# 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 (3rd Quarter FY2019)**

*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

Remarks = pls. use black ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the quarterly period ended **January 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)

Securities and Exchange Commission
Electronic Records Management Division
HEAD OFFICE
ICTD MAR 18 2019 3
BY: ______
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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 FS39.

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

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

## PART II--OTHER INFORMATION

Not Applicable

## SIGNATURES

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

| | |
|---|---|
| Issuer | **Del Monte Pacific Limited** |
| Signature and Title | Parag Sachdeva<br>Chief Financial Officer and Duly Authorized Officer |
| Date | March 14, 2019 |

**Del Monte Pacific Limited and its Subsidiaries**

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

**Unaudited Interim Consolidated Statements of Financial Position**
(With Comparative Audited Figures as at 30 April 2018)

| | Note | As at 31 January 2019 US$'000 (Unaudited) | As at 30 April 2018 US$'000 (Audited) |
|---|---|---|---|
| **Noncurrent assets** | | | |
| Property, plant and equipment – net | 5 | **572,367** | 610,889 |
| Investments in joint ventures | 7 | **24,766** | 25,195 |
| Intangible assets and goodwill | 6 | **709,660** | 714,651 |
| Deferred tax assets – net | | **94,734** | 79,829 |
| Biological assets | 9 | **1,674** | 1,629 |
| Pension assets | | **11,348** | 10,607 |
| Other noncurrent assets | 8 | **50,811** | 41,223 |
| | | **1,465,360** | 1,484,023 |
| **Current assets** | | | |
| Biological assets | 9 | **50,767** | 41,963 |
| Inventories | 10 | **750,415** | 760,981 |
| Trade and other receivables | 11, 17 | **191,217** | 161,627 |
| Prepaid expenses and other current assets | 12 | **29,811** | 30,782 |
| Cash and cash equivalents | 13, 17 | **65,172** | 24,246 |
| | | **1,087,382** | 1,019,599 |
| Noncurrent assets held for sale | | **13,550** | 5,504 |
| | | **1,100,932** | 1,025,103 |
| **Total assets** | | **2,566,292** | 2,509,126 |
| **Equity** | | | |
| Share capital | 21 | **49,449** | 49,449 |
| Share premium | | **478,339** | 478,323 |
| Retained earnings | | **99,651** | 95,505 |
| Reserves | | **(61,487)** | (64,082) |
| Equity attributable to owners of the company | | **565,952** | 559,195 |
| Non-controlling interests | | **43,288** | 49,065 |
| **Total equity** | | **609,240** | 608,260 |
| **Noncurrent liabilities** | | | |
| Loans and borrowings | 14, 17 | **935,903** | 983,603 |
| Employee benefits | | **71,764** | 76,905 |
| Environmental remediation liabilities | | **689** | 144 |
| Deferred tax liabilities – net | | **8,231** | 7,128 |
| Other noncurrent liabilities | 15 | **30,795** | 35,195 |
| | | **1,047,382** | 1,102,975 |
| **Current liabilities** | | | |
| Loans and borrowings | 14, 17 | **660,663** | 481,620 |
| Employee benefits | | **31,385** | 37,645 |
| Trade and other current liabilities | 16, 17 | **213,045** | 276,618 |
| Current tax liabilities | | **4,577** | 2,008 |
| | | **909,670** | 797,891 |
| **Total liabilities** | | **1,957,052** | 1,900,866 |
| **Total equity and liabilities** | | **2,566,292** | 2,509,126 |

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

**Unaudited Interim Consolidated Income Statements**

| | Note | Nine months ended 31 January 2019 US$'000 | Nine months ended 31 January 2018 US$'000 |
|---|---|---|---|
| Revenue | | **1,522,230** | 1,698,334 |
| Cost of sales | | **(1,208,869)** | (1,352,921) |
| **Gross profit** | | **313,361** | 345,413 |
| Distribution and selling expenses | | **(158,741)** | (171,234) |
| General and administrative expenses | 20 | **(100,259)** | (131,591) |
| Other income (expense) – net | | **1,873** | (3,631) |
| **Results from operating activities** | | **56,234** | 38,957 |
| | | | |
| Finance income | | **19,128** | 4,312 |
| Finance expense | | **(73,198)** | (78,186) |
| Net finance expense | | **(54,070)** | (73,874) |
| | | | |
| Share in net loss of joint ventures | 7 | **(429)** | (1,218) |
| | | | |
| **Profit (loss) before taxation** | | **1,735** | (36,135) |
| | | | |
| Tax expense – current | | **(8,181)** | (11,492) |
| Tax benefit (expense) – deferred | | **14,245** | (3,819) |
| | | **6,064** | (15,311) |
| | | | |
| **Profit (loss) for the period** | | **7,799** | (51,446) |
| | | | |
| **Profit (loss) attributable to:** | | | |
| Non-controlling interest | | **(6,222)** | (11,000) |
| Owners of the Company | | **14,021** | (40,446) |
| | | | |
| **Earnings/(loss) per share** | | | |
| Basic earnings (loss) per share (U.S. cents) | 22 | **(0.04)** | (2.65) |
| Diluted earnings (loss) per share (U.S. cents) | 22 | **(0.04)** | (2.65) |

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

**Unaudited Interim Consolidated Statements of Comprehensive Income**

| | Nine months ended 31 January 2019 US$'000 | Nine months ended 31 January 2018 US$'000 |
|---|---|---|
| **Profit (loss) for the period** | **7,799** | (51,446) |
| **Other comprehensive income (loss)** | | |
| **Items that will not be reclassified subsequently to profit or loss** | | |
| Remeasurement of retirement plans | **5,543** | 3,827 |
| Income tax effect on remeasurement of retirement plans | **(1,289)** | (1,872) |
| | **4,254** | 1,955 |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Currency translation differences | **(2,343)** | (10,772) |
| Effective portion of changes in fair value of cash flow hedges | **1,219** | 6,939 |
| Income tax effect on cash flow hedges | **(299)** | (3,512) |
| | **(1,423)** | (7,345) |
| **Other comprehensive income (loss) for the period, net of tax** | **2,831** | (5,390) |
| **Total comprehensive income (loss) for the period** | **10,630** | (56,836) |
| **Total comprehensive income (loss) attributable to:** | | |
| Non-controlling interests | **(5,657)** | (10,405) |
| Owners of the Company | **16,287** | (46,431) |
| | **10,630** | (56,836) |

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

## Unaudited Interim Consolidated Statements of Changes in Equity
## Nine months ended 31 January 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 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 period | – | – | – | – | – | – | – | – | 14,021 | 14,021 | (6,222) | 7,799 |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences | – | – | (2,364) | – | – | – | – | – | – | (2,364) | 21 | (2,343) |
| Remeasurement of retirement plans | – | – | – | – | 3,807 | – | – | – | – | 3,807 | 447 | 4,254 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | 823 | – | | – | 823 | 97 | 920 |
| **Total other comprehensive income** | – | – | (2,364) | – | 3,807 | 823 | – | – | – | 2,266 | 565 | 2,831 |
| **Total comprehensive income for the period** | – | – | (2,364) | – | 3,807 | 823 | – | – | 14,021 | 16,287 | (5,657) | 10,630 |
| **Transactions with owners of the Company recognised directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | | | |
| Refund of transaction costs related to the issuance of preference share | – | 16 | – | – | – | – | – | – | – | 16 | – | 16 |
| Value of employee services received for issue of share options | – | – | – | – | – | – | 329 | – | – | 329 | (120) | 209 |
| Dividends | – | – | – | – | – | – | – | – | (9,875) | (9,875) | – | (9,875) |
| **Total contributions by and distributions to owners** | – | 16 | – | – | – | – | 329 | – | (9,875) | (9,530) | (120) | (9,650) |
| **At 31 January 2019** | 49,449 | 478,339 | (93,879) | 10,885 | 22,032 | (1,941) | 1,702 | (286) | 99,651 | 565,952 | 43,288 | 609,240 |

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

## Unaudited Interim Consolidated Statements of Changes in Equity
## Nine months ended 31 January 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 2018** | | | | | | | | | | | | |
| At 1 May 2017 | 39,449 | 390,320 | (78,087) | 10,885 | 1,808 | (7,443) | 1,779 | (802) | 159,169 | 517,078 | 61,477 | 578,555 |
| **Total comprehensive income for the period** | | | | | | | | | | | | |
| Profit (loss) for the period | – | – | – | – | – | – | – | – | (40,446) | (40,446) | (11,000) | (51,446) |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences | – | – | (10,774) | – | – | – | – | – | – | (10,774) | 2 | (10,772) |
| Remeasurement of retirement plans | – | – | – | – | 1,724 | – | – | – | – | 1,724 | 231 | 1,955 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | 3,065 | – | – | – | 3,065 | 362 | 3,427 |
| **Total other comprehensive income** | – | – | (10,774) | – | 1,724 | 3,065 | – | – | – | (5,985) | 595 | (5,390) |
| **Total comprehensive income for the period** | – | – | (10,774) | – | 1,724 | 3,065 | – | – | (40,446) | (46,431) | (10,405) | (56,836) |
| **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 | – | (2,085) | – | – | – | – | – | – | – | (2,085) | – | (2,085) |
| Value of employee services received for issue of share options | – | – | – | – | – | – | 146 | – | – | 146 | 172 | 318 |
| Release of share awards | – | (50) | – | – | – | – | (466) | 516 | – | – | – | – |
| Issuance of preference shares | 10,000 | 90,000 | – | – | – | – | – | – | – | 100,000 | – | 100,000 |
| Dividends | – | – | – | – | – | – | – | – | (18,507) | (18,507) | – | (18,507) |
| **Total contributions by and distributions to owners** | 10,000 | 87,865 | – | – | – | – | (320) | 516 | (18,507) | 79,554 | 172 | 79,726 |
| **At 31 January 2018** | 49,449 | 478,185 | (88,861) | 10,885 | 3,532 | (4,378) | 1,459 | (286) | 100,216 | 550,201 | 51,244 | 601,445 |

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

**Unaudited Interim Consolidated Statements of Cash Flows**

| | Note | Nine months ended 31 January 2019 US$'000 | 2018 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit (loss) for the period | | **7,799** | (51,446) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 19 | **95,439** | 105,080 |
| Amortisation of intangible assets | 6,19 | **4,991** | 6,117 |
| Impairment loss on property, plant and equipment | | **1,425** | 22,301 |
| Net gain on disposal of assets | | **(2,507)** | (11,831) |
| Equity-settled share-based payment transactions | | **209** | 314 |
| Share in net loss of joint ventures | 7 | **429** | 1,218 |
| Net loss on derivative settlement | | **396** | 528 |
| Finance income* | | **(19,128)** | (4,312) |
| Finance expense* | | **73,198** | 78,186 |
| Tax expense – current | | **8,181** | 11,492 |
| Tax expense (benefit) – deferred | | **(14,245)** | 3,819 |
| | | **156,187** | 161,466 |
| Changes in: | | | |
| Other assets | | **395** | 21,940 |
| Inventories | | **21,294** | 6,551 |
| Biological assets | | **8,336** | (23,971) |
| Trade and other receivables | | **(32,879)** | (36,379) |
| Prepaid and other current assets | | **2,988** | 17,215 |
| Trade and other payables | | **(114,010)** | (17,379) |
| Employee benefits | | **11,819** | 12,010 |
| Operating cash flows: | | **54,130** | 141,453 |
| Taxes paid | | **2,606** | (1,497) |
| **Net cash flows provided by operating activities** | | **56,736** | 139,956 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 5 | **(101,063)** | (67,497) |
| Additional investments in a joint venture | | – | (1,544) |
| Proceeds from disposal of assets | | **9,304** | (12,432) |
| Interest received | | **506** | 378 |
| **Net cash flows used in investing activities** | | **(91,253)** | (81,095) |

*To be continued*

* Includes foreign exchange gains and losses

**Unaudited Interim Consolidated Statements of Cash Flows (continued)**

| | Note | Nine months ended 31 January 2019 US$'000 | 2018 US$'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **677,284** | 582,039 |
| Repayment of borrowings | | **(531,942)** | (648,715) |
| Interest paid | | **(65,315)** | (72,170) |
| Proceeds from issuance of share capital | | **–** | 100,000 |
| Dividends paid | | **(9,875)** | (18,507) |
| Transactions refund (costs) related to issuance of preference shares | | **16** | (2,086) |
| **Net cash flows provided by (used in) financing activities** | | **70,168** | (59,439) |
| Net decrease in cash and cash equivalents | | **35,651** | (578) |
| Cash and cash equivalents at beginning of period | | **24,246** | 37,571 |
| Effect of exchange rate changes on balances held in foreign currency | | **5,275** | 4,789 |
| **Cash and cash equivalents at end of period** | 13 | **65,172** | 41,782 |

# 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 canned and fresh pineapples, pineapple juice concentrate, tropical mixed fruit, canned peaches and pears, canned vegetables, tomato-based products, and certain other food and beverage products 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 ultimate shareholders are NutriAsia Inc. ("NAI") and Well Grounded Limited ("WGL"), which at 31 January 2019 and 30 April 2018, 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 nine months ended 31 January 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 January 2019 and for the nine months ended 31 January 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 2018 annual audited consolidated financial statements, comprising the consolidated statements of financial position as at 30 April 2018 and 2017 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 2018, 2017, and 2016.

