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Antonio E.S. Ungson

+632 856 2888

Company Telephone Number

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Annual Meeting

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- ☒ Preliminary Information Statement
☐ Definitive Information Statement

2. Name of Registrant as specified in its charter: Del Monte Philippines, Inc.

3. Republic of the Philippines
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: PW-112

5. BIR Tax Identification Code: 000-291-799-000

6. JY Campos Centre, 9th Avenue Corner 30th Street, Bonifacio Global City, Taguig City, Philippines 1630
Address of principal office Postal Code

7. Registrant's telephone number, including area code: +63 2 8856 2888

8. Date, time and place of the meeting of security holders:

Special Meeting of the Stockholders	
Date:	19 April 2021, Monday
Time:	9:15 a.m.
Place:	Videoconference

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
25 March 2021

10. In case of Proxy Solicitations: N/A
Name of Person Filing the Statement/Solicitor: _____
Address and Telephone No.: _____

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Amount (in PhP)	Rate
Series A Bonds due 2023	5,832,560,000	3.4840%
Series B Bonds due 2025	645,900,000	3.7563%

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes _____ No ☒

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

N/A

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

1. Date, Time and Place of Meeting of Security Holders.

- a. The special meeting of the stockholders of Del Monte Philippines, Inc. (the “**Company**”) will be held on April 19, 2021 at 9:15 a.m. and will be convened and held by videoconference via Zoom.

The mailing address of the Company is JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, 1634 Philippines for the attention of the Corporate Secretary.

- b. The approximate date on which copies of the Information Statement shall be first sent and given to the stockholders shall be on March 24, 2021.

2. Dissenters' Right of Appraisal

Not applicable.

3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- a. None of the Directors or officers of the Company, or any nominee to the Board, or any association of the foregoing persons have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon during the Meeting other than election to office.
- b. None of the Directors have informed the Company in writing that he or she intends to oppose any matter to be acted upon at the Meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

- a. The Company has a total of 2,797,320,003 outstanding common shares as of the date of this Information Statement.

Holders of common shares are entitled to one vote for each share of stock held as of the established record date.

As of the date of this Information Statement, almost 100% of the total outstanding shares or 2,797,319,996 common shares of the Company are foreign-owned shares.

Name	Nationality	No. of Shares Subscribed		Percentage of Total Shares Held	Amount Subscribed (Php)	Amount Paid-up (Php)
Central American Resources, Inc.	Panamanian	Common	2,433,668,397	87%	2,433,668,397	2,433,668,397
SEA Diner Holdings (S) Pte Ltd	Singapore	Common	363,651,600	13%	363,651,600	363,651,600
Rolando C. Gapud	Filipino	Common	1	0%	1.00	1.00
Joselito D. Campos, Jr.	Filipino	Common	1	0%	1.00	1.00
Edgardo M. Cruz, Jr.	Filipino	Common	1	0%	1.00	1.00
Jose T. Pardo	Filipino	Common	1	0%	1.00	1.00
Emil Q. Javier	Filipino	Common	1	0%	1.00	1.00
Godfrey E. Scotchbrook	British	Common	1	0%	1.00	1.00

Corazon S. De la Paz-Bernardo	Filipino	Common	1	0%	1.00	1.00
		TOTAL	2,797,320,003	100%	2,797,320,003.00	2,797,320,003.00

The proposed offering of shares by Central American Resources, Inc. and SEA Diner Holdings (S) Pte. Ltd. will decrease their shareholdings in the Company including Mr. Campos' beneficial shareholdings, but it is anticipated that CARI will not sell more than 20% stake in the Company. We do not see that this transaction will have an effect on the amount and percentage of present holdings of the common shares owned beneficially by any director, nominee or officers.

- b. All stockholders as of the date of this Information Statement are entitled to attend and vote at the Meeting.

In determining the date of stockholders entitled to attend and vote, the Company takes into account the definition of "record date" under the 2015 SRC Rules.

2015 SRC Rule 20.2.1.5 defines "record date" as the date on which the holders of securities *entitled to vote* at the meeting, in person or by written consent or authorization, shall be determined.

- c. Security Ownership of Certain Record and Beneficial Owners and Management

- i. Security Ownership of Certain Record and Beneficial Owners of More Than 5%

The table below sets forth the security ownership of certain record and beneficial owners of more than 5% of the Company's voting securities as of the date of this Information Statement.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship of Record Owner	No. of Common Shares Held on Record by Record Owner	% of Total Outstanding Shares
Common Shares	Central American Resources, Inc.	Joselito D. Campos, Jr. to the extent of 62.03% Indirect shareholder. The balance is held by beneficial owners not holding more than 5%.	Panama	2,433,668,397	87%
Common Shares	SEA Diner Holdings (S) Pte. Ltd.	[N.A.] There are no beneficial owners holding more than 5% stake.	Singapore	363,651,600	13%

- ii. Security Ownership of Management

The table below sets forth the security ownership of the Company's directors and executive officers as of the date of this Information Statement.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
		Direct	Indirect		
Common Shares	Joselito D. Campos, Jr.	0	1,735,448,938	Filipino	62.03%
Common Shares	Rolando C. Gapud	0	3,407,136	Filipino	0.12%
	Edgardo M. Cruz, Jr.	0		Filipino	0.13%

Common Shares		Indirect	3,650,503		
Common Shares	Corazon De La Paz-Bernardo	Direct	1	Filipino	0%
Common Shares	Emil Q. Javier	Direct	1	Filipino	0.03%
		Indirect	730,102		
Common Shares	Jose T. Pardo	Direct	1	Filipino	0%
Common Shares	Godfrey E. Scotchbrook	Direct	1	British	0%
Common Shares	Luis F. Alejandro	Direct	0	Filipino	0.17%
		Indirect	4,623,970		
Common Shares	Parag Sachdeva	Direct	0	Indian	0%
		Indirect	0		
Common Shares	Antonio E. S. Ungson	Direct	0	Filipino	0.03%
		Indirect	730,101		
Common Shares	Ruiz G. Salazar	Direct	0	Filipino	0%
		Indirect	0		
Common Shares	Philip G. Macahilig	Direct	0	Filipino	0%
		Indirect	0		

d. Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class of shares of the Company under a voting trust or similar agreement as of the date of this Information Statement.

e. Changes in Control

There are no arrangements which may result in a change in control of the Company as of the date of this Information Statement.

5. Directors and Executive Officers

a. Directors, Independent Directors and Executive Officers

i. Directors and Board Committees

The overall management and supervision of the Company, including the exercise of corporate powers and the conduct of the business of the Company, are undertaken by the Board. There are seven members of the Board, three of whom are Executive Directors and the remaining four are Non-Executive Directors who are also Independent Directors.

As of the date of this Information Statement, the composition of the Board is as follows:

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The overall management and supervision of the Company, including the exercise of corporate powers and the conduct of the business of the Company, are undertaken by the Board of Directors.

Pursuant to the Company's amended articles of incorporation, its Board of Directors shall consist of seven members. The table below sets forth the members of the Company's Board of Directors as of the date of this Information Statement:

Name	Age	Nationality	Position
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Rolando C. Gapud	79	Filipino	Chairman of the Board
Joselito D. Campos, Jr.	70	Filipino	Director
Edgardo M. Cruz, Jr.	65	Filipino	Director
Emil Q. Javier	80	Filipino	Independent Director
Corazon S. De La Paz-Bernardo	79	Filipino	Independent Director
Jose T. Pardo	81	Filipino	Independent Director
Godfrey E. Scotchbrook	75	British	Independent Director

The following is a brief description of the business experience of the Company's Board of Directors and senior management for the past five years.

Directors

Rolando C. Gapud – 79, Filipino Director and Chairman of the Board

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

Joselito D. Campos, Jr. – 70, Filipino Director, and President and Chief Executive Officer

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

Edgardo M. Cruz, Jr. – 65, Filipino Director, Assistant Corporate Secretary

Mr. Edgardo M. Cruz, Jr. is a member of the Board of the NutriAsia Group of Companies. Mr. Cruz is a Director of both DMPL and DMFI, the ultimate parent company and affiliate of DMPI, respectively. He is the Chairman of the Board of Bonifacio Gas Corporation, Bonifacio Water Corporation and

Bonifacio Transport Corporation. He is a member of the Board of Evergreen Holdings Inc., Fort Bonifacio Development Corporation and the BG Group of Companies. He is also a Board member and Chief Financial Officer of Bonifacio Land Corporation. He sits on the Boards of Ayala Greenfield Development Corporation and Ayala Greenfield Golf and Leisure Club Inc. He is a member of the Board of Trustees of Bonifacio Arts Foundation Inc., The Mind Museum, and the Del Monte Foundation, Inc. Mr. Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University. He is a Certified Public Accountant.

Emil Q. Javier – 80, Filipino

Independent Director

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

Corazon S. De La Paz-Bernardo – 79, Filipino

Independent Director

Corazon S. de la Paz-Bernardo is an Independent Director of the following publicly listed companies: Phinma Energy Corporation, Phinma Petroleum and Geothermal, Inc., D&L Industries, Republic Glass Holdings Corporation and Roxas & Co. She is Adviser to the Board and the Board Audit Committee of BDO Unibank, Inc., and Adviser to the Board Audit Committee of PLDT; Trustee of Miriam College, University of the East, UE Ramon Magsaysay Memorial Medical Center, Philippine Business for Education, Laura Vicuna Foundation for Street Children, Philippine Business for the Environment, Philippine Business for Social Progress, Children's Hour, Vice Chairperson of Jaime V. Ongpin Foundation, Inc. and the Stockholders Association of the Philippines, Chairman of Jaime V. Ongpin Microfinance Foundation, Trustee/Treasurer of MFI Polytechnic Institute, Inc., and President of the Rizal High School Alumni Association. She was Chairman and Senior Partner of then Joaquin Cunanan & Co. (Price Waterhouse Philippines) from 1981 to 2001 and a member of the board of Price Waterhouse World Firm from 1992 to 1995. She was a Director of San Miguel Corporation, PLDT, Philex Mining, among others, from 2001 to 2008, Ayala Land (2006-April 2010), Chairman of the Board of Equitable PCI Bank (2006-2007), and Vice Chairman of Banco de Oro (BDO, Inc.) (2007-2012). She was President of the Social Security System from 2001 to 2008 and of the Geneva-based International Social Security Association from 2004 to 2010 and is currently its Honorary President. She had served as National President of the Philippine Institute of CPAs, the Management Association of the Philippines, the Financial Executive Institute of the Philippines, Cornell Club of the Philippines, The Outstanding Women in the Nation's Service (TOWNS), and the Philippine Fulbright Scholars Association. She is an awardee of The Outstanding Filipino (TOFIL) in Public Accounting, and Outstanding Professional in Public Accounting by the Professional Regulatory Commission. She graduated Magna Cum Laude at the University of the East and ranked first place in the 1960 Certified Public Accountants Board Examination. She holds a Master of Business Administration degree from Cornell University in New York as a Fulbright grantee and University of the East Scholar. She is a life member of the Cornell University Council. She was conferred the degree of Doctor of Humanities (H.D.) honoris causa by the University of the Cordilleras (Baguio City) in 2017.

Jose T. Pardo – 81, Filipino

Independent Director

Mr. Jose T. Pardo is the Chairman and Independent Director of The Philippine Stock Exchange, Inc., Securities Clearing Corporation of the Philippines, Philippine Seven Corporation, Philippine Savings Bank, and Bank of Commerce. He is also Chairman of the Council of Business Leaders of Employers Confederation of the Philippines and Philippine Chamber of Commerce, Inc. He is an Independent Director of JG Summit Holdings, Inc., National Grid Corporation of the Philippines, ZNN Radio Veritas, Synergy Grid and Development Philippines, Inc., League One Finance and Leasing Corporation, Monte Oro Grid Resources Corporation, Araneta Hotels, Inc., and Del Monte Philippines, Inc. Mr. Pardo has held various positions in the government including Secretary of the

Department of Finance (2000-2001) and Secretary of the Department of Trade and Industry (1998-2000). Mr. Pardo also served as the Chairman of the Foundation for Crime Prevention, Assumption College, Wenphil Corporation (Wendy's Philippines), Asian Holdings Corporation, OCCC General Construction Corp., and ABC Development Corporation. He also as Co-Chairman of De La Salle Philippines, Inc. and EDSA People Power Commission. He was also a Director for San Miguel Purefoods, Inc., Metropolitan Bank Trust Company (Metrobank), Mabuhay Philippine Satellite Corporation, and Coca-Cola Bottlers Philippines, Inc. He was also the President of the Land and Housing Development Corp. and Philippine Seven Corporation. Mr. Pardo obtained his Bachelor of Science in Commerce, major in Accounting, and his Master's Degree in Business Administration from De La Salle University in Manila. In February 2018, he was conferred an Honorary Doctorate in Finance by the same university.

Godfrey E. Scotchbrook – 75, British
Independent Director

Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with more than 50 years of experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and a Non-Executive Director of Hong Kong-listed Convenience Retail Asia. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations. He is also a Director of Del Monte Foods, Inc, (DMFI) DMPL's US subsidiary. Mr Scotchbrook earned his DipCam PR having studied Media and Communications at City University, London.

Luis F. Alejandro – 67, Filipino
Chief Operating Officer / General Manager

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

Parag Sachdeva – 51 Indian
Chief Financial Officer and Treasurer

Mr. Parag Sachdeva has more than 20 years of management and finance experience spanning planning and controllership, performance management, mergers and acquisitions, treasury, IT and human resources. Mr. Sachdeva is also the Chief Financial Officer of the Company's ultimate parent company, DMPL. Before joining the Company, he was with Carlsberg Asia for more than a year and supported efficiency and effectiveness programs across Asia and Africa regions. Prior to Carlsberg, he was with H.J. Heinz Company for 20 years and held leadership positions in Asia Pacific regions in finance, IT and human resources. Mr. Sachdeva graduated from the Aligarh Muslim University in India, Major in Accounting and Economics. He also has an MBA degree, Major in Finance from the same university.

Antonio E. S. Ungson – 49, Filipino
Corporate Secretary, Chief Legal Counsel and Chief Compliance Officer

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

Ruiz G. Salazar – 57, Filipino
Chief Human Resource Officer

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

Philip G. Macahilig – 51, Filipino
Group Head, Philippine Market Commercial Operations

Mr. Philip G. Macahilig previously served as Group Head of DMPI's Customer Development Group, from 2006 to 2012. Afterwards, he established Ocean Skipjack Distribution, Inc. (distributor of Century Tuna) and served as the General Manager of the same from 2012 to 2015. In 2015, he joined San Miguel Corporation as its National Sales Manager, and eventually its National Sales and Distribution Manager, before rejoining DMPI as the Group Head of Philippine Market Commercial Operations. Prior to joining DMPI in 2006, he was the National Sales Manager of Mead Johnson Nutrition. Mr. Macahilig obtained his bachelor's degree in Business Management, Marketing and Related Support Services from Ateneo de Manila University.

Management, together with the Board Committees, including the Audit & Risk Committee (“**ARC**”), NGC, and Remuneration and Share Option Committee (“**RSOC**”) support the Board in discharging its responsibilities. The members of the Board Committees are as follows:

Audit and Risk Committee	
Corazon S. De La Paz-Bernardo (Independent Director)	ARC Chairperson
Emil Q. Javier (Independent Director)	Member
Jose T. Pardo (Independent Director)	Member
Nominating and Governance Committee	
Jose T. Pardo (Independent Director)	NGC Chairperson
Corazon S. De La Paz-Bernardo (Independent Director)	Member
Emil Q. Javier (Independent Director)	Member
Remuneration and Share Option Committee	
Emil Q. Javier (Independent Director)	RSOC Chairman
Jose T. Pardo (Independent Director)	Member
Corazon S. De La Paz-Bernardo (Independent Director)	Member

ii. Senior Management

As of the date of this Information Statement, the following are the Company's Senior Management: The table below sets forth the Company's senior management as of the date of the Information Statement:

Name	Age	Nationality	Position
Joselito D. Campos, Jr.	70	Filipino	President and Chief Executive Officer
Luis F. Alejandro	67	Filipino	Chief Operating Officer and General Manager
Edgardo M. Cruz, Jr.	65	Filipino	Assistant Corporate Secretary
Parag Sachdeva	51	Indian	Chief Financial Officer and Treasurer
Antonio Eugenio S. Ungson	49	Filipino	Corporate Secretary, Chief Legal Counsel and Chief Compliance Officer

Ruiz G. Salazar	56	Filipino	Chief Human Resource Officer
Philip G. Macahilig	51	Filipino	Group Head, Philippine Market Commercial Operations

b. Significant Employees

The Board and the Senior Management of the Company have been an integral part of its success. Their knowledge, experience, business relationships and expertise greatly contribute to the Company's operating efficiency and financial performance.

The Company maintains that it considers the collective efforts of the Board and all of its employees as instrumental to its overall success. The business of the Company is not dependent on any individual person. No employee is indispensable in the organization. The Company has institutionalized, through documentation, its processes and training to ensure continuity and scalability in the business without relying on any particular employee.

c. Family Relationships

There are no family relationships known to the Company:

d. Involvement in Certain Legal Proceedings

As to Directors, Executive Officers and Nominees for Election:

Except as set out below, the Company is not aware that any of the incumbent Directors and any nominee for election as director, executive officer or control person of the Company has been the subject of any: (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding, domestic or foreign; (c) order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction, in a civil action, the Philippine SEC or a comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, which has not been reversed, suspended or vacated, for the past five (5) years up to the latest date that is material to the evaluation of his ability or integrity to hold the relevant position in the Company:

Mr. Luis F. Alejandro, the Group's Chief Operating Officer, is not involved in any criminal, bankruptcy or insolvency investigation or any other proceeding against him, except only the libel case pending between GMA Network, Inc and ABS-CBN Broadcasting Corp. where he was impleaded eight years ago as co-accused in his capacity as then President and Chief Operating Officer of ABS-CBN Broadcasting Corp.

As to the Company and its Subsidiaries:

The Group is the subject of, or a party to, other various suits and pending or threatened litigation. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that none of these legal proceedings will have a material adverse effect on its financial position.

e. Certain Relationships and Related Transactions

- a) The following is a summary of Interested Person Transactions (“IPT”) entered into by the Company and/or its subsidiaries (the “Group”) with certain Interested Persons¹ as of January 31, 2021

Related Party	Relationship to DMPI	Related Party Transaction	For the period ended Jan. 31, 2021	For the period ended Jan. 31, 2020
Del Monte Philippines, Inc. (DMPI Retirement Fund)	Retirement fund of the Company	Rental to DMPI Retirement Fund	(66,679,577)	(63,951,734)
		Management fees from DMPI Retirement Fund	153,996	107,240
		Rental to NAI Retirement Fund	(23,280,157)	(22,951,633)
NutriAsia Inc. (NAI)	Affiliate of the Company	Trade advances	-	-
		Purchases from NAI	(723,770)	(1,802,924)
		Toll Pack Fees to NAI	-	(7,084,139)
		Utilities	(2,048,998)	(1,498,414)
		Excess Line Loss	-	-
		Recharge of Repair of AC-Data Center	-	98,032
		Recharge of Inventory Count Shortage	-	-
		Management fee from NAI	3,355,538	50,585
		Share in shared IT services and JYCC fit out	7,060,446	6,738,609
		Sale of tomato paste and other raw materials to NAI	791,753	226,215
		Surgical Masks and other reimbursements	567,942	-
GTL	Affiliate of the Company	Sale of products to GTL	-	-
		Management fee from GTL	-	-
		Services and other reimbursements	(1,694,770)	(1,191,081,369)
S&W Fine Foods	Affiliate of the Company	Sale of products to S&W Fine Foods	1,617,792,489	2,080,623,951
		Royalty expense	(9,090,778)	(58,108,055)
		Management fee from S&W Fine Foods	(62,554,399)	6,002,391
		Purchase of various production materials	(4,481,719)	(10,236,468)
		Advances to S&W Fine Foods	1,451,880,000	-
		Services and other reimbursements	6,456,990	(10,941,735)
DMPL	Affiliate of the Company	Management fee to DMPL	-	-
		Advances to DMPL	7,647,228,743	732,773,597
		Services and other reimbursements	33,615,602	11,909,647
DMPL Management Services Pte Ltd	Affiliate of the Company	Rent Income for Bukit Pasoh	7,794,941	7,304,344
		Management fee to DMS	(14,337,371)	(15,428,844)
		Services and other reimbursements	(249,446)	872,624
ROHQ	Affiliate of the Company	Management fee to ROHQ	(47,786,549)	(45,286,207)
		Services and other reimbursements	-	2,296,729
South Bukidnon Fresh Trading, Inc.	Affiliate of the Company	Rent income	-	-
		Sale of fresh pineapples	-	-
		Purchase of goods	-	(3,151)
		Services and other reimbursements	1,044	2,857,604
Del Monte Foods, Inc.	Affiliate of the Company	Rent income	-	-
		Management fee from DMFI	-	-
		Sales of products to DMFI	1,258,733,441	1,192,051,355
		Purchases	(737,324)	(67,507,116)
		Services and other reimbursements	11,133,676	26,733,248
Nice Fruit S&W	Other Related Party	Packaging material processing fee	(31,104,973)	(5,750,721)
		Rental	145,289	-
Nice Fruit HK	Other Related Party	Sale of frozen fruit products	151,108,643	114,711,934
ICMOSA	Other Related Party	Sale of products to ICMOSA	181,807,205	44,439,020
Field Fresh	Other Related Party	Sale of products to Field Fresh	37,741,055	-
TOTAL			12,114,857,908	2,728,164,616

¹ Under the SGX-ST Listing Manual, “Interested Person” is defined as: (a) a Director, CEO or Controlling Shareholder of the listed company; or (b) an Associate of any such Director, CEO or Controlling Shareholder. A “Controlling Shareholder” is one who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the company; or (b) in fact exercises control over a company.

Review

The Company has an IPT and Related Party Transactions (RPT) policy and manual that set out the definitions, general guidelines, and review and monitoring procedures to be adopted across the Group for IPTs compliance with the Listing Manual of the SGX-ST and the SEC Memorandum Circular No. 10 (Series of 2019) or the *Rules on Material Related Party Transactions for Publicly Listed Companies*. The manual presents a comprehensive view of IPT and RPT and the procedures that all affected Group personnel, including members of senior management, directors and employees in Purchasing, Treasury, Finance, Sales, Legal, Internal Audit, must follow. The policy and manual set out materiality thresholds for IPTs and RPTs that could trigger certain approval and disclosure requirements.

The Company established review procedures to ensure that IPTs and RPTs: (i) are carried out on an arm's length basis and on normal commercial terms, consistent with the Group's usual business practices and policies; and (ii) will not be prejudicial to the interests of the Company and its minority stockholders.

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

The ARC reviews the internal audit report on the IPTs and RPTs on a quarterly basis to ascertain that the established review procedures are complied with. If during these periodic reviews, the ARC is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to its stockholders for a fresh mandate based on a new set of guidelines and review procedures that would ensure compliance with the established standards above.

The Company maintains a register of transactions carried out with Interested Persons, as defined in the IPT manual, and the Company's internal audit plan will incorporate an annual review of all transactions entered into in the relevant financial year pursuant to the IPT mandate.

Approval or Ratification

The following are the categories of IPTs in the Company's manual:

1. Mandated IPT – refers to an IPT between the Group and any Interested Person pursuant to a stockholders' mandate approved on an annual basis by the Company's stockholders, which is subject to renewal each year at the annual general meeting. However, despite the existence of the stockholders' mandate, Mandated IPTs are still subject to auditors and AC's review.
2. Non-Mandated IPT – refers to purchase or sale of fixed assets, undertakings or businesses, as well as transactions not included under the stockholders mandate, which may require announcements, management approval, Board approval and/or stockholders' approval, depending on the amounts involved.

Monitoring and Recording

To facilitate recording of IPTs, each Group subsidiary's Controller shall establish two holding accounts that will be used in recording IPTs – one to record Mandated IPTs and the other to record Non-Mandated IPTs. Transactions recorded under these two holding accounts will then be cleared monthly to the proper accounts. The transactions that are recorded under the holding accounts will then be reported on a quarterly basis to the CFO for consolidation which will then be submitted to the ARC for evaluation and review.

- b) Other than standard terms and conditions typical for these kinds of contracts and negotiated at arm's length and upon normal commercial terms with counterparties, there are no other commitments resulting from these arrangements.

Considering the arm's length negotiation of these IPTs and the Company's established IPT review, approval, monitoring and disclosure processes, we do not see any material risks arising from these transactions.

f. Resignation of Directors due to Disagreement

No Director has resigned from, or declined to stand for re-election to, the Board since the date of the 2020 Meeting due to any disagreement with the Company on any matter relating to its operations, policies or practices.

- g.** No provision of the Company's By-laws which relates to the selection, nomination and election of Independent Directors, has been recently amended. The Company's selection and election processes for independent directors are in accordance with the Company's By-laws and Manual on Corporate Governance.

6. Compensation of Directors and Executive Officers

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the CEO and senior executive officers of the Company are as follows:

Name and Position	Year	Salary (₱ in million)	Bonus (₱ in million)
Chief Executive Officer and four (4) most highly compensated executive officers*	FY2021 (Est)	63,228,708	7,587,445
	FY2020	62,410,767	7,242,879
	FY2019	58,928,271	6,824,694
All other officers and directors as a group unnamed	FY2021 (Est)	123,120,859.50	13,313,472.04
	FY2020	137,710,680	9,669,441
	FY2019	112,668,184	15,951,675

**The CEO and executive officers of the Company are as follows: Joselito D. Campos, Jr. – President and CEO; Luis F. Alejandro – General Manager and Chief Operating Officer; Ruiz G. Salazar – Chief Human Resource Officer; Antonio Eugenio S. Ungson – Chief Legal Counsel and Chief Compliance Officer; and Philip G. Macahilig – Group Head, Philippine Market Commercial Operations.*

Standard Arrangement

Independent directors receive a fixed remuneration annually as well as per diems for attending Board and Board committee meetings. Depending on the Company's performance, they may or may not receive an annual bonus.

Other Arrangements

Dr. Emil Q. Javier provides guidance and support to the Group on its plantation operations and development of agri-based initiatives.

Except as described above, there are no other arrangements pursuant to which any of the Company's Directors and officers are compensated, or are to be compensated, directly or indirectly.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no arrangements for compensation to be received by any executive officer from the Company in the event of a resignation, or termination of the executive officer's employment or a change of control of the Company. The Company, however, provides retirement benefits to qualified employees, including Key Management Personnel.

Share Options

There are no outstanding share options as of the date of this Information Statement.

Share Awards

There have been no share awards granted by the Company as of the date of this Information Statement.

7. Independent Public Accountants

SGV & Co. has acted as the Company's external auditor since May 2015. Johnny F. Ang is the current audit partner for the Company and has served as such beginning fiscal year 2019. The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto).

The following table sets out the aggregate fees for the last two fiscal years for professional services rendered by SGV & Co., as set out in the prospectus for the Company's bond offer in 2020:

FY2020 FY2019

Audit and Audit-Related Fees(1).....	₱4,127,630.20	₱4,023,335.71
Tax Fees.....	-	570,000.00
Non-Audit Fees	-	-
Total	₱4,127,630.20	₱4,593,335.71

Note:

(1) Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim

financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.

The fees presented above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.

In relation to the audit of the Company's annual financial statements, pursuant to the Company's Manual on Corporate Governance, the ARC shall, among other activities: (a) review significant financial reporting issues so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance; (b) review and report to the Board of Directors the adequacy and effectiveness of the Company's internal controls and internal audit function; (c) review the scope and results of the external audit, and the independence and objectivity of the external auditors; (d) make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, including the remuneration and terms of engagement of the external auditors; and (e) meet with the Company's external auditor and with the head of the Internal Audit department without the presence of Management at least once a year.

8. Compensation Plans

There are no actions to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed during the Meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

9. Authorization or Issuance of Securities Other than for Exchange

There are no actions to be taken with respect to the issuance of securities.

There have been no sales by the Company of any unregistered or exempt securities including any recent issuance of securities constituting an exempt transaction.

10. Modification or Exchange of Securities

There are no actions to be taken with respect to the modification or exchange of the Company's securities.

11. Financial and Other Information

There will be no financial information to be considered or approved by the stockholders. However, for their reference, attached are the audited financial statements for FY2020, MD&A and the latest 17Q of the Company that had been filed with the SEC.

12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no actions to be taken in relation to any merger, acquisition or business combination.

13. Acquisitions and Investments

There are no matters to be taken with respect to any merger, consolidation, and acquisition of any property.

14. Restatement of Accounts

There are no actions to be taken and submitted for stockholders' approval with respect to the restatement of any asset, capital or surplus account of the Company.

15. Recent Cash Dividends

On 29 June 2020, the Board declared cash dividends of PhP0.9235 per share to be paid to the holders of common shares of the Company as of close of business of 6 July 2020 on said date standing in the name of such stockholders.

On 3 March 2021, the Board declared cash dividends of PhP0.9013 per share to holders of the Company's common shares as of close of business of 15 March 2021.

Cash dividends may only be declared out of the Company's unrestricted retained earnings. The Board had also approved a cap on dividends equivalent to 75% of the Company's net income in the immediately preceding fiscal year except as may be otherwise decided by the Board.

16. Corporate Governance

The Company intends to adopt its parent company's practice to dutifully accomplish the Integrated Annual Corporate Governance Report to assess the level of compliance by the Company, the Board and Senior Management with the Manual of Corporate Governance.

The Group to which the Company belongs participates in regular CG surveys such as the ASEAN Corporate Governance Scorecard and the Singapore Transparency Index. Hence the Company keeps abreast of best practices in corporate governance matters. The directors and executives also regularly attend training seminars and workshops on these matters and training hours are monitored regularly.

We are not aware of any material deviation by the directors or the members of top level management from the Company's Manual of Corporate Governance.

There was a plan to increase the number of independent directors to four. This was carried out very recently. The Board continues to find ways to enhance the independence of the independent directors. For instance, measurable objectives relating to this as well as diversity are being considered. There is also a plan to consider adopting a Board charter for the Company.

D. OTHER MATTERS

17. Action with Respect to the Proposed Initial Public Offering of the Company's Common Shares

a) The following shall be submitted for stockholders' approval during the Meeting:

RESOLVED AS IT IS HEREBY RESOLVED, that Del Monte Philippines, Inc. (the "Corporation") hereby authorize the initial public offering (the "Offering") of the Corporation's common shares (the "Shares") subject to the registration requirements of the Securities and Exchange Commission ("SEC") and the listing requirements of The Philippine Stock Exchange, Inc. ("PSE"), with such

entities as may hereafter be appointed as underwriters (collectively, the “Joint Lead Underwriters”), under the following indicative terms and conditions:

- (a) The offer and sale (the “Offering”) of such number of common shares of the Corporation to be approved by the Corporation’s President and CEO (the “Offer Shares”) at an offer price to be approved by the Corporation’s President and CEO;
- (b) The Offering shall be on such terms and conditions that may be mutually agreed upon between the Corporation and its stockholders selling its Offer Shares and the Joint Lead Underwriters including as may be set out in the Underwriting Agreement referred to below;

RESOLVED, FURTHER, that, in connection with the Offering, the following be hereby approved:

- (a) the filing of the Registration Statement and any other required documents with the SEC and the Application for Listing and any other required documents with the PSE, and the performance of such acts as may be necessary or desirable, for the registration and listing of the Shares (including the Offer Shares); and
- (b) the authority of any two (2) of the following directors/officers (the “Authorized Officers”) to jointly sign, execute and deliver any and all such documents as may be necessary or desirable in connection with the Offering, the filing of the Registration Statement with the SEC, and the filing of the Application for Listing with the PSE, such as, but not limited to, the Registration Statement, Application for Listing, Listing Agreement, and Underwriting Agreement, as well as any amendments or supplements thereto, to approve the terms of appointment of the underwriters, agents, counsels, and advisors in connection with the Offering, including, without limitation, to engage a receiving agent, escrow agent, and a stock transfer and dividend paying agent, and to take any and all actions and to otherwise act as designated and authorized signatories of the Corporation for these purposes, under such terms and conditions as they may deem beneficial to the Corporation:

Name	Position
Joselito D. Campos, Jr.	Director, President, and Chief Executive Officer
Edgardo M. Cruz, Jr.	Director and Assistant Corporate Secretary
Luis F. Alejandro	Director, General Manager, and Chief Operating Officer
Parag Sachdeva	Treasurer and Chief Financial Officer

(c) Notwithstanding the authorizations in the preceding paragraph, the appropriate officer/s of the Corporation is/are hereby authorized to sign the Registration Statement and such other documents as may be specifically required by Philippine law or regulation to be signed by them in connection with the registration and listing of the Shares (including the Offer Shares);

RESOLVED, FINALLY, that each Authorized Officer may authorize any other officer, employee, agent or counsel of the Corporation to take action and to execute or deliver any agreement, instrument or other document referred to in the foregoing resolutions in place of or on behalf of such Authorized Officer, with full power as if such Authorized Officer was taking such action himself or herself;

For details on the foregoing resolutions, please refer to the enclosed Notice of Meeting.

18. Matters Not Required to be Submitted

There are no actions to be taken at the Meeting with respect to any matter which is not required to be submitted to a vote of security holders.

19. Amendment of Articles, By-laws or Other Documents

There are no actions to be taken at the Meeting with respect to any amendment of the Company’s Articles of Incorporation or By-laws.

20. Other Proposed Action

No other actions on any matter are proposed to be taken except matters of incidence that may properly arise during the Meeting.

