1,613**	(10,258)	115.7
Effective portion of changes in fair value of cash flow hedges	**(1,355)**	1,249	(208.5)
Income tax expense on cash flow hedge	**332**	(306)	208.5
	590	(9,315)	106.3
Items that will not be classified to profit or loss			
Remeasurement of retirement benefit	**(6,565)**	2,989	(319.6)
Income tax expense on retirement benefit	**3,917**	(516)	859.1
	(2,648)	2,473	(207.1)
Other comprehensive loss for the period	**(2,058)**	(6,842)	69.9
Total comprehensive income/(loss) for the period	**(42,189)**	(7,204)	(485.6)
Attributable to:			
Owners of the Company	**(39,709)**	(4,068)	(876.1)
Non-controlling interests	**(2,480)**	(3,136)	20.9
Total comprehensive income /(loss)for the period	**(42,189)**	(7,204)	(485.6)

nm – not meaningful

Please refer to page 3 for the Notes

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION

Amounts in US$'000	**Group**			**Company**		
	31 July 2019 (Unaudited)	31 July 2018 (Unaudited)	30 April 2019 (Audited)	**31 July 2019 (Unaudited)**	31 July 2018 (Unaudited)	30 April 2019 (Audited)
Non-Current Assets						
Property, plant and equipment - net	**573,003**	597,855	582,033	**-**	-	-
Right-of-use assets	**256,233**	-	-	**-**	-	-
Investment in subsidiaries	**-**	-	-	**630,182**	705,799	830,855
Investment in joint ventures	**23,829**	25,112	24,212	**635**	1,407	766
Intangible assets and goodwill	**706,335**	712,985	707,997	**-**	-	-
Other noncurrent assets	**29,391**	41,761	39,096	**-**	-	-
Deferred tax assets - net	**113,937**	85,222	106,321	**33**	6	27
Pension assets	**8,042**	10,682	8,240	**-**	-	-
Biological assets	**1,795**	1,582	1,682	**-**	-	-
Amount due from related company	**-**		-	**208,312**	177,140	202,471
	1,712,565	1,475,199	1,469,581	**839,162**	884,352	1,034,119
Current Assets						
Inventories	**782,549**	795,228	664,922	**-**	-	-
Biological assets	**53,466**	43,424	52,320	**-**	-	-
Trade and other receivables	**140,548**	168,124	149,054	**100,656**	168,250	3,187
Prepaid expenses and other current assets	**56,829**	36,074	36,716	**187**	146	192
Cash and cash equivalents	**27,198**	33,296	21,636	**1,231**	906	886
	1,060,590	1,076,146	924,648	**102,074**	169,302	4,265
Noncurrent assets held for sale	**4,750**	3,958	4,465	**-**	-	-
	1,065,340	1,080,104	929,113	**102,074**	169,302	4,265
Total Assets	**2,777,905**	2,555,303	2,398,694	**941,236**	1,053,654	1,038,384
Equity attributable to equity holders of the Company						
Share capital	**49,449**	49,449	49,449	**49,449**	49,449	49,449
Share premium	**478,339**	478,339	478,339	**478,478**	478,478	478,478
Retained earnings	**63,457**	98,527	96,074	**63,457**	98,527	96,074
Reserves	**(67,275)**	(71,084)	(65,827)	**(67,275)**	(72,128)	(65,827)
Equity attributable to owners of the Company	**523,970**	555,231	558,035	**524,109**	554,326	558,174
Non-controlling interest	**40,626**	46,117	43,106	**-**	-	-
Total Equity	**564,596**	601,348	601,141	**524,109**	554,326	558,174
Non-Current Liabilities						
Loans and borrowings	**987,459**	887,169	985,915	**241,060**	129,639	241,015
Lease liabilities	**188,483**	-	-	**-**	-	-
Other noncurrent liabilities	**22,442**	33,262	30,015	**-**	-	148
Employee benefits	**70,359**	71,741	63,781	**167**	-	-
Environmental remediation liabilities	**705**	152	697	**-**	-	-
Deferred tax liabilities - net	**8,463**	8,539	6,404	**-**	-	-
	1,277,911	1,000,863	1,086,812	**241,227**	129,639	241,163
Current Liabilities						
Trade and other current liabilities	**267,626**	267,215	188,669	**40,830**	141,319	103,977
Loans and borrowings	**598,444**	644,212	492,740	**135,070**	228,368	135,070
Lease liabilities	**35,811**	-	-	**-**	-	-
Current tax liabilities	**5,852**	2,729	1,692	**-**	-	-
Employee benefits	**27,665**	38,936	27,640	**-**	2	-
	935,398	953,092	710,741	**175,900**	369,689	239,047
Total Liabilities	**2,213,309**	1,953,955	1,797,553	**417,127**	499,328	480,210
Total Equity and Liabilities	**2,777,905**	2,555,303	2,398,694	**941,236**	1,053,654	1,038,384
NAV per ordinary share (US cents)	27.50	29.39	29.38	25.42	26.97	27.17
NTAV per ordinary share (US cents)	(8.83)	(7.29)	(7.04)	25.42	26.97	27.17