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 under International Financial Reporting Standards ("IFRS"). 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

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 2018 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2018, which did not have significant impact to the Group:

Applicable 1 May 2018

- Amendments to IFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to IFRS 4, *Insurance Contracts, Applying IFRS 9, Financial Instruments, with IFRS 4*
- Amendments to IAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to IFRSs 2014 - 2016 Cycle)
- Amendments to IAS 40, *Investment Property, Transfers of Investment Property*
- International Financial Reporting Interpretations Committee ("IFRIC") 22, *Foreign Currency Transactions and Advance Consideration*
- IFRS 9, *Financial Instruments*
- IFRS 15, *Revenue from Contracts with Customers* supersedes all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after May 1, 2018. The Group is currently assessing the potential impact on its financial statements and will adopt the standard in the fourth quarter of fiscal 2019.

The Group will adopt the following new standards when they become effective.

Applicable 1 May 2019

- IFRS 16, *Leases*
- IFRIC 23, *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to IAS 28, *Long-term Interests in Associates and Joint Ventures*
- Amendments to IAS 19, *Plan amendment, curtailment or settlement*
- Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associates or joint venture*

Applicable 1 May 2021

- IFRS 17, *Insurance Contracts*

## 4. 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 US, 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 US Midwest and its tomato plants are located in California and Indiana.

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

## 5. Property, plant and equipment

During the nine months ended 31 January 2019, the Group acquired assets with a cost of US$101.1 million (year ended 30 April 2018: US$110.7 million), which includes noncash acquisition.

## 6. 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 2018 | **203,432** | **408,043** | **24,180** | **107,000** | **742,655** |
| At 31 January 2019 | **203,432** | **408,043** | **24,180** | **107,000** | **742,655** |
| | | | | | |
| At 1 May 2017 | 203,432 | 408,043 | 36,080 | 120,500 | 768,055 |
| Disposal | – | – | (11,900) | (13,500) | (25,400) |
| At 30 April 2018 | 203,432 | 408,043 | 24,180 | 107,000 | 742,655 |
| | | | | | |
| **Accumulated amortisation** | | | | | |
| At 1 May 2018 | **–** | **–** | **5,616** | **22,388** | **28,004** |
| Amortisation | **–** | **–** | **979** | **4,012** | **4,991** |
| At 31 January 2019 | **–** | **–** | **6,595** | **26,400** | **32,995** |
| | | | | | |
| At 1 May 2017 | – | – | 6,405 | 20,624 | 27,029 |
| Amortisation | – | – | 1,731 | 6,053 | 7,784 |
| Disposal | – | – | (2,520) | (4,289) | (6,809) |
| At 30 April 2018 | – | – | 5,616 | 22,388 | 28,004 |
| | | | | | |
| **Carrying amounts** | | | | | |
| At 31 January 2019 | **203,432** | **408,043** | **17,585** | **80,600** | **709,660** |
| At 30 April 2018 | 203,432 | 408,043 | 18,564 | 84,612 | 714,651 |

### *Goodwill*

Goodwill arising from the acquisition of Del Monte Foods Inc. ("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.

**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.

**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.

**Impairment test**

Management has performed impairment testing for all indefinite life trademarks and concluded that no impairment exist at the reporting date.

***Amortisable trademarks and customer relationships***

| | Net Carrying amount | | Remaining amortisation period (years) | |
|---|---|---|---|---|
| | **31 January 2019 US$'000** | **30 April 2018 US$'000** | **31 January 2019** | **30 April 2018** |
| Asia S&W trademark | **–** | 4 | – | 0.2 |
| America S&W trademark | **1,013** | 1,162 | **5.1** | 5.8 |
| America Contadina trademark | **16,572** | 17,398 | **15.1** | 15.8 |
| | **17,585** | 18,564 | | |

**Asia S&W trademark**

The amortisable trademark pertains to "Label Development" trademark.

**America trademarks**

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

**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 January 2019<br>US$'000 | 30 April 2018<br>US$'000 |
|---|---|---|
| Net carrying amount | **80,600** | 84,612 |
| Remaining amortisation period | **15.1** | 15.8 |

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

## 7. Investments in joint ventures

| | | | Effective Equity Held by the Group | |
|---|---|---|---|---|
| **Name of joint venture** | **Principal activities** | **Place of Incorporation and Business** | **As at 31 Jan 2019 %** | **As at 30 Apr 2018 %** |
| 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 summarized financial information of a material joint venture, FFPL and NFHKL, not adjusted for the percentage ownership held by the Group, is as follows:

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| **Assets** | | |
| Current assets | **29,919** | 21,882 |
| Noncurrent assets | **13,433** | 14,657 |
| Total assets | **43,352** | 36,539 |
| **Liabilities** | | |
| Current liabilities | **(12,640)** | (17,992) |
| Noncurrent liabilities | **(18,233)** | (13,684) |
| Total liabilities | **(30,873)** | (31,676) |
| **Net assets** | **12,479** | 4,863 |

| | 31 January 2019 US$'000 | 31 January 2018 US$'000 |
|---|---|---|
| **Results** | | |
| Revenue | **57,829** | 56,913 |
| Profit (loss) from continuing operations | **340** | (885) |
| **Total comprehensive loss** | **340** | (885) |

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| **Group's interest in net assets of FFPL at beginning of the period/year** | **23,557** | 23,872 |
| Capital injection during the period/year | – | – |
| Group's share of: | | |
| - Profit (loss) from continuing operations | **170** | (315) |
| - Total comprehensive income | **170** | (315) |
| **Carrying amount of interest at end of the period/year** | **23,727** | 23,557 |

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| **Group's interest in net assets of NFHKL at beginning of the period/year** | **1,638** | 1,925 |
| Capital injection during the period/year | **–** | 950 |
| Group's share of: | | |
| - Loss from continuing operations | **(599)** | (1,237) |
| - Total comprehensive income | **(599)** | (1,237) |
| **Carrying amount of interest at end of the period/year** | **1,039** | 1,638 |

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

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| **Group's interest in joint ventures** | | |
| FFPL | **23,727** | 23,557 |
| NFHKL | **1,039** | 1,638 |
| **Carrying amount of investment in joint ventures** | **24,766** | 25,195 |

*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 6) 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.

## 8. Other noncurrent assets

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| Advances to growers | **16,074** | 13,358 |
| Advance rentals and deposits | **9,932** | 6,233 |
| Note receivables | **9,040** | 7,744 |
| Land expansion (development costs of acquired leased areas) | **8,608** | 6,353 |
| Excess insurance | **5,336** | 5,960 |
| Prepayments | **89** | 268 |
| Others | **1,732** | 1,307 |
| | **50,811** | 41,223 |

Excess insurance relate mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 15).

Included as part of note receivables, amounting to US$8.0 million (30 April 2018: US$7.7 million), relates 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. The current portion of US$2.7 million (30 April 2018: US$2.6 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.

## 9. Biological assets

| | **31 January 2019 US$'000** | **30 April 2018 US$'000** |
|---|---|---|
| **Livestock** | | |
| At beginning of the period/year | **1,629** | 1,420 |
| Purchases of livestock | **665** | 909 |
| Sales of livestock | **(608)** | (646) |
| Currency realignment | **(12)** | (54) |
| At end of the period/year | **1,674** | 1,629 |

| | **31 January 2019 US$'000** | **30 April 2018 US$'000** |
|---|---|---|
| **Agricultural produce** | | |
| At beginning of the period/year | **23,473** | 23,307 |
| Additions | **9,170** | 10,458 |
| Harvested | **(6,894)** | (9,452) |
| Currency realignment | **(177)** | (840) |
| At end of the period/year | **25,572** | 23,473 |
| Fair value gain on produce prior to harvest | **25,195** | 18,490 |
| At end of the period/year | **50,767** | 41,963 |

| | **31 January 2019 US$'000** | **30 April 2018 US$'000** |
|---|---|---|
| Current | **50,767** | 41,963 |
| Noncurrent | **1,674** | 1,629 |
| Totals | **52,441** | 43,592 |

# 10. Inventories

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| Finished goods | | |
| - at cost | **564,863** | 554,712 |
| - at net realisable value | **28,437** | 33,448 |
| Semi-finished goods | | |
| - at cost | **396** | 454 |
| - at net realisable value | **14,332** | 18,945 |
| Raw materials and packaging supplies | | |
| - at net realisable value | **142,387** | 153,422 |
| | **750,415** | 760,981 |

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

| | Note | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|---|
| At beginning of the period/year | | **26,616** | 15,086 |
| Allowance for the period/year | 19 | **20,908** | 21,823 |
| Write-off against allowance | | **(29,211)** | (9,284) |
| Currency realignment | | **(27)** | (1,009) |
| At end of the period/year | | **18,286** | 26,616 |

The allowance for inventory obsolescence recognised during the period is included in "Cost of sales".

*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

## 11. Trade and other receivables

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| Trade receivables | **168,419** | 145,094 |
| Non trade receivables | **29,851** | 21,946 |
| Amounts due from joint venture (nontrade) | – | 1,570 |
| Allowance for doubtful accounts – trade | **(2,410)** | (2,440) |
| Allowance for doubtful accounts – nontrade | **(4,643)** | (4,543) |
| Trade and other receivables | **191,217** | 161,627 |

Nontrade receivables consist of vendor rebates, plant receivables, claims from third party service providers, advances to growers, which are claimed upon delivery of fruits, and fuel withdrawals applied against truckers'' bills when due.

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

| | Gross | | Impairment losses | |
|---|---|---|---|---|
| **At 31 January 2019** | **Trade US$'000** | **Non trade US$'000** | **Trade US$'000** | **Non trade US$'000** |
| Not past due | **80,747** | **18,326** | **–** | **–** |
| Past due 0 - 60 days | **49,619** | **1,876** | **–** | **–** |
| Past due 61 - 90 days | **11,172** | **779** | **–** | **–** |
| Past due 91 - 120 days | **2,570** | **890** | **–** | **–** |
| More than 120 days | **24,311** | **7,980** | **(2,410)** | **(4,643)** |
| | **168,419** | **29,851** | **(2,410)** | **(4,643)** |

| | Gross | | Impairment losses | |
|---|---|---|---|---|
| **At 30 April 2018** | **Trade US$'000** | **Non trade US$'000** | **Trade US$'000** | **Non trade US$'000** |
| Not past due | 116,543 | 6,630 | – | – |
| Past due 0 - 60 days | 13,457 | 1,612 | – | – |
| Past due 61 - 90 days | 2,677 | 1,640 | – | – |
| Past due 91 - 120 days | 1,123 | 617 | – | – |
| More than 120 days | 11,294 | 13,017 | (2,440) | (4,543) |
| | 145,094 | 23,516 | (2,440) | (4,543) |

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

## 12. Prepaid expense and other current assets

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| Prepaid expenses | **19,522** | 24,931 |
| Downpayment to contractors and suppliers | **8,289** | 4,166 |
| Derivative asset | **43** | 305 |
| Others | **1,957** | 1,380 |
| | **29,811** | 30,782 |

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

## 13. Cash and cash equivalents

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| Cash on hand | **77** | 51 |
| Cash in banks | **37,251** | 17,370 |
| Cash equivalents | **27,844** | 6,825 |
| Cash and cash equivalents | **65,172** | 24,246 |

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% (30 April 2018: 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 1.60% to 6.50% (30 April 2018: 0.18% to 3.38%) per annum.

## 14. Loans and borrowings

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| **Current liabilities** | | |
| Unsecured bank loans | **435,222** | 471,204 |
| Secured bank loans | **225,441** | 10,416 |
| | **660,663** | 481,620 |
| **Non-current liabilities** | | |
| Unsecured bank loans | **241,239** | 187,584 |
| Secured bank loans | **694,664** | 796,019 |
| | **935,903** | 983,603 |
| | **1,596,566** | 1,465,223 |

***Terms and debt repayment schedule***

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

| | Currency | Nominal interest rate | Year of maturity | 31 January 2019 Face value US$'000 | 31 January 2019 Carrying amount US$'000 | 30 April 2018 Face value US$'000 | 30 April 2018 Carrying amount US$'000 |
|---|---|---|---|---|---|---|---|
| Unsecured bank loans | PHP | 4.50% | 2020 | **57,510** | **57,510** | 61,856 | 61,856 |
| Unsecured bank loans | USD | 2.90-4.50% | 2018/2020 | **435,727** | **435,727** | 413,444 | 413,444 |
| Unsecured bridging loan | USD | 5.84% | 2019 | **53,500** | **53,496** | 54,000 | 53,894 |
| Unsecured bridging loan | USD | 4.50% | 2020 | **130,000** | **129,729** | 130,000 | 129,594 |
| Secured bank loan under ABL Credit Agreement | USD | Base rate Tranche A – 6.75% Tranche B – 7.25% | 2019/2020 | **225,000** | **221,443** | 10,000 | 6,442 |
| Secured First lien term loan | USD | Higher of Libor rate + 3.25% or 7.75%/ 5.90% | 2021 | **676,275** | **669,851** | 681,600 | 671,247 |
| Secured Second lien term Loan | USD | Higher of Libor +7.25% or 10.15% | 2021 | **29,969** | **28,810** | 135,055 | 128,746 |
| | | | | **1,607,981** | **1,596,566** | 1,485,955 | 1,465,223 |

The Group's financial liabilities increased by US$132 million mainly driven by the increase in DMFI loan under an ABL Credit Agreement (a senior secured asset-based revolving facility) to be used for working capital needs and general corporate purposes (the "ABL Facility") from US$10 million to US$225 million as of 31 January 2019.