21. Voting Procedures

The aforementioned motions will require the affirmative vote of a majority of the issued and outstanding shares of the Company's common stock present and represented and entitled to vote at the Meeting. Because abstentions with respect to any matter are treated as shares present and represented and entitled to vote for purposes of determining whether the stockholders have approved that matter, abstentions have the same effect as negative votes. Shares as to which proxy authority has been withheld with respect to any matter are not deemed to be present or represented for purposes of determining whether stockholder approval of that matter has been obtained.

Items requiring the vote of stockholders will be presented for approval of the stockholders at the meeting and voting shall be by *viva voce* via remote communication and by voting *in absentia* by in accordance with the procedures for registration and casting of votes below.

Considering that the Annual Stockholders' Meeting will be held virtually and in accordance with SEC Memorandum No. 6, series of 2020, the following are the internal procedures, describing the steps to be taken by stockholders for the latter to cast/submit their votes online:

a) Stockholders of record as of March 25, 2021 are entitled to attend and participate and vote in absentia during the Meeting on April 19, 2021 provided, they:

- (i) Register by sending an email, together with the requirements to the Corporate Secretary at ungsonaes@delmonte-phil.com on or before April 15, 2021 (5:00 p.m., Philippine time)
- (ii) Have their shares authenticated and verified through the registration process and Proxies, if any and applicable, accompanied by their respective authorities (Special Power of Attorney or Secretary's Certificate) validated.

b) Only stockholders who have registered and whose shares have been verified, proxies validated shall be counted in the determination of a quorum and other corporate actions.

c) Stockholders may send their questions, comments and/or remarks prior to or during the meeting to the Corporate Secretary at ungsonaes@delmonte-phil.com. It is requested and encouraged that questions will be limited to the matters set out in this Definitive Information Statement sent to all stockholders of record as of March 25, 2021.

Since the Meeting will be conducted virtually, voting shall be cast through the submission of votes/ballots to any of the following addresses:

(1) Office of the Corporate Secretary at 10/F JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City or

(2) Submission of the votes/ballots, forms through email to the Corporate Secretary at ungsonaes@delmonte-phil.com.

The registration, authentication and validation process shall be open starting on April 5, 2021 and will close at 5:00 p.m. on April 15, 2021. Thereafter, the stockholder of record may no longer avail of the option to vote *in absentia*.


The Company reserves the right to reject processing of registration and deny access to the Meeting facilities for incomplete documents or for any discrepancy found in information provided. An email confirmation on the status of the stockholder of record's registration shall be sent to the registered email.

22. Other Matters

Stockholders of record as of March 25, 2021 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusions in the agenda on or before April 15, 2021, in accordance with SEC Memorandum Circular No. 14, Series of 2020.

The Chairman may also open the floor for other matters that stockholders may wish to raise, and will decide whether the same may be taken up in the meeting or in another forum.

After reasonably inquiry and to the best of my knowledge and belief, I certify the information set out in this Information Statement.



Antonio Eugenio S. Ungson
Corporate Secretary, Chief Legal Counsel and Chief Compliance Officer

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Parag Sachdeva

(088) 855-4312

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Annual Meeting

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended January 31, 2021
2. Commission identification number. N/A
3. BIR Tax Identification No. N/A
4. Exact name of issuer as specified in its charter Del Monte Philippines, Incorporated
5. Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Address:
JY Campos Centre, 9th Avenue corner 30th Street, Fort Bonifacio, Taguig City,
Philippines
8. (088) 855-4312
Issuer's telephone number, including area code
9. N/A
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	2,461,641.60
Preference Shares	335,678.40

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

Yes [] No [/]

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

12. Indicate by check mark whether the registrant:

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

Yes ☐ No ☐

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

Yes ☐ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the Financial Statements (FS) section of this report, FS to FS40

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

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

PART II--OTHER INFORMATION

Not Applicable

SIGNATURES

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

Issuer **Del Monte Philippines, Inc.**

Signature and Title



Parag Sachdeva
Chief Financial Officer and Duly Authorized Officer

Date March 17, 2021

Del Monte Philippines, Inc. and its Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As of 31 January 2021
and for the Periods Ended 31 January 2021 and 2020
(With Comparative Audited Consolidated Statement of
Financial Position as at 30 April 2020)

Unaudited Interim Consolidated Statements of Financial Position

(With Comparative Audited Figures as at 30 April 2020)

	Note	As at 31 January 2021 Php'000 (Unaudited)	As at 30 April 2020 Php'000 (Audited)
Current assets			
Cash and cash equivalents	5	1,226,421	1,170,916
Trade and other receivables	6	6,428,668	7,298,204
Inventories	7	5,033,042	4,645,327
Biological assets	8	2,428,701	3,076,198
Prepaid expenses and other current assets	9	1,111,760	503,790
		16,228,592	16,694,435
Noncurrent assets			
Biological assets	8	125,259	107,265
Financial assets at fair value through other comprehensive income (FVOCI)		13,059	13,058
Investment property		201,550	206,185
Property, plant and equipment	10	15,248,352	14,831,175
Intangible assets	11	2,987,400	-
Receivable - noncurrent		3,337	3,108
Net retirement benefits asset		247,314	336,729
Deferred tax assets - net		54	329
Other noncurrent assets	12	1,140,857	1,345,367
		19,967,182	16,843,216
Total assets		36,195,774	33,537,651
Current liabilities			
Loans and borrowings	13	6,760,337	11,442,750
Trade and other current liabilities	14	5,754,351	5,042,055
Current portion of:			
Long term Debt		-	3,000,000
Lease liabilities	22	235,401	289,191
Current tax liabilities		172,218	226,415
		12,922,307	20,000,411
Noncurrent liabilities			
Loans and borrowings	13	2,978,160	-
Bonds	15	6,382,021	-
Deferred tax liabilities – net		140,221	141,956
Lease liabilities	22	1,827,301	2,347,181
		11,327,703	2,489,137
Total liabilities		24,250,010	22,489,548
Equity			
Share capital	18	2,797,320	2,797,320
Reserves		265,867	265,866
Retained earnings – appropriated		2,796,541	2,796,541
Retained earnings - unappropriated		6,077,958	5,180,226
Equity attributable to owners of the Company		11,937,686	11,039,953
Non-controlling interests		8,078	8,150
Total equity		11,945,764	11,048,103
Total equity and liabilities		36,195,774	33,537,651

Unaudited Interim Consolidated Statements of Income

		For the period ended 31 January		For the quarter ended 31 January	
	Note	2021	2020	2021	2020
		Php'000	Php'000		
Revenue		25,641,999	24,700,273	9,483,181	8,549,942
Cost of sales		(17,732,255)	(17,880,198)	(6,536,454)	(6,134,955)
Gross profit		7,909,744	6,820,075	2,946,727	2,414,987
Distribution and selling expenses		(2,505,602)	(2,510,600)	(934,315)	(880,166)
General and administrative expenses	17	(608,715)	(621,005)	(205,570)	(197,199)
Foreign exchange gain		54,709	183,329	(9,551)	16,719
Other income (expense) – net		(24,563)	21,863	(11,695)	13,318
Results from operating activities		4,825,573	3,893,662	1,785,596	1,367,659
Finance income		12,553	16,836	3,330	2,248
Finance expense		(575,769)	(533,529)	(173,771)	(180,830)
Net finance expense		(563,216)	(516,693)	(170,441)	(178,582)
Profit before taxation	16	4,262,357	3,376,969	1,615,155	1,189,077
Tax expense – current		(782,832)	(527,184)	(229,050)	(187,418)
Tax benefit – deferred		1,460	23,564	4,678	17,037
		(781,372)	(503,620)	(224,372)	(170,381)
Profit for the period		3,480,985	2,873,349	1,390,783	1,018,696
Profit (loss) attributable to:					
Non-controlling interest		(72)	(29)	(10)	(8)
Owners of the Company		3,481,057	2,873,378	2,861,265	2,082,153
Earnings per share					
Basic earnings per share	24	1.35	1.03	0.57	0.36
Diluted earnings per share	24	1.20	1.03	0.48	0.36

Unaudited Interim Consolidated Statements of Comprehensive Income

	For the year ended 31 January		For the quarter ended 31 January	
	2021	2020	2021	2020
	Php'000	Php'000	Php'000	Php'000
Profit for the period	3,480,985	2,873,349	1,390,783	1,018,696
Items that may be reclassified subsequently to profit or loss				
Unrealized gain (loss) on change in fair value of financial assets at FVOCI	1	1,489	1,000	(5)
Tax Impact		(225)		
Unrealized gain (loss) on change in fair value of Land	-	152,477	-	-
Tax impact	-	(45,743)	15	-
Other comprehensive income (loss) for the period, net of tax	1	107,998	1,015	(5)
Total comprehensive income for the period	3,480,986	2,981,347	1,391,798	1,018,691
Total comprehensive income (loss) attributable to:				
Owners of the Company	3,481,058	2,981,376	1,391,808	1,018,699
Non-controlling interests	(72)	(29)	(10)	(8)
	3,480,986	2,981,347	1,391,798	1,018,691

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

Unaudited Interim Consolidated Statements of Changes in Equity
Nine months ended 31 January 2021 and 2020

	Preferred Php'000 (Note 18)	Convertible Common Php'000 (Note 18)	Land Revalua- tion surplus Php'000	Remeasure- ment of retirement Plans Php'000	Fair value reserves on financial assets at FVOCI Php'000	Appropri- ated Php'000	Unappro- priated Php'000	Total Php'000	Non- controlling interests Php'000	Total equity Php'000
Fiscal Year 2021										
At 1 May 2020	–	2,797,320	427,092	(171,943)	10,717	2,796,541	5,180,226	11,039,953	8,150	11,048,103
Effect of adoption of IFRS 16	–	–	–	–	–	–	–	–	–	–
At 1 May 2020, as restated	–	2,797,320	427,092	(171,943)	10,717	2,796,541	5,180,226	11,039,953	8,150	11,048,103
Total comprehensive income for the period										
Income for the period (Note 16)	–	–	–	–	–	–	3,481,057	3,481,057	(72)	3,480,985
Other comprehensive income										
Currency translation differences	–	–	–	–	–	–	–	–	–	–
Revaluation of Land	–	–	–	–	–	–	–	–	–	–
Changes in fair value of financial assets at FVOCI	–	–	–	–	1	–	–	1	–	1
Total other comprehensive income for the period	–	–	–	–	1	–	–	1	–	1
Transactions with owners of the Company recognised directly in equity										
Contributions by and distributions to owners of the Company										
Conversion of Capital Stock	335,678	(335,678)	–	–	–	–	–	–	–	–
Payment of dividends	–	–	–	–	–	–	(2,583,325)	(2,583,325)	–	(2,583,325)
Total contributions by and distributions to owners	335,678	(335,678)	–	–	–	–	(2,583,325)	(2,583,325)	–	(2,583,325)
At 31 January 2021	335,678	2,461,642	427,092	(171,943)	10,718	2,796,541	6,077,958	11,937,686	8,078	11,945,764

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

Unaudited Interim Consolidated Statements of Changes in Equity
Nine months ended 31 January 2021 and 2020

	Preferred Php'000 (Note 18)	Convertible Common Php'000 (Note 18)	Land Revalua- tion surplus Php'000	Remeasure- ment of retirement plans Php'000	Fair value reserves on financial assets at FVOCI Php'000	Appropri- ated Php'000	Unappropri- ated Php'000	Total Php'000	Non- controlling interests Php'000	Total equity Php'000
Fiscal Year 2020										
At 1 May 2019	—	2,797,320	320,358	(145,666)	9,878	15,698,000	2,705,162	21,385,052	8,203	21,393,255
Effect of adoption of IFRS 16	—	—	—	—	—	—	(164,229)	(164,229)	—	(164,229)
At 1 May 2019, as restated	—	2,797,320	320,358	(145,666)	9,878	15,698,000	2,540,933	2,540,933	8,203	21,229,026
Total comprehensive income for the period										
Income for the period (Note 16)	—	—	—	—	—	—	2,873,378	2,873,378	(29)	2,873,349
Other comprehensive income										
Currency translation differences	—	—	—	—	—	—	—	—	—	—
Revaluation of Land	—	—	106,734	—	—	—	—	106,734	—	106,734
Changes in fair value of financial assets at FVOCI	—	—	—	—	1,264	—	—	1,264	—	1,264
Total other comprehensive income for the period	—	—	106,734	—	1,264	—	—	107,998	—	107,998
Transactions with owners of the Company recognised directly in equity										
Contributions by and distributions to owners of the Company										
Conversion of Capital Stock	—	—	—	—	—	—	—	—	—	—
Payment of dividends	—	—	—	—	—	—	(13,796,097)	(13,796,097)	—	(13,796,097)
Appropriations	—	—	—	—	—	(15,695,000)	15,695,000	—	—	—
Total contributions by and distributions to owners	—	—	—	—	—	(15,695,000)	1,898,903	(13,796,097)	—	(13,796,097)
At 31 January 2020	—	2,797,320	427,092	(145,666)	11,142	3,000	7,313,214	10,406,102	8,174	10,414,276

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

Unaudited Interim Consolidated Statements of Cash Flows

	Nine months ended	
	31 January	
Note	2021	2020
	PHP'000	PHP'000
Cash flows from operating activities		
Profit (loss) before taxation	4,262,357	3,376,969
Adjustments for:		
Depreciation of property, plant and equipment	3,626,670	3,904,956
Finance cost	556,766	476,765
Net retirement benefit expense	93,758	60,657
Unrealized foreign exchange gains (loss) - net	56,140	35,328
Interest income	(12,553)	(16,836)
Gain (loss) on disposal of property, plant and equipment	(1,125)	(1,724)
	<u>8,582,013</u>	<u>7,824,001</u>
Changes in:		
Trade and other receivables	(1,107,724)	(2,553,746)
Inventories	(387,715)	924,987
Biological assets	629,502	(440,569)
Prepaid and other current assets	(607,969)	(39,561)
Trade and other payables	392,645	(878,062)
Other noncurrent liabilities	(434,430)	(40,582)
Operating cash flows	<u>7,066,324</u>	<u>4,808,583</u>
Interest received	12,553	16,836
Taxes paid	(837,029)	(435,472)
Net cash flows generated from operating activities	<u>6,241,848</u>	<u>4,389,947</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,039,746)	(3,840,740)
Acquisitions of Trademark	(2,987,400)	-
Other noncurrent assets	193,482	(1,058,498)
Proceeds from disposal of property, plant and equipment	1,659	3,465
Net cash flows used in investing activities	<u>(6,832,005)</u>	<u>(4,895,773)</u>

(Continued on next page)

Unaudited Interim Consolidated Statements of Cash Flows (Continued)

	Note	Nine months ended 31 January 2021 Php'000	2020 Php'000
Cash flows from financing activities			
Proceeds from borrowings		118,563,130	110,606,043
Repayment of borrowings		(123,270,232)	(109,603,361)
Proceeds from bonds		6,382,021	-
Interest paid		(563,912)	(436,392)
Payments of lease liability		(199,625)	(96,621)
Dividends paid		(263,499)	-
Net cash flows provided by financing activities		<u>647,883</u>	<u>469,669</u>
Net increase (decrease) in cash and cash equivalents		55,505	(30,194)
Cash and cash equivalents at beginning of period		1,170,916	563,934
Effect of exchange rate changes on balances held in foreign currency		(2,221)	5,963
Cash and cash equivalents at end of period		<u><u>1,226,421</u></u>	<u><u>533,740</u></u>

Selected Notes to the Unaudited Interim Condensed Consolidated Financial Statements

1. Reporting Entity

Del Monte Philippines, Inc. (“DMPI” or the “Parent Company”), was incorporated in the Philippines on January 11, 1926. On September 13, 1963, the Board of Directors (the “Board”) amended the Parent Company’s Articles of Incorporation to extend its life by 50 years from January 11, 1976.

On February 23, 1966, the Philippine Securities and Exchange Commission (“SEC”) approved the extension of the Parent Company’s corporate life. On March 1, 2021, the SEC approved the Parent Company’s perpetual corporate term. The Parent Company’s principal activities are the growing, processing and distribution of food products mainly under the brand names “Del Monte”, “Today’s” and “S&W”.

The Parent Company is a subsidiary of Central American Resources, Inc. (CARI), a company incorporated in Panama. The intermediate parent company is Del Monte Pacific Ltd. (“DMPL”), a company incorporated in the British Virgin Islands and a listed entity in the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange. The Parent Company’s ultimate shareholders are NutriAsia Inc. (“NAI”) and Well Grounded Limited.

The Parent Company’s cannery operation is registered with the Philippine Economic Zone Authority at the Philippine Packing Agricultural Export Processing Zone as an Ecozone Export Enterprise under Certificate of Registration No. 05-34F which was approved on December 3, 2007. On October 12, 2015, Certificate of Registration No. 07-68 was approved for the registration of its additional activity, particularly the Fresh Fruit Processing Project at the Bukidnon Agro-Resource Export Zone (BAREZ) in Manolo Fortich, Bukidnon.

On August 18, 2017, a supplemental agreement was signed to include a new project. Production of peeled, cut fresh frozen pineapples was added to its registered activities at the BAREZ.

The Parent Company’s registered address is JY Campos Centre (JYCC), 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City.

The Parent Company and its subsidiaries (collectively referred to as the “Company”) are all incorporated in the Philippines. The principal activities of the Parent Company’s subsidiaries are as follows:

Name of subsidiary	Principal Place of Business	Principal Activities	Effective equity held by DMPI	
			April 30, 2020	April 30, 2019
Philippines Packing Management Services Corporation (PPMSC)	Philippines	Administer intellectual property assets, management, logistics and support services	100%	100%
Del Monte Txanton Distribution Inc. (DMTDI)	Philippines	Trading, selling and distributing food, beverages and other related products	40%	40%

On April 22, 2019, at a joint special meeting, the Board and stockholders of DMTDI authorized the dissolution and liquidation of the Corporation by shortening its corporate term. As at

January 31, 2021, the application for the dissolution and liquidation is yet to be submitted with the SEC due to certain regulatory and documentary requirements.

The SEC approved the amendment of the Parent Company's articles of incorporation last March 23, 2018. The amendments include change of principal office to JYCC, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City and increase of number of directors to 7. Included also is the decrease of par value of its common shares from ₱100 per share to ₱1 per share, and the conversion of preferred shares of the Parent Company into common shares, while retaining the authorized capital stock in the amount of three billion pesos (₱ 3,000,000,000).

On December 9, 2019, in a joint special meeting of the Board and stockholders of the Parent Company, the following amendments to the articles of incorporation were unanimously approved:

1. Conversion of the authorized common shares amounting to ₱3,000,000,000 to common shares convertible to voting, participating, redeemable and convertible preferred shares (RCPS). The RCPS shall be convertible to common shares.
2. The RCPS may be issued from time to time as the Board may determine the amount and the issue price, cash dividend rate, and period and manner of redemption of the RCPS. To the extent not set forth in this amended articles of incorporation, the specific terms and restrictions of each issuance of the RCPS shall be specified through Enabling Resolutions as may be adopted by the Board prior to the issuance thereof, which Enabling Resolutions shall be filed with the SEC and thereupon be deemed a part of the amended articles of incorporation.

The SEC approved these amendments to the articles of incorporation on February 11, 2020.

On January 24, 2020, DMPL, CARI, the Parent Company and SEA Diner Holdings (S) Pte. Ltd. (SEA Diner), a company incorporated in Singapore, entered into a Share Purchase Agreement whereby CARI will sell 335,678,400 shares equivalent to 12% ownership interest in the Parent Company to SEA Diner for a consideration of US\$120,000,000. SEA Diner may require the Parent Company, DMPL or CARI to redeem all of the shares sold by CARI at such price that will allow SEA Diner to meet certain internal rate of return in case of default events, including but not limited to, any of DMPL, CARI or the Parent Company is in breach of the agreed transaction documents, the Parent Company fails to comply with its obligation to effect the conversion of the ordinary shares sold to SEA Diner to RCPS, enter the name of SEA Diner as the registered holder of the RCPS, and issue to SEA Diner the RCPS certificates within the agreed long-stop date, and any of NutriAsia Pacific Ltd. or NutriAsia, Inc. ceasing to be the direct or indirect controlling shareholder of DMPL or the Parent Company.

In the case of any other redemption events, including but not limited to, an exit not completed within five years from the closing date, breach of any financial covenant by DMPL, CARI and the Parent Company or a relevant DMPL Company is in default on any of its indebtedness which is not cured within 30 business days from written notice thereof, and any relevant DMPL Company or Del Monte Foods Holdings Limited or its subsidiaries suffers insolvency, the Parent Company shall redeem the RCPS subject to the mutual consent of the Parent Company and the holder of the RCPS.

The Board and the stockholders approved the share purchase transaction above and other transaction documents on March 3, 2020, including the conversion of the convertible common shares to RCPS. As at April 30, 2020, the Parent Company has substantially complied with the terms and conditions of the Share Purchase and Shareholder Agreements.

On 1 May 2020, Dewey Sdn. Bhd., assigned to PPMSC, various trademark which includes the “Del Monte” and “Today’s” trademarks for use in connection with processed foods in the Philippines. The trademarks has a carrying value of Php 2.99 billion.

On June 29, 2020, PPMSC amended its articles of incorporations to reflect the primary purpose of the Corporation to acquire, own, hold, administer and manage various intellectual property assets such as patents and trademarks. The Company's amended secondary purpose is to provide management, logistical and support services to owners, lessees, locators or occupants of properties.

On August 03, 2020, the Parent Company has amended its Articles of Incorporation to reflect the conversion of common shares per Share Purchase Agreement to RCPS.

On October 30, 2020, the Parent Company issued peso-denominated fixed-rate bonds with an aggregate principal amount of Php 5,000,000,000 with an oversubscription option of up to Php 2,500,000,000, with the following series of the Bonds: (i) 3.4840% p.a. three-year fixed-rate bonds due 2023 and (ii) 3.7563% p.a. five-year fixed-rate bonds due 2025.

On December 16, 2020, CARI sold additional 27,973,200 common shares of the Company to Sea Diner Holdings Pte. Ltd. in consideration of \$10 Million Dollars.

On February 5, 2021, the Board approved the amendment to the articles of incorporation for which the Company shall be on perpetual corporate term. The authorized capital stock in the amount of three billion pesos (P3,000,000,000) and par value of its common shares at P1 per share shall be retained. The SEC approved this amendment to the articles of incorporation on March 1, 2021.

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRSs also includes Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

2.2 Basis of measurement

The consolidated financial statements of the Company have been prepared on a historical cost basis, except for the following items which are measured on the following basis at each reporting date:

- Financial instruments at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Land under “Property, plant and equipment” account is measured at revalued amount;
- Biological assets are measured at fair value less point-of-sale costs, except for those whose fair value cannot be measured reliably, have no active markets or no similar assets are available in the relevant market. In such cases, these biological assets are stated at cost; and
- Retirement benefits asset/liability is measured at the net total of the fair value of the plan assets less the present value of the defined benefit obligation.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Philippine peso, which is also the Company's functional currency. All amounts have been rounded off to the nearest thousand (₱ 000), unless otherwise indicated.

2.4 Basis of consolidation

Subsidiaries are entities controlled by the Parent Company. The Parent Company controls an investee if and only if the Parent 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 Parent Company has less than majority of the voting rights or similar rights to an investee, the Parent 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 Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses 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 obtained by the Parent Company and cease to be consolidated from the date the Parent Company loses control over the subsidiaries. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent 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 Parent 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 in line with the Parent Company's accounting policies. All significant intra-Company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately from equity attributable to equity holders of the Parent Company in the consolidated financial statements. This includes non-controlling equity interests in DMTDI.

2.5 Loss of control

If the Parent loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interest
- Derecognizes the cumulative translation differences recorded in equity

- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate

2.6 Transaction eliminated during consolidation

Intra-company balances and transactions, and any unrealized income or expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Parent Company'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.

2.7 Events after reporting period

Post year-end events up to the date when the financial statements are authorized for issue that provide additional information about the Company's position at each reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting events are disclosed in the notes to the financial statements, when material

3. Significant accounting policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's 2020 annual consolidated financial statements, except for the adoption of the following amendments effective beginning 1 May 2020, which did not have any significant impact on the Company's financial position or performance, unless otherwise indicated:

- *Amendments to References to Conceptual Framework in IFRS Standards* sets out amendments to IFRS Standards, their accompanying documents and IFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes:
 - a new chapter on measurement;
 - guidance on reporting financial performance;
 - improved definitions of an asset and a liability, and guidance supporting these definitions; and
 - clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some Standards, their accompanying documents and IFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee ("IASC")'s Framework for the Preparation and Presentation of Financial Statements adopted by the International Accounting Standards Board ("IASB") in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

- *Amendments to IFRS 3, Definition of a Business*

The amendments to IFRS 3 clarifies the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments will apply on future business combinations of the Company.

- *Amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refines the definition of material in IAS 1 and align the definitions used across IFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after 1 May 2020, with earlier application permitted. The Company is currently assessing the impact of adopting this standard.

- Amendments to IFRS 7, Financial Instruments: Disclosures and IFRS 9, Financial Instruments, Interest Rate Benchmark Reform.

The amendments to IFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument

- Amendments to IFRS 16, COVID-19-related Rent Concessions

The amendments provides relief to lessees from applying the IFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after 1 June 2020. Early adoption is permitted.

The Company is currently assessing the impact of adopting this standard.

4. Seasonality of Operations

The Company's business is subject to seasonal fluctuations as a result of increased demand during the end of year festive season. The Company's sales are usually highest during the three months from October to December. This seasonal production primarily relates to the majority of processed fruits and toll pack goods.

5. Cash and cash equivalents

	31 January 2021 Php'000	30 April 2020 Php'000
Cash on hand	3,742	2,899
Cash in banks	1,222,679	1,152,017
Cash equivalents	-	16,000
Cash and cash equivalents	<u>1,226,421</u>	<u>1,170,916</u>

Certain cash in bank accounts earn interest at floating rates based on daily bank deposit rates ranging from 0.01% to 0.50% as of 31 January 2021 (30 April 2020: 0.01% to 0.50% per annum). Cash equivalents are short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest rate of 1.00% to 1.25% per annum (30 April 2020: 1.19% to 4.20%) as of 31 January 2021.

6. Trade and other receivables

	31 January 2021 Php'000	30 April 2020 Php'000
Trade receivables	2,437,381	2,141,753
Non trade receivables	4,039,574	5,211,125
Allowance for doubtful accounts – trade	(37,182)	(37,834)
Allowance for doubtful accounts – nontrade	(11,105)	(16,840)
Trade and other receivables	<u>6,428,668</u>	<u>7,298,204</u>

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

	Gross		Impairment losses	
	Trade Php'000	Non trade Php'000	Trade PHP'000	Non trade PHP'000
At 31 January 2021				
Not past due	1,663,461	1,535,683	-	-
Past due 0 - 60 days	639,715	533,272	-	-
Past due 61 - 90 days	27,685	220,818	-	-
Past due 91 - 120 days	6,838	1,212,014	-	-
More than 120 days	99,682	537,787	(37,182)	(11,105)
	<u>2,437,381</u>	<u>4,039,574</u>	<u>(37,182)</u>	<u>(11,105)</u>

	Gross		Impairment losses	
	Trade PHP'000	Non trade PHP'000	Trade PHP'000	Non trade PHP'000
At 30 April 2020				
Not past due	1,511,407	845,161	-	-
Past due 0 - 60 days	426,616	934,695	-	-
Past due 61 - 90 days	22,027	471,675	-	-
Past due 91 - 120 days	16,488	374,764	-	-
More than 120 days	165,215	2,584,830	(37,834)	(16,840)
	<u>2,141,753</u>	<u>5,211,125</u>	<u>(37,834)</u>	<u>(16,840)</u>

Source of estimation uncertainty

The Company maintains an allowance for impairment of accounts receivables at a level considered adequate to provide for potential uncollectible receivables based on the applicable ECL methodology. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with debtors, their payment behaviour and known market factors. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. Additionally, allowance is also determined, through a provision matrix based on the Company'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 Company made different judgement or utilised different estimates. An increase in the Company's allowance for impairment would increase the Company's recorded operating expenses and decrease current assets.

7. Inventories

	31 January 2021 Php'000	30 April 2020 Php'000
Cased goods and other merchandise		
- at cost	1,361,562	1,528,761
- at net realisable value	1,045,108	676,175
Production materials and supplies		
- at cost	—	—
- at net realisable value	2,080,959	1,925,766
Storeroom supplies		
- at cost	—	—
- at net realisable value	545,413	514,625
	5,033,042	4,645,327

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

	Note	31 January 2021 Php'000	30 April 2020 PHP'000
At beginning of the period/year		352,516	395,296
Allowance for the period/year	7	81,890	98,534
Write-off against allowance		(67,846)	(141,314)
At end of the period/year		366,560	352,516

Source of estimation uncertainty

The Company recognises allowance on inventory obsolescence when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. Obsolete goods when identified are charged to income statement and are written off. In addition to an allowance for specifically identified obsolete inventory, estimation is made on a group basis based on the age of the inventory items. The Company believes such

estimates represent a fair charge of the level of inventory obsolescence in a given year. The Company reviews on a monthly basis the condition of its inventory. The assessment of the condition of the inventory either increases or decreases the expenses or total inventory.

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories expected to be realised. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at the reporting date.

The Company reviews on a continuous basis the product movement, changes in customer demands and introductions of new products to identify inventories which are to be written down to the net realisable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records. An increase in write-down of inventories would increase the recorded cost of sales and decrease current assets.

8. Biological assets

	31 January 2021 Php'000	30 April 2020 Php'000
Livestock		
At beginning of the period/year	107,265	87,608
Purchases of livestock	40,153	58,617
Sales of livestock	(22,159)	(38,960)
At end of the period/year	<u>125,259</u>	<u>107,265</u>
	31 January 2021 Php'000	30 April 2020 Php'000
Agricultural produce		
At beginning of the period/year	1,300,529	1,368,032
Additions	505,371	494,604
Harvested	(1,026,710)	(562,107)
At end of the period/year	<u>779,190</u>	<u>1,300,529</u>
Fair value gain on produce prior to harvest	<u>1,649,511</u>	<u>1,775,669</u>
At end of the period/year	<u>2,428,701</u>	<u>3,076,198</u>
	31 January 2021 Php'000	30 April 2020 Php'000
Current	2,428,701	3,076,198
Noncurrent	125,259	107,265
Totals	<u>2,553,960</u>	<u>3,183,463</u>

9. Prepaid expenses and other current assets

	31 January 2021 Php'000	30 April 2020 PHP'000
Advances to suppliers	765,832	179,702
Input VAT – net	110,225	26,327
Prepaid taxes	76,803	49,700
Deferred transportation cost	56,900	37,411
Employee benefits	27,698	35,388
Short-term deposit	21,000	–
Land development costs	18,953	97,800
Others	32,891	77,137
	1,111,760	503,790

Advances to suppliers are down payments incurred by the Company for the purchase of materials and supplies that will be used for operations.

Input VAT pertain to prepayments made to regulatory authorities for the purchase of materials and supplies that will be used for manufacturing goods.

Prepaid taxes pertain to real property, local business, and excise taxes are paid in advance to regulatory authorities and are usually amortized within the next reporting period.

Deferred transportation cost pertains to advanced payment on delivery and transportation services and is normally incurred within the next financial period.

Employee benefits pertain to signing bonus, allowances and other fringe benefits granted to employees.

Short-term deposits pertain to commercial papers with a term of more than three months.

Land development costs pertain to prepayments on land development expenses that should be incurred within the financial year.

Other current assets consist of prepaid insurance, subscriptions, financial charges and membership dues.

10. Property, plant and equipment

Company Cost/Valuation	<----- At cost ----->					At appraised value	
	Buildings, land improvements and leasehold improvements Php'000	Machineries and equipment Php'000	Construction -in-progress Php'000	Bearer Plants Php'000	Right of use assets Php'000	Freehold land Php'000	Total Php'000
At 1 May 2020	2,599,815	11,310,024	597,724	18,207,559	3,762,302	610,232	37,087,656
Additions	4,822	61,579	257,763	3,901,137	126,014	—	4,351,315
Disposals	—	—	—	—	—	—	—
Write off – closed fields	—	(10,413)	—	(2,937,458)	—	—	(2,947,871)
Transfers/Adjustment	72,209	145,450	(217,659)	—	(311,570)	—	(311,570)
At 31 January 2021	<u>2,676,846</u>	<u>11,506,640</u>	<u>637,828</u>	<u>19,171,238</u>	<u>3,576,746</u>	<u>610,232</u>	<u>38,179,530</u>
At 1 May 2019	2,495,353	1,660,187	17,140,997	18,660,980	3,611,048	36,134,402	34,958,718
Additions	45,221	204,949	337,152	4,950,674	151,254	—	5,689,250
Disposals	(38,916)	(703,515)	—	—	—	—	(742,431)
Write off – closed fields	—	—	—	(2,968,731)	—	—	(2,968,731)
Revaluation	—	—	—	—	—	152,477	152,477
Transfers/Adjustment	98,157	555,025	(654,809)	—	—	—	(1,627)
At 30 April 2020	<u>2,599,815</u>	<u>1,716,646</u>	<u>16,823,340</u>	<u>20,642,923</u>	<u>3,762,302</u>	<u>36,286,879</u>	<u>37,087,656</u>
Accumulated depreciation and impairment losses							
At 1 May 2020	1,266,087	8,363,620	—	12,150,623	476,151	—	22,256,481
Charge for the year	102,020	473,194	—	2,674,602	340,069	—	3,589,885
Write off – closed fields	—	—	—	(2,937,458)	—	—	(2,937,458)
Disposals	—	(9,880)	—	—	—	—	(9,880)
Transfers/Adjustment	(175)	(1,980)	—	—	34,305	—	32,150
At 31 January 2021	<u>1,367,932</u>	<u>8,824,954</u>	<u>—</u>	<u>11,887,767</u>	<u>850,525</u>	<u>—</u>	<u>22,931,178</u>
At 1 May 2019	1,188,664	8,405,795	—	11,103,038	—	—	20,697,497
Charge for the year	115,357	654,106	—	4,016,316	476,151	—	5,261,930
Write off – closed fields	—	—	—	(2,968,731)	—	—	(2,968,731)
Disposals	(37,934)	(696,281)	—	—	—	—	(734,215)
At 30 April 2020	<u>1,266,087</u>	<u>8,363,620</u>	<u>—</u>	<u>12,150,623</u>	<u>476,151</u>	<u>—</u>	<u>22,256,481</u>
Carrying amounts							
At 31 January 2021	<u>1,308,914</u>	<u>2,681,686</u>	<u>637,828</u>	<u>7,283,471</u>	<u>2,726,221</u>	<u>610,232</u>	<u>15,248,352</u>
At 30 April 2020	<u>1,333,728</u>	<u>(6,646,974)</u>	<u>16,823,340</u>	<u>8,492,300</u>	<u>3,286,151</u>	<u>36,286,879</u>	<u>14,831,175</u>

11. Intangible asset

On 1 May 2020, Dewey Sdn. Bhd., assigned to PPMSC, various trademark which includes the “Del Monte” and “Today’s” trademarks for use in connection with processed foods in the Philippines.