DEL MONTE PACIFIC LIMITED
UNAUDITED STATEMENTS OF CHANGES IN EQUITY

Amounts in US$'000	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure-ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non-controlling interest	Total equity
Group												
Fiscal Year 2020												
At 1 May 2019	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,035	43,106	601,141
Change in accounting policy	-	-	-	-	-	-	-	-	15,756	15,756	-	15,756
At 1 May 2019, as restated	49,449	478,339	(93,375)	10,885	17,648	(2,452)	1,753	(286)	111,830	573,791	43,106	616,897
Total comprehensive income for the period												
Loss for the year	-	-	-	-	-	-	-	-	(38,261)	(38,261)	(1,870)	(40,131)
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	1,611	-	-	-	-	-	-	1,611	2	1,613
Remeasurement of retirement plan, net of tax	-	-	-	-	(2,144)	-	-	-	-	(2,144)	(504)	(2,648)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(915)	-	-	-	(915)	(108)	(1,023)
Total other comprehensive income	-	-	1,611	-	(2,144)	(915)	-	-	-	(1,448)	(610)	(2,058)
Total comprehensive (loss)/income for the period	-	-	1,611	-	(2,144)	(915)	-	-	(38,261)	(39,709)	(2,480)	(42,189)
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Value of employee services received for issue of share options	-	-	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Release of share awards	-	-	-	-	-	-	-		-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(10,112)	(10,112)	-	(10,112)
At 31 July 2019	**49,449**	**478,339**	**(91,764)**	**10,885**	**15,504**	**(3,367)**	**1,753**	**(286)**	**63,457**	**523,970**	**40,626**	**564,596**

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

Amounts in US$'000	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure-ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Totals	Non-controlling interest	Total equity
Group												
Fiscal Year 2019												
At 1 May 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 for the period												
Loss for the year	-	-	-	-	-	-	-	-	3,022	3,022	(3,384)	(362)
Other comprehensive income												
Currency translation differences recognised directly in equity	-	-	(10,238)	-	-	-	-	-	-	(10,238)	(20)	(10,258)
Remeasurement of retirement plan, net of tax	-	-	-	-	2,305	-	-	-	-	2,305	168	2,473
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	843	-	-	-	843	100	943
Total other comprehensive income	-	-	(10,238)	-	2,305	843	-	-	-	(7,090)	248	(6,842)
Total comprehensive (loss)/income for the period	-	-	(10,238)	-	2,305	843	-	-	3,022	(4,068)	(3,136)	(7,204)
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Value of employee services received for issue of share options	-	-	-	-	-	-	88	-	-	88	188	276
Share options exercised	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	16	-	-	-	-	-	-	-	16	-	16
Release of share awards	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	16	-	-	-	-	88	-	-	104	188	292
At 31 July 2018	**49,449**	**478,339**	**(101,753)**	**10,885**	**20,530**	**(1,921)**	**1,461**	**(286)**	**98,527**	**555,231**	**46,117**	**601,348**