The unsecured bridging loans of US$54 million as at 30 April 2018 is the remaining balance for the bridging loan that were 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 on the same terms and conditions. In April 2017, DMPL settled US$196.0 million of the US$350.0 million BDO loan using the proceeds from the issuance of preference shares. In December 2017, DMPL settled an additional US$100.0 million using the proceeds from the 10,000,000 Series A-2 Preference Shares. In September 2018, the Company settled an additional US$ 50.0 million using the balance of proceeds from the Ordinary Shares ("Rights Shares") offering in March 2015.

**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 January 2019 and 30 April 2018.

## Long Term Borrowings

| Long Term Borrowings | Principal Amount (In Thousands) | Interest Rate | Maturity | Payment Terms (e.g. annually, quarterly, etc.) | Interest already paid 1 May 2018 to 31 January 2019 | |
|---|---|---|---|---|---|---|
| Senior secured variable rate first lien term loan | USD 710,000 | Higher of Libor rate + 3.25% or 7.75%/ 5.90% | 2021 | 0.25% quarterly principal payments from 30 April 2014 to July 31, 2021; Balance due in full at its maturity, 18 February 2021. | USD | 28,105 |
| Senior secured second lien variable rate term loan | USD 35,015 | Higher of Libor +7.25% or 10.15% | 2021 | Due in full at its maturity, August 18, 2021. | USD | 5,825 |
| BDO Long-Term Loan | USD 30,000 | 4.50% | 2020 | Quarterly interest payment and principal on maturity date. | USD | 1,024 |
| BDO Long-Term Loan | USD 100,000 | 4.50% | 2020 | Quarterly interest payment and principal on maturity date. | USD | 3,413 |
| BOC Long-term Loan | USD 54,000 | 4.50% | 2020 | Quarterly interest payment and principal on maturity date. | USD | 621 |
| BDO Long-Term Loan | PHP 3,000,000 | 3.5% for the first 60 days; 4.5% for the remaining term + 5% GRT | 2020 | Quarterly interest payment and principal on maturity date. | PHP | 106,219 |

Loans and borrowings are stated net of unamortised debt issuance cost. The balance of unamortised debt issuance cost follows:

| | Nine months ended 31 January 2019 US$'000 | Year ended 30 April 2018 US$'000 |
|---|---|---|
| Beginning of period/year | **20,732** | 25,663 |
| Net of additions | **2,540** | 4,223 |
| Amortisation | **(11,857)** | (9,154) |
| End of period/year | **11,415** | 20,732 |

## 15. Other noncurrent liabilities

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| Workers' compensation | **19,554** | 22,209 |
| Accrued lease liabilities | **7,780** | 7,555 |
| Derivative liabilities | **1,441** | 1,803 |
| Accrued vendors liabilities | **802** | 1,208 |
| Deferred rental liabilities | – | 333 |
| Due to related party - non current | – | 684 |
| Other payables | **1,218** | 1,403 |
| | **30,795** | 35,195 |

## 16. Trade and other payables

| | 31 January 2019 US$'000 | 30 April 2018 US$'000 |
|---|---|---|
| Trade payables | **96,691** | 156,450 |
| Accrued operating expenses: | | |
| Trade promotions | **28,153** | 32,145 |
| Advertising | **21,045** | 12,582 |
| Freight and warehousing | **11,523** | 5,214 |
| Accrued interest | **11,412** | 9,594 |
| Taxes and insurance | **6,624** | 7,355 |
| Professional fees | **7,407** | 10,189 |
| Plant closure costs | **55** | 3,025 |
| Miscellaneous | **1,726** | 3,625 |
| Overdrafts | **11,666** | 3,606 |
| Accrued payroll expenses | **4,450** | 5,583 |
| Withheld from employees (taxes and social security cost) | **2,039** | 1,527 |
| Derivative liabilities | **1,869** | 3,260 |
| VAT payables | **1,087** | 1,215 |
| Deferred revenue | **907** | 13,592 |
| Advances from customers | **291** | 317 |
| Other payables | **6,100** | 7,339 |
| | **213,045** | 276,618 |

# 17. Accounting classification and fair values

***Fair values versus carrying amounts***

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

| | Note | Loans and receivables US$'000 | Other noncurrent assets | Derivatives US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **31 January 2019** | | | | | | | |
| Cash and cash equivalents | 13 | **65,172** | **–** | **–** | **–** | **65,172** | **65,172** |
| Trade and other receivables | 11 | **191,217** | **–** | **–** | **–** | **191,217** | **191,217** |
| Notes receivables | 8 | **–** | **9,040** | **–** | **–** | **9,040** | **9,040** |
| Refundable deposit | | **–** | **1,828** | **–** | **–** | **1,828** | **1,828** |
| Derivative asset | 12 | **–** | **–** | **43** | **–** | **43** | **43** |
| | | **256,389** | **10,868** | **43** | **–** | **267,300** | **267,300** |
| Loans and borrowings | 14 | – | **–** | **–** | **1,596,566** | **1,596,566** | **1,501,817** |
| Trade and other payables* | 16 | – | **–** | **–** | **206,852** | **206,852** | **206,852** |
| Derivative liabilities | 15, 16 | – | **–** | **3,310** | – | **3,310** | **3,310** |
| | | – | **–** | **3,310** | **1,803,418** | **1,806,728** | **1,711,979** |

| | Note | Loans and receivables US$'000 | Other noncurrent assets | Derivatives US$'000 | Other financial liabilities US$'000 | Total carrying amount US$'000 | Fair value US$'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **30 April 2018** | | | | | | | |
| Cash and cash equivalents | 13 | 24,246 | – | – | – | 24,246 | 24,246 |
| Trade and other receivables | 11 | 161,627 | – | – | – | 161,627 | 161,627 |
| Notes receivables | 8 | – | 7,744 | – | – | 7,744 | 7,744 |
| Refundable deposits | | – | 1,858 | | – | 1,858 | 1,858 |
| Derivative asset | 12 | – | – | 305 | – | 305 | 305 |
| | | 185,873 | 9,602 | 305 | – | 195,780 | 195,780 |
| Loans and borrowings | 14 | – | – | – | 1,465,223 | 1,465,223 | 1,362,771 |
| Trade and other payables* | 16 | – | – | – | 256,707 | 256,707 | 256,707 |
| Derivative liabilities | 15, 16 | – | – | 5,063 | – | 5,063 | 5,063 |
| | | – | – | 5,063 | 1,721,930 | 1,726,993 | 1,624,541 |

* *excludes advances from customers, derivative liabilities, deferred revenue, withheld from employees and VAT payable*

# 18. 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 January 2019** | | | |
|---|---|---|---|---|---|
| | **Note** | **Level 1** | **Level 2** | **Level 3** | **Totals** |
| **Financial assets** | | | | | |
| Derivative assets | 12 | – | 43 | – | 43 |
| **Non-financial assets** | | | | | |
| Fair value of agricultural produce harvested under inventories | | – | – | 6,728 | 6,728 |
| Fair value of growing produce | 9 | – | – | 50,767 | 50,767 |
| Freehold land | | – | – | 61,877 | 61,877 |
| Noncurrent assets held for sale | | – | – | 13,550 | 13,550 |
| **Financial liabilities** | | | | | |
| Derivative liabilities | 15, 16 | – | 3,310 | – | 3,310 |

| | | **30 April 2018** | | | |
|---|---|---|---|---|---|
| | **Note** | **Level 1** | **Level 2** | **Level 3** | **Totals** |
| **Financial assets** | | | | | |
| Derivative assets | 12 | – | 305 | – | 305 |
| **Non-financial assets** | | | | | |
| Fair value of agricultural produce harvested under inventories | | – | – | 9,174 | 9,174 |
| Fair value of growing produce | 9 | – | – | 41,963 | 41,963 |
| Freehold land | | – | – | 62,812 | 62,812 |
| Noncurrent assets held for sale | | – | – | 5,504 | 5,504 |
| **Financial liabilities** | | | | | |
| Derivative liabilities | 15, 16 | – | 5,063 | – | 5,063 |

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

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

**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 | The fair value of the secured first and second lien term loans 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). The fair value of noncurrent loans and borrowings under this category amounted to US$608.7 million and US$751.2 million as of 31 January 2019 and 30 April 2018, respectively.<br><br>The fair value of the other loans is based on the discounted value of expected future cash flows using risk free rates and credit spread ranging from 2.0% to 5.3% (Level 3). The fair value of noncurrent loans and borrowings under this category amounted to US$893.1 million and US$611.5 million as at 31 January 2019 and 30 April 2018, respectively.<br><br>Current loans and borrowings approximate its carrying amount as of 31 January 2019 and 30 April 2018 due to short-term maturities. |
| Other financial assets and liabilities | The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values. |

**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 recognized professional qualifications and recent experience in the location and category of property being valued.<br><br>The valuation method used is sales comparison approach. This is a comparative approach that consider the sales of similar or substitute properties and related market data and establish a value estimate by involving comparison (Level 3). | The unobservable inputs used to determine market value are the net prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighbourhood, utility, terrain, and the time element involved.<br><br>The freehold land was last revalued in 2016. 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. |
| Harvested crops – sold as fresh fruit | The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit adjusted for margin and costs to sell (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 (concentrates, pineapple beverages, sliced pineapples, etc.) adjusted for margin and associated costs related to production (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 now measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices of finished goods 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. |

## 19. Profit for the period

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

| | Note | Nine months ended 31 January 2019 US$'000 | Nine months ended 31 January 2018 US$'000 |
|---|---|---|---|
| Provision for inventory obsolescence | 10 | **20,908** | 6,406 |
| Reversal (provision) of allowance for doubtful receivables (trade) | | **65** | (255) |
| Amortisation of intangible assets | 6 | **4,991** | 6,117 |
| Depreciation of property, plant and equipment | | **95,439** | 105,080 |

## 20. General and administrative expenses

This account consists of the following:

| | Nine months ended 31 January 2019 US$'000 | Nine months ended 31 January 2018 US$'000 |
|---|---|---|
| Personnel costs | **48,188** | 68,367 |
| Professional and contracted services | **19,364** | 26,996 |
| Computer cost | **11,115** | 11,952 |
| Facilities expense | **9,364** | 10,675 |
| Postage and telephone | **2,871** | 2,757 |
| Travelling and business meals | **2,009** | 1,703 |
| Rental | **1,661** | 2,212 |
| Employee-related expenses | **1,433** | 567 |
| Machinery and equipment maintenance | **564** | 1,724 |
| Utilities | **535** | 494 |
| Auto operating and maintenance costs | **436** | 709 |
| Materials and supplies | **367** | 313 |
| R&D projects | **30** | 614 |
| Miscellaneous overhead | **2,322** | 2,508 |
| | **100,259** | 131,591 |

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

## 21. Share capital

| | 31 January 2019 No. of shares ('000) | 31 January 2019 US$'000 | 30 April 2018 No. of shares ('000) | 30 April 2018 US$'000 |
|---|---|---|---|---|
| **Authorised:** | | | | |
| Ordinary shares of US$0.01 each | **3,000,000** | **30,000** | 3,000,000 | 30,000 |
| Preference shares of US$1.00 each | **600,000** | **600,000** | 600,000 | 600,000 |
| | **3,600,000** | **630,000** | 3,600,000 | 630,000 |
| **Issued and fully paid:** | | | | |
| Ordinary shares of US$0.01 each | **1,944,936** | **19,449** | 1,944,936 | 19,449 |
| Preference shares of US$1.00 each | **30,000** | **30,000** | 30,000 | 30,000 |
| | **1,974,936** | **49,449** | 1,974,936 | 49,449 |

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

| | Period ended 31 January 2019 ('000) | Year ended 30 April 2018 ('000) |
|---|---|---|
| At beginning of the period/year | **1,943,960** | 1,943,214 |
| Release of share awards | **–** | 746 |
| At end of the period/year | **1,943,960** | 1,943,960 |

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 PSE -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 (U.S. $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 19 September 2018, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 April 2018 to 8 October 2018. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.20403 per Series A-2 Preference Share for the six-month period from 8 April 2018 to 8 October 2018. The final dividends were paid on 8 October 2018.

***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.

## 22. Earnings (loss) per share

***Basic and diluted 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.

Cumulative undeclared preference dividends as of 31 January 2019 is US$6.2 million (30 April 2018: US1.3 million).

| | Nine months ended 31 January | |
|---|---|---|
| | **2019** | **2018** |
| Basic profit (loss) per share is based on: | | |
| Profit attributable to owners of the Company (US$'000) | **14,021** | (40,446) |
| Cumulative preference share dividends (US$'000) | **(14,813)** | (11,021) |
| | **(792)** | (51,467) |
| Basic weighted average number of ordinary shares ('000): | | |
| Issued ordinary shares at 1 May | **1,943,960** | 1,943,214 |
| Effect of shares option held | **–** | 274 |
| Weighted average number of ordinary shares at end of period (basic) | **1,943,960** | 1,943,488 |
| Basic profit (loss) per share (in U.S. cents) | **(0.04)** | (2.65) |

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.

| | Nine months ended 31 January | |
|---|---|---|
| | **2019** | **2018** |
| Diluted profit (loss) per share is based on: | | |
| Profit (loss) attributable to owners of the Company (US$'000) | **14,021** | (40,446) |
| Cumulative preference share dividends (US$'000) | **(14,813)** | (11,021) |
| | **(792)** | (51,467) |
| Diluted weighted average number of shares ('000): | | |
| Weighted average number of ordinary shares (basic) | **1,943,960** | 1,943,488 |
| Effect of share options on issue | **–** | – |
| Weighted average number of ordinary issued and potential shares assuming full conversion | **1,943,960** | 1,943,488 |
| Diluted profit (loss) per share (in U.S. cents) | **(0.04)** | (2.65) |

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.