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

12. Other noncurrent assets

	31 January 2021 Php'000	30 April 2020 Php'000
Deferred land development costs	552,651	441,709
Advance rent	366,634	361,133
Refundable deposits	99,869	95,824
Security deposits	-	312,966
Advances to suppliers	54,205	87,292
Deferred input VAT	30,539	37,571
Others	36,959	8,872
	<u>1,140,857</u>	<u>1,345,367</u>

Deferred land development costs are advanced payments for the preparation, maintenance and continuance of the life cycle of pineapple or papaya crops.

Advance rent pertains to payments related to lease contracts which will commence beyond one year from the reporting period.

Refundable rental deposits are deposits made under lease contracts entered by the Parent Company.

Security deposits pertain to payments made by NAI in connection with the Parent Company's intention to avail of the additional production capacity under the toll manufacturing agreement. The security deposit related to the tolling agreement for the additional capacity is finalized or in the event that the additional capacity does not materialize. On August 2020, the security deposit has been returned by NAI.

Advances to supplier represent advance payments made to cover capital expenditures of the Parent Company.

Deferred input VAT on capital goods represents input VAT on property and equipment that are to be amortized over its useful life or 5 years, whichever is shorter.

Other noncurrent assets pertain to deferred expenses expected to be amortized beyond one year from the next reporting period.

13. Loans and borrowings

	31 January 2021 Php'000	30 April 2020 Php'000
Current liabilities		
Unsecured bank loans	6,760,337	14,442,750
Secured bank loans	-	-
	<u>6,760,337</u>	<u>14,442,750</u>
Non-current liabilities		
Unsecured bank loans	-	-
Secured bank loans	2,978,160	-
	<u>2,978,160</u>	<u>-</u>
	<u>9,738,497</u>	<u>14,442,750</u>

Terms and debt repayment schedule

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

Company	Currency	Nominal interest rate % p. a.	Year of maturity	31 January 2021		30 April 2020	
				Face value Php'000	Carrying amount PHP'000	Face value PHP'000	Carrying amount PHP'000
Secured bank loans	PHP	4.42%	2023-2025	1,500,000	1,489,188	3,000,000	3,000,000
Secured bank loans	PHP	3.00%	2025	1,500,000	1,488,972	-	-
Unsecured bank loans	PHP	3.90%-4.13%	2020	4,270,000	4,270,000	7,580,000	7,580,000
Unsecured bank loans	USD	2.60%-3.00%	2020	2,490,337	2,490,337	3,862,750	3,862,750
				<u>9,760,337</u>	<u>9,738,497</u>	<u>14,442,750</u>	<u>14,442,750</u>

On August 3, 2020, the Company repaid Php 1,500,000 of the long-term loan through its existing short-term credit facility. On October 23, 2020 the Company has refinanced its Php1,500,000 loan payable over 9 equal quarterly installments with the first repayment date on August 3, 2023 and last repayment date on August 3, 2025.

The Company is compliant with its loan covenants as at 31 January 2021 and 30 April 2020.

Long Term Borrowings

Long-term Borrowings	Original Principal (In '000)	Outstanding Balance (In '000)	Interest Rate % p.a.	Year of Maturity	Payment Terms (e.g., annually, quarterly, etc.)	Interest paid
						1 May 2020 to 31 January 2021 (In '000)
BDO Long-term Loan	1,500,000	1,500,000	Higher of Libor or 4.125%	2023-2025	Quarterly interest payment and principal on maturity dates	Php 56,812
DBP Long-term Loan	1,500,000	1,500,000	Higher of Libor or 3.00%	2025	Interest payment and principal on maturity dates	Php 10,750

14. Trade and other current liabilities

	31 January 2021 Php'000	30 April 2020 Php'000
Accounts payable:		
Trade	4,034,661	3,369,598
Royalties	-	113,456
Nontrade	96,833	90,305
Due to related parties:	97,394	81,300
Accrued operating expenses:	-	-
Advertising, promotions and discounts	469,111	233,201
Salaries, bonuses and other employee benefits	208,267	139,576
Freight and warehousing	158,538	106,724
Payable to government agencies	117,667	145,367
Rental	109,728	173,727
Professional and outside services	121,918	161,049

Tinplate and consigned stocks	90,112	190,469
Capital expenditures	1,737	68,566
Others	248,385	168,717
	5,754,351	5,042,055

Trade payables are noninterest-bearing and are normally settled on 30 to 120-day terms.

Royalties payable are from the royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services (“ALCOR”). Royalties payable are noninterest-bearing and are paid and remitted within thirty (30) days after each calendar quarter, except the last quarter, which is made within fifteen (15) days after the issuance of the external auditor’s certificate verifying the amount of the Parent Company’s net sales for the period. On May 2020, the royalty agreement with ALCOR has been terminated completely.

With the assignment by Dewey Sdn. Bhd., to PPMSC of various trademarks including the “Del Monte” and “Today’s” trademarks, the Parent Company now pays royalties to PPMSC at 1% of net sales. The balance of royalty payable due to PPMSC is eliminated due to consolidation process.

Due to related parties are unsecured and noninterest-bearing purchases of services, rentals, toll pack and management services from related parties which are expected to be paid within the next fiscal year.

Accrued expenses are payable within the next fiscal year.

15. Bonds Payable

	31 January 2021 Php’000	30 April 2020 Php’000
Outstanding as of May 1, 2020	–	–
Additions	6,478,460	–
Amortisations	–	–
Outstanding as of January 31, 2021	6,478,460	–

The balance of unamortised debt issuance cost follows:

Outstanding as of May 1, 2020	–	–
Additions	104,466	–
Amortisations	8,027	–
Outstanding as of January 31, 2021	96,439	–

On October 30, 2020, the Parent Company issued peso-denominated fixed-rate bonds with an aggregate principal amount of Php 5,000,000,000 with an oversubscription option of up to Php 2,500,000,000, with the following series of the Bonds: (i) 3.4840% p.a. three-year fixed-rate bonds due 2023 and (ii) 3.7563% p.a. five-year fixed-rate bonds due 2025.

16. Profit for the period

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

	Note	Nine months ended 31 January	
		2021 Php'000	2020 Php'000
Provision (Reversal) for inventory obsolescence	7	81,890	141,129
Provision (Reversal) of allowance for doubtful receivables (trade)	6	(6,387)	(620)
Amortisation of right-of-use assets	22	340,069	328,592
Depreciation of property, plant and equipment	10	2,755,957	2,909,627

17. General and administrative expenses

This account consists of the following:

	Nine months ended 31 January	
	2021 Php'000	2020 Php'000
Personnel costs	320,446	290,475
Depreciation and amortization	99,755	90,774
Professional fees	44,793	41,864
Technology cost	42,122	40,360
Training and employee activities	26,216	62,386
Travel and transportation	18,287	33,453
Rent	13,195	11,469
Utilities	10,575	12,198
Supplies	9,027	6,336
Outside services	8,752	10,241
Taxes and insurance	3,399	3,439
Others	12,148	18,010
	608,715	621,005

18. Share capital

		31 January 2021		30 April 2020	
		No. of shares (‘000)	Php'000	No. of shares (‘000)	PHP'000
Authorised:					
Ordinary shares of	Php1.00 each	3,000,000	3,000,000	3,000,000	3,000,000
Preference shares of	Php1.00 each	-	-	-	-
		3,600,000	3,600,000	3,600,000	3,600,000
Issued and fully paid:					
Ordinary shares of	Php1.00 each	2,461,642	2,461,642	2,797,320	2,797,320
Preference shares of	Php1.00 each	335,678	335,678	-	-
		2,797,320	2,797,320	2,797,320	2,797,320

On March 23, 2018, the SEC approved the amendment of the Parent Company's articles of incorporation, which includes the conversion of preferred shares of the Parent Company into common shares, while retaining the authorized capital stock in the amount of three billion pesos (₱3,000,000,000)

On December 9, 2019, in a joint special meeting of the Board and stockholders of the Parent Company, the conversion of the authorized common shares amounting to ₱3,000,000,000 to common shares convertible to voting, participating RCPS was approved. The RCPS shall be convertible to common shares. The SEC approved the amendment of the Parent Company's articles of incorporation on February 11, 2020

The Parent Company declared stock dividends to preferred shareholders on January 22, 2018 and subsequently issued on February 6, 2018 amounting to ₱322,920 (3,229,200 shares at par value of ₱100 per share), which is 5% of the total par value for calendar year 2005 and for the period from calendar year 2008 up to fiscal year 2017.

On June 14, 2019, the Parent Company declared cash dividend of ₱4.93 per share to the holders of common shares of the Corporation as of close of business of June 21, 2019 amounting to ₱13,796,097. The payment was set off against the Parent Company's receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. on July 31, 2019 through a restructuring agreement.

On June 29, 2020, the Parent Company declared cash dividend of **0.9235** per share to the holders of common shares of the Corporation as of close of business of June 29, 2020 amounting to 2,583,325. The payment was partly remitted and the balance was set off against the Parent Company's receivables from S&W Fine Foods International Ltd, DMPL, DMS on July 31, 2020 through a restructuring agreement.

On August 03, 2020, the Company has amended its Articles of Incorporation to reflect the conversion of common shares per Share Purchase Agreement to RCPS.

On September 30, 2020, PPMSC declared cash dividend of ₱360 per share to the holders of common shares of the Corporation as of close of business of October 7, 2020 and was paid on March 2, 2021.

On December 16, 2020, CARI sold additional 27,973,200 common shares of the Company to Sea Diner Holdings Pte. Ltd. in consideration of \$10 Million Dollars.

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company'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 Company defines as profit or loss for the year divided by total shareholders' equity. The Board also monitors the level of dividends paid to ordinary shareholders.

The bank loans of the Company 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 Company's approach to capital management during the fiscal year.

19. Related parties

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Company if the Company 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 Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

as follows:

Category/ Transaction	Period	Amount of the transaction Php'000	Outstanding balance – receivables/ (payables) Php'000	Terms	Conditions
Ultimate Parent					
▪ Sales	January 2021	792	580	Due and demandable; non–interest bearing	Unsecured; no impairment
	April 2020	226	23		
▪ Purchases	January 2021	(2,205)	3,119	Due and demandable; non–interest bearing	Unsecured; no impairment
	April 2020	(10,287)	2,120		
▪ Advances and security deposits	January 2021	–	–	Due and demandable; non–interest bearing	Unsecured; no impairment
	April 2020	–	282,749		
▪ Services and other reimbursements	January 2021	10,416	12,721	non–interest bearing	Unsecured; no impairment
	April 2020	6,789	6,819		
Under Common Control					
▪ Sales	January 2021	3,058,333	2,069,307	Due and demandable; non–interest bearing	Unsecured; no impairment
	April 2020	3,317,114	2,879,403		
▪ Purchases and royalties	January 2021	(14,310)	(1,505)	Due and demandable; non–interest bearing	Unsecured no impairment
	April 2020	(135,852)	(121,848)		
▪ Advances	January 2021	9,099,109	1,540,547	Due and demandable; non–interest bearing	Unsecured no impairment
	April 2020	732,774	1,821,331		
▪ Services and other reimbursements	January 2021	(67,620)	(22,946)	Due and demandable; non–interest bearing	Unsecured no impairment
	April 2020	(1,204,765)	(27,647)		
Other Related Party					
▪ Sales	January 2021	151,109	114,712	Due and demandable; non–interest bearing	Unsecured; no impairment
	April 2020	114,712	127,123		
▪ Purchases	January 2021	(31,105)	(58,822)	Due and demandable; non–interest bearing	Unsecured no impairment
	April 2020	(5,751)	(27,717)		
▪ Rendering of services	January 2021	154	136	Due and demandable; non–interest bearing	Unsecured no impairment
	April 2020	107	77		
▪ Lease receivables	January 2021	145	3,337	Due and demandable; non–interest bearing	Unsecured no impairment
	April 2020	3,271	3,192		
▪ Rental of office space and common use area	January 2021	(89,960)	(14,120)	Due and demandable; non–interest bearing	Unsecured no impairment
	April 2020	(86,903)	(32,157)		
	January 2021	12,114,858	3,647,065		
	April 2020	2,731,436	4,913,513		

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Company's policy is to solicit competitive quotations. Purchases are normally awarded based on the lowest price.

Except for transactions identified in the previous section as interest-bearing, outstanding balances at financial reporting date are unsecured, interest-free and settlement occurs in cash and are collectible or payable on demand. As at 31 January 2021 and 30 April 2020, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties.

20. Accounting classification and fair values

Fair values versus carrying amounts

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

	Note	Financial assets at amortised cost Php'000	Derivatives Php'000	Other financial liabilities Php'000	Total carrying amount Php'000	Fair value Php'000
31 January 2021						
Cash and cash equivalents		1,226,421	—	—	1,226,421	1,226,421
Trade and other receivables		6,428,668	—	—	6,428,668	6,428,668
Notes receivables		—	—	—	—	—
Refundable deposits**		99,869	—	—	99,869	99,869
Short-term deposits		21,000	—	—	21,000	21,000
Derivative assets		—	—	—	—	—
		7,775,958	—	—	7,775,958	7,775,958
Loans and borrowings		—	—	9,738,497	9,738,497	9,738,497
Trade and other current liabilities*		—	—	5,754,351	5,754,351	5,754,351
Derivative liabilities		—	—	—	—	—
Bonds		—	—	6,382,021	6,382,021	6,382,021
		—	—	21,874,869	21,874,869	21,874,869
	Note	Financial assets at amortised cost Php'000	Derivatives Php'000	Other financial liabilities Php'000	Total carrying amount Php'000	Fair value Php'000
30 April 2020						
Cash and cash equivalents		1,170,916	—	—	1,170,916	1,170,916
Trade and other receivables		7,298,204	—	—	7,298,204	7,298,204
Notes receivables		—	—	—	—	—
Refundable deposits**		95,824	—	—	95,824	95,824
Derivative asset		—	—	—	—	—
		8,564,944	—	—	8,564,944	8,564,944

	Financial assets at amortised cost	Derivatives	Other financial liabilities	Total carrying amount	Fair value
Loans and borrowings	—	—	14,422,750	14,422,750	14,422,750
Trade and other current liabilities*	—	—	4,896,688	4,896,688	4,896,688
Bonds	—	—	—	—	—
	—	—	19,319,438	19,319,438	19,319,438

* excludes derivative liabilities, advances from customers, deferred revenue, withheld from employees (taxes and social security cost) and VAT payables

** included under advance rentals and deposits

21. Determination of fair values

Fair value hierarchy

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

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Company 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.

	Note	31 January 2021			
		Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets		—	—	—	—
Notes receivable		—	—	—	—
Non-financial assets					
Fair value of agricultural produce harvested under inventories		—	—	1,318,307	1,318,307
Fair value of growing produce		—	—	2,428,701	2,428,701
Freehold land		—	—	610,232	610,232
Financial liabilities					
Derivative liabilities		—	—	—	—
Lease liabilities		—	—	2,062,702	2,062,702
Loans and borrowings		—	—	9,738,497	9,738,497
Bonds		6,382,021	—	—	6,382,021

	Note	30 April 2020			
		Level 1	Level 2	Level 3	Totals
Financial assets					
Derivative assets		—	—	—	—
Notes receivable		—	—	—	—
Non-financial assets					
Fair value of agricultural produce					
harvested under inventories		—	—	1,367,856	1,367,856
Fair value of growing produce		—	—	3,076,198	3,076,198
Freehold land		—	—	610,232	610,232
Financial liabilities					
Derivative liabilities		—	—	—	—
Lease liabilities		—	—	2,636,372	2,636,372
Loans and borrowings		—	—	14,442,750	14,442,750

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.

Fair values of harvested and unharvested agricultural produce have been determined for measurement and/or disclosure purposes based on the following methods.

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 market prices, in both local and international markets at the point of harvest. The market price is based on the selling price of fresh fruits as sold in the local and international markets (Level 3).	The unobservable input is the estimated selling price of pineapple per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product (concentrates, pineapple beverages, sliced pineapples, etc.) adjusted for margin and associated costs related to production (Level 3).	The unobservable input is the estimated selling price of pineapple and gross margin per ton specific for processed products.
Unharvested crops – fruits growing on the bearer plants	The growing produce are measured at fair value from the time of maturity of the bearer plant until harvest. Management used estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest as the basis of fair value.	The unobservable inputs are estimated selling price of pineapple and gross margin per ton for fresh and processed products, respectively, estimated volume of harvest and future growing costs.

Significant increase (decrease) in the significant unobservable inputs of harvested crops sold as fresh fruit and harvested crop used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future selling price of pineapple, 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.

22. Leases

Company 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 Php'000	Land Php'000	Total Php'000
Cost/Valuation			
At 1 May 2020	1,175,684	2,586,618	3,762,302
Additions	126,014	–	126,014
Transfers/adjustments	–	(311,570)	(311,570)
At 31 January 2021	1,301,698	2,275,048	3,576,746
At 1 May 2019	–	–	–
Effect of adoption of IFRS 16	1,175,684	2,435,364	3,611,048
Additions	–	151,254	151,254
Disposals	–	–	–
At 30 April 2020	1,175,684	2,586,618	3,762,302
	Buildings, land improvements and leasehold improvements Php'000	Land Php'000	Total Php'000
At 1 May 2020	126,466	349,685	476,151
Amortisation	94,850	245,219	340,069
Transfers/adjustments	–	34,305	34,305
At 31 January 2021	221,316	626,209	850,525
At 1 May 2019	–	–	–
Amortisation	126,466	349,685	476,151
Disposals	–	–	–
At 30 April 2020	126,466	349,685	476,151
Carrying amounts			
At 31 January 2021	1,080,382	1,645,839	2,726,221
At 30 April 2020	1,049,218	2,236,933	3,286,151

The following are the amounts recognised in income statement for nine months ended 31 January:

	Php'000
Amortisation expense of right-of-use assets	340,069
Interest expense on lease liabilities	60,386
Expenses relating to short-term leases	456,646
Total amount recognised in statement of income	857,101

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	31 January 2021 Php'000	30 April 2020 Php'000
At the beginning of period/year	2,636,372	2,601,012
Additions	(7,873)	120,347
Adjustments/Transitions	(426,558)	
Accretion of interest	60,386	125,234
Payments	(199,625)	(210,221)
At the end of period/year	2,062,702	2,636,372
 Current	 235,401	 289,191
Non-current	1,827,301	2,347,181

23. Commitments and contingencies

a. Royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services ("ALCOR") provides for the payment of a royalty computed at 3% of net sales as defined in Section 8 of the License and Technical Assistance Agreement between the Parent Company and ALCOR. For the year 2021, starting May 1, 2020, Dewey Sdn. Bhd., assigned to PPMSC the various trademarks which includes the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines. With the assignment, the Parent Company now pays royalties to PPMSC. For the period ended January 31, 2021, royalty fees amounted to P142,102, which has been eliminated during consolidation process.

b. Royalty agreement with S&W Fine Foods International Limited and the Parent Company provides for the payment of royalty computed at 3% of list sales, effective May 1, 2019 and 0.5% of list sales, effective May 1, 2020 for 10 years. Royalty expense recognized under "Cost of Sales" account amounted to P12,987 and P127,643 as of Jan 2021 and Apr 2020.

c. Future capital expenditures based on approved budgets and executable contracts are as follows:

Amounts approved by the board	130,691
Commitments in respect of contracts made	624,808
Total capex commitments	755,499

d. There are lawsuits, tax assessments and certain claims arising out of the normal course of business. Management, in consultation with legal counsel, believes that the resolution of these

contingencies, other than those already with provision, will not have a material effect on the consolidated financial statements.

e. With regard to Final Tax Assessments for calendar years 2011-2013 that has been paid on February 1, 2017, an enquiry in aid of legislation was initiated by the House of Representatives in July 2017 on the alleged substantial disparity between the amount of deficiency tax liabilities assessed by the BIR and the final payment made by the Parent Company.

The Company has a pending case for decision of the Court of Tax En Banc (CTA EB) pertaining to deficiency tax assessment covering taxable year 2013 amounting ₱6,796. As at January 31, 2021, the Company continues to cooperate with the Court of Tax Appeals by submitting all the requested documents and information explaining how the Preliminary Assessment Notices for 2013 were rebutted. As at the same date, the case is pending resolution.

24. Earnings (loss) per share

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

	Nine months ended 31 January	
	2021	2020
Basic profit/loss per share is based on:		
Profit (loss) attributable to owners of the Company	3,480,057	2,873,378
Cumulative preference share dividends	—	—
	3,480,058	2,873,378
Basic weighted average number of ordinary shares ('000):		
Weighted average ordinary shares	2,573,534	2,797,320
Effect of shares awards granted	—	—
Weighted average number of ordinary shares at end of period (basic)	2,573,534	2,797,320
Basic profit per share	1.35	1.03

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

	Nine months ended 31 January	
	2021	2020
Diluted profit per share is based on:		
Profit (loss) attributable to owners of the Company	3,480,057	2,873,378
Cumulative preference share dividends	—	—
	3,480,985	2,873,378
Diluted weighted average number of shares ('000):		
Weighted average number of ordinary shares (basic)	2,573,534	2,797,320
Convertible preference shares	335,678	—
Weighted average number of ordinary issued (diluted)	2,909,212	2,797,320
Diluted profit per share	1.20	1.03

25. Operating segments

For management purposes, the Company is organized into segment based on its products and geographical location as follows:

Geographical segment

- Americas. Reported under Americas segment are sales and profit in North and South America and Canada. Majority of this segment's sales are principally sold under the Del Monte brand.
- Europe. Reported under Europe segment are sales and profit mainly in France, Germany and Netherlands. Included in Europe segment are sales of unbranded products.
- Asia Pacific. Reported under Asia Pacific are sales and profit mainly in China, Singapore, Japan and South Korea. Majority of this segment's sales are principally sold under the S&W and Del Monte branded products.
- Philippines. Included in Philippine segment are sales comprising primarily of Del Monte branded products, Today's, S&W products.

Product segment

- Packaged fruit. The packaged fruit segment includes sales and profit of processed fruit products under the Del Monte and S&W brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag.
- Beverage. Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can, tetra and PET packaging, and pineapple juice concentrate.
- Culinary. Culinary includes sales and profit of packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments under Del Monte and S&W.
- 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.

The BOD (Chief Operating Decision Maker) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The amounts of segment assets and liabilities, and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets, liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS.

Del Monte Philippines, Inc. and its Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
As of 31 January 2021 and for the periods ended 31 January 2021 and 2020

Information about reportable segments

	Nine months ended 31 January 2021			Nine months ended 31 January 2020		
	Php'000	Php'000	Php'000	Php'000	Php'000	Php'000
	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated
Revenues						
Beverage	5,727,292	-	5,727,292	5,858,700	-	5,858,700
Packaged fruit	7,124,680	-	7,124,680	6,609,978	-	6,609,978
Culinary	6,188,169	-	6,188,169	5,250,041	-	5,250,041
Fresh fruit and others	5,095,254	(336,486)	4,758,767	4,901,047	(121,961)	4,779,086
Changes in fair value – PAS 41	1,843,091	-	1,843,091	2,202,466	-	2,202,466
Total	25,798,486	(336,486)	25,641,999	24,822,232	(121,961)	24,700,271
Gross income						-
Beverage	1,649,492	-	1,649,492	1,248,098	-	1,248,098
Packaged fruit	1,787,641	-	1,787,641	1,422,396	-	1,422,396
Culinary	2,558,111	-	2,558,111	1,819,912	-	1,819,912
Fresh fruit and others	1,974,486	-	1,974,486	2,112,963	-	2,112,502
Changes in fair value - PAS 41	(59,986)	-	(59,986)	216,706	-	216,706
Total	7,909,744	-	7,909,744	6,820,075	-	6,820,075
Income before income tax						
Beverage	707,136	-	707,136	311,351	-	311,351
Packaged fruit	950,887	-	950,887	609,031	-	609,031
Culinary	1,610,878	-	1,610,878	926,256	-	926,256
Fresh fruit and others	1,053,442	-	1,053,442	1,313,625	-	1,839,857
Changes in fair value - PAS 41	(59,986)	-	(59,986)	216,706	-	216,706
Total	4,262,357	-	4,262,357	3,376,969	-	3,376,969

26. Share Purchase Agreement and Shareholder's Agreement with Sea Diner Holdings (S) Pte. Ltd.

On 24 January 2020, the DMPL, Central American Resources, Inc (“CARI”), the Parent Company and SEA Diner, a company incorporated in Singapore, entered into a Share Purchase Agreement and Shareholders’ Agreement whereby CARI will sell 335,678,400 existing common shares equivalent to 12% ownership interest in the Parent Company to SEA Diner, subject to fulfilment of certain conditions precedent. These common shares are convertible to voting, convertible, participating and redeemable preference shares (“RCPS”) of the Parent Company.

The Board and the stockholders of the Parent Company 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 the Parent Company had fulfilled the conditions precedent under the Share Purchase Agreement. The closing date of the agreement is on 20 May 2020.

Terms of the RCPS

The terms of the RCPS are as follow:

- 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.
- The investor as an RCPS holder will have proportional shareholder voting rights in the Parent Company 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.
- SEA Diner, as long as it holds RCPS, may, at any time, exercise its right to convert the RCPS into common shares of the Parent Company 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 the Parent Company.
- Upon the occurrence of any of certain agreed “RCPS Default Events”, SEA Diner may require the Company, CARI or the Parent Company 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.
- In case of “Other Redemption Events”, redemption shall be subject to the mutual agreement of the parties. If the Parent Company 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.

Call Option Agreement

On 24 January 2020, DMPL, CARI, the Parent Company and SEA Diner entered into a call option agreement wherein SEA Diner is entitled to a call option which gives SEA Diner the

right to buy from CARI additional shares of the Parent Company (“Option Shares”). The exercise price for each Option Share is Php 0.357 (computed based on the Parent Company’s equity valuation of PHP1 billion / existing total issued share capital of the Parent Company’s shares of 2,797,320,003 as at the date of the Agreement). The call option is consummated on or before 30 April 2022 and ending on the earliest of 10 years after the closing date, the date falling 5 years after the date which an IPO of the Parent Company was consummated and the date when SEA Diner receives an amount respect of a redemption of its shares.

On December 16, 2020, CARI sold additional 27,973,200 common shares of the Company to Sea Diner Holdings Pte. Ltd. in consideration of \$10 Million Dollars.

27. Events after the Reporting Period

On March 3, 2021, the BOD has approved the interim cash dividend of P0.9013 per share to holders of shares of the Parent Company as of close business of March 15, 2021. Total cash dividend payment amounting to P2,521,225 was paid on March 16, 2021.

28. Other Matters

- a. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company’s liquidity.
- b. There were no known trends, events or uncertainties that have had or that are reasonably expected to have a favourable or unfavourable impact on net sales or revenues or income from continuing operations.
- c. There were no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation and there were no changes in contingent liabilities and contingent assets since the last annual statements of financial position date.
- d. There were no material off-statements of financial position transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.
- e. The effects of seasonality or cyclicity on the interim operations of the Company’s businesses are explained in Note 4, Seasonality of operations.
- f. The Company’s material commitments for capital expenditure projects have been approved but are still ongoing and not yet completed as of end of 31 January 2021. These consist of construction, acquisition, upgrade or repair of fixed assets needed for normal operations of the business. The said projects will be carried forward to the next quarter until its completion. The fund to be used for these projects will come from available cash, short and long-term loans.
- g. The Company is the subject of, or a party to, various suits and pending or threatened litigations. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that none of these legal proceedings will have a material adverse effect on its financial position.

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

Annex A

Key Performance Indicators

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

A. Current Ratio

	31-Jan-21	31-Jan-20	30-Apr-20	Benchmark
Current Ratio	1.26	0.99	0.84	Minimum of 1.20

Higher compared to April 2020 due to payments of current liabilities.

B. Debt to Equity

	31-Jan-21	31-Jan-20	30-Apr-20	Benchmark
Debt to Equity	2.03	2.24	2.04	Maximum of 2.50

Higher compared to April 2020 due to increase in long-term liabilities arising from issuance of bonds payable.

C. Net Profit Margin

	31-Jan-21	31-Jan-20	30-Apr-20	Benchmark
Net Profit Margin attributable to owners of the company	13.58%	11.63%	10.88%	Minimum of 3%

Higher gross margin due to decrease of cost of sales.

D. Return on Asset

	31-Jan-21	31-Jan-20	30-Apr-20	Benchmark
Return on Asset	12.82%	11.35%	10.35%	Minimum of 1.21

Higher margin resulting from higher net income compared to prior year.

E. Return on Equity

	31-Jan-21	31-Jan-20	30-Apr-20	Benchmark
Return on Equity	38.85%	36.79%	31.44%	Minimum of 8%

Higher margin resulting from higher net income compared to prior year.

Material Changes in Accounts

A. Trade and other receivables

Decrease due to collection of various intercompany receivables

B. Intangible assets

Increase due to reclassification of trademark

C. Loans and borrowings

Increase due to additional long-term loans

D. Bonds payable

Increase due to issuance of bonds payable

Liquidity and Covenant Compliance

Certain unsecured bank loan agreements contain various covenants that are typical of these types of facilities such as financial covenants relating to required debt-to-equity ratio, interest cover, and maximum annual capital expenditure restrictions.

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

As at 31 January 2021 and 30 April 2020, the Company is in compliance with the covenants stipulated in its loan agreements.

Annex B

DEL MONTE PHILIPPINES, INC.

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	For the nine months ended	
		January 31, 2021	January 31, 2020
(i) Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	1.26	0.99
Quick Ratio	(Current Assets - Inventory - Prepaid expense - Biological - Assets held for sale) / Current Liabilities	0.60	0.42
(ii) Solvency Ratio	Total Assets / Total Debt*	1.51	1.45
Financial Leverage Ratios:			
Debt Ratio	Total Debt*/Total Assets	0.66	0.69
Debt-to-Equity Ratio	Total Debt*/Total Stockholders' Equity	2.03	2.24
(iii) Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	3.03	3.24
(iv) Interest Coverage	Earnings Before Interest and Taxes (EBIT)** / Interest Charges	9.81	8.79
(v) Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	30.85%	27.61%
Net Profit Margin attributable to owners of the company	Net Profit attributable to owners / Sales	13.58%	11.63%
Net Profit Margin	Net Profit / Sales	13.58%	11.63%
Return on Assets	Net Income / Total Assets	12.82%	11.35%
Return on Equity	Net Income / Total Stockholders' Equity	38.85%	36.79%

* Total Debt refers to total liabilities which composed of financial liabilities, trade payables, accrued expenses, and other liabilities.

EBIT = Profit before interest and taxes plus finance expenses excluding foreign exchange gain/loss

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	0	0	0	0	0	0	1	1	2
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COMPANY NAME

D	E	L		M	O	N	T	E		P	H	I	L	I	P	P	I	N	E	S	,		I	N	C	.		A	N
D		S	U	B	S	I	D	I	A	R	I	E	S																

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

J	Y		C	A	M	P	O	S		C	E	N	T	R	E	,		9	T	H		A	V	E	N	U	E		C
O	R	N	E	R		3	0	T	H		S	T	R	E	E	T	,		B	O	N	I	F	A	C	I	O		G
L	O	B	A	L		C	I	T	Y	,		T	A	G	U	I	G		C	I	T	Y							

Form Type

A	A	C	F	S
---	---	---	---	---

Department requiring the report

S	E	C	
---	---	---	--

Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

(088) 855-4312

Mobile Number

N/A

No. of Stockholders

8

Annual Meeting (Month / Day)

September 3

Fiscal Year (Month / Day)

April 30

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Parag Sachdeva

Email Address

SachdevaP@delmonte-phil.com

Telephone Number/s

(088) 855-4312

Mobile Number

N/A

CONTACT PERSON's ADDRESS

JY Campos Center, 9th Avenue corner 30th Street, Fort Bonifacio, Taguig City, Philippines

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

Opinion

We have audited the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), which comprise the consolidated statements of financial position as at April 30, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended April 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2020 and 2019 and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended April 30, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

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 Consolidated Financial Statements* section of our report. We are independent of the Company 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 consolidated 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.

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

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

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

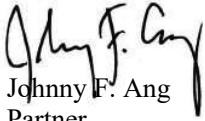
As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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.

SYCIP GORRES VELAYO & CO.



