Del Monte Pacific Limited and its Subsidiaries

Financial Statements
30 April 2023 and 2022

and

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Del Monte Pacific Limited

Opinion

We have audited the accompanying consolidated financial statements of Del Monte Pacific Limited and its Subsidiaries (the Group) and the separate financial statements of Del Monte Pacific Limited (the Company), which comprise the statements of financial position as at 30 April 2023 and 2022, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended 30 April 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the Company present fairly, in all material respects, the financial position of the Group and the Company as at 30 April 2023 and 2022, and their financial performance and their cash flows for each of the three years in the period ended 30 April 2023 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Applicable to the audit of the consolidated financial statements of the Group

Fair value of biological assets

Why significant	How our audit addressed the matter
As at 30 April 2023, the Group has biological assets amounting to US$47.9 million. The valuation of biological assets was significant to our audit as the estimation process is complex, involves significant management estimate, and is based on assumptions that could be affected by natural phenomena. The key assumptions in determining the fair value of harvested produce include expected selling prices and gross margins. The key assumptions for the fair value of produce prior to harvest include its expected selling prices, gross margin, estimated tonnage of harvests and future growing costs. The Group's disclosures relating to biological assets and sources of estimation uncertainty are included in Notes 11 and 34 to the financial statements.	We obtained an understanding of management's fair value measurement methodology and their process in deriving the fair value of the biological assets. We assessed the methodology used in estimating the fair value. We tested the key assumptions used in the valuation, which include expected selling prices and gross margin for harvested produce; and expected selling prices, gross margin, estimated tonnage of harvests and future growing costs for produce prior to harvest, by comparing them to external data such as selling prices in the principal market and historical information. We also assessed the adequacy of the related disclosures related to biological assets.

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Impairment assessment of goodwill and indefinite life trademarks

Why significant	How our audit addressed the matter
As at 30 April 2023 the Group carries goodwill of US$203.4 million and indefinite life trademarks of US$472.4 million, representing 12% and 28% of the total noncurrent assets, respectively.	
a. *Goodwill and indefinite life trademarks allocated to Del Monte Foods, Inc. and its subsidiaries*	
The Group's goodwill is allocated to a Cash Generating Unit ("CGU"), Del Monte Foods, Inc., a subsidiary in the United States of America, and its subsidiaries (collectively, "DMFI"). Included within the CGU are the indefinite life America trademarks "Del Monte", "College Inn" and "Kitchen Basics" amounting to US$458.3 million. The Group uses the value in use calculation to estimate the recoverable amount of the CGU for purposes of assessing whether there is any impairment to be recognized. The annual impairment test is significant to our audit because the assessment process is complex, involves significant management judgement and is dependent on certain key estimates such as expected cash flow covering a four-year period and the long-term growth rate and discount rate of the CGU. The Group's disclosures relating to the goodwill and indefinite life America trademarks allocated to DMFI, sources of estimation uncertainty and sensitivity of the recoverable amounts are included in Note 8 to the financial statements.	We obtained an understanding of the Group's impairment assessment process and the related controls. We tested the key assumptions, which include revenue growth rate, gross margin, earnings before interest, taxation, depreciation and amortization ("EBITDA") margin, discount rate and long-term growth rate against management plans, historical data and available market information in light of current market and economic conditions. We also performed independent sensitivity analysis on the key assumptions to consider the extent of reasonable change in these assumptions that individually or collectively would result in the impairment of these assets. We involved our internal specialist in evaluating certain key assumptions and methodology used. We also reviewed the Group's disclosures in Note 8 to the financial statements, about those assumptions to which the outcome of the impairment test was most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the CGU.

Why significant	How our audit addressed the matter
b. Other indefinite life trademarks	
As at 30 April 2023, other indefinite life trademarks comprising of "Del Monte" in the Philippines and India, "S&W" in Asia, and "Todays" in the Philippines are carried at US$14.1 million. The annual impairment test is significant to our audit because the assessment process is complex, involves significant management judgment and is dependent on certain estimates that can be affected by future market and economic conditions as well as trademark and royalty rates in the market. The Group used the Relief-from-Royalty methodology in valuing its Philippines and S&W Asia trademarks. This approach relies on the forecasted revenue for the related brand or trademark and applies the royalty rates observed in the market. For the India trademark, the Group used the discounted cash flows of the related CGU. This method relies on forecasted financial results which uses significant assumptions such as revenue growth rates, EBITDA and long-term margins, terminal growth rates and discount rates. The Group's disclosures relating to its indefinite life trademarks, sources of estimation uncertainty and sensitivity of the recoverable amounts are included in Note7 and 8 to the financial statements.	We assessed the forecasted revenue and royalty rates used to derive the recoverable amount of the brand and trademarks by comparing against available market and historical information. We also evaluated the significant assumptions used in the financial forecast of the CGU, which include revenue growth rates, EBITDA and long-term margins, terminal growth rates and discount rates, by comparing them against management plans, historical data and available market information in light of current market and economic conditions. We involved our internal specialist in evaluating certain key assumptions and methodologies used. We performed independent sensitivity analysis on the key assumptions to consider the extent of reasonable change in these assumptions that individually or collectively would result in impairment of these assets. We also reviewed the Group's disclosures in Notes 7 and 8 to the financial statements, about those assumptions to which the outcomes of the impairment tests were most sensitive, that is, those that have the most significant effect on the determination of the recoverable amounts of the CGUs.

Recognition of deferred tax assets

Why significant	How our audit addressed the matter
As at 30 April 2023, the Group has recognized net deferred tax assets of US$118.1 million, of which US$112.8 million was attributable to DMFI. The recognition of the deferred tax asset was significant to our audit because it entails estimation of the future taxable income which involves significant management judgment and is based on assumptions that are affected by future market or economic conditions. The key assumptions in the taxable income forecast include revenue growth rates and gross and EBITDA margins. The Group's disclosures relating to deferred tax and sources of estimation uncertainty are included in Note 9 to the financial statements.	We assessed the recoverability of deferred tax assets recognized by comparing it to the taxable income forecast. We tested the key assumptions in estimating the taxable income forecast such as revenue growth rates and gross and EBITDA margins against available market information, management plans, historical performance and industry/market outlook in light of current market and economic conditions. We compared the management's taxable income forecasts with those included in the budget approved by the Board of Directors. We also evaluated the timing of the reversal of future taxable and deductible temporary differences by considering the taxable income forecast and current tax laws. We assessed the robustness of management's forecasting process by comparing the actual results of the subsidiary against prior year forecast. We involved our internal tax specialist in reviewing the deductibility of the temporary differences. We also reviewed Group's disclosures in Note 9 to the financial statements, relating to deferred tax and sources of estimation uncertainty.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended 30 April 2023, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended 30 April 2023 are expected to be made available to us after the date of this auditor's report.

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

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Johnny F. Ang.

SYCIP GORRES VELAYO & CO.

Johnny F. Ang
Partner
CPA Certificate No. 0108257
Tax Identification No. 221-717-423
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 108257-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-101-2021, October 1, 2021, valid until September 30, 2024
PTR No. 9369770, January 3, 2023, Makati City

7 July 2023

Del Monte Pacific Limited and its Subsidiaries

Statements of financial position
As at 30 April 2023 and 2022
(In US$'000)

	Note	<--- Group --->		<--- Company --->	
		30 April 2023	30 April 2022	30 April 2023	30 April 2022
Non current assets					
Property, plant and equipment - net	5	**658,991**	577,647	**–**	–
Right-of-use assets	23	**100,566**	123,539	**77**	132
Investments in subsidiaries	6	**–**	–	**967,159**	980,008
Investments in joint ventures	7	**20,161**	17,172	**2,623**	2,836
Intangible assets and goodwill	8	**753,841**	688,047	**–**	–
Deferred tax assets - net	9	**118,060**	116,745	**–**	–
Biological assets	11	**3,007**	2,735	**–**	–
Pension assets - net	20	**10,630**	9,799	**60**	–
Other noncurrent assets	10	**42,250**	30,411	**5,023**	49
		1,707,506	1,566,095	**974,942**	983,025
Current assets					
Biological assets	11	**44,852**	47,346	**–**	–
Inventories	12	**1,076,772**	685,958	**–**	–
Trade and other receivables	13	**231,036**	214,553	**26,406**	84,832
Prepaid expenses and other current assets	14	**59,667**	49,052	**94**	931
Cash and cash equivalents	15	**19,836**	21,853	**554**	2,129
		1,432,163	1,018,762	**27,054**	87,892
Total assets		**3,139,669**	2,584,857	**1,001,996**	1,070,917
Equity					
Share capital	16	**19,449**	29,449	**19,449**	29,449
Share premium	17	**208,339**	298,339	**208,478**	298,478
Retained earnings	17	**119,540**	140,320	**119,540**	140,320
Reserves	17	**(28,511)**	(42,541)	**(28,511)**	(42,541)
Equity attributable to owners of the Company	38	**318,817**	425,567	**318,956**	425,706
Non-controlling interests	38	**66,941**	69,138	–	–
Total equity		**385,758**	494,705	**318,956**	425,706
Noncurrent liabilities					
Loans and borrowings	18	**994,477**	1,088,012	**241,959**	434,587
Employee benefits	20	**21,294**	24,342	**–**	12
Environmental remediation liabilities	21	**–**	203	**–**	–
Lease liabilities	23	**72,204**	91,771	**–**	–
Deferred tax liabilities - net	9	**11,630**	12,421	**49**	8
Other noncurrent liabilities	19	**16,826**	23,023	**–**	–
		1,116,431	1,239,772	**242,008**	434,607
Current liabilities					
Loans and borrowings	18	**1,278,876**	479,354	**324,898**	170,571
Employee benefits	20	**24,280**	36,958	**–**	–
Trade payables and other current liabilities	22	**304,940**	302,833	**116,134**	40,029
Lease liabilities	23	**27,892**	29,549	**–**	–
Current tax liabilities		**1,492**	1,686	**–**	4
		1,637,480	850,380	**441,032**	210,604
Total liabilities		**2,753,911**	2,090,152	**683,040**	645,211
Total equity and liabilities		**3,139,669**	2,584,857	**1,001,996**	1,070,917

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

Del Monte Pacific Limited and its Subsidiaries

Income statements
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	<------------------ Group ------------------>			<--------------- Company -------------->		
		Year ended 30 April 2023	**Year ended 30 April 2022**	**Year ended 30 April 2021**	**Year ended 30 April 2023**	**Year ended 30 April 2022**	**Year ended 30 April 2021**
Revenue	24, 29	**2,421,313**	2,342,086	2,162,709	–	–	–
Cost of sales		**(1,814,320)**	(1,719,429)	(1,606,746)	–	–	–
Gross profit		**606,993**	622,657	555,963	–	–	–
Distribution and selling expenses		**(229,272)**	(221,798)	(200,417)	–	–	–
General and administrative expenses		**(120,334)**	(129,311)	(144,053)	**(13,980)**	(12,983)	(13,158)
Other (expenses) income - net		**(11,789)**	(4,258)	357	**1,836**	1,674	1,714
Results from operating activities		**245,598**	267,290	211,850	**(12,144)**	(11,309)	(11,444)
Finance income	26	**14,293**	5,201	7,534	**177**	145	851
Finance expense	26	**(215,861)**	(112,707)	(114,110)	**(32,337)**	(13,238)	(13,134)
Net finance expense		**(201,568)**	(107,506)	(106,576)	**(32,160)**	(13,093)	(12,283)
Share in net (loss) income of joint ventures and subsidiaries	6, 7	**(1,486)**	(4,954)	(1,531)	**61,304**	124,437	86,990
Profit before taxation	25	**42,544**	154,830	103,743	**17,000**	100,035	63,263
Tax expense - net	27	**(17,167)**	(39,300)	(27,273)	**(51)**	(4)	(7)
Profit for the year		**25,377**	115,530	76,470	**16,949**	100,031	63,256
Profit attributable to:							
Owners of the Company	28	**16,949**	100,031	63,256	**16,949**	100,031	63,256
Non-controlling interests		**8,428**	15,499	13,214	**–**	–	–
		25,377	115,530	76,470	**16,949**	100,031	63,256
Earnings per share							
Basic earnings per share (US cents)	28	**0.66**	4.17	2.24	**–**	–	–
Diluted earnings per share (US cents)	28	**0.66**	4.17	2.24	**–**	–	–

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

Del Monte Pacific Limited and its Subsidiaries

Statements of comprehensive income
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

Group	Note	Year ended 30 April 2023	Year ended 30 April 2022	Year ended 30 April 2021
Profit for the year		**25,377**	115,530	76,470
Other comprehensive income (loss)				
Items that will or may be reclassified subsequently to profit or loss:				
Currency translation difference		**(11,146)**	(15,302)	6,900
Effective portion of changes in fair value of cash flow hedges		**9,095**	(8,805)	4,283
Tax impact on share in cash flow hedges		**(2,274)**	2,193	(1,049)
		(4,325)	(21,914)	10,134
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement plans		**3,416**	12,760	54,580
Tax impact on remeasurement of retirement plans	9	**(821)**	(3,255)	(13,880)
Gain on property revaluation	5	**22,121**	–	–
Tax impact on revaluation reserve	9	**(5,828)**	–	629
		18,888	9,505	41,329
Other comprehensive income (loss) for the year, net of tax		**14,563**	(12,409)	51,463
Total comprehensive income for the year		**39,940**	103,121	127,933
Total comprehensive income attributable to:				
Owners of the Company		**30,979**	89,196	110,777
Non-controlling interests		**8,961**	13,925	17,156
		39,940	103,121	127,933

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

Del Monte Pacific Limited and its Subsidiaries

Statements of comprehensive income
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

Company	Year ended 30 April 2023	Year ended 30 April 2022	Year ended 30 April 2021
Profit for the year	**16,949**	100,031	63,256
Other comprehensive income (loss)			
Items that will or may be reclassified subsequently to profit or loss:			
Currency translation difference	**(9,698)**	(13,351)	6,026
Effective portion of changes in fair value of cash flow hedges	**8,471**	(8,239)	4,008
Tax impact on share in cash flow hedges	**(2,118)**	2,052	(982)
	(3,345)	(19,538)	9,052
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement plans	**3,027**	11,685	50,856
Tax impact on remeasurement of retirement plans	**(728)**	(2,982)	(12,934)
Gain on property revaluation	**20,493**	–	–
Derecognition (impact) of tax on revaluation reserve	**(5,417)**	–	547
	17,375	8,703	38,469
Other comprehensive income (loss) for the year, net of tax	**14,030**	(10,835)	47,521
Total comprehensive income for the year	**30,979**	89,196	110,777

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

Del Monte Pacific Limited and its Subsidiaries

Statement of changes in equity
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure-ment retirement plans	Hedging reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
		<----- Attributable to owners of the Company ----->										
Group												
2023												
At 30 April 2022		29,449	298,339	(95,322)	14,278	43,752	(4,963)	(286)	140,320	425,567	69,138	494,705
Total comprehensive income for the year												
Profit for the year		–	–	–	–	–	–	–	16,949	16,949	8,428	25,377
Other comprehensive income (loss)												
Currency translation differences		–	–	(9,698)	–	–	–	–	–	(9,698)	(1,448)	(11,146)
Gain on property revaluation, net of tax		–	–	–	15,076	–	–	–	–	15,076	1,217	16,293
Remeasurement of retirement plans, net of tax	20	–	–	–	–	2,299	–	–	–	2,299	296	2,595
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	6,353	–	–	6,353	468	6,821
Total other comprehensive income (loss)		–	–	(9,698)	15,076	2,299	6,353	–	–	14,030	533	14,563
Total comprehensive income (loss) for the year		–	–	(9,698)	15,076	2,299	6,353	–	16,949	30,979	8,961	39,940
Transactions with owners of the Company recognized directly in equity												
Contributions by and distributions to owners of the Company												
Redemption of A-2 preference shares	16	(10,000)	(90,000)	–	–	–	–	–	–	(100,000)	–	(100,000)
Dividends	17	–	–	–	–	–	–	–	(37,729)	(37,729)	(11,158)	(48,887)
Total contributions by and distributions to Owners		(10,000)	(90,000)	–	–	–	–	–	(37,729)	(137,729)	(11,158)	(148,887)
At 30 April 2023	**16,17**	**19,449**	**208,339**	**(105,020)**	**29,354**	**46,051**	**1,390**	**(286)**	**119,540**	**318,817**	**66,941**	**385,758**

Del Monte Pacific Limited and its Subsidiaries

Statement of changes in equity
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

		<---------- Attributable to owners of the Company ---------->											
	Note	**Share capital**	**Share premium**	**Translation reserve**	**Revaluation reserve**	**Remeasure-ment retirement plans**	**Hedging reserve**	**Share option reserve**	**Reserve for own shares**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Group													
2022													
At 30 April 2021		49,449	478,339	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,184	61,312	642,496
Total comprehensive income for the year													
Profit for the year		–	–	–	–	–	–	–	–	100,031	100,031	15,499	115,530
Other comprehensive income (loss)													
Currency translation differences		–	–	(13,351)	–	–	–	–	–	–	(13,351)	(1,951)	(15,302)
Remeasurement of retirement plans, net of tax	20	–	–	–	–	8,703	–	–	–	–	8,703	802	9,505
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	(6,187)	–	–	–	(6,187)	(425)	(6,612)
Total other comprehensive income (loss)		–	–	(13,351)	–	8,703	(6,187)	–	–	–	(10,835)	(1,574)	(12,409)
Total comprehensive income (loss) for the year		–	–	(13,351)	–	8,703	(6,187)	–	–	100,031	89,196	13,925	103,121
Transactions with owners of the Company recognized directly in equity													
Contributions by and distributions to owners of the Company													
Redemption of A-1 preference shares	16	(20,000)	(180,000)	–	–	–	–	–	–	–	(200,000)	–	(200,000)
Cancelled options	31	–	–	–	–	–	–	(1,753)	–	–	(1,753)	(207)	(1,960)
Dividends	17	–	–	–	–	–	–	–	–	(43,060)	(43,060)	(5,892)	(48,952)
Total contributions by and distributions to owners		(20,000)	(180,000)	–	–	–	–	(1,753)	–	(43,060)	(244,813)	(6,099)	(250,912)
At 30 April 2022	**16,17**	29,449	298,339	(95,322)	14,278	43,752	(4,963)	–	(286)	140,320	425,567	69,138	494,705

Del Monte Pacific Limited and its Subsidiaries

Statement of changes in equity
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	Share capital	Share premium	Translation reserve	Revaluation reserve	Remeasure -ment of retirement plans	Hedging reserve	Share option reserve	Reserve for own shares	Retained earnings	Total	Non-controlling interests	Total equity
		<---------- Attributable to owners of the Company									---------->		
Group													
2021													
At 30 April 2020		49,449	478,339	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	60,763	511,077	54,820	565,897
Total comprehensive income for the year													
Profit for the year		–	–	–	–	–	–	–	–	63,256	63,256	13,214	76,470
Other comprehensive income													
Currency translation differences		–	–	6,026	–	–	–	–	–	–	6,026	874	6,900
Gain on property revaluation, net of tax		–	–	–	547	–	–	–	–	–	547	82	629
Remeasurement of retirement plans, net of tax	20	–	–	–	–	37,922	–	–	–	–	37,922	2,778	40,700
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	3,026	–	–	–	3,026	208	3,234
Total other comprehensive income		–	–	6,026	547	37,922	3,026	–	–	–	47,521	3,942	51,463
Total comprehensive income for the year		–	–	6,026	547	37,922	3,026	–	–	63,256	110,777	17,156	127,933
Transactions with owners of the Company recognized directly in equity													
Contributions by and distributions to owners of the Company													
Sale of shares of a subsidiary	6	–	–	–	–	–	–	–	–	9,135	9,135	2,201	11,336
Dividends	17	–	–	–	–	–	–	–	–	(49,805)	(49,805)	(12,865)	(62,670)
Total contributions by and distributions to owners		–	–	–	–	–	–	–	–	(40,670)	(40,670)	(10,664)	(51,334)
At 30 April 2021	**16, 17**	49,449	478,339	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,184	61,312	642,496

Del Monte Pacific Limited and its Subsidiaries

Statement of changes in equity
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	Share capital	Share premium	Share in translation reserve of subsidiaries	Share in revaluation reserve of subsidiaries	Share in remeasure-ment of retirement plans of subsidiaries	Share in hedging reserve of a subsidiary	Reserve for own shares	Retained earnings	Total
Company										
2023										
At 30 April 2022		29,449	298,478	(95,322)	14,278	43,752	(4,963)	(286)	140,320	425,706
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	–	–	16,949	16,949
Other comprehensive income (loss)										
Currency translation differences		–	–	(9,698)	–	–	–	–	–	(9,698)
Gain on property revaluation, net of tax		–	–	–	15,076	–	–	–	–	15,076
Remeasurement of retirement plans, net of tax	20	–	–	–	–	2,299	–	–	–	2,299
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	6,353	–	–	6,353
Total other comprehensive income (loss)		–	–	(9,698)	15,076	2,299	6,353	–	–	14,030
Total comprehensive income (loss) for the year		–	–	(9,698)	15,076	2,299	6,353	–	16,949	30,979
Transactions with owners of the Company recognized directly in equity										
Contributions by and distributions to owners of the Company										
Redemption of A-2 preference shares	16	(10,000)	(90,000)	–	–	–	–	–	–	(100,000)
Dividends	17	–	–	–	–	–	–	–	(37,729)	(37,729)
Total contributions by and distributions to owners		(10,000)	(90,000)	–	–	–	–	–	(37,729)	(137,729)
At 30 April 2023	16, 17	**19,449**	**208,478**	**(105,020)**	**29,354**	**46,051**	**1,390**	**(286)**	**119,540**	**318,956**

Del Monte Pacific Limited and its Subsidiaries

Statement of changes in equity
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	Share capital	Share premium	Share in translation reserve of subsidiaries	Share in revaluation reserve of subsidiaries	Share in remeasure-ment of retirement plans of subsidiaries	Share in hedging reserve of a subsidiary	Share option reserve	Reserve for own shares	Retained earnings	Total
Company											
2022											
At 30 April 2021		49,449	478,478	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,323
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	–	–	100,031	100,031
Other comprehensive income (loss)											
Currency translation differences		–	–	(13,351)	–	–	–	–	–	–	(13,351)
Remeasurement of retirement plans, net of tax	20	–	–	–	–	8,703	–	–	–	–	8,703
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	(6,187)	–	–	–	(6,187)
Total other comprehensive income (loss)		–	–	(13,351)	–	8,703	(6,187)	–	–	–	(10,835)
Total comprehensive income (loss) for the year		–	–	(13,351)	–	8,703	(6,187)	–	–	100,031	89,196
Transactions with owners of the Company recognized directly in equity											
Contributions by and distributions to owners of the Company											
Redemption of A-1 preference shares	16	(20,000)	(180,000)	–	–	–	–	–	–	–	(200,000)
Cancelled options	31	–	–	–	–	–	–	(1,753)	–	–	(1,753)
Dividends	17	–	–	–	–	–	–	–	–	(43,060)	(43,060)
Total contributions by and distributions to owners		(20,000)	(180,000)	–	–	–	–	(1,753)	–	(43,060)	(244,813)
At 30 April 2022	16, 17	29,449	298,478	(95,322)	14,278	43,752	(4,963)	–	(286)	140,320	425,706

Del Monte Pacific Limited and its Subsidiaries

Statement of changes in equity
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	Share capital	Share premium	Share in translation reserve of subsidiaries	Share in revaluation reserve of subsidiaries	Share in remeasurement of retirement plans of subsidiaries	Share in hedging reserve of a subsidiary	Share option reserve	Reserve for own shares	Retained earnings	Total
Company											
2021											
At 30 April 2020		49,449	478,478	(87,997)	13,731	(2,873)	(1,802)	1,753	(286)	60,763	511,216
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	–	–	63,256	63,256
Other comprehensive income											
Currency translation differences		–	–	6,026	–	–	–	–	–	–	6,026
Gain on property revaluation, net of tax		–	–	–	547	–	–	–	–	–	547
Remeasurement of retirement plans, net of tax	20	–	–	–	–	37,922	–	–	–	–	37,922
Effective portion of changes in fair value of cash flow hedges, net of tax		–	–	–	–	–	3,026	–	–	–	3,026
Total other comprehensive income		–	–	6,026	547	37,922	3,026	–	–	–	47,521
Total comprehensive income for the year		–	–	6,026	547	37,922	3,026	–	–	63,256	110,777
Transactions with owners of the Company recognized directly in equity											
Contributions by and distributions to owners of the Company											
Sale of shares of a subsidiary	6	–	–	–	–	–	–	–	–	9,135	9,135
Dividends	17	–	–	–	–	–	–	–	–	(49,805)	(49,805)
Total contributions by and distributions to owners		–	–	–	–	–	–	–	–	(40,670)	(40,670)
At 30 April 2021	16, 17	49,449	478,478	(81,971)	14,278	35,049	1,224	1,753	(286)	83,349	581,323

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

Del Monte Pacific Limited and its Subsidiaries

Statements of cash flows
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	<------ Group	------	------>	<------ Company	------	------>
		Year ended 30 April 2023	**Year ended 30 April 2022**	**Year ended 30 April 2021**	**Year ended 30 April 2023**	**Year ended 30 April 2022**	**Year ended 30 April 2021**
Cash flows from operating activities							
Profit for the year		**25,377**	115,530	76,470	**16,949**	100,031	63,256
Adjustments to reconcile profit for the year to net cash flows:							
Depreciation of property, plant and equipment	25	**154,439**	146,480	139,950	**–**	–	–
Finance expense	26	**211,353**	111,986	113,615	**32,229**	12,977	13,116
Amortization of right-of-use assets	23	**32,972**	39,292	37,205	**93**	93	106
Tax expense – current	27	**26,759**	20,605	33,059	**71**	22	51
Tax credit – deferred	9, 27	**(9,592)**	18,695	(5,786)	**(19)**	(18)	(44)
Amortization of intangible assets	8	**6,967**	6,650	6,650	**–**	–	–
Share in losses (earnings) of joint ventures and subsidiaries	7	**1,486**	4,954	1,531	**(61,304)**	(124,437)	(86,990)
Allowance for inventory obsolescence	12	**9,542**	4,135	7,043		–	–
Finance income	26	**(13,751)**	(2,629)	(7,028)	**(177)**	(11)	(846)
Impairment loss in joint ventures	7	**–**	2,000	2,096	**–**	–	–
Equity-settled share-based payment transactions		**–**	(1,960)	–	**–**	–	–
Unrealized foreign exchange loss (gain)		**3,966**	(1,851)	(11)	**107**	127	13
Impairment (reversal) of trade and nontrade receivables	13	**(181)**	1,060	144	**–**	–	–
Loss (gain) on disposal of property, plant and equipment	25	**759**	789	(1,333)	**–**	–	–
		450,096	465,736	403,605	**(12,051)**	(11,216)	(11,338)
Changes in:							
Other assets		**(7,813)**	(9,039)	3,853	**–**	(49)	–
Inventories		**(396,413)**	(137,944)	(75,602)	**–**	–	–
Biological assets		**(632)**	(6,311)	18,716	**–**	–	–
Trade and other receivables		**(18,002)**	(40,020)	24,053	**(5,022)**	1	55
Prepaid expenses and other current assets		**(13,456)**	(9,334)	(3,161)	**920**	(110)	(868)
Employee benefits		**(15,902)**	1,809	18,345	**107**	192	90
Trade payables and other current liabilities		**20,695**	31,757	(43,071)	**(725)**	(494)	2,236
Operating cash flows		**18,573**	296,654	346,738	**(16,771)**	(11,676)	(9,825)
Taxes paid		**(21,336)**	(15,916)	(31,464)	**–**	(6)	(76)
Net cash flows generated from (used in) operating activities		**(2,763)**	280,738	315,274	**(16,771)**	(11,682)	(9,901)

Del Monte Pacific Limited and its Subsidiaries

Statements of cash flows
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	Group Year ended 30 April 2023	Group Year ended 30 April 2022	Group Year ended 30 April 2021	Company Year ended 30 April 2023	Company Year ended 30 April 2022	Company Year ended 30 April 2021
Cash flows from investing activities							
Acquisitions of property, plant and equipment		**(237,922)**	(202,659)	(163,974)	**–**	–	–
Interest received		**4,434**	1,169	514	**8**	11	14
Additions to investments in joint ventures	7	**(4,090)**	(1,001)	–	**–**	–	–
Additional advances to joint ventures		**(185)**	(595)	(840)	**(185)**	(595)	(840)
Proceeds from disposal of property, plant and equipment		**210**	231	11,705	**–**	–	–
Collection of receivable from prior year sale of shares of subsidiary and settlement of transaction costs		**–**	–	106,520	**–**	–	–
Proceeds from additional sale of shares of subsidiary		**–**	–	8,954	**–**	–	–
Investments in subsidiaries		**–**	–	–	**–**	–	(150,000)
Acquisition of intangible assets, net of transaction costs	8	**(71,761)**	–	–	**–**	–	–
Advances to related company		**–**	–	–	**(110,384)**	(67,874)	(33,505)
Dividend received		**–**	–	–	**88,503**	33,519	242,721
Net cash flows (used in) from investing activities		**(309,314)**	(202,855)	(37,121)	**(22,058)**	(34,939)	58,390
Cash flows from financing activities							
Proceeds from borrowings	39	**4,746,953**	2,848,113	4,299,181	**128,500**	333,000	157,300
Repayment of borrowings	39	**(4,032,573)**	(2,547,034)	(4,380,653)	**(168,071)**	(89,810)	(158,911)
Redemption of preference share capital	16	**(100,000)**	(200,000)	–	**(100,000)**	(200,000)	–
Interest paid		**(144,006)**	(89,359)	(77,349)	**(29,165)**	(11,004)	(11,686)
Dividends paid to equity holders of the parent	17	**(37,729)**	(43,060)	(49,805)	**(37,729)**	(43,060)	(49,805)
Payments of lease liability	23	**(42,685)**	(38,870)	(43,377)	**–**	(52)	(107)
Dividends paid to non-controlling interests		**(11,158)**	(5,892)	(12,865)	**–**	–	–
Payment of debt related costs	18	**(20,295)**	(2,383)	(20,551)	**(218)**	(2,383)	(1,948)
Redemption cost on Senior Secured Notes	26	**(44,530)**	–	–	–	–	–
Net collections (repayments) of advances from related companies		–	–	–	**38,412**	20,941	(238,611)
Advances from related companies		–	–	–	**205,697**	39,034	256,597
Net cash flows from (used in) financing activities		**313,977**	(78,485)	(285,419)	**37,426**	46,666	(47,171)

Del Monte Pacific Limited and its Subsidiaries

Statements of cash flows
For financial years ended 30 April 2023, 2022 and 2021
(In US$'000)

	Note	<------------------ Group	------------------	------------------>	<--------------- Company	---------------	-------------->
		Year ended 30 April 2023	**Year ended 30 April 2022**	**Year ended 30 April 2021**	**Year ended 30 April 2023**	**Year ended 30 April 2022**	**Year ended 30 April 2021**
Net increase (decrease) in cash and cash equivalents		**1,900**	(602)	(7,266)	**(1,403)**	45	1,318
Effect of exchange rate changes on cash and cash equivalents held in foreign currency		**(3,917)**	(6,980)	3,236	**(172)**	(20)	20
Cash and cash equivalents at beginning of year		**21,853**	29,435	33,465	**2,129**	2,104	766
Cash and cash equivalents at end of year		**19,836**	21,853	29,435	**554**	2,129	2,104

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

These notes form an integral part of the financial statements.