***Adjusted earnings (loss) per share***

Adjusted basic and diluted earnings per ordinary share are calculated by dividing the profit, before preference share dividends, attributable to owners of the Company by the same weighted average number of shares used in the calculation of standard earnings per ordinary share.

| | Nine months ended 31 January | |
|---|---|---|
| | **2019** | **2018** |
| Adjusted profit (loss) per share is based on: | | |
| Profit (loss) attributable to owners of the Company (US$'000) | **14,021** | (40,446) |
| Weighted average number of ordinary shares at end of period (basic) | **1,943,960** | 1,943,488 |
| Adjusted basic profit (loss) per share (in U.S. cents) | **0.72** | (2.08) |
| Weighted average number of ordinary shares at end of period (diluted) | **1,943,960** | 1,943,488 |
| Adjusted diluted profit (loss) per share (in U.S. cents) | **0.72** | (2.08) |

## 23. 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$249.1 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$885.7 million.

***DMPL India Limited***

As at 31 January 2019, a subsidiary, DMPL India Limited has a contingent liability amounting to nil (30 April 2018: US$0.9 million) in the form of a letter of undertaking securing 50% of the obligations of FFPL under its Loan Agreement with Infrastructure Development Finance Company Limited, in proportion to its equity interest.

# 24. 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 | January 2019 | **208** | **332** | Due and demandable; | Unsecured; |
| | April 2018 | 343 | 247 | non–interest bearing | no impairment |
| ▪ Sale of tomato paste | January 2019 | **–** | **–** | Due and demandable; | Unsecured; |
| | April 2018 | 32 | – | non–interest bearing | no impairment |
| ▪ Purchases | January 2019 | **92** | **–** | Due and demandable; | Unsecured; |
| | April 2018 | 393 | – | non–interest bearing | no impairment |
| ▪ Inventory count storage | January 2019 | **–** | **–** | Due and demandable; | Unsecured |
| | April 2018 | 33 | – | non–interest bearing | |
| ▪ Tollpack fees | January 2019 | **459** | **97** | Due and demandable; | Unsecured |
| | April 2018 | 572 | 110 | non–interest bearing | no impairment |
| **Other Related Party** | | | | | |
| ▪ Management fees from Del Monte Philippines, Inc. ("DMPI") Retirement fund | January 2019 | **3** | **287** | Due and demandable; | Unsecured; |
| | April 2018 | 19 | 446 | non–interest bearing | |
| ▪ Rental to DMPI Retirement | January 2019 | **1,396** | **–** | Due and demandable; | Unsecured |
| | April 2018 | 1,858 | – | non–interest bearing | |
| ▪ Rental to NAI Retirement | January 2019 | **352** | **–** | Due and demandable; | Unsecured |
| | April 2018 | 543 | – | non–interest bearing | |
| ▪ Rental to DMPI provident fund | January 2019 | **–** | **–** | Due and demandable; | Unsecured; |
| | April 2018 | – | – | 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.

## 25. 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 US, Canada, and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also under the Contadina, S&W, College Inn and other brands. This segment also includes sales of private label food products. Sales across various channels include retail markets, as well as to the United States military, certain export markets, the food service industry and other food processors.

*Asia Pacific*

Reported under Asia Pacific segment 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*

Reported under Europe segment are sales of unbranded products in Europe.

**Product segments**

*Packaged fruit and vegetable*

The Packaged fruit and vegetable segment includes sales and profit of processed fruit and vegetable products under the Del Monte and S&W brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Key products under this segment are canned beans, peaches and corn sold in the United States and canned pineapple and tropical mixed fruit in Asia Pacific.

*Beverage*

Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can, tetra and PET packaging, and pineapple juice concentrate.

*Culinary*

Culinary includes sales and profit of packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments under four brands namely Del Monte, S&W, College Inn and Contadina.

*Fresh fruit and others*

Fresh fruit and others include sales and profit of S&W branded fresh pineapples in Asia Pacific and buyer's label or non-branded fresh pineapples in Asia, and sales and profit of cattle in the Philippines. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals. This would also include non-branded sales to South America.

The Group allocated certain overhead and corporate costs to the various product segments based on sales for each segment relative to the entire Group.

**Segment assets and liabilities**

Segment assets consist primarily of property, plant and equipment – net, intangible assets and goodwill, trade and other receivables, biological assets, inventories, deferred tax assets – net, and investments in joint ventures. Segment liabilities consist of loans and borrowings, employee benefits, tax liabilities, and trade and other payables.

***Information about reportable segments***

| | Americas Nine months ended 31 January | | Asia Pacific Nine months ended 31 January | | Europe Nine months ended 31 January | | Total Nine months ended 31 January | |
|---|---|---|---|---|---|---|---|---|
| | **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 | **906,699** | 1,038,002 | **82,150** | 104,275 | **13,994** | 17,755 | **1,002,843** | 1,160,032 |
| Beverage | **11,815** | 16,259 | **90,253** | 95,323 | **7,810** | 5,611 | **109,878** | 117,193 |
| Culinary | **187,546** | 213,192 | **98,647** | 100,989 | – | – | **286,193** | 314,181 |
| Fresh fruit and others | **2,945** | 1,684 | **120,371** | 105,244 | – | – | **123,316** | 106,928 |
| **Total** | **1,109,005** | 1,269,137 | **391,421** | 405,831 | **21,804** | 23,366 | **1,522,230** | 1,698,334 |
| | | | | | | | | |
| **Gross profit** | | | | | | | | |
| Packaged fruit and vegetable | **151,823** | 170,974 | **23,978** | 33,158 | **2,558** | 6,550 | **178,359** | 210,682 |
| Beverage | **537** | 689 | **20,438** | 26,612 | **(3,756)** | (1,004) | **17,219** | 26,297 |
| Culinary | **39,047** | 36,948 | **37,166** | 40,080 | – | – | **76,213** | 77,028 |
| Fresh fruit and others | **749** | 414 | **40,821** | 30,992 | – | – | **41,570** | 31,406 |
| **Total** | **192,156** | 209,025 | **122,403** | 130,842 | **(1,198)** | 5,546 | **313,361** | 345,413 |

| | Americas Nine months ended 31 January | | Asia Pacific Nine months ended 31 January | | Europe Nine months ended 31 January | | Total Nine months ended 31 January | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2019** | **2018** | **2019** | **2018** | **2019** | **2018** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Share in net loss of joint ventures** | | | | | | | | |
| Packaged fruit and vegetable | – | – | **52** | (127) | – | – | **52** | (127) |
| Beverage | – | – | **12** | (30) | – | – | **12** | (30) |
| Culinary | – | – | **100** | (244) | – | – | **100** | (244) |
| Fresh fruit and others | – | – | **(593)** | (817) | – | – | **(593)** | (817) |
| **Total** | – | – | **(429)** | (1,218) | – | – | **(429)** | (1,218) |
| **Profit (loss) before taxation** | | | | | | | | |
| Packaged fruit and vegetable | **(42,502)** | (71,387) | **11,895** | 19,531 | **1,027** | 4,422 | **(29,580)** | (47,434) |
| Beverage | **(3,691)** | (4,385) | **1,373** | 6,786 | **(4,674)** | (1,716) | **(6,992)** | 685 |
| Culinary | **(4,945)** | (25,546) | **18,639** | 21,280 | – | – | **13,694** | (4,266) |
| Fresh fruit and others | **(16)** | 7 | **24,629** | 14,873 | – | – | **24,613** | 14,880 |
| **Total** | **(51,154)** | (101,311) | **56,536** | 62,470 | **(3,647)** | 2,706 | **1,735** | (36,135) |

| | Americas | | Asia Pacific | | Europe | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **31 Jan 2019** | **30 April 2018** | **31 Jan 2019** | **30 April 2018** | **31 Jan 2019** | **30 April 2018** | **31 Jan 2019** | **30 April 2018** |
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Reportable** | | | | | | | | |
| **segment assets** | **1,972,274** | 1,972,616 | **574,784** | 521,213 | **19,234** | 15,297 | **2,566,292** | 2,509,126 |
| **segment liabilities** | **1,230,999** | 1,198,647 | **679,224** | 624,249 | **46,829** | 77,970 | **1,957,052** | 1,900,866 |
| **Capital expenditure** | **13,677** | 30,937 | **87,386** | 79,801 | – | – | **101,063** | 110,738 |

***Major customer***

Revenues from a major customer of the Americas segment for the nine months ended 31 January 2019 and 2018 amounted to US$350.2 million and US$496.3 million, respectively representing 23.0% and 29.2% of the total revenue, respectively.

## 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 January 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.

   As of 31 January 2019, total loans bought back including the one from prior year period amounted to US$225 million out of the total US$260 million.

j. On 7 June 2018, the Company announced that its Philippine subsidiary, Del Monte Philippines, Inc. (DMPI), was deferring its initial public offering due to volatile market conditions. To safeguard the interests of the Company and DMPI, the offering was deferred until such time when market conditions improve.

## 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-Jan-19 | 31-Jan-18 | 30-Apr-18 | Benchmark |
|---|---|---|---|---|
| **Current Ratio** | 1.2103 | 1.5345 | 1.2848 | Minimum of 1.20 |

Current ratio decreased versus last year due to additional loans under ABL Credit Agreement.

**B. Debt to Equity**

| | 31-Jan-19 | 31-Jan-18 | 30-Apr-18 | Benchmark |
|---|---|---|---|---|
| **Debt to Equity** | 3.2123 | 3.4960 | 3.1251 | Maximum of 2.50 |

Debt ratio increased versus last year due to additional loans under ABL Credit Agreement

**C. Net Profit Margin**

| | 31-Jan-19 | 31-Jan-18 | 30-Apr-18 | Benchmark |
|---|---|---|---|---|
| **Net Profit Margin attributable to owners of the company** | 0.92% | -2.38% | -1.66% | Minimum of 3% |

Higher net profit than last year mainly due to gain on the purchase of DMFI 2nd lien loans and higher deferred tax benefit

**D. Return on Asset**

| | 31-Jan-19 | 31-Jan-18 | 30-Apr-18 | Benchmark |
|---|---|---|---|---|
| **Return on Asset** | 0.30% | -1.90% | -2.04% | Minimum of 1.21 |

Favourable than last year due to higher net profit mainly due to gain on the purchase of DMFI 2nd lien loans.

**E. Return on Equity**

| | 31-Jan-19 | 31-Jan-18 | 30-Apr-18 | Benchmark |
|---|---|---|---|---|
| **Return on Equity** | 1.28% | -8.55% | -8.40% | Minimum of 8% |

Favourable than last year due to higher net profit mainly due to gain on the purchase of DMFI 2nd lien loans.

**Material Changes in Accounts**

**A. Cash and cash equivalent**

Higher due to increase in loans and borrowings.

**B. Inventories**

Lower inventory level of DMFI

**C. Trade and other receivables**

The increase in trade and other receivables is mainly on the timing of collection.

**E. Deferred tax assets**

Increase due to higher future tax benefits from loss carry forwards of DMFI.

**F. Property, plant and equipment**

Decrease mainly due to depreciation

**H. Financial liabilities**

Increase in financial liabilities due to additional purchase of DMFI 2nd lien term loans.

**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.

For the US$54.0 million loan, the debt shall not exceed 8 times the equity; the interest cover shall not be lower than 2.0 (EBIT over interest); and the capital expenditures shall not exceed US$40.0 million.

For the US$130 million loan, the debt shall not exceed 6.7 times the equity by end of FY 2017 and 3.0 times from FY 2018 to FY 2020; and the interest cover shall not be lower than 1.5 (EBIT over interest) in FY 2016 and 2.0 from FY 2017 to FY 2020.

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

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 January 2019 and 30 April 2018, the Company is in compliance with the covenants stipulated in its loan agreements.