Johnny F. Ang
Partner

CPA Certificate No. 0108257

SEC Accreditation No. 1284-AR-2 (Group A),

May 16, 2019, valid until May 15, 2022

Tax Identification No. 221-717-423

BIR Accreditation No. 08-001998-101-2018,

November 6, 2018, valid until November 5, 2021

PTR No. 8131119, January 9, 2020, Makati City

August 3, 2020





Del Monte Philippines, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Del Monte Philippines, Inc. and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the fiscal period ended April 30, 2020, April 30, 2019 and April 30, 2018 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

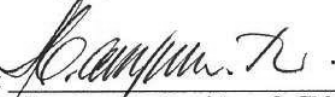
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: 
Rolando C. Gapud, Chairman

Signature: 
Joselito D. Campos, Jr., President & Chief Executive Officer

Signature: 
Parag Sachdeva, Chief Financial Officer & Treasurer

Signed this 4th day of August, 2020



REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 12th day of August, 2020, in the City of Makati, by
the affiant who exhibited to me the following -

Name	Competent Evidence of Identity	Date and Place of Issue/ Expiry Date
Joselito D. Campos, Jr.	Passport No. P0033661A	24 Aug 2016 / DFA-Manila/ valid until 23 Aug 2021
Parag Sachdeva	Passport No. Z4816522	16 May 2018/Manila/ valid until 15 May 2028

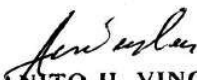
Witness my hand and seal on the date and place first above-written.

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Page No: 44

Book No: 24

Series of 2020.


JUANITO H. VINCULADO
NOTARY PUBLIC Until Dec. 31, 2021
PTR 11891764 J, Las Piñas, 1/3/20
IBP 090636, 8/15/19 for 2020, PPLM
Roll No. 41092/ MCLE VI-0019646 up to 4/14/
Notarial Appt. No. M-49, 1/17/20, Makati Ci
No. 7, Ipil Road, Forbes Park, makati City
CP No. 0916-420-3253

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	April 30	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 32 and 33)	₱1,170,916	₱563,934
Receivables (Notes 6, 31, 32 and 33)	7,298,204	15,563,093
Inventories (Notes 7, 17 and 25)	4,645,327	5,953,401
Biological assets (Note 8)	3,076,198	2,717,316
Prepaid expenses and other current assets (Notes 3 and 10)	503,790	900,571
Total Current Assets	16,694,435	25,698,315
Noncurrent Assets		
Biological assets (Note 8)	107,265	87,608
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 9, 32 and 33)	13,058	12,055
Investment properties (Note 11)	206,185	194,683
Property, plant and equipment (Note 12)	14,831,175	10,650,173
Receivable - noncurrent (Notes 3 and 35)	3,108	—
Net retirement benefits asset (Note 30)	336,729	429,270
Deferred tax assets - net (Notes 3 and 26)	329	1,917
Other noncurrent assets (Notes 3, 13, 32 and 33)	1,345,367	1,573,247
Total Noncurrent Assets	16,843,216	12,948,953
	₱33,537,651	₱38,647,268
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term notes payable (Notes 14, 32 and 33)	₱11,442,750	₱9,836,102
Accounts payable and accrued expenses (Notes 16, 31, 32 and 33)	5,042,055	4,077,535
Current portion of:		
Long-term notes payable (Notes 15, 32 and 33)	3,000,000	—
Lease liabilities (Notes 3 and 35)	289,191	—
Income tax payable (Note 26)	226,415	40,965
Total Current Liabilities	20,000,411	13,954,602
Noncurrent Liabilities		
Long-term notes payable - net of current portion (Notes 15, 32 and 33)	—	3,000,000
Deferred tax liabilities - net (Notes 3 and 26)	141,956	174,466
Lease liabilities - net of current portion (Notes 3 and 35)	2,347,181	—
Other noncurrent liabilities (Note 3)	—	124,945
Total Noncurrent Liabilities	2,489,137	3,299,411
Total Liabilities	22,489,548	17,254,013
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 27)	2,797,320	2,797,320
Other reserves (Notes 9, 12 and 30)	265,866	184,570
Retained earnings:		
Appropriated (Note 29)	2,796,541	15,698,000
Unappropriated (Notes 3, 29 and 35)	5,180,226	2,705,162
	11,039,953	21,385,052
Non-controlling interest	8,150	8,203
Total Equity	11,048,103	21,393,255
	₱33,537,651	₱38,647,268

See accompanying Notes to the Consolidated Financial Statements.



DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Years Ended April 30		
	2020	2019	2018
REVENUES (Notes 21 and 31)	₱31,916,290	₱28,761,553	₱27,563,751
COST OF SALES (Note 17)	(23,384,240)	(22,010,168)	(21,003,569)
GROSS INCOME	8,532,050	6,751,385	6,560,182
DISTRIBUTION AND SELLING EXPENSES (Note 18)	(3,208,291)	(2,706,598)	(2,747,585)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 19)	(817,432)	(778,716)	(845,133)
FINANCE COST (Note 20)	(695,161)	(498,046)	(399,017)
FOREIGN EXCHANGE GAIN - net (Note 32)	163,311	45,497	200,002
INTEREST INCOME	19,187	29,884	24,903
OTHER INCOME (Note 22)	226,802	298,423	380,543
OTHER EXPENSE (Note 23)	(122,291)	(82,246)	(94,392)
INCOME BEFORE INCOME TAX	4,098,175	3,059,583	3,079,503
INCOME TAX EXPENSE (Note 26)			
Current	655,980	466,349	436,621
Deferred	(31,417)	14,489	71,855
	624,563	480,838	508,476
NET INCOME	3,473,612	2,578,745	2,571,027
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will never be reclassified to profit or loss			
Revaluation of land (Note 12)	152,477	—	—
Remeasurement gain (loss) on retirement liability (Note 30)	(37,539)	(154,850)	301,759
Unrealized gain (loss) on change in fair value of financial assets at FVOCI (Note 9)	1,003	(11)	—
Income tax effect	(34,645)	46,470	(90,528)
	81,296	(108,391)	211,231
Items that will be reclassified to profit or loss			
Unrealized gain on change in fair value of available-for-sale financial assets	—	—	4,134
Income tax effect	—	—	(967)
	—	—	3,167
	81,296	(108,391)	214,398
TOTAL COMPREHENSIVE INCOME	₱3,554,908	₱2,470,354	₱2,785,425
Total Net Income (Loss) Attributable To			
Equity holders of the Parent Company	₱3,473,665	₱2,578,863	₱2,571,269
Non-controlling interests	(53)	(118)	(242)
	₱3,473,612	₱2,578,745	₱2,571,027

(Forward)



	Years Ended April 30		
	2020	2019	2018
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	₱3,554,961	₱2,470,472	₱2,785,667
Non-controlling interests	(53)	(118)	(242)
	₱3,554,908	₱2,470,354	₱2,785,425
Earnings Per Common Share – Attributable to Equity			
Holders of the Parent (Note 39)	₱1.24	₱0.92	₱1.33

See accompanying Notes to the Consolidated Financial Statements.



DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)

	Capital Stock		Other Reserves					Retained Earnings			
	Preferred (Note 27)	Convertible Common (Note 27)	Common (Note 27)	Remeasurement of Retirement Benefit Liability (Note 30)	Land Surplus (Note 12)	Fair Value Reserves on Financial Asset At FVOCI (Note 9)	AFS Financial Assets	Appropriated (Note 29)	Unappropriated (Notes 28 and 29)	Non-Controlling Interest	Total Equity
As at May 1, 2019, as previously stated	₱ –	₱ –	₱2,797,320	₱145,666	₱320,358	₱9,878	₱ –	₱15,698,000	₱2,705,162	₱8,203	₱21,393,255
Effect of adoption of PFRS 16 (Note 3)	–	–	–	(145,666)	320,358	9,878	–	15,698,000	2,601,199	8,203	21,289,292
As at May 1, 2019, as adjusted	–	–	2,797,320	(145,666)	320,358	9,878	–	15,698,000	2,601,199	8,203	21,289,292
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–
Other comprehensive income (loss) during the year - net of tax	–	–	–	(26,277)	106,734	839	–	–	–	–	81,296
Net income (loss) for the year	–	–	–	(26,277)	106,734	839	–	–	3,473,665	(53)	3,473,612
Total comprehensive income (loss) for the year	–	–	–	(26,277)	106,734	839	–	–	3,473,665	(53)	3,554,908
Reversal of appropriations (Note 29)	–	–	–	–	–	–	–	(15,695,000)	15,695,000	–	–
Cash dividend (Note 28)	–	–	–	–	–	–	–	–	(13,796,097)	–	(13,796,097)
Conversion of common stock to convertible common stock	–	2,797,320	(2,797,320)	–	–	–	–	–	–	–	–
Appropriations (Note 29)	–	–	–	–	–	–	–	2,793,541	(2,793,541)	–	–
As at April 30, 2020	₱ –	₱2,797,320	₱ –	₱171,943	₱427,092	₱10,717	₱ –	₱2,796,541	₱5,180,226	₱8,150	₱11,048,103
As at May 1, 2018, as previously stated	₱ –	₱ –	₱2,797,320	₱37,271	₱320,358	₱ –	₱9,874	₱10,903,000	₱4,921,299	₱8,321	₱18,922,901
Effect of reclassification adjustment arising from adoption of PFRS 9	–	–	–	–	–	9,874	(9,874)	–	–	–	–
As at May 1, 2018, as adjusted	–	–	2,797,320	(37,271)	320,358	9,874	–	10,903,000	4,921,299	8,321	18,922,901
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–
Other comprehensive income (loss) during the year - net of tax	–	–	–	(108,395)	–	4	–	–	2,578,863	(18)	(108,391)
Net income (loss) for the year	–	–	–	(108,395)	–	4	–	–	2,578,863	(18)	2,578,745
Total comprehensive income (loss) for the year	–	–	–	(108,395)	–	4	–	–	2,578,863	(18)	2,470,354
Appropriations (Note 29)	–	–	–	–	–	–	–	4,795,000	(4,795,000)	–	–
As at April 30, 2019	₱ –	₱ –	₱2,797,320	₱145,666	₱320,358	₱9,878	₱ –	₱15,698,000	₱2,705,162	₱8,203	₱21,393,255
As at May 1, 2017	₱638,400	₱ –	₱1,836,000	₱248,502	₱320,358	₱ –	₱6,707	₱10,903,000	₱2,672,950	₱8,563	₱16,137,476
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	–	–
Other comprehensive income during the year - net of tax	–	–	–	211,231	–	–	3,167	–	2,571,369	(242)	214,398
Net income (loss) for the year	–	–	–	211,231	–	–	3,167	–	2,571,369	(242)	2,785,425
Total comprehensive income (loss) for the year	–	–	–	211,231	–	–	3,167	–	2,571,369	(242)	2,785,425
Issuance of stock dividend (Note 28)	322,920	–	–	–	–	–	–	–	(322,920)	–	–
Conversion of preferred stocks to common stocks (Note 27)	(961,320)	–	961,320	–	–	–	–	–	–	–	–
As at April 30, 2018	₱ –	₱ –	₱2,797,320	₱37,271	₱320,358	₱ –	₱9,874	₱10,903,000	₱4,921,299	₱8,321	₱18,922,901

See accompanying Notes to the Consolidated Financial Statements.



DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS***(In Thousands)*

	Years Ended April 30		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱4,098,175	₱3,059,583	₱3,079,503
Adjustments for:			
Depreciation and amortization (Notes 11, 12 and 25)	5,280,499	4,484,526	4,719,356
Interest expense (Note 20)	589,665	400,166	309,052
Net retirement benefit expense (Note 30)	85,330	47,801	135,940
Unrealized foreign exchange gains (loss) - net (Note 32)	51,956	(196,845)	(485,808)
Interest income	(19,187)	(29,884)	(24,903)
Gain on sale of property, plant and equipment	(1,891)	(1,445)	(1,805)
Operating income before working capital changes	10,084,547	7,763,902	7,731,335
Decrease (increase) in:			
Receivables (Notes 6 and 31)	(3,979,552)	625,294	(2,029,507)
Inventories (Note 7)	1,308,074	452,170	(1,054,113)
Biological assets (Note 8)	(378,539)	(549,740)	(27,886)
Prepaid expenses and other current assets (Note 10)	23,118	(249,739)	119,850
Increase (decrease) in:			
Accounts payable and accrued expenses (Note 16)	(1,099,893)	(849,872)	(405,897)
Other noncurrent liabilities	—	3,772	3,902
Cash generated from operations	5,957,755	7,195,787	4,337,684
Interest received	19,388	30,837	23,786
Contributions paid to pension plan (Note 30)	(26,729)	(86,788)	(107,615)
Income taxes paid	(337,139)	(490,540)	(392,602)
Net cash provided by operating activities	5,613,275	6,649,296	3,861,253
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Notes 12 and 38)	(5,445,646)	(5,166,560)	(5,734,654)
Movement in other noncurrent assets (Note 13)	(429,639)	(84,154)	(264,426)
Proceeds from sale of property and equipment	10,107	4,663	3,791
Net cash used in investing activities	(5,865,178)	(5,246,051)	(5,995,289)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of notes payable (Notes 14 and 38)	161,839,072	147,444,848	158,212,974
Payments of notes payable (Notes 14 and 38)	(160,206,051)	(148,645,061)	(155,876,325)
Interest paid (Notes 14, 15 and 38)	(557,053)	(402,660)	(304,097)
Payment of principal portion of lease liabilities (Notes 35 and 38)	(210,221)	—	—
Net cash flows provided by (used in) financing activities	865,747	(1,602,873)	2,032,552
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(6,862)	(1,104)	(654)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	606,982	(200,732)	(102,138)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	563,934	764,666	866,804
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱1,170,916	₱563,934	₱764,666

See accompanying Notes to the Consolidated Financial Statements.



DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands except Par Value, Earnings per Share and Number of Shares)

1. Reporting Entity

Del Monte Philippines, Inc. (“DMPI” or the “Parent Company”), was incorporated in the Philippines on January 11, 1926. On September 13, 1963, the Board of Directors (the “Board”) amended the Parent Company’s Articles of Incorporation to extend its life for another 50 years from January 11, 1976. On February 23, 1966, the Philippine Securities and Exchange Commission (“SEC”) approved the extension of the Parent Company’s corporate life up to January 10, 2026. The Parent Company’s principal activities are growing, processing and distribution of food products mainly under the brand names “Del Monte”, “Today’s” and “S&W”.

The Parent Company is a subsidiary of Central American Resources, Inc. (“CARI”), a company incorporated in Panama. The intermediate parent company is Del Monte Pacific Ltd. (“DMPL”), a company incorporated in the British Virgin Islands and a listed entity in the Singapore Exchange Securities Trading Limited and the Philippine Stock Exchange. The ultimate parent of DMPI is NutriAsia Inc (BVI), which is also incorporated in the British Virgin Islands.

The Parent Company’s cannery operation is registered with the Philippine Economic Zone Authority (“PEZA”) at the Philippine Packing Agricultural Export Processing Zone (“PPAEPZ”) as an Ecozone Export Enterprise under Certificate of Registration No. 05-34F which was approved on December 3, 2007 (see Note 37). On October 12, 2015, Certificate of Registration No. 07-68 was approved for the registration of the Parent Company’s additional activity, particularly the Fresh Fruit Processing Project at the Bukidnon Agro-Resource Export Zone (BAREZ) in Manolo Fortich, Bukidnon (see Note 37).

The Parent Company’s registered address is JY Campos Centre (JYCC), 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City.

The Parent Company and its subsidiaries (collectively referred to as the “Company”) are all incorporated in the Philippines. The principal activities of the Parent Company’s subsidiaries are as follows:

Name of subsidiary	Principal Place of Business	Principal Activities	Effective equity held by DMPI	
			April 30, 2020	April 30, 2019
Philippines Packing Management Services Corporation (PPMSC)	Philippines	Management, logistics and support services	100%	100%
Del Monte Txanton Distribution Inc. (DMTDI)*	Philippines	Trading, selling and distributing food, beverages and other related products	40%	40%

**Considered as subsidiary although the Parent Company owns less than the majority of the equity interest since the Parent Company is able to direct DMTDI’s relevant activities by having majority seats in the Board and having key management personnel of the Parent Company serving the same positions in DMTDI.*

On April 22, 2019, at a joint special meeting, the Board and stockholders of DMTDI authorized the dissolution and liquidation of the Corporation by shortening its corporate term. As at April 30, 2020, the application for the dissolution and liquidation is yet to be submitted with the SEC due to certain regulatory and documentary requirements.



The consolidated financial statements were approved and authorized for issuance by the Board on August 3, 2020.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). PFRSs also includes Philippine Accounting Standards (PAS) and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

Basis of Measurement

The consolidated financial statements of the Company have been prepared on a historical cost basis, except for the following items which are measured on the following basis at each reporting date:

- Financial instruments at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Land under “Property, plant and equipment” account is measured at revalued amount;
- Biological assets are measured at fair value less cost to sell, except for those whose fair value cannot be measured reliably, have no active markets or no similar assets are available in the relevant market. In such cases, these biological assets are stated at cost; and
- Retirement benefits asset/liability is measured at the net total of the fair value of the plan assets less the present value of the defined benefit obligation.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is also the Company’s functional currency. All amounts have been rounded off to the nearest thousand (₱000), unless otherwise indicated.

Basis of Consolidation

Subsidiaries are entities controlled by the Parent Company. The Parent Company controls an investee if and only if the Parent 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 Parent Company has less than majority of the voting rights or similar rights to an investee, the Parent 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 Parent Company’s voting rights and potential voting rights.

The Parent Company re-assesses 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 obtained by the Parent Company and cease to be consolidated from the date the Parent Company loses control over the subsidiaries. Assets, liabilities, income and



expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent 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 Parent 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 in line with the Parent Company's accounting policies. All significant 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.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately from equity attributable to equity holders of the Parent Company in the consolidated financial statements. This includes non-controlling equity interests in DMTDI.

Loss of control

If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any noncontrolling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

Transactions Eliminated on Consolidation

Intra-company balances and transactions, and any unrealized income or expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Parent Company'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.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements except for the adoption of the following new standards, interpretations, and amendments to existing standards that are effective May 1, 2019.

The following interpretations and accounting policies did not have a significant impact on the financial position or performance of the Company, unless otherwise indicated.

- PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The new standard sets out the principles for the recognition, measurement,



presentation and disclosure of leases and requires lessees to recognize most leases in the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from the prescribed accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two (2) types of leases: operating and finance leases. PFRS 16 requires lessees and lessors to make more extensive disclosures than under PAS 17.

The Company adopted PFRS 16 using the modified retrospective approach and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The effect of adoption PFRS 16 as at May 1, 2019 is, as follows:

	<u>Increase (decrease)</u>
Asset	
Prepayments and other current assets	(P368,828)
Investment properties	28,444
Property, plant and equipment	3,611,048
Receivables	3,271
Deferred tax assets - net	(839)
Other noncurrent assets	(936,297)
Net impact in total assets	P2,336,799
Liabilities	
Lease liabilities	P2,601,012
Other noncurrent liabilities	(124,945)
Deferred tax liabilities - net	(35,305)
Equity:	
Retained earnings	(103,963)
Net impact in total liabilities and equity	P2,336,799

The Company has lease contracts for various items of farm land, industrial land, office building, warehouses, equipment and machineries such as racking system, pallets and lift trucks. Prior to the adoption of PFRS 16, the Company classified each of its leases (as lessee) at the inception date as operating leases. The Company also enters into a sublease arrangement with Nice Fruit S&W Philippines, Inc. (NFSWPI) as a lessee and prior to the adoption of PFRS 16 accounts for this sublease as an operating lease.

Upon adoption of PFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The Company also classified its sublease arrangement by reference to the right-of-use asset arising from the head lease either as a finance or operating lease.

Leases previously accounted for as operating leases

The Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets on lease agreements of office buildings and warehouses were recognized based on the carrying amount as if the standard had always been applied, apart from the use of



incremental borrowing rate (IBR) at the date of initial application. For land leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments outstanding at the date of transition. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the following practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The adoption of PFRS 16 had an impact on total equity as at May 1, 2019 since the Company elected to measure right-of-use assets on certain lease agreements on office building and improvement, included as part of right-of-use assets - building and improvements under “Property, plant and equipment” and “Investment property” accounts using the modified retrospective approach wherein the right-of-use assets are measured at carrying amount as if the standard had been applied since the commencement date and lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The resulting difference between right-of-use assets and lease liabilities was closed to retained earnings. The difference between the net investment in the lease recognized from the sublease arrangement and the right-of-use derecognized from the head lease was also closed to retained earnings as at May 1, 2019.

Sublease arrangements classified as finance lease

When the Company has determined that the sublease qualifies as a finance lease by reference to the right-of-use asset arising from the head lease, the Company derecognized the right-of-use assets relating to the head lease that it transfers to the sub-lessee and recognizes the net investment in the lease, recognized any difference between the right-of-use asset and the net investment in the sublease in retained earnings; and retained the lease liability arising from the head lease which represents the lease payments owed to the head lessor.

Based on the above, as at May 1, 2019:

- Right-of-use assets were recognized and presented as part of property, plant and equipment and investment properties accounts amounting to ₱3,611,048 and ₱28,444, respectively, net of the derecognition of the right-of-use assets arising from the sublease arrangement classified as finance lease amounting to ₱473;
- Total lease liabilities of ₱2,601,012 were recognized;
- Lease receivable totaling to ₱3,271 were recognized and presented under receivables account resulting from the recognition of the net investment in the sublease;
- Prepayment and other current assets and other noncurrent assets accounts amounting to ₱368,828 and ₱936,297 related to unamortized advance lease payments were closed to right-of-use assets;
- Other noncurrent liabilities amounting to ₱124,945 related to previous operating leases arising from application of straight-line accounting under PAS 17 were derecognized;
- Deferred tax liabilities and deferred tax assets decreased by ₱35,305 and ₱839, respectively, because of the deferred tax impact of the changes in assets and liabilities; and
- The retained earnings adjustment amounting to ₱103,963 pertains to the modified retrospective approach applied to certain office building and warehouse lease contracts.



The lease liability as at May 1, 2019 as can be reconciled to the operating lease commitments as of April 30, 2019 follows:

Operating lease commitments at April 30, 2019	₱4,205,219
Less present value discount using the Company's IBR	(1,191,110)
Discounted operating lease commitments at May 1, 2019	3,014,109
Less: Commitments relating to short term leases	(671,041)
Add: Payments in extension periods and in-scope lease contracts not recognized as at April 30, 2019	257,994
Lease liabilities recognized at May 1, 2019	₱2,601,062

The Company used a single discount rate to a portfolio of leases with reasonably similar characteristics. The IBR applied to the lease liabilities on May 1, 2019 ranges between 5.0% to 7.0% depending on the remaining lease term.

Due to the adoption of PFRS 16, the Company's finance cost and depreciation and amortization increased while income before income tax lowered for the fiscal year ended April 30, 2020. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

▪ Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether the Company considers uncertain tax treatments separately
- The assumptions the Company makes about the examination of tax treatments by taxation authorities
- How the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How the Company considers changes in facts and circumstances

The Company is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The Company shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the Company concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Company shall reflect the effect of the uncertainty for each uncertain tax treatment using the method it expects to better predict the resolution of the uncertainty.

Upon adoption of the interpretation, the Company has assessed whether it has uncertain tax position. The Company applied significant judgement in identifying uncertainties over its income tax treatments. The Company determined, based on its assessment, that it is probable that its income tax treatments will be accepted by the taxation authority. Accordingly, the Interpretation did not have significant impact on the financial statements of the Company.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*



- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs 2015-2017 Cycle*
 - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
 - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
 - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Standards Issued but not yet Effective

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

Effective beginning on or after May 1, 2020

- *Amendments to PFRS 3, Business Combinations, Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after May 1, 2020, with earlier application permitted.

These amendments will apply on the Company's future business combinations.

- *Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definition used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

An entity applies those amendments prospectively for annual reporting periods beginning on or after May 1, 2020 with early application permitted.

These amendments have no material impact on the Company's financial statements.

- *Amendments to PFRS 7, Financial Instruments: Disclosures and PFRS 9, Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.



The Company is currently assessing the impact of adopting this standard.

▪ *Amendments to PFRS 16, COVID-19-related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The Company is currently assessing the impact of adopting this standard.

Effective beginning on or after May 1, 2021

▪ *PFRS 17, Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 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 PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after May 1, 2021, with comparative figures required.

The standard is not relevant to the operations of the Company.



Deferred Effectivity

- *Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between the PFRS 10 and PAS 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 PFRS 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 January 13, 2016, the FRSC deferred the original effective date of May 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The standard is expected to have no significant impact on the Company's financial statements.

Summary of Significant Accounting Policies

Current versus noncurrent classification

The Company presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification. An asset is current if:

- 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 twelve months after the financial reporting date, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the financial reporting date.

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 twelve months after the financial reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the financial reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.



Financial Instruments (effective starting May 1, 2018)

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.

Financial Assets. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through OCI (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial Assets at Amortized Cost (Debt Instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's cash and cash equivalents, receivables, security deposits and refundable deposits (as part of other non-current assets) are classified under this category.



Financial Assets Designated at FVOCI (Equity Instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the consolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably under this category its quoted shares and golf club shares as at April 30, 2020 and 2019.

Impairment of Financial Assets

The Company recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General Approach

The Company uses the general approach in computing ECL both for cash in banks, cash equivalents and due to related parties. Under the general approach, 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).

Simplified Approach

The Company uses the simplified approach in computing ECL for receivables. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual cash flows in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities. Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Company retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and



- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

The Company's financial liabilities measured at amortized cost includes trade payables included under accounts payable and accrued expenses, short-term notes payable, long-term notes payable and lease liabilities are classified under this category (see Notes 14, 15, 16 and 35). The Company has no financial liabilities designated at fair value through profit or loss as at April 30, 2020 and 2019.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. 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 in the respective carrying amounts is recognized in profit or loss.

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 Company; 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 Company 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.



“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in consolidated statement of profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in consolidated statement of profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company 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 Company and all of the counterparties.

Financial Instruments (effective prior to May 1, 2018)

The Company recognizes a financial instrument in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. Derivatives are recognized on a trade date basis.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing interest rates for similar instruments with similar maturities. The initial measurement of financial instruments, except for financial instruments at FVPL, includes transaction costs.

The Company classifies its financial instruments into the following categories: financial assets and liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS investments, and other financial liabilities.

The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every financial reporting date.

Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Day 1 Difference. Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a ‘Day 1’ difference) in the consolidated



statement of profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where unobservable data is used, the difference between the transaction price and model value is only recognized in the consolidated statement of profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets and Liabilities at FVPL. This category includes financial assets and liabilities held for trading and those designated upon initial recognition as at FVPL. Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including any separated derivatives, are also classified under financial assets or liabilities at FVPL, unless these are designated as hedging instruments in an effective hedge or financial guarantee contracts. Instruments under this category are classified as current assets or liabilities if these are held primarily for the purpose of trading or expected to be realized or settled within 12 months from reporting date. Otherwise, these are classified as noncurrent assets or liabilities.

Financial assets or financial liabilities may be designated at initial recognition as at FVPL when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of group of financial assets, financial liabilities or both, which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management strategy and information the group of financial assets or liabilities is provided internally or that basis to the entity's key management personnel; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities designated at FVPL are recorded in the consolidated statement of financial position at fair value. Subsequent changes in fair value on financial assets and liabilities designated at FVPL are recorded in the consolidated statement of profit or loss.

The Company does not have financial assets and financial liabilities designated at FVPL.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS investments or financial assets at FVPL.

After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate method. Gains and losses are recognized in the consolidated statement of profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the financial reporting date. Otherwise, these are classified as noncurrent assets.

The Company's cash and cash equivalents, receivables and refundable deposits are classified under this category.



HTM Investments. HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. When the Company sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS investments. After initial measurement, such assets are carried at amortized cost using the effective interest method less any impairment in value. Gains and losses are recognized in the consolidated statement of profit or loss when the HTM investments are derecognized or impaired, as well as through the amortization process. HTM investments are classified as noncurrent assets except for those with maturities that are less than 12 months after the end of the reporting period, which are classified as current assets.

The Company does not have financial assets classified as HTM investments.

AFS Investments. AFS investments are nonderivative financial assets that are designated in this category or are not classified in any of the three preceding categories. These are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. After initial recognition, AFS investments are measured at fair value in the consolidated statement of financial position. Changes in the fair value of such assets are reported as unrealized gain or loss on change in fair value of AFS investments recognized as OCI in the consolidated statement of comprehensive income until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in consolidated statement of comprehensive income is transferred to the consolidated statement of profit or loss. AFS investments are included under noncurrent assets unless the Company intends to dispose of the investment within 12 months from the end of the reporting period.

The Company's investments in quoted shares and golf club shares are classified under this category.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. This includes liabilities arising from operations or loans and borrowings.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost taking into account the impact of applying the effective interest rate method of amortization for any related premium, discount and any directly attributable transaction costs. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized, as well as through the amortization process. Other financial liabilities are classified as current liabilities if settlement is within 12 months from the end of the reporting period. Otherwise, these are classified as noncurrent liabilities.

The Company's accounts payable and accrued expenses, short-term and long-term notes payable are classified under this category.

Derivative Financial Instruments

The Company enters into short-term forward currency contracts to hedge its currency exposure. Such derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative. Consequently, gains or losses from changes in fair value of these derivatives that do not qualify for hedge accounting are recognized immediately in the consolidated statement of profit or loss. The Company has opted not to designate its derivative transactions under hedge accounting. The fair values of freestanding forward currency transactions are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.



Embedded Derivative. An embedded derivative is a component of a hybrid (combined) instrument that also includes a nonderivative host contract with the effect that some of the cash flows of the hybrid instrument vary in a way similar to a stand-alone derivative. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid or combined instrument is not recognized as at FVPL.

The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Company determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded derivative, the host contract or both have changed and whether the change is significant relative to the previously expected cash flow on the contract.

Embedded derivatives are measured at fair value and are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Gains and losses from changes in fair value of these derivatives are recognized immediately in the consolidated statement.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt 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 Company; 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 Company 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.

Debt Issuance Cost

Debt issuance costs are deducted against long-term debt and are amortized over the term of the related borrowings using the effective interest rate method.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually



significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

For the purpose of specific evaluation of impairment, the Company assesses whether financial assets are impaired through assessment of collectability of financial assets considering the creditors' capacity to pay, history of payment, and the availability of other financial support. For the purpose of a collective evaluation of impairment, if necessary, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past due status and term.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial assets together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

If a previous write-off is later recovered, the recovery is recognized in the consolidated statement of profit or loss. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date had no impairment loss been recognized in prior years.

AFS Investments. For AFS investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investment is impaired. In the case of equity instruments classified as AFS investments, this would include a significant or prolonged decline in the fair value of the investments below its costs. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of profit or loss) is removed from OCI and recognized in the consolidated statement of profit or loss. Impairment losses on equity investments are not reversed through the consolidated statement of profit or loss. Increases in fair value after impairment are recognized in OCI.

In the case of debt instruments classified as AFS investments, impairment is based on the same criteria as financial assets carried at amortized cost. Interest income continues to be accrued using the original effective interest rate on the reduced carrying amount of the asset. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.



Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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, and the difference in the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a currently enforceable legal right to offset the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company 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 Company and all of the counterparties.

Determination of Fair Value

Fair value is the 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 measurement is based on the presumption that the transaction to sell or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a 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 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 Company 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 consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statement on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these account as 'listed' are traded in an active market. When the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and with reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

For the purpose of the fair value disclosures, the Company 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.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of inventories comprise of purchase cost, cost of conversion and other costs incurred in bringing the inventories to its present location and condition. Cost is determined using the weighted-average method for cased goods and other merchandise and the moving average method for production materials and storeroom supplies. Cost of cased goods include fair value of agricultural produce harvested from the Company's biological assets and used in production.

NRV of cased goods and other merchandise is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of production materials and storeroom supplies is the current replacement cost.



The amount of any write-down of inventories to NRV and all losses of inventories are recognized as expense in the period the write-down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in NRV is recognized as a reduction in the amount of inventories recognized as expense in the period in which the reversal occurs.

Biological Assets and Agricultural Produce

The Company'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 Company's bearer plants; and (b) cut meat from the cattle for slaughter. The Company's biological assets are accounted for as follows:

Bearer Plants

Bearer plants are measured at cost less accumulated depreciation recognized at point 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. The accumulated costs are deferred and are amortized as raw product costs upon harvest. Raw product cost is recognized as depreciation based on the actual volume of harvest in a given period.

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 consolidated statement of financial position.

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 consolidated statement of financial position.

Cattle for Slaughter

Cattle for slaughter is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise. Cattle for slaughter is classified as current assets in the consolidated statement of financial position.

The Company's agricultural produce is accounted for as follows:

Agricultural Produce

The Company's growing produce are measured at their fair value from the time of maturity of the bearer plant until harvest. The Company uses the future selling prices and gross margin of finished goods less future growing cost as the basis of fair value and adjusted for margin and associated costs related to production. The Company's harvested produce are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell.

Cutmeat

Cutmeat is measured at each reporting date at their fair value less point-of-sale costs. Gains and losses arising from changes in fair values are included in profit or loss for the period in which they arise.



Property, Plant and Equipment

The Company's property and equipment consist of land, plant, building, equipment and right-of-use assets that do not qualify as investment properties.

Land is stated at revalued amounts. The initial cost of land comprises of purchase price, taxes, and any direct attributable cost in bringing the asset to its working condition for its intended use. Subsequent to initial recognition, land is measured at fair value at the date of revaluation. The fair value of land is determined from market-based evidence by appraisal report that is normally undertaken by professional qualified appraisers.

The increase in land as a result of the revaluation is credited to OCI and presented as "Land revaluation surplus" under "Other reserves" account in the consolidated statement of changes in equity. Any decrease as a result of the revaluation is recognized up to the extent of any credit balance existing in the "Land revaluation surplus" and any excess shall be recognized in profit or loss.