The accompanying financial statements were approved and authorized for issuance by the Board of Directors (the "Board") on 7 July 2023.

1. Domicile and activities

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

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

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

The immediate holding company is NutriAsia Pacific Limited ("NAPL"), and the indirect shareholders of which are NutriAsia Inc. ("NAI") and Well Grounded Limited ("WGL"), which at 30 April 2023, 2022 and 2021, each 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. The ultimate holding company is HSBC International Trustee Limited.

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 (Series A-1) was listed on 7 April 2017 and the second tranche (Series A-2) on 15 December 2017. The Company redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares on 7 April 2022, and all of the outstanding 10,000,000 Series A-2 Preference Shares on 15 December 2022 (see Note 16).

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 Philippine 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 30 April 2023 and 2022 and for the three financial years ended 30 April 2023, 2022 and 2021 comprise the Company and its subsidiaries (collectively referred to as the "Group", and individually as "Group entities"), and the Group's interests in joint ventures.

2. Going concern

As of 30 April 2023, the Group's and the Company's current liabilities exceeded its current assets by US$205.3 million and US$414.0 million, respectively (2022: the Company's current liabilities exceeded its current assets by US$122.7 million). The negative working capital is attributable to the early redemption of preference shares in April and December 2022, and the maturity of long-term loans due within the next 12 months in the Company.

Management believes that the Company will be able to pay or refinance its liabilities as and when they fall due. Accordingly, the use of going concern assumption is appropriate taking into account the following:

- The Group continues to find new sources of funding to improve cash management:

    a. In 16 May 2022, Del Monte Foods, Inc. (DMFI) raised US$600 million through a 7-year Term Loan B facility maturing in 2029 at Adjusted Secured Overnight Financing Rate (SOFR), with a floor of 0.5%, plus 4.25% p.a. The proceeds were used to primarily redeem the US$500 million Senior Secured Notes plus redemption fees and accrued interest. The refinanced Notes had an interest rate of 11.875% p.a. and were due to mature in 2025. On 7 February 2023, DMFI obtained additional term loan commitments amounting to US$125.0 million, bearing the same interest and maturity date with initial term loans.

- The Group has sufficient credit lines available for drawdown and, as such, management believes that the Group will have sufficient working capital to enable the Group to meet its objectives and future financial obligations:

    a. On 11 May 2023, the Company refinanced its US$100 million facility with Bank of the Philippine Islands (BPI) that was due to mature on 15 May 2023 for an additional period of 18 months up to 15 November 2024.
    b. On 25 May 2023, the Company obtained a loan amounting to US$50.0 million from Union Bank of the Philippines. The loan matures on 25 May 2024.
    c. The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks. Currently, the Group excluding Del Monte Foods, Inc. (DMFI) is entitled to a total of US$1,639.9 million in credit lines, of which 17% remain available. The Group constantly maintain good relations with its banks, such that additional facilities, whether for short or long-term requirements, may be made available.
    d. The Group is able to increase the commitments under the ABL Facility, such that the aggregate principal amount of commitments dues do not exceed US$625.0 million. As at 30 April 2023, there were US$465.0 million of loans outstanding and US$24.3 million of letters of credit issued. The net availability to DMFI Group under the ABL Credit Agreement was US$135.7 million as at 30 April 2023.

2. Going concern (cont'd)

- The Group generated net operating cash flows of US$280.7 million for the year ended 30 April 2022 and remains vigilant in managing its costs and protecting its margins amidst a high inflationary environment. During the year, the Group's inventory increased by US$390.8 million driven by increased costs due to high inflation experienced globally, an operational direction to enhance customer service levels through increased inventory and also normalized offtake in certain categories post COVID-19 pandemic. Management had undertaken various measures to improve operating profits such as packaging materials optimization, investments in the Philippine cannery and all plants in the US to improve efficiency, productivity and minimize wastage, increased efficiency in distribution centers, and the implementation of certain price increases that would have assisted in offsetting the inflationary impact across all market segments. In addition, lowering inventory will be a big focus for the Group in fiscal years 2024 and 2025 which is expected to further improve cash flow and lower debt.

- The Company had continued to receive dividend payments from its subsidiaries and expects the same in the next 12 months. As DMFI's performance continues to improve, the Group also expects to get regular dividends which will help enable the Company to meet its ongoing obligations.

3. Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3. Basis of preparation (cont'd)

3.4 Use of estimates and judgments (cont'd)

Judgments

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

Note 6 – Recognition of Share Purchase Agreement as at 30 April 2020
Note 6 – Equity classification
Note 6 – Determination of control over subsidiaries
Note 6 – Non-consolidation of Del Monte Andina C.A.
Note 7 – Determination of joint control and the type of joint arrangement
Note 8 – Assessment of useful life of intangible assets with indefinite useful life
Note 23 – Determination of lease term of contracts with renewal options

Estimates and underlying assumptions

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

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

Note 5 – Useful lives of property, plant and equipment, revaluation of freehold land, estimate of harvest for bearer plant's depreciation
Note 5 – Impairment of property, plant and equipment
Note 6 – Obligation to deliver additional Redeemable and Convertible Preferred Shares ("RCPS")
Note 6 – Obligation to purchase excess shares or sell shortfall shares
Note 6 – Fair value of derivative liability on the call option
Note 6 – Recoverability of investments in subsidiaries
Note 7 – Recoverability of investments in joint ventures
Note 8 – Impairment of goodwill and intangible assets
Note 8 – Useful lives of intangible assets
Note 9 – Recognition of deferred tax assets
Note 11 – Fair value of harvested agricultural produce
Note 11 – Future tonnage of harvests
Note 11 – Fair value of unharvested agricultural produce
Note 12 – Allowance for inventory obsolescence and net realizable value
Note 13 – Impairment of trade and nontrade receivables
Note 20 – Measurement of employee benefit obligations
Note 22 – Estimation of trade promotion accruals
Note 23 – Determination of incremental borrowing rate for lease liabilities
Note 27 – Measurement of income tax
Note 34 – Determination of fair values
Note 36 – Contingencies

3. Basis of preparation (cont'd)

3.5 Measurement of fair value

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

- In the principal market for the asset or liability, or
- In the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements or a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, 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 fair value hierarchy as explained above.

3. Basis of preparation (cont'd)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted are consistent with those of the previous fiscal year, except that the Group has adopted the following new accounting pronouncements starting 1 May 2022. Unless otherwise indicated, adoption of these new standards did not have any significant impact on the Group's consolidated financial statements.

- Amendments to IFRS 3*, Business Combinations*, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of International Accounting Standard (IAS) 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to IAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to IFRSs* 2018-2020 Cycle

  - Amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards, Subsidiary as a First-time Adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

3. Basis of preparation (cont'd)

3.6 Adoption of New or Revised Standards, Amendments to Standards and Interpretations (cont'd)

- *Annual Improvements to IFRSs* 2018-2020 Cycle (cont'd)

  - Amendments to IFRS 9, *Financial Instruments*, *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to IAS 41, *Agriculture, Taxation in Fair Value Measurements*

    The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 3.6, which addresses the changes in accounting policies.

4.1 Basis of consolidation

(i) Business combination

Business combinations are accounted for using the acquisition method in accordance with IFRS 3, *Business Combinations,* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group's goodwill is initially measured at cost, measures goodwill at the acquisition date as:

- the fair value of consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree.

Over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognized immediately in the income statement.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the income statement.

4. Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

(i) Business combination (cont'd)

Any contingent consideration payable is recognized at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the income statement.

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period it occurs, provisional amounts for the items for which the accounting is incomplete is reported in the financial statements. During the measurement period, which is not more than one year from acquisition date, the provisional amounts recognized are retrospectively adjusted, and any additional assets or liabilities recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Comparative information for prior periods are revised, as needed.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognized in the income statement. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

If the assets acquired are not a business, the Group shall account for the transaction or other event as an asset acquisition. The cost of the Group is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. These transactions or events do not give rise to goodwill.

4. Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

(ii) Investments in subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Company has less than majority of the voting rights or similar rights to an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Company's voting rights and potential voting rights.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date control is transferred to the Company and cease to be consolidated from the date control is lost. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the income statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

(iii) Acquisition under common control

The formation of the Group in 1999 was accounted for as a reorganization of companies under common control using merger accounting. The financial statements therefore reflect the combined financial statements of all companies that form the Group as if they were a Group for all periods presented. The assets and liabilities of Del Monte Pacific Resources Limited and its subsidiaries contributed to the Company have been reflected at predecessor cost in these financial statements.

4. Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

(iv) Loss of control

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

(v) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and goodwill. For the measurement of goodwill on initial recognition, see Note 8.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of the joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the joint ventures.

Impairment of goodwill is discussed in Note 4.11.

(vi) Investments in joint ventures

Joint ventures are those entities in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs.

Subsequent to the initial recognition, the financial statements include the Group's share of profit or loss and other comprehensive income of the joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of net losses exceeds its interest in joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued, except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Impairment of investments in joint ventures is discussed in Note 4.11.

4. Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the financial statements. Unrealized gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(viii) Investments in subsidiaries and joint ventures in the separate financial statements

Interest in subsidiaries and joint ventures are accounted for using the equity method. It is initially recognized at cost, which includes transactions costs. Subsequent to the initial recognition, the financial statements include the Company's share of profit or loss and other comprehensive income of the equity-accounted investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

When the Company's share of losses exceeds its interest in subsidiaries and joint ventures, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation to fund the investee's operations or has made payments on behalf of the investee.

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

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

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

4. Significant accounting policies (cont'd)

4.2 Foreign currency (cont'd)

(ii) Foreign operations

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

Foreign currency differences are recognized in OCI and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

When the settlement of a monetary item that is a receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in OCI, and presented in the translation reserve in equity.

4.3 Current versus Noncurrent Classification

The Group presents assets and liabilities in the statement of financial position based on current and noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent. Deferred tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities, respectively.

4. Significant accounting policies (cont'd)

4.4 Intangible assets

(i) Indefinite useful life intangible assets

Intangible assets are measured at cost less accumulated impairment losses.

The Group assess intangible assets as having indefinite useful life if there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the entity.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the income statement as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in the income statement as incurred. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

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

(iv) *Subsequent expenditure*

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

(v) Amortization

Amortization of intangible assets with finite lives is calculated based on the cost of the asset.

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

Trademarks	-	10 to 20 years
Customer relationships	-	20 years

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

4. Significant accounting policies (cont'd)

4.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- Recognition and measurement

  Financial instruments are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

  A financial asset, unless it is a trade receivable without a financing component, or financial liability is initially measured at fair value plus, for an item not at financial assets at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers*.

- Classification and subsequent measurement

  Financial assets

  On initial recognition, the Group classifies its financial assets into the following categories: financial assets at amortized cost, financial assets at FVTPL, and financial assets at financial assets through other comprehensive income ("FVOCI"). The classification depends on the Group's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

  A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL: (1) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL: (1) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

- Classification and subsequent measurement (cont'd)

  The Group's financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

  The Group has investments in unquoted equity instruments and club shares that are classified and measured at FVOCI.

  Financial assets at amortized cost

  These assets are subsequently measured at amortized cost using the effective interest method and are subject to impairment. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Impairment losses on trade receivables are recognized under distribution and selling expenses. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

  Financial assets at amortized cost comprise cash in banks and cash equivalents, trade and other receivables, due from a subsidiary, refundable deposits and note receivables recognized under "Other noncurrent assets".

  Business model assessment

  The Group's business model refers to how an entity manages its financial assets in order to generate cash flows. It determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group makes an assessment of the objective of the business model in which financial assets held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

  (a) the policies and objectives in managing the Group's financial assets for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets; how the performance of the portfolio is evaluated and reported to the Group's management;

  (b) the risks that affect the performance of the business model and how those risks are managed;

  (c) how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

  (d) the frequency, volume and timing of sales of financial assets in prior period, the reasons for such sales and expectations about future sales activity.

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

- Classification and subsequent measurement (cont'd)

Assessment Whether Contractual Cash Flows are Solely Payments of Principal and Interest ("SPPI")

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

(i) contingent events that would change the amount or timing of cash flows;
(ii) terms that may adjust the contractual coupon rate, including variable-rate features;
(iii) prepayment and extension features; and
(iv) terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities at amortized cost comprise bank loans, trade and other payables.

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

- Classification and subsequent measurement (cont'd)

Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt instrument if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or has expired. Repurchases of a portion of a financial liability result in the allocation of the original carrying value of the financial liability between the portion that continues to be recognized and the portion that was repurchased based on the relative fair values on the date of the repurchase. Any unamortized debt issue costs are derecognized along with the financial liability. Redemption costs incurred on purchase of a financial liability is recognized in profit or loss when incurred.

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

- Classification and subsequent measurement (cont'd)

Exchange or modification of financial liabilities

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

- Classification and subsequent measurement (cont'd)

Derivative financial instruments, including hedge accounting

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

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are generally expected to offset each other. To qualify for hedge accounting, the hedging relationship has to meet the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item; and
- the hedged item and the hedging instrument are not intentionally weighted to create hedge ineffectiveness, whether recognized or not, to achieve an accounting outcome that would be inconsistent with the purpose of hedge accounting.

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

4. Significant accounting policies (cont'd)

4.5 Financial instruments (cont'd)

- Classification and subsequent measurement (cont'd)

For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Cash flow hedges

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

The amount accumulated in equity is retained in OCI and reclassified to the consolidated income statement in the same period or periods during which the hedged item affects the income statement, except when a hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, in which case the amount retained in OCI is included directly in the initial cost of the non-financial item when it is recognized.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in OCI remains in equity until, for hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the income statement in the same period or periods as the hedged expected future cash flows affect the income statement. If a hedged forecast transaction is no longer expected to occur, then the amount accumulated in equity is immediately reclassified to the income statement.

4.6 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for freehold land, which are stated at its revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluation is carried out by independent professional values regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in the revaluation amount is recognized in OCI and presented in the revaluation reserve in equity unless it offsets a previous decrease in value of the same asset that was recognized in the income statement. A decrease in value is recognized in the income statement where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from OCI to retained earnings.

4. Significant accounting policies (cont'd)

4.6 Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Bearer plants are measured at cost less accumulated amortization based on actual volume of harvest over total estimated volume of harvest. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and direct expenses during the cultivation of the primary ratoon and, if needed, re-ratoon crops.

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

Construction in-progress represents plant and properties under construction or development and is stated at cost. This includes cost of construction, plant and equipment, borrowing costs directly attributable to such asset during the construction period and other direct costs. Construction in-progress is not depreciated until such time when the relevant assets are substantially completed and available for its intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item, and is recognized net within other income/other expenses in the income statement.

(ii) Subsequent costs

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

4. Significant accounting policies (cont'd)

4.6 Property, plant and equipment (cont'd)

(iii) Depreciation

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

Depreciation (except bearer plants) is recognized in the income statement on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land is not depreciated.

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

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

Buildings, land improvements and leasehold improvements	-	3 to 50 years or lease term, whichever is shorter
Machineries and equipment	-	3 to 30 years

For bearer plants, units of production method is used. Depreciation is charged according to the cost of fruits harvested at plant crop and ratoon crop harvest months.

Bearer plants are depreciated based on the ratio of actual quantity of harvest over the estimated yield for both plant crop and ratoon crop harvests. Plant crop harvest usually occurs within 16 to 18 months after planting while ratoon crop harvest occurs at the 32nd to 34th month after planting. Depreciation is determined on a per field basis.

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

(iv) Borrowing costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

4. Significant accounting policies (cont'd)

4.6 Property, plant and equipment (cont'd)

(iv) Borrowing costs (cont'd)

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when all the activities necessary to prepare the asset for its intended use or sale are substantially complete. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

4.7 Biological assets

The Group's biological assets include: (a) agricultural produce consisting of pineapple and papaya; (b) breeding and dairy herd; (c) growing herd; and (d) cattle for slaughter. Agricultural produce include: (a) harvested and unharvested pineapple and papaya fruits from the Group's bearer plants; and (b) cut meat from the cattle for slaughter.

The Group's biological assets are accounted for as follows:

Breeding and Dairy Herd

The breeding and dairy herd are measured at cost. The breeding and dairy herd have useful lives of 3 ½ to 6 years. The cost method was used since fair value cannot be measured reliably. The breeding and dairy herd have no active markets and no similar assets are available in the relevant markets. In addition, existing sector benchmarks are irrelevant and estimates necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value. Breeding and dairy herd are classified as noncurrent assets in the statement of financial position of the Group.

Growing Herd

Growing herd is measured at cost. The cost method was used since the fair value cannot be measured reliably. Growing herd has no defined active market since it has not yet been identified if this will be for breeding or for slaughter. Growing herd is classified as noncurrent assets in the statement of financial position of the Group.

4. Significant accounting policies (cont'd)

4.7 Biological assets (cont'd)

The Group's agricultural produce are accounted for as follows:

Agricultural Produce

The Group's growing or unharvested produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Group estimates the fair value of unharvested agricultural produce using estimated tonnage of harvest, estimated future selling prices and gross margin of finished goods less estimated future growing cost and adjusted for margin related to production. The fair value is multiplied to the estimated tonnage of harvested pineapple fruit at the end of the period based on the age of the crops after planting date. The Group's harvested produce are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell and adjusted for margin related to production. The fair value is multiplied to actual harvest for the period. Gains and losses arising from changes in fair values are included in profit or loss under "Changes in fair values of biological assets" in "Revenue" for the period in which they arise.

Cutmeat

Cutmeat is measured at each reporting date at their fair value less cost to sell. Gains and losses arising from changes in fair values are included in profit or loss under "changes in fair value of biological assets" in "Revenue" for the period in which they arise.

4.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.

Right-of-use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The right-of-use assets were measured at an amount equal to the lease liability, adjusted for initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

4. Significant accounting policies (cont'd)

4.8 Leases (cont'd)

Right-of-use Assets (cont'd)

The estimated useful lives are as follows:

Buildings, land improvements and	-	2 to 6 years
Leasehold improvements Land	-	2 to 26 years
Machineries and equipment	-	2 to 17 years

The right-of-use assets are presented separately in the statement of financial position.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR"). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., personal computers). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Sale and Leaseback

When the Group sells or transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor, the Group account for the sale or transfer contract and the lease by applying the requirements of IFRS 16. The Group first applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the sale or transfer of an asset is accounted for as a sale of that asset.

For sale or transfer of an asset that satisfies the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

4. Significant accounting policies (cont'd)

4.8 Leases (cont'd)

Sale and Leaseback (cont'd)

If the sale or transfer of an asset does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes a financial liability equal to the proceeds from the sale or transfer. The Group accounts for the financial liability in accordance with the requirements of IFRS 9.

Sublease arrangements

The Group determines if the sublease arrangement qualifies as a finance or operating lease. The Group assesses and classifies a sublease as finance lease if it has transferred substantially all the risk and rewards incidental to the ownership of the leased asset. The Group compares the sublease term with the head lease term. If the sublease term accounts for the majority or 75% of the head lease term, same is classified as a finance lease, otherwise it is classified as an operating lease.

At the inception date, if the sublease qualifies as finance lease, the Group derecognizes the right-of-use asset on the head lease and continues to account for the original lease liability. The Group as a sublessor, recognizes a net investment in sublease and evaluate it for impairment. If classified as operating lease, the Group continues to account for the lease liability and right-of-use asset on the head lease like any other lease.

4.9 Inventories

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

The cost of raw materials, packaging materials, traded goods, cost of production materials and storeroom items is based on the FIFO (First-in First-out) method. Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of conversion include costs directly related to the units of production, and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.

The allocation of fixed production overheads is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average for the periods or seasons under normal circumstances, taking into account the seasonal business cycle of the Group.

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

The cost of growing crops transferred from biological assets is its fair value less cost to sell at the date of harvest.

4. Significant accounting policies (cont'd)

4.10 Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amount of cash with original maturities of three months or less that are subject to insignificant risk of change in value.

4.11 Impairment

(i) Non-derivative financial assets

The Group recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

Impairment loss allowances are measured on either lifetime ECLs or 12-month ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date, or a shorter period if the expected life of the instrument is less than 12 months.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for debt securities that are determined to have low credit risk at the reporting date and other debt securities, non-trade and other receivables and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Impairment loss allowances for trade receivables without a significant financing component are measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held), or when the financial asset is more than 90 days past due.

4. Significant accounting policies (cont'd)

4.11 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

At each reporting date, the Group assesses whether financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired may include significant financial difficulty of the debtor, a breach of contract such as a default, the restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that the debtor or issuer will enter bankruptcy or other financial reorganization, the disappearance of an active market for that financial asset because of financial difficulties, adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults.

Impairment loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets in the statement of financial position. The gross carrying amount of a financial asset is written-off when the Group has no realistic prospects of recovery of the asset.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

4. Significant accounting policies (cont'd)

4.11 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Joint ventures and investments in subsidiaries

An impairment loss in respect of joint ventures is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in the income statement. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

Goodwill

Goodwill that forms part of the carrying amount of an investment in a joint venture is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in a joint venture may be impaired.

When conducting the annual impairment test for goodwill, the Group compares the estimated fair value of the CGU containing goodwill to its recoverable amount.

Goodwill is allocated to a CGU or group of CGUs that represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The recoverable amount is computed using two approaches: the VIU approach, which is the present value of expected cash flows, discounted at a risk adjusted weighted average cost of capital; and the fair value less cost to sell approach, which is based on the Income Approach, which indicates the recoverable amount of an asset based on the value of the cash flows that the asset can be expected to generate in the future.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill attributable to acquisition of a subsidiary is not reversed.

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

4. Significant accounting policies (cont'd)

4.12 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

(ii) Defined benefit pension plan

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

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognizes them immediately in other comprehensive income and all expenses related to defined benefit plans in staff cost in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the income statement.

When the plan amendment or curtailment occurs, the Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement. In fiscal year 2020, there were amendments to the employee benefit plans, eliminating certain benefits in fiscal year 2020 and after fiscal year 2022 (see Note 20).

4. Significant accounting policies (cont'd)

4.12 Employee benefits (cont'd)

(ii) Defined benefit pension plan (cont'd)

Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to certain union employees. The Group accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as a defined contribution plan. For certain union employee related retirement plans where sufficient information is not available to use defined benefit accounting, the Group accounts for these plans as if they were defined contribution plans.

(iii) Other plans

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

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in the income statement in the period in which they arise. Other long-term employee benefits include the Group's long-term executive cash incentive awards (see Note 31).

(v) Termination benefits

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

(vi) Short-term employee benefits

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

4. Significant accounting policies (cont'd)

4.12 Employee benefits (cont'd)

(vii) Share-based payment transactions

The Group grants share awards and share options to employees of the Group. The fair value of incentives granted is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and accounted for as described below.

Share awards

The fair value, measured at grant date, is recognized over the period during which the employees become unconditionally entitled to the shares.

Share options

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

4.13 Share capital and retained earnings

(i) Share capital

Ordinary shares

Ordinary shares are classified as equity. Holders of these shares are entitled to dividends as declared from time to time, and to one vote per share at general meetings of the Company.

Preference shares

Preference shares are classified as equity. Holders of these shares are entitled to cash dividends based on the issue price, at the dividend rate per annum from the issue date, payable every 7 October and 7 April of each year following the issue date, upon declaration by the Board.

The transaction costs directly attributable to the issue of ordinary and preference shares are accounted for as deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

4. Significant accounting policies (cont'd)

4.13 Share capital and retained earnings (cont'd)

(i) Share capital (cont'd)

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

Share premium

Share premium represents the excess of consideration received over the par value of ordinary and preference shares net of transaction costs from issuance of share capital, share options exercised and released of share awards granted.

(ii) Retained Earnings

Retained earnings include profit attributable to the equity holders of the Group and reduced by dividends declared on share capital.

Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

(iii) Dividends

Dividends are recognized as a liability and deducted from retained earnings when they are declared.

4.14 Provisions

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

(i) Environment remediation liabilities

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

4. Significant accounting policies (cont'd)

4.14 Provisions (cont'd)

(ii) Retained insurance liabilities

The Group accrues for retained insurance risks associated with the deductible portion of any potential liabilities that might arise out of claims of employees, customers or other third parties for personal injury or property damage occurring in the course of the Group's operations.

A third-party actuary is engaged to assist the Group in estimating the ultimate cost of certain retained insurance risks. Additionally, the Group's estimate of retained insurance liabilities is subject to change as new events or circumstances develop which might materially impact the ultimate cost to settle these losses.

4.15 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sales of goods

Revenue from the sale of goods is recognized at a point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of the promised goods.

Each contract with a customer specifies minimum quantity, fixed prices and effective period and is not subject to change for the contractual period unless mutually agreed by the parties. Invoices are usually payable within 30 days from delivery.

The Group provides allowances under trade promotions to customers and coupons to end consumers which are reimbursable by the Group to customers when redeemed. Allowances and coupons are generally considered as reductions of the transaction price and recognized at the later of when the Group recognizes revenue for the transfer of the related goods and when the Group pays or promises to pay the allowances or coupons.

Variable amounts related to these allowances and coupons are estimated using the expected value method and included in the transaction price to the extent it is highly probable that a significant revenue reversal will not subsequently occur. Accruals for trade promotions are based on expected levels of performance. Settlement typically occurs in subsequent periods primarily through an off-invoice allowance at the time of sale or through an authorized process for deductions taken by a customer from amounts otherwise due to the Group. Evaluation of trade promotions are performed monthly and adjustments are made where appropriate to reflect changes in the Group's estimates. The Group accrues coupon redemption costs based on estimates of redemption rates that are developed by management. Management's estimates are based on recommendations from independent coupon redemption clearing-houses as well as historical information. Should actual redemption rates vary from amounts estimated, adjustments may be required.

4. Significant accounting policies (cont'd)

4.15 Revenue recognition (cont'd)

(ii) Sales returns

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. The amount of revenue and the receivable recognized is adjusted for expected returns, which are estimated based on the historical data. No right of return asset (and corresponding adjustment to cost of sales) is recognized for the right to recover products from a customer since Group's policy is to dispose all goods to be returned.

(iii) Contract balances arising from revenue with customer contracts

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

(iv) Bill-and-hold arrangements

Bill-and-hold arrangements pertain to sales of the Group wherein the customers are billed for goods that are ready for delivery, but the Group retains physical possession of the product until it is transferred to the customer at a future date. The Group assessed whether control has transferred to the customers, even though the customers do not have physical possession of the goods. The following criteria must all be met in order for the customers to have obtained control in bill-and-hold arrangements:

- the reason for the bill-and-hold arrangement must be substantive;
- the product must be identified separately as belonging to the customer;
- the product currently must be ready for physical transfer to the customer; and
- the entity cannot have the ability to use the product or to direct it to another customer.

4. Significant accounting policies (cont'd)

4.15 Revenue recognition (cont'd)

(iv) Bill-and-hold arrangements (cont'd)

Custodial services provided to the customers are identified as a separate performance obligation. A portion of the contract price should be allocated to the custodial services and separately recognized over the period of time the product is being held by the Group, along with the related costs of storing the product.

Penalty on the late payment of the invoices affects the estimate of the transaction price.

Other income:

(i) Finance income

Such income is recognized as the interest accrues taking into account the effective interest yield on the asset.

(ii) Other income

Other income is recognized when earned.

4.16 Finance income and finance costs

Finance income comprises interest income earned mainly from bank deposits and amounts or balances due from related parties of the Group. Interest income is recognized as it accrues in the income statement, using the effective interest method.

Finance expense comprises interest expense on finance leases and borrowings. All finance lease borrowing costs are recognized using the Group's incremental borrowing rate. All borrowing costs are recognized in income statement using the effective interest method, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

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

4.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income statement except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

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

4. Significant accounting policies (cont'd)

4.17 Tax (cont'd)

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

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

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

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

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

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

4.18 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined in the same manner, adjusted for the effects of any dilutive potential ordinary shares, which comprise the restricted share plan and share options granted to employees.

4. Significant accounting policies (cont'd)

4.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of non-recurring expenses.

4.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognized because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognized on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

4.21 New standards and interpretations issued but not yet effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

4. Significant accounting policies (cont'd)

4.21 New standards and interpretations issued but not yet effective (cont'd)

Effective beginning on or after 1 January 2023

- Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- Amendments to IAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after 1 January 2023 .

4. Significant accounting policies (cont'd)

4.21 New standards and interpretations issued but not yet effective (cont'd)

Effective beginning on or after 1 January 2023 (cont'd)

- IFRS 17, *Insurance Contracts*

  IFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

  a. A specific adaptation for contracts with direct participation features (the variable fee approach)

  b. A simplified approach (the premium allocation approach) mainly for short-duration contracts

  IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted.

Effective beginning on or after 1 January 2024

- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  4.11 That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  4.12 That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  4.13 That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

4. Significant accounting policies (cont'd)

4.21 New standards and interpretations issued but not yet effective (cont'd)

Effective beginning on or after 1 January 2024 (cont'd)

- Amendments to IFRS 16*, Lease liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.periods.