## Use of Proceeds

DMPL completed in March 2015 a rights offering in the Philippines which was simultaneously conducted with the rights issue in Singapore. 641,935,335 Ordinary Shares ("Rights Shares") were offered to eligible shareholders at an issue price per share of S$0.325 in Singapore and ₱10.60 in the Philippines. The application of proceeds from this offering for the current fiscal year 2019 is broken down as follows:

| **Use of Proceeds** | **Amounts in U.S. Dollars** |
|---|---|
| **Balance of Proceeds as at 30 April 2018** | **483,011.95** |
| Less: | |
| Partial payment of BDO loan US$ 54 million (September 2018) | **483,011.95** |
| **Balance of Proceeds as of 31 January 2019** | **–** |

# Annex B

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

| Ratio | Formula | For the nine months ended January 31, 2019 | January 31, 2018 |
|---|---|---|---|
| (i) Liquidity Analysis Ratios: | | | |
| Current Ratio or Working Capital Ratio | Current Assets / Current Liabilities | 1.2 | 1.5 |
| Quick Ratio | (Current Assets - Inventory - Prepaid expense - Biological - Assets held for sale) / Current Liabilities | 0.3 | 0.3 |
| (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 | 3.2 | 3.5 |
| (iii) Asset to Equity Ratio | Total Assets / Total Stockholders' Equity | 4.2 | 4.5 |
| (iv) Interest Coverage | Earnings Before Interest and Taxes (EBIT)** / Interest Charges | 0.8 | 0.5 |
| (v) Profitability Ratios | | | |
| Gross Profit Margin | Sales - Cost of Goods Sold or Cost of Service / Sales | 20.59% | 20.34% |
| Net Profit Margin attributable to owners of the company | Net Profit attributable to owners / Sales | 0.92% | -2.38% |
| Net Profit Margin | Net Profit / Sales | 0.51% | -3.03% |
| Return on Assets | Net Income / Total Assets | 0.30% | -1.90% |
| Return on Equity | Net Income / Total Stockholders' Equity | 1.28% | -8.55% |

* *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 Third Quarter and Nine Months Ended 31 January 2019


For enquiries, please contact:

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

Third Quarter FY2019 results covering the period from 1 November 2018 to 31 January 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 FY2018 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2018, which did not have significant impact to the Group:

- Amendment to IFRS 12, Clarification of the Scope of the Standard (Part of Annual Improvements to IFRSs 2014 - 2017 Cycle)
- Amendments to IAS 7, Statement of Cash Flows, Disclosure Initiative
- Amendments to IAS 12, Income Taxes, Recognition of Deferred Tax Assets for Unrealised Losses

New standards effective 1 May 2018:

- Amendments to IFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4, Insurance Contracts, Applying IFRS 9, Financial Instruments, with IFRS 4
- Amendments to IAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to IFRSs 2014 - 2016 Cycle)
- Amendments to IAS 40, Investment Property, Transfers of Investment Property
- IFRIC-22, Foreign Currency Transactions and Advance Consideration
- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers

The Group will adopt the following new standards:

Applicable 1 May 2019

- IFRS 16, Leases
- IFRIC 23, Uncertainty over Income Tax Treatments
- 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

8 March 2019

## NOTES ON THE 3Q FY2019 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.

## FINANCIAL HIGHLIGHTS – THIRD QUARTER AND NINE MONTHS ENDED 31 JANUARY 2019

| | For the three months ended 31 January | | | For the nine months ended 31 January | | |
|---|---|---|---|---|---|---|
| **in US$'000 unless otherwise stated*** | **Fiscal Year 2019** | **Fiscal Year 2018** | **% Change** | **Fiscal Year 2019** | **Fiscal Year 2018** | **% Change** |
| **With one-off items**** | | | | | | |
| Turnover | **528,723** | 599,783 | (11.8) | **1,522,230** | 1,698,334 | (10.4) |
| Gross profit | **116,626** | 119,149 | (2.1) | **313,361** | 345,413 | (9.3) |
| *Gross margin (%)* | ***22.1*** | *19.9* | *2.2* | ***20.6*** | *20.3* | *0.3* |
| EBITDA | **39,728** | 35,150 | 13.0 | **104,885** | 95,696 | 9.6 |
| Operating profit | **24,227** | 16,715 | 44.9 | **56,234** | 38,957 | 44.3 |
| *Operating margin (%)* | ***4.6*** | *2.8* | *1.8* | ***3.7*** | *2.3* | *1.4* |
| Net profit attributable to owners of the Company | **2,576** | (38,369) | 106.7 | **14,020** | (40,446) | 134.7 |
| *Net margin (%)* | ***0.5*** | *(6.4)* | *6.9* | ***0.9*** | *(2.4)* | *3.3* |
| EPS (US cents) | **(0.12)** | (2.20) | 94.5 | **(0.04)** | (2.65) | 98.5 |
| EPS before Preference Dividends (US cents) | **0.13** | (1.97) | 106.7 | **0.72** | (2.08) | 134.7 |
| **Without one-off items**** | | | | | | |
| Gross profit | **115,975** | 121,451 | (4.5) | **319,918** | 347,715 | (8.0) |
| EBITDA | **40,554** | 46,392 | (12.6) | **112,839** | 131,412 | (14.1) |
| Operating profit | **25,053** | 27,952 | (10.4) | **64,188** | 74,656 | (14.0) |
| Net profit attributable to owners of the Company | **3,040** | 3,425 | (11.2) | **6,607** | 14,918 | (55.7) |
| Net debt | **1,531,394** | 1,605,091 | (4.6) | **1,531,394** | 1,605,091 | (4.6) |
| *Gearing (Net Debt/Equity) (%)* | **251.4** | 266.9 | (15.5) | **251.4** | 266.9 | (15.5) |
| Cash flow from operations | **235,597** | 218,082 | 8.0 | **56,736** | 139,956 | (59.5) |
| Capital expenditure | **53,457** | 32,166 | 66.2 | **101,063** | 67,497 | 49.7 |
| Inventory (days) | **141** | 151 | (10) | **169** | 183 | (14) |
| Receivables (days) | **33** | 30 | 3 | **28** | 24 | 4 |
| Account Payables (days) | **36** | 35 | 1 | **39** | 36 | 3 |

**The Company's reporting currency is US dollars. For conversion to S$, the following exchange rates can be used: 1.36 in January 2019, 1.36 in January 2018. For conversion to Php, these exchange rates can be used: 53.16 in January 2019, 50.67 in January 2018.*

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

## REVIEW OF OPERATING PERFORMANCE

***Third Quarter***

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

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

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

DMFI's commitment to innovation continues to be on track. In synch with trends for health and convenience, DMFI continued to expand its successful launch of the new *Del Monte Fruit & Oats* snack cups, the first shelf stable oatmeal item containing real fruit. This year *Del Monte Fruit & Oats* was voted Product of the Year in the Breakfast Category in the USA, backed by votes of 40,000 consumers in a national representative survey, conducted by research firm Kantar, a global leader in consumer research.

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

In February, DMFI launched the new *Del Monte Citrus Bowls* in the refrigerated produce section. These are grapefruit and citrus salad in 100% juice with longer shelf life than fresh cut fruit. Del Monte will also introduce another innovative product, *Del Monte Fruit Crunch Parfaits*, which feature layers of non-dairy coconut crème, crunchy granola, and a full serving of fruit. For the frozen segment, DMFI will be launching *Del Monte Veggieful Bites* and *Contadina Pizzettas*, frozen snacks made with cauliflower crust, with a full serving of vegetable in five bites. These items are being accepted by retailers across the US and will begin shipping in March and April.

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

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

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

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

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

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

The Group's EBITDA of US$39.7 million was higher than prior year quarter's EBITDA of US$35.1 million. This quarter's EBITDA included a US$0.7 million one-off net expenses mainly related to the closures of several facilities in the US. In the same period last year, these plant closures and Sager Creek divestiture, which were part of the Group's strategy to improve operational excellence and streamline operations, largely resulted in one-off expenses amounting to US$11.2 million pre-tax. Without the one-off adjustments, the Group recurring EBITDA was US$40.6 million. It was lower versus prior year quarter's recurring EBITDA of US$46.4 million due to the factors mentioned above. Please refer to the last page of this MD&A for a schedule of the one-off items.

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

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

The Group's cash flow from operations in the third quarter was US$235.6 million, higher than last year's US$218.1 million driven by higher trade payables and lower current portion of biological assets.

***Nine Months***

For the nine months of FY2019, the Group generated sales of US$1.5 billion, down 10.4% versus prior year period. DMFI generated US$1.1 billion or 73% of Group sales, lower by 12.6% largely driven by the divestiture of the Sager Creek vegetable business in September 2017, lower volume of retail branded products due to promotion reduction and distribution losses. There was also a decline in non-branded products which was in line with DMFI's strategy, partially offsetting lower retail trade spend.

The Company's thrust on innovation continued. Following the success of *Del Monte Fruit Refreshers* and *Del Monte Fruit & Chia*, *Del Monte Fruit & Oats* was launched in the USA in June 2018. *Del Monte Fruit & Oats* combines healthy fruit and wholesome oats in a cup, is delicious, filling as well as convenient for breakfast and snack. As mentioned above, *Del Monte Fruit & Oats* was voted Product of the Year in the Breakfast Category in the USA. The Group also entered new product categories for foodservice with shipments of *Riced Cauliflower* and other vegetables with broadly positive industry reception.

DMFI's gross margin for the nine-month period increased to 16.5% from 15.5% in the same period last year driven by lower trade spend, higher USDA pricing and favourable sales mix, partially offset by higher costs.

As part of the Group's strategy to improve operational excellence and streamline operations, DMFI divested its underperforming Sager Creek vegetable business and also shut its Plymouth, Indiana tomato production facility in FY2018. These resulted in incremental one-off expenses amounting to US$8.0 million pre-tax in the nine months, mostly for Sager Creek. Please refer to the last page of this MD&A for a schedule of the one-off items.

Excluding the one-off items, DMFI contributed an EBITDA of US$34.3 million and a net loss of US$47.3 million to the Group.

The Philippine market sales were down 3.3% and 7.8% in peso and US terms, respectively. Decline was mainly in the general trade and mixed fruit categories as a result of operational issues and distributor transition. Decline in sales was further driven by unfavourable sales mix in the Philippines and higher direct promotion spending. These were partly offset by price increases implemented across several categories in line with inflation.

The S&W branded sales in Asia and the Middle East were higher versus last year driven by S&W fresh pineapple which grew significantly by 17.3% due to higher volume. This was partly offset by lower sales of the packaged segment mostly in North Asia and Turkey.

The Group's Nice Fruit joint venture successfully launched frozen pineapple spears in 7-Eleven Japan last June. Individually packaged and known as *Pineapple Stick*, it is positioned as an on-the-go healthy snack placed in the store's chiller section, and has received good consumer response. The JV followed this with the launch of frozen pineapple chunks called *Golden Pineapple* in the same convenience store chain in November.

DMPL ex-DMFI posted lower gross profit and margin of 28.3% from 31.0% in the prior year period due to unfavourable impact of lower, cyclical PJC pricing, unfavourable sales mix and higher product costs. These were partly offset by price increases in the Philippine market in line with inflation. DMPL ex-DMFI generated an EBITDA of US$72.8 million which was lower by 15.5% and a net income of US$33.7 million, lower versus the US$45.8 million in the same period last year driven by lower margin as explained above partially offset by lower operating expenses.

DMPL's share in the Field Fresh joint venture in India was favourable at US$0.2 million profit, a significant improvement from the US$0.4 million loss in the prior year period due to higher sales and margins.

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

Despite lower gross profit, the Group posted higher operating profit than prior year period due to lower marketing and administrative expenses in the US. The one-off expenses related to the sale of the Sager Creek vegetable business and closure of two plants in the USA amounted to US$8.0 million pre-tax or US$5.4 million post-tax in the nine months. Please refer to the last page of this MD&A for a schedule of the one-off expenses.

The Group reported a net income of US$14.0 million for the nine months, favourable compared to the prior year period's net loss of US$40.4 million. This period's one-off adjustments from DMFI's continued restructuring initiatives and sale of Sager Creek were more than offset by the one-off gain worth US$16.3 million pre-tax or US$12.9 million post-tax from the purchase in May 2018 of US$99.0 million of DMFI's second lien loan at a discount in the secondary market. Total loans bought back including the one from FY2018 amounted to US$225 million out of the total US$260 million.

Without the one-off items, the Group reported a recurring net income of US$6.6 million as compared to last year's net income of US$14.9 million. The change in tax rate in the US from 35% to 21% lowered the recurring net income by US$6.6 million.

The Group posted an EBITDA of US$104.9 million of which DMFI accounted for US$26.4 million. Excluding one-off expenses, the Group's EBITDA would have been US$112.8 million, 14.3% lower versus the recurring EBITDA of US$131.6 million in the prior year period.

The Group reduced its gearing to 2.5x equity as of 31 January 2019, from 2.7x in prior year period, primarily due to reduction in inventory in DMFI and the purchase of DMFI loans at a discount in the fourth quarter of FY2018 and in the first quarter of FY2019.

The Group's cash flow from operations in the nine months was US$56.7 million, lower versus last year's cash flow of US$140.0 million driven by lower trade payables and higher other noncurrent assets.

## VARIANCE FROM PROSPECT STATEMENT

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

## BUSINESS OUTLOOK

DMFI faces headwinds due to shifts in consumer demographics, shifts in the way American consumers are eating and shopping, as well as shifts in consumer preferences. It will continue to build on its Del Monte brand heritage and will realign its business with those consumer trends over time. It will continue to optimise its cost structure and invest in a multiyear restructuring project for its operations and supply chain footprint to more efficiently support its commercial strategy.

With the four new joint ventures with Fresh Del Monte Produce Inc, DMFI has the potential to greatly extend the reach of the Del Monte brand to the growing store perimeter while allowing both companies to optimise economies of scale. Business plans are being finalised for the joint ventures in chilled juices, guacamole and avocado products, and retail food and beverage outlets, while business plans are being executed for prepared refrigerated fruit snacks.

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

The Nice Fruit frozen pineapple plant is in operation, with trial shipments to key markets.

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 FY2019.

## REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

### AMERICAS

**For the third quarter ended 31 January**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit/(Loss) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg |
| Packaged fruit | **145,712** | 156,664 | (7.0) | **26,542** | 26,841 | (1.1) | **1,112** | 3,669 | (69.7) |
| Packaged vegetable | **160,195** | 203,830 | (21.4) | **28,627** | 29,940 | (4.4) | **841** | (9,896) | 108.5 |
| Beverage | **2,629** | 5,796 | (54.6) | **114** | (1,446) | 107.9 | **(1,127)** | (2,571) | 56.2 |
| Culinary | **75,513** | 84,443 | (10.6) | **16,939** | 16,222 | 4.4 | **(285)** | 1,051 | (127.1) |
| Others | **923** | 746 | 23.7 | **231** | 214 | 7.9 | **53** | 65 | (18.5) |
| Total | **384,972** | 451,479 | (14.7) | **72,453** | 71,771 | 1.0 | **594** | (7,682) | 107.7 |

**For the nine months ended 31 January**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit/(Loss) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg |
| Packaged fruit | **457,626** | 466,260 | (1.9) | **74,455** | 78,629 | (5.3) | **(2,963)** | (857) | (245.7) |
| Packaged vegetable | **449,073** | 571,742 | (21.5) | **77,368** | 92,345 | (16.2) | **(885)** | (12,572) | 93.0 |
| Beverage | **11,815** | 16,259 | (27.3) | **537** | 689 | (22.1) | **(3,066)** | (3,434) | 10.7 |
| Culinary | **187,546** | 213,192 | (12.0) | **39,047** | 36,948 | 5.7 | **3,137** | (13,441) | 123.3 |
| Others | **2,945** | 1,684 | 74.9 | **749** | 414 | 80.9 | **108** | 101 | 6.9 |
| Total | **1,109,005** | 1,269,137 | (12.6) | **192,156** | 209,025 | (8.1) | **(3,669)** | (30,203) | 87.9 |

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 14.7% to US$385.0 million driven by the divestiture of the Sager Creek vegetable business in September 2017, lower volume of retail branded products as a result of price increase, promotion reduction and distribution losses. There was also a decline in sales of non-branded products which was in line with DMFI's strategy. These were partly offset by the decrease in retail trade spend. Stripping out Sager Creek's sales, sales in the Americas would have been down by 6.8%.

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

Consumers can expect further innovation from the brand as Del Monte continues to diversify beyond the canned goods aisle. DMFI is launching four innovative products in adjacent categories – the refrigerated produce and frozen sections. Please refer to page 4 for more details.

Gross profit was lower than prior year impacted by higher pack costs and procurement costs, partly offset by lower trade spend.

Americas reported a higher operating income for the quarter of US$0.6 million versus prior year quarter's operating loss of US$7.7 million due to lower trade and marketing spend, partly offset by higher cost of goods sold.

**ASIA PACIFIC**

**For the third quarter ended 31 January**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg |
| Packaged fruit | **27,478** | 34,303 | (19.9) | **8,632** | 11,624 | (25.7) | **4,962** | 7,471 | (33.6) |
| Packaged vegetable | **149** | 309 | (51.8) | **(12)** | 97 | (112.4) | **(25)** | 58 | (143.1) |
| Beverage | **32,054** | 34,336 | (6.6) | **7,128** | 8,965 | (20.5) | **1,591** | 2,689 | (40.8) |
| Culinary | **36,930** | 37,416 | (1.3) | **13,565** | 14,588 | (7.0) | **7,059** | 7,698 | (8.3) |
| Fresh fruit and others | **41,802** | 33,779 | 23.8 | **15,739** | 10,732 | 46.7 | **11,528** | 5,996 | 92.3 |
| Total | **138,413** | 140,143 | (1.2) | **45,052** | 46,006 | (2.1) | **25,115** | 23,912 | 5.0 |

**For the nine months ended 31 January**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg | FY2019 | FY2018 | % Chg |
| Packaged fruit | **81,120** | 103,270 | (21.4) | **23,747** | 32,843 | (27.7) | **12,986** | 20,115 | (35.4) |
| Packaged vegetable | **1,030** | 1,005 | 2.5 | **231** | 315 | (26.7) | **166** | 215 | (22.8) |
| Beverage | **90,253** | 95,323 | (5.3) | **20,438** | 26,612 | (23.2) | **2,798** | 7,430 | (62.3) |
| Culinary | **98,647** | 100,989 | (2.3) | **37,166** | 40,080 | (7.3) | **20,110** | 22,174 | (9.3) |
| Fresh fruit and others | **120,371** | 105,244 | 14.4 | **40,821** | 30,992 | 31.7 | **27,142** | 16,369 | 65.8 |
| Total | **391,421** | 405,831 | (3.6) | **122,403** | 130,842 | (6.4) | **63,202** | 66,303 | (4.7) |

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 third quarter decreased by 1.2% to US$138.4 million from US$140.1 million mainly due to decreased exports of processed pineapple products and unfavourable sales mix in the Philippines. The sales of Del Monte packaged fruit declined in the Philippines, and S&W packaged sales in North Asia and Middle East were also impacted.

Sales in the Philippines domestic market were down in both peso and US dollar terms by 6.1% and 9.8%, respectively, mainly in the general trade and mixed fruit categories as a result of operational and transition issues. Key foodservice channels continued to grow. Price increases were implemented across several categories to offset the impact of sugar tax and mitigate inflation.

**EUROPE**

**For the third quarter ended 31 January**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit/(Loss) | | |
|---|---|---|---|---|---|---|---|---|---|
| | **FY2019** | **FY2018** | **% Chg** | **FY2019** | **FY2018** | **% Chg** | **FY2019** | **FY2018** | **% Chg** |
| Packaged fruit | **3,470** | 6,510 | (46.7) | **296** | 2,057 | (85.6) | **(105)** | 1,297 | (108.1) |
| Beverage | **1,868** | 1,651 | 13.1 | **(1,175)** | (685) | (71.5) | **(1,377)** | (812) | (69.6) |
| Total | **5,338** | 8,161 | (34.6) | **(879)** | 1,372 | (164.1) | **(1,482)** | 485 | (405.6) |

**For the nine months ended 31 January**

| In US$'000 | Turnover | | | Gross Profit | | | Operating Profit/(Loss) | | |
|---|---|---|---|---|---|---|---|---|---|
| | **FY2019** | **FY2018** | **% Chg** | **FY2019** | **FY2018** | **% Chg** | **FY2019** | **FY2018** | **% Chg** |
| Packaged fruit | **13,994** | 17,755 | (21.2) | **2,558** | 6,550 | (60.9) | **1,250** | 4,537 | (72.4) |
| Beverage | **7,810** | 5,611 | 39.2 | **(3,756)** | (1,004) | (274.1) | **(4,549)** | (1,680) | (170.8) |
| Total | **21,804** | 23,366 | (6.7) | **(1,198)** | 5,546 | (121.6) | **(3,299)** | 2,857 | (215.5) |

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

For the third quarter ended January 31, 2019, Europe's sales were down by 34.6% to US$5.3 million from US$8.2 million mainly on lower volume of beverage and unfavourable pricing for canned pineapples. Gross profit and operating profit decreased by 164.1% and 405.6%, respectively, driven by lower price and volume.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

| ***% of Turnover*** | **For the three months ended 31 January** | | | **For the nine months ended 31 January** | | |
|---|---|---|---|---|---|---|
| | **FY2019** | FY2018 | **Comments** | **FY2019** | FY2018 | **Comments** |
| Cost of Goods Sold | **77.9** | 80.1 | Lower trade spend and favourable mix in DMFI | **79.4** | 79.7 | Driven by lower sales of DMPL ex-DMFI |
| Distribution and Selling Expenses | **11.7** | 10.4 | Higher advertising expense and distribution costs | **10.4** | 10.1 | Same as 3Q |
| G&A Expenses | **5.5** | 7.3 | Lower personnel costs, professional fees, and contracted services | **6.6** | 7.7 | Same as 3Q |
| Other Operating Income | **0.3** | (0.7) | Higher miscellaneous income from sale of assets written down from the closures of several facilities in the US | **(0.1)** | 0.2 | Same as 3Q |

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

| in US$'000 | For the three months ended 31 January | | | | For the nine months ended 31 January | | | |
|---|---|---|---|---|---|---|---|---|
| | **FY2019** | FY2018 | % | **Comments** | **FY2019** | FY2018 | % | **Comments** |
| Depreciation and amortisation | **(35,245)** | (39,755) | (11.3) | Mainly due to lower asset base due to plant disposal | **(100,430)** | (112,025) | (10.4) | Same as 3Q |
| Provision of asset impairment | **(167)** | (410) | (59.3) | Impairment loss mainly on Sager Creek assets which was higher in FY2018 | **(1,425)** | (22,301) | (93.6) | Same as 3Q |
| Reversal/(provision) for inventory obsolescence | **(1,797)** | (1,097) | 63.8 | Higher provision for processed pineapple and Contadina products | **(2,148)** | (1,685) | 27.5 | Due to reversal of provision for PJC |
| Reversal/(Provision) for doubtful debts | **(4)** | 33 | (112.1) | Higher provision for non-trade receivables | **(65)** | 255 | (125.5) | Same as 3Q |
| Net gain/(loss) on disposal of fixed assets | **(598)** | (321) | 86.3 | Mainly due to disposal of assets related to DMFI plant closures | **2,507** | 11,831 | (78.8) | Same as 3Q |
| Foreign exchange gain-net | **(1,175)** | 88 | (1,435.2) | Lower favourable impact of peso depreciation for the quarter | **282** | 3,602 | (92.2) | Same as 3Q |
| Interest income | **618** | 148 | 317.6 | Mainly due to gain on purchase of DMFI's 2nd lien loans | **18,439** | 389 | 4,640.1 | Same as 3Q |
| Interest expense | **(25,051)** | (25,580) | (2.1) | Lower level of borrowings due to purchase of 2nd lien loans of DMFI refinanced through loans with lower interest rates | **(72,791)** | (77,865) | (6.5) | Same as 3Q |
| Share of loss of JV, (attributable to the owners of the Company) | **33** | (74) | (144.6) | Lower operating expenses of Nice Fruit | **(437)** | (1,197) | (63.5) | Turnaround in FieldFresh results due to higher sales |
| Tax benefit | **2,114** | (36,141) | (105.8) | Due to write-off of non-cash deferred tax assets in DMFI last year | **6,064** | (15,311) | (139.6) | Same as 3Q |

## REVIEW OF GROUP ASSETS AND LIABILITIES

| **Extract of Accounts with Significant Variances** | **31 January 2019** | **31 January 2018** | **30 April 2018** | **Comments** |
|---|---|---|---|---|
| ***in US$'000*** | | | | |
| Joint venture | **24,764** | **26,122** | 25,195 | Due to share in the net loss of Nice Fruit |
| Deferred tax assets | **94,734** | **80,896** | 79,829 | Due to higher future tax benefits from loss carryforwards of DMFI |
| Other assets | **50,813** | **47,952** | 41,223 | Due to receivable from sale of plant assets, higher land development costs and higher advances to growers |
| Biological assets | **52,441** | **44,784** | 43,592 | Favourable fair value adjustment in biological assets |
| Inventories | **750,415** | **905,003** | 760,981 | Lower inventory level at DMFI |
| Trade and other receivables | **191,217** | **213,342** | 161,627 | Due to timing of collection |
| Prepaid and other current assets | **29,811** | **29,221** | 30,782 | Higher prepaid rent |
| Cash and cash equivalents | **65,172** | **41,782** | 24,246 | Mainly due to higher borrowings |
| Financial liabilities – non-current | **935,903** | **1,165,680** | 983,603 | Due to additional purchase of DMFI 2nd lien term loans |
| Other non-current liabilities | **30,795** | **36,300** | 35,195 | Lower derivatives and workers compensation |
| Employee benefits– non-current | **71,764** | **90,110** | 76,905 | Due to lower employee retirement plan of DMFI |
| Financial liabilities – current | **660,663** | **481,193** | 481,620 | Due to working capital requirements |
| Trade and other payables | **213,045** | **275,968** | 276,618 | Due to lower trade payables of DMFI |
| Current tax liabilities | **4,577** | **7,089** | 2,008 | Due to timing of tax payment |

## SHARE CAPITAL

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

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

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

The Company does not have any subsidiary holdings as at 31 January 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 | As at 31 January 2019 | As at 31 January 2018 | As at 30 April 2018 |
|---|---|---|---|
| Gross borrowings | **(1,596,566)** | (1,646,873) | (1,465,223) |
| Current | **(660,663)** | (481,193) | (481,620) |
| Secured | **(225,441)** | (134,160) | (10,416) |
| Unsecured | **(435,222)** | (347,033) | (471,204) |
| Non-current | **(935,903)** | (1,165,680) | (983,603) |
| Secured | **(694,664)** | (923,830) | (796,019) |
| Unsecured | **(241,239)** | (241,850) | (187,584) |
| *Less:* Cash and bank balances | **65,172** | 41,782 | 24,246 |
| Net debt | **(1,531,394)** | (1,605,091) | (1,440,977) |

The Group's net debt (cash and bank balances less borrowings) amounted to US$1.5 billion as at 31 January 2019, lower than last year due to payment of borrowings, including the extinguishment of DMFI's second lien loans amounting to US$225.0 million purchased from the secondary market at a discount.