The revaluation surplus included in equity in respect of land is transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole of the surplus when the asset is retired or disposed of. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

Effective May 1, 2019, it is the Company's policy to classify right-of-use assets as part of property and equipment. The Company 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 initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company 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 their estimated useful life and lease term. Right-of-use assets are subject to impairment testing when indicator exists that the asset may be impaired.

Property, plant and equipment, except for land, are stated at cost less accumulated depreciation, amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property, plant and equipment comprises its construction cost or purchase price, including import duties, taxes and any directly attributable cost in bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation and interest incurred during the construction period on funds borrowed to finance the construction of projects. Expenditures incurred after the asset has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.



Construction-in-progress (CIP) represents structures under construction and is stated at cost. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. CIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization (except bearer plants), which commences when the asset is available for its intended use, are computed using the straight-line method over the following estimated useful lives as follows:

	Number of Years
Machinery and equipment	3 – 30
Buildings, land improvements and leasehold improvements	3 – 50 or lease term, whichever is shorter
Right-of-use assets – land	2 – 20
Right-of-use asset – building and improvements	2 – 17

The remaining useful lives, residual values and depreciation and amortization methods are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property, plant and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

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 occurs within 32 to 34 months after planting. Depreciation is determined on a per field basis.

Investment Properties

Investment properties comprise land and buildings and improvements that are held to earn rentals or capital appreciation or both and that are not occupied by the Company. Investment properties also include right-of-use assets involving real property that is leased to other entity on a short-term basis.

The Company uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.



For the right-of-use asset that qualify as investment property, i.e., office building that is leased by the Company, this is classified under investment properties in accordance with paragraph 48 of PFRS 16. Consistent with the Company's policy regarding the measurement of investment properties, this asset is subsequently measured at cost less amortization and impairment in value.

Depreciation and amortization of buildings and improvements, which commences when the assets are available for their intended use, are computed using the straight line method over the estimated useful life of to 10 years. In addition, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The useful lives, residual values and depreciation and amortization method are reviewed and adjusted, if appropriate, at each financial reporting date.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement and disposal of investment property are recognized in profit or loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use.

Deferred Land Development Costs

Deferred land development costs represent cost incurred in developing agricultural lands and are amortized based on the average term of land lease contracts, which is normally within 10 years. Land development activities include land clearing, road construction and repairs, gravel spreading, desilting for permanent waterways, silting basin, culvert and flood breaker installation and construction of boundary ditches.

The Company's deferred land development costs are presented as "Other noncurrent assets" in the consolidated statement of financial position.

Impairment of Non-financial Assets

The carrying amounts of investment properties and property, plant and equipment recognized at cost are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of an asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less cost of disposal. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.



An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in the prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Share Capital

Common Shares. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Retained Earnings. Retained earnings includes profit attributable to the equity holders of the Parent Company and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Parent Company's stockholders. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition (effective starting May 1, 2018)

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 Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Revenue from sale 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.

The Company has official written agreements with its customer documented in a supply agreement and approved purchase orders. The supply agreements contain each party's respective obligations.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Company concluded that it has only a single performance obligation for each revenue stream.

Considerations payable to customers

The Company accounts for consideration payable to a customer as a reduction of the transaction price and therefore, of revenue, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.



A good or service that is promised to a customer is distinct if both of the following criteria are met:

- a. Customer can benefit from good/service on its own or with other resources readily available to the customer, and
- b. The Company's promise to transfer good/service to the customer is separately identifiable from other promises in the contract.

Bill-and-hold arrangements

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

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

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

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

Sales returns

The Company 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 Company will be entitled. The requirements in PFRS 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 Company's policy is to dispose all goods to be returned.

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 Company 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 Company'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 Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

The Company does not have contract assets and contract liabilities as at April 30, 2020 and 2019.

Revenue Recognition (effective prior to May 1, 2018)

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT. The Company is acting as a principal when it has the significant risks and rewards associated with the rendering of services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest Income

Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other Income

Other income is recognized when there is an incidental economic benefit, outside the normal course of business that will flow to the Company and can be measured reliably.

Cost and Expense Recognition

Costs and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred. These are measured at the fair value of the consideration paid or payable.

Expenses are also recognized in the consolidated statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in the consolidated statement of comprehensive income on the basis of a direct association between costs incurred and the earnings of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Short-term Employee Benefits

Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company 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.



Retirement and Other Post-Employment Benefits

The Company has both defined contribution plan and defined benefit plan, administered by a trustee, covering their respective permanent employees.

Defined Contribution Plan

Obligations for contributions to the Company's provident plan, which is classified as defined contribution pension plan, are recognized as an expense in profit or loss when they are due.

Defined Benefit Plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated annually by a qualified actuary using the projected unit credit method.

The Company determines the net interest expense or income on the net defined retirement obligation or asset for the period by applying the discount rate used to measure the defined benefit retirement obligation at the beginning of the annual period to the then-net defined retirement obligation or asset, taking into account any changes in the net defined benefit retirement obligation or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

Remeasurements of the net defined benefit retirement obligation or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), if any, are recognized immediately in OCI. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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 profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit retirement plan when the settlement occurs.



Leases (effective starting May 1, 2019)

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.

Company as a lessee

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

Right-of-use Asset

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

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

The right-of-use asset is presented as part of investment properties and property, plant and equipment, and is also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating a lease, if the lease term reflects the Company 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 Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. 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 Company 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., below ₱250,000 or below). 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.



Company as a lessor

Leases where the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Any initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Rental income is recognized in the statement of comprehensive income on a straight-line basis over the lease term. All other leases are classified as finance leases. At the inception of the finance lease, the underlying is derecognized and lease receivable is recognized. Interest income is accrued over the lease term using the EIR and lease amortization is accounted for as reduction to lease receivable.

Sublease arrangements

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

Leases (effective prior to May 1, 2019)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after the inception of the lease, only if any of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or (d) there is substantial change to the asset.

Where the reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

Operating Lease - Company as Lessee. Leases which do not transfer to the t Company substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

Operating Lease - Company as Lessor. Leases where the Company does not substantially transfer all the risks and rewards of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on the same basis as rental income. Contingent rents are recognized as income in the period in which they are earned.



Borrowing Costs

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

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 Company 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.

Research and Development Costs

Research costs are expensed as incurred. Developmental costs incurred on an individual project are carried forward when their future recoverability can be reasonably regarded as assured. Any expenditure carried forward is amortized in line with the expected future sales from the related project.

The carrying amount of developmental costs is reviewed for impairment annually when the related asset is not yet in use. Otherwise, this is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Foreign Currency Transactions and Translations

Transactions denominated in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Outstanding 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. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting date.

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 retranslation are recognized in the consolidated statement of comprehensive income.

Income Taxes

Income tax expense consists of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI.



Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. 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 assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) initial recognition of goodwill; (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit (loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgment about future events. New information may become available that causes the Company 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 determination is made.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenues, expenses and assets are recognized, net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services exceeds VAT passed on from purchases of goods and services, the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from the purchase of goods or services exceeds VAT from sales of goods and/or services, the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Input VAT. Input VAT represents VAT passed on to the Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.



The portion of input VAT which represents VAT passed on the Company for the acquisition of depreciable assets with an estimated useful life of at least one year is required to be amortized over the life of the related asset or a maximum period of 60 months. This is classified as “Deferred input VAT” under “Other noncurrent assets” account in the consolidated statement of financial position.

Earnings per Common Share (EPS) Attributable to the Equity Holders of the Parent

Basic EPS is computed by dividing net income attributable to the common equity holders of the Parent Company by the weighted average number of outstanding common shares during the year after giving retroactive effect to any stock dividend declared during the year.

The Company does not have potential common share or other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

Segment Reporting

The Company is organized into its major geographical and product segments. Financial information about the Company’s business segments is presented in Note 41 to the consolidated financial statements.

Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Related Party Transactions and Relationships

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company’s funded retirement plan.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. If it is virtually certain that an inflow of economic benefits will arise, the asset and the related income is recognized in the consolidated financial statements.



Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

Use of Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in accordance with PFRS 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 reported in the consolidated financial statements at the reporting date. However, uncertainty about these judgments, estimates and assumptions could result in outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments and estimates are revised and in any future period affected.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual financial statements, except for those that relate to the adoption of PFRS 16, *Leases* and Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Recognition of Revenue from Contracts with Customers

- a. *Identifying Performance Obligations.* The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Company identified its sale and delivery of goods as its only one performance obligation. Revenue from delivery charges to the customer is not a separate performance obligation as the Company assessed the provision of this service to be highly dependent on or highly related with the goods promised in the contract.

In 2019, certain customers of the Parent Company entered into bill-and-hold arrangements with the Parent Company. The customers are billed for goods that are ready for delivery, but the Parent Company retains physical possession of the product until it is transferred to the customer



at a future date. The Parent Company determined that control has already been transferred to the customers, even though the customers do not have physical possession of the goods resulting to the identification of custodial services provided to the customer over the customers' assets 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 Parent Company, along with the related costs of storing the product. The amount of the custodial services for the year ended April 30, 2019 is not material.

No similar bill-and-hold arrangements was entered by the Parent Company in 2020.

Principal versus Agent Consideration. The Company enters into contracts with its customers. The Company determined that it controls the goods and services before they are transferred to customers, and it has the ability to direct their use. The following factors indicate that the Company controls the goods and services before they are being transferred to customers.

- The Company is primarily responsible for fulfilling the promise to provide the specified goods and services.
- The Company has inventory risk on the goods and services before these are transferred to the customer.
- The Company has discretion in establishing the prices for the other party's goods or services and, therefore, the benefit that the Company can receive from those goods or services is not limited. It is incumbent upon the Company to establish the price of its services to be offered to its customers.
- The Company's consideration in these contracts is the entire consideration billed to the customers.

Based on the foregoing, the Parent Company is considered the principal in its contracts with its customers. It has the primary obligation to provide the services to them.

- b. *Revenue Recognition.* The Company recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services.

Revenues from sale of goods are recognized at a point in time when the goods are delivered to and accepted by customers.

For the management income which is provided over the contract period, because transferring of control is over time, revenue is recognized monthly as the Company provides the service.

For bill-and-hold arrangements with the Parent Company, the Parent Company 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.



The Parent Company determined that control has already been transferred to the customers and recognized revenue from the bill-and-hold arrangements amounting ₱93,089 for fiscal year ended April 30, 2019. No bill-and-hold arrangements were entered into for fiscal year ended April 30, 2020 and 2018.

Determining taxable profit (tax loss), tax bases, unused tax credits and tax rates (effective May 1, 2019). Upon adoption of the Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*, the Company has assessed whether it has any uncertain tax position. The Company applies significant judgement in identifying uncertainties over its income tax treatments. The Company determined, based on its tax compliance assessment, in consultation with its tax team, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Company.

Determining the lease term of contracts with renewal options - Company as a lessee (effective starting May 1, 2019). The Company has several lease contracts that include extension and termination options. The Company applies judgement 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 Company 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 (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company included the renewal period for certain lease contract on warehouses as part of the lease term. The Company 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 DMPI Employees and Agrarian Reform Beneficiaries (DEARBC), with an initial contract period of 25 years from January 11, 1999 to January 10, 2024. The lease contract was amended by both parties effective January 11, 2019 to extend the lease period to January 10, 2049. Effective January 11, 2019, both parties approved the amendment granting the Company the sole option to terminate the lease every five years without incurring penalty until the end of the contract period. Since the Company has the sole option to terminate the lease every five years without incurring penalty, the Company has the absolute right to enforce the entire duration of the lease (i.e., lease term).

For purposes of PFRS 16 adoption beginning May 1, 2019, the Company assessed the lease term to be 5 years from January 11, 2019 since it is not yet reasonably certain to renew beyond the initial 5-year noncancelable 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. Management will revisit this assessment at the end of every reporting period.

Classification of Leases as lessor (effective May 1, 2019). The Company entered into lease agreements on its leased property. The Company determines whether it has transferred all the significant risks and rewards of ownership of the leased properties to a lessee, such as lessee has the ultimate control over the use of the asset and the lease term is for the major part of the economic life of the asset. If it is determinable that significant risks and rewards of ownership of lease properties



were transferred to the lessees, the lease is accounted as finance lease. If otherwise, the lease is accounted for as an operating lease.

Operating Lease Commitments as Lessee (effective prior to May 1, 2019). The Company has entered into various lease agreements as a lessee. The Company had determined that the significant risks and rewards of ownership over the underlying properties leased from third parties are retained by the lessors. Accordingly, these leases were accounted for as operating leases. Total rent expense amounted to ₱881,002 and ₱883,628 for the years ended April 30, 2019 and 2018.

Capitalization of Borrowing Cost. The Company determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset, or should be expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to bring the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

General borrowing costs capitalized as part of property, plant and equipment amounted to ₱92,350 and ₱1,459 for the years ended April 30, 2020 and 2019, respectively (see Note 12). Average capitalization rate used is 4.06% and 3.40% for the fiscal years ended April 30, 2020 and 2019, respectively.

Debt versus Equity Classification. The Share Purchase and Shareholder Agreements between DMPL, CARI, the Parent Company and SEA Diner stipulate that all of the Redeemable and Convertible Preferred Shares (RCPS) may be redeemed by the Parent Company, DMPL or CARI, subject to the mutual agreement of the parties (see Note 27), at the agreed redemption price if there is no liquidity event such as initial public offering or trade sale after five (5) years from May 20, 2020 or upon the occurrence of any of certain agreed default events. Management assessed that the conversion of the convertible common shares to RCPS and the amendment of the Parent Company's articles of incorporation to transfer the RCPS in the name of SEA Diner are administrative and procedural in nature since the Board and stockholders of the Parent Company already approved the conversion of the convertible common shares to RCPS, the related taxes for the registration were already paid with the Bureau of Internal Revenue and other conditions precedent were already complied as at April 30, 2020.

Management also assessed whether the RCPS sold to SEA Diner will be classified as debt or equity. In its assessment, management classified the RCPS sold to SEA Diner as equity since both of the conditions below are met:

- (a) The Parent Company has no contractual obligation to deliver cash or another financial asset to the investor as the default events for the mandatory redemption are assessed to be within the control of DMPL Group and the redemption of the RCPS in case of other redemption events is subject to the mutual consent of the Parent Company, DMPL, CARI and the holder of the RCPS;
- (b) The RCPS which is convertible to common shares at the ratio of 1:1 does not include contractual obligation for the Parent Company to deliver a variable number of its own equity instruments upon conversion.

Obligation to Deliver Additional RCPS. The Share Purchase and Shareholder Agreements between DMPL, CARI, the Parent Company and SEA Diner provides a conditional obligation for the Parent Company to deliver additional RCPS subject to meeting certain level of net income and adjusted equity value as defined in the abovementioned agreements for fiscal year ending April 30, 2021 (see Note 27). Management assessed that the Parent Company's derivative liability to deliver additional RCPS has a carrying value of nil as at April 30, 2020 based on its budgeted net income for fiscal year ending April 30, 2021, and the expected timing and probability of an initial public offering. Management will remeasure the derivative liability at the end of every reporting period.



De Facto Control over Del Monte Txanton Distribution, Inc. (DMTDI). The Parent Company owns 40.0% of DMTDI's common shares as at April 30, 2020 and 2019. Even with less than the majority voting rights, the Parent Company concluded that DMTDI is a subsidiary and that it has power to direct the relevant activities of DMTDI due to the Parent Company 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 the Parent Company also serve in the same positions in DMTDI (see Note 1).

Coronavirus disease of 2019 (COVID-19) Outbreak. In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, and was subsequently extended until April 30, 2020. Beyond April 30, 2020 and until May 15, 2020, the ECQ has been extended in identified high-risk areas which include the NCR and identified provinces in the Philippines.

Meanwhile, identified moderate-risk areas were under general community quarantine (GCQ) and identified low-risk areas were placed under a less stringent GCQ. Starting May 16, 2020 until May 31, 2020, the NCR and selected areas in the Philippines transitioned to Modified ECQ. By June 1, 2020, substantially the entire Philippines was then placed under GCQ. Starting August 4 to 18, 2020, NCR and selected areas in the Philippines will transition again to Modified ECQ. These will be subject to further evaluation by the Inter-Agency Task Force (IATF). These measures have caused disruptions to various businesses and economic activities, and its impact on businesses continue to evolve.

The Company observed that the demand for beverage and culinary brands were high as the incidence of home cooking grew as well as the desire for products that are healthy and will boost immunity. While the Company's retail brands grew, food service sales experienced a decline due to the lockdowns imposed reducing the sales contribution to the total business. Aside from providing a cushion to total sales, the increase in the Company's retail business also provided additional lift to the profit margins as the food service business enjoyed higher discounts. Total volume for export of fresh fruits also experienced a decline in the fourth quarter of 2020. The Company offered certain price reductions to drive higher volume.

The Company managed to continue operating in the middle of the pandemic since its products are considered to be essential goods and its farming and manufacturing activities are based in Mindanao. There were no significant internal operational interruptions. Disruptions caused by external factors such as restrictions to movement of materials, equipment and goods as well as the resulting reduction in economic activity were managed so that there will be no major adverse impacts to the overall results of operations for the year ending April 30, 2021.

Estimates and Assumptions

The key estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Measurement of Fair Values. A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.



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 Company.

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 Company 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 consolidated 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:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company 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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The methods and assumptions used to estimate fair values for both financial and non-financial assets and liabilities are discussed in Notes 8, 9, 11, 12 and 33 to the consolidated financial statements.

Estimating Allowance for Impairment Losses on Receivables (applicable beginning May 1, 2018).

The Company uses a provision matrix to calculate ECLs for its receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



Provisions are made based on the simplified approach under PFRS 9. A loss allowance is recognized based on lifetime ECL. The allowance for impairment losses on receivables amounted to ₱54,674 and ₱60,628 as at April 30, 2020 and 2019, respectively. The carrying amount of receivables, net of allowance for impairment losses, amounted to ₱7,298,204 and ₱15,563,093 as at April 30, 2020 and 2019, respectively (see Note 6).

Estimating Allowance for Doubtful Accounts (applicable until April 30, 2018 prior to the adoption of PFRS 9). Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customers and counterparties, the customer's current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies.

Estimating Net Realizable Value (NRV) of Inventories. The Company writes down inventories when net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes based on specific identification and as determined by management for inventories estimated to be unsaleable in the future.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates of the amount which the inventories are expected to be realized are made. 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 reporting date. The Company reviews on a continuous basis the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written down to net realizable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records.

The allowance for inventory losses amounted to ₱352,516 and ₱395,296 as at April 30, 2020 and 2019, respectively. The carrying amount of inventories, net of allowance for inventory losses, amounted to ₱4,645,327 and ₱5,953,401 as at April 30, 2020 and 2019, respectively (see Note 7).

Estimating Future Volume 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 volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. The Company reviews and monitors the estimated future volume of harvests regularly.

Estimating Fair Value of Growing Crops. 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 Company. 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 tonnage of harvest, estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest. Such future fruiting 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 Parent Company. 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.



The fair value of unharvested agricultural produce included as part of the biological assets in the consolidated statements of financial position amounted to ₱3,076,198 and ₱2,717,316 as at April 30, 2020 and 2019, respectively (see Note 8).

Estimating Fair Value of Agricultural Produce. The fair values of the harvested pineapple fruits 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 Company. 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.

Estimating Useful Lives of Investment Properties and Property, Plant and Equipment (excluding right-of-use assets). The Company estimates the useful lives of its investment properties and property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property and 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 investment property and property, plant and equipment are 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 life of any of the investment properties, and property, plant and equipment would increase the recorded expenses and decrease the noncurrent assets.

Acquisitions, replacements and additions of items of investment property and property, plant and equipment with estimated useful life of less than three years are charged to expense. Management believes that the difference between depreciating such items and directly charging them to expense is immaterial.

There were no changes in the estimated useful lives of investment properties and property, plant and equipment, excluding right-of-use assets, as at April 30, 2020 and 2019. The carrying amount of depreciable investment property amounted to ₱28,736 and ₱39,357 as at April 30, 2020 and 2019, respectively (see Note 11). The carrying amount of depreciable property, plant and equipment amounted to ₱10,337,068 and ₱9,277,037 as at April 30, 2020 and 2019, respectively (see Note 12).

Estimating Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets on deductible temporary difference is based on the projected taxable income in the following periods, including the timing of reversal of future taxable and deductible temporary differences.

As at April 30, 2020 and 2019, the Company recognized deferred tax assets amounting to ₱155,317 and ₱188,740, respectively (see Note 26).



Impairment of Non-financial Assets. An impairment review is performed on non-financial assets (enumerated in the following table) when events or changes in circumstances indicate that the carrying value may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant adverse changes in the technological, market, or economic environment where the Company operates;
- significant decrease in the market value of an asset;
- evidence of obsolescence and physical damage;
- significant changes in the manner in which an asset is used or expected to be used;
- plans to restructure or discontinue an operation;
- significant decrease in the capacity utilization of an asset; or
- evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

Determining the recoverable amount of these assets requires estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach.

The Company did not note any impairment indicators for the years ended April 30, 2020, 2019 and 2018. No impairment losses were recognized for the years ended April 30, 2020, 2019 and 2018.

As at April 30, 2020 and 2019, the carrying values of nonfinancial assets are as follows (see Notes 8, 11, 12 and 13):

	2020	2019
Biological assets – growing herd	₱107,265	₱87,608
Investment properties	206,185	194,683
Property, plant and equipment	14,831,175	10,650,173
Other noncurrent assets, excluding security and refundable deposits	936,577	1,476,267

Determination of IBR. The Company cannot readily determine the interest rate implicit in the lease at lease commencement date, therefore, it uses its IBR to measure lease liabilities. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, 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 reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as interest rates from partner banks based on the term of its loan borrowings and make certain-specific estimates based on the Company credit worthiness.

The Company’s lease liabilities amounted to ₱2,636,372 as at April 30, 2020 (see Note 35).

Present Value of Defined Benefit Obligation. The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions such as discount rates and future salary increases, among others. Due to the complexity



of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

The Company determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligation. In determining the appropriate discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

Further details about the assumptions used are provided in Note 30.

The present value of the defined benefit obligation amounted to ₱1,724,091 and ₱1,499,332 as at April 30, 2020 and 2019, respectively (see Note 30).

Provisions and Contingencies. The Company, 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 and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

In 2020, the Company recognized a provision amounting to ₱32,046 related to an unfavorable ruling by the court against the Parent Company. No provision was recognized in 2019 and 2018 (see Note 36).

5. Cash and Cash Equivalents

	2020	2019
Cash on hand	₱2,899	₱1,939
Cash in banks	1,152,017	334,681
Cash equivalents	16,000	227,314
	₱1,170,916	₱563,934

Cash in banks earn interest at the respective bank deposit rates. 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 Company and earn interest at the respective short-term placement rates ranging from 1.19% to 4.20% per annum in 2020, 0.95% to 6.50% per annum in 2019 and 0.38% to 3.38% per annum in 2018.

Interest earned for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱6,441, ₱18,889 and ₱8,986, respectively.



6. Receivables

	2020	2019
Trade receivables from third parties	₱2,141,753	₱1,940,733
Due from related parties (Note 31)	4,994,813	13,534,409
Advances to officers and employees	25,713	15,773
Others	193,707	132,806
	7,355,986	15,623,721
Less allowance for ECL	54,674	60,628
	7,301,312	₱15,563,093
Less noncurrent portion of lease receivable	3,108	—
Current portion	₱7,298,204	₱15,563,093

Trade receivables from third parties are noninterest-bearing and are generally on a 7 to 60-day credit term.

Due from related parties are noninterest-bearing, except for certain advances, and are generally due after 60 days. In July 2019, the Parent Company declared dividends amounting to ₱13,796,097. The Parent Company and CARI, subsequently entered into an offsetting agreement wherein the dividend payable amounting to ₱11,726,683, net of applicable final tax, to CARI was offset against the receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. amounting to ₱9,155,058, ₱1,762,728, and ₱808,897, respectively (see Note 28).

Advances to officers and employees are noninterest-bearing and are normally collected within the following year.

Other receivables consist of 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 movements in the allowance for expected credit losses are as follows:

	2020	2019
Trade receivables:		
Balance at beginning of year	₱40,020	₱40,400
Additional provision	286	—
Reversal of impairment loss recognized	(2,472)	(380)
	37,834	40,020
Nontrade receivables:		
Balance at beginning of year	20,608	16,963
Additional provision	—	3,808
Reversals	(3,471)	—
Write-off	(297)	(163)
	16,840	20,608
Balance at end of year	₱54,674	₱60,628



7. Inventories

	2020	2019
Cased goods and other merchandise:		
At NRV – net	₱1,528,761	₱3,063,686
At Cost – net	676,175	328,584
Production materials and supplies - at NRV	1,925,766	1,909,356
Storeroom supplies - at NRV	514,625	651,775
	₱4,645,327	₱5,953,401

The balances of cased goods and other merchandise are as follows:

	2020	2019
Cost	₱1,827,427	₱3,416,661
Less allowance for cased goods and other merchandise:		
Balance at beginning of the year	352,975	342,161
Provision for obsolescence (Note 17)	73,565	127,108
Write-down	(127,874)	(116,294)
Balance at end of year	298,666	352,975
NRV	₱1,528,761	₱3,063,686

The balances of production materials and supplies are as follows:

	2020	2019
Cost	₱1,962,826	₱1,930,554
Less allowance for production materials and supplies:		
Balance at beginning of the year	21,198	21,782
Provision for obsolescence (Note 17)	24,768	14,246
Write-down	(8,906)	(14,830)
Balance at end of year	37,060	21,198
NRV	₱1,925,766	₱1,909,356

The balances of storeroom supplies are as follows:

	2020	2019
Cost	₱531,415	₱672,898
Less allowance for storeroom supplies:		
Balance at beginning of the year	21,123	18,805
Provision for obsolescence (Note 17)	201	2,408
Write-down	(4,534)	(90)
Balance at end of the year	16,790	21,123
NRV	₱514,625	₱651,775

Inventories recognized as expense amounted to ₱14,301,556, ₱12,834,209 and ₱11,471,558 for the fiscal years ended April 30, 2020, 2019 and 2018, respectively (see Note 17).



8. Biological Assets

	2020	2019
Current:		
Unharvested agricultural produce - at fair value	₱3,076,198	₱2,717,316
Noncurrent:		
Growing herd - at cost	107,265	87,608
	₱3,183,463	₱2,804,924

Carrying amounts of the unharvested agricultural produce are as follows:

	2020	2019
Balance at beginning of year	₱1,368,032	₱1,214,311
Additions	494,604	610,224
Harvest	(562,107)	(456,503)
	1,300,529	1,368,032
Fair value attributable to price changes	1,775,669	1,349,284
Balance at end of year	₱3,076,198	₱2,717,316

Estimated hectares planted with growing crops are 14,733, and 14,992 for pineapple and 48 and 47 for papaya as at April 30, 2020 and 2019, respectively.

Pineapple crops have a life cycle of 36 months while papaya crops have life cycle of 24 months.

Actual fruits harvested, in metric tons, from the growing crops are 675,333 and 688,596 for pineapple and 227 and 223 for papaya for the fiscal years ended April 30, 2020 and 2019, respectively.

Movements in the carrying amounts of growing herd are as follows:

	2020	2019
Balance at beginning of the year	₱87,608	₱84,295
Purchases	58,617	36,135
Sales and transfers	(38,960)	(32,822)
Balance at end of the year	₱107,265	₱87,608

The Company maintains cattle for growing herd, breeding and dairy herd as part of its Environmental Management System wherein excess pineapple pulps are converted into cattle feeds.

As at April 30, 2020 and 2019, the number of heads of cattle for growing herd totaled to 1,679 and 2,009 heads, respectively.



9. Financial Assets at FVOCI

As a result of the adoption of PFRS 9 in 2019, AFS financial assets were reclassified to financial assets at FVOCI.

This account consists of the following:

	2020	2019
Cost		
Balance at beginning and end of the year	₱444	₱444
Unrealized Gain		
Balance at beginning of the year	11,611	11,622
Unrealized gain (loss) during the year	1,003	(11)
Balance at end of the year	12,614	11,611
	₱13,058	₱12,055

Financial assets at FVOCI consist mainly of quoted golf club and listed shares. The golf club shares are classified as proprietary shares which entitles the holder to use and enjoy the club's facilities and services; to vote and be voted in meetings of the shareholders; and to receive a share in the net assets upon liquidation and dissolution. These shares are carried in the books at market values based on published stock quotes by brokers and dealers as at reporting date.

10. Prepaid Expenses and Other Current Assets

	2020	2019
Advances to suppliers	₱179,702	₱121,187
Prepaid expenses	133,513	138,235
Prepaid taxes	49,700	74,267
Deferred transportation cost	37,411	47,289
Input VAT - net	26,327	108,015
Prepaid rent	—	368,828
Others	77,137	42,750
	₱503,790	₱900,571

Advances to suppliers are down payments incurred by the Company for the purchase of materials and supplies that will be used for operations.

Prepaid expenses include prepayments on advertising and subscriptions that are normally incurred within the next financial year.

Prepaid taxes pertain to real property, local business, and excise taxes paid in advance to regulatory authorities and are usually amortized within the next reporting period.

Deferred transportation cost pertains to advance payments for delivery and transportation services and is normally incurred within the next financial period.

Input VAT pertain to prepayments made to regulatory authorities for the purchase of materials and supplies that will be used for manufacturing goods.



Prepaid rent pertains to advanced payments for the lease agreements of the Company that are normally incurred within the next financial year. Upon transition to PFRS 16 starting May 1, 2019, prepaid rent amounting to ₱368,828 formed part of right-of-use assets (see Note 3).

Other current assets consist of prepaid employee advances, prepaid employee benefits, prepaid financial charges and membership dues.

11. Investment Properties

April 30, 2020				
	Right-of-use Assets -			
	Land	Buildings and improvements	Building and Improvements	Total
Cost				
Beginning balances	₱155,326	₱183,358	₱–	₱338,684
Effect of adoption of PFRS 16 (Note 3)	–	–	28,444	28,444
Beginning balances, as restated	155,326	183,358	28,444	367,128
Additions	–	1,627	–	1,627
Disposal	–	(417)	–	(417)
Ending balances	155,326	184,568	28,444	368,338
Accumulated Depreciation, Amortization and Impairment Losses				
Beginning balances	–	144,001	–	144,001
Depreciation for the year (Note 25)	–	12,248	6,321	18,569
Disposal	–	(417)	–	(417)
Ending balances	–	155,832	6,321	162,153
Net book value	₱155,326	₱28,736	₱22,123	₱206,185

April 30, 2019			
	Land	Buildings and improvements	Total
Cost			
Beginning balances	₱155,326	₱178,679	₱334,005
Additions	–	4,679	4,679
Ending balances	155,326	183,358	338,684
Accumulated Depreciation, Amortization and Impairment Losses			
Beginning balances	–	125,600	125,600
Depreciation for the year (Note 25)	–	18,401	18,401
Ending balances	–	144,001	144,001
Net book value	₱155,326	₱39,357	₱194,683

The fair market value of the investment properties based on the valuation conducted by a third- party appraiser on April 30, 2020 and December 31, 2016 amounted to ₱556,425 and ₱529,218, respectively.



The fair value of investment property was determined by Cuervo Appraiser, Inc, a SEC accredited external property appraiser, with appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The independent appraiser performs fair value appraisal of the Parent Company's investment property every three (3) years. The most recent appraisal was made on April 30, 2020.

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used. The valuation considers an industrial utility as the highest and best use of the property.

Valuation Techniques and Significant Unobservable Inputs

The valuation methods used to determine the fair value for land and buildings are Sales Comparison Approach and Income Approach, respectively. Sales Comparison Approach involves the analysis of comparable sales of similar and substitute properties and related market data to reflect the differences in location, planning area, ownership, land area, floor area, sale or asking price, unit value, gross yield, occupancy status, as well as date of transaction among other factors affecting value. Under Income Approach, the annual net rental is capitalized at an appropriate interest rate after deducting for property tax and other operating expenses to arrive at the capital value of the property. The unobservable inputs used to determine market value are the prevailing rental rates and return on investment as at valuation date.

Key inputs to fair valuation are as follows:

	Valuation Techniques	Significant Unobservable Inputs	Range
Land and Building	Sales Comparison	Price per square foot	₱104,000 - ₱106,000
Land and Building	Income Approach	Lease rate per square foot per month	₱140 - ₱300

Rental income, included as part of other income, generated from the investment properties for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱40,604, ₱38,848 and ₱41,293, respectively (see Note 22). Direct costs arising from the investment properties that generated rent income for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱29,587, ₱31,037 and ₱35,602, respectively (see Note 23).