  The amendments are effective for annual reporting beginning on or after 1 January 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to IAS 1, *Non-current Liabilities with Covenants*

  The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

Deferred effectivity

- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

- The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On 13 January 2016, the FRSC deferred the original effective date of 1 January 2016 of the said amendments until the IASB completes its broader review of the research project o equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

5. Property, plant and equipment - net

	<------ At cost			------>	At appraised value	
	Buildings, land improvements and leasehold improvements	Machineries and equipment	Construction -in-progress ("CIP")	Bearer plants	Freehold land	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
Cost/Valuation						
At 1 May 2021	227,519	593,896	34,953	374,803	63,145	1,294,316
Additions	6,596	17,429	47,509	133,622	–	205,156
Disposals	(167)	(12,106)	–	–	–	(12,273)
Write off - closed fields	–	–	–	(95,754)	–	(95,754)
Reclassifications from CIP	1,942	21,871	(23,813)	–	–	–
Currency realignment	(5,990)	(18,691)	(1,265)	(29,889)	(1,267)	(57,102)
At 30 April 2022 and 1 May 2022	229,900	602,399	57,384	382,782	61,878	1,334,343
Additions	9,808	6,843	72,688	147,028	–	236,367
Disposals	(80)	(3,527)	–	–	–	(3,607)
Write off - closed fields	–	–	–	(136,468)	–	(136,468)
Reclassifications from CIP	5,235	30,710	(35,945)	–	–	–
Revaluation	–	–	–	–	22,121	22,121
Currency realignment	(4,198)	(13,180)	(1,378)	(21,782)	(1,000)	(41,538)
At 30 April 2023	240,665	623,245	92,749	371,560	82,999	1,411,218
Accumulated depreciation and impairment losses						
At 1 May 2021	110,782	415,584	–	214,638	8,536	749,540
Charge for the year	10,163	35,201	–	104,753	–	150,117
Disposals	(138)	(11,098)	–	–	–	(11,236)
Write off - closed fields	–	–	–	(95,754)	–	(95,754)
Other adjustments	–	62	–	–	–	62
Currency realignment	(3,185)	(14,930)	–	(17,918)	–	(36,033)
At 30 April 2022 and 1 May 2022	117,622	424,819	–	205,719	8,536	756,696
Charge for the year	10,090	34,152	–	113,571	–	157,813
Disposals	(37)	(2,621)	–	–	–	(2,658)
Write off - closed fields	–	–	–	(136,468)	–	(136,468)
Currency realignment	(2,095)	(10,191)	–	(10,870)	–	(23,156)
At 30 April 2023	125,580	446,159	–	171,952	8,536	752,227
Carrying amounts						
At 30 April 2022	112,278	177,580	57,384	177,063	53,342	577,647
At 30 April 2023	115,085	177,086	92,749	199,608	74,463	658,991

5. Property, plant and equipment - net (cont'd)

Depreciation recognized in the consolidated statements of cash flows is net of the amount capitalized in inventories.

The Group has property, plant and equipment acquisitions of US$3.9 million as of 30 April 2023 (2022: US$3.0 million) that are unpaid as at year-end and included under “Accrued operating expenses” in “Trade and other current liabilities”. Down payments made by the Group for the acquisition of property, plant and equipment amounted to US$3.5 million for the year ended 30 April 2023 (2022: to US$4.2 million) recorded under “Advances to suppliers” in “Other noncurrent assets”. In addition, the Group has reclassified certain prepaid and other current assets to property, plant and equipment which amounted to US$2.4 million in 2023 (2022: US$3.7 million). The cost of fields closed and written off in 2023 amounted to US$136.5 million, which have been fully depreciated during the year (2022: US$95.8 million).

Bearer Plants

	Group	
	30 April 2023	**30 April 2022**
Hectares planted with growing crops:		
- Pineapples	16,562	16,130
- Papaya	185	123
Fruits harvested from the growing crops: (in metric tons)		
- Pineapples	858,908	785,876
- Papaya	1,497	1,266

Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by depreciation. Depreciation represents the estimated cost of fruits harvested from the Group’s plant crops. An estimated cost is necessary since the growth cycle of the plant crops is beyond twelve months, hence total growing costs are not yet known as of reporting date. The estimated cost is developed by allocating estimated growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. Estimated growing costs are affected by inflation and foreign exchange rates, volume and labor requirements. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The Group reviews and monitors the estimated cost of harvested fruits regularly.

Leasehold Improvements

As at 30 April 2023 and 2022, the Group has no significant legal or constructive obligation to dismantle any of its leasehold improvements as the lease contracts provide, among other things, that the improvements introduced on the leased assets shall become the property of the lessor upon termination of the lease.

5. Property, plant and equipment - net (cont'd)

Freehold Land

The table below summarises the valuation of freehold land held by the Group as at 30 April 2023 and 2022 in various locations:

Located in	30 April 2023 US$'000	30 April 2022 US$'000	Date of Latest Valuation
The Philippines	18,697	10,799	2023 (Various)
United States of America	41,009	32,459	1 April 2023
Singapore	14,756	10,084	30 April 2023
	74,462	53,342	

The Group engaged independent appraisers to determine the fair values of its freehold land. Revaluations are performed at regular intervals to ensure that the fair value of the freehold land does not differ materially from its carrying amount. Management evaluated that the fair values of its freehold land at the respective valuation dates approximate their fair values as of the reporting date. The assumptions used in determining the fair value are disclosed in Note 34. Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the land from the last appraisal made.

The carrying amount of the Group's freehold land as at 30 April 2023 would be US$34.4 million (2022: US$34.6 million) had the freehold land been carried at cost less impairment losses.

Construction-in-Progress ("CIP")

CIP includes on-going item expansion projects for the Group's operations.

Major items in CIP as of 30 April 2023 include plastic sleeveless cartoning for Modesto, additional Joyba production capacity for Mexico, installation of new fire roasting equipment and 4pk capability of 15oz, 8oz and 6oz tomato products for Hanford, warehouse management system roll out to manufacturing plants and distribution centers in the U. S., new tetra line in Cabuyao, installation of additional FDM 202 line at the cannery in Bugo, additional 307 cook room line, acquisition of tetra filler in Bugo, 307 Line 6 autocaser and JMC fresh fruit packing house line 4 are among the significant projects implemented in fiscal years 2023. These projects are expected to be completed by fiscal year 2024.

Major items in CIP as of 30 April 2022 include plastic sleeveless cartoning for Modesto, new labeling line for packaging club and retail items for Markesan, installation of corn cutters on the process line, higher capacity palletizer for Toppenish, installation of additional FDM 202 Line at the Bugo Cannery, construction of North DC warehouse in Marilao, Bulacan and purchase of Tetra Line for Cabuyao Plant, which are among the significant projects implemented in fiscal year 2022. These projects were expected to be completed by fiscal year 2023.

5. Property, plant and equipment - net (cont'd)

Construction-in-Progress ("CIP") (cont'd)

Capitalized borrowing costs for the year ended 30 April 2023 amounting to US$0.3 million pertains to an additional complete 307 cook room line, and the carry-over of both of the FDM 202 line and 307 line 6 auto caser. For the year ended 30 April 2022, capitalized borrowing costs amounting to US$0.01 million is related to the installation of an additional FDM 202 Line, Can Making Equipment, and the installation of an automated line for 2.3kg tidbits and an acquisition of a 307 line 6 auto caser.

The Group also capitalized interest expense arising from general borrowings and lease liabilities to bearer plants amounting to US$2.5 million and US$1.2 million for the years ended 30 April 2023 and 2022, respectively. Average capitalization rate used is 6.00% and 2.25% for the fiscal years ended 30 April 2023 and 2022, respectively.

Source of estimation uncertainty

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

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

The depreciation of bearer plants requires estimation of future harvest which is affected by natural phenomena and weather patterns.

The valuation of freehold land is based on comparable transaction subject to adjustments. These adjustments require judgment.

6. Investments in subsidiaries

	30 April 2023 US$'000	30 April 2022 US$'000
Unquoted equity shares, at cost, at the beginning and end of the year	1,020,215	1,020,215
Amounts due from subsidiaries (nontrade)	237,516	237,516
	1,257,731	1,257,731
Accumulated share in losses at the beginning of the year	(277,723)	(356,274)
Dividends declared by subsidiaries	(88,503)	(33,519)
Share in net profit of subsidiaries	61,702	124,985
Share in other comprehensive income (losses) of subsidiaries, net of tax	13,952	(11,162)
Cancelled options of a subsidiary	–	(1,753)
	(290,572)	(277,723)
Interests in subsidiaries at the end of the year	967,159	980,008

On 15 May 2020, the Company converted its long-term loans receivable from Del Monte Foods Holdings Limited ("DMFHL") amounting to US$229.5 million (including accrued interest of US$0.8 million from 30 April 2020 to conversion date) to equity investment. DMFHII issued 64.546 shares of capital stock to DMFHL, and DMFHL was unconditionally released of all liabilities for principal and interest through 30 April 2020 relating to the purchase of the Second Lien Term Loans. On 15 May 2020, DMFHL recorded US$229.5 million of additional paid-in capital related to this transaction. In addition, the Company and DMPLFL entered into a supplemental agreement dated 11 August 2020 for the issuance of additional 3.23 ordinary shares b DMPLFL to cover the additional accrued interest through 15 May 2020 which amounted to $1.1 million.

On 15 May 2020, the Company invested US$150.0 million of additional paid-in capital to DMPLFL in exchange for 423.95 shares of preferred stock.

The amounts due from subsidiaries are unsecured and interest-free. Settlement of the balances are neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company's net investments in the subsidiaries.

<u>Share Purchase Agreement and Shareholders' Agreement with SEA Diner Holdings (S) Pte. Ltd. ("SEA Diner")</u>

On 24 January 2020, the Company, Central American Resources, Inc ("CARI"), Del Monte Philippines, Inc. ("DMPI") and SEA Diner, a company incorporated in Singapore, entered into a Share Purchase Agreement and Shareholders' Agreement pursuant to which and subsequent arrangements, CARI agreed to sell 335,678,400 existing common shares equivalent to 12% ownership interest in DMPI to SEA Diner for a consideration of US$120.0 million, subject to fulfilment of certain conditions precedent. These common shares were convertible to voting, convertible, participating and redeemable convertible preferred shares ("RCPS") of DMPI.

Share Purchase Agreement and Shareholders' Agreement with SEA Diner Holdings (S) Pte. Ltd. ("SEA Diner") (cont'd)

The Board and the stockholders of DMPI approved the conversion of the convertible common shares to RCPS subject to the completion of the transaction and the Enabling Resolutions which further defined the terms of the RCPS on 3 March 2020. As at 30 April 2020, the Company, CARI and DMPI had fulfilled the conditions precedent under the Share Purchase Agreement. The private placement transaction closed on 20 May 2020.

Terms of the RCPS

The terms of the RCPS were as follows:

(i) The RCPS holders participate in the dividends on an as-converted basis, that is, if common shareholders are entitled to dividends, then the RCPS holders will correspondingly be entitled to dividends on an as-converted basis.

(ii) The investor as an RCPS holder will have proportional shareholder voting rights in DMPI on an as-converted basis. There will also be certain reserved matters (for example, matters not in the ordinary course of business) which the investor will have the right to approve.

(iii) SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of DMPI at a ratio of one (1) RCPS to one (1) common share of DMPI. The RCPS is automatically converted into common share in the event of initial public offering (IPO) of DMPI.

(iv) Upon the occurrence of any of certain agreed "RCPS Default Events", SEA Diner may require the Company, CARI or DMPI to redeem all of the RCPS at the agreed redemption price, which is the amount of RCPS consideration plus the agreed rate of return (compounded on a per annum basis) calculated from 20 May 2020 up to the date of redemption.

(v) In case of "Other Redemption Events", redemption shall be subject to the mutual agreement of the parties. If DMPI does not consent to the RCPS holder's written redemption request, the internal rate of return would be increased annually by 3%, and this increased rate of return shall apply for each year that the RCPS remain outstanding and shall be compounded on a per annum basis. Other Redemption Events include but are not limited to, an exit not completed within five years from the closing date, the Group being in default on any of its indebtedness which is not cured within 30 business days from written notice thereof, or the Group suffers insolvency.

On 3 August 2020, the SEC approved the amendment of DMPI's Articles of Incorporation to reflect the conversion of 335,678,400 convertible common shares to RCPS and the removal of the conversion feature of the remaining convertible common shares.

On 16 December 2020, CARI sold additional 27,973,200 common shares of DMPI to SEA Diner for US$10 million, which increased the ownership of SEA Diner in DMPI to 13%.

On 1 March 2021, the SEC approved the amendment of DMPI's Articles of Incorporation to change DMPI's Php 3 billion authorized capital stock (previously comprising common shares and RCPS) to all common shares with a par value of Php 1 per share. Consequently, the 335,678,400 RCPS issued to SEA Diner were converted to 335,678,400 common shares.

Share Purchase Agreement and Shareholders' Agreement with SEA Diner Holdings (S) Pte. Ltd. ("SEA Diner") (cont'd)

Included in the Shareholders' Agreement is a requirement for the Group to continuously maintain the following financial covenants for as long as SEA Diner is a significant minority:

(i) The ratio of the Group's total indebtedness to the Group's consolidated earnings before interest and taxes shall not exceed 3.75x at any time during each quarter; and

(ii) The ratio of the Group's total indebtedness to the Group's shareholder's equity shall not exceed 2.00x at any time during each quarter

In the case of a breach of the above financial covenants or Other Redemption Events, SEA Diner may require the Company, CARI or DMPI to redeem all of the RCPS at the agreed redemption price subject to the mutual consent of the Group and SEA Diner.

As of and for the year ended 30 April 2023, the Group did not meet the above financial covenants. However, the redemption of the RCPS is subject to mutual consent of the Group and SEA Diner. As of the date of these financial statements, the Group is in discussion with SEA Diner with regards to the resolution of this matter.

Call Option Agreement

On 24 January 2020, the Company, CARI, DMPI and SEA Diner entered into a call option agreement which gives SEA Diner the right to buy from CARI additional DMPI shares ("Option Shares"). The exercise price for each Option Share is US$0.357 (computed based on the DMPI equity valuation of US$1 billion / existing total issued share capital of the DMPI shares of 2,797,320,003 as at the date of the Agreement).

The call option is exercisable within the Option Period which means:

(A) commencing on:

  (i) in the event where an IPO of DMPI is consummated on or before 30 April 2022, and:

    a. such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalization of US$2,000,000,000 or lower, the date on which such IPO of DMPI is consummated; or

    b. such IPO of DMPI is consummated at a price per DMPI share which implies an IPO pre-money market capitalization of more than US$2,000,000,000 and following such IPO, SEA Diner sells any DMPI shares at a price per DMPI share which implies that DMPI's valuation is at or lower than an IPO pre-money market capitalization of US$2,000,000,000, the date on which the SEA Diner makes such sale of DMPI shares; or

  (ii) 30 April 2022, if DMPI does not consummate an IPO on or before 30 April 2022; and

6. Investments in subsidiaries (cont'd)

Call Option Agreement (cont'd)

(B) ending on the earliest of:

(i) the date falling ten (10) years after the date of closing;
(ii) the date falling five (5) years after the consummation of an IPO of DMPI; and
(iii) the date on which the SEA Diner receives an amount in respect of a redemption of its DMPI shares pursuant to the Shareholders' Agreement that provides the SEA Diner with a rate of return of no less than eight (8) per cent.

Impact on the Group

In relation to the above transaction, as at 30 April 2020, the Group recognized the gross consideration of US$120.0 million under "Trade and other receivables" (collected in fiscal year 2021), transaction costs of US$14.0 million (US$0.7 million of which was already paid as at 20 April 2020 and the outstanding balance of US$13.3 million as at 30 April 2020 is recorded as accrued operating expenses under "Trade payables and other current liabilities" (paid in fiscal year 2021), long-term derivative liability of US$2.6 million for the call option in accordance with the call option agreement, equity reserve under "Retained earnings" of US$77.0 million due to change in ownership interest in DMPI without loss of control (see Note 17) and "Non-controlling interests" of US$26.4 million representing investor's proportionate share in the net assets of DMPI (see Note 38).

In relation to the additional sale of DMPI shares in fiscal year 2021, the Group recognized an additional "Non-controlling interests" of US$2.2 million and paid transaction costs amounting to US$1.2 million. The resulting gain of US$6.6 million was recorded as equity reserve under retained earnings.

Management assessed that the fair value of derivative liability related to the call option is nil as at 30 April 2023 and 2022.

Impact on the Company

In fiscal year 2020, the Company recognized an increase in investment in subsidiary and retained earnings equal to its share in the net equity reserve amounting to US$77.0 million recognized by CARI, accrued transaction costs of US$1.3 million, and receivable from CARI amounting to US$2.1 million.

As a result of the additional sale of DMPI shares in fiscal year 2021, the Company recognized an increase in investment in subsidiary and equity reserve amounting to US$6.6 million, net of transaction costs of US$1.2 million. The equity reserve recognized in fiscal year 2021 was subsequently closed to retained earnings.

6. Investments in subsidiaries (cont'd)

Significant judgments

1. Recognition of Share Purchase Agreement as at 30 April 2020

   The Share Purchase Agreement was subject to conditions precedent and closing conditions. The conditions precedent were completed as at 30 April 2020 while the parties agreed the closing date to be 20 May 2020. Management assessed that the closing conditions were administrative in nature and accounted for the transaction as at 30 April 2020.

   Moreover, management assessed that the actual conversion of the common shares to RCPS in records and the issuance of related stock certificates were administrative and procedural in nature. The Board and stockholders of DMPI also approved the conversion of the convertible common shares to RCPS in March 2020. Considering this, the Group had accounted for the instrument as RCPS in substance as at 30 April 2020.

2. Equity Classification

   The Group has no contractual obligation to deliver cash or another financial asset to the investor as the "RCPS Default Events", among the other terms in Share Purchase Agreement, Shareholders' Agreement and Call Option Agreement, are assessed to be within the control of the Group and the redemption of the RCPS in case of "Other Redemption Events" is subject to the mutual consent of both parties; and based on its actual net income for the year ended 31 April 2021 which had exceeded the target. Also, on 5 February 2021, the Board and stockholders of DMPI approved the amendment to DMPI's Articles of Incorporation to change the authorized capital stock to common shares from RCPS. The SEC approved this amendment to the Articles of Incorporation on 1 March 2021.

3. Obligation to Purchase Excess Shares or Sell Shortfall Shares

   The Shareholders' Agreement provides for a conditional obligation for CARI to purchase excess shares or sell shortfall shares to SEA Diner at par value subject to certain conditions (amount of IPO pre-money market capitalization exceeding the US$2 billion threshold amount or an IPO being consummated more than 275 days from a conversion date) set out in the Shareholders' Agreement. Management assessed that the Group's derivative asset or liability to purchase excess shares or sell shortfall shares to SEA Diner has a carrying value of nil as at 30 April 2023 and 2022 since the IPO did not occur during such periods. As a result, the probability of the options relating to the excess shares and shortfall shares being triggered is nil or minimal.

4. Fair Value of Derivative Liability on the Call Option

   The fair value of the derivative liability related to the call option is measured using Black-Scholes model. The inputs to this model are taken from a combination of observable markets and unobservable market data. Changes in inputs about these factors could affect the reported fair value of the derivative liabilities and impact profit or loss. Management assessed that the fair value of the derivative liability is nil as at 30 April 2023 and 2022 as the estimated pre-money market capitalization is higher than the threshold in the Call Option Agreement.

6. Investments in subsidiaries (cont'd)

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of in-corporation and business	Effective equity held by the Group 30 April 2023 %	30 April 2022 %
Held by the Company				
Del Monte Pacific Resources Limited ("DMPRL") [6]	Investment holding	British Virgin Islands	100.00	100.00
DMPL India Pte Ltd ("DMPLI") [3]	Investment holding	Singapore	100.00	100.00
DMPL Management Services Pte Ltd [3]	Providing administrative support and liaison services to the Group	Singapore	100.00	100.00
GTL Limited [4]	Inactive	Federal Territory of Labuan, Malaysia	100.00	100.00
S&W Fine Foods International Limited ("S&W") [6]	Selling processed food products under the "S&W" trademark; Owner of the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa	British Virgin Islands	100.00	100.00
DMPL Foods Limited ("DMPLFL") [7] [9]	Investment holding	British Virgin Islands	93.57	93.57
Held by DMPRL				
Central American Resources, Inc. ("CARI")[6]	Investment holding	Panama	100.00	100.00
Dewey Limited ("Dewey") [7]	Mainly investment holding	Bermuda	100.00	100.00
Held by CARI				
DMPI [1] [2]	Growing, processing and distribution of food products mainly under the brand name "Del Monte"	Philippines	87.00	87.00
South Bukidnon Fresh Trading Inc ("SBFTI") [1]	Inactive	Philippines	100.00	100.00

6. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal activities	Place of in-corporation and business	Effective equity held by the Group 30 April 2023 %	30 April 2022 %
Held by DMPI				
Philippine Packing Management Services Corporation ("PPMSC") [1]	Intellectual property holding and licensing, management, logistics and support services	Philippines	87.00	87.00
Del Monte Txanton Distribution Inc ("DMTDI") [a] [1] [2]	Inactive	Philippines	34.80	34.80
Held by Dewey				
Dewey Sdn. Bhd. [4]	Inactive	Malaysia	100.00	100.00
Held by DMPLI				
DMPL India Limited [7]	Investment holding	Mauritius	95.52	95.13
Held by S&W				
S&W Japan Limited [7]	Support and marketing services	Japan	100.00	100.00
Held by DMPLFL				
Del Monte Foods Holdings Limited ("DMFHL") [1] [9]	Investment holding	British Virgin Islands	93.57	93.57
Held by DMFHL				
Del Monte Foods Holdings II, Inc. ("DMFHII") [5] [9]	Investment holding	State of Delaware, U.S.A.	93.57	93.57
Held by DMFHII				
Del Monte Foods Holdings Inc. ("DMFHI") [5] [9]	Investment holding	State of Delaware, U.S.A.	93.57	93.57
Held by DMFHI				
Del Monte Foods, Inc. ("DMFI") [5] [9]	Manufacturing, processing and distributing food, beverages and other related products	State of Delaware, U.S.A.	93.57	93.57
Held by DMFI				
Sager Creek Foods, Inc. (formerly Vegetable Acquisition Corp.) [5] [9]	Real estate holding	State of Delaware, U.S.A.	93.57	93.57
Del Monte Andina C.A. ("Del Monte Andina") [8] [9]	Manufacturing, processing and distributing food, beverages and other related products	Venezuela	–	–
Del Monte Colombiana S.A. [4] [9]	Manufacturing, processing and distributing food, beverages and other related products	Colombia	76.35	76.35

6. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2023 %	30 April 2022 %
Held by DMFI (cont'd)				
Industrias Citricolas de Montemorelos, S.A. de C.V. ("ICMOSA") [4] [9]	Manufacturing, processing and distributing food, beverages and other related products	Mexico	93.57	93.57
Del Monte Peru S.A.C. [7] [9]	Distribution of food, beverages and other related products	Peru	93.57	93.57
Del Monte Ecuador DME C.A. [7] [9]	Distribution of food, beverages and other related products	Ecuador	93.57	93.57
Hi-Continental Corp. [7] [9]	Distributor of non-Del Monte products	State of California, U.S.A.	93.57	93.57
College Inn Foods [7] [9]	Distributor of College Inn brand products	State of California, U.S.A.	93.57	93.57
Contadina Foods, Inc. [7] [9]	Distributor of Contadina brand products	State of Delaware, U.S.A.	93.57	93.57
S&W Fine Foods, Inc. [7] [9]	Distributor of S&W Fine Foods, Inc,	State of Delaware, U.S.A.	93.57	93.57
Del Monte Ventures, LLC ("DM Ventures") [b] [9]	Holding company	State of Delaware, U.S.A.	93.57	93.57
Joyba, Inc.	Distributor of Joyba brand products	State of California, U.S.A.	93.57	–
Kitchen Basics, Inc.	Distributor of Kitchen Basics brand products	State of California, U.S.A.	93.57	–
Green Thumb Foods, Inc.	Distributor of Green Thumb Foods brand products	State of California, U.S.A.	93.57	–
Held by DM Ventures				
Del Monte Chilled Fruit Snacks, LLC [b] [9]	Development, production, marketing, sale and distribution of processed refrigerated fruit products	State of Delaware, U.S.A.	47.72	47.72
Held by Del Monte Andina				
Del Monte Argentina S.A. [7]	Inactive	Argentina	–	–

6. Investments in subsidiaries (cont'd)

[a] DMTDI is consolidated as the Group has de facto control over the entity. Even with less than the majority voting rights, the Group concluded that DMTDI is a subsidiary and that it has power to direct the relevant activities of DMTDI due to DMPI having majority seats in the Board through a shareholders agreement with the other shareholders of DMTDI. The key management personnel (i.e., President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Treasurer and Corporate Secretary) of DMPI also serve in the same positions in DMTDI. In its special meeting held on 22 April 2019, DMTDI's Board approved the dissolution and liquidation of DMTDI by shortening its corporate term. As at 30 April 2023, the application for the dissolution and liquidation is yet to be submitted with the SEC due to certain regulatory and documentary requirements.

[b] The Group incorporated its subsidiary, Del Monte Ventures, LLC on 21 June 2017 which acquired interests in four joint venture entities which were all incorporated in the state of Delaware, USA. These joint ventures will pursue sales of expanded refrigerated offerings across all distribution and sales channels, and will establish a new retail food and beverage concept. These joint ventures will initially focus on the U.S. market, with the potential for expansion into other territories. These joint venture entities are in their pre-operating stages and have no material assets or liabilities as of 30 April 2023 and 2022.

[1] Audited by SyCip Gorres Velayo & Co. ("SGV"), member firm of Ernst & Young Global.

[2] On 20 May 2020, CARI completed the sale of 12% stake in DMPI to SEA Diner. Conditions of the sale were already met as of 30 April 2020, as confirmed by both parties.

On 16 December 2020, CARI sold additional 27,973,200 common shares of DMPI to SEA Diner for US$10 million, which increased the ownership of SEA Diner in DMPI to 13%.

[3] Audited by Ernst and Young LLP ("EY") Singapore.

[4] Audited by Ernst & Young Global member firms in the respective countries.

[5] Not required to be audited in the country of incorporation. Audited by SGV for the purpose of group reporting.

[6] Not required to be audited in the country of incorporation. Audited by EY Singapore for the purpose of group reporting.

[7] Not required to be audited in the country of incorporation.

[8] Not required to be audited in the country of incorporation. The Venezuelan entity was deconsolidated in 2015. The Venezuelan exchange control regulations have resulted in an other-than-temporary lack of exchangeability between the Venezuelan Bolivar and US dollar. This has restricted the Venezuelan entity's ability to pay dividends and obligations denominated in US dollars. The exchange regulations, combined with other recent Venezuelan regulations, have constrained the Venezuelan entity's ability to maintain normal production. Due to the Group's inability to effectively control the operations of the Venezuelan entity, the Group deconsolidated its subsidiary effective February 2015. This determination requires significant judgment. The equity interest in this entity is determined to be the cost of investment of the entity at the date of deconsolidation. The investment is carried at cost less impairment losses.

6. Investments in subsidiaries (cont'd)

[9] On 15 May 2020, DMFHII issued 64.546 shares of capital stock to DMFHL. On the same date, DMFHL issued 0.64546 shares of capital stock to DMPLFL and DMPLFL issued 645.46 shares of capital stock to the Company as full payment of the US$228.4 million loan to finance purchases of the Second Lien Term Loans. Upon issuance of the capital stock to the Company, DMFHL was unconditionally released of all liabilities for principal and interest through 30 April 2020 relating to the purchase of the Second Lien Term Loans. On 15 May 2020, DMFHL recorded US$229.5 million of additional paid-in capital related to this transaction. In addition, the Company and DMPLFL entered into a supplemental agreement dated 11 August 2020 for the issuance of additional 3.23 ordinary shares by DMPLFL to cover the additional accrued interest through 15 May 2020 which amounted to $1.1 million. On 15 May 2020, DMFHL issued 0.42395 of ordinary shares to DMPLFL and DMPLFL issued 423.95 shares of preferred stock to the Company in exchange for US$150.0 million of additional paid-in capital. As a result, DMFHL recorded US$150.0 million of additional paid-in capital related to this transaction.

Information relating to the Group's subsidiaries with shareholder(s) with material non-controlling interests are disclosed in Note 38.

Significant judgments

Determination of Control over Subsidiaries

The Company regularly reassesses whether it controls an investee when facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4. The Company determined that it exercised control on all its subsidiaries as it has all elements of control.

Source of estimation uncertainty

Recoverability of Investments in Subsidiaries

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

7. Investments in joint ventures

Name of joint venture	Principal activities	Place of incorporation and business	Effective equity held by the Group 30 April 2023 %	Effective equity held by the Group 30 April 2022 %
Del Monte Foods Private Limited (formerly known as FieldFresh Foods Private Limited) ("DMFPL") [1]	Production and sale of fresh and processed fruits and vegetable food products	India	47.76	47.56
Nice Fruit Hong Kong Limited ("NFHKL") [2]	Production and sale of frozen fruits and vegetable food products	Hong Kong	35.00	35.00
Del Monte – Vinamilk Dairy Philippines, Inc. (DVDPI) [3]	Distribution of dairy and milk products	Philippines	43.50	43.50

1 Audited by Deloitte Haskins & Sells, Gurgaon, India.
2 Audited by a non-EY Global member firm.
3 Audited by SyCip Gorres Velayo & Co. ("SGV"), member firm of Ernst & Young Global.

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

	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000
Revenue	66,084	66,871
Income (loss) from continuing operations [a]	203	(6,810)
Other comprehensive income	–	–
Total comprehensive income (loss)	203	(6,810)
[a] Includes:		
- depreciation	(75)	(59)
- interest expense	(1,568)	(1,681)
Noncurrent assets	10,701	11,600
Current assets	21,851	23,686
Noncurrent liabilities	(20,193)	(21,890)
Current liabilities	(11,881)	(12,879)
Net assets	478	517
Proportion of the Group's ownership including non- controlling interest	50%	50%
	239	259
Goodwill	20,000	20,000
Impairment loss	(4,096)	(4,096)
Translation adjustment	1,395	(1,827)
Carrying amount of investment	17,538	14,336

7. Investments in joint ventures (cont'd)

	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000
Carrying amount of interest in DMFPL at beginning of the year	14,336	19,741
Capital injection during the year	3,100	–
Impairment loss	–	(2,000)
Group's share of:		
Income (loss) from continuing operations, representing total comprehensive income (loss)	102	(3,405)
Carrying amount of interest at end of the year	17,538	14,336

In fiscal year 2022, the Group recognized an impairment loss amounting to US$2.0 million due to the continuous net loss position of DMFPL (2021: US$2.1 million). The impairment loss was included in "other (expenses) income – net" in the income statement. No impairment losses were recognized in fiscal year 2023.

The interest in the net assets of an immaterial joint venture, NFHKL, is as follows:

	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000
Carrying amount of interest in NFHKL at beginning of the year	2,836	2,789
Additional advances during the year	185	595
Group's share of:		
Loss from continuing operations, representing total comprehensive loss	(398)	(548)
Carrying amount of interest at end of the year	2,623	2,836

DVDPI is a joint venture entered into by Del Monte Philippines, Inc. and Vietnam Dairy Products Joint Stock Company, a leading regional dairy company, to expand further into the dairy sector in the Philippines. This joint venture was incorporated and registered with SEC on 12 July 2021.