## 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 October 2018, based on first half FY2018 results, and paid on 8 October 2018.

## INTERESTED PERSON TRANSACTIONS

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

| **In US$'000**<br><br>**For the third quarter of the fiscal year** | **Aggregate value of all IPTs (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)** | | **Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)** | |
|---|---|---|---|---|
| | **FY2019** | FY2018 | **FY2019** | FY2018 |
| NutriAsia, Inc | **–** | – | **759** | 1,101 |
| DMPI Retirement Fund | **–** | – | **1,414** | 1,306 |
| NutriAsia, Inc Retirement Fund | **–** | – | **352** | 409 |
| **Aggregate Value** | **–** | – | **2,525** | 2,816 |

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

| Amounts in US$'000 | For the three months ended 31 January | | | For the nine months ended 31 January | | |
|---|---|---|---|---|---|---|
| | **FY2019 (Unaudited)** | FY2018 (Unaudited) | % | **FY2019 (Unaudited)** | FY2018 (Unaudited) | % |
| Turnover | **528,723** | 599,782 | (11.8) | **1,522,230** | 1,698,334 | (10.4) |
| Cost of sales | **(412,097)** | (480,633) | (14.3) | **(1,208,869)** | (1,352,921) | (10.6) |
| **Gross profit** | **116,626** | 119,149 | (2.1) | **313,361** | 345,413 | (9.3) |
| Distribution and selling expenses | **(61,879)** | (62,424) | (0.9) | **(158,741)** | (171,234) | (7.3) |
| General and administration expenses | **(29,185)** | (44,002) | (33.7) | **(100,259)** | (131,591) | (23.8) |
| Other operating income/(loss) | **(1,335)** | 3,992 | 133.4 | **1,873** | (3,631) | (151.6) |
| **Profit from operations** | **24,227** | 16,715 | 44.9 | **56,234** | 38,957 | 44.3 |
| Financial income* | **(644)** | 236 | (372.9) | **19,128** | 4,312 | 343.6 |
| Financial expense* | **(24,964)** | (25,580) | (2.4) | **(73,198)** | (78,186) | (6.4) |
| **Net finance expense** | **(25,608)** | (25,344) | 1.0 | **(54,070)** | (73,874) | (26.8) |
| Share in net loss of joint venture, net of tax | **33** | (70) | 147.1 | **(429)** | (1,218) | 64.8 |
| **Profit /(loss) before taxation** | **(1,348)** | (8,699) | (84.5) | **1,735** | (36,135) | (104.8) |
| Taxation | **2,114** | (36,141) | (105.8) | **6,064** | (15,311) | (139.6) |
| **Profit/(loss) after taxation** | **766** | (44,840) | (101.7) | **7,799** | (51,446) | (115.2) |
| **Profit(loss) attributable to:** | | | | | | |
| Owners of the Company | **2,576** | (38,369) | (106.7) | **14,020** | (40,446) | (134.7) |
| Non-controlling interest** | **(1,810)** | (6,471) | (72.0) | **(6,222)** | (11,000) | (43.4) |
| **Profit/(loss) for the period** | **766** | (44,840) | (101.7) | **7,798** | (51,446) | (115.2) |
| **Notes:** | | | | | | |
| Depreciation and amortisation | **(35,245)** | (39,755) | (11.3) | **(100,430)** | (112,025) | (10.4) |
| Provision of asset impairment | **(167)** | (410) | (59.3) | **(1,425)** | (22,301) | (93.6) |
| (Provision)/reversal for inventory | **(1,797)** | (1,097) | 63.8 | **(2,148)** | (1,685) | 27.5 |
| Provision for doubtful debts | **(4)** | 33 | (112.1) | **(65)** | 255 | (125.5) |
| Loss on disposal of fixed assets | **(598)** | (321) | 86.3 | **2,507** | 11,831 | (78.8) |
| ***Financial income comprise:** | | | | | | |
| Interest income | **618** | 148 | 317.6 | **18,439** | 389 | 4,640.1 |
| Foreign exchange gain | **(1,262)** | 88 | (1,534.1) | **689** | 3,923 | (82.4) |
| | **(644)** | 236 | (372.9) | **19,128** | 4,312 | 343.6 |
| ***Financial expense comprise:** | | | | | | |
| Interest expense | **(25,051)** | (25,580) | (2.1) | **(72,791)** | (77,866) | (6.5) |
| Foreign exchange loss | **87** | – | n.m. | **(407)** | (320) | 26.8 |
| | **(24,964)** | (25,580) | (2.4) | **(73,198)** | (78,186) | (6.4) |

*n.m. – not meaningful*

| **Earnings per ordinary share in US cents** | For the three months ended 31 January | | For the nine months ended 31 January | |
|---|---|---|---|---|
| | **FY2019** | FY2018 | **FY2019** | FY2018 |
| Earnings per ordinary share based on net profit attributable to shareholders: | | | | |
| (i) Based on weighted average no. of ordinary shares | **(0.12)** | (2.20) | **(0.04)** | (2.65) |
| (ii) On a fully diluted basis | **(0.12)** | (2.20) | **(0.04)** | (2.65) |

***Includes (US$6,230m) for DMFI and US$9m for FieldFresh in the nine months ended FY2019 and (US$10,978m) for DMFI and (US$20m) for FieldFresh in the nine months ended of FY2018.*
***Includes (US$1,810m) for DMFI and US$0.5m for FieldFresh in the third quarter of FY2019 and (US$6,475m) for DMFI and US$5m for FieldFresh in the third quarter of FY2018.*

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

| Amounts in US$'000 | For the nine months ended 31 Jan | | |
|---|---|---|---|
| | FY2019 | FY2018 | % |
| **Loss for the period** | **7,799** | (51,446) | (115.2) |
| **Other comprehensive income/(loss) (after reclassification adjustment):** | | | |
| ***Items that will or may be reclassified subsequently to profit or loss*** | | | |
| Exchange differences on translating of foreign operations | **(2,343)** | (10,772) | (78.2) |
| Effective portion of changes in fair value of cash flow hedges | **1,219** | 6,939 | (82.4) |
| Income tax benefit on cash flow hedge | **(299)** | (3,512) | (91.5) |
| | **(1,423)** | (7,345) | (80.6) |
| ***Items that will not be classified to profit or loss*** | | | |
| Remeasurement of retirement benefit | **5,543** | 3,827 | 44.8 |
| Income tax benefit (expense) on retirement benefit | **(1,289)** | (1,872) | (31.1) |
| | **4,254** | 1,955 | 117.6 |
| **Other comprehensive loss for the period** | **2,831** | (5,390) | (152.5) |
| **Total comprehensive loss for the period** | **10,630** | (56,836) | (118.7) |
| **Attributable to:** | | | |
| Owners of the Company | **16,287** | (46,431) | (135.1) |
| Non-controlling interests | **(5,657)** | (10,405) | (45.6) |
| **Total comprehensive loss for the period** | **10,630** | (56,836) | (118.7) |

*nm – not meaningful*

*Please refer to page 3 for the Notes*

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

| Amounts in US$'000 | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 Jan 2019 (Unaudited) | 31 Jan 2018 (Unaudited) | 30 April 2018 (Audited) | 31 Jan 2019 (Unaudited) | 31 Jan 2018 (Unaudited) | 30 April 2018 (Audited) |
| **Non-Current Assets** | | | | | | |
| Property, plant and equipment | 572,367 | 594,036 | 610,889 | – | – | – |
| Subsidiaries | – | – | – | 728,833 | 750,880 | 707,644 |
| Joint ventures | 24,764 | 26,122 | 25,195 | 1,037 | 2,665 | 1,636 |
| Intangible assets and goodwill | 709,660 | 716,318 | 714,651 | – | – | – |
| Other noncurrent assets | 50,813 | 47,952 | 41,223 | – | – | – |
| Deferred tax assets – net | 94,734 | 80,896 | 79,829 | 15 | 8 | 9 |
| Employee benefits | 11,348 | 4,610 | 10,607 | – | | – |
| Biological assets | 1,674 | 1,547 | 1,629 | – | – | – |
| Due from a related party | – | – | – | 175,421 | – | 88,880 |
| | 1,470,589 | 1,471,481 | 1,484,023 | 905,306 | 753,553 | 798,169 |
| **Current Assets** | | | | | | |
| Inventories | 750,415 | 905,003 | 760,981 | – | – | – |
| Biological assets | 50,767 | 43,237 | 41,963 | – | – | – |
| Trade and other receivables | 191,217 | 213,342 | 161,627 | 177,754 | 105,038 | 180,948 |
| Prepaid and other current assets | 29,811 | 29,221 | 30,782 | 205 | 292 | 212 |
| Cash and cash equivalents | 65,172 | 41,782 | 24,246 | 384 | 8,987 | 2,709 |
| | 1,087,382 | 1,232,585 | 1,019,599 | 178,343 | 114,317 | 183,869 |
| Noncurrent assets held for sale | 13,550 | – | 5,504 | – | – | – |
| | 1,100,932 | 1,232,585 | 1,025,103 | 178,343 | 114,317 | 183,869 |
| **Total Assets** | 2,566,292 | 2,704,066 | 2,509,126 | 1,083,649 | 867,870 | 982,038 |
| **Equity attributable to equity holders of the Company** | | | | | | |
| Share capital | 49,449 | 39,449 | 49,449 | 49,449 | 49,449 | 49,449 |
| Retained earnings | 99,651 | 100,217 | 95,505 | 99,651 | 100,216 | 95,505 |
| Reserves | 416,852 | 410,535 | 414,241 | 416,990 | 400,848 | 414,380 |
| Equity attributable to owners of the Company | 565,952 | 550,201 | 559,195 | 566,090 | 550,513 | 559,334 |
| Non-controlling interest | 43,288 | 51,245 | 49,065 | – | – | – |
| **Total Equity** | 609,240 | 601,446 | 608,260 | 566,090 | 550,513 | 559,334 |
| **Non-Current Liabilities** | | | | | | |
| Loans and borrowings | 935,903 | 1,165,680 | 983,603 | 183,729 | 183,410 | 129,594 |
| Other non-current liabilities | 30,795 | 36,300 | 35,195 | – | – | – |
| Employee benefits | 71,764 | 90,110 | 76,905 | – | – | 3 |
| Environmental remediation liabilities | 689 | 4,346 | 144 | – | – | – |
| Deferred tax liabilities | 8,231 | 2,921 | 7,128 | – | – | – |
| | 1,047,382 | 1,299,357 | 1,102,975 | 183,729 | 183,410 | 129,597 |

*To be continued*

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

| **Amounts in US$'000** | **Group** | | | **Company** | | |
|---|---|---|---|---|---|---|
| | **31 Jan 2019 (Unaudited)** | **31 Jan 2018** (Unaudited) | **30 April 2018** (Audited) | **31 Jan 2019 (Unaudited)** | **31 Jan 2018** (Unaudited) | **30 April 2018** (Audited) |
| **Current Liabilities** | | | | | | |
| Trade and other payables | **213,045** | 378,613 | 276,618 | **109,894** | 98,439 | 87,073 |
| Loans and borrowings | **660,663** | 614,501 | 481,620 | **223,936** | 35,532 | 206,034 |
| Current tax liabilities | **4,577** | 2,531 | 2,008 | – | (35) | – |
| Employee benefits | **31,385** | 39,013 | 37,645 | – | 11 | – |
| | **909,670** | 803,263 | 797,891 | **333,830** | 133,947 | 293,107 |
| **Total Liabilities** | **1,957,052** | 2,102,620 | 1,900,866 | **517,559** | 317,357 | 422,704 |
| **Total Equity and Liabilities** | **2,566,292** | 2,704,066 | 2,509,126 | **1,083,649** | 867,870 | 982,038 |
| NAV per ordinary share (US cents) | **29.80** | 29.40 | 29.75 | **27.58** | 26.77 | 27.23 |
| NTAV per ordinary share (US cents) | **(6.71)** | (7.45) | (7.02) | **27.58** | 26.77 | 27.23 |

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

| | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasure-ment of retirement plan | Hedging Reserve | Share Option reserve | Revenue reserve | Reserve for own shares | Totals | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Group** | | | | | | | | | | | | |
| **Fiscal Year 2019** | | | | | | | | | | | | |
| At 1 May 2018, as previously stated | 49,449 | 478,323 | (91,515) | 10,885 | 18,225 | (2,764) | 1,373 | 95,505 | (286) | 559,195 | 49,065 | 608,260 |
| **Total comprehensive income for the period** | | | | | | | | | | | | |
| Profit/(Loss) for the period | – | – | – | – | – | – | – | 14,021 | – | 14,021 | (6,222) | 7,799 |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (2,364) | – | – | – | – | – | – | (2,364)) | 21 | (2,343) |
| Remeasurement of retirement plan | – | – | – | – | 3,807 | – | – | – | – | 3,807 | 447 | 4,254 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | 823 | – | – | – | 823 | 97 | 920 |
| **Total other comprehensive income/(loss)** | – | – | (2,364) | – | 3,807 | 823 | – | – | – | 2,266 | 565 | 2,831 |
| **Total comprehensive loss for the period** | – | – | (2,364) | – | 3,807 | 823 | – | 14,021 | – | 16,287 | (5,657) | 10,630 |
| **Transactions with owners recorded directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Transaction costs related to the issuance of preference share | – | 16 | – | – | – | – | – | – | – | 16 | – | 16 |
| Payment of dividends | – | – | – | – | – | – | – | (9,875) | – | (9,875) | – | (9,875) |
| Value of employee services received for issue of share options | – | – | – | – | – | – | 329 | – | – | 329 | (120) | 209 |
| **Total contributions by and distributions to owners** | – | 16 | – | – | – | – | 329 | (9,875) | – | (9,530) | (126) | (9,650) |
| **At 31 January 2019** | **49,449** | **478,339** | **(93,879s)** | **10,885** | **22,032** | **(1,941)** | **1,702** | **99,651** | **(286)** | **565,952** | **43,288** | **609,240** |