12. Property, Plant and Equipment

2020										
	Land (Revalued Amount)	Machinery and Equipment	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Bearer Plants at Cost	Right-of-use Assets - Land	Right-of-use Assets - Building and Improvements	Total	
Gross Carrying Amount	₱457,755	₱11,253,565	₱1,750,547	₱744,806	₱915,381	₱16,225,616	₱-	₱-	₱31,347,670	₱31,347,670
Beginning balances	-	-	-	-	-	-	2,435,364	1,175,684	3,611,048	
Effect of adoption of PFRS 16 (Note 3)	457,755	11,253,565	1,750,547	744,806	915,381	16,225,616	2,435,364	1,175,684	34,958,718	
Beginning balances, as adjusted	-	-	-	-	-	-	-	-	-	
Additions	-	204,949	44,784	437	337,152	4,950,674	151,254	-	5,689,250	
Revaluation	152,477	-	-	-	-	-	-	-	152,477	
Transfers/adjustments	-	555,025	95,841	2,316	(654,809)	-	-	-	(3,711,162)	
Disposals/write-offs	-	(703,515)	(7,084)	(31,832)	-	(2,968,731)	-	-	-	
Ending balances	610,232	11,310,024	1,884,088	715,727	597,724	18,207,559	2,586,618	1,175,684	37,087,656	
Accumulated Depreciation and Amortization	-	8,405,795	703,854	484,810	-	11,103,038	-	-	20,697,497	20,697,497
Beginning balances	-	654,106	78,616	36,741	-	4,016,316	349,685	126,466	5,261,930	
Depreciation and amortization	-	(696,281)	(6,562)	(31,372)	-	(2,968,731)	-	-	(3,702,946)	
Disposals/write-offs	-	8,363,620	775,908	490,179	-	12,150,623	349,685	126,466	22,256,481	
Ending balances	-	-	-	-	-	-	-	-	-	
Carrying Value	₱610,232	₱2,946,404	₱1,108,180	₱225,548	₱597,724	₱6,056,936	₱2,236,933	₱1,049,218	₱14,831,175	₱14,831,175

2019										
	Land (Revalued Amount)	Machinery and Equipment	Buildings and Improvements	Leasehold Improvements	Construction in Progress	Bearer Plants at Cost	Right-of-use Assets - Land	Right-of-use Assets - Building and Improvements	Total	
Gross Carrying Amount	₱457,755	₱10,004,363	₱1,427,542	₱694,799	₱1,731,711	₱13,472,721	₱27,788,891	₱27,788,891	₱27,788,891	₱27,788,891
Beginning balances	-	115,486	82,592	7,452	-	686,550	3,709,124	4,466,125	5,168,019	
Additions	-	1,215,233	240,413	42,555	(1,502,880)	-	(1,523,044)	-	(1,604,361)	
Transfers/adjustments	-	(81,317)	-	-	-	-	-	-	-	
Disposals/write-offs	-	11,253,565	1,750,547	744,806	915,381	16,225,616	-	-	31,347,670	
Ending balances	457,755	-	-	-	-	-	-	-	-	
Accumulated Depreciation and Amortization	-	7,817,856	660,044	437,858	-	8,916,958	-	-	17,832,716	17,832,716
Beginning balances	-	666,239	43,810	46,952	-	-	-	-	4,466,125	
Depreciation and amortization	-	(78,300)	-	-	-	-	-	-	(1,601,344)	
Disposals/write-offs	-	8,405,795	703,854	484,810	-	-	-	-	20,697,497	
Ending balances	-	-	-	-	-	-	-	-	-	
Carrying Value	₱457,755	₱2,847,770	₱1,046,693	₱229,996	₱915,381	₱5,122,578	₱5,122,578	₱5,122,578	₱10,650,173	₱10,650,173



General borrowing cost capitalized to ongoing construction and installation of equipment amounted to ₱20,031 and ₱1,459 for the fiscal years ended April 30, 2020 and 2019, respectively. The Company also capitalized borrowing cost related to bearer plants amounting to ₱72,319 in 2020. Average capitalization rate used is 4.06% and 3.40% for the fiscal years ended April 30, 2020 and 2019, respectively.

In November 26, 2019, the fair value of land was valued at ₱610,232 based on the most recent appraisal made by Cuervo Appraisers, Inc. The cumulative revaluation surplus totaling to ₱427,092, net of tax, is presented as “Land revaluation surplus” under “Other reserves” account in the consolidated statements of changes in equity. The original cost of the land is ₱101.

Valuation Techniques and Significant Unobservable Inputs

The fair value of land was determined by Cuervo Appraisers, an SEC accredited external property appraiser having appropriate recognized professional qualification and recent experience in the location and category of the property being valued.

The fair value measurement for land has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

The value of the land was estimated using the Sales Comparison Approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by involving comparison.

The key inputs to the fair valuation are as follows:

	Range
Price per square meter	₱4,050 to ₱4,500
Lot size (square meters)	15,997 to 47,151
Location	Cagayan de Oro City

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.

13. Other Noncurrent Assets

	2020	2019
Deferred land development costs	₱441,709	₱375,750
Advance rent	361,133	935,585
Security deposits	312,966	—
Refundable deposits	95,824	96,979
Advances to suppliers	87,292	131,604
Deferred input VAT	37,571	30,421
Others	8,872	2,908
	₱1,345,367	₱1,573,247

Deferred land development costs are advance payments for the preparation, maintenance and continuance of the life cycle of pineapple or papaya crops. Advance payments made for the fiscal year are accumulated and amortized over the next 10 years.



Advance rent pertains to payments related to lease contracts which will commence beyond one year from the reporting period.

Security deposits pertain to payments made to Nutri-Asia, Inc. in connection with the Company's intention to avail of the additional production capacity under the toll manufacturing agreement. The security deposit will be returned when tolling agreement for the additional capacity is finalized or in the event that the additional capacity does not materialize.

Refundable rental deposits are deposits made under lease contracts entered by the Company.

Advances to supplier represent advance payments made to cover capital expenditures of the Company.

Deferred input VAT on capital goods represents input VAT on property and equipment that are to be amortized over its useful life or 5 years, whichever is shorter.

Other noncurrent assets pertain to deferred expenses expected to be amortized beyond one year from the next reporting period.

14. Short-term Notes Payable

	2020	2019
Peso-denominated loans	₱7,580,000	₱—
Dollar-denominated loans	3,862,750	9,836,102
	₱11,442,750	₱9,836,102

The unsecured peso-denominated loans bear interest at 5.25% to 5.50% as at April 30, 2020 and usually mature after 30 to 90 days.

As at April 30, 2020 and 2019, the balance of dollar-denominated unsecured notes payable in original currency amounted to US\$76,575 or ₱3,862,750 and US\$188,800 or ₱9,836,102, respectively. The loans bear an interest at 2.875% to 3.86% and 3.00% to 3.9% at April 30, 2020 and 2019, respectively and usually mature after 30 to 90 days.

Total interest expense on short-term loans amounted to ₱419,531, ₱263,291 and ₱172,177 for the fiscal years ended April 30, 2020, 2019 and 2018, respectively (see Note 20).

The Company has unsecured lines of credit with local banks amounting to ₱20,772,200 and ₱20,854,900 of which ₱11,442,750 and ₱9,836,102 have been availed as at April 30, 2020 and 2019, respectively.

15. Long-term Notes Payable

The long-term loan amounting to ₱3,000,000 is an unsecured loan and will mature on August 3, 2020. Interest expense on long-term loans amounted to ₱137,250, ₱138,334, and ₱141,840 for the years ended April 30, 2020, 2019, and 2018, respectively (see Notes 12 and 20).



The loan agreement requires a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not exceeding 2.0x based on audited parent company financial statements. In 2020 and 2019, the Parent Company is in compliance with the actual debt service coverage ratio requirement with 1.6x and 10.5x, respectively, after adjusting the impact of PFRS 16 to finance cost in 2020. As at April 30, 2020 and 2019, actual debt-to-equity ratios are 1.8x and 0.8x, respectively, after adjusting the impact of PFRS 16 to total debt in 2020. As at April 30, 2020, the Company already presented the loan amounting to ₱3,000,000 as part of current liabilities since it will mature on August 3, 2020.

On August 3, 2020, the Company repaid ₱1,500,000 of the long-term loan through its existing short-term credit facility. The bank has granted 30-day grace period to the Company for the remaining ₱1,500,000 which will be refinanced with the same bank while the agreement is being finalized.

16. Accounts Payable and Accrued Expenses

	2020	2019
Accounts payable:		
Trade	₱3,369,598	₱2,513,416
Royalties payable (Note 36)	113,456	99,463
Nontrade	90,305	71,765
Due to related parties (Note 31)	81,300	—
Accrued expenses:		
Advertising, promotions and discounts	233,201	276,827
Tinplate and consigned stocks	190,469	218,572
Rental	173,727	—
Professional and outside services	161,049	180,754
Payable to government agencies	145,367	96,651
Salaries, bonuses and other employee benefits (Note 30)	139,576	73,558
Freight and warehousing	106,724	208,598
Capital expenditures	68,566	119,672
Others	168,717	218,259
	₱5,042,055	₱4,077,535

Trade payables are noninterest-bearing and are normally settled on 30 to 60-day terms.

Royalties payable are from the royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services (“ALCOR”). Royalties payable are noninterest-bearing and are paid and remitted within thirty (30) days after each calendar quarter, except the last quarter. The payment for the last quarter is made within fifteen (15) days after the issuance of the external auditor’s certificate verifying the amount of the Parent Company’s net sales for the period (see Note 36).

Nontrade payables consist of insurance premiums, employee loans and other deductions that are normally remitted within the following year.

Due to related parties are unsecured and noninterest-bearing purchases of services, rentals, toll pack and management services from related parties which are expected to be paid within the next fiscal year (see Note 31).

Accrued expenses are payable within the next fiscal year.



17. Cost of Sales

	2020	2019	2018
Inventories (see Note 7)	₱14,301,556	₱12,834,209	₱11,471,558
Depreciation and amortization (Notes 11, 12 and 25)	3,068,847	3,108,787	3,079,426
Personnel (Note 24)	2,435,584	2,263,077	2,465,010
Fuel, light and power	763,110	747,125	758,183
Royalty expense (Note 36)	602,914	468,784	562,387
Rent (Note 35)	496,095	627,805	823,934
Repairs and maintenance	381,789	423,820	463,544
Freight and logistics	361,815	387,239	283,468
Materials and supplies	123,559	122,430	116,781
Provision for obsolescence (Note 7)	98,534	143,762	157,051
Taxes and licenses	42,559	58,934	51,145
Travel and transportation	17,427	19,276	21,992
Insurance	11,851	9,442	9,797
Others	678,600	795,478	739,293
	₱23,384,240	₱22,010,168	₱21,003,569

18. Distribution and Selling Expenses

	2020	2019	2018
Freight and storage	₱1,417,329	₱994,136	₱1,044,345
Personnel (Note 24)	776,850	680,257	600,005
Advertising and promotion	631,931	692,721	783,780
Research and development	106,203	94,190	117,830
Depreciation and amortization (Notes 11, 12 and 25)	63,097	61,078	44,187
Entertainment, amusement and recreation	49,240	43,519	45,592
Taxes and licenses	37,296	46,119	35,101
Rent (see Note 35)	17,030	9,211	11,899
Others	109,315	85,367	64,846
	₱3,208,291	₱2,706,598	₱2,747,585



19. General and Administrative Expenses

	2020	2019	2018
Personnel (Note 25)	₱424,223	₱363,988	₱383,538
Depreciation and amortization (Notes 11, 12 and 25)	105,404	48,549	35,204
Professional fees	57,187	60,638	105,050
Technology cost	54,550	45,522	55,579
Travel and transportation	32,743	30,487	31,526
Utilities	29,455	25,532	24,948
Training and employee activities	24,723	25,422	36,546
Taxes and insurance	19,418	30,280	16,726
Rent (see Note 35)	17,048	93,212	92,600
Outside services	14,877	15,209	16,388
Supplies	8,869	7,153	8,071
Others	28,935	32,724	38,957
	₱817,432	₱778,716	₱845,133

20. Finance Cost

	2020	2019	2018
Interest expense:			
Short-term and long-term payables (Notes 14 and 15)	₱556,781	₱401,625	₱314,017
Lease liabilities (Note 35)	125,234	—	—
Capitalized borrowing cost (Note 12)	(92,350)	(1,459)	(4,965)
	589,665	400,166	309,052
Bank charges	105,496	97,880	89,965
	₱695,161	₱498,046	₱399,017

21. Revenues

	2020	2019	2018
Revenue from customer contracts:			
Packaged fruit	₱8,493,103	₱7,524,684	₱7,905,842
Beverage	7,954,226	7,870,964	7,799,788
Culinary	6,459,135	6,138,489	6,109,016
Fresh fruit and others	6,086,776	4,464,182	3,447,919
Changes in fair values of biological assets	2,923,050	2,763,234	2,301,186
	₱31,916,290	₱28,761,553	₱27,563,751



The changes in fair values are recognized under:

	2020	2019	2018
Cost of sales	₱2,306,480	₱2,053,730	₱1,869,955
Inventories	190,185	316,798	468,041
Unharvested agricultural produce	426,385	392,706	(36,810)
	₱2,923,050	₱2,763,234	₱2,301,186

The fair value adjustments of pineapple and papaya fruits harvested that were subsequently sold as fresh pineapples and those used in production as pineapple-based canned products for the fiscal years ended April 30, 2020, 2019 and 2018 amounted to ₱2,306,480, ₱2,053,730, and ₱1,869,955 respectively.

22. Other Income

	2020	2019	2018
Reversal of long-outstanding payable	₱110,927	₱64,499	₱75,254
Rental income (Notes 11 and 35)	40,881	39,111	41,293
Forfeited personal retirement account	34,202	15,538	15,859
Scrap and other sales	18,601	51,609	50,925
Reversal of employee incentives	890	48,468	95,884
Management income (see Note 31)	445	66,971	64,518
Others	20,856	12,227	36,810
	₱226,802	₱298,423	₱380,543

Certain payables were reversed upon determining the final settlement or status of the accounts.

Forfeited personal retirement account pertains to the contributions of the Company to the employees' personal retirement account which are forfeited once the employee resigns before the vesting period.

23. Other Expense

	2020	2019	2018
Management fee (Note 31)	₱92,686	₱45,157	₱54,407
Depreciation and amortization (Notes 11, 12 and 25)	11,640	16,782	20,045
Property operating expenses (Note 11)	17,947	14,255	15,557
Others	18	6,052	4,383
	₱122,291	₱82,246	₱94,392



24. Personnel Cost

	2020	2019	2018
Wages and salaries	₱2,059,733	₱2,356,851	₱1,911,823
Outsourced labor	2,264,639	1,946,414	1,812,152
Retirement costs and provident fund contributions (Note 30)	107,668	67,356	157,317
Social security costs	93,013	66,802	61,557
	4,525,053	4,437,423	3,942,849
Personnel expenses included in inventories and expenditures for agricultural produce	(888,396)	(1,130,101)	(494,296)
	₱3,636,657	₱3,307,322	₱3,448,553

Personnel expenses are included in:

	2020	2019	2018
Cost of sales (Note 17)	₱2,435,584	₱2,263,077	₱2,465,010
Distribution and selling expenses (Note 18)	776,850	680,257	600,005
General and administrative expenses (Note 19)	424,223	363,988	383,538
	₱3,636,657	₱3,307,322	₱3,448,553

25. Depreciation and Amortization

Depreciation and amortization of investment property and property, plant and equipment are included in:

Investment property	2020	2019	2018
General and administrative expenses (Note 19)	₱6,929	₱1,619	₱—
Other expense (Note 23)	11,640	16,782	20,045
	₱18,569	₱18,401	₱20,045

Property, plant and equipment	2020	2019	2018
Cost of sales (Note 17)	₱3,068,847	₱3,108,787	₱3,079,426
Inventories and biological assets	2,031,511	1,249,330	1,540,494
General and administrative expenses (Note 19)	98,475	46,930	35,204
Distribution and selling expenses (Note 18)	63,097	61,078	44,187
	₱5,261,930	₱4,466,125	₱4,699,311



26. Income Taxes

The details of the Company's deferred tax assets (liabilities) are as follows:

DMPI

	April 30, 2018	Movement	April 30, 2019	Movement	April 30, 2020
Items recognized in profit or loss					
Allowance for:					
Excess of cost over NRV of inventories	₱35,579	₱14,620	₱50,199	(₱6,195)	₱44,004
Impairment losses on receivables and property, plant and equipment	21,936	571	22,507	(7,458)	15,049
Accrued expenses	61,942	(47,540)	14,402	7,603	22,005
Accrued leases / PFRS 16 adjustment	37,873	(586)	37,287	20,871	58,158
Changes in fair value of biological assets	(133,966)	(11,877)	(145,843)	52,545	(93,298)
Unrealized foreign exchange losses (gains)	(95,513)	34,482	(61,031)	72,738	11,707
Taxes on sweetened beverages	(10,813)	(2,707)	(13,520)	(2,468)	(15,988)
Capitalized customs duties and taxes on property, plant and equipment	(700)	(1,165)	(1,865)	(37)	(1,902)
	(83,662)	(14,202)	(97,864)	137,599	39,735
Items recognized in other comprehensive income					
Remeasurement effects - retirement plan	15,972	46,456	62,428	(59,182)	3,246
Unrealized gain on financial assets at FVOCI	(1,748)	15	(1,733)	(165)	(1,898)
Revaluation increment	(137,297)	—	(137,297)	(45,742)	(183,039)
	(123,073)	46,471	(76,602)	(105,089)	(181,691)
	(₱206,735)	₱32,269	(₱174,466)	₱32,510	(₱141,956)

PPMSC

	April 30, 2018	Movement	April 30, 2019	Movement	April 30, 2020
Items recognized in profit or loss					
Allowance for:					
Impairment losses on receivables	₱1,888	(₱135)	₱1,753	(₱605)	₱1,148
Impairment losses on input taxes	210	(46)	164	(164)	—
Accrued leases / PFRS 16 adjustment	—	—	—	(819)	(819)
	₱2,098	(₱181)	₱1,917	(₱1,588)	₱329

DMTDI

	April 30, 2018	Movement	April 30, 2019	Movement	April 30, 2020
Items recognized in profit or loss					
NOLCO	₱96	(₱96)	₱—	₱—	₱—

Management has assessed that no future taxable income will be available against which NOLCO of DMTDI can be utilized since DMTDI is non-operational and therefore, the Company derecognized deferred tax assets amounting to ₱96 for the fiscal year ended April 30, 2019.

As at April 30, 2020, the Company's NOLCO coming from PPMSC and DMTDI which could be applied against future taxable income and deducted against future income tax payable, are as follows:

NOLCO

Year Incurred	Amount Incurred	Amount Applied/Expired	Balance	Expiry Date
2020	₱114	₱—	₱114	2022
2019	89	—	89	2022
2018	122	—	122	2021
2017	198	198	—	2020
2016	1,189	1,189	—	2019
2015	3,743	3,743	—	2018
	₱5,455	₱5,130	₱325	



The reconciliation of the income tax expense computed at statutory rate to the income tax expense shown in profit or loss is as follows:

	2020	2019	2018
Income before income tax	₱4,098,175	₱3,059,583	₱3,079,503
Income tax at 30%	1,228,919	917,875	923,851
Add (deduct) tax effects of the following:			
Nondeductible expenses	2,259	3,466	2,741
Movement in unrecognized deferred tax assets	(34)	375	320
Interest income subjected to final tax	(1,909)	(5,779)	(2,696)
Income from PEZA-registered activities subject to lower tax rate	(604,672)	(435,099)	(415,740)
	₱624,563	₱480,838	₱508,476

27. Capital Stock

	2020	2019
Convertible common stock - ₱1 par value:		
Authorized - 3,000,000,000 shares		
Issued - 2,797,320,003 shares	₱2,797,320	₱—
Common stock - ₱1 par value:		
Authorized - 3,000,000,000 shares		
Issued - 2,797,320,003 shares	—	2,797,320
	₱2,797,320	₱2,797,320

The SEC approved the amendment of the Parent Company's articles of incorporation last March 23, 2018. The amendments include change of principal office to JYCC, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City and increase in the number of directors from 5 to 7. The SEC also approved the decrease in par value of its common shares from ₱100 per share to ₱1 per share, and the conversion of preferred shares of the Parent Company into common shares amounting to ₱961,230, while retaining the authorized capital stock in the amount of three billion pesos (₱3,000,000,000).

On December 9, 2019, in a joint special meeting of the Board and stockholders of the Parent Company, the following amendments to the articles of incorporation were unanimously approved:

1. Conversion of the authorized common shares amounting to ₱3,000,000,000 to common shares convertible to voting, participating, RCPS. The RCPS shall be convertible to common shares.
2. The RCPS may be issued from time to time as the Board may determine the amount and the issue price, cash dividend rate, and period and manner of redemption of the RCPS. To the extent not set forth in this amended articles of incorporation, the specific terms and restrictions of each issuance of the RCPS shall be specified through Enabling Resolutions as may be adopted by the Board prior to the issuance thereof, which Enabling Resolutions shall be filed with the SEC and thereupon be deemed a part of the amended articles of incorporation.

The SEC approved the amendment of the Parent Company's articles of incorporation on February 11, 2020.



On January 24, 2020, DMPL, CARI, the Parent Company and SEA Diner Holdings (S) Pte. Ltd. (SEA Diner), a company incorporated in Singapore, entered into a Share Purchase Agreement whereby CARI will sell 335,678,400 shares equivalent to 12% ownership interest in the Parent Company to SEA Diner for a consideration of US\$120,000 subject to fulfillment of certain conditions precedent.

If there is no liquidity event such as initial public offering or trade sale after five (5) years from May 20, 2020 (i.e., Completion Date) or upon the occurrence of any of certain agreed default events, SEA Diner may require the Parent Company, DMPL or CARI 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 May 20, 2020 up to the date of redemption. Redemption shall be subject to the mutual agreement of the parties. If the Parent Company 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.

The Board and the stockholders approved the Share Purchase Agreement above and other transaction documents on March 3, 2020, including the conversion of the convertible common shares to RCPS subject to the completion of the transaction. As at April 30, 2020, the Parent Company had fulfilled the conditions precedent under the Share Purchase Agreement.

As at August 3, 2020, the Company has already commenced its process of amending the articles of incorporation to reflect the conversion of common shares to RCPS per Share Purchase Agreement.

28. Dividends

On January 22, 2018, the Parent Company declared stock dividends to preferred shareholders amounting to ₱322,920 (3,229,200 shares at par value of ₱100 per share) for preferred shareholders as of January 18, 2018.

On June 14, 2019, the Parent Company declared cash dividend of ₱4.93 per share to all common shareholders of common shares of the Corporation as of June 21, 2019 totaling to ₱13,796,097. The payment was set off against the Parent Company's receivables from GTL Limited, DMPL and S&W Fine Foods International Ltd. on July 31, 2019 through a restructuring agreement between CARI, DMPL, GTL Limited, S&W Fine Foods International Ltd., and Dewey SDN BHD (see Note 6).

29. Appropriated Retained Earnings

On February 28, 2019, the Board approved the appropriation of additional retained earnings of ₱4,795,000, resulting to a total appropriated earnings balance as at April 30, 2019 in the amount of ₱15,698,000. The additional appropriation was intended to fund the Parent Company's long-range plan capital expenditure requirements, such as acquisition of various equipment that will modernize its Cannery and Plantation, provided, that specific projects for which the appropriation will be expended will be subject to prior approval of the Board.

On June 14, 2019, the Board approved the reversal of its previously appropriated retained earnings as of April 30, 2019 amounting to ₱15,695,000.



On March 3, 2020, the Board approved the appropriation of retained earnings of ₱2,793,541 intended to fund the Parent Company's various long-range plan capital expenditure requirements, such as acquisition of various equipment for its Cannery and Plantation, provided, that specific projects for which the appropriation will be expended will be subject to prior approval of the Board. The amount and timing of these capital expenditures are as follows:

Financial year ending	Expected Capital Expenditures
2021	₱792,096
2022	1,120,777
2023	880,668
	<u>₱2,793,541</u>

As at April 30, 2020 the amount of retained earnings available for dividend declaration amounted to ₱3,776,399.

30. Employee Benefits

The Company has both funded defined benefit and defined contribution retirement plan (the "Plan") which covers all of its regular employees. 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. The Company's latest actuarial valuation date is April 30, 2020. Valuations are obtained on a periodic basis.

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

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



The following table shows a reconciliation of the net defined benefit retirement asset and its components:

	Present Value of Defined Benefit Retirement Obligation		Fair Value of Plan Assets		Net Defined Benefit Retirement Asset	
	2020	2019	2020	2019	2020	2019
Balance at beginning of the year	₱1,499,332	1,268,211	₱2,007,153	₱2,149,699	(₱507,821)	(₱881,488)
Recognized in profit or loss						
Current service cost	107,108	85,157	-	-	107,108	85,157
Interest expense	90,859	99,935	-	-	90,859	99,935
Interest income	-	-	117,450	163,512	(117,450)	(163,512)
	197,967	185,092	117,450	163,512	80,517	21,580
Recognized in other comprehensive income (loss)						
Remeasurements:						
Actuarial losses (gains) arising from:						
Changes in demographic assumptions	40,769	39,855	-	-	40,769	39,855
Experience adjustments	(76,484)	63,370	-	-	(76,484)	63,370
Changes in financial assumptions	227,305	178,929	-	-	227,305	178,929
Return on plan assets (excluding interest)	-	-	101,802	(156,720)	(101,802)	156,720
	191,590	282,154	101,802	(156,720)	89,788	438,874
Others						
Benefits paid	(164,798)	(236,125)	(164,798)	(236,125)	-	-
Contributions	-	-	26,729	86,788	(26,729)	(86,788)
	(164,798)	(236,125)	(138,069)	(149,337)	(26,729)	(86,788)
Effect of asset ceiling	-	-	-	-	27,516	78,552
Balance at end of the year	₱1,724,091	₱1,499,332	₱2,088,336	₱2,007,154	(₱336,729)	(₱429,270)



The net retirement benefits expense is recognized in the following line items in profit or loss:

	2020	2019	2018
Cost of sales	₱48,548	₱22,638	₱68,342
General and administrative expenses	17,420	8,434	28,410
Distribution and selling expenses	12,015	8,977	23,533
Included in inventories and biological assets	7,347	7,752	15,655
	₱85,330	₱47,801	₱135,940

Actual return on plan assets amounted to ₱219,252, ₱6,792 and ₱148,227 for the fiscal years ended April 30, 2020, 2019 and 2018, respectively.

Fair value of plan assets consists of the following:

	2020	2019
Real estate	₱797,118	₱773,356
Government securities	674,115	391,395
Equity securities	309,909	649,515
Unit investment trust funds and other funds	188,367	75,068
Debt instruments	161,637	101,361
Bank deposits	11,903	20,874
Other payables	(54,713)	(4,415)
	₱2,088,336	₱2,007,154

All government securities are issued by the Philippine government which are rated by Standard and Poor's Financial Services. Real estate is an investment property occupied by the Parent Company's Manila office. Government securities, equities (including 14,609,798 and 15,220,508 DMPL ordinary shares amounting to ₱192,653 and ₱516,794 as at April 30, 2020 and 2019, respectively, and 220,000 DMPL preferred shares amounting to ₱114,957 and ₱114,631 as at April 30, 2020 and 2019, respectively), debt instruments and unit investment trust funds and other funds have quoted prices in active markets.

The Board of Trustees 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. The Parent Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Parent Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

The Board of Trustees 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 Trustees 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.



The principal actuarial assumptions used in determining retirement obligations for the Company's retirement plan are as follows (expressed in annual rates):

	2020	2019
Discount rate (%)	4.43	6.1
Salary increase rate (%):		
Bugo hourlies	6.0	6.0
Plantation hourlies	6.0	6.0
Supervisors and non-supervisory monthlies	6.0	6.0

As at April 30, 2020 and 2019, the reasonably possible changes to one of the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below.

	2020	
	1% Increase	1% Decrease
Discount rate	(P146,000)	P170,801
Salary increase rate	166,367	(145,266)

	2019	
	1% Increase	1% Decrease
Discount rate	(P103,606)	P118,924
Salary increase rate	117,804	(104,582)

Assumptions for mortality and disability rate are based on published statistics and mortality and disability tables.

The maturity analysis of the undiscounted benefit payments as at April 30, 2020 is shown below.

Financial year ending	Expected Benefit Payments
2021	P87,419
2022	228,445
2022	126,554
2024	216,618
2025	167,937
2026 to 2030	839,008

As at April 30, 2020 and 2019, the weighted average duration of defined benefit retirement obligation is 9.2 years and 7.4 years, respectively.

The Company provides its regular employees, through the Supplementary Provident Plan, a supplemental savings in the form of lump sum payment at the time of retirement or separation from the Parent Company. The employee who chooses to participate in the plan may, at his option, elect to contribute a fixed amount or a percentage equal to one percent (1%) to thirty percent (30%) of his salary beginning on the date he joined the plan.

The Parent Company contributes monthly to the Provident Fund an amount equal to forty percent (40%) of the members' monthly contribution which in no case shall exceed two percent (2%) of the member's salary.



Contributions to the Provident Fund amounted to ₱22,338, ₱19,555 and ₱21,377 as at April 30, 2020, 2019 and 2018, respectively.

Unremitted contribution (employee and employer share) recognized as part of “Accounts payable and accrued expenses” amounted to ₱13,316 and ₱13,824 as at April 30, 2020 and 2019, respectively.

31. Related Party Transactions

The Company has transactions with related parties as described below. These transactions are done in the normal course of business and outstanding balances are usually settled in cash.

A summary of significant transactions and account balances with related parties follows:

Category/ Transaction	Note	Amount of the Transactions for the years ended April 30	Outstanding Balance Due from (Due to) Related Parties as at April 30	Terms	Conditions
Ultimate Parent					
Sales	2020 31a	₱259	₱23	Noninterest-bearing	Unsecured; no impairment
	2019	₱23	₱-		Unsecured
Purchases and advanced payment of toll pack fee	2020 31b	(11,767)	2,120	Noninterest-bearing	
	2019	(29,557)	(4,342)		
Advances and security deposit	2020 31c	283,109	282,794	Noninterest-bearing	Unsecured; no impairment
	2019	312,966	312,966		
Services and other reimbursement	2020 31a	9,286	6,819	Noninterest-bearing	Unsecured; no impairment
	2019	9,014	12,604		
Under Common Control					
Sales	2020 31d	4,686,147	2,879,403	Noninterest-bearing	Unsecured; no impairment
	2019	8,596,414	8,519,664		Unsecured
Purchases and royalties	2020 31d	(211,944)	(121,848)	Noninterest-bearing	
	2019	(320,010)	(61,346)		
Advances	2020 31e	2,483,119	1,821,331	Interest bearing	Unsecured; no impairment
	2019	-	-		Unsecured
Services and other reimbursement	2020 31e	(127,374)	(27,647)	Noninterest-bearing	
	2019	70,78	4,718,392		
Other Related Party					
Sales	2020 31f	196,934	127,123	Noninterest-bearing	Unsecured; no impairment
	2019	185,480	35,836		Unsecured
Purchases	2020 31f	(78,616)	(27,717)	Noninterest-bearing	
	2019	-	-		
Rendering of services	2020 31g	202	77	Noninterest-bearing	Unsecured; no impairment
	2019	202	10,871		
Lease receivable	2020 31h	3,271	3,192	Noninterest-bearing	Unsecured; no impairment
	2019	-	-		Unsecured
Rental of office space and common use service area	2020 31g	(115,696)	(32,157)	Noninterest-bearing	
	2019	(129,722)	(10,236)		
	2020		₱4,913,513		
	2019		₱13,534,409		

All outstanding balances with these related parties are due to be settled within twelve months as at reporting date except for security deposit. None of the balance is secured. The Company has approval process and established limits when entering into material related party transaction. Intercompany receivable and payable eliminated upon consolidation amounted to ₱44,257 and ₱27,234 as at April 30, 2020 and April 30, 2019, respectively.

- The Company sells apple juice concentrate and charges NutriAsia, Inc. for the share in Information Technology (IT) services, including share in the repair of the data center.



- b. The Company purchases production materials and incurs toll packing fees due to NutriAsia, Inc. for seasoning, ketchup and other sauces. The Company also receives debit note for beyond allowable utilization of raw and packaging materials.
- c. In 2019, the Company advanced P312,966 to NutriAsia, Inc. and was recorded under the due from related party account. In 2020, the same amount was reclassified to security deposit presented under other noncurrent assets as security for the additional capacity for the toll manufacturing to be contracted by the Company. The amount will be returned once the additional capacity agreement is finalized.
- d. The Company sells and buys products to and from S&W Fine Foods International Ltd. and Del Monte Foods, Inc. Beginning May 2019, the Company reorganized the export business that previously routed sales through GTL Limited for Del Monte and unbranded products, and S&W Fine Foods International Ltd for S&W branded fresh products. The Company shifted to directly billing the end customers for fresh and processed products, excluding S&W branded processed products and buyer's own label products. Due to the reorganization, the Company incurs additional royalties due to S&W Fine Foods International Ltd. for the direct sale of S&W fresh products.
- e. The Company charges and incurs services fee, and other recharges. The Company also extended interest-bearing notes to DMPL with interest rates ranging from 2% to 3.5% per annum.
- f. The Company sells and bills Nice Fruit Hong Kong Ltd. for Nice Frozen Dry products for plant operating costs. Also, the Company incurs processing and packaging costs due to NFSWPI.
- g. The Company charges management fee for the services rendered to DMPI Retirement Fund. The Company also rents building owned by the DMPI Retirement Fund/Provident Fund.
- h. As a zone developer, the Company leases land to the BAREZ of which NFSWPI is a locator.

Compensation of Key Management Personnel of the Company

	2020	2019
Salaries	₱123,770	₱107,119
Short-term benefits	14,079	19,900
Post-employment benefits	8,048	4,811
Other long-term benefits	6,419	6,231
Total	₱152,316	₱138,061

32. Financial Risk and Capital Management Objectives and Policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the foregoing risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.



The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, 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 Board constituted DMPI's Audit Committee to assist the Board in fulfilling its oversight responsibility of the Company's corporate governance process relating to the: a) quality and integrity of the consolidated financial statements and financial reporting process and the systems of internal accounting and financial controls; b) performance of the internal auditors; c) annual independent audit of the consolidated financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; d) compliance with legal and regulatory requirements, including disclosure control and procedures; e) evaluation of management's process to assess and manage the enterprise risk issues; and f) fulfillment of the other responsibilities set out by the Board.