7. Investments in joint ventures (cont'd)

The interest in the net assets of an immaterial joint venture, DVDPI, is as follows:

	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000
Carrying amount of interest in DVDPI at beginning of the year	–	–
Capital injection	990	1,001
Reclassification from receivable	200	–
Group's share of:		
Loss from continuing operations, representing total comprehensive loss	(1,190)	(1,001)
Carrying amount of interest at end of the year	–	–

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

	Group		Company	
	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000
Group's interest in joint ventures				
DMFPL	17,538	14,336	–	–
NFHKL	2,623	2,836	2,623	2,836
Carrying amount of investments in joint ventures	20,161	17,172	2,623	2,836

Significant judgments

Determination of Joint Control and the Type of Joint Arrangement

Joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management has assessed that it has joint control in all joint arrangements.

The Group determines the classification of a joint venture depending upon the parties' rights and obligations arising from the arrangement in the normal course of business. When making an assessment, the Group considers the following:

(a) the structure of the joint arrangement.

(b) when the joint arrangement is structured through a separate vehicle:

i. the legal form of the separate vehicle;
ii. the terms of the contractual arrangement; and
iii. when relevant, other facts and circumstances.

7. Investments in joint ventures (cont'd)

Significant judgments (cont'd)

The Group determined that its interests in DMFPL, NFHKL and DVDPI are joint ventures as the arrangements are structured in a separate vehicle and that it has rights to the net assets of the arrangements. The terms of the contractual arrangements do not specify that the parties have rights to the assets and obligations for the liabilities relating to the arrangements.

Source of estimation uncertainty

Recoverability of investments in joint ventures

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 judgment and estimation. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the joint venture, including factors such as market demand and performance. The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

Since its acquisition, the Indian sub-continent trademark and the investment in DMFPL 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.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are discount rates, revenue growth rates, earnings before interest, taxes, depreciation and amortization ("EBITDA") margin and terminal growth rate. The values assigned to the key assumptions represented management's assessment of future trends in the industries and were based on both external and internal sources.

	30 April 2023 %	30 April 2022 %
Pre-tax discount rate	14.1	14.9
Revenue growth rate	5.0 – 20.2	5.0 – 19.6
EBITDA margin	5.9 – 13.4	1.2 – 10.4
Long-term EBITDA margin	10.1	10.4
Terminal growth rate	5.0	5.0

The discount rate is a pre-tax measure estimated based on the historical industry average weighted-average cost of capital. This is based on a rate of debt leveraging rate of 20.60% in 2023 (2022: 23.60%), at a market interest rate of 10.1% in 2023 (2022: 7.80%).

Revenue growth rate is expressed as compound annual growth rates in the initial five years of the plan. In the first year of the business plan, revenue growth rate was projected at 18% (2022: 7%) based on the near-term business plan and market demand. The annual revenue growth included in the cash flow projections for four years was projected at the growth rate based on the historical growth in volume and prices and industry growth.

7. Investments in joint ventures (cont'd)

Key assumptions used in discounted cash flow projection calculations (cont'd)

A long-term growth rate into perpetuity has been determined based on management's estimate of the long-term compound annual growth rate in the Indian economy which management believed was consistent with the assumption that a market participant would make.

EBITDA margin has been a factor of the revenue forecast based on business plan and market demand coupled with the cost saving initiatives.

Sensitivity to changes in assumptions

In fiscal year 2023, the estimated recoverable amount exceed the carrying amount of interest in the joint venture and trademark, accordingly, no impairment loss was recognized. In fiscal year 2022, the carrying amount of interest in a joint venture and trademark exceed the estimated recoverable amount, accordingly, impairment loss of US$2.0 million was recognized.

Management has identified that a reasonably possible change in the following two key assumptions could result in the carrying amount to exceed the recoverable amount. The implication of the key assumptions for the recoverable amount is discussed below:

Long-term growth rates – A reduction of 0.5% in 2023 (2022: 0.5%) in the long-term growth rate would result in an impairment of approximately US$1.0 million in 2023 (2022: further impairment of US$1.1 million).

Discount rates – An increase of 1.0% in 2023 (2022: 1.0%) in the discount rate would result in an impairment of approximately US$3.3 million in 2023 (2022: further impairment of US$3.4 million).

8. Intangible assets and goodwill

	Note	Goodwill US$'000	Indefinite life trademarks US$'000	Amortizable trademarks US$'000	Customer relationship US$'000	Total US$'000
Cost						
At 1 May 2021, 30 April 2022 and 1 May 2022		203,432	408,043	24,180	107,000	742,655
Additions		–	64,320	–	8,441	72,761
30 April 2023		203,432	472,363	24,180	115,441	815,416
Accumulated amortization						
At 1 May 2021		–	–	9,519	38,439	47,958
Amortization	25	–	–	1,300	5,350	6,650
At 30 April 2022 and 1 May 2022		–	–	10,819	43,789	54,608
Amortization	25	–	–	1,300	5,667	6,967
At 30 April 2023		–	–	12,119	49,456	61,575
Carrying amounts						
At 30 April 2022		203,432	408,043	13,361	63,211	688,047
At 30 April 2023		203,432	472,363	12,061	65,985	753,841

Goodwill

Goodwill arising from the acquisition of Consumer Food Business was allocated to DMFI and its subsidiaries, which is considered as one CGU.

Indefinite life trademarks

Management has assessed the following trademarks as having indefinite useful lives as the Group has exclusive access to the use of these trademarks. These trademarks are expected to be used indefinitely by the Group as they relate to continuing businesses that have a proven track record with stable cash flows.

America trademarks

As at 30 April 2023, American trademarks amount to US$458.3 million (2022: US$394.0 million). The indefinite life trademarks of US$394.0 million arising from the acquisition of Consumer Food Business relate to those of DMFI for the use of the "Del Monte" trademarks in the United States and South America market, and the "College Inn" trademark in the United States, Australia, Canada and Mexico.

The "Kitchen Basics" trademark in the United States and Canada of US$64.3 million was assessed to have an indefinite useful life.

8. Intangible assets and goodwill (cont'd)

America trademarks (cont'd)

On 3 August 2022, the Group has acquired certain assets associated with the Kitchen Basics brand of ready-to-use stock and broth from McCormick & Company for a consideration of $100.4 million (including transaction costs totalling US$1.4 million). Kitchen Basics products are distributed nationally in the United States and include a range of conventional and organic stock and broth offerings.

The acquisition is consistent with DMFI's overall growth strategy, as it focuses on innovation, renovation and customization of its iconic brand portfolio. Kitchen Basics will join Del Monte's brand portfolio as the Company expands its retail presence in the category. The assets acquired comprise of intangible assets amounting to $72.8 million and inventories of $27.6 million. The purchase price (including transaction costs) is allocated based on the fair value of the assets acquired as determined by the third party valuer.

The acquisition was treated as an asset acquisition since the acquisition did not come with any physical workforce, research and development, and management

In fiscal year 2023, no impairment loss is recognized related to trademark arising from the acquisition of Kitchen Basics based on the fair value determined by the third party valuer.

Philippines trademarks

A subsidiary, PPMSC, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines (the "Philippines Trademarks") with carrying value amounting to US$1.8 million.

Indian sub-continent and Myanmar trademarks

In November 1996, a subsidiary, DMPRL, entered into an agreement with an affiliated company to acquire the exclusive right to use the "Del Monte" trademarks in the Indian sub-continent territories and Myanmar 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"). In 2007, the Company acquired shares in DMFPL and caused the licensing of trademarks to DMFPL to market its products under the "Del Monte" brand in India. These trademarks have a carrying value of US$4.1 million.

S&W trademarks

In November 2007, a subsidiary, S&W, entered into an agreement with Del Monte Corporation to acquire the "S&W" trademarks in certain countries in Asia (excluding Australia and New Zealand and including the Middle East), Western Europe and Eastern Europe for a total consideration of US$10.0 million. The trademark has a carrying value of US$8.2 million.

Impairment test

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

8. Intangible assets and goodwill (cont'd)

Philippines trademarks

In 2023 and 2022, the recoverable amounts of the Philippines Trademarks were based on fair value less cost of disposal using the Relief from Royalty ("RFR") method.

The RFR calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The Philippines Trademarks' cash flows beyond the five-year period is extrapolated using a steady 5.4% (2022: 6.1%) cumulative annual growth rate which management believes is reasonable and that any reasonably possible change in the key assumptions on which the Philippines Trademarks' recoverable amount is based would not cause the Philippines Trademarks' carrying amount to exceed its recoverable amount.

The key assumptions used in the estimation of the fair value less cost of disposal represent management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

As of 30 April 2023 and 2022, the carrying values of the intangible assets do not exceed the fair values less cost of disposal, respectively, hence, no impairment has been recorded. Below are the key assumptions used in fiscal year 2023 and 2022:

	2023	**2022**
	%	**%**
Discount rate	7.8	8.7
Terminal growth rate	5.4	6.1
Royalty rate	1.0	1.0
Revenue growth rate	5.6	7.7

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years.

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

S&W Asia trademark

In 2023 and 2022, the recoverable amount was based on fair value less cost of disposal using the RFR method. The key assumptions used in the estimation of the fair value less cost of disposal are set out below.

	2023	**2022**
	%	**%**
Discount rate	13.0	10.5
Royalty rate	3.0	3.0
Revenue growth rate	7.6	6.5

8. Intangible assets and goodwill (cont'd)

Indian sub-continent trademark

The Indian sub-continent trademark and the investment in DMFPL were allocated to Indian sub-continent CGU (see Note 7).

America trademarks and Goodwill

In 2023 and 2022, the recoverable amount of the CGU was based on VIU, being greater than the fair value less costs of disposal:

	30 April 2023 US$'000	**30 April 2022 US$'000**
Value-in-use	4,030,000	6,130,000
Fair value less costs of disposal – income approach	3,950,000	6,050,000
Recoverable amount	4,030,000	6,130,000

The Americas trademarks were also included in the CGU used in the goodwill impairment testing.

As of valuation date in April 2023 and 2022, and January 2021, the estimated recoverable amount of the CGU exceeded its carrying amount of US$1,929.2 million, US$1,402.0 million, and US$1,318.8 million, respectively, by approximately US$2,100.8 million, US$4,728.0 million, and US$2,691.2 million, respectively. Therefore, the CGU is not impaired.

VIU

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

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

	2023 %	**2022 %**
Discount rate	9.8	8.9
Terminal growth rate	2.0	2.0
Long-term EBITDA margin	12.8	15.8
Revenue growth rate	5.0 – 8.9	3.5 – 8.3
Gross margin	23.9 – 25.3	24.4 – 27.0

The discount rate was a pre-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible range of debt leveraging of 38% as at 30 April 2023 (2022: 21%) at a risk-free interest rate of 3.4% as of 30 April 2023 (2022: 3.1%).

8. Intangible assets and goodwill (cont'd)

America trademarks and Goodwill (cont'd)

The cash flow projections included specific estimates for four years for fiscal year 2023 (2022: four years) and a terminal growth rate thereafter. Due to various growth initiatives of DMFI, management shortened the cashflow forecast period to four years in fiscal year 2023 (2022: four years) to meet the minimum requirement in terms of forecasted period and allow for its operations to reach a steady state gradually in terms of its long-term compound annual EBITDA growth rate. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate. This growth rate is consistent with the assumption that a market participant would make and with industry expectations and internal estimates of sustainable long-term growth for the business.

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

- Revenue growth was projected taking into account the average growth levels experienced over the past four years and estimated sales volume and price growth for the next four years (2022: four years). It was assumed that sales price would increase in line with forecasted inflation over the next four years. The amounts are probability-weighted.

Sensitivity analysis

Management has identified that a reasonably possible change in the discount rate or long-term margin could cause the carrying amount to exceed the recoverable amount. The following table shows the percentages to which these would need to change independently for the estimated recoverable amount of the DMFI CGU to be equal to its carrying amount.

	2023	**2022**
	%	**%**
Discount rate	15.4	22.9
Long-term EBITDA margin	6.3	4.8

Source of estimation uncertainty

Impairment of goodwill and intangible assets

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

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

Estimating fair value less costs of disposal requires the use of estimates and assumptions. The estimated fair value would change depending on the assumptions used, such as the discount rate and long-term margin.

8. Intangible assets and goodwill (cont'd)

Amortizable trademarks and customer relationship

	Net carrying amount		Remaining amortization period (years)	
	30 April 2023 US$'000	30 April 2022 US$'000	30 April 2023	30 April 2022
America S&W trademark	163	363	0.8	1.8
America Contadina trademark	11,898	12,998	10.8	11.8
	12,061	13,361		

America trademarks

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

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

Customer relationships

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

	Net carrying amount		Remaining amortization period (years)	
	30 April 2023 US$'000	30 April 2022 US$'000	30 April 2023	30 April 2022
Customer relationships – CP	57,862	63,211	10.8	11.8
Customer relationships – Kitchen Basics	8,124	–	19.5	–
	65,986	63,211		

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

8. Intangible assets and goodwill (cont'd)

Source of estimation uncertainty

The Group estimates the useful lives of its amortizable trademarks and customer relationships based on the period over which the assets are expected to be available for use. The estimated useful lives of the trademarks and customer relationships are reviewed periodically and are updated if expectations differ from previous estimates due to legal or other limits on the use of the assets. A reduction in the estimated useful lives of amortizable trademarks and customer relationships would increase recorded amortization expense and decrease noncurrent assets.

9. Deferred tax assets – net

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax assets and liabilities of the Group are attributable to the following:

	30 April 2023		**30 April 2022**	
	Assets US$'000	**Liabilities US$'000**	**Assets US$'000**	**Liabilities US$'000**
Group				
Provisions	9,153	–	6,532	–
Employee benefits	13,016	–	13,954	–
Property, plant and equipment – net	–	(19,751)	–	(14,959)
Intangible assets and goodwill	–	(103,711)	–	(92,089)
Effective portion of changes in fair value of cash flow hedges	–	(415)	1,603	–
Tax loss carry-forwards	142,007	–	155,391	–
Inventories	2,361	–	1,409	–
Biological assets	–	(1,629)	–	(1,916)
Interest	52,865	–	29,234	–
Undistributed profits from a subsidiary	–	(377)	–	(5,730)
Charitable contributions	2,139	–	3,321	–
Research and development	2,018	–	–	–
Others	8,754	–	7,574	–
Deferred tax assets (liabilities)	232,313	(125,883)	219,018	(114,694)
Set off of tax	(114,253)	114,253	(102,273)	102,273
Deferred taxes - net	118,060	(11,630)	116,745	(12,421)

9. Deferred tax assets – net (cont'd)

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

	At 1 May 2022	Recognized in profit or loss	Recognized in other comprehensive income	Currency realignment	At 30 April 2023
	US$'000	US$'000	US$'000	US$'000	US$'000
2023					
Provisions	6,532	2,081	–	540	9,153
Employee benefits	13,954	(745)	(821)	628	13,016
Property, plant and equipment - net	(14,959)	811	(5,828)	225	(19,751)
Intangible assets and goodwill	(92,089)	(11,622)	–	–	(103,711)
Effective portion of changes in fair value of cash flow hedges	1,603	108	(2,274)	148	(415)
Tax loss carry-forwards	155,391	(13,384)	–	–	142,007
Inventories	1,409	952	–	–	2,361
Biological assets	(1,916)	113	–	174	(1,629)
Interest	29,234	23,631	–	–	52,865
Undistributed profits from a subsidiary	(5,730)	5,353	–	–	(377)
Charitable contributions	3,321	(1,182)	–	–	2,139
Others	7,574	3,476	–	(278)	10,772
	104,324	9,592	(8,923)	1,437	106,430

	At 1 May 2021	Recognized in profit or loss	Recognized in other comprehensive income	Currency realignment	At 30 April 2022
	US$'000	US$'000	US$'000	US$'000	US$'000
2022					
Provisions	8,466	(1,606)	–	(328)	6,532
Employee benefits	13,935	3,202	(3,255)	72	13,954
Property, plant and equipment - net	(17,228)	2,015	–	254	(14,959)
Intangible assets and goodwill	(79,671)	(12,418)	–	–	(92,089)
Effective portion of changes in fair value of cash flow hedges	(395)	(195)	2,193	–	1,603
Tax loss carry-forwards	166,114	(10,723)	–	–	155,391
Inventories	2,127	(718)	–	–	1,409
Biological assets	(1,796)	(265)	–	145	(1,916)
Interest	24,450	4,784	–	–	29,234
Undistributed profits from a subsidiary	(2,168)	(3,562)	–	–	(5,730)
Charitable contributions	3,254	67	–	–	3,321
Others	6,851	724	–	(1)	7,574
	123,939	(18,695)	(1,062)	142	104,324

9. Deferred tax assets – net (cont'd)

As at 30 April 2023, the Group has recognized net deferred tax assets of US$118.1 million, of which US$112.8 million was attributable to DMFI.

As at 30 April 2023, the Group recognized deferred tax liability relating to undistributed profit of a subsidiary amounting to US$0.4 million (2022: US$5.7 million).

In fiscal year 2021, the Group derecognized US$0.6 million of its deferred tax liability on property, plant and equipment – net relating to the revaluation surplus on freehold land, resulting from the change in tax rate in the Philippines. The reversal of deferred tax liability was recognized in other comprehensive income.

Unrecognized deferred tax assets

The following are the temporary differences for which deferred tax assets have not been recognized as of 30 April 2023 and 2022:

	30 April 2023 US$'000	30 April 2022 US$'000
Deductible temporary differences	–	5,266
Tax losses and tax credits	4,538	15,377
	4,538	20,643

The tax losses will expire in 2024 and 2025. The tax credits will expire between 2025 and 2027. Deferred tax assets have not been recognized with respect to these items because it is not probable that sufficient future taxable profits will be available to utilize the benefits.

Sources of estimation uncertainty

As of 30 April 2023, deferred tax assets amounting to US$142.0 million (2022: US$155.4 million) have been recognized in respect of the tax loss carry forwards because management assessed that it is probable that sufficient future taxable income will be available against which DMFI can utilize these benefits. Future taxable profit is based on the expected future cash flows used in the impairment assessment of goodwill and trademark with indefinite useful lives. Management has identified that a reasonably possible change in the revenue growth rate, EBITDA margin and long-term growth rate could cause the non-realizability of the Group's deferred tax assets, Management expects profitable growth coming from revenue strategies and cost efficiencies in the future. To the extent that profitable growth does not materialize in the future periods, deferred tax assets of $229.7 million may not be realized. The majority of the tax loss for years ending fiscal year 2019 and after can be carried forward indefinitely and tax loss carry forwards prior to fiscal year 2019 may be utilized up to a 20-year period.

10. Other noncurrent assets

	Group		Company	
	30 April 2023 US$'000	**30 April 2022 US$'000**	**30 April 2023 US$'000**	**30 April 2022 US$'000**
Advance rentals and deposits	19,557	16,679	–	–
Derivative assets	6,189	–	–	–
Investment in unquoted equity shares	5,023	–	5,023	–
Excess insurance	4,201	3,762	–	–
Advances to suppliers	2,898	4,212	–	–
Receivable from sale and leaseback	2,571	2,818	–	–
Notes receivable and others	1,811	2,940	–	49
Other noncurrent assets	42,250	30,411	5,023	49

Advance rentals and deposits consist of rent payments related to lease contracts which will commence beyond one year from the reporting period, as well as security deposits made for lease contracts entered by the Group.

Investment in unquoted equity shares represent total financial assets carried at fair value through other comprehensive income. The unquoted investments relate to equity shares of an entity incorporated in Switzerland which was acquired through an assignment of a US$5.0 million receivable due to a subsidiary.

Excess insurance relates mainly to reimbursements from insurers to cover certain workers' compensation claims liabilities (see Note 19).

Advances to suppliers represents advance payments made on capital projects.

Receivable from sale and leaseback is the noncurrent portion of receivable relating to assets sold to DMPI Employees Agrarian Reform Beneficiaries Cooperation ("DEARBC") and subsequently leased back to the Group in 2021 (see Note 23). The current portion of US$0.1 million is presented under "Trade and other receivables".

In relation to the closure of DMFI's Plymouth, Indiana plant in fiscal year 2018, DFMI sold its Plymouth building and land in fiscal year 2019 and recorded a receivable amounting to US$1.0 million which is due on 2 July 2023. As of 30 April 2023, the receivable is presented as part of other current assets in Note 14, while the same receivable is presented as noncurrent and part of "Note receivables and Others" above as of 30 April 2022.

11. Biological assets

	Note	Group 30 April 2023 US$'000	30 April 2022 US$'000
Livestock			
At beginning of the year		2,735	2,655
Purchases of livestock		1,247	895
Sales of livestock		(810)	(601)
Currency realignment		(165)	(214)
At end of the year		3,007	2,735
Agricultural produce			
At beginning of the year		13,768	10,878
Additions		14,519	16,177
Harvested		(11,098)	(12,016)
Currency realignment		(4,962)	(1,271)
At end of the year		12,227	13,768
Fair value gain on produce prior to harvest		32,625	33,578
At end of the year		44,852	47,346
Current		44,852	47,346
Noncurrent		3,007	2,735
Total biological assets		47,859	50,081
Fair value gain (loss) recognized under:			
Harvested pine for cannery			
Inventories	34	4,496	3,375
Cost of sales	25	39,456	37,532
		43,952	40,907
Inventories - cattle for slaughter		8	(9)
Cost of sales - fresh pines	25	17,851	22,704
Unharvested agricultural produce		(2,706)	2,076
Fair value gain recognized under revenues		59,105	65,678

The changes in fair values of the Group's biological assets are recorded as part of revenues.

11. Biological assets (cont'd)

Livestock

Livestock comprises growing herd and breeding and dairy herd that are stated at cost and cattle for slaughter that is stated at fair value less point-of-sale costs. The fair value is determined based on the actual selling prices approximating those at year end less estimated point-of-sale costs.

Risk management strategy related to agricultural activities

The Group is exposed to risks arising from changes in cost and volume of fruits harvested from the growing crops which is influenced by natural phenomenon such as weather patterns, volume of rainfall and field performance. The cost of growing crops is also exposed to the change in cost and supply of agricultural supplies and labor which are determined by constantly changing market forces of supply and demand.

The Group is subject to risk relating to its ability to maintain the physical condition of its fruit crops. Plant diseases could adversely impact production and consumer confidence, which impact sales.

The Group secures favorable harvest of pineapples and other agricultural produce from biological assets by continuously assessing factors that could affect harvest and responding to them on a timely manner. The Group is equipped with necessary technical manpower, farm inputs, such as fertilizer, chemicals and equipment to respond to any changes brought about by the factors as mentioned above.

The Group is subject to laws and regulations in the Philippines where it operates its agricultural activities. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Source of estimation uncertainty

Fair Value of Harvested Agricultural Produce

The fair values of the harvested pineapple fruits are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest, as determined by the Group. For the pineapple variety being sold as fresh fruits, the market price is based on the selling price of fresh fruits as sold in the local and international markets. For the pineapple variety being processed as cased goods, the market price is derived from average sales price of the processed product adjusted for margin and associated costs related to production. Changes in fair values of agricultural produce after initial recognition are included in the carrying amount of cased goods at the reporting date.

Future Tonnage of Harvests

Bearer plants are stated at cost which comprises actual costs incurred in nurturing the crops reduced by the equivalent amortization of fruits harvested which considers the future tonnage of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and tonnage of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of 2 to 3 years over the estimated harvests to be made during the life cycle of the plant crops. The Group reviews and monitors the estimated future tonnage of harvests regularly.

11. Biological assets (cont'd)

Fair Value of Unharvested Agricultural Produce

The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group multiplied by estimated tonnage of pineapple fruits based on crop age after planting. Fair value is initially recognized when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated selling price at point of harvest less future growing costs to be incurred until harvest. Such future growing costs decreases as the growing crops near the point of harvest.

For the pineapple variety being sold as fresh fruits, the gross margin is based on the market price of pineapple fruits being sold by the Group. For the pineapple variety being processed as cased goods, the gross margin is based on the selling price of the final product sold in the market adjusted for margin related to production.

Estimated tonnage is based on standard weight of the growing pineapple crops when they reach certain months after planting date. Estimated tonnage is also affected by natural phenomenon such as weather patterns and volume of rainfall, and actual field performance.

The valuation techniques and significant unobservable inputs used in determining the fair value of these biological assets are discussed in Note 34.

12. Inventories

	Group	
	30 April 2023 US$'000	**30 April 2022 US$'000**
Finished goods		
- at cost	698,664	430,070
- at net realizable value	37,482	20,380
Semi-finished goods		
- at cost	173,557	94,966
- at net realizable value	12,372	8,182
Raw materials and packaging supplies		
- at cost	78,683	75,165
- at net realizable value	76,014	57,195
Total inventories	1,076,772	685,958

Total cost of inventories carried at net realizable value amounted to US$138.6 million as at 30 April 2023 (2022: U$92.2 million). Inventories recognized as an expense in cost of sales amounted to US$1,385.2 million for the year ended 30 April 2023 (2022: US$1,300.3 million) (see Note 25).

12. Inventories (cont'd)

Inventories are stated at net realizable value after allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the year are as follows:

		Group	
	Note	**30 April 2023 US$'000**	**30 April 2022 US$'000**
At beginning of the year		6,464	13,254
Allowance for the year	25	9,542	4,135
Write-off against allowance		(2,585)	(10,157)
Currency realignment		(684)	(768)
At end of the year		12,737	6,464

Source of estimation uncertainty

Allowance for inventory obsolescence and net realizable value

The Group recognizes 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 realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories expected to be realized. 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 realizable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records. An increase in write-down of inventories would increase the recorded cost of sales and operating expenses and decrease current assets.

13. Trade and other receivables

	Group		Company	
	30 April 2023 US$'000	**30 April 2022 US$'000**	**30 April 2023 US$'000**	**30 April 2022 US$'000**
Trade receivables	195,335	189,839	–	–
Nontrade receivables	45,346	34,881	6	603
Amounts due from subsidiaries (nontrade)	–	–	26,400	84,229
Allowance for expected credit loss – trade	(5,328)	(5,850)	–	–
Allowance for expected credit loss - nontrade	(4,317)	(4,317)	–	–
Trade and other receivables	231,036	214,553	26,406	84,832

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no allowance for allowance for expected credit losses ("ECL") arising from these outstanding balances.

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

The aging of trade and nontrade receivables at the reporting date is:

	Group			
	Gross		**ECL allowance**	
At 30 April 2023	**Trade US$'000**	**Nontrade US$'000**	**Trade US$'000**	**Nontrade US$'000**
Not past due	119,651	24,709	–	–
Past due 0 - 60 days	35,579	3,433	–	–
Past due 61 - 90 days	3,404	3,724	–	–
Past due 91 - 120 days	4,875	1,328	–	–
More than 120 days	31,826	12,152	(5,328)	(4,317)
	195,335	45,346	(5,328)	(4,317)

13. Trade and other receivables (cont'd)

The aging of trade and nontrade receivables at the reporting date is: (cont'd)

	Group			
	Gross		ECL allowance	
At 30 April 2022	**Trade US$'000**	**Nontrade US$'000**	**Trade US$'000**	**Nontrade US$'000**
Not past due	121,769	16,377	–	–
Past due 0 - 60 days	42,343	2,471	–	–
Past due 61 - 90 days	5,565	690	–	–
Past due 91 - 120 days	1,948	1,112	–	–
More than 120 days	18,214	14,231	(5,850)	(4,317)
	189,839	34,881	(5,850)	(4,317)

The recorded allowance for ECLs falls within the Group's historical experience in the collection of trade and other receivables. Therefore, management believes that there is no significant additional credit risk beyond what has been recorded.

As at 30 April 2023 and 2022, the receivables of the Company were neither past due nor impaired.

Nontrade receivables include current portion of lease receivable amounting to US$0.1 million as at 30 April 2023 (2022: US$0.5 million) (see Note 23), and current portion of receivable from sale and leaseback amounting to US$0.1 million as at 30 April 2023 (2022: US$0.1 million). The noncurrent portion of lease receivable and receivable from sale and leaseback are presented under "Other noncurrent assets" as "Notes receivable and others" (see Note 10).

Movements in allowance for ECLs during the year are as follows:

		Group		
	Note	**Trade US$'000**	**Nontrade US$'000**	**Total US$'000**
At 1 May 2022		5,850	4,317	10,167
Allowance for the year	25	–	7	7
Write-off for the year		(242)	–	(242)
Reversal for the year	25	(188)	–	(188)
Currency realignment		(92)	(7)	(99)
At 30 April 2023		5,328	4,317	9,645

13. Trade and other receivables (cont'd)

Movements in allowance for ECLs during the year are as follows: (cont'd)

	Note	Trade US$'000	Group Nontrade US$'000	Total US$'000
At 1 May 2021		4,801	4,423	9,224
Allowance for the year	25	1,134	(54)	1,080
Write-off for the year		(20)	(14)	(34)
Reversal for the year	25	–	(20)	(20)
Currency realignment		(65)	(18)	(83)
At 30 April 2022		5,850	4,317	10,167

Source of estimation uncertainty

Impairment of trade and nontrade receivables

The Group maintains an allowance for ECL at a level considered adequate to provide for potential uncollectible receivables based on the applicable ECL methodology. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of trade receivables, and identifies accounts that are to be provided with allowance on a continuous basis. Additionally, allowance is also determined, through a provision matrix based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates. An increase in the Group's allowance for impairment would increase the Group's recorded operating expenses and would decrease the Group's current assets.

The recorded allowance for ECL falls within the Group's historical experience in the collection of accounts receivables. The Group managed to continue operating in the middle of the pandemic since its products are essential. There were no significant internal operational interruptions and disruptions caused by external factors such as restrictions to movement of materials were managed so that there will be no major adverse impacts to the overall results of operations for the fiscal years ended 30 April 2023 and 2022.

14. Prepaid expenses and other current assets

	Note	Group 30 April 2023 US$'000	Group 30 April 2022 US$'000	Company 30 April 2023 US$'000	Company 30 April 2022 US$'000
Prepaid expenses		48,986	32,622	77	48
Down payment to suppliers		7,372	12,737	–	–
Derivative assets	19	2,678	1,486	–	–
Short-term placements		18	1,288	–	883
Others		613	919	17	–
		59,667	49,052	94	931

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

Down payment to suppliers pertains to advance payments for the purchase of materials and supplies that will be used for operations.

Short-term placements have maturities of 4-6 months and earn interest at 0.75%-0.875% per annum in 2023 (2022: 0.75%-1.00% per annum).

15. Cash and cash equivalents

	Group 30 April 2023 US$'000	Group 30 April 2022 US$'000	Company 30 April 2023 US$'000	Company 30 April 2022 US$'000
Cash on hand	84	67	–	–
Cash in banks	19,392	20,902	554	1,245
Cash equivalents	360	884	–	884
Cash and cash equivalents	19,836	21,853	554	2,129

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% in 2023 and 2022. 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 at 0.75% to 4.90% per annum in 2023 (30 April 2022: 0.75% to 1.00% per annum).