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

Amounts in US$'000	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure-ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2020										
At 1 May 2019	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	96,074	558,174
Change in accounting policy	-	-	-	-	-	-	-	-	15,756	15,756
At 1 May 2019, as restated	49,449	478,478	(93,375)	10,885	17,648	(2,452)	1,753	(286)	111,830	573,930
Total comprehensive income for the period										
Loss for the year	-	-	-	-	-	-	-	-	(38,261)	(38,261)
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	1,611	-	-	-	-	-	-	1,611
Remeasurement of retirement plan, net of tax	-	-	-	-	(2,144)	-	-	-	-	(2,144)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	(915)	-	-	-	(915)
Total other comprehensive income	-	-	1,611	-	(2,144)	(915)	-	-	-	(1,448)
Total comprehensive (loss)/income for the period	-	-	1,611	-	(2,144)	(915)	-	-	(38,261)	(39,709)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Value of employee services received for issue of share options	-	-	-	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	-	-	-	-	-	-	-	-	-
Release of share awards	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	(10,112)	(10,112)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	(10,112)	(10,112)
At 31 July 2019	**49,449**	**478,478**	**(91,764)**	**10,885**	**15,504**	**(3,367)**	**1,753**	**(286)**	**63,457**	**524,109**

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

Amounts in US$'000	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure-ment of retirement plan	Hedging Reserve	Share Option reserve	Reserve for own shares	Retained earnings	Total equity
Company										
Fiscal Year 2019										
At 1 May 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 period										
Loss for the year	-	-	-	-	-	-	-	-	3,022	3,022
Other comprehensive income										
Currency translation differences recognised directly in equity	-	-	(10,346)	-	-	-	-	-	-	(10,346)
Remeasurement of retirement plan, net of tax	-	-	-	-	1,369	-	-	-	-	1,369
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	843	-	-	-	843
Total other comprehensive income	-	-	(10,346)	-	1,369	843	-	-	-	(8,134)
Total comprehensive (loss)/income for the period	-	-	(10,346)	-	1,369	843	-	-	3,022	(5,112)
Transactions with owners recorded directly in equity										
Contributions by and distributions to owners										
Value of employee services received for issue of share options	-	-	-	-	-	-	88	-	-	88
Share options exercised	-	-	-	-	-	-	-	-	-	-
Issuance of new preference shares	-	-	-	-	-	-	-	-	-	-
Transaction cost from issue of preference shares	-	16	-	-	-	-	-	-	-	16
Release of share awards	-	-	-	-	-	-	-	-	-	-
Payment of Dividends	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	16	-	-	-	-	88	-	-	104
At 31 July 2018	**49,449**	**478,478**	**(101,861)**	**10,885**	**19,594**	**(1,921)**	**1,461**	**(286)**	**98,527**	**554,326**

DEL MONTE PACIFIC LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in US$'000	**For the three months ended 31 July**	
	FY2020 (Unaudited)	FY2019 (Unaudited)
Cash flows from operating activities		
Profit (loss) for the period	**(40,131)**	(362)
Adjustments for:		
Depreciation of property, plant and equipment	**33,419**	30,158
Amortisation of intangible assets	**1,663**	1,666
Impairment loss on property, plant and equipment	**(16)**	(25)
Gain/(loss) on disposal of property, plant and equipment	**1,588**	1,886
Equity-settled share-based payment transactions	**-**	276
Share in net loss of joint venture	**383**	83
Finance income	**(3,937)**	(17,910)
Finance expense	**25,235**	23,063
Tax expense - current	**43,313**	(4,532)
Tax credit - deferred	**(4,596)**	1,681
Net loss (gain) on derivative financial instrument	**421**	(9,261)
Operating profit before working capital changes	**57,342**	26,723
Changes in:		
Other assets	**(14,370)**	(3,513)
Inventories	**(113,458)**	(33,469)
Biological assets	**50**	(2,586)
Trade and other receivables	**28,244**	(910)
Prepaid and other current assets	**(18,680)**	(4,946)
Trade and other payables	**58,021**	(19,040)
Employee Benefit	**3,819**	3,636
Operating cash flow	**968**	(34,105)
Income taxes paid	**(39,771)**	-
Net cash flows from operating activities	**(38,803)**	(34,105)
Cash flows from investing activities		
Interest received	**153**	138
Proceeds from disposal of property, plant and equipment	**301**	2,337
Purchase of property, plant and equipment	**(24,321)**	(28,337)
Net cash flows used in investing activities	**(23,867)**	(25,862)
Cash flows from financing activities		
Interest paid	**(21,268)**	(21,788)
Proceeds of borrowings	**118,242**	282,411
Repayment of borrowings	**(18,898)**	(201,011)
Dividends paid	**(10,112)**	-
Transactions costs related to issuance of preference shares	**-**	16
Net cash flows from financing activities	**67,964**	59,628
Net decrease in cash and cash equivalents	**5,294**	(339)
Cash and cash equivalents at 1 May	**21,636**	24,249
Effect of exchange rate fluctuations on cash held in foreign currency	**268**	9,386
Cash and cash equivalents at 30 April	**27,198**	33,296