DMPI's Audit and Risks Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. DMPI's Audit Committee 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 Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arise principally from the Company's receivable from customers and refundable deposits. In monitoring credit risk, customers are grouped according to their credit characteristics, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Company manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Company's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Company sells its products through major distributors and key accounts in various geographical regions. Management has a credit risk policy which includes, among others, the requirements for standby letter of credit to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Company ensures that sales of products are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

The Company uses a provision matrix to calculate ECLs for its receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. the assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.



The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risks are as follows:

	2020	2019
Cash and cash equivalents*	₱1,168,017	₱561,995
Receivables **	7,301,312	15,563,093
Financial assets at FVOCI	13,058	12,055
Security deposits	312,966	—
Refundable deposits	95,824	96,979
Total credit risk exposure	₱8,891,177	₱16,234,122

*Excluding cash on hand ₱2,899 and ₱1,939 in 2020 and 2019, respectively.

**Includes noncurrent portion of lease receivable amounting to ₱3,108 in 2020.

The table below shows the maximum exposure to credit risk for the Company's financial instruments by credit rating grades as at April 30, 2020 and 2019:

2020					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
High grade	₱1,181,075	₱—	₱—	₱2,162,733	₱3,343,808
Standard grade	5,405,430	—	—	196,613	5,602,043
Gross carrying amount	6,586,505	—	—	2,359,346	8,945,851
Less allowance	—	—	—	(54,674)	(54,674)
Carrying amount	₱6,586,505	₱—	₱—	₱2,304,672	₱8,891,177

2019					
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
High grade	₱574,050	₱—	₱—	₱2,038,326	₱2,612,376
Standard grade	13,631,388	—	—	50,986	13,682,374
Gross carrying amount	14,205,438	—	—	2,089,312	16,294,750
Less allowance	—	—	—	(60,628)	(60,628)
Carrying amount	₱14,205,438	₱—	₱—	₱2,028,684	₱16,234,122

The table shows the maximum exposure to credit risk for the Company's financial instruments by credit rating grades as at April 30, 2020 and 2019.

	2020			2019		
	Gross Maximum Exposure	Credit Enhancement	Net Maximum Exposure	Gross Maximum Exposure	Credit Enhancement	Net Maximum Exposure
Cash and cash equivalents*	₱1,168,017	₱7,778	₱1,160,239	₱561,995	₱7,778	₱554,217
Receivables**	7,301,312	468,522	6,832,790	15,563,093	597,877	14,965,216
Financial asset at FVOCI	13,058	—	13,058	12,055	—	12,055
Security deposits	312,966	—	312,966	—	—	—
Refundable deposits	95,824	—	95,824	96,979	—	96,979
	₱8,891,177	₱476,300	₱8,414,877	₱16,234,122	₱605,655	₱15,628,467

* Credit enhancement is the portion insured by Philippine Deposit Insurance Corporation.

**Credit enhancement is the portion covered by letter of credit from various banks.



The table below shows the credit quality of the Company's financial assets based on their historical experience with corresponding third parties as at April 30, 2020 and 2019.

	April 30, 2020		
	Grade A	Grade B	Total
Cash and cash equivalents*	₱1,168,017	₱–	₱1,168,017
Receivables:			
Trade	–	1,691,103	1,691,103
Related parties	–	321,671	321,671
Advances to officers and employees	–	5,244	5,244
Others	–	120,682	120,682
Financial assets at FVOCI	13,058	–	13,058
Security deposit	–	312,966	312,966
Refundable deposits	–	95,824	95,824
	₱1,181,075	₱2,547,490	₱3,728,565

*Excluding cash on hand.

	April 30, 2019		
	Grade A	Grade B	Total
Cash and cash equivalents*	₱561,995	₱–	₱561,995
Receivables:			
Trade	–	1,440,449	1,440,449
Related parties	–	1,862,778	1,862,778
Advances to officers and employees	–	7,994	7,994
Others	–	26,620	26,620
Financial assets at FVOCI	12,055	–	12,055
Refundable deposits	–	96,979	96,979
	₱574,050	₱3,434,820	₱4,008,870

*Excluding cash on hand

Grade A financial assets pertain to those cash that are deposited in reputable banks and financial assets with good standing. Receivables that are collected on their due dates even without an effort from the Company to follow them up are classified under Grade B.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage 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 risk damage to the Company's reputation.

The Company's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities. The Company maintains a balance between continuity of funding and flexibility through the use of credit lines available from local and international banks.



The table below summarizes the maturity profile of the Company's financial assets based on contractual undiscounted payments:

2020					
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Cash and cash equivalent	₱1,168,017	₱—	₱—	₱—	₱1,168,017
Receivables	7,298,204	268	208	2,632	7,301,312
Financial assets at FVOCI	—	—	—	13,058	13,058
Security deposit	—	312,966	—	—	312,966
Refundable deposits	—	95,824	—	—	95,824
	₱8,466,221	₱409,058	₱208	₱15,690	₱8,891,177

*Excluding cash on hand amounting to ₱2,899 in 2020.

2019					
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Cash and cash equivalent	₱561,995	₱—	₱—	₱—	₱561,995
Receivables	15,563,093	—	—	—	15,563,093
Financial assets at FVOCI	—	—	—	12,055	12,055
Refundable deposits	—	96,979	—	—	96,979
	₱16,125,088	₱96,979	₱—	₱12,055	₱16,234,122

*Excluding cash on amounting to ₱1,939 in 2019.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities based on contractual undiscounted payments:

2020					
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Accounts payable and accrued expenses*	₱4,896,688	₱—	₱—	₱—	₱4,896,688
Short-term notes payable**	11,461,616	—	—	—	11,461,616
Long-term notes payable**	3,035,625	—	—	—	3,035,625
Lease liabilities	366,523	918,226	739,519	1,767,014	3,791,282
	₱19,760,452	₱918,226	₱739,519	₱1,767,014	₱23,185,211

*Net of amount owed to agencies of the government.

**Includes future interest payables.

2019					
	Less than 1 year	1 to 3 Years	3 to 5 years	More than 5 years	Total
Accounts payable and accrued expenses*	₱3,980,884	₱—	₱—	₱—	₱3,980,884
Short-term notes payable**	10,026,474	—	—	—	10,026,474
Long-term notes payable**	—	3,172,875	—	12,055	3,184,930
	₱14,007,358	₱3,172,875	₱—	₱12,055	₱17,192,288

*Net of amount owed to agencies of the government.

**Includes future interest payables.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company is subject to various market risks, including risks from changes in commodity prices, interest rates, currency exchange rates and risks related to agricultural activities.

Foreign Currency Risk

The Company's exposure to foreign currency risk results from significant movement in foreign exchange rates that adversely affect the foreign-currency denominated transactions of the Company. The Company's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Company regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level



responsive to the current exchange rates so as to minimize the risks related to these foreign currency-denominated assets and liabilities.

The Company's foreign currency-denominated assets and liabilities Philippine Peso equivalent of each as at April 30, 2020 and 2019 is presented as follows:

	April 30, 2020		Total Peso Equivalent
	US Dollar	SG Dollar	
Assets			
Cash	\$14,669	\$819	₱769,315
Receivables	112,423	66	5,673,432
Other noncurrent assets	10,179	—	513,470
	137,271	885	6,956,217
Liabilities			
Short-term notes payable	76,575	—	3,862,750
Accounts payable and accrued expenses	12,226	—	616,728
	88,801	—	4,479,478
Net foreign currency-denominated assets	\$48,470	\$885	₱2,476,739

The spot exchange rates used were ₱50.444:US\$1, and ₱35.838:SG\$1 as at April 30, 2020.

	April 30, 2019		Peso Equivalent
	US Dollar	SG Dollar	
Assets			
Cash	\$2,400	\$—	₱125,035
Receivables	254,222	—	13,244,458
Other noncurrent assets	1,742	—	90,755
	258,364	—	13,460,248
Liabilities			
Short-term notes payable	188,800	—	9,836,102
Accounts payable and accrued expenses	5,263	—	274,192
	194,063	—	10,110,294
Net foreign currency-denominated assets	\$64,301	\$—	₱3,349,954

The spot exchange rate used was ₱52.098:US\$ as at April 30, 2019.

The translation of these foreign currency-denominated assets and liabilities of the Company resulted in a net unrealized foreign exchange gain amounting to ₱51,956 and ₱196,845 for the fiscal years ended April 30, 2020 and 2019, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity as at April 30, 2020 and 2019.

	Increase/Decrease in Peso and U.S Dollar, and S.G. Dollar Exchange Rates	Foreign Exchange Rate	Effect on Income Before Income Tax
2020			
U.S Dollar	+10%	50.444	₱244,502
S.G. Dollar	+10%	35.838	3,172
U.S Dollar	-10%	50.444	(244,502)
S.G. Dollar	-10%	35.838	(3,172)



	Increase/Decrease in Peso and U.S Dollar, and S.G. Dollar Exchange Rates	Foreign Exchange Rate	Effect on Income Before Income Tax
2019			
U.S Dollar	+10%	52.098	₱334,995
U.S Dollar	-10%	52.098	(334,995)

Commodity Price Risk

The Company is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk. The Company ensures future supply of tinplates while minimizing the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Company.

Also, the Company purchases large volumes of papaya fruits for production and is significantly exposed to commodity price risk related to papaya. The Company ensures long-term supply of papaya at stable prices by executing papaya supply agreements with farmers. The Company is also subsidizing some of the farmers' costs related to papaya to ensure long-term relationships with them.

Risk Related to Agricultural Activities

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

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Chief Financial Officer has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operation and industry.

The Company defines capital as total equity, which is equivalent to the paid-in capital stock, retained earnings (both appropriated and unappropriated) and recognized income and expenses.



Management uses debt-to-equity ratio to monitor, on a regular basis, the Company's capital, defined as total equity in the consolidated statements of financial position.

The debt-to-equity ratios are as follows:

	2020	2019
Total liabilities	₱22,489,548	₱17,254,013
Total equity	11,048,103	21,393,255
Debt-to-equity ratio	2.04	0.81

There were no changes in the Company's approach to capital management during the period.

33. Fair Value

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximate of fair values as at April 30, 2020 and 2019.

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liability				
Long-term notes payable	₱3,000,000	₱3,000,000	₱3,000,000	₱2,874,329

The following methods and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Accrued Expenses

The Company has determined that carrying amounts of cash, receivables and accounts payable and accrued expenses reasonably approximate their fair values because these are mostly short-term in nature.

Security and Refundable Deposits

The fair value is based on the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value approximates the carrying amount since the Company does not anticipate its carrying amount to be significantly different from the actual value that the deposit would be eventually collected.

Financial Assets at FVOCI

The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market.

Short-term Notes Payable

The carrying amount of short-term loans approximates its fair value as at reporting date due to its short-term in nature.

Lease liabilities

The carrying amount of lease liabilities approximates its fair value as at reporting date since these liabilities were measured using risk-free rates during the year.



Long-term Notes Payable

The fair value of interest-bearing floating rate loans is based on discounted value of expected future cash flows using the applicable market rates for similar types of instrument as of reporting date. As at April 30, 2019, the fair value of the long-term loan amounted to ₱2,874,329 using a 4.37% discount rate. As at April 30, 2020, the carrying amount of the long-term loan approximates its fair value amounting to ₱3,000,000 since it will mature in August 2020.

Fair Value Hierarchy

As at April 30, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVOCI	₱58	₱13,000	₱–	₱13,058
Non-financial Assets				
Fair value of agricultural produce:				
Harvested*	–	–	1,367,856	1,367,856
Unharvested	–	–	3,076,198	3,076,198
Land	–	–	610,232	610,232
Investment property	–	–	556,425	556,425

As at April 30, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at FVOCI	₱55	₱12,000	₱–	₱12,055
Non-financial Assets				
Fair value of agricultural produce:				
Harvested*	–	–	1,121,443	1,121,443
Unharvested	–	–	2,717,316	2,717,316
Land	–	–	457,755	457,755
Investment property	–	–	529,218	529,218

* Pertains to fair value of agricultural produce being processed as cased goods as of year-end.

During the year, 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.

Fair values of harvested and unharvested agricultural produce have been determined for measurement and/or disclosure purposes based on the following methods.

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 market prices, in both local and international markets at the point of harvest. The market price is based on the selling price of fresh fruits as sold in the local and international markets (Level 3).	The unobservable input is the estimated selling price of pineapple per ton specific for fresh products.
Harvested crops – used in processed products	The fair values of harvested crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest. The market price is derived from average sales price of the processed product (concentrates, pineapple beverages, sliced pineapples, etc.) adjusted for margin and associated costs related to production (Level 3).	The unobservable input is the estimated selling price of pineapple and gross margin per ton specific for processed products.



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 estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest as the basis of fair value.	The unobservable inputs are estimated selling price of pineapple and gross margin per ton for fresh and processed products, respectively, estimated volume of harvest and future growing costs.

Significant increase (decrease) in the significant unobservable inputs of harvested crops sold as fresh fruit and harvested crop used in processed products would result in higher (lower) fair values. Significant increase (decrease) in the estimated future selling price of pineapple, 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.

34. Comprehensive Agrarian Reform Law

In compliance with the Comprehensive Agrarian Reform Law under Executive Order No. 229 and Republic Act No. 6657, a substantial portion of the land previously leased by the Company from the National Development Company (“NDC”) was submitted for land distribution to the Department of Agrarian Reform (“DAR”) and subsequently awarded to beneficiaries who formed a cooperative.

On February 21, 1989, the Company and the beneficiaries’ cooperative entered into a lease agreement on the said land at a certain fee for a period of 25 years starting March 1, 1989. The Company used the land and paid rentals based on the lease agreement on January 11, 1991, the DAR ratified the amendment in the existing lease agreement, which reduced the lease period to 10 years and increased the annual fee effective December 12, 1988. On January 11, 1997, the Company and the beneficiaries’ cooperative entered into a new lease agreement extending the lease period for another 25 years starting January 11, 1999.

The remaining land leased from NDC devoted to non-agricultural activities was not submitted for land distribution and continues to be rented based on the Company’s agreement with NDC.

Privately owned lands are covered by existing lease agreements which are continually being renewed. For certain private lands that exceeded the allowable retention limits, the law requires compulsory acquisition until June 30, 2014 and distribution to qualified beneficiaries. The continuation of these lease agreements is dependent on the terms and conditions to be agreed upon by the parties involved.

35. Leases

Company as a lessee

The Company has various lease agreements for farm land, industrial land, building and warehouses lease agreements. Its lease agreements generally have lease terms ranging from 5 to 20 years (see Note 3). Certain lease contracts include renewal and termination options.

Right-of-use assets from land leases include pineapple and papaya fields leased by the Company from DEARBC, National Development Corporation (NDC), and various crop producers and growers which are amortized over the remaining lease term. Meanwhile, right-of-use asset from office



premises include the Parent Company's JYCC Office while inventory warehouses include the Mindanao Distribution Center and warehouse in Laguna.

The following are the amounts recognized in statement of comprehensive income:

	2020
Depreciation expense of right-of-use assets included in property and equipment and investment properties (Notes 11 and 12)	₱482,472
Interest expense on lease liabilities (Note 20)	125,234
Expense relating to short-term leases	
Cost of sales (Note 17)	496,095
Inventories and biological assets (Notes 7 and 8)	140,868
Distribution and selling expenses (Note 18)	17,030
General and administrative expenses (Note 19)	17,048
	₱1,278,747

Lease liabilities represents payments to be made over the remaining lease term. Movement of the lease liabilities during the period are as follows:

	2020
As at May 1, 2019, as previously reported	₱—
Effect of adoption of PFRS 16 (see Note 3)	2,601,012
At May 1, 2019, as restated	2,601,012
Additions during the year	120,347
Interest expense (Note 20)	125,234
Payments	(210,221)
Balance at end of the period	2,636,372
Current lease liabilities	(289,191)
Noncurrent lease liabilities	₱2,347,181

The Parent Company has lease contract with DEARBC that includes early termination option. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Parent Company's business needs. Management exercises significant judgement in determining whether the termination option is reasonably certain to be exercised (see Note 4).

The Company has various short-term lease agreements relating to rental of overflow warehouses, equipment and inventory pallets. The rates provided in these agreements shall be fixed during its term. In 2020, rent expense related to short-term leases amounted to ₱671,041.

The approximate annual future minimum rent payable of the Company under its existing non-cancellable lease agreements as a lessor as at April 30 are as follows:

	2020	2019
1 year	₱366,523	₱491,743
more than 1 year to 2 years	425,974	379,177
more than 2 years to 3 years	492,252	438,628
more than 3 years to 4 years	364,374	504,906
more than 4 years to 5 years	375,145	450,017
more than 5 years	1,767,014	1,940,748
	₱3,791,282	₱4,205,219



Company as a lessor

PPMSC has a sublease agreement which provides for lease rentals based on an agreed fixed monthly rate. Rental income related to these sublease agreements amounted to ₱277, ₱263 and ₱255 in 2020, 2019 and 2018 respectively.

Lease receivable represents receipts to be received over the remaining lease term. Movement of the lease receivables during the period are as follows:

	2020
Balance at beginning of the period (Note 3)	₱3,271
Contractual receipts	(277)
Interest income	198
Balance at end of the period	3,192
Current lease receivable	(84)
Noncurrent lease receivable	₱3,108

36. Contracts, Commitments and Contingencies

- a. Royalty agreement with ALCOR Hungary Szogaltato Kft. Capita International Financial Services (“ALCOR”) provides for the payment of a royalty computed at 6% of net sales as defined in Section 8 of the License and Technical Assistance Agreement between the Parent Company and ALCOR. In January 2018, the rate used to compute for the royalty expense was amended to 3%. For the years ended April 30, 2020, 2019 and 2018, royalty expense recognized in profit or loss amounted to ₱475,271, ₱468,784 and ₱562,387, respectively (see Note 17).
- b. Royalty agreement with S&W Fine Foods International Limited and the Parent Company provides for the payment of royalty computed at 3% of list sales, effective May 1, 2019 for 10 years. Royalty expense recognized under “Cost of Sales” account amounted to ₱127,643 and nil in 2020 and 2019 (see Note 17).
- c. Future capital expenditures based on approved budgets and executable contracts are as follows:

	2020	2019
Amounts approved by the Board	₱729,267	₱893,958
Commitments in respect of contracts made	227,282	312,213
	₱956,549	₱1,206,171

- d. There are lawsuits, tax assessments and certain claims arising out of the normal course of business. Management, in consultation with legal counsel, believes that the resolution of these contingencies, other than those already with provision discussed in Note 4, will not have a material effect on the consolidated financial statements.
- e. With regard to Final Tax Assessments for calendar years 2011-2013 that has been paid on February 1, 2017, an enquiry in aid of legislation was initiated by the House of Representatives in July 2017 on the alleged substantial disparity between the amount of deficiency tax liabilities assessed by the BIR and the final payment made by the Parent Company. As at August 3, 2020, the Parent Company continues to cooperate with the Court of Tax Appeals by submitting all the requested documents and information explaining how the Preliminary Assessment Notices for 2012 and 2013 were rebutted. As at August 3, 2020, the case is pending resolution.



37. PEZA Registration

On November 22, 2007, the President of the Philippines issued Proclamation No. 1420, s. 2007 “Creating and designating certain parcels of land of the private domain situated at Barangay Bugo, Cagayan de Oro City, province of Misamis Oriental, Island of Mindanao, as a Special Economic Zone pursuant to Republic Act No. 7916 as amended by Republic Act No. 8748”. On the same date, the cannery operations of the Parent Company was registered with the Philippine Economic Zone Authority as an Export Zone Enterprise, with registration certificate No. 07-68.

The same registration certificate was amended in October 12, 2015 to include the Fresh Fruit Processing Project of the Parent Company in BAREZ, and further amended on August 18, 2017 to include production of peeled, cut fresh frozen pineapples.

PEZA Board Resolution 18-386 approved the Parent Company’s new activity, Not From Concentrate (NFC) Juicing Plant at the BAREZ. The said project shall be entitled to incentives granted to Non-Pioneer projects under RA 7916, as amended, subject to the Parent Company’s signing of a supplemental agreement under standard registration terms and conditions.

The Parent Company registered the following activities under the original and amended PEZA Agreement:

- Production of processed foods and beverages for export at the PPAEPZ;
- Importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in the registered operations at the PPAEPZ; and
- Fresh Fruit Processing Project at the BAREZ
- Production of peeled, cut fresh frozen pineapples at the BAREZ

Fiscal and non-fiscal incentives available for the Parent Company as provided in its registration agreement with PEZA for the cannery operations at PPAEPZ, are as follows:

- 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least US\$150.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of goods, properties and services in accordance with Section 4.106-6 and 4.108-6 of Revenue Regulation 16-2005, *The Consolidated Value Added Tax Regulation of 2005*.

For the Fresh Fruit Processing Project at BAREZ under the Supplemental Agreement amended last June 28, 2016, the Parent Company is subject to the following fiscal and non-fiscal incentives:

- 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least US\$150.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.



For the Production of peeled, cut fresh frozen pineapples at BAREZ under the Supplemental Agreement amended last August 18, 2017, the Parent Company is subject to the following fiscal and non-fiscal incentives:

- Income tax holiday (ITH) incentive to incremental sales arising from the new lines transferred from Nice Fruit S&W Philippines, Inc. (NFSPI), subject to the issuance by PEZA of a Notice of Confirmation/Validation of the project's entitlement to ITH, until April 6, 2021.
- Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

PEZA issued LOA No. 18-EOD-LS/FP/EE-2969 on November 22, 2018 to renew the Parent Company's authority to locally sell a portion of its production of processed foods and beverage produced at its PPAEPZ facility and fresh fruit processing project in its plant at BAREZ. Said LOA was amended by LOA No. 19-EOD-LS/FP/EE-0956 dated March 13, 2019 to include peeled, cut fresh frozen pineapples. Both of the LOAs expired on April 30, 2019.

On August 29, 2019, PEZA issued LOA No. 19-EOD-LS/FP/EE-2429 to renew the Parent Company's authority to sell to the domestic market a portion of its production of its registered products produced at the PPAEPZ / BAREZ. Said LOA will expire on June 30, 2020.

Total income tax incentives availed by the Parent Company amounted to ₱604,672, ₱435,064 and ₱448,076 in 2020, 2019 and 2018, respectively.

38. Supplemental Disclosure of Cash Flow Information

The changes in liabilities arising from financing activities of the Company for the years ended April 30, 2020 and 2019 are as follows:

	May 1, 2019	Additions	Payments	Others*	April 30, 2020
Short-term notes payable	₱9,836,102	₱161,839,072	(₱160,206,051)	(₱26,373)	₱11,442,750
Interest payable	21,622	556,781	(557,053)	—	21,350
Lease liabilities	2,601,012	120,348	(210,221)	125,233	2,636,372
Total liabilities from financing activities	₱12,458,736	₱162,516,201	(₱160,973,325)	₱98,860	₱14,100,472

*Others include foreign exchange movement and accretion of interest on lease liabilities.

	May 1, 2018	Additions	Payments	Other*	April 30, 2019
Short-term notes payable	₱11,136,568	₱147,444,848	(₱148,645,061)	(₱100,253)	₱9,836,102
Interest payable	22,657	401,625	(402,660)	—	21,622
Total liabilities from financing activities	₱11,159,225	₱147,846,473	(₱149,047,721)	(₱100,253)	₱9,857,724

*Other includes foreign exchange movement.

	May 1, 2017	Additions	Payments	Other*	April 30, 2018
Short-term notes payable	₱8,907,920	₱158,212,974	(₱155,876,325)	(₱108,001)	₱11,136,568
Interest payable	17,702	309,051	(304,096)	—	22,657
Total liabilities from financing activities	₱8,925,622	₱158,522,025	(₱156,180,421)	(₱108,001)	₱11,159,225

*Other includes foreign exchange movement.

Significant Non-Cash Transactions

The Company engaged in the following significant non-cash activities:

- a) Offsetting of dividends payable to related party balances amounting to ₱11,726,683, net of final tax, in 2020 (see Notes 6 and 28);



- b) Reclassification of property, plant and equipment amounting to ₱1,627 and ₱4,679 to investment property in 2020 and 2019, respectively (see Notes 11 and 12);
- c) Reclassification of receivables from related party amounting to ₱312,966 to security deposits under other noncurrent assets account in 2020;
- d) Additions to right-of-use assets - land under property, plant and equipment amounting to ₱151,254 with corresponding increase in lease liabilities amounting to ₱120,347 and decrease in other noncurrent assets amounting to ₱30,907 (see Notes 12, 13 and 35);
- e) Capitalized borrowing cost to property, plant and equipment amounting to ₱92,350 and ₱1,459 in 2020 and 2019, respectively (see Note 12); and
- f) Non-cash activities affecting the following accounts due to the adoption of PFRS 16 (see Note 3):

	2020
Property, plant and equipment	₱3,611,048
Lease liabilities	(2,601,012)
Other noncurrent assets	(936,297)
Prepayments and other current assets	(368,828)
Other noncurrent liabilities	124,945
Retained earnings	103,963
Deferred tax liabilities - net	35,305
Investment properties	28,444
Receivables	3,271
Deferred tax asset - net	(839)

39. Earnings per Share (EPS)

EPS is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The EPS attributable to equity holders of the Parent are shown below:

	2020	2019	2018
Profit attributable to owners of the Parent Company	₱3,473,665	₱2,578,863	₱2,571,269
Cumulative preferred share dividends, after tax	—	—	(21,895)
	₱3,473,665	₱2,578,863	₱2,549,374
Weighted average number of common shares outstanding ('000)	2,797,320	2,797,320	1,916,110
Earnings per Common Share attributable to equity holders of the Parent	₱1.24	₱0.92	₱1.33

The cumulative preferred share dividends, after tax, for the year ended April 30, 2018 pertains to the dividend income earned by preferred shareholders for the year, before conversion of preferred shares to common shares which took place on March 23, 2018 (see Note 1).

The Company's basic and diluted earnings per share are the same since the Company does not have potential common shares.



40. Events After the Reporting Period

Declaration of cash dividend

On June 29, 2020, the Parent Company declared cash dividend of ₱0.9235 per share to the holders of common shares of the Corporation as of close of business of June 29, 2020 amounting to ₱2,583,325.

Approval of proposed local bond offering

On June 29, 2020, the Board also authorized and empowered the Parent Company to issue, offer and sell to the public in the Philippines, bonds in the aggregate principal amount of up to ₱7,500,000, provided that the Board shall approve the final terms and conditions of the Bonds including the offer size and interest rates of the Bonds. The proceeds of the bond issuance will be used to retire existing short-term debt and rebalance the Parent Company's liability structure whereby long-term debt and equity will support all non-current assets. The Board approved the terms and conditions of the proposed bond offering on July 18, 2020.

Assignment of trademarks from DEWEY SDN BHD to PPMSC

On May 1, 2020, Dewey SDN BHD (Dewey), a company organized and existing under the laws of Malaysia, assigned its entire right, title and interest in its trademarks together with the goodwill of the business that has accrued its use to PPMSC for a consideration of US\$60,000.

41. Segment Reporting

For management purposes, the Company is organized into segment based on its products and geographical location as follows:

Geographical segment

- Export. Included in the Export segment are sales and profit in America, Europe and Asia Pacific other than the Philippines. Majority of this segment's sales are principally sold under the S&W and Del Monte branded products.
- Philippines. Included in Philippine segment are sales comprising primarily of Del Monte branded products, Today's, S&W products.

Product segment

- Packaged fruit. The packaged fruit segment includes sales and profit of processed fruit products under the Del Monte and S&W brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag.
- Beverage. Beverage includes sales and profit of 100% pineapple juice in can, juice drinks in various flavours in can, tetra and PET packaging, and pineapple juice concentrate.
- Culinary. Culinary includes sales and profit of packaged tomato-based products such as ketchup, tomato sauce, pasta sauce, recipe sauce, pizza sauce, pasta, broth and condiments under Del Monte and S&W.
- 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.

The BOD monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross income and income before income tax and is measured consistently with gross income and income before income tax in the consolidated financial statements. The amounts of segment assets and liabilities, and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets, liabilities and profit or loss in the consolidated financial statements, which is in accordance with PFRS.



Financial information on the operating segments are summarized as follows:

	2020			2019			2018		
	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated
Revenues									
Beverage	₱7,954,226	₱-	₱7,954,226	₱7,870,964	₱-	₱7,870,964	₱7,799,788	₱-	₱7,799,788
Packaged fruit	8,493,103	-	8,493,103	7,524,684	-	7,524,684	7,905,843	-	7,905,843
Culinary	6,459,135	-	6,459,135	6,138,489	-	6,138,489	6,109,016	-	6,109,016
Fresh fruit and others	6,262,513	(175,737)	6,086,776	4,619,284	(160,380)	4,458,904	3,585,741	(139,992)	3,445,749
Changes in fair value of biological assets	2,923,050	-	2,923,050	2,768,512	-	2,768,512	2,303,355	-	2,303,355
Total	₱32,092,027	(₱175,737)	₱31,916,290	₱28,921,933	(₱160,380)	₱28,761,553	₱27,703,743	(₱139,992)	₱27,563,751
Gross income									
Beverage	₱1,842,580	₱-	₱1,842,580	₱1,363,421	₱-	₱1,363,421	₱1,628,696	₱-	₱1,628,696
Packaged fruit	1,589,331	-	1,589,331	1,712,569	-	1,712,569	1,930,485	-	1,930,485
Culinary	2,244,365	-	2,244,365	2,144,484	-	2,144,484	2,142,902	-	2,142,902
Fresh fruit and others	2,556,718	-	2,556,718	1,284,036	-	1,284,036	689,186	-	689,186
Changes in fair value of biological assets	299,056	-	299,056	246,875	-	246,875	168,913	-	168,913
Total	₱8,532,050	₱-	₱8,532,050	₱6,751,385	₱-	₱6,751,385	₱6,560,182	₱-	₱6,560,182
Income before income tax									
Beverage	₱726,536	₱-	₱726,536	₱159,552	₱-	₱159,552	₱367,167	₱-	₱367,167
Packaged fruit	775,127	-	775,127	825,250	-	825,250	1,154,001	-	1,154,001
Culinary	1,223,476	-	1,223,476	1,077,689	-	1,077,689	1,094,150	-	1,094,150
Fresh fruit and others	1,073,980	-	1,073,980	750,217	-	750,217	295,272	-	295,272
Changes in fair value of biological assets	299,056	-	299,056	246,875	-	246,875	168,913	-	168,913
Total	₱4,098,175	₱-	₱4,098,175	₱3,059,583	₱-	₱3,059,583	₱3,079,503	₱-	₱3,079,503



	2020			2019			2018		
	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated	Combined	Elimination	Consolidated
Segment assets									
Beverage	₱9,171,440	₱-	₱9,171,440	₱11,702,796	₱-	₱11,702,796	₱11,853,448	₱-	₱11,853,448
Packaged Fruits	9,804,173	-	9,804,173	11,187,936	-	11,187,936	12,014,622	-	12,014,622
Culinary	7,452,341	-	7,452,341	9,126,898	-	9,126,898	9,283,958	-	9,283,958
Fresh Fruits and Others	7,125,161	(15,464)	7,109,697	6,695,226	(65,588)	6,629,638	5,331,396	(94,842)	5,236,554
Total	₱33,553,115	(₱15,464)	₱33,537,651	₱38,712,856	(₱65,588)	₱38,647,268	₱38,483,424	(₱94,842)	₱38,388,582
Segment liabilities									
Beverage	₱6,142,807	₱-	₱6,142,807	₱5,224,695	₱-	₱5,224,695	₱6,010,522	₱-	₱6,010,522
Packaged Fruits	6,566,596	-	6,566,596	4,994,836	-	4,994,836	6,092,249	-	6,092,249
Culinary	4,991,396	-	4,991,396	4,074,689	-	4,074,689	4,707,612	-	4,707,612
Fresh Fruits and Others	4,833,006	(44,257)	4,788,749	3,009,256	(49,463)	2,959,793	2,734,215	(78,918)	2,655,297
Total	₱22,533,805	(₱44,257)	₱22,489,548	₱17,303,476	(₱49,463)	₱17,254,013	₱19,544,598	(₱78,918)	₱19,465,680

	2020			2019			2018		
	Export	Philippines	Elimination	Export	Philippines	Elimination	Export	Philippines	Elimination
Revenues	₱14,270,353	₱17,821,674	(₱175,737)	₱31,916,290	₱8,878,805	₱20,043,128	(₱160,380)	₱28,761,553	₱7,416,184
Gross income	3,305,204	5,226,846	-	8,532,050	2,357,822	4,393,563	-	6,751,385	1,324,363
Income before income tax	2,276,092	1,822,083	-	4,098,175	1,732,335	1,327,248	-	3,059,583	1,147,197
Segment assets	14,995,293	18,557,822	(15,464)	33,537,651	11,930,564	26,782,292	(65,588)	38,647,268	10,328,666
Segment liabilities	10,055,485	12,478,320	(44,257)	22,489,548	5,326,382	11,977,094	(49,463)	17,254,013	5,237,352

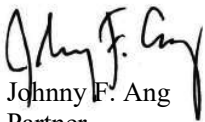


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), as at April 30, 2020 and 2019, and for each of the three years in the period ended April 30, 2020, and have issued our report thereon dated August 3, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at April 30, 2020 and 2019 and for each of the three years in the period ended April 30, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Johnny F. Ang
Partner

CPA Certificate No. 0108257

SEC Accreditation No. 1284-AR-2 (Group A),
May 16, 2019, valid until May 15, 2022

Tax Identification No. 221-717-423

BIR Accreditation No. 08-001998-101-2018,
November 6, 2018, valid until November 5, 2021
PTR No. 8131119, January 9, 2020, Makati City