16. Share capital

	30 April 2023 No. of shares ('000)	30 April 2023 US$'000	30 April 2022 No. of shares ('000)	30 April 2022 US$'000
Authorized:				
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	–	–	10,000	10,000
	1,944,936	19,449	1,954,936	29,449

Reconciliation of number of outstanding ordinary shares in issue:

	Year ended 30 April 2023 No. of shares ('000)	Year ended 30 April 2022 No. of shares ('000)
At beginning and end of the year	1,943,960	1,943,960

16. Share capital (cont'd)

The number of outstanding ordinary shares excludes 975,802 ordinary shares held by the Company as treasury shares. The retained earnings of the Company is restricted for the declaration and payment of dividends to the extent of US$286,000 as at 30 April 2023 and 2022 representing the cost of shares held in treasury.

Reconciliation of number of outstanding preference shares in issue:

	Year ended 30 April 2023 ('000)	Year ended 30 April 2022 ('000)
At beginning of the year	10,000	30,000
Redeemed	(10,000)	(20,000)
At end of the year	–	10,000

The following summarizes the information on the Company's registration of securities under the Revised Securities Regulation Code of the Philippines ("SRC"):

<u>Ordinary Shares</u>

Date of SEC Approval	Authorized Shares	No. of Shares Issued	Issue/Offer Price
28 May 2013*	2,000,000,000	1,297,500,491	Php29.80
15 October 2014**	3,000,000,000	5,500,000	Php17.00
14 January 2015***	3,000,000,000	641,935,335	Php10.60

**The SEC issued an order rendering effective the registration of its issued shares. The Company was listed by way of introduction to The Philippine Stock Exchange, Inc. on 10 June 2013.*
***The SEC issued an order rendering effective the registration of additional 5,500,000 ordinary shares which were offered and sold to the public in the Philippines.*
****The rights shares were considered exempt from registration pursuant to Section 10(e) and 10(l) of the Securities Regulation Commission ("SRC"). The exemption from registration was confirmed by the SEC in a letter dated 14 January 2015.*

The total number of ordinary shareholders as at 30 April 2023 and 2022 was 7,396 and 7,286, respectively.

The holders of ordinary shares are entitled to receive dividends after dividend of preference shares are paid, as declared from time to time, and are entitled to one vote per share at meetings of the Company. The preference 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 authorized share capital from US$20.0 million, divided into 2,000,000,000 ordinary shares at US$0.01 per share, to US$630.0 million, divided into 3,000,000,000 ordinary shares at US$0.01 per share and 600,000,000 preference shares at US$1.00 per share. The preference shares may be issued in one or more series, each such class of shares will have rights and restrictions as the Board may designate. The terms and conditions of the authorized preference shares are finalized upon each issuance.

16. Share capital (cont'd)

Ordinary Shares (cont'd)

On 30 October 2014, the Company had additional ordinary shares listed and traded on the SGX-ST and the PSE pursuant to a public offering conducted in the Philippines. The Company offered and sold by way of primary offer 5,500,000 ordinary shares at an offer price of 17.00 Philippine pesos (Php) per share.

In March 2015, additional 641,935,335 ordinary shares were listed on the SGX-ST and the PSE, which were offered and sold to eligible shareholders by way of a stock rights offering at an exercise price of S$0.325 or Php10.60 for each share in Singapore and the Philippines, respectively.

In September 2017, the Company transferred 745,918 of its treasury shares to ordinary shares in connection with the release of share awards granted to certain Directors pursuant to the Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP").

The Company also issued share awards under the Del Monte Pacific RSP (see Note 31) in fiscal year 2018.

Preference Shares

Date of SEC Approval	Authorized Shares	No. of Shares Issued	Issue/Offer Price
21 March 2017	600,000,000	20,000,000 Series A-1 Preference Shares	US$10.00
21 March 2017* / 27 November 2017**	600,000,000	10,000,000 Series A-2 Preference Shares	US$10.00

**No Order of Registration was issued for the second tranche offer of preference shares as it was part of the shelf-registration previously applied by the Company with the SEC.*
***Date of issuance of the SEC Permit to Sell.*

The details of the Company's preference shares are as follows:

		30 April 2023			30 April 2022		
Preference Shares	**Par Value**	**Share Capital US$'000**	**Share Premium US$'000**	**Contributed Capital US$'000**	**Share Capital US$'000**	**Share Premium US$'000**	**Contributed Capital US$'000**
Series A-1	US$1.00	–	–	–	–	–	–
Series A-2	US$1.00	–	–	–	10,000	90,000	100,000
		–	–	–	10,000	90,000	100,000

16. Share capital (cont'd)

<u>*Preference Shares (cont'd)*</u>

The Series A-1 and A-2 Preference shares are non-convertible, have no maturity date and are redeemable at the option of the Company on the fifth anniversary from the issue date (the "Step Up Date") or on any dividend payment date thereafter. The preference shares bear a cumulative non-participating cash dividend at an initial dividend rate of 6.625% and 6.50% per annum for Series A-1 and A-2 preference shares, respectively, applicable from the issue date up to the Step Up Date. The dividends are payable semi-annually every 7 April and 7 October of each year, being the last day of each 6-month period following the issue date. If the preference shares have not been redeemed on the Step Up Date, the dividend rate shall be adjusted on the Step Up Date to the sum of the 10-year U.S. Treasury Bond rate (prevailing as of the Step Up Date) plus initial spread plus margin of 2.50% per annum (the "Step Up Rate"). The initial spread shall be 4.605% and 4.44% per annum for Series A-1 and A-2 preference shares, respectively. However, if the initial dividend rate is higher than the applicable Step Up Rate, there shall be no adjustment to the dividend rate, and the initial dividend rate shall continue to be the dividend rate. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

On 7 April 2022, the Company had redeemed all of the outstanding 20,000,000 Series A-1 Preference Shares and on 15 December 2022, all of the outstanding 10,000,000 Series A-2 Preference Shares.

The redeemed preferred shares shall be cancelled but shall remain part of the Company's authorized capital and shall be available to be reissued by resolution of the board.

Capital management

The Board's policy has been to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital comprises its share capital, retained earnings and total reserves as presented in the statements of financial position. The Board monitors the return on capital, which the Group defines as profit or loss for the year divided by total shareholders' equity. The Board also monitors the level of dividends paid to ordinary shareholders. Under the Company's Articles of Association and the terms of the preference shares, the Company may declare and pay dividends on common shares provided there are adequate and available funds for dividends on preference shares which have priority over common shares.

The bank loans of the Group contain various covenants with respect to capital maintenance and ability to incur additional indebtedness. The Board ensures that loan covenants are considered as part of its capital management through constant monitoring of covenant results through interim and full year results.

There were no changes in the Group's approach to capital management during the current and prior fiscal year.

17. Retained Earnings and Reserves

Retained earnings

Dividends

	Group and Company		
	30 April 2023 US$'000	**30 April 2022 US$'000**	**30 April 2021 US$'000**
Declared and paid during the financial year:			
Dividends on ordinary shares			
2023: US$0.01700 (2022: US$0.0120; 2021: US$0.0154)	33,251	23,310	30,055
Dividends on preference shares			
A-1 preference shares for 2023: nil; (2022 and 2021: US$0.6625) per share	–	13,250	13,250
A-2 preference shares for 2023: US$0.4478 (2022 and 2021: US$0.6500) per share	4,478	6,500	6,500
	4,478	19,750	19,750
	37,729	43,060	49,805
Proposed but not recognized as a liability as at reporting date:			
Dividends on ordinary shares			
2023: US$0.0013 (2022: US$0.0170; 2021: US$0.0120)	2,527	33,047	23,328

Ordinary shares

On 20 June 2023, the Company declared dividends of US$0.0013 per share to ordinary shareholders on record as at 11 July 2023. The special dividend will be paid on 25 July 2023.

On 23 June 2022, the Company declared dividends of US$0.0170 per share to ordinary shareholders on record as at 13 July 2022. The special dividend was paid on 27 July 2022.

On 23 June 2021, the Company declared dividends of US$0.0120 per share to ordinary shareholders on record as at 13 July 2021. The special dividend was paid on 27 July 2021.

Preference shares

On 15 December 2022, the redemption date of the Series A-2 Preference Shares, the Company paid the accrued cash dividends at the fixed rate of 6.5% per annum, or equivalent to US$0.12278 per Series A-2 Preference Share for the period from 8 October 2022 to 15 December 2022.

On 9 September 2022, the Company declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 April 2022 to 7 October 2022. The final dividends were paid on 7 October 2022.

17. Retained Earnings and Reserves (cont'd)

Retained earnings (cont'd)

Preference shares (cont'd)

On 11 March 2022, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2021 to 7 April 2022. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2021 to 7 April 2022. The final dividends were paid on 7 April 2022.

On 10 September 2021, the Company declared dividends to the holders of the Series A-1 Preference Shares at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference and Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per series A-2 Preference Shares for the six-month period from 8 April 2021 to 7 October 2021. The final dividends were paid on 7 October 2021.

On 10 March 2021, the Company declared dividends to holders of Series A-1 Preference Shares, at the fixed rate of 6.625% per annum, or equivalent to US$0.33125 per Series A-1 Preference Share for the six-month period from 8 October 2020 to 7 April 2021. The Company also declared dividends to holders of Series A-2 Preference Shares at the fixed rate of 6.5% per annum, or equivalent to US$0.32500 per Series A-2 Preference Share for the six-month period from 8 October 2020 to 7 April 2021. The final dividends were paid on 7 April 2021.

The cumulative undeclared dividends on the preference shares amounted to US$0.4 million as of 30 April 2022. None as of 30 April 2023 as all preference shares were already redeemed.

The retained earnings were restricted for the payment of dividends representing the accumulated equity in net earnings of the subsidiaries amounting to US$243.5 million as at 30 April 2023 (2022: US$277.2 million). The accumulated equity in net earnings of the subsidiaries will be available for dividend distribution upon receipt of dividends from the subsidiaries. As of 30 April 2023 and 2022, the Group's investment in joint ventures have no undistributed net earnings.

In fiscal year 2021, the Group recorded in retained earnings, a net equity reserve of US$6.6 million arising from the additional sale of DMPI shares to SEA Diner (see Note 6).

Share premium

Under the British Virgin Islands law in whose jurisdiction the Company operates, the Company's share premium and retained earnings form part of the Company's surplus that may be available for dividend distribution provided that the solvency test is met by the Company. The Group's share premium is shown net of a merger deficit of US$0.14 million, which arose from the acquisition of a subsidiary, DMPRL, under common control in 1999.

17. Retained Earnings and Reserves (cont'd)

Retained earnings (cont'd)

<u>Share premium (cont'd)</u>

The share premium account includes any premium received on the initial issuance of the share capital. Any transaction costs associated with the issuance of shares are deducted from the share premium account, net of any related income tax effects.

In fiscal year 2023 and 2022, share premium decreased by US$90.0 million and US$180.0 million respectively as a result of the redemption of Series A-1 Preference Shares on 7 April 2022 and Series A-2 Preference Shares on 15 December 2022 (see Note 16).

Reserves

	Group		Company	
	30 April 2023 US$'000	30 April 2022 US$'000	30 April 2023 US$'000	30 April 2022 US$'000
Translation reserve	(105,020)	(95,322)	(105,020)	(95,322)
Revaluation reserve	29,354	14,278	29,354	14,278
Remeasurement of retirement plan	46,051	43,752	46,051	43,752
Hedging reserve	1,390	(4,963)	1,390	(4,963)
Reserve for own shares	(286)	(286)	(286)	(286)
	(28,511)	(42,541)	(28,511)	(42,541)

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

The revaluation reserve relates to surplus on the revaluation of freehold land of the Group. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect the income statement of the Group (see Note 19).

The share option reserve comprises the cumulative value of employee services received for the issue of share options. In fiscal year 2022, the share option were cancelled by means of retirement (see Note 31). The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. As at 30 April 2023 and 2022, the Group held 975,802 of the Company's shares.

18. Loans and borrowings

	Group		Company	
	30 April 2023 US$'000	30 April 2022 US$'000	30 April 2023 US$'000	30 April 2022 US$'000
Current liabilities				
Unsecured bank loans	633,873	327,794	156,794	160,071
Secured bank loans	645,003	151,560	168,104	10,500
	1,278,876	479,354	324,898	170,571
Noncurrent liabilities				
Unsecured bank loans	212,652	384,524	177,531	233,290
Secured bank loans	781,825	703,488	64,428	201,297
	994,477	1,088,012	241,959	434,587
	2,273,353	1,567,366	566,857	605,158

18. Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings (short-term and long-term borrowings) are as follows:

	Currency	Nominal interest rate	Year of maturity	30 April 2023 Face value	30 April 2023 Carrying amount	30 April 2022 Face value	30 April 2022 Carrying amount
		% p. a.		US$'000	US$'000	US$'000	US$'000
Group							
Short-term borrowings							
Unsecured bank loans [1]	PHP	(2023) 5.95% - 7.50% (2022) 2.15% - 2.25%	2023	143,701	143,701	112,353	112,353
Unsecured bank loans	US$	(2023) 3.20% – 6.87% (2022) 1.85% - 3.50%	2023	326,200	326,200	203,370	203,370
Secured bank loan under Asset-Based Lending (ABL) Credit Agreement [2]	US$	(2023) ABL Base B - 9% SOFR 4.96% + Spread of 2.1% or total of 7.06% (2022) Swingline B- 5% ABL Base B- 5% Higher of London Interbank Offered Rate (LIBOR) or 1% +2.75% or total of 3.75%	2024	465,000	458,823	146,000	141,060
Long-term borrowings							
Unsecured 3Y bonds	PHP	3.4840%	2023	105,097	104,799	111,446	110,519
Unsecured bank loans [1]	PHP	(2023) 5.5268% (2022) 3.00%	2025	27,028	26,959	28,662	28,517
Unsecured bank loans	US$	(2023) 6.80% - 8.19% (2022) 2.56% - 4.20%	2025	144,569	144,566	157,390	157,385
Unsecured bonds	US$	3.75%	2024	90,000	88,760	90,000	87,976
Unsecured 5Y bonds	PHP	3.7563%	2025	11,638	11,541	12,342	12,198
Secured bridging loan	US$	3.0585%	2023	60,000	59,998	67,500	67,488
Secured bank loans	PHP	4.125%	2025	27,028	26,942	28,662	28,532
Secured bank loans	US$	(2023) 8.02% - 8.18% (2022) 3.52% - 4.17%	2023-2025	172,750	172,533	145,000	144,309
Secured senior notes	US$	11.875%	2025	–	–	500,000	473,659
Term Loan B	US$	9.3143%	2029	723,500	708,531	–	–
				2,296,511	2,273,353	1,602,725	1,567,366

18. Loans and borrowings (cont'd)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	30 April 2023 Face value	30 April 2023 Carrying amount	30 April 2022 Face value	30 April 2022 Carrying amount
		% p. a.		US$'000	US$'000	US$'000	US$'000
Company							
Short-term borrowings							
Unsecured bank loans [1]	US$	(2023) 3.20% - 6.88% (2022) 2.26% - 3.50%	2023	101,000	101,000	148,000	148,000
Long-term borrowings							
Unsecured bank loans [1]	US$	(2023) 6.80% - 8.19% (2022) 2.56% - 4.20%	2025	144,569	144,566	157,390	157,385
Unsecured bonds	US$	3.75%	2024	90,000	88,760	90,000	87,976
Secured bridging loan	US$	3.0585%	2023	60,000	59,998	67,500	67,488
Secured bank loans	US$	(2023) 8.02% - 8.18% (2022) 3.52% - 4.17%	2023-2025	172,750	172,533	145,000	144,309
				568,319	566,857	607,890	605,158

(1) Unsecured Bank Loans

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

	Bank	Debtor	Principal In '000	Debt-to-equity Ratio	Debt Service Coverage Ratio	Interest Coverage Ratio	Fixed Charge Ratio
Unsecured loans	DBP	DMPI	PHP 1,500,000	2.5x	1.2x	–	–
Unsecured loans	DBP	DMPL	US$57,300	3.0x	–	–	–
Unsecured loans	DBP	DMPL	US$75,000	3.0x	–	–	–
Unsecured loans	DBS	DMPL	US$25,000	3.0x	–	2.0x	–
Unsecured loans	BOC	DMPL	US$30,000	–	2.0x	2.0x	–
Unsecured bonds	N/A	DMPL	US$90,000	–	–	–	2.25x

18. Loans and borrowings (cont'd)

(1) Unsecured Bank Loans (cont'd)

There have been no breaches of the financial covenants of any interest-bearing loans and borrowings for the years ended 30 April 2023 and 2022.

Terms and debt repayment schedule

Ability to Incur Additional Indebtedness

On 20 December 2021, Coöperatieve Rabobank U.A. ("Rabobank") had restated and amended the original Facility Letter dated 18 March 2021, increasing the facility limit from US$30 million to US$50 million. On 18 January 2023, Rabobank reduced the facility limit back to US$30 million. As of 30 April 2023 and 2022, US$30 million and US$50 million had been drawn, respectively.

On 5 April 2022, the Company entered into a Sixth Amendment Agreement with BDO that gives the Company the right to borrow an additional aggregate amount of US$45 Million, subject to the terms of such amendment agreement. As of 30 April 2023 and 2022, the US$45 million had been fully drawn. On 13 December 2022, the Company entered into a Seventh Amendment Agreement with BDO that gives the Company the right to borrow an additional aggregate amount of US$30 Million, subject to the terms of such amendment agreement. As of 30 April 2023, the US$30 million had been fully drawn.

The Company has an uncommitted facility with RCBC amounting to US$40 million, of which US$38 million was drawn in the fiscal year 2023. Additionally, the Company also has uncommitted facilities with DBS Bank Ltd (DBS) totaling US$30 million comprising of short-term loan of US$25 million and export financing facility of US$5 million. As of 30 April 2023 and 2022, US$25 million had been drawn.

(2) ABL Credit Agreement

Prior to fiscal year 2021, DMFI was a party to a credit agreement (the "ABL Credit Agreement") with Citibank, N.A., as administrative agent, and the other lenders and agents parties thereto, as amended, which provided for senior secured financing of up to US$442.6 million (with all related loan documents, and as amended from time to time, the ABL Facility) with a term of five years until 18 February 2019, prior to an amendment in 2018.

On 15 May 2020, DMFI entered into an agreement to refinance the ABL Credit Agreement with JP Morgan Chase as the administrative agent, and other lenders and agents parties thereto, to provide for senior secured financing of up to US$450.0 million, subject to availability under the borrowing base, with a term of three years until 15 May 2023. On 15 May 2020, US$100.2 million was drawn under this facility. Loans under the ABL Credit Agreement interest based on either the Eurodollar rate or the alternative base rate, plus an applicable margin. Additionally, the Group fully amortized the remaining deferred financing fees related to the previous credit agreement of $1.0 million for the year ended 30 April 2020.

On 29 April 2021, the ABL agreement was extended to five years to the earliest of (a) 29 April 2026 and (b) 91 days prior to the maturity of the Senior Secured Notes or any Refinancing Indebtedness in respect thereof.

18. Loans and borrowings (cont'd)

(2) ABL Credit Agreement (cont'd)

Interest Rates. Prior to fiscal year 2021, borrowings under the ABL Credit Agreement bear interest at an initial interest rate equal to an applicable margin, plus, at the Group's option, either (i) a LIBOR rate, or (ii) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) Citibank, N.A.'s "prime commercial rate" and (c) the one month LIBOR rate plus 1.00%. The applicable margin with respect to LIBOR borrowings is 2.25% for Tranche B at 3 May 2020 (and may increase to 2.50% or 2.75% depending on average excess availability) and with respect to base rate borrowings is 1.25% for Tranche B at 3 May 2020 (and may increase to 1.50% or 1.75% depending on average excess availability).

Effective 15 May 2020, borrowings under the ABL Credit Agreement incurred interest of 1.75% in the case of the Alternative Base rate (ABR) plus applicable margin (from 2.0% or 1.75% or 1.5% depending on average excess availability). In the case of Eurodollar loans, 2.75% plus applicable margin (from 2.5% or 2.75% or 3.0% depending on average excess availability). Effective 29 April 2021, borrowings under the ABL Credit Agreement bear interest of 1.0% in the case of the Alternative Base rate (ABR) plus applicable margin (from 0.75% or 1.0% or 1.25% depending on average excess availability). In the case of Eurodollar loans, 2.0% plus applicable margin (from 1.75% or 2.0% or 2.25% depending on average excess availability).

Commitment Fees. In addition to paying interest on outstanding principal under the ABL Credit Agreement, the Group is required to pay a commitment fee that was initially 0.375% per annum in respect of the unutilized commitments thereunder. The commitment fee rate on Tranche A from time to time is 0.250% or 0.500% depending on the amount of unused commitments under the ABL Credit Agreement for the prior fiscal quarter. The commitment fee rate on Tranche B is 0.500%. The Group must also pay customary letter of credit fees between 1.75% to 2.75% based on average excess availability, and fronting fees equal to 0.125% of the face amount for each letter of credit issued.

Effective 2 May 2022, the Group is required to pay a commitment fee of 0.375% (2022: 0.250%) depending on the amount of unused commitment under ABL Credit Agreement for the prior fiscal quarter.

Availability under the ABL Credit Agreement. Prior to fiscal year 2021, availability under the ABL Credit Agreement is subject to a borrowing base. The borrowing base, determined at the time of calculation, is an amount equal to: (a) 85% of eligible accounts receivable and (b) the lesser of (1) 75% of the net book value of eligible inventory and (2) 85% of the net orderly liquidation value of eligible inventory, of the DMFI at such time, less customary reserves. The ABL Credit Agreement will terminate, and the commitments thereunder will mature.

18. Loans and borrowings (cont'd)

(2) ABL Credit Agreement (cont'd)

Effective 15 May 2020 and the amendment thereto, the borrowing base, determined at the time of calculation, is an amount equal to: the sum of (a) (i) 85% of the book value of the parties' non-investment grade eligible accounts at such time and (ii) 90% of the book value of the parties' investment grade eligible accounts, (b) the lesser of (i) the amount equal to 85% multiplied by the net orderly liquidation value of eligible inventory percentage identified in the most recent inventory appraisal ordered by the administrative agent multiplied by the book value of the parties' eligible inventory and (ii) 75% multiplied by the cost of the parties' eligible inventory valued on a first-in-first-out basis, and minus (c) customary reserves.

As at 30 April 2023, there were US$465.0 million (30 April 2022: US$146.0 million) of loans outstanding and US$24.3 million of letters of credit issued (30 April 2022: USS$24.3 million). The net availability to DMFI Group under the ABL Credit Agreement was US$135.7 million as at 30 April 2023 (30 April 2022: US$279.7 million). The weighted average interest rate was approximately 7.32% per annum on 30 April 2023 (30 April 2022: 4.31% per annum).

Ability to Incur Additional Indebtedness. Notwithstanding any increase in the facility size, the Group's ability to borrow under the facility will always remain limited by the borrowing base (to the extent the borrowing base is less than the commitments).

Guarantee of Obligations under the Term Loan Credit Agreements and the ABL Credit Agreement. All obligations of DMFI under the Term Loan Credit Agreements and the ABL Credit Agreement are unconditionally guaranteed by the DMFHL and by substantially all existing and future, direct and indirect, wholly owned material restricted domestic subsidiaries of DMFI, subject to certain exceptions. DMFI was released from the guarantees after payment of First and Second Lien Term Loans.

Security interests

The ABL Credit Agreement is generally secured by a first priority lien on DMFI's inventories and accounts receivable and by a third priority lien on substantially all other assets excluding real estate.

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

Financial Maintenance Covenants. The ABL Credit Agreement generally do not require that DMFI comply with financial maintenance covenants.

18. Loans and borrowings (cont'd)

(2) ABL Credit Agreement (cont'd)

Security interests (cont'd)

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

The Group is compliant with the ABL Credit Agreement loan covenants as of 30 April 2023 and 2022.

On 15 May 2020, DMFI entered into an agreement to refinance the ABL Credit Agreement with JP Morgan Chase as the administrative agent, and other lenders and agents parties thereto, to provide for senior secured financing of up to US$450.0 million, subject to availability under the borrowing base, with a term of three years until 15 May 2023. Additionally, the Group fully amortized the remaining deferred financing fees related to the previous credit agreement of US$1.0 million for the year ended 30 April 2020.

18. Loans and borrowings (cont'd)

Long-term Borrowings	Classification	Original Principal (In '000)	Outstanding Balance (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2022 to 30 Apr 2023 (In '000)
BDO Long-term Loan [1]	Secured loan	PHP 1,500,000	PHP 1,500,000	4.125%	2025	Quarterly interest payment; and principal on nine quarterly instalments starting August 2023	PHP 62,734
DBP Long-term Loan [2]	Unsecured loan	PHP 1,500,000	PHP 1,500,000	5.5268%	2025	Quarterly interest payment; and principal on eight quarterly instalments starting February 2024	PHP 54,899
Bonds Payable [3]	Unsecured bonds	PHP 6,478,460	PHP 6,478,460	3Y 3.4840% 5Y 3.7563%	2023/ 2025	Quarterly interest payments and principal on maturity date	PHP 184,057
BDO Long-term Loan [4]	Secured loan	USD 30,000	USD 30,000	8.0199%	2024	Quarterly interest payments and principal 20% in fiscal year 2024, and balance on maturity	USD 555
BDO Long-term Loan [5]	Secured loan	USD 45,000	USD 42,750	8.42%	2025	Quarterly interest payment and principal 5% on April 2023, 5% on April 2024 and 90% on maturity date.	USD 2,847
BOC Long-term Loan [5]	Unsecured loan	USD 30,000	USD 27,000	8.19%	2025	Quarterly interest payment and principal 20% on four equal semi-annual instalments starting October 2022 and 80% on maturity date.	USD 1,789
BPI Long-term Loan [6]	Secured loan	USD 100,000	USD 100,000	8.180%	2023	Monthly interest payments and principal on maturity date.	USD 7,816

18. Loans and borrowings (cont'd)

Long-term Borrowings	Classification	Original Principal (In '000)	Outstanding Balance (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2022 to 30 Apr 2023 (In '000)
BDO Long-term Loan [7]	Secured bridging loan	USD 75,000	USD 60,000	3.0585%	2023	Quarterly interest payment and principal 10% on August 2021, 10% on August 2022 and 80% on maturity date.	USD 1,477
DBP Long-term Loan [8]	Unsecured loan	USD 75,000	USD 68,864	6.7617%	2024	Quarterly interest payment and principal 15% on eleven equal quarterly instalments starting January 2022 and 85% on maturity date.	USD 3,334
DBP Long-term Loan [8]	Unsecured loan	USD 57,300	USD 48,705	6.8024%	2024	Quarterly interest payment and principal 5%, 10% and 85% in fiscal year 2022, 2023 and 2024, respectively.	USD 2,526
Bonds Payable [9]	Unsecured bonds	USD 90,000	USD 90,000	3.75%	2024	Semi-annual interest payments and principal on maturity date.	USD 3,375
Term Loans [10]	Unsecured loan	USD 725,000	USD 723,500	9.3143%	2029	Monthly interest payments and quarterly instalment payments of US$1.5 million in January 2023 and US$1.8 million beginning May 2023 and balance on maturity date	USD 45,395

18. Loans and borrowings (cont'd)

Long-term Borrowings	Classification	Original Principal (In '000)	Outstanding Balance (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid 1 May 2022 to 30 Apr 2023 (In '000)
Secured senior notes [11]	Secured loan	USD 500,000	-	11.875%	Repaid in fiscal year 2023	Semi-annual interest payments and principal on maturity date	USD 29,852
Term Loan B [12]	Secured loan	USD 500,000	USD 708,531	9.3143%	2029	Quarterly interest payment and principal 0.25%, and the remaining interest and principal on maturity date.	USD 45,395

18. Loans and borrowings (cont'd)

[1] On 23 October 2020, DMPI obtained a long-term loan facility with BDO amounting to US$27 million (Php1.5 billion) payable over nine equal quarterly installments with the first repayment date due on 3 August 2023 and last repayment date due on 3 August 2025 at a fixed interest rate of 4.125% per annum. This loan is guaranteed by DMPL as its Surety. The Group is in compliance with the loan's covenants as at 30 April 2023 and 2022.

[2] On 6 November 2020, DMPI availed of an unsecured long-term credit facility with DBP amounting to US$27 million (Php1.5 billion) at a variable interest rate (2023: 5.5268% per annum, 30 April 2022: 3.00%), maturing in 2025, to refinance existing debts. The loan shall be repaid in five years, inclusive of a three-year grace period on the principal, the principal payable in eight equal quarterly installments to commence at the end of the 13th quarter from the initial drawdown date until fully paid. The Group is in compliance with the loan's covenants as at 30 April 2023 and 2022.

[3] On 30 October 2020, DMPI issued peso-denominated fixed rate bonds with an aggregate principal amount of US$90.1 million (Php5.0 billion) with an oversubscription option of up to US$45 million (Php2.5 billion).

The following are the series of the bonds:
(i) 3.4840% per annum. three-year fixed-rate bonds due October 2023 and
(ii) 3.7563% per annum five-year fixed-rate bonds due October 2025.

The net proceeds of the bonds were used by DMPI to repay its existing short-term and unsecured loans. As of 30 April 2023, US$105.1 million (Php5.8 billion) three-year fixed-rate and US$11.6 million (Php645.9 million) five-year fixed-rate bonds were issued.

The Company had also entered into an agreement with DBS for uncommitted facilities comprising of a short-term dollar denominated loan (US$25.0 million) and export financing facility (US$5.0 million). The Company had drawn a short-term loan of US$25.0 million as of 30 April 2023 (2022: US$ 25.0 million). The Group is in compliance with the loan's covenants as at 30 April 2023 and 2022.

[4] On 14 December 2022, the Company obtained long-term loan from BDO to US$30.0 million to partly finance redemption of series A-2 preference shares. The loans mature in December 2024. The Company is compliant with the loan's covenants as at 30 April 2023 and 2022.

18. Loans and borrowings (cont'd)

[5] On 4 April 2022, the Company obtained long-term loans from BDO (secured) and BOC (unsecured) amounting to US$45.0 million and US$30.0 million, respectively, to partly finance redemption of series A-1 preference shares. The loans mature in April 2025. The Company is compliant with the loan's covenants as at 30 April 2023 and 2022.

[6] On 15 May 2020, the Company obtained a long-term loan from Bank of the Philippine Islands ("BPI") amounting to US$100.0 million maturing on 15 May 2023, to finance the Company's subscription of equity shares in DMPL Foods Limited, the proceeds of which were used by DMFI to partially pay its borrowings. The loans are secured by first ranking security interest over DMPI shares. The Company is in compliance with the loan's covenants as at 30 April 2023 and 2022.