IMPACT OF CHANGE IN ACCOUNTING POLICY

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings as at 1 May 2019 (see Statement of Changes in Stockholder's Equity). Accordingly, the comparative information presented for fiscal year 2019 has not been restated. In relation to those leases under IFRS 16, the Group recognized depreciation and interest costs, instead of operating lease expense.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risk and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases, except for some short-term and low-value assets.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 May 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application (the Group applied this approach for leases under DMPI); or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (the Group applied this approach for leases under DMFI).

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 May 2019 were determined at the carrying amount of lease asset and lease liability under IAS 17 immediately before that date. The Group has no finance leases under IAS 17.

Right-of-use assets and lease liabilities are presented separately in the consolidated statement of financial position.

The impact of adoption of IFRS 16 as at 1 May 2019 is as follows:

Consolidated Statement of Financial Position

Amounts in US$'000	**1 May 2019**
ASSETS	
Prepaid expenses and other current assets [1]	**(1,829)**
Right-of-use assets-net	**266,554**
Deferred tax assets	**(303)**
Other noncurrent assets [1]	**(23,896)**
	240,526
LIABILITIES AND EQUITY	
Lease liability - current portion	**30,173**
Lease liability - noncurrent portion	**200,817**
Other noncurrent liabilities [1]	**(6,220)**
Total Liabilities	**224,770**
Retained earnings	**15,756**
Total Equity	**15,756**
	240,526

[1] The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied (DMPI). Other right-of use assets were measured at the amount equal to the lease liability (DMFI). The

right-of-use assets were adjusted by the amount of any prepaid rent expense (previously classified under "Prepaid expenses and other current assets"), deferred rent (previously classified under "Other noncurrent assets"), and accrued rent expense (previously classified under "Other noncurrent liabilities") relating to the lease recognised in the balance sheet as at 30 April 2019 resulting to the respective reduction amounting to US$ 1.8 million, US$ 23.9 million, and US$ 6.2 million, respectively, as at 1 May 2019.

ONE-OFF EXPENSES/(INCOME)

Amounts in US$'000	**For the three months ended 31 July**		
	FY2020 (Unaudited)	FY2019 (Unaudited)	**%**
DMFI one-off expenses:			
Closure of Sager Creek Arkansas plant	**-**	7.4	nm
Partial disposal of Crystal City, Texas assets	**1.7**	-	nm
Closure of Plymouth plant	**-**	0.9	nm
Severance	**0.4**	0.2	(100.0)
Total (pre-tax basis)	**2.1**	8.5	75.3
Tax impact	**(0.5)**	(2.0)	(75.0)
Non-controlling interest	**(0.2)**	(0.7)	(71.4)
Total DMFI one-off expenses (post tax, post NCI basis)	**1.4**	5.8	75.9
Second Lien Loan Purchase:			
Gain due to the purchase of DMFI's second lien loan at a discount	**0.1**	(15.9)	(100.6)
Tax impact for the other one-off items	**-**	3.3	nm
Total one-off gain on second lien loan purchase (post tax basis)	**0.1**	(12.6)	(100.8)
Intercompany Dividends Tax:			
Final tax paid on intercompany dividends	**39.6**	-	nm
Deferred tax on undistributed share in profits	**1.3**	-	nm
Total one-off final taxes on intercompany dividends	**40.9**	-	nm
Total (post-tax and post non-controlling interest)	**42.4**	(6.8)	nm