## DEL MONTE PACIFIC LIMITED

## UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

| | Share capital | Share premium | Translation reserve | Revaluation reserve | Remeasurement of retirement plan | Hedging Reserve | Share Option reserve | Revenue reserve | Reserve for own shares | Totals | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **Group** | | | | | | | | | | | | |
| **Fiscal Year 2018** | | | | | | | | | | | | |
| At 1 May 2017 | 39,449 | 390,320 | (78,087) | 10,885 | 1,808 | (7,443) | 1,779 | 159,169 | (802) | 517,078 | 61,477 | 578,555 |
| **Total comprehensive income for the period** | | | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | – | (40,446) | – | (40,446) | (11,000) | (51,446) |
| **Other comprehensive income** | | | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (10,774) | – | – | – | – | – | – | (10,774) | 2 | (10,772) |
| Remeasurement of retirement plan | – | – | – | – | 1,724 | – | – | – | – | 1,724 | 231 | 1,955 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | 3,065 | – | – | – | 3,065 | 362 | 3,427 |
| **Total other comprehensive income** | – | – | (10,774) | – | 1,724 | 3,065 | – | – | – | (5,985) | 595 | (5,390) |
| **Total comprehensive (loss)/income for the period** | – | – | (10,774) | – | 1,724 | 3,065 | – | (40,446) | – | (46,431) | (10,405) | (56,836) |
| **Transactions with owners recorded directly in equity** | | | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | | | |
| Value of employee services received for issue of share options | – | – | – | – | – | – | 146 | – | – | 146 | 172 | 318 |
| Issuance of new ordinary/preference shares | 10,000 | 90,000 | – | – | – | – | – | – | – | 100,000 | – | 100,000 |
| Transaction cost from issue of preference shares | – | (2,085) | – | – | – | – | – | – | – | (2,085) | – | (2,085) |
| Release of share awards | – | (50) | – | – | – | – | (466) | – | 516 | – | – | – |
| Payment of Dividends | – | – | – | – | – | – | – | (18,507) | – | (18,507) | – | (18,507) |
| **Total contributions by and distributions to owners** | 10,000 | 87,865 | – | – | – | – | (320) | (18,507) | 516 | 79,554 | 172 | 79,726 |
| **At 31 January 2018** | **49,449** | **478,185** | **(88,861)** | **10,885** | **3,532** | **(4,378)** | **1,459** | **100,216** | **(286)** | **550,201** | **51,244** | **601,445** |

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

| Company | Share Capital US$'000 | Share Premium US$'000 | Translation Reserve US$'000 | Revaluation reserve US$'000 | Remeasure-ment retirement plan US$'000 | Share option reserve US$'000 | Hedging Reserve US$'000 | Reserve for own shares US$'000 | Retained earnings US$'000 | Total Equity US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year 2019** | | | | | | | | | | |
| At 1 May 2018 | 49,449 | 478,462 | (91,515) | 10,885 | 18,225 | 1,373 | (2,764) | (286) | 95,505 | 559,334 |
| **Total comprehensive income for the period** | | | | | | | | | | |
| Profit for the period | – | – | – | – | – | – | – | – | 14,021 | 14,021 |
| **Other comprehensive income** | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (2,364) | – | – | – | – | – | – | (2,364) |
| Remeasurement of retirement plan | – | – | – | – | 3,807 | – | – | – | – | 3,807 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | – | 823 | – | – | 823 |
| **Total other comprehensive income** | – | – | (2,364) | – | 3,807 | – | 823 | – | – | 2,266 |
| **Total comprehensive loss for the period** | – | – | (2,364) | – | 3,807 | – | 823 | – | 14,021 | 16,287 |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | |
| Value of employee services received for issue of share options | – | – | – | – | – | 329 | – | – | – | 329 |
| Refund of transaction costs related to the issuance of share capital | – | 15 | – | – | – | – | – | – | – | 15 |
| Dividends | – | – | – | – | – | – | – | – | (9,875) | (9,875) |
| Total contributions by and distributions to owners | – | 15 | – | – | – | 329 | – | – | (9,875) | (9,531) |
| **At 31 January 2019** | **49,449** | **478,477** | **(93,879)** | **10,885** | **22,032** | **1,702** | **(1,941)** | **(286)** | **99,651** | **566,090** |

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

| **Company** | **Share capital** | **Share premium** | **Translation Reserve** | **Revaluation Reserve** | **Remeasure -ment retirement plan** | **Share Option Reserve** | **Hedging Reserve** | **Reserve for own shares** | **Retained earnings** | **Total Equity** |
|---|---|---|---|---|---|---|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **Fiscal Year 2018** | | | | | | | | | | |
| At 1 May 2017 | 39,449 | 390,459 | (78,087) | 10,885 | 1,808 | 1,779 | (7,443) | (802) | 159,169 | 517,217 |
| **Total comprehensive loss for the period** | | | | | | | | | | |
| Loss for the period | – | – | – | – | – | – | – | – | (40,446) | (40,446) |
| **Other comprehensive income** | | | | | | | | | | |
| Currency translation differences recognised directly in equity | – | – | (10,774) | – | – | – | – | – | – | (10,774) |
| Remeasurement of retirement plan | – | – | – | – | 1,724 | – | – | – | – | 1,724 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | – | – | – | 3,065 | – | – | 3,065 |
| **Total other comprehensive income** | – | – | (10,774) | – | 1,724 | – | 3,065 | – | – | (5,985) |
| **Total comprehensive loss for the period** | – | – | (10,774) | – | 1,724 | – | 3,065 | – | (40,446) | (46,431) |
| **Transactions with owners, recorded directly in equity** | | | | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | | | | |
| Value of employee services received for issue of share options | – | – | – | – | – | 319 | – | – | – | 319 |
| Issuance of preference shares | 10,000 | 90,000 | – | – | – | – | – | – | – | 100,000 |
| Transaction cost from issue of preference shares | – | (2,085) | – | – | – | – | – | – | – | (2,085) |
| Release of share awards granted | – | (50) | – | – | – | (466) | – | 516 | – | – |
| Payment of dividends | – | – | – | – | – | – | – | – | (18,507) | (18,507) |
| Total contributions by and distributions to owners | – | 87,865 | – | – | – | (147) | – | 516 | (18,507) | 79,727 |
| **At 31 January 2018** | **49,449** | **478,324** | **(88,861)** | **10,885** | **3,532** | **1,632** | **(4,378)** | **(286)** | **100,216** | **550,513** |

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

| **Amounts in US$'000** | **For the three months ended 31 January** | | **For the nine months ended 31 January** | |
|---|---|---|---|---|
| | **FY2019 (Unaudited)** | FY2018 (Unaudited) | **FY2019 (Unaudited)** | FY2018 (Unaudited) |
| **Cash flows from operating activities** | | | | |
| Profit for the period | **766** | (44,840) | **7,799** | (51,446) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | **33,582** | 38,088 | **95,439** | 105,080 |
| Amortisation of intangible assets | **1,663** | 1,667 | **4,991** | 6,117 |
| Impairment loss on property, plant and equipment | **167** | 410 | **1,425** | 22,301 |
| Gain/(loss) on disposal of property, plant and equipment | **598** | 321 | **(2,507)** | (11,831) |
| Equity-settled share-based payment transactions | **57** | 103 | **209** | 314 |
| Share of loss of joint venture, net of tax | **120** | 70 | **429** | 1,218 |
| Finance income | **644** | (236) | **(19,128)** | (4,312) |
| Finance expense | **24,964** | 25,580 | **73,198** | 78,186 |
| Tax expense (benefit) – net | **(2,114)** | 36,141 | **(6,064)** | 15,311 |
| Net loss on derivative financial instrument | **(417)** | (123) | **(10,030)** | 528 |
| Operating profit before working capital changes | **60,030** | 57,181 | **145,761** | 161,466 |
| Changes in: | | | | |
| Other assets | **(5,108)** | 3,440 | **395** | 21,940 |
| Inventories | **164,876** | 196,308 | **21,294** | 6,551 |
| Biological assets | **20,094** | (8,343) | **8,336** | (23,971) |
| Trade and other receivables | **51,467** | 60,978 | **(22,453)** | (36,379) |
| Prepaid and other current assets | **511** | 5,650 | **2,988** | 17,215 |
| Trade and other payables | **(65,062)** | (100,793) | **(114,010)** | (17,379) |
| Employee Benefit | **4,415** | 4,174 | **11,819** | 12,010 |
| Operating cash flow | **231,223** | 218,595 | **54,130** | 141,453 |
| Income taxes paid | **4,374** | (513) | **2,606** | (1,497) |
| **Net cash flows from operating activities** | **235,597** | 218,082 | **56,736** | 139,956 |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Interest received | **261** | 145 | **506** | 378 |
| Proceeds from disposal of property, plant and equipment | **59** | 26 | **9,304** | (12,432) |
| Purchase of property, plant and equipment | **(53,457)** | (32,166) | **(101,063)** | (67,497) |
| Additional investment in joint venture | **–** | (595) | **–** | (1,544) |
| **Net cash flows used in investing activities** | **(53,137)** | (32,590) | **(91,253)** | (81,095) |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Interest paid | **(23,132)** | (23,811) | **(65,315)** | (72,170) |
| Proceeds of borrowings | **109,485** | 60,872 | **677,284** | 582,039 |
| Repayment of borrowings | **(232,475)** | (296,705) | **(531,942)** | (648,715) |
| Dividends paid | **(9,875)** | – | **(9,875)** | (18,507) |
| Proceeds from issue of share capital | **–** | 100,000 | **–** | 100,000 |
| Refund of transactions costs related to rights issue | **–** | (2,086) | **16** | (2,086) |
| **Net cash flows from financing activities** | **(146,122)** | (161,730) | **70,168** | (59,439) |
| | | | | |
| **Net increase/(decrease) in cash and cash equivalents** | **36,338** | 23,762 | **35,651** | (578) |
| **Cash and cash equivalents at 1 May** | **33,863** | 23,030 | **24,246** | 37,571 |
| **Effect of exchange rate fluctuations on cash held** | **(5,029)** | (5,010) | **5,275** | 4,789 |
| | | | | |
| **Cash and cash equivalents at 31 January** | **33,863** | 41,782 | **65,172** | 41,782 |

**One-off expenses/(income)**

| in US$ million | For the three months ended 31 January | | | For the nine months ended 31 January | | |
|---|---|---|---|---|---|---|
| | **FY2019 (Unaudited)** | FY2018 (Unaudited) | % Change | **FY2019 (Unaudited)** | FY2018 (Unaudited) | % Change |
| **DMFI one-off expenses:** | | | | | | |
| Closure of Sager Creek Arkansas plant | **(0.7)** | 8.1 | (108.3) | **6.6** | 14.6 | (55.0) |
| Closure of Plymouth, Indiana plant | **0.8** | (0.8) | (195.2) | **(0.1)** | 13.3 | (100.6) |
| Seed operations | – | – | – | **(1.1)** | – | nm |
| Severance | **1.4** | 1.8 | (24.2) | **3.2** | 3.1 | 2.0 |
| Others | **(0.8)** | 2.1 | (136.0) | **(0.7)** | 4.7 | (113.8) |
| **Total (pre-tax basis)** | **0.7** | 11.2 | (93.7) | **8.0** | 35.7 | (77.7) |
| Write off of deferred tax assets (non-cash)* | – | 39.8 | (100.0) | – | 39.8 | (100.0) |
| Tax impact | **(0.2)** | (4.3) | (95.9) | **(1.9)** | (13.6) | (86.2) |
| Non-controlling interest | **(0.1)** | (4.9) | (98.7) | **(0.6)** | (6.5) | (90.2) |
| **Total DMFI one-off expenses (post-tax, post NCI basis)** | **0.5** | 41.8 | (98.9) | **5.4** | 55.4 | (90.2) |
| **Second Lien Loan purchase:** | | | | | | |
| Gain due to the purchase of DMFI's second lien loan at a discount | **–** | – | – | **(16.3)** | – | nm |
| Tax impact | **–** | – | – | **3.5** | – | nm |
| **Total one-off gain on second lien loan purchase (post-tax basis)** | **–** | – | – | **(12.9)** | – | nm |
| **Total (post-tax and post non-controlling interest)** | **0.5** | 41.8 | (98.9) | **(7.4)** | 55.4 | (113.4) |

*nm. – not meaningful*

*The Group wrote off US$39.8 million of deferred tax assets at DMFI due to the change in Federal income tax rate from 35% to 21%. Other companies in the US with deferred tax assets have similar write-offs due to the reduction in income tax rates. However, this should be more than offset by the reduced tax rates in future years which will be substantial.