[7] The secured bridging loans of US$60.0 million as at 30 April 2023 represent the remaining balance for the bridging loan that was obtained by the Company to finance the acquisition of Sager Creek and its related costs. The loan matures in August 2023.

The Company paid the instalments amounting to US$7.5 million in August 2021 and US$7.5 million in August 2022 bringing the balance to US$60.0 million. On 5 April 2022, the Company entered into a Sixth Amendment Agreement amending the Total Facility Commitment to US$67.5 million.

[8] In fiscal year 2021 and 2020, the Company obtained additional long-term loans from Development Bank of the Philippines ("DBP") amounting to US$57.3 million maturing in April 2024 and US$75.0 million maturing in October 2024 respectively, to refinance existing debt. The Company is in compliance with the loan's covenants as at 30 April 2023 and 2022.

[9] On 9 December 2021, the Company issued unsecured bonds amounting to US$90.0 million. The bonds bear fixed interest of 3.75% per annum and mature on 9 December 2024. The proceeds were used to partly finance redemption of series A-1 preference shares. The Company is in compliance with the loan's covenants as at 30 April 2023.

[10] On 16 May 2022, DMFI issued US$600.0 million term loan (Term Loan B) with an interest equal to the adjusted term SOFR, plus a spread adjustment of 0.10% and margin of 4.25%. As of 30 April 2023, the interest rate for the Term Loan B is 9.3143% per annum. Interest is initially payable monthly and can be paid quarterly at the Company's option. The Term Loan B will mature on 16 May 2029. Proceeds of US$600.0 million from the issuance were used to pay the existing US$500.0 million Senior Secured Notes and the remainder was used for original issue discount, interest, and fees. An instalment amounting to US$1.5 million was paid on 30 January 2023. On 7 February 2023, DMFI obtained additional term loan commitments amounting to US$125.0 million, bearing the same interest and maturity date with the initial term loans. The Group is in compliance with the loan's covenants as at 30 April 2023.

18. Loans and borrowings (cont'd)

[11] Senior Secured Notes

The Group, with DMFI as the issuer, is a party to a credit agreement (the "Senior Secured Notes") with JP Morgan Chase, as administrative agent, and the other lenders and agents parties thereto, that provides for senior secured financing of up to US$500.0 million. The Senior Secured Notes will mature on 15 May 2025. Interest of 11.875% per annum will accrue from 15 May 2020, and payable every 15th May and 15th November.

The issuer may redeem some or all of the Senior Secured Notes at any time on or after 15 May 2022. DMFI may also redeem up to 35% of the Senior Secured Notes using the proceeds of certain equity offerings completed before 15 May 2022. In addition, at any time prior to 15 May 2022, the Issuer may redeem some or all of the Senior Secured Notes at a price equal to 100% of the principal amount, plus a "make-whole" premium, plus accrued and unpaid interest, if any, to the redemption date. Additionally, if the Senior Secured Notes become due and payable prior to their stated maturity, including upon acceleration, the applicable make-whole or redemption price premium, as the case may be shall be due and payable as if the Notes had been redeemed on that date. If the Group sells certain assets or experience specific kinds of changes in control, the Group must offer to purchase the Senior Secured Notes.

DMFHL and each of its existing and future U.S. subsidiaries, other than the DMFI, that guarantees indebtedness of the Issuer or indebtedness of any guarantor will guarantee the Senior Secured Notes. The Senior Secured Notes will rank equally in right of payment with all of the Issuer's existing and future senior debt and senior in right of payment to all of the Issuer's future subordinated debt.

The Senior Secured Notes guarantees will rank equally in right of payment with all of the guarantors' existing and future senior debt and senior in right of payment to all of the guarantors' future subordinated debt. In addition, the Senior Secured Notes will be structurally subordinated to the liabilities of all non-guarantor subsidiaries of DMFHL.

The Senior Secured Notes and the note guarantees will be secured by (i) first-priority liens, subject to permitted liens, on the Notes Priority Collateral and (ii) second-priority liens, subject to permitted liens, on the ABL Priority Collateral now owned or acquired in the future by the Issuer and the guarantors. Obligations under the ABL Facility and certain hedging and cash management obligations will be secured by a first-priority lien on the ABL Priority Collateral and a second-priority lien on the Notes Priority Collateral (provided that such obligations will not be secured by liens on any real property that constitutes Notes Priority Collateral). The Group is compliant with loan covenants of this credit agreement as at 30 April 2022 and 2021.

On 16 May 2022, DMFI redeemed the full balance of $500.0 million Senior Secured Notes. Additional interest expense amounting to $71.9 million was recognized as a result of this redemption (see Note 26).

18. Loans and borrowings (cont'd)

[12] Term Loan

DMFI is a party to a Term Loan B agreement with the lenders party thereto, Goldman Sachs Bank USA as administrative agent and as collateral agent, that provided for a total term loan of US$725.0 million with a term of seven years. The initial term loan amounting to US$600.0 million was obtained on 16 May 2022 and additional term loan amounting to US$125.0 million was obtain on 7 February 2023. The term loan will mature on 16 May 2029.

Interest Rates. The term loans bear an interest equal to the adjusted term SOFR plus a spread adjustment of 0.10% and margin of 4.25%. As of 30 April 2023, the interest rate for the Term Loan is 9.31% per annum. Interest is initially payable monthly and can be paid quarterly at DMFI's option.

Principal Payments. The outstanding principal amount is payable i) commencing with the last day of each fiscal quarter following 16 May 2022 and on the last day of each fiscal quarter thereafter prior to the maturity date of the term loan, in each case, in an amount equal to 0.25% of the original principal amount of the initial term loan and ii) on the maturity date, in an amount equal to the remainder of the principal amount of the initial term loans outstanding on such date, together, in each case, with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment. In the event any new term loans are made, such new term loans shall be repaid on each instalment date occurring on or after the applicable increased amount date in the manner specified in the agreement.

Ability to Incur Additional Indebtedness. DMFI may, by written notice to Administrative agent, elect to request prior to maturity date, an increase to the existing term loans or the establishment of one or more new term loan commitments by the available incremental amount, and not less than U$5.0 million individually (or such lesser amount which shall reasonably be approved by administrative agent or such lesser amount that shall constitute the difference between the available incremental amount and all such New Term Loan Commitments obtained prior to such date), and integral multiples of U$1.0 million in excess of that amount.

DMFI is compliant with the Term Loan B Agreement loan covenants as at 30 April 2023, 2022 and 2021.

The terms of DMPI's bonds and loans require a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.5x based on DMPI's consolidated financial statements. DMPI had been compliant with its debt covenants as at 30 April 2023 and 2022.

18. Loans and borrowings (cont'd)

[12] Term Loan (cont'd)

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

	Note	Group		Company	
		Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000
Beginning of year		35,359	44,702	2,732	1,329
Additions		20,295	2,915	218	2,383
Write-off		(26,341)	–	–	–
Amortization	26	(6,156)	(12,258)	(1,488)	(980)
End of year		23,157	35,359	1,462	2,732

19. Other noncurrent liabilities

	Group	
	30 April 2023 US$'000	30 April 2022 US$'000
Workers' compensation	13,268	14,639
Derivative liabilities	3,097	7,896
Accrued vendors liabilities	461	488
	16,826	23,023

Workers' compensation are liabilities for wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

Derivative liabilities

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

19. Other noncurrent liabilities (cont'd)

Derivative liabilities (cont'd)

As at 30 April 2023 and 2022, the Group designated each of its derivative contracts, as a hedge of a highly probable forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"). The following fair value of cash flow hedges were outstanding for the Group:

		Group	
	Note	30 April 2023 US$'000	30 April 2022 US$'000
Commodity contracts		(3,928)	685
Foreign currency forward contract		1,061	801
Interest rate cap		6,189	(7,896)
Interest rate swap		(1,105)	–
Total		2,217	(6,410)
Included in:			
Other noncurrent assets	10	6,189	–
Prepaid expenses and other current assets	14	2,678	1,486
Trade payables and other current liabilities	22	(3,553)	–
Other noncurrent liabilities		(3,097)	(7,896)
		2,217	(6,410)

Interest Rates

As of 30 April 2023 and 2022, the Group designated each of its derivative contracts as a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge").

The Group adopts a policy of hedging its floating rate exposure in accordance with the current rate environment and expected debt balances. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate using interest rate cap and interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio in accordance with the risk management objectives.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional quantity or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. Changes in the fair value of the cap other than intrinsic value is excluded from the assessment of effectiveness and amortized over the hedging period using a straight-line method.

19. Other noncurrent liabilities (cont'd)

Derivative liabilities (cont'd)

Interest Rates (cont'd)

In these hedging relationships, the main sources of ineffectiveness are the effect of the counterparty's and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value hedged cash flows attributable to the change in interest rates, and differences in repricing dates between the swaps and the borrowings.

Significant terms of the interest rate cap and interest rate swap contracts are as follows:

30 April 2023

Interest rate cap

Contract Date	Notional amount US$ '000	Fixed Rate	Strike Rate	Effective Date	Maturity Date
8 April 2022	575,000	0.84%	3.00%	1 May 2023	1 April 2026

Interest rate swap

Contract Date	Notional amount US$ '000	Fixed Rate	Floating SOFR	Effective Date	Maturity Date
23 March 2023	250,000	3.84%	Varies	24 March 2023	16 May 2029

Notional amount of US$200.0 million, US$200.0 million and US$175.0 million will mature on 1 April 2024, 2025 and 2026, respectively. The floating rate is based on secured overnight financing rate (SOFR).

30 April 2022

Contract Date	Notional amount US$ '000	Fixed Rate	Strike Rate	SOFR	Effective Date	Maturity Date
8 April 2022	575,000	0.84%	3.00%	3.18%	1 May 2023	1 April 2026

19. Other noncurrent liabilities (cont'd)

Derivative liabilities (cont'd)

Commodities

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

There is an economic relationship between the hedged items and the hedging instruments as the terms of the commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e. notional amount and expected payment date). The Group established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the commodity forward contracts are identical to the hedged risk components. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference index prices, purchase dates, maturities and the notional or par amounts.

To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the change in the fair value of the hedging instruments against the changes in the fair value of the hedged items attributable to the hedged risks.

The notional amounts of the Group's commodity contracts were as follows as of 30 April 2023 and 2022:

	30 April 2023 US$'000	30 April 2022 US$'000
Natural gas (MMBTU)	1,039	1,329
Diesel (gallons)	5,786	1,401
Gas (oil barrels)	47	–

Foreign Currency

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

	30 April 2023 US$'000	30 April 2022 US$'000
Mexican pesos	–	221,199
United States dollar	154,000	–

19. Other noncurrent liabilities (cont'd)

Derivative liabilities (cont'd)

Amounts Relating to Hedged Items

The amounts at the reporting date relating to items designated as hedged items are as follows:

	30 April 2023		
	Change in value used for calculating hedge effectiveness US$'000	**Cash flow hedge reserve US$'000**	**Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US$'000**
Interest rate risk			
Variable rate instruments	(12,437)	9,238	–
Commodity price risk			
Inventory purchases	5,264	(8,394)	–
Foreign exchange risk			
Inventory purchases	3,449	493	–

	30 April 2022		
	Change in value used for calculating hedge effectiveness US$'000	**Cash flow hedge reserve US$'000**	**Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied US$'000**
Interest rate risk			
Variable rate instruments	7,896	(5,922)	–
Commodity price risk			
Inventory purchases	5,986	(947)	–
Foreign exchange risk			
Inventory purchases	165	1,476	–

19. Other noncurrent liabilities (cont'd)

Derivative liabilities (cont'd)

Amounts Relating to Hedging Instruments (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness are as follows:

	30 April 2023				During 2023		
	Notional amount	Carrying amount Assets	Carrying amount Liabilities	Line item in the statement of financial position where the hedged instrument is included	Change in the value of hedge instrument recognized in OCI	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
	US$'000	US$'000	US$'000		US$'000	US$'000	
Interest rate risk							
Interest rate swaps	250,000	1,617		Prepaid and Other Current Assets	12,437	–	
			(2,722)	Derivative liabilities – Noncurrent			
Interest rate cap	575,000	6,189		Derivative assets - Noncurrent	–	–	
Commodity price risk							
Commodity contracts Natural gas	1,039	–	(1,596)	Derivative liabilities – Current	(2,557)	(861)	Cost of sales
(MMBTU)			(75)	Derivative liabilities – Noncurrent			
			(1,455)				
Diesel (gallons)	5,786	–	(300)	Derivative liabilities – Current	(2,176)	(403)	Cost of sales
Gas oil (barrels)	47	–	(502)	Derivative liabilities – Current	(531)	–	
Foreign exchange risk							
Foreign currency forward (USD)	154,000	1,061	–	Prepaid and Other Current Assets	1,122	–	Net finance expense
Foreign currency forward (MXN)	–	–	–	–	(4,571)	(4,107)	Cost of sales

19. Other noncurrent liabilities (cont'd)

Derivative liabilities (cont'd)

Amounts Relating to Hedging Instruments (cont'd)

	30 April 2022				During 2022		
	Notional amount	Carrying amount		Line item in the statement of financial position where the hedged instrument is included	Change in the value of hedge instrument recognized in OCI	Amount reclassified from hedging reserve to profit or loss	Line item in profit or loss affected by the reclassification
		Assets	Liabilities				
	US$'000	US$'000	US$'000		US$'000	US$'000	
Interest rate risk							
Interest rate swaps	575,000	–	(7,896)	Derivative liabilities – Noncurrent	(7,896)	–	Net finance expense
Commodity price risk							
Commodity contracts							
Natural gas (MMBTU)	1,329	24	–	Prepaid and Other Current Assets	(1,872)	(1,701)	Cost of sales
Diesel (gallons)	1,401	661	–	Prepaid and Other Current Assets	(4,114)	(2,830)	Cost of sales
Foreign exchange risk							
Foreign currency forwards	221,199	801	–	Prepaid and Other Current Assets	(165)	(710)	Cost of sales

19. Other noncurrent liabilities (cont'd)

Derivative liabilities (cont'd)

Hedging Reserves

The following table provides a reconciliation by risk category of the hedging reserve and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

	Group	
	30 April 2023 US$'000	**30 April 2022 US$'000**
Balance at beginning of year	(5,395)	1,218
Changes in fair value:		
- Interest rate risk	12,437	(7,896)
- Commodity risk	(5,264)	(5,986)
- Foreign exchange risk	(3,449)	(165)
Amount reclassified to profit or loss		
- Interest rate risk	–	–
- Commodity risk	1,264	4,531
- Foreign exchange risk	4,107	710
Tax movements on reserves during the year	(2,274)	2,193
Balance at end of year	1,426	(5,395)

20. Employee benefits

	Group		Company	
	30 April 2023 US$'000	30 April 2022 US$'000	30 April 2023 US$'000	30 April 2022 US$'000
Pension asset	10,630	9,799	60	–
Total pension asset (noncurrent)	10,630	9,799	60	–
Post-retirement benefit obligation	6,795	6,754	–	–
Executive retirement plan	2,188	3,610	–	–
Cash incentive award	4,024	5,051	–	–
Short-term employee benefits	17,972	30,689	–	–
Other plans	2,894	3,756	–	–
Net defined benefit liability	11,701	11,440	–	12
Total employee benefit liability	45,574	61,300	–	12
Current	24,280	36,958	–	–
Noncurrent	21,294	24,342	–	12
	45,574	61,300	–	12

Included in pension asset of the Group and Company is an amount of US$10.6 million and US$0.06 million (2022: US$9.8 million and nil) respectively relating to the defined benefit and defined contribution retirement plans in DMPI.

Included in post-retirement benefit obligation is an amount of US$6.8 million (2022: US$6.8 million) relating to the post-retirement medical benefits plan in DMFI.

Included in net defined benefit liability is an amount of US$11.7 million and nil (2022: US$11.4 million and US$0.01 million) relating to the qualified retirement plans in DMFI and ROHQ, respectively.

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

The DMPI Multi Employer Retirement Plan

DMPI has both funded defined benefit and defined contribution retirement plans (the "Plan") which covers all of regular employees as well as of those under DMPL - ROHQ. Contributions and costs are determined in accordance with the actuarial study made for the Plan. Annual cost is determined using the projected unit credit method. DMPI's latest actuarial valuation date is 30 April 2023. Valuations are obtained on a periodic basis.

20. Employee benefits (cont'd)

The DMPI Multi Employer Retirement Plan (cont'd)

Starting on the date of membership of an employee in the Plan, DMPI shall contribute to the retirement fund 7.00% of the member's salary as defined every month. In addition, DMPI shall contribute periodically to the fund the amounts which may be required to meet the guaranteed minimum benefit provision of the plan. Such contributions shall not be allocated nor credited to the individual accounts of the members, but shall be retained in a separate account to be used in cases where the guaranteed minimum benefit applies.

Benefits are based on the total amount of contributions and earnings credited to the personal retirement account of the plan member at the time of separation or the 125% of the final basis salary multiplied by the number of credited years of service under the plan, whichever is higher. The manner of payment is lump sum, payable immediately.

The retirement plan meets the minimum retirement benefit specified under Republic Act No. 7641, The Philippine Retirement Pay Law.

The fund is administered by a trustee bank under the supervision of the Board of Trustees of the Plan.

The Board of Trustees is responsible for investment strategy of the Plan.

DMPI does not expect to make contributions to the plan in fiscal year 2024.

The DMFI Plan

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

- The first part is a cash balance plan ("Part B") which provides benefits for eligible salaried employees and provides that a participant's benefit derives from the accumulation of monthly compensation and interest credits. Compensation credits are calculated based upon the participant's eligible compensation and age each month. Interest credits are calculated each month by applying an interest factor to the previous month's ending balance. Participants may elect to receive their benefit in the form of an annuity or a lump sum. Part B of the plan was frozen to new participants effective 31 December 2016, which the active participation of certain participants was grandfathered subject to meeting participation requirements.

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

20. Employee benefits (cont'd)

<u>The DMFI Plan (cont'd)</u>

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

In fiscal year 2020, there were amendments to the DMFI Plan and the post-retirement benefit plan. Under the DMFI Plan amendments, certain benefits were eliminated effective 31 December 2019 and 30 April 2022 and the plan obligations associated with these amendments decreased by US$9.1 million. Under the post-retirement amendments, certain benefits will be eliminated effective 30 April 2022 and the plan obligations associated with this amendment decreased by US$5.9 million. Both amendments were recognized immediately in "General and administrative expenses" in the 2020 consolidated income statement.

In fiscal year 2019, there were amendments to the post-retirement benefit plan. Under an amendment, certain benefits will be eliminated after fiscal year 2022. The net liability impact of this amendment was a decrease of US$13.4 million, which was recognized immediately in "General and administrative expenses" in the 2019 consolidated income statement.

DMFI does not expect to make contributions to the plan in fiscal year 2024.

20. Employee benefits (cont'd)

Movement in net defined benefit liability (asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability (asset) and its components:

	30 April 2023				30 April 2022			
	Defined benefit obligation US$'000	Fair value of plan assets US$'000	Effect of Asset Ceiling US$'000	Net defined benefit liability (asset) US$'000	Defined benefit obligation US$'000	Fair value of plan assets US$'000	Effect of Asset Ceiling US$'000	Net defined benefit liability (asset) US$'000
Group								
Beginning balance	269,094	(262,372)	1,673	8,395	332,272	(313,505)	606	19,373
Included in profit or loss:								
Current service cost	2,126	–	–	2,126	2,794	–	–	2,794
Plan administration cost	–	939	–	939	–	557	–	557
Interest cost/ (income)	10,806	(10,623)	85	268	6,860	(6,666)	22	216
	282,026	(272,056)	1,758	11,728	341,926	(319,614)	628	22,940
Included in OCI								
Remeasurements loss (gain):								
- Actuarial loss (gain) arising from: Financial assumptions	(13,784)	–	–	(13,784)	(40,009)	–	–	(40,009)
- demographic assumptions	(1,024)	–	–	(1,024)	(904)	–	–	(904)
- experience adjustment	2,603	–	–	2,603	1,353	–	–	1,353
- Return on plan Assets Excluding interest income	–	7,952	–	7,952	–	25,530	–	25,530
- Changes in the effect of the asset ceiling	–	–	837	837	–	–	1,104	1,104
- Effect of movements in exchange rates	(1,343)	2,357	(115)	899	(2,810)	3,478	(59)	609
	(13,548)	10,309	722	(2,517)	(42,370)	29,008	1,045	(12,317)
Others								
Contributions	–	(472)	–	(472)	–	(2,228)	–	(2,228)
Benefits paid	(24,690)	23,817	–	(873)	(30,462)	30,462	–	–
	(24,690)	23,345	–	(1,345)	(30,462)	28,234	–	(2,228)
Ending balance	243,788	(238,402)	2,480	7,866	269,094	(262,372)	1,673	8,395

20. Employee benefits (cont'd)

Movement in net defined benefit liability (asset) (cont'd)

Remeasurement loss recognized in OCI under executive retirement plan and other plans amounted to US$0.2 million for fiscal year ended 2023 (2022: US$0.2 million).

Represented by:

	Net defined benefit liability (asset)	
	30 April 2023 US$'000	**30 April 2022 US$'000**
Net defined benefit asset	(10,630)	(9,799)
Post-retirement benefit obligation	6,795	6,754
Net defined benefit liability	11,701	11,440
	7,866	8,395

Plan assets

Plan assets comprise:

	Group	
	30 April 2023 US$'000	**30 April 2022 US$'000**
Interest-bearing cash/bank deposits	**3,318**	3,553
Real estate (within Philippines)	**14,386**	14,850
Common collective trust funds:		
Fixed income	**53,055**	57,809
Equity fund	**69,060**	77,014
Mutual funds -		
Equity fund	**9,154**	10,209
Debt instruments:		
Corporate	**37,733**	42,078
Government	**41,950**	44,879
Others	**5,285**	4,822
Equity securities -		
Quoted	**3,661**	7,109
Others	**800**	49
Fair value of plan assets	**238,402**	262,372

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

20. Employee benefits (cont'd)

Plan assets (cont'd)

DMFI's investment objectives are to ensure that the assets of its qualified defined benefit plan are invested to provide an optimal rate of investment return on the total investment portfolio, consistent with the assumption of a reasonable risk level, and to ensure that pension funds are available to meet the plan's benefit obligations as they become due.

DMFI believes that a well-diversified investment portfolio, including both equity and fixed income components, will result in the highest attainable investment return with an acceptable level of overall risk. DMFI's investment policies and procedures are designed to ensure that the plan's investments are in compliance with the Employee Retirement Income Security Act ("ERISA").

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuary who carries out a full valuation annually. The last valuation of these obligations and plan was performed in April 2023 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 30 April 2023.

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

	<------------- DMFI	**------------>**
	30 April 2023	**30 April 2022**
Discount rate (per annum)	3.96%-4. 5%	1.82%-4.35%
Current health care cost trend rate (per annum)	N/A	6.20%
Ultimate health care cost trend rate	N/A	4.50%
Mortality rate	N/A	2012 rates associated with the Pri-2012 table with generational projection of improvements in mortality from 2012 based on MP-2020

	<------------- DMPI	**------------>**
	30 April 2023	**30 April 2022**
Discount rate (per annum)	6.58%	5.41%
Future salary increases (per annum)	5.00%	5.00%

	<------------- ROHQ	**------------>**
	30 April 2023	**30 April 2022**
Discount rate (per annum)	6.50%	5.29%
Future salary increases (per annum)	5.00%	5.00%

20. Employee benefits (cont'd)

Actuarial valuation (cont'd)

Since the defined benefit plans and other benefit liabilities are measured on a discounted basis, the discount rate is a significant assumption. The discount rate for DMFI plan was determined based on an analysis of interest rates for high-quality, long-term corporate debt at each measurement date. The discount rate for DMPI and ROHQ Plans were determined based on the theoretical spot yield curve calculated for the government securities market. In order to appropriately match the bond maturities with expected future cash payments, the Group utilized differing bond portfolios to estimate the discount rates for the defined benefits pension plans and for the post-retirement benefits.

The discount rate used to determine the defined benefit plans and for the post-retirement benefits projected benefit obligation as of the reporting date is the rate in effect at the measurement date. The same rate is also used to determine the defined benefit pension plans and post-retirement benefits for the following fiscal year. The defined benefits pension plans' investment guidelines are established based upon an evaluation of market conditions, tolerance for risk and cash requirements for benefit payments. Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 30 April 2023, the weighted average duration of DMPI's and ROHQ's defined benefit retirement obligation is 7.3 years and 4.8 years, respectively (2022: 7.7 years and 5.5 years, respectively).

The projected future benefit payments for the DMPI and ROHQ plans as of 30 April 2023 are as follows:

	DMPI US$'000	ROHQ US$'000	Total Expected Benefit Payments US$'000
2024	3,421	69	3,490
2025	2,854	524	3,378
2026	2,867	51	2,918
2027	2,437	66	2,503
2028	3,058	72	3,130
2029 to 2033	18,421	906	19,327

The weighted average duration of DMFI's defined benefit retirement obligation are as follows:

	Duration (years)	
	30 April 2023	30 April 2022
Qualified retirement plan	8.6	8.9
Post-retirement benefits plan	8.0	8.9
Executive retirement plans	N/A	N/A

20. Employee benefits (cont'd)

Actuarial valuation (cont'd)

The projected future benefit payments for the DMFI plan as of 30 April 2023 are as follows:

	Normal Retirement	Other than Normal Retirement	Total
	US$'000	US$'000	US$'000
Less than one year	21,848	727	22,575
More than one year to five years	76,265	2,529	78,794
More than five years	75,791	2,492	78,283

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

	30 April 2023	Target Allocation Range
Equity securities	34%	31-51%
Debt securities	58%	42-64%
Other	8%	2-19%
Total	100%	

	30 April 2022	Target Allocation Range
Equity securities	36%	31-51%
Debt securities	57%	42-64%
Other	7%	2-19%
Total	100%	

The plan exposes the Group to market risk.

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

Source of estimation uncertainty

Measurement of employee benefit obligations

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

20. Employee benefits (cont'd)

Sensitivity analysis

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

Defined benefit obligation	**<----DMFI**			**---->**
	2023		**2022**	
	0.50% increase US$'000	0.50% decrease US$'000	0.50% increase US$'000	0.50% Decrease US$'000
Discount rate (per annum)	(7,490)	8,038	(9,247)	10,018
Future salary increases (per annum)	N/A	N/A	N/A	N/A

Defined benefit Obligation	**<----DMPI**			**---->**
	2023		**2022**	
	1.0% increase US$'000	1.0% decrease US$'000	1.0% increase US$'000	1.0% decrease US$'000
Discount rate (per annum)	(1,769)	2,020	(2,065)	2,373
Future salary increases (per annum)	2,032	(1,811)	2,359	(2,091)

Defined benefit Obligation	**<----ROHQ**			**---->**
	2023		**2022**	
	1.0% increase US$'000	1.0% decrease US$'000	1.0% increase US$'000	1.0% decrease US$'000
Discount rate (per annum)	(47)	52	(49)	55
Future salary increases (per annum)	53	(48)	55	(50)

20. Employee benefits (cont'd)

Sensitivity analysis (cont'd)

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 30 April 2023 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumption shown.

Accumulated post-retirement benefit obligation

The accumulated post-retirement benefit obligation is computed in accordance with IAS 19, *Employee Benefits*. This quantity is the actuarial present value of all benefits attributed under the projected unit credit method to service rendered prior to a particular date. Prior to an employee's full eligibility date, the accumulated post-retirement benefit obligation as of a particular date for an employee is the portion of the expected post-retirement benefit obligation attributed to that employee's service rendered to that date; on and after the full eligibility date, the accumulated and expected post-retirement benefit obligations for an employee are the same.

Source of estimation uncertainty

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

Multi-employer plans

The Group participates in several multi-employer pension plans, which provide defined benefits to covered union employees. Contribution rates to the multi-employer plans are provided in the collective bargaining agreements for the covered union employees. The contribution rates are expressed in terms of specific amounts to be contributed based on hours worked by covered union employees. The Group made contributions of US$8.8 million, US$7.9 million and US$7.7 million during fiscal years 2023, 2022 and 2021, respectively.

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

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

20. Employee benefits (cont'd)

Defined Contribution Plans

The Group participates in two defined contribution plans. Group contributions to these defined contribution plans are based on employee contributions and compensation. The expense recognized under these plans for the year ended 30 April 2023 was US$4.8 million (2022: US$4.2 million; 2021: US$4.5 million).

Other plans

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

21. Environmental remediation liabilities

	Group	
	30 April 2023 US$'000	**30 April 2022 US$'000**
At beginning of the year	203	7,429
Provision made during the year	–	–
Provisions used during the year	(203)	(7,164)
Provisions released during the year	–	(62)
At end of the year	–	203

Provision for environmental remediation relates to legal or constructive obligations incurred by the Group in connection with its operations and have all been settled in 2023.

22. Trade payables and other current liabilities

	Note	Group 30 April 2023 US$'000	Group 30 April 2022 US$'000	Company 30 April 2023 US$'000	Company 30 April 2022 US$'000
Trade payables		216,700	196,833	66	131
Accrued operating expenses:					
Interest	39	10,441	34,122	3,228	3,434
Advertising		4,060	8,825	–	–
Trade promotions		8,410	8,607	–	–
Taxes and insurance		11,755	9,044	–	–
Professional fees		9,200	6,762	394	388
Freight and warehousing		8,902	8,898	–	–
Salaries, bonuses and other employee benefits		2,019	3,042	–	–
Utilities		3,236	3,704	–	–
Tinplate and consigned stocks		2,204	2,569	–	–
Miscellaneous		11,250	5,541	309	1,146
Overdrafts		1,969	5,655	–	–
Accrued payroll expenses		5,980	5,304	4,207	4,087
Withheld from employees (taxes and social security cost)		2,473	1,466	41	37
Contract liabilities	24	2,366	2,091	–	–
VAT payables		214	129	–	–
Advances from customers		208	241	–	–
Derivative liabilities	19	3,553	–	–	–
Amounts due to subsidiaries (non-trade)	37	–	–	107,889	30,806
		304,940	302,833	116,134	40,029

Contract liabilities pertains to contract liabilities relating to advances from customers which are generally expected to be recognized as revenue within a period of less than one year. Accordingly, opening contract liabilities are recognized within each reporting period. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the aggregate amount of the transaction price of unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period because its contracts have original expected durations of one year or less.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Accrued miscellaneous include management fees and other outside services, land and other rental, credit card payable and other importation incidental costs.

22. Trade payables and other current liabilities (cont'd)

Sources of estimation uncertainty

Estimation of trade promotion accruals

The determination of the unbilled trade promotion accrual requires significant estimation of the amount of discount to be redeemed based on volumes sold when the services are performed and billings are received.

23. Leases

Group as a lessee

Set out below are the carrying amount of right-of-use assets recognized and the movements during the period:

	Buildings, land improvements and leasehold improvements US$'000	Land US$'000	Machineries and equipment US$'000	Total US$'000
Cost				
At 1 May 2021	128,492	50,166	37,384	216,042
Additions	16,131	12,174	3,534	31,839
Retirements	(4,249)	(1,258)	–	(5,507)
Currency realignment	(2,897)	(4,006)	–	(6,903)
At 30 April 2022 and 1 May 2022	137,477	57,076	40,918	235,471
Additions	12,354	3,052	1,265	16,671
Retirements	–	(871)	–	(871)
Currency realignment	(2,110)	(3,252)	–	(5,362)
At 30 April 2023	147,721	56,005	42,183	245,909
Accumulated amortization				
At 1 May 2021	43,632	14,521	22,681	80,834
Amortization	21,452	8,645	9,006	39,103
Retirements	(4,222)	(1,258)	–	(5,480)
Currency realignment	(929)	(1,596)	–	(2,525)
At 30 April 2022 and 1 May 2022	59,933	20,312	31,687	111,932
Amortization	21,323	8,700	5,935	35,958
Retirements	–	(871)	–	(871)
Currency realignment	(498)	(1,178)	–	(1,676)
At 30 April 2023	80,758	26,963	37,622	145,343
Carrying amounts				
At 30 April 2022	77,544	36,764	9,231	123,539
At 30 April 2023	**66,963**	**29,042**	**4,561**	**100,566**

23. Leases (cont'd)

Group as a lessee (cont'd)

In April 2021, DMPI entered a sale and leaseback of buildings, warehouses and equipment located on foreshore land. The assets were sold to DEARBC and subsequently leased back to DMPI with payment and lease terms of 20 years for both the sale and the lease. Right-of-use assets recognized at commencement date amounted to US$7.1 million which comprises the proportion of the previous carrying amount of the assets that relates to right of use retained by DMPI and the adjustment for below-market terms on the sale of assets. Lease liability and gain on sale and leaseback at commencement date amounted to US$4.8 million and US$0.2 million, respectively.

The following are the amounts recognized in the income statement:

	Note	30 April 2023 US$'000	30 April 2022 US$'000
Amortization expense of right-of-use assets	25	32,972	39,292
Interest expense on lease liabilities	26	5,443	6,345
Expenses relating to short-term leases	25	12,882	13,710
Variable lease payments		402	341
Total amount recognized in statement of income		51,699	59,688

Amortization expense is net of amount capitalized to inventory during the year and includes amortization capitalized in prior years to inventory that was sold during the year.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate such as construction of significant leasehold improvements or significant customization to the leased asset.

The Group included the renewal period for certain lease contract on warehouses as part of the lease term. The Group typically exercises its option to renew for the lease because there will be a significant negative effect on production if a replacement asset is not readily available. The renewable period of land, building and certain warehouse are not included as part of the lease term as these are not reasonably certain to be exercised since it is subject to mutual agreement of both parties and is considered as unenforceable.

The Company also entered into a lease contract with DEARBC, with an initial contract period of 25 years from 11 January 1999 to 10 January 2024. The lease contract was amended by both parties effective 11 January 2019 to extend the lease period to 10 January 2049. Effective January 2019, both parties also approved the amendment granting the Group the sole option to terminate the lease every five years without incurring penalty until the end of the contract period. Since the Group has the sole option to terminate the lease every five years without incurring penalty, the Group has the absolute right to enforce the entire duration of the lease (i.e., lease term).

Group as a lessee (cont'd)

The Group assessed the lease term to be 5 years from 11 January 2019 since it is not yet reasonably certain to renew beyond the initial 5-year non-cancellable lease period due to the relatively long time horizon to be able to forecast the facts and circumstances that will merit the renewal of the contract. There are also no significant economic penalties other than the standing crops which only have a life cycle of up to 3 years.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	30 April 2023 US$'000	30 April 2022 US$'000
At the beginning of year	121,320	128,803
Additions	17,986	28,075
Accretion of interest	6,615	7,534
Payments of principal	(38,962)	(34,414)
Payments of interest	(3,723)	(4,456)
Adjustments	–	(10)
Terminations	–	(151)
Currency realignment	(3,140)	(4,061)
At the end of year	100,096	121,320
Current	27,892	29,549
Non-current	72,204	91,771
	100,096	121,320

Group as a lessor

The Group has sublease agreements which provides for lease rentals based on an agreed fixed monthly rate. Rental income related to these sublease agreements amounted to US$0.5 million for the fiscal year 2023 (2022: US$0.5 million).

Lease receivables represent receipts to be received over the remaining lease term. Movement of the lease receivables during the period are as follows:

	30 April 2023 US$'000	30 April 2022 US$'000
At the beginning of year	691	1,241
Adjustments	3	2
Contractual receipts	(486)	(487)
Interest income	17	37
Currency realignment	(589)	(102)
At the end of year	(364)	691
Current	126	497
Non-current	60	194
	186	691

23. Leases (cont'd)

Sources of estimation uncertainty

Determination of incremental borrowing rate for lease liabilities

The Group is not able to readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (e.g. when leases are not in the subsidiary's functional currency). The Group uses existing debt borrowing rates of the respective Group's entities as its IBR.

24. Revenue

Revenue of the Group comprises fair value gains arising from changes in fair value of the Group's biological assets recognized upon harvest of agricultural produce and gross invoiced sales of goods, net of discounts and returns, recognized when goods are delivered. All intra-group transactions have been excluded from the Group revenue.

Revenue for fiscal year ended 30 April 2023 is net of discounts of US$89.0 million (2022: US$84.3 million; 2021: US$ 78.6 million), returns of US$20.2 million (2022: US$18.3 million; 2021: US$17.1 million) and direct promotions of US$339.9 million (2022: US$ 339.9 million; 2021: US$304.3 million). Revenue for fiscal year ended 30 April 2022 is net of discounts of US$84.3 million, returns of US$18.3 million and direct promotions of US$339.9 million. Revenue for fiscal year ended 30 April 2021 is net of discounts of US$78.6 million, returns of US$17.1 million and direct promotions of US$304.3 million.

Disaggregation of revenue is presented in Note 29.

24. Revenue (cont'd)

Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

		Group		
	Note	30 April 2023 US$'000	30 April 2022 US$'000	30 April 2021 US$'000
Receivables, included in Trade and other receivables – Gross of ECL allowance	13	195,335	189,839	65,370
Contract liabilities, included in Trade payables and other current liabilities	22	2,366	2,091	543

Contract liabilities pertain to advances from customers which are generally expected to be recognized as revenue within a period of less than one year. Accordingly, opening contract liabilities are recognized within each reporting period. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the aggregate amount of the transaction price of unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period because its contracts have original expected durations of one year or less.

The Group recognized revenue adjustments from performance obligations satisfied or partially satisfied in previous periods due to changes in estimates of trade promotions, coupon redemptions, cash discounts and penalties amounting to nil and US$0.7 million in fiscal year 2023 and 2022, respectively.

Contract liabilities amounting to US$2.1 million as at 1 May 2022 have been recognized as revenue in fiscal year 2023 (2022: US$0.5 million).

25. Profit before taxation

Profit before taxation is arrived at after charging (crediting):

	Note	<---- Group ----			<---- Company ----		
		Year ended 30 April 2023	**Year ended 30 April 2022**	**Year ended 30 April 2021**	**Year ended 30 April 2023**	**Year ended 30 April 2022**	**Year ended 30 April 2021**
		US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Amortization of intangible assets	8	6,967	6,650	6,650	–	–	–
Changes in fair value of agricultural produce harvested and sold	11	(57,307)	(60,236)	(53,564)	–	–	–
Allowance for inventory obsolescence	12	9,542	4,135	7,043	–	–	–
Inventories recognized as cost of sales	12	1,385,159	1,300,313	1,193,666	–	–	–
(Reversal of impairment) / impairment of trade and nontrade receivables	13	(181)	1,060	144	–	–	–
Depreciation of property, plant and equipment		154,439	146,480	139,950	–	–	–
Amortization of right-of-use assets	23	32,972	39,292	37,205	93	93	106
Short-term leases	23	12,882	13,710	29,676	–	–	–
Research and development expenses		10,237	9,970	10,157	–	–	–
Audit fees paid to:							
- EY Singapore		172	95	93	136	60	57
- SGV		1,438	1,297	1,216	251	450	326
- affiliates of auditors of the Company		50	43	298	–	–	–
- other auditor		6	6	6	–	–	–
Non-audit fees paid to:							
- SGV		160	–	–	111	–	–
- other auditors		80	80	39	2	2	2
(Gain) loss on disposal of property, plant and equipment		759	789	(1,333)	–	–	–
Legal expenses		3,646	2,318	2,257	3	8	6
Staff costs							
Wages and salaries		310,871	308,951	263,113	5,538	5,174	4,901
Social security costs		22,128	20,039	19,146	22	44	22
Pension costs - defined benefit pension plan*		10,401	10,426	10,511	107	145	97
Pension costs – provident fund		5,313	4,757	5,093	4	4	3
Equity-settled share-based payment transactions**		–	(1,753)	–	–	–	–

**Included the effect of post-retirement medical plan amendment and enhanced early retirement program.*
***Net of non-controlling interests amounting to US$0.2 million for 2022.*

Other expenses not included above are advertising and marketing costs, freight, warehousing costs and others.

26. Net finance expense

	Note	<---------------- Group	---------------->		<--------------- Company	------------->	
		Year ended 30 April 2023 US$'000	**Year ended 30 April 2022 US$'000**	**Year ended 30 April 2021 US$'000**	**Year ended 30 April 2023 US$'000**	**Year ended 30 April 2022 US$'000**	**Year ended 30 April 2021 US$'000**
Finance income							
Realized foreign exchange gain		12,839	1,858	6,481	169	–	–
Unrealized foreign exchange gain		542	2,572	506	–	134	5
Interest income from:							
- Bank deposits		88	43	65	1	1	1
- Due from a subsidiary		–	–	–	–	–	833
- Others		824	728	482	7	10	12
Gain on purchase of second lien term loan	18	–	–	–	–	–	–
		14,293	5,201	7,534	177	145	851
Finance expense							
Interest expenses on bank loans		(125,526)	(91,197)	(97,338)	(30,741)	(12,225)	(12,459)
Redemption cost on Senior Secured Notes		(44,530)	–	–	–	–	–
Write-off of deferred financing cost		(26,341)	–	–	–	–	–
Amortization of debt issue cost, discount	18	(6,156)	(12,258)	(11,481)	(1,488)	(980)	(647)
Leases	23	(5,443)	(6,345)	(7,435)	–	(3)	–
Interest rate swap settlement		744	–	5,210	–	–	–
Realized foreign exchange loss		(4,101)	(2,186)	(2,571)	–	(23)	(10)
Unrealized foreign exchange loss		(4,508)	(721)	(495)	(108)	(7)	(18)
		(215,861)	(112,707)	(114,110)	(32,337)	(13,238)	(13,134)
Net finance expense		(201,568)	(107,506)	(106,576)	(32,160)	(13,093)	(12,283)

27. Tax expense - net

	Note	Group Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2021 US$'000
Current tax expense				
- Current year		26,759	20,605	33,059
Deferred tax credit				
- Origination and reversal of temporary differences	9	(9,592)	18,695	(5,786)
		17,167	39,300	27,273

	Group Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2021 US$'000
Reconciliation of effective tax rate			
Profit before taxation	42,544	154,830	103,743
Taxation on profit at applicable tax rates	6,201	31,048	17,829
Final tax on dividend	6,586	9,477	7,658
Non-deductible expenses	4,822	2,389	299
Non-taxable income	(12)	(6)	(8)
Change in unrecognized deferred tax asset	(1,410)	(4,356)	(3,346)
Change in tax rate	1,174	1,005	–
Effect of CREATE Act	–	–	4,611
Others	(194)	(257)	230
	17,167	39,300	27,273

27. Tax expense – net (cont'd)

	Group		
	Year ended 30 April 2023 US$'000	**Year ended 30 April 2022 US$'000**	**Year ended 30 April 2021 US$'000**
Applicable tax rates			
- Philippines (non-PEZA)	25.0%	25.0%	25.0%
- Philippines (PEZA)*	5.0%	5.0%	5.0%
- India	31.0%	31.2%	31.2%
- Singapore	17.0%	17.0%	17.0%
- United States of America	25.0%	25.0%	24.5%
- Mexico	30.0%	30.0%	30.0%

**based on gross profit for the year*

DMPI's production operations in Cagayan de Oro City, Philippines are undertaken in the Philippine Packing Agricultural Export Processing Zone ("PPAEPZ"). This zone was established in accordance with the regulations of the Philippine Economic Zone Authority ("PEZA"). DMPI enjoys several fiscal and non-fiscal incentives including a 5% tax on gross profit in lieu of the statutory 25% (2022: 25% and 2021: 25%) on profit before tax, duty free importation of capital equipment, raw materials and supplies used in pursuit of its Ecozone-registered activities, among other incentives. DMPI received PEZA approval for a second zone, the Bukidnon Agro-Resources Export Zone ("BAREZ"), for agri-development projects. The current tax incentive expired in fiscal year 2018 and was extended for an additional three years ending fiscal year 2021. On 21 December 2021, PEZA issued a Certificate of Board Resolution approving the retention of DMPI's status as an Export Ecozone Enterprise (EEE) beyond 31 December 2021. The incentives may be availed of for as long as DMPI complies with the PEZA's requirements which include exporting 70% of its production and these incentives are not rationalized by law.

On 7 May 2021, PEZA issued LOA No. 21-EOD-LS/F/EE-1006 that provides for extension of the DMPI's Ecozone Export Enterprise status until the Implementing Rules and Regulation of CREATE Act is issued. The status of DMPI as a PEZA registered export enterprise is expected to be retained being part of the Investment Priority Plan and for meeting the conditions set forth by PEZA to allow a company to continue availing of the incentives despite exceeding local sales.

On 17 August 2021, PEZA issued LOA No. 21-EOD-LS/FP/EE-1916 to renew DMPI's authority to sell to the domestic market a portion of its production of its registered products produced at the PPAEPZ / BAREZ. Said LOA expired December 31, 2021. On 24 January 2022, LOA No. 22-EOD-LS/FP/EE-0166 was issued to cover the period 1 January 2022 to 31 July 2022.

On June 8, 2022, PEZA issued LOA No. 22-EOD-LS/FP/EE-2251 to renew DMPI's authority to sell to the domestic market a portion of its production of its registered products produced at the PPAEPZ / BAREZ for the period August 1, 2022 to July 31, 2023.

On June 29, 2023, PEZA issued LOA No. 22-ERD/AA/EEEE-2485, the application to include the additional facility at the Quezon Agro-Industrial Zone (QAIZ) to engage in the "production of packed fresh pineapples in carton boxes with or without crown" was approved

27. Tax expense – net (cont'd)

Corporate Recovery and Tax Incentive for Enterprise ("CREATE") Act

On 26 March 2021, President Rodrigo Duterte signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No. 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect 15 days after its complete publication in a newspaper of general circulation on 11 April 2021.

The following were the key changes to the Philippine tax law pursuant to the CREATE Act which has an impact on DMPI:

(i) Effective 1 July 2020, Regular Corporate Income Tax ("RCIT") rate was decreased from 30% to 20% for corporations with total assets (excluding the value of land on which the particular business entity's office, plant and equipment are situated during the taxable year) of Php100 million (US$2.1 million) or below and taxable income of Php5 million (US$1.0 million) and below. All other corporations not meeting the criteria are subject to lower RCIT rate of 25% from 30%;

(ii) Effective 1 July 2020 and for a period of 3 years, Minimum Corporate Income Tax ("MCIT") rate was lowered from 2% to 1% of gross income; and

(iii) Improperly accumulated earnings tax of 10% was repealed.

The RCIT and MCIT applied in the preparation of the Group's financial statements as of and for the fiscal year ended 30 April 2021 are based on the enacted tax rate of 30% RCIT for the months covered before the effectivity of CREATE, and 25% or 20% RCIT, as the case may be, for the months covered under CREATE. In the computation of current income tax, income and expenses were deemed to have been earned and spent equally for each month of the fiscal period. The effective RCIT rate for the DMPI for the year ended 30 April 2021 is 25.83%.

Company

There is no tax expense for the Company as the income of the Company is exempt from all income taxes in the British Virgin Islands except for ROHQ in the Philippines which has a preferential tax rate of 10%.

Sources of estimation uncertainty

Measurement of income tax

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

28. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Cumulative undeclared preference dividends amounted to US$0.4 million as of 30 April 2022. There was no cumulative undeclared preference dividends as of 30 April 2023 as all preference shares were already redeemed.

	Group		
	Year ended 30 April 2023 US$'000	**Year ended 30 April 2022 US$'000**	**Year ended 30 April 2021 US$'000**
Profit attributable to owners of the Company	16,949	100,031	63,256
Cumulative preference share dividends for the year	(4,063)	(18,903)	(19,750)
	12,886	81,128	43,506
Weighted average number of ordinary shares ('000):			
Outstanding ordinary shares at 1 May, representing weighted average number of ordinary shares during the year	1,943,960	1,943,960	1,943,960
Basic earnings per share (in US cents)	0.66	4.17	2.24

28. Earnings (loss) per share (cont'd)

Diluted earnings (loss) per share

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

	Group		
	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2021 US$'000
Profit attributable to owners of the Company	16,949	100,031	63,256
Cumulative preference share dividends for the year	(4,063)	(18,903)	(19,750)
	12,886	81,128	43,506
Diluted weighted average number of shares ('000):			
Weighted average number of ordinary shares at end of year (basic)	1,943,960	1,943,960	1,943,960
Potential ordinary shares issuable under share awards	–	–	–
Weighted average number of ordinary shares issued (diluted)	1,943,960	1,943,960	1,943,960
Diluted earnings per share (in US cents)	0.66	4.17	2.24

29. Operating segments

The Group has two operating segments: geographical and product. In identifying these operating segments, management generally considers geographical as its primary operating segment.

Geographical segments

Americas

Reported under the Americas segment are sales and profit on sales in USA, Canada and Mexico. Majority of this segment's sales are principally sold under the Del Monte brand but also includes products 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.

Geographical segments (cont'd)

Asia Pacific

Reported under Asia Pacific are sales and profit on sales in the Philippines, comprising of Del Monte branded packaged products, including Del Monte traded goods, and Today's brand; 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.

Europe

Included in this segment are sales of S&W co-branded, buyer's own label and 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, S&W and Today's 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 flavors 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 also include non-branded sales to South America as well as various product innovations such as Mr. Milk, a new fruit yoghurt milk drink introduced in July 2020.

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

Segment assets

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables, biological assets, inventories and investments in joint ventures.

29. Operating segments (cont'd)

Information about reportable segments

	Americas			Asia Pacific			Europe			Total		
	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2021 US$'000	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2021 US$'000	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2021 US$'000	Year ended 30 April 2023 US$'000	Year ended 30 April 2022 US$'000	Year ended 30 April 2021 US$'000
Revenue												
Packaged/processed fruit and vegetable	1,344,522	1,342,835	1,190,191	125,970	139,935	137,384	31,796	24,753	27,885	1,502,288	1,507,523	1,355,460
Beverage	66,804	35,772	18,498	141,012	141,630	150,026	15,492	10,171	10,326	223,308	187,573	178,850
Culinary	322,870	282,946	286,000	145,008	147,496	155,651	223	199	373	468,101	430,641	442,024
Fresh fruit and others	5,996	6,038	2,262	221,620	210,311	184,113	–	–	–	227,616	216,349	186,375
Total	**1,740,192**	**1,667,591**	**1,496,951**	**633,610**	**639,372**	**627,174**	**47,511**	**35,123**	**38,584**	**2,421,313**	**2,342,086**	**2,162,709**
Gross profit	**413,381**	**404,029**	**340,856**	**182,358**	**207,067**	**205,007**	**11,254**	**11,561**	**10,100**	**606,993**	**622,657**	**555,963**
Share in net loss of joint ventures	**–**	**–**	**–**	**(1,486)**	**(4,954)**	**(1,531)**	**–**	**–**	**–**	**(1,486)**	**(4,954)**	**(1,531)**
Depreciation and amortization	52,459	57,794	69,055	141,919	134,628	114,750	–	–	–	194,378	192,422	183,805
Capital expenditure	**55,433**	**32,122**	**25,112**	**182,489**	**170,537**	**138,862**	**–**	**–**	**–**	**237,922**	**202,659**	**163,974**

29. Operating segments (cont'd)

Major customer

Revenues from a major customer of the Americas segment for fiscal year 2023 amounted to approximately US$609.2 million or 25% (2022: US$561.4 million or 24%, 2021: 475.4 million or 22%) of the Group's total revenue. The customer accounted for approximately 14% of trade and other receivable as at 30 April 2023 and 2022.

30. Seasonality of operations

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

The Group operates 11 production facilities in the USA, Mexico, and the Philippines as at 30 April 2023 and 30 April 2022. Fruit plants are located in California and Washington in the U.S. and in the Philippines. Most of its vegetable plants are located in the U.S. Midwest and its tomato plant is located in California.

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

31. Share option and incentive plans

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

The ESOP 2016 is administered by the Remuneration Share Option Committee (RSOC).

Del Monte Foods Holding Equity Compensation Plan

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

In September 2016, the authorized shares reserved for grant under the plan was increased from 9,000,000 to 15,000,000. As of 30 April 2021, 14,776,500 share were available for future grant. The plan was retired in fiscal year 2022.

31. Share option and incentive plans (cont'd)

Del Monte Foods Holding Equity Compensation Plan (cont'd)

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

	3 November 2015
Expected life (in years)	5.5
Expected volatility	38.49%
Risk-free interest rate	1.64%

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

	2023		**2022**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding at beginning of year	–	–	223,500	5
Cancelled	–	–	(223,500)	5
Outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–

There was no expense recognized in the consolidated income statement for equity-settled share based compensation for fiscal year 2023 and 2022.

The remaining 223,500 options were cancelled in fiscal year 2022 through a "buy-out" as a means of retiring the plan. Each holder was offered $1 per share with a total cost of US$216 million.

Cash incentives

On 16 December 2019, DMFHI granted a total cash incentive of US$2.6 million to key executives under cash incentive award agreements. The grants require performance criteria to be achieved. The awards will vest in two equal annual parts over a period of approximately two years when the employee remains employed on each vesting date.

The accrued net obligation as of 30 April 2023 is US$4.0 million (2022: US$5.1 million). Total expense recognized under "Wages, salaries and other benefits" in the consolidated income statement of the Group amounted to US$0.3 million, US$5.0 million and US$3.5 million in fiscal years 2023, 2022 and 2021, respectively.

31. Share option and incentive plans (cont'd)

Long Term Incentive Plan

Overview

Effective as of 4 October 2021, DMPI had established the DMPI Long Term Incentive Plan of 2021 (DMPI LTIP) for the purpose of providing designated employees of DMPI with the opportunity to receive grants of nonqualified stock options.

Participation

Participation in the DMPI LTIP is limited to employees of DMPI and its subsidiaries (including any officer who is also an employee), who will be qualified and approved by the DMPI RSOC from the list of potential participants identified by Management as critical to the delivery of DMPI's Long Range Plan.

Administration

The DMPI RSOC administers and interprets the DMPI LTIP. The DMPI RSOC has full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules, regulations, agreements and instruments for implementing the DMPI LTIP in its sole discretion. The DMPI RSOC may amend or terminate the LTIP at any time; provided, however, that the RSOC cannot amend the DMPI LTIP without the approval of the shareholders of DMPI if such approval is required in order to comply with applicable laws or securities exchange requirements.

Principal Terms of the Plan

Grants under the DMPI LTIP consist of stock options and are subject to the terms and conditions of the plan as well as those specified as to the participants in the applicable grant agreements. Subject to certain adjustments, the maximum aggregate number of DMPI shares that may be issued pursuant to such stock options is up to 2% of DMPI's total issued and outstanding common shares.

The DMPI RSOC determines the number of shares pursuant to each stock option and the recipient of each grant. Each stock option has a term of five years; 50% shall become vested on the third year from the grant date while the remaining 50% shall become vested on the fifth year from the grant date. Each stock option will vest in accordance with such vesting schedule if the recipient continues to be employed by DMPI from the date of grant until the applicable vesting date. Any unvested stock option shall be forfeited upon the participant's separation of service and may be made available for re-issuance to another participant. However, vested stock options will remain exercisable by a separated participant for 90 days from separation from DMPI or in case of death or disability, vested stock options shall be exercisable by the participant's legal heirs or legal representatives within one year from such occurrence.

Recipients of grants of stock options are not required to pay any amount upon application or acceptance of the grant. The exercise price of stock options shall not be less than the fair market value of a share on the date of grant. Once a stock option is exercised, the voting, dividend, transfer and other rights attached to the shares are the same as with other shares of DMPI common stock, provided the shares remain outstanding.

Upon vesting of a stock option, a recipient of a grant will have the right to require DMPI to repurchase all or any portion of the vested portion of a stock option at the applicable fair market value of a share, less the exercise price.

32. Financial risk management

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

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

Risk management framework

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

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

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

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

Financial risk management objectives and policies

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

Credit risk

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

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

32. Financial risk management (cont'd)

Credit risk (cont'd)

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

Exposure to credit risk

At the reporting date, the maximum exposure to credit risk for financial assets, excluding cash on hand, by geographic region was:

	Group	
	30 April 2023 US$'000	**30 April 2022 US$'000**
Americas	154,486	118,366
Europe	10,418	15,192
Asia Pacific	99,238	111,703
	264,142	245,261

At 30 April 2023, the Group's most significant customer accounted for 14% of the trade and other receivables carrying amount (2022: 14%).

Impairment losses

The aging of financial assets excluding cash on hand that were not impaired at the reporting date was:

Group	**30 April 2023 US$'000**	**30 April 2022 US$'000**
Not past due	177,466	168,854
Past due 0 - 60 days	39,012	44,814
Past due 61 - 90 days	7,128	6,255
Past due 91 - 120 days	6,203	3,060
More than 120 days	34,333	22,278
	264,142	245,261

As at 30 April 2023 and 2022, the Company's financial assets are all not past due.

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

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

	2023				
	General approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks and cash equivalents	19,752	–	–	–	19,752
Trade and other receivables*	2,631	–	–	240,681	243,312
Short-term placements	18	–	–	–	18
Refundable deposits**	1,838	–	–	–	1,838
	24,239	–	–	240,681	264,920
ECL Allowance	–	–	–	(9,645)	(9,645)
	24,239	–	–	231,036	255,275

**includes noncurrent portion of receivables from sale and leaseback and lease receivables*
***included under advance rentals and deposits*

	2022				
	General approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks and cash equivalents	21,786	–	–	–	21,786
Trade and other receivables*	2,818	–	–	224,914	227,732
Short-term placements	1,288	–	–	–	1,288
Note receivables	–	1,000	–	–	1,000
Refundable deposits**	2,136	–	–	–	2,136
	28,028	1,000	–	224,914	253,942
ECL Allowance	–	–	–	(10,167)	(10,167)
	28,028	1,000	–	214,747	243,775

**includes noncurrent portion of receivables from sale and leaseback and lease receivables*
***included under advance rentals and deposits*

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

As at 30 April 2023 and 2022, the Company's financial assets were all classified under Stage 1.

	2023				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks and cash equivalents	554	–	–	–	554
Trade and other receivables	26,406	–	–	–	26,406
Short-term placements	–	–	–	–	–
	26,960	–	–	–	26,960

	2022				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cash in banks and cash equivalents	2,129	–	–	–	2,129
Trade and other receivables	84,832	–	–	–	84,832
Short-term placements	883	–	–	–	883
	87,844	–	–	–	87,844

Stage 1 financial assets pertain to those cash that are deposited in reputable banks. Stage 2 includes receivables that are collected on their due dates even without an effort from the Group to follow up with them.

The Group sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis. In addition, the Group also engages in sale of its trade receivables without recourse to certain financial institutions.

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

	2023					
			Days past due			
	Current	<30 days	30-60 days	61-120 days	Over 120 days	Total
	US'000s	US'000s	US'000s	US'000s	US'000s	US'000s
Trade receivables	119,651	35,579	3,404	4,875	31,826	195,335
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	16.74%	–
Expected credit loss	–	–	–	–	5,328	5,328

	2022					
			Days past due			
	Current	<30 days	30-60 days	61-120 days	Over 120 days	Total
	US'000s	US'000s	US'000s	US'000s	US'000s	US'000s
Trade receivables	121,770	23,290	7,137	4,214	33,428	189,839
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	17.50%	–
Expected credit loss	–	–	–	–	5,850	5,850

The Group assessed that all balances under Stage 1 and Stage 2 have not experienced significant increase in credit risk as of 30 April 2023 and 2022.

The Group applies the simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group uses a provision matrix to measure ECLs. Loss rates are based on actual credit loss experience over a period of three years. The Group has assessed that adjusting the loss rates for forward-looking information does not have a material effect considering the significantly low historical loss rates and the absence of economic factors that are highly correlated with the Group's credit loss experience on receivables.

For other financial assets such nontrade receivables and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Cash in banks and cash equivalents

Cash in banks and cash equivalents are held with banks and financial institutions which are regulated.

The percentages of cash in banks and cash equivalents held in the following regions are:

	30 April 2023 %	30 April 2022 %
Group		
United States of America	35	11
Philippines	50	57
Hong Kong	14	32
Singapore	1	<1
Company		
Philippines	82	97
Hong Kong	7	1
Singapore	11	1

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

Derivatives

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term debt obligations with floating interest rates.

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

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Interest rate profile of interest-bearing financial instruments

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

	<---------- Group ---------->		<-------- Company -------->	
	30 April 2023 US$'000	**30 April 2022 US$'000**	**30 April 2023 US$'000**	**30 April 2022 US$'000**
Fixed rate instruments				
Loans and borrowings	292,040	788,372	148,758	163,464
Variable rate instruments				
Loans and borrowings	1,981,314	778,994	418,099	441,694
Interest rate caps	5,084	7,896	–	–
	1,986,398	786,890	418,099	441,694
	2,278,438	1,575,262	566,857	605,158

Cash flow sensitivity analysis for variable rate instruments

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

	Profit before tax in the next 12 months	
	100 bp increase US$'000	**100 bp decrease US$'000**
Group		
30 April 2023		
Variable rate instruments	(18,569)	18,569
Interest rate caps	7,208	(7,208)
	(11,361)	11,361
30 April 2022		
Variable rate instruments	(5,124)	5,124
Interest rate caps	5,750	(5,750)
	626	(626)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments (cont'd)

As at 30 April 2023 and 2022, the Group designated each of its derivative contracts as a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge").

Liquidity risk

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

The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks. Currently, the Group excluding DMFI is entitled to a total of US$1,639.9 million (2022: US$1,040.5 million) in credit lines, of which 17% (2022: 29%) remain available. The lines are mostly for short-term financing requirements since the long-term facilities have been fully drawn. The Group constantly maintains good relations with its banks, such that additional facilities, whether for short or long-term requirements, may be made available.

The Group is able to increase the commitments under the ABL Facility, subject only to the consent of the new or existing lenders providing such increases, such that the aggregate principal amount of commitments does not exceed US$625.0 million. The lenders under this facility are under no obligation to provide any such additional commitments, and any increase in commitments will be subject to customary conditions precedent. Notwithstanding any such increase in the facility size, the Group's ability to borrow under the facility will remain limited at all times by the borrowing base (to the extent the borrowing base is less than the commitments).

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

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

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2023						
Derivative financial assets						
Interest rate swap	19	7,806	7,806	1,617	6,189	–
Foreign currency contracts	19	1,061	1,061	1,061	–	–
Non-derivative financial assets						
Cash in banks and cash equivalents	15	19,752	19,752	19,752	–	–
Trade and other receivables*	10,13	233,667	235,178	231,036	976	3,166
Short-term placements	14	18	18	18	–	–
Refundable deposits**	10	1,838	1,838	–	–	1,838
		264,142	265,653	253,484	7,165	5,004

*includes noncurrent portion of receivables from sale and leaseback and non-current portion of lease receivables
**included under advance rentals and deposits

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2023						
Derivative financial liabilities						
Interest rate swap	19	2,722	2,722	–	2,722	–
Commodity contracts	19	3,928	3,928	3,553	375	–
Non-derivative financial liabilities						
Unsecured bank loans						
- Current	18	633,873	651,106	651,106	–	–
- Noncurrent	18	212,652	235,321	11,643	223,678	–
Secured bank loans						
- Current	18	645,003	655,382	655,382	–	–
- Noncurrent	18	781,825	810,253	6,041	116,978	687,234
Lease liabilities	23	100,096	168,381	36,508	80,787	51,086
Trade payables and other current liabilities*	22	296,126	296,126	296,126	–	–
		2,676,225	2,823,219	1,660,359	424,540	738,320
Net financial liabilities (assets)		2,412,083	2,557,566	1,406,875	417,375	733,316

*excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2022						
Derivative financial assets						
Foreign currency forward contracts	19	1,486	1,486	1,486	–	–
Non-derivative financial assets						
Cash in banks and cash equivalents	15	21,786	21,786	21,786	–	–
Trade and other receivables*	10, 13	217,565	219,579	214,553	1,192	3,834
Short-term placements	14	1,288	1,288	1,288	–	–
Note receivables	10	1,000	1,000	–	1,000	–
Refundable deposits**	10	2,136	2,136	–	–	2,136
		245,261	247,275	239,113	2,192	5,970

** includes noncurrent portion of receivables from sale and leaseback and non-current portion of lease receivables*
***included under advance rentals and deposits*

Group	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2022						
Derivative financial liabilities						
Foreign exchange contracts	19	7,896	7,896	7,896	–	–
Non-derivative financial liabilities						
Unsecured bank loans						
- Current	18	327,794	330,353	330,353	–	–
- Noncurrent	18	384,524	418,599	13,656	404,943	–
Secured bank loans						
- Current	18	151,560	155,960	155,960	–	–
- Noncurrent	18	703,488	955,694	67,828	887,866	–
Lease liabilities	23	121,320	180,515	42,203	80,009	58,303
Trade payables and other current liabilities*	22	298,906	298,906	298,906	–	–
		1,987,592	2,340,027	908,906	1,372,818	58,303
Net financial liabilities (assets)		1,750,227	2,100,648	677,689	1,370,626	52,333

*excludes derivative liabilities, advances from customers, contract liabilities, withheld from employees (taxes and social security cost) and VAT payables

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Company	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2023						
Non-derivative financial assets						
Cash and cash equivalents	15	554	554	554	–	–
Trade and other receivables	13	26,406	26,406	26,406	–	–
		26,960	26,960	26,960	–	–
Non-derivative financial liabilities						
Unsecured bank loans						
- Short-term	18	156,794	160,223	160,223	–	–
- Long-term	18	177,531	196,273	9,873	186,400	–
Secured bank loans						
- Short-term	18	168,104	173,838	173,838	–	–
- Long-term	18	64,428	74,574	5,287	69,287	–
Trade payables and other current liabilities*	22	116,093	116,093	116,093	–	–
		682,950	721,001	465,314	255,687	–
Net financial liabilities (assets)		655,990	694,041	438,354	255,687	–

**excludes withheld from employees (taxes and social security cost) and VAT payables*

Company	Note	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
30 April 2022						
Non-derivative financial assets						
Trade and other receivables	13	84,832	84,832	84,832	–	–
Short-term placements	14	883	883	883	–	–
Cash and cash equivalents	15	2,129	2,129	2,129	–	–
		87,844	87,844	87,844	–	–
Non-derivative financial liabilities						
Unsecured bank loans						
- Short-term	18	160,071	162,357	162,357	–	–
- Long-term	18	233,290	256,304	8,377	247,927	–
Secured bank loans						
- Short-term	18	10,500	9,960	9,960	–	–
- Long-term	18	201,297	216,224	7,254	208,970	–
Trade payables and other current liabilities*	22	39,992	39,992	39,992	–	–
		645,150	684,837	227,940	456,897	–
Net financial liabilities (assets)		557,306	596,993	140,096	456,897	–

**excludes withheld from employees (taxes and social security cost) and VAT payables*

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

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

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

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

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency giving rise to this risk is primarily the Philippine Peso and Mexican Peso.

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

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

	Philippine Peso US$'000	Mexican Peso US$'000
30 April 2023		
Trade and other receivables	41,972	4,813
Cash and cash equivalents	16,282	310
Other noncurrent assets	19,891	1,383
Loans and borrowings	(143,701)	–
Trade and other payables	(119,528)	(27,855)
	(185,084)	(21,349)
30 April 2022		
Trade and other receivables	68,940	2,904
Cash and cash equivalents	12,979	797
Other noncurrent assets	28,599	2,366
Loans and borrowings	(223,093)	–
Trade and other payables	(90,901)	(12,450)
	(203,476)	(6,383)

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Foreign exchange risk (cont'd)

The Company has no significant exposure to foreign currencies as at 30 April 2023 and 2022.

Sensitivity analysis

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

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

	US Dollar		**Mexican Peso**	
	Increase (decrease) Profit Before Taxation US$'000	**Equity US$'000**	**Increase (decrease) Profit before taxation US$'000**	**Equity US$'000**
30 April 2023				
10% strengthening	(18,508)	–	(2,135)	–
10% weakening	18,508	–	2,135	–
30 April 2022				
10% strengthening	20,348	–	(638)	–
10% weakening	(20,348)	–	638	–

Commodity price risk

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

In these hedge relationships, the main sources of ineffectiveness are the effect of the differences in timing of cash flows of the hedged item and the hedging instrument, difference in indexes linked to the hedged risk of the hedged item and the hedging instrument, the counterparties' credit risk differently impacting the fair value movements of the hedging instruments and changes to the forecasted amount of cash flows of hedged item and hedging instrument.

32. Financial risk management (cont'd)

Financial risk management objectives and policies (cont'd)

Commodity price risk (cont'd)

Sensitivity analysis

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

	30 April 2023		30 April 2022	
	Profit before taxation US$'000	Equity US$'000	Profit before taxation US$'000	Equity US$'000
10% increase in commodity price	–	53	–	538
10% decrease in commodity price	–	(53)	–	(538)

33. Accounting classification and fair values

Fair values versus carrying amounts

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

Group	Note	Financial assets at amortized cost US$'000	Financial assets at FVOCI US$'000	Deriva-tives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
30 April 2023							
Cash and cash equivalents	15	19,836	–	–	–	19,836	19,836
Trade and other receivables*	10,13	233,667	–	–	–	233,667	233,667
Short-term placements	14	18	–	–	–	18	18
Refundable deposits**	10	1,838	–	–	–	1,838	1,838
Investment in unquoted equity	10	–	5,023	–	–	5,023	5,023
Derivative assets	14	–	–	8,867	–	8,867	8,867
		255,359	5,023	8,867	–	269,249	269,249

33. Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Group	Note	Financial assets at amortized cost US$'000	Financial assets at FVOCI US$'000	Deriva-tives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
30 April 2023							
Loans and borrowings	18	–	–	–	2,273,353	2,273,353	2,356,065
Trade and other payables***	22	–	–	–	296,126	296,126	296,126
Derivative liabilities	19, 22	–	–	6,650	–	6,650	6,650
		–	–	6,650	2,569,479	2,576,129	2,658,841

*includes noncurrent portion of receivables from sale and leaseback and noncurrent portion of lease receivables
**included under advance rentals and deposits
***excludes derivative liabilities, advances from customers, contract liabilities, withheld from employees (taxes and social security cost) and VAT payables

Group	Note	Financial assets at amortized cost US$'000	Derivatives US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
30 April 2022						
Cash and cash equivalents	15	21,853	–	–	21,853	21,853
Trade and other receivables*	10, 13	217,565	–	–	217,565	217,565
Short-term placements	14	1,288			1,288	1,288
Note receivables	10	1,000	–	–	1,000	1,000
Refundable deposits**	10	2,136	–	–	2,136	2,136
Derivative assets	14	–	1,486	–	1,486	1,486
		243,842	1,486	–	245,328	245,328
Loans and borrowings	18	–	–	1,567,366	1,567,366	1,642,995
Trade and other payables***	22	–	–	298,906	298,906	298,906
Derivative liabilities	19, 22	–	7,896	–	7,896	7,896
		–	7,896	1,866,272	1,874,168	1,949,797

*includes noncurrent portion of receivables from sale and leaseback and noncurrent portion of lease receivables
**included under advance rentals and deposits
***excludes derivative liabilities, advances from customers, contract liabilities, withheld from employees (taxes and social security cost) and VAT payables

33. Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Company	Note	Financial assets at amortized cost US$'000	Financial assets at FVOCI US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
30 April 2023						
Trade and other receivables	13	26,406	–	–	26,406	26,406
Cash and cash equivalents	15	554	–	–	554	554
Investment in unquoted equity	10	–	5,023	–	5,023	5,023
		26,960	5,023	–	31,983	31,983
Loans and borrowings	18	–	–	566,857	566,857	566,857
Trade and other payables*	22	–	–	116,093	116,093	116,093
		–	–	682,950	682,950	682,950

excludes withheld from employees (taxes and social security cost)

	Note	Financial assets at amortized cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
30 April 2022					
Trade and other receivables	13	84,832	–	84,832	84,832
Short-term placements	14	1,288	–	1,288	1,288
Cash and cash equivalents	15	2,129	–	2,129	2,129
		88,249	–	88,249	88,249
Loans and borrowings	18	–	605,158	605,158	605,158
Trade and other payables*	22	–	39,992	39,992	39,992
		–	645,150	645,150	645,150

excludes withheld from employees (taxes and social security cost)

34. Determination of fair values

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing the categorisation at the end of each reporting period.

For purposes of the fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Group			**30 April 2023**		
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Derivative assets	14, 19	–	8,867	–	8,867
Investment in unquoted equity	10	–	5,023	–	5,023
Non-financial assets					
Fair value of agricultural produce harvested under inventories	11	–	–	4,496	4,496
Fair value of growing produce	11	–	–	44,852	44,852
Freehold land	5	–	–	74,462	74,462
Financial liabilities					
Derivative liabilities	19	–	3,097	–	3,097
Lease liabilities	23	–	–	100,096	100,096
Loans and borrowings	18	–	1,621,836	734,229	2,356,065

34. Determination of fair values (cont'd)

Fair value hierarchy (cont'd)

Group			**30 April 2022**		
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Derivative assets	10, 14, 19	–	1,486	–	1,486
Non-financial assets					
Fair value of agricultural produce harvested under inventories	11	–	–	3,375	3,375
Fair value of growing produce	11	–	–	47,346	47,346
Freehold land	5	–	–	53,342	53,342
Financial liabilities					
Derivative liabilities	19	–	7,896	–	7,896
Lease liabilities	23	–	–	121,320	121,320
Loans and borrowings	18	–	858,253	784,742	1,642,995

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.

Other than the unquoted equity investment at fair value through other comprehensive income (level 2). The unquoted equity investment is valued based on recent placement of the equity instruments to other third-party investors. The Company has no other assets and liabilities measured at fair value as of 30 April 2023 and 2022.

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.

34. Determination of fair values (cont'd)

Financial instruments measured at fair value

Type	Valuation technique
Interest rate swaps/caps	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.
Call option	The estimated fair value of the additional call option as at 30 April 2023 is based on the Black-Scholes model. The value of these derivative liabilities is driven primarily by DMPI's forecasted net income which is not based on observable market data.
Investment in unquoted equity	The estimated fair value of the investment unquoted equity shares as at 30 April 2023 is based on recent open-market transactions of the equity shares.

34. Determination of fair values (cont'd)

Financial instruments not measured at fair value (cont'd)

Type	Valuation technique
Financial assets and liabilities	The fair value of the Term Loan B, note receivable and refundable deposits are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date (Level 2).
Other financial assets and liabilities	The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All financial assets and liabilities with maturity of more than one year are discounted using risk-free rates, LIBOR and credit spreads to determine their fair values ranging from 2.9% to 7.6% (2022: 3.0% to 6.5%) (Level 3).

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. The valuation method used is sales comparison approach. This is a comparative approach that consider the sales of similar or substitute properties and related market data and establish a value estimate by involving comparison (Level 3).	The unobservable inputs used to determine market value are the net selling prices, sizes, property location and market values. Other factors considered to determine market value are the desirability, neighborhood, utility, terrain, and the time element involved. The market value per square meter ranges from US$109.1 to US$122.5. The market value per acre ranges from US$5,251 to US$104,585.
Livestock (cattle for slaughter and cut meat)	Sales Comparison Approach: the valuation model is based on selling price of livestock of similar age, weight, breed and genetic make-up (Level 3).	The unobservable inputs are age, average weight and breed.

34. Determination of fair values (cont'd)

Other non-financial assets (cont'd)

Assets	Valuation technique	Significant unobservable inputs
Harvested crops – sold as fresh fruit	The fair values of harvested crops are based on the most reliable estimate of selling prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the fresh fruit reduced by costs to sell (Level 3).	The unobservable input is the estimated pineapple selling price per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product reduced by costs to sell (concentrates, pineapple beverages, sliced pineapples, etc.) and adjusted for margin associated to further processing (Level 3).	The unobservable input is the estimated pineapple selling price and gross margin per ton specific for processed products.

34. Determination of fair values (cont'd)

Other non-financial assets (cont'd)

Assets	Valuation technique	Significant unobservable inputs
Unharvested crops – fruits growing on the bearer plants	The growing produce are measured at fair value from the time of maturity of the bearer plant until harvest. Management used future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing costs applied to the estimated volume of harvest as the basis of fair value.	The unobservable inputs are expected selling price and gross margin for harvested produce while key assumptions for the fair value of produce prior to harvest include expected selling prices, gross margin, estimated tonnage of harvests and future growing costs. 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.

Significant increase (decrease) in the significant unobservable inputs of freehold land, livestock, harvested crops sold as fresh fruit and harvested crop sold used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future pineapple selling price, gross margin per ton and estimated volume of harvest would result in higher (lower) fair value of growing produce, while significant increase (decrease) in the future growing costs would result in lower (higher) fair value.

35. Commitments

Purchase commitments

The Group has entered into non-cancellable agreements with growers, co-packers, packaging suppliers and other service providers with commitments generally ranging from one year to ten years, to purchase certain quantities of raw products, including fruit, vegetables, tomatoes, packaging services and ingredients.

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

	Group	
	30 April 2023 US$'000	**30 April 2022 US$'000**
Within one year	414,042	512,267
After one year but within five years	308,337	307,077
After five years	325,056	308,712
	1,047,435	1,128,056

Future capital expenditure

	Group	
	30 April 2023 US$'000	**30 April 2022 US$'000**
Capital expenditure not provided for in the financial Statements		
- approved by Directors and contracted for	33,769	20,356
- approved by Directors but not contracted for	29,625	23,523
	63,394	43,879

36. Contingencies

<u>*Legal cases*</u>

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

Source of estimation uncertainty

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

36. Contingencies (cont'd)

Source of estimation uncertainty (cont'd)

As at 30 April 2023, the Group is involved in various legal proceedings and regulatory assessments, and management believes that these proceedings will not have a material effect on the consolidated financial statements.

The Group, in consultation with its external and internal legal and tax counsels, believe that its position on these assessments are consistent with relevant laws and believe that these proceedings will not have a material adverse effect on the consolidated financial statements. However, it is possible that future results of operations could be materially affected by changes in the estimates or the effectiveness of management's strategies relating to these proceedings. As at 30 April 2023, management has assessed that the probable cash outflow to settle these assessments is not material.

As of 30 April 2023, provision for retained liabilities arising from workers' compensation claims amounted to US$14.8 million, US$13.3 million of which is noncurrent (2022: US$17.8 million, US$14.6 million of which is noncurrent) (see Note 19).

37. Related parties

Related party transactions

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

All publicly-listed entities, including the Company, have Material Related Party Transaction Policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

Other than those disclosed elsewhere in the financial statements, there are no other significant transactions with related parties.

37. Related parties (cont'd)

Related party transactions (cont'd)

Group Category/ Transaction	Year	Amount of the transaction US$'000	Outstanding Balance Due from Related Parties* US$'000	Due to Related Parties** US$'000	Terms	Conditions
Under Common Control						
■ Shared IT services	**2023**	**98**	**60**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2022	112	41	–		
	2021	185	308	–		
■ Sale of raw materials	**2023**	**–**	**–**	**(4)**	Due and demandable; non-interest bearing	Unsecured;
	2022	48	–	(68)		
	2021	–	–	–		
■ Sale of apple juice concentrate /materials	**2023**	**15**	**8**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2022	12	–	–		
	2021	28	5	–		
■ Purchases	**2023**	**119**	**5**	**(21)**	Due and demandable; non-interest bearing	Unsecured
	2022	122	5	(11)		
	2021	64	12	(3)		
■ Tollpack fees	**2023**	**–**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured
	2022	12	58	–		
	2021	–	21	–		

37. Related parties (cont'd)

Related party transactions (cont'd)

Group Category/ Transaction	Year	Amount of the transaction US$'000	Outstanding balance Due from Related Parties* US$'000	 Due to Related Parties** US$'000	Terms	Conditions
Under Common Control						
- Security deposit	**2023**	**25**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured
	2022	7	–	–		
	2021	9	–	–		
Other Related Parties						
- Management fees from DMPI retirement fund	**2023**	**4**	**–**	**2**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2022	53	7	2		
	2021	69	5	(3)		
- Rental to DMPI Retirement	**2023**	**1,851**	**–**	**(174)**	Due and demandable; non-interest bearing	Unsecured
	2022	1,837	–	(362)		
	2021	1,747	–	(7)		
- Rental to NAI Retirement	**2023**	**629**	**–**	**(57)**	Due and demandable; non-interest bearing	Unsecured
	2022	652	–	(121)		
	2021	602	–	–		
- Rental to DMPI Provident Fund	**2023**	**6**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured
	2022	7	–	–		
	2021	–	–	–		
- Cash advances NAI	**2023**	**–**	**–**	**–**	Short-term; Non interest bearing	Unsecured; no impairment
	2022	1,261	1,261	–		
	2021	703	–	–		
	2023	**2,747**	**73**	**(254)**		
	2022	4,123	1,372	(560)		
	2021	3,407	351	(13)		

**included as part of trade and other receivables excluding long-term loans receivable*
***included as part of trade and other payables*

37. Related parties (cont'd)

Related party transactions (cont'd)

Company			**Outstanding balance**			
Category/ Transaction	**Year**	**Amount of the transaction US$'000**	**Due from Related Parties* US$'000**	**Due to Related Parties** US$'000**	**Terms**	**Conditions**
Subsidiaries						
- Dividend income	**2023**	**88,503**	**–**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2022	33,519	–	–		
	2021	242,721	–	–		
- Long-term loans receivable	**2023**	**–**	**–**	**–**	Due on 2021; Interest-bearing	Unsecured; no impairment
	2022	–	–	–		
	2021	–	–	–		
- Reimbursement of expenses	**2023**	**(136,439)**	**26,400**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2022	7,317	84,229	–		
	2021	15,512	82,274	–		
- Cash advance	**2023**	**(76,517)**	**–**	**106,796**	Due and demandable; non-interest bearing	Unsecured
	2022	5,277	–	30,278		
	2021	24,090	–	35,555		
- Management fees payable to subsidiaries	**2023**	**565**	**–**	**1,093**	Due and demandable; non-interest bearing	Unsecured
	2022	577	–	528		
	2021	463	–	29		
Joint Venture						
- Cash advance	**2023**	**185**	**4,377**	**–**	Due and demandable; non-interest bearing	Unsecured; no impairment
	2022	595	2,835	–		
	2021	840	2,788	–		
	2023	**(123,703)**	**30,777**	**107,889**		
	2022	47,285	87,064	30,806		
	2021	283,626	85,062	35,584		

**included as part of trade and other receivables excluding long-term loans receivable and advances to joint venture*
***included as part of trade and other payables*

37. Related parties (cont'd)

Related party transactions (cont'd)

The transactions with related parties are undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies and are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group's policy is to solicit competitive quotations. Purchases are normally awarded based on the best products and/or services on the best terms. In determining whether the price and terms offered by vendors, including related parties, are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account.

Except for transactions identified in the previous section as interest-bearing, outstanding balances at financial reporting date are unsecured, interest-free and settlement occurs in cash and are collectible or payable on demand. For the years ended 30 April 2023 and 2022, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties.

As discussed in Note 18, the Company extended a loan to DMFHII that was used to finance DMFHII's purchase of DMFI's Second Lien term loans. The loan was converted into ordinary shares in DMPLFL in May 2020.

Key management personnel compensation

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

The key management personnel compensation is as follows:

	<---------------- Group ---------------->			<------------- Company ------------->		
	Year ended 30 April 2023 US$'000	**Year ended 30 April 2022 US$'000**	**Year ended 30 April 2021 US$'000**	**Year ended 30 April 2023 US$'000**	**Year ended 30 April 2022 US$'000**	**Year ended 30 April 2021 US$'000**
Directors:						
Fees and remuneration	7,576	5,930	5,416	6,673	5,007	4,546
Key executive officers (excluding Directors):						
Short-term employee benefits	5,056	4,625	3,616	4,168	3,525	2,604
Post-employment benefits	28	27	22	–	–	–

38. Non-controlling interest in subsidiaries

The following table summarises the information relating to the Group's subsidiaries with shareholder/s with material non-controlling interests, based on their respective financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in Group's accounting policies.

	30 April 2023 US$'000	30 April 2022 US$'000	30 April 2021 US$'000
DMPLFL			
Ownership interests held by non-controlling interests	6.43%	6.43%	6.43%
Revenue	1,733,102	1,654,913	1,483,057
Profit	(2.942)	45,818	16,117
Other comprehensive income	6,777	5,031	41,578
Total comprehensive income			
Attributable to non-controlling interests:			
- Profit	(189)	2,946	1,036
- Other comprehensive income	436	323	2,673
Total comprehensive income	247	3,269	3,709
Noncurrent assets	1,202,400	1,119,963	1,144,894
Current assets	1,135,911	727,810	574,108
Noncurrent liabilities	(838,835)	(678,406)	(701,766)
Current liabilities	(682,635)	(356,362)	(258,576)
Net assets	816,841	813,005	758,660
Net assets attributable to non-controlling interests	52,518	52,271	48,777
Cash flows provided by operating activities	(217,687)	54,848	112,817
Cash flows provided by (used in) provided by investing activities	(127,133)	(31,998)	(24,101)
Cash flows used in financing activities, before dividends to non controlling interests	349,267	(24,471)	(91,939)
Currency realignment	43	(149)	(15)
Net increase (decrease) increase in cash and cash equivalents	4,490	(1,770)	(3,238)

On 15 May 2020, the Company increased its effective stake in DMPLFL after converting its long-term receivable from DMFHL into equity investment (see Note 6)
.

38. Non-controlling interest in subsidiaries (cont'd)

	30 April 2023 US$'000	30 April 2022 US$'000
DMPI		
Ownership interests held by non-controlling Interests	13%	13%
Revenue	739,026	728,435
Profit	66,455	97,482
Other comprehensive income	8,441	1,833
Total comprehensive income		
Attributable to non-controlling interests:		
- Profit	8,639	12,673
- Other comprehensive income	1,097	238
Total comprehensive income	9,736	12,911
Noncurrent assets	492,792	462,811
Current assets	462,949	330,667
Noncurrent liabilities	(94,274)	(230,099)
Current liabilities	(628,283)	(308,345)
Net assets	233,184	255,034
Net assets attributable to non-controlling interests	30,314	33,154
Cash flows provided by operating activities	41,112	181,701
Cash flows used in investing activities	(183,556)	(175,855)
Cash flows provided by used in financing activities, before dividends to non-controlling interests	137,502	(7,090)
Currency realignment	45	131
Net decrease in cash and cash equivalents	(4,897)	(1,113)

In relation to the sale of 13% stake in DMPI, the Group recognized non-controlling interest amounting to US$26.4 million, representing 13% of the net asset value of DMPI as at 30 April 2021 (see Note 6).

On 16 December 2020, additional 1% stake was sold to SEA Diner. The increase in ownership interest of SEA Diner in DMPI resulted to an increase in equity reserve amounting to US$9.3 million (see Note 6).

39. Supplemental Disclosure of Cash Flow Information

The changes in liabilities arising from financing activities of the Group for the year ended 30 April 2023, 2022 and 2021 are as follows:

	Note	1 May 2022 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Foreign exchange movement US$'000	Reclassification and Others US$'000	30 April 2023 US$'000
Group								
Fiscal Year 2023								
Current interest-bearing loans and borrowings	18	479,354	3,991,953	(3,531,073)	–	(11,069)	349,711	1,278,876
Noncurrent interest-bearing loans and borrowings	18	1,088,012	755,000	(501,500)	–	(8,729)	(338,306)	994,477
Lease liabilities	23	121,320	–	(42,691)	6,615	(3,134)	17,986	100,096
Accrued interest payable	22	34,122	–	(144,006)	120,361	(36)	–	10,441
Derivative liabilities	19, 22	7,896	–	–	–	–	(1,246)	6,650
Total liabilities from financing activities		1,730,704	4,746,953	(4,219,270)	126,976	(22,968)	28,145	2,390,540

	Note	1 May 2021 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Foreign exchange movement US$'000	Reclassification and others US$'000	30 April 2022 US$'000
Group								
Fiscal Year 2022								
Current interest-bearing loans and borrowings	18	332,453	2,683,113	(2,547,034)	–	(13,081)	23,903	479,354
Noncurrent interest-bearing loans and borrowings	18	953,290	165,000	–	–	(15,717)	(14,561)	1,088,012
Lease liabilities	23	128,803	–	(38,870)	7,534	(4,061)	27,914	121,320
Accrued interest payable	22	30,843	–	(89,359)	92,690	(52)	–	34,122
Derivative liabilities	19, 22	–	–	–	–	–	7,896	7,896
Total liabilities from financing activities		1,445,389	2,848,113	(2,675,263)	100,224	(32,911)	45,152	1,730,704

	Note	1 May 2020 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Foreign exchange movement US$'000	Reclassification and others US$'000	30 April 2021 US$'000
Group								
Fiscal Year 2021								
Current interest-bearing loans and borrowings	18	1,298,292	3,447,918	(4,357,916)	–	15,857	(71,698)	332,453
Noncurrent interest-bearing loans and borrowings	18	97,737	851,263	(22,737)	–	–	27,027	953,290
Lease liabilities	23	158,525	–	(43,376)	8,412	2,508	2,734	128,803
Accrued interest payable	22	9,045	–	(71,195)	93,056	20	(83)	30,843
Derivative liabilities	19, 22	5,916	–	(6,154)	–	–	238	–
Total liabilities from financing activities		1,569,515	4,299,181	(4,501,378)	101,468	18,385	(41,782)	1,445,389

39. Supplemental Disclosure of Cash Flow Information (cont'd)

	Note	1 May 2022 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Reclassification and others US$'000	30 April 2023 US$'000
Company							
Fiscal Year 2023							
Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	18	170,571	98,500	(168,071)	–	223,898	324,898
Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	18	434,587	30,000	–	–	(222,628)	241,959
Accrued interest payable	22	3,434	–	(28,932)	28,726	–	3,228
Total liabilities from financing activities		608,592	128,500	(197,003)	28,726	1,270	570,085

	Note	1 May 2021 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Reclassification and others US$'000	30 April 2022 US$'000
Company							
Fiscal Year 2022							
Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	18	69,810	168,000	(89,810)	–	22,571	170,571
Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	18	293,561	165,000	–	–	(23,974)	434,587
Accrued interest payable	22	2,341	–	(11,004)	12,097	–	3,434
Total liabilities from financing activities		365,712	333,000	(100,814)	12,097	(1,403)	608,592

39. Supplemental Disclosure of Cash Flow Information (cont'd)

	Note	1 May 2020 US$'000	Cash inflows US$'000	Cash outflows US$'000	Accrued interest but not yet paid US$'000	Reclassification and others US$'000	30 April 2021 US$'000
Company							
Fiscal Year 2021							
Current interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	18	291,282	2,865	(158,911)	–	(65,426)	69,810
Noncurrent interest-bearing loans and borrowings, excluding obligations under finance leases and hire purchase contracts	18	75,000	154,435	–	–	64,126	293,561
Accrued interest payable	22	1,568	–	(11,686)	12,459	–	2,341
Total liabilities from financing activities		367,850	157,300	(170,597)	12,459	(1,300)	365,712

Reclassification and others include the effect of reclassification of noncurrent portion of interest-bearing loans and borrowings to current due to the passage of time, deferred financing costs, and fair value adjustments of hedge contracts. This also include additions and terminations of lease liabilities.

40. Subsequent events

On 11 May 2023, the Company refinanced its US$100 million facility with BPI that was due to mature on 15 May 2023 for an additional period of 18 months up to 15 November 2024.

On 25 May 2023, the Company obtained a loan amounting to US$50.0 million from Union Bank of the Philippines, with an interest rate equal to 7.69155% per annum. The loan matures on 25 May 2024. The proceeds were used by the Company's to settle a portion of its payable to DMPI. DMPI used the collection to repay a portion of its short-term loans.