August 3, 2020

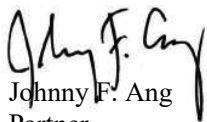


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors and Stockholders
Del Monte Philippines, Inc.
JY Campos Centre, 9th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Del Monte Philippines, Inc. and Subsidiaries (the Company), as at April 30, 2020 and 2019, and for each of the three years in the period ended April 30, 2020, and have issued our report thereon dated August 3, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Johnny F. Ang
Partner

CPA Certificate No. 0108257

SEC Accreditation No. 1284-AR-2 (Group A),
May 16, 2019, valid until May 15, 2022

Tax Identification No. 221-717-423

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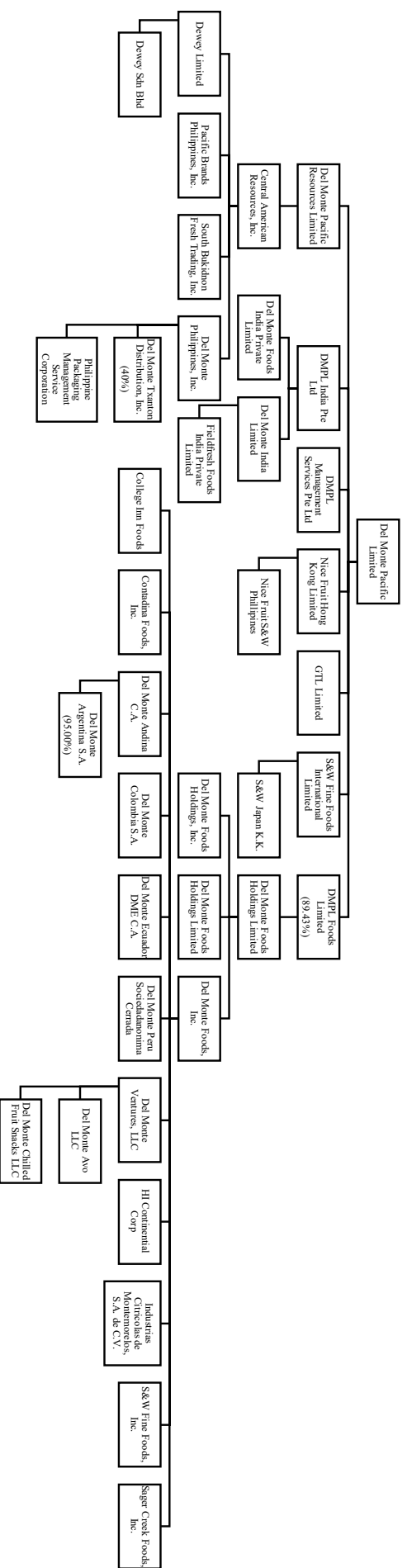


DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
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SUPPLEMENTARY SCHEDULES
AS OF APRIL 30, 2020

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 - D. Intangible Assets – Other Assets
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 - F. Indebtedness to Related Parties (Long-Term Loans From Related Companies)
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DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION

Unappropriated Retained Earnings as of April 30, 2018		<u>₱4,918,602</u>
Net income based on the face of the Audited Financial Statements for the year ended April 30, 2019	2,467,805	
Less (net of tax):		
Unrealized gain on fair value of Biological assets	(673,073)	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(140,182)	
Fair value adjustment on financial assets at fair value through other comprehensive income (FVOCI)	(4)	
Add (net of tax):		
Unrealized loss on remeasurement of retirement benefit liability	108,395	
Net income actually earned/realized for the year ended April 30, 2019		<u>1,762,941</u>
Less:		
Appropriations of Retained Earnings		<u>(4,795,000)</u>
Unappropriated Retained Earnings, available for dividend as at April 30, 2019		<u>₱1,886,543</u>
Net income based on the face of the Audited Financial Statements for the year ended April 30, 2020	3,525,898	
Less (net of tax):		
Unrealized gain on fair value of Biological assets	(585,607)	
Gain on revaluation of land	(106,734)	
Fair value adjustment on FVOCI	(839)	
Add (net of tax):		
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	31,374	
Unrealized loss on remeasurement of retirement benefit liability	26,277	
Net income actually earned/realized for the year ended April 30, 2020		<u>2,890,369</u>
Add (Less):		
Reversal of appropriations	15,695,000	
Cash dividend declarations during the period	(13,796,097)	
Appropriations of Retained Earnings	(2,793,541)	
Effect of adoption of PFRS 16, <i>Leases</i>	(105,875)	
		<u>(1,000,513)</u>
Unappropriated Retained Earnings, available for dividend as at April 30, 2020		<u>₱3,776,399</u>

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATORS
AS OF APRIL 30

Ratio	Formula	2020	2019
Liquidity Analysis Ratios			
Current Ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	0.83	1.84
Acid Test Ratio	$\frac{\text{Total current assets less inventory and prepaid expenses}}{\text{Total current liabilities}}$	0.42	1.16
Solvency Ratio	$\frac{\text{Total assets}}{\text{Total liabilities}}$	1.49	2.24
Financial Leverage Ratio			
Debt-to-Equity Ratio	$\frac{\text{Total liabilities}}{\text{Total stockholder's equity}}$	2.04	0.81
Asset-to-Equity Ratio	$\frac{\text{Total assets}}{\text{Total stockholder's equity}}$	3.04	1.81
Interest Rate Coverage Ratio	$\frac{\text{Earnings before interest and taxes (EBIT)}}{\text{Finance cost (excluding bank charges)}}$	7.92	8.57
Profitability Ratios			
Return on equity	$\frac{\text{Net income}}{\text{Total stockholder's equity}}$	31.4%	12.1%
Return on asset	$\frac{\text{Net income}}{\text{Total assets}}$	10.4%	6.7%
Net income margin	$\frac{\text{Net income}}{\text{Total revenue}}$	10.9%	9.0%
Debt to EBITDA Ratio	$\frac{\text{Total debt*}}{\text{Earnings before interest, taxes, depreciation and amortization (EBITDA)}}$	2.26	2.18
Net Debt to Equity Ratio	$\frac{\text{Total debt* less cash}}{\text{Total stockholder's equity}}$	1.93	0.78

Note:

* Total debt refers to total liabilities which composed of financial liabilities, trade payables, accrued expenses, and other liabilities.

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE A. FINANCIAL ASSETS
AS OF APRIL 30, 2020

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet ₱'000	Valued based on market quotation at April 30, 2020 ₱'000	Income received and accrued ₱'000
Cash and Cash Equivalents	15,009	1,170,916	1,170,916	6,441
Receivables	–	7,301,312	7,301,312	19,187
Refundable Deposits	–	95,824	95,824	–
Financial assets at FVOCI	2	13,000	13,000	1,000
Alabang Country Club PLDT	45	58	58	3
		8,581,110	8,581,110	26,631

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
AS OF APRIL 30, 2020

Name and designation of debtor	Balance at beginning of the year P'000	Additions P'000	Amounts collected P'000	Amounts written off P'000	Current P'000	Not Current P'000	Balance at end of the year P'000
S&W Fine International Ltd.	1,804,667	3,678,055	3,149,715	—	2,333,007	—	2,333,007
Del Monte Foods, Inc.	(17,311)	1,565,275	1,132,975	—	414,989	—	414,989
Del Monte Pacific Limited	1,748,937	4,253,585	4,181,191	—	1,821,331	—	1,821,331
NutriAsia, Inc.	321,227	10,492	39,964	—	291,755	—	291,755
Nice Fruit Hong Kong Limited	35,616	193,134	101,627	—	127,123	—	127,123
South Bukidnon Fresh Trading, Inc.	443	3,447	552	—	3,338	—	3,338
DMPI Retirement Fund	10,871	(10,606)	187	—	77	—	77
Nice Fruit S&W Philippines, Inc.	—	3,271	79	—	3,193	—	3,193
Net receivable from related parties	3,904,450	9,696,653	8,606,290	—	4,994,813	—	4,994,813

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF
FINANCIAL STATEMENTS
AS OF APRIL 30, 2020

Name and designation of debtor	Balance at beginning of the year P'000	Additions P'000	Amounts collected P'000	Amounts written off P'000	Current P'000	Not Current P'000	Balance at end of the year P'000
Philippine Packing Management Service Corporation	27,234	175,737	158,714	-	44,257	-	44,257
	27,234	175,737	158,714	-	44,257	-	44,257

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE D. INTANGIBLE ASSETS – OTHER ASSETS
AS OF APRIL 30, 2020

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
	₱'000	₱'000	₱'000	₱'000	₱'000	₱'000

NOT APPLICABLE

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE E. LONG-TERM DEBT
AS OF APRIL 30, 2020

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of Long-term notes payable" in related balance sheet	Amount shown under caption "Long-term notes payable – net of current portion" in related balance sheet
Unsecured Loan availment	₱'000	₱'000	₱'000
Long-term – Banco de Oro	3,000,000	3,000,000	–

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE F. INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
AS OF APRIL 30, 2020

Name of related party	Balance at beginning of the year P'000	Balance at end of the year P'000
NOT APPLICABLE		

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE G. GUARANTEES OF SECURITIES AND OTHER ISSUERS
AS OF APRIL 30, 2020

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		₱'000	₱'000	

NOT APPLICABLE

DEL MONTE PHILIPPINES, INC. AND SUBSIDIARIES
SCHEDULE H. CAPITAL STOCK
AS OF APRIL 30, 2020

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares declared as stock dividends	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	3,000,000,000	2,797,320,002	—	—	2,797,319,995	7	—

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED AUDITED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion pertaining to the financial condition and results of operations of the Company should be read in conjunction with the Group's audited consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018, and the notes thereto set forth elsewhere in this Prospectus. The Group's audited consolidated financial statements as of and for the years ended 30 April 2020, 2019 and 2018, included in this Prospectus were prepared in compliance with the PFRS.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" and elsewhere in this Prospectus.

Under this section, reference to the Group would mean DMPI, as the parent company, and its subsidiaries.

Overview

The Company belongs to the DMPL Group, one of the world's largest and most well-known producers and marketers of premium quality food and beverage products. DMPI has been in operation in the Philippines for 94 years and caters to today's consumer needs for premium quality, healthy food and beverage products. It produces, markets and distributes its products worldwide under a variety of brand names, including *Del Monte*, a brand in existence since 1886.

For the year ended 30 April 2020, DMPI generated ₱31.9 billion of consolidated revenues, of which 61%² were revenues from the Philippines, and 39% were sales to affiliates which export DMPI products under the *Del Monte* brand, *S&W* brand and private label brands. Products sold in the Philippines include beverages (100% pineapple juice and juice drinks in various flavors), culinary (tomato sauce, spaghetti sauce, ketchup, meal mixes, condiments, and pasta) and packaged fruit (pineapples and tropical mixed fruits), while products for the export markets include fresh pineapple, processed pineapple and mixed-fruit, juices and sauces.

DMPI is the market leader in the Philippines with market shares ranging from 39%-87% in a number of categories, such as, canned pineapples and canned mixed fruits, RTD (ready-to-drink) juices (excluding do/foil packs), tomato sauce and spaghetti sauce (*Source: Nielsen Retail Index, 12 months ending April 2020*).

The main office of DMPI is in Metro Manila, while its plantation and cannery are in Mindanao in the southern Philippines. DMPI's beverage PET plant is in Cabuyao, Laguna which is about a 1.5 hour-drive from Manila.

DMPI believes it manages one of the world's largest integrated pineapple operations. It produces its pineapple in its 26,000-hectare plantation in an area outside the typhoon belt and at elevations and climate conditions suitable for pineapple cultivation ideal for growing. The Company's processing facility, situated a 30 minute-drive from the plantation, has an annual capacity to process about 700,000 tonnes of pineapples. The competitiveness of this operation is complemented by an on-site can-making operation and an adjacent seaport.

² Based on revenues excluding PAS adjustments.

DMPI also has a state-of-the-art fresh cold storage and packing house facility, and a *Nice Fruit* production line which can freeze fruits for up to three years while retaining their freshness and nutritional properties. These fully integrated operations ensure an efficient supply chain from production to market and the delivery of premium quality products.

The Company continues to implement cost-reduction and productivity-enhancement programs, and invests in new technology and equipment to maintain its leadership position in the industry. DMPI's operations have also consistently maintained a high standard of quality control and product assurance. It meets food standards set by its customers locally and abroad, and by a number of international agencies.

DMPI operates and manages an extensive distribution network in the Philippines utilizing general trade (49% of sales), modern trade (34% of sales), foodservice (12% of sales), and convenience and emerging channel (5% of sales). In addition, the Company employs its own sales force to manage key accounts. DMPI's products are thus available in every major city in the Philippines. In the international markets, for fresh products beginning April 2019, the Company sells directly to customers in Asia-Pacific and the Middle East. For processed products, beginning May 2019, the Company sells private label and S&W-branded products, through its affiliate S&W Fine Foods, as well as to its affiliate, DMFI, in the U.S., its joint venture FieldFresh in India, and also to other customers that sell Del Monte-branded products in other parts of the world. Prior to April 2019, all the sales in international markets were managed by its affiliates, S&W Fine Foods and GTL. DMPI charges its customer affiliates, cost plus an arm's length markup for products sold to them.

S&W Fine Foods has also started selling products in e-commerce channels, i.e., *Amazon Japan, Tmall, JD and Pinduoduo China, Homeplus, Emart PK and Shinsegae Korea, and Redmart Singapore*, among others, and has also utilized social media in promoting its products and campaigns.

In the year ended 30 April 2020, the Company recorded consolidated revenues of ₱31,916.3 million, an increase by 11.0% from ₱28,761.6 million from the previous year ending 30 April 2019. The Company's net income increased by 34.7% from ₱2,578.7 million to ₱3,473.6 million during the same period.

The DEL MONTE Brand

Del Monte has been in existence since 1886. DMPI believes that the *Del Monte* brand has almost universal awareness in the Philippines. *Del Monte* brand products are found in substantially all national supermarkets, large wholesalers and independent and chain grocery stores throughout the Philippines.

DMPI holds the *Del Monte* trademark rights exclusively in the Philippines for prepared food and beverage products. These trademarks are important to DMPI since brand recognition is a key factor in the success of DMPI's products. The current registrations of these trademarks in the Philippines are effective for varying periods of time and are renewed periodically. DMPI also holds exclusive rights to several other trademarks in the Philippines which include *Today's, Fiesta, 202, Fit 'n Right, Heart Smart, Bone Smart, Del Monte Quick 'n Easy, and Contadina*. The DMPL Group owns the *S&W* trademark worldwide except for Australia and New Zealand. For a more detailed discussion on DMPI's intellectual property rights, please see the discussion on "*Intellectual Property*" beginning on page 211 of this Prospectus.

With operations starting in 1926, *Del Monte* has a long history in the Philippines and is a household name with a strong following. DMPI is a market leader in the Philippines in canned pineapples, canned mixed fruits, RTD juices (excluding doyp/foil packs), tomato sauce and spaghetti sauce categories (*Source: Nielsen Retail Index, 12 months ending April 2020*). *Del Monte* has a strong brand equity and customer loyalty, resulting in repeat purchases and brand loyalty that provide DMPI with greater pricing power in the Philippines.

Product Segments

DMPI segments its operation into product categories: packaged fruit, beverage, culinary, and fresh fruits and others.

Packaged Fruit

The packaged fruit segment includes sales and profit of processed fruit products under the *Del Monte* and *S&W* brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Key products under this segment are canned pineapples and tropical mixed fruits.

Beverage

The beverage segment includes sales and profit of 100% pineapple juice, juice drinks in various flavors, and pineapple juice concentrate. Products are available in single- and multi-serve cans, as well as in cartons.

Culinary

The culinary segment includes sales and profit of packaged products primarily used as cooking ingredients or supplements, such as spaghetti sauce, tomato sauce, ketchup, pasta sauce, recipe sauce, pasta and condiments under *Del Monte*, *S&W* and *Contadina*. These are primarily tomato-based products.

Fresh Fruit and Others

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

The following table sets forth DMPI's consolidated revenues by operating segment for the periods indicated:

Revenues (₱ in millions)	Year Ended April 30					
	2020	% of Revenue	2019	% of Revenue	2018	% of Revenue
Packaged fruit	8,493.1	26.6	7,524.7	26.2	7,905.8	28.7
Beverage	7,954.2	24.9	7,871.0	27.4	7,799.8	28.3
Culinary	6,459.1	20.2	6,138.5	21.3	6,109.0	22.2
Fresh fruit and others	6,086.8	19.1	4,458.9	15.5	3,445.8	12.4
Changes in fair values of biological assets	2,923.1	9.2	2,768.5	9.6	2,303.4	8.4
Total	31,916.3	100.0	28,761.6	100.0	27,563.8	100.0

The following table sets forth DMPI's consolidated income before income tax by operating segment for the periods indicated:

Profit/(Loss) before tax (P in millions)	Year Ended 30 April					
	2020	% of Total	2019	% of Total	2018	% of Total
Packaged fruit	775.1	18.9	825.3	27.0	1,154.0	37.5
Beverage	726.5	17.7	159.6	5.2	367.2	11.9
Culinary	1,223.5	29.9	1,077.7	35.2	1,094.2	35.5
Fresh fruit and others	1,074.0	26.2	750.1	24.5	295.2	9.6
Changes in fair values of biological assets	299.1	7.3	246.9	8.1	168.9	5.5
Total	4,098.2	100.0	3,059.6	100.0	3,079.5	100.0

FACTORS AFFECTING RESULTS OF OPERATIONS

DMPI's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected DMPI's results in the past and which DMPI expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on DMPI's results of operations and financial condition in the future. See discussion on "*Risk Factors*" found on page 80 of this Prospectus.

Raw Materials Costs and Product Prices

The primary inputs, commodities, ingredients and other raw materials that are required by the Company include energy (including natural gas), fuel, packaging, fruits, vegetables, tomatoes, grains (including corn), sugar, spices, meats, meat by-products, soybean meal, water, fats, oils and chemicals. To the extent that these raw materials are not manufactured or grown by the Company, prices for these and other items being used may be volatile and the Company might experience shortages in these items due to factors beyond its control, such as commodity market fluctuations, inflationary pressure, availability of supply, increased demand (whether for the item required or for other items, which in turn impacts the item required), weather conditions, natural disasters, currency fluctuations, governmental regulations (including import restrictions, agricultural programs and energy programs), labor strikes and the financial health of the Company's suppliers. Input, commodity, ingredient and other raw material price increases or shortages may result in higher costs or interrupt the Group's production schedules, each of which could have a material adverse effect on its results of operations. Production delays could lead to reduced sales volumes and profitability as well as loss of market share. Conversely, favorable movements of raw materials costs and other items would improve the Company's margins and results of operations.

Product Mix

DMPI has different products under each of the business units. The combination of the products, influenced by categories, channels, regions, and brands under each of the business units determine the mix impact to the financials of the Company. Broadly, the business can be divided into *processed foods* and *fresh fruit*.

Processed Food

The processed foods business sells products under multiple channels including: (i) retail, (ii) food service, and (iii) industrials, both in local and international markets.

The retail business sells products with the end consumer in mind, where products can be bought through both brick-and-mortar stores (supermarkets, groceries, sari-sari stores, public market stalls, etc.) as well as e-commerce. Retail has the largest sales contribution in the processed business, and the highest level of profitability.

Food service follows retail in terms of business size and profitability, and is comprised of sales to restaurants, caterers, hotels, etc., where pack sizes are generally bigger than its retail counterpart and special formulations are provided for specific customers. In the COVID-environment, Food Service has also supported community-based sellers.

Within these two channels, mix is largely determined by the products and categories being sold which include: (a) processed or packaged fruit, such as canned pineapples and canned tropical mixed fruits; (b) culinary, such as tomato sauces, spaghetti sauce, ketchup, meal mixes, condiments, and pasta; and (c) beverage, such as canned juices, cartoned and PET bottled ready-to-drink juices, dispenser juices, and concentrates.

Industrials, on the other hand, are composed of pine juice concentrates, fruit syrups, crushed pine and purees sold to businesses in large packs and drums. It is the smallest part of the retail business with high levels of volatility in profitability as prices are driven by the commodity market.

Fresh Fruit

The fresh fruit business focuses on sales of fresh pineapples whether as a whole fruit or in sliced form, whether fresh or frozen. Fresh fruit mix margins are higher for branded fruit versus unbranded fruit, which is dependent on fruit size. This segment is focused on international sales and, relative to its processed exports counterpart, the fresh fruits business is growing faster.

While mix is determined by multiple factors, the Company is focused on developing its profitable businesses with the growth centered on processed retail and food service businesses, as well as the fresh fruit business. Mix is set to be improved as well through optimization of discounts and promos, focus on branded versus unbranded sales, and introduction of new products.

Competition

In the Philippine market, DMPI operates within the Processed Fruit and Vegetable Industry. The Company is one of the Philippines' leading food and beverage companies, operating with market leadership status in ready-to-drink juices, processed fruits, culinary sauces, spaghetti sauces, and condiments in the Philippines (Source: *Nielsen Retail Index, 3 months ending April 2020*). DMPI's primary competition comprises Dole Philippines, Inc. on pineapple products (canned juices, pineapple solids, and mixed tropical fruit), NutriAsia and RFM Corporation on culinary products (tomato-based sauces, condiments, pasta), as well as Coca-Cola and Pepsico on beverages (juices in PET and single-serve cans). Changes in the competitive landscape, including new entrants into the market, consolidation of existing competitors and other factors, could have a material impact on the Company's financials and results of operations.

DMPI believes it can effectively compete with other companies in these categories as it has trusted, iconic food and beverage brands known for quality. The *Del Monte* brand has gained popularity among Filipino households for quality pineapple and mixed fruit products, tomato sauce, spaghetti sauces, ketchup and other culinary products as well as fruit-based beverages including 100% pineapple juice. The *Del Monte* brand has significant versatility, as various product categories can all be marketed under the *Del Monte* name – from canned fruit to juices, to sauces, to pasta, and to condiments, among others. The Company

derives competitive advantages of being able to use the *Del Monte* brand across multiple products, in particular around advertising as the Company believes that advertising one specific *Del Monte* product has a halo effect on other *Del Monte* branded product categories including new products and product lines.

And with consumers' increasing focus on healthy eating and wellness, especially in the COVID-environment, the Company believes its portfolio of packaged fruits, juices and culinary products is ideally positioned as they are synonymous with healthy products.

DMPI also continues to introduce new or improved products or to reposition existing products, offering products that anticipate the changing tastes, dietary habits and trends, and product packaging preferences of consumers. The Company invests in significant consumer understanding programs in order to increase the chances of success of these initiatives.

Further, DMPI operates and manages an extensive distribution network in the Philippines covering a considerable portion of the Philippines' first-tier, second-tier as well as third-tier outlets. DMPI's network of distributors have the logistic capacity to cover the entire Philippines and warehouses strategically located around the country. The Company also continuously invests in sales and marketing initiatives that help expand household penetration and increase consumption frequency for its base business, as well as more convenient and/or budget-friendly product innovations.

Introduction of New Products and Branding Initiatives

The Company's future business and financial performance depend, in part, on its ability to successfully evolve its current product portfolio within existing categories to continuously strengthen its relevance, and consequently, increase consumption among a broader base of individual consumers and/or households. This entails the introduction of new products as well as the improvement of existing products with flavor, formats and/or packaging innovations that address changing consumption habits and preferences, new market trends, as well as emerging dietary and health concerns. Beyond current core categories, innovation also delves into expansion into non-core and/or adjacent categories, as well as new technologies that may require a different route-to-market model.

Significant development and marketing costs are usually incurred in connection with the introduction of new products—be it within existing categories or non-core categories. Successfully launching and selling new products put pressure on its sales and marketing resources, and sufficient funds would have to be invested behind a new product introduction to make it successful. If customers and consumers do not accept a new product, then the introduction of a new product can reduce the Company's operating income as introduction costs, including slotting fees, typically exceed revenues during the launch year. If the Company is not able to anticipate, identify or develop and market products that respond to changes in consumer preferences or if new product introductions or repositioned products fail to gain consumer acceptance, the Company's business may not grow as anticipated, and results of operations could be adversely affected. In the same way, the ability of the Company to introduce successful new products in the market, as it has done in recent years and aims to continue to do so, results in positive impact on its financial statements and results of operations.

Economic, Social and Political Conditions

The Company's international business and results of operations will be influenced, to a significant degree, by political, economic and social developments in the countries in which it operates.

In addition, the Company's overall earnings from its trading activities with international customers are primarily affected by movements in the worldwide supply, demand and prices of its products. For example,

the supply of pineapple juice concentrate from Thailand, which is the largest exporter of pineapple juice concentrate in the world, may affect prices as well as demand in international markets.

The Company is subject to the risks inherent in conducting business across national boundaries, any one of which could adversely affect its business. These risks include but are not limited to:

- general economic downturns;
- currency exchange rate fluctuations or imposition of foreign exchange controls;
- governmental policies, laws or regulations, including increased protectionism affecting import and export duties and quotas or customs and tariffs;
- uncertainty regarding, or different levels of, protection of the Group's intellectual property;
- international incidents, including war or acts of terrorism;
- government instability; and
- nationalization of assets.

Changes in the Philippines and other economies in which the Company sells its products could have a direct and material impact on its financial condition and results of operations. Specific factors that could impact the results of operations include:

- Political situation between Philippines and China. This could impact the Company's business if the hostility between two countries increases and trade restrictions are imposed particularly on fresh fruits;
- Compliance with evolving FDA regulations and its interpretation across the regions and countries;
- Volatility of Peso to the U.S. dollars;
- Imposition of tariff on sourcing or importation of pineapple by the U.S.; and
- Increase in excise tax in the Philippines.
- Pandemic leading to nationwide and global restrictions, lockdowns, changing consumer preferences, recession

Taxes and Regulatory Environment

The Company's net income after tax is affected by the mixed tax rates it applies for both its cannery operations and fresh fruit processing project as a result of the availment of the preferential tax incentive deriving from its registration agreement with PEZA. Currently, the effective tax rate of the Company is in the range of 15% to 16% of income before income tax. This will increase to an estimated range of 28% to 30% if the company loses the preferential tax rate.

On 22 November 2007, the President of the Philippines issued Proclamation No. 1420, s.2007 "Creating and Designating Certain Parcels of Land of the Private Domain situated at Barangay Bugo, Cagayan de Oro City, Province of Misamis Oriental, Island of Mindanao, as a Special Economic Zone pursuant to Republic Act No. 7916 as amended by Republic Act No. 8748". On the same date, the cannery operation of the Company was registered in the Philippine Economic Zone Authority as an Export Zone Enterprise, with Registration Certificate No. 07-68. The same Registration Certificate was amended last 12 October 2015 to include the Fresh Fruit Processing Project of the Company at the BAREZ and amended again on August 18, 2017 to include production of peeled, cut fresh frozen pineapples at the BAREZ.

The Company registered the following activities under the original and amended PEZA Agreement:

- a. Production of processed foods and beverages for export at the PPAEPZ;
- b. Importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in the registered operations at the PPAEPZ;

- c. Fresh Fruit Processing Project at the BAREZ; and
- d. Production of peeled, cut fresh frozen pineapples at the BAREZ.

Fiscal and non-fiscal incentives available for the Company as provided in its registration agreement with PEZA for the cannery operations at PPAEPZ, are as follows:

- (i) 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- (ii) Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least U.S.\$150,000.
- (iii) Qualified for purposes of VAT zero-rating of its transactions with local suppliers of goods, properties and services in accordance with Section 4.106-6 and 4.108-6 of Revenue Regulation 16-2005, The Consolidated Value Added Tax Regulation of 2005.

For the Fresh Fruit Processing Project at BAREZ under the Supplemental Agreement amended last 28 June 2016, the Company is subject to the following fiscal and non-fiscal incentives:

- (i) 5% gross income tax (5% GIT), in lieu of all national and local taxes, and to duty and tax-free importation privilege under Article 77, Book VI of E. O. 226.
- (ii) Non-fiscal incentives shall include simplified import and export procedures, employment of foreign nationals and permanent resident status within the ecozone for foreign investors with initial investment of at least U.S.\$150,000.
- (iii) Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

For the production of peeled, cut fresh frozen pineapples at BAREZ under the Supplemental Agreement amended last August 18, 2017, the Company is subject to the following fiscal and non-fiscal incentives:

- (i) ITH incentive to incremental sales arising from the new lines transferred from Nice Fruit S&W Philippines, Inc. (NFSPI), subject to the issuance by PEZA of a Notice of Confirmation/ Validation of the project's entitlement to ITH.
- (ii) Qualified for purposes of VAT zero-rating of its transactions with local suppliers of capital equipment and parts, and on direct production requirements.

As a foreign-owned company registered as an Ecozone Export Enterprise with PEZA, the Company is required to sell 70% of its production to the export market. However, it has not been meeting the said export requirement so it filed a request for retention of Export Enterprise status.

On August 1, 2018, per BR No. 18-411, the PEZA Board approved DMPI's request for retention of its Ecozone Export Enterprise status until 30 April 2021, subject to DMPI's payment of all charges and taxes on its local sales in excess of the local sales limit. DMPI has paid the required taxes on the excess local sales to the BIR and the local government.

Further, retention of its Export Enterprise status with PEZA shall depend on its annual export sales performance which shall be brought to the PEZA board for approval. Should DMPI fail to comply with the

said directive, PEZA shall be constrained to convert its status to an Ecozone Domestic Market Enterprise, subject to existing policy and guidelines and, if not yet available, to cancel its PEZA registration.

Impact of Weather in the Agricultural Output

Planting pineapples in open field (not in greenhouses) is highly influenced by weather. Therefore, the yields, quality and time of harvest of the fruits can also be affected.

Drought or “El Niño” can reduce the growth rate of the pineapple plants, causing delays in the harvest schedule for up to three months. The fruit development is also affected both in terms of size and weight due to inadequate water to fill the flesh producing more porous fruits. The pineapples are also prone to severe sunburns, which would not be suitable for export market. Lack of water also delays the ripeness of the fruits. The yield reduction ranges from 21 to 53 metric tons per hectare.

On the other hand, excess of rain or “La Niña” can cause root rot to the plants and other diseases of economic importance that can damage the plants at any stage of growing or fruit development. The fruits can get too much water causing issues like high translucency which is neither suitable for fresh market nor for canning of solids but is only acceptable for the juice. Fruits tend to be softer, which easily causes bruising. Field internal roads and access roads get damaged during harvest, making the activity more difficult. As a result, the fruits might stay longer in the trucks, which could increase the bruising. Yield reduction can range from 5 to 30 metric tons per hectare.

Particularly in case of El Niño, the impact of weather company could have lower volume of pineapple fruits that could lead to supply constraint particularly of pineapple fruit slices such as crushed and tidbits, but generally, it does impact entire region including competitor markets of Thailand and Indonesia.

CRITICAL ACCOUNTING POLICIES

The preparation of the Group’s consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements at the reporting date. However, uncertainty about these estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability in the future. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting policies are those that are both (i) relevant to the presentation of DMPI’s financial condition and results of operations, and (ii) require management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. In order to provide an understanding of how DMPI’s management forms its judgments about future events, including the variables and assumptions underlying the estimates, and the sensitivity of those judgments to different circumstances, DMPI has identified the significant accounting judgments, estimates and assumptions below and discussed in Note 4 to the audited consolidated financial statements included elsewhere in this Prospectus. While DMPI believes that all aspects of its consolidated financial statements, including the accounting policies discussed in Note 3 to the audited consolidated financial statements, should be studied and understood in assessing DMPI’s current and expected consolidated financial condition and results of operations, DMPI

believes that the significant accounting judgments, estimates and assumptions discussed in Note 4 to the audited consolidated financial statements warrant additional attention.

Recognition of Revenue from Contracts with Customers

- a. *Identifying Performance Obligations.* The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group identified its sale and delivery of goods as its only one performance obligation. Revenue from delivery charges to the customer is not a separate performance obligation as the Group assessed the provision of this service to be highly dependent on or highly related with the goods promised in the contract.

In 2019, certain customers of the Parent Company entered into bill-and-hold arrangements with the Parent Company. The customers are billed for goods that are ready for delivery, but the Parent Company retains physical possession of the product until it is transferred to the customer at a future date. The Parent Company determined that control has already been transferred to the customers, even though the customers do not have physical possession of the goods resulting to the identification of custodial services provided to the customer over the customers' assets 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 Parent Company, along with the related costs of storing the product. The amount of the custodial services for the year ended April 30, 2019 is not material.

Principal versus Agent Consideration. The Group enters into contracts with its customers. The Group determined that it controls the goods and services before they are transferred to customers, and it has the ability to direct their use. The following factors indicate that the Group controls the goods and services before they are being transferred to customers. Based on the foregoing, the Group is considered the principal in its contracts with its customers. It has the primary obligation to provide the services to them.

- The Group is primarily responsible for fulfilling the promise to provide the specified goods and services.
 - The Group has inventory risk on the goods and services before these are transferred to the customer.
 - The Group has discretion in establishing the prices for the other party's goods or services and, therefore, the benefit that the Group can receive from those goods or services is not limited. It is incumbent upon the Group to establish the price of its services to be offered to its customers.
 - The Group's consideration in these contracts is the entire consideration billed to the service provider.
- b. *Revenue Recognition.* The Group recognizes revenue over time or at a point in time depending on its evaluation of when the customer obtains control of the promised goods or services.

Revenues from sale of goods are recognized at a point in time when the goods are delivered to and accepted by customers.

For the management fee income which is provided over the contract period, because transferring of control is over time, revenue is recognized monthly as the Group provides the service.

For bill-and-hold arrangements with the Parent Company, the Parent Company 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.

Classification of Leases as lessor (effective May 1, 2019)

The Group entered into lease agreements on its leased property. The Group determines whether it has transferred all the significant risks and rewards of ownership of the leased properties to a lessee, such as lessee has the ultimate control over the use of the asset and the lease term is for the major part of the economic life of the asset. If it is determinable that significant risks and rewards of ownership of lease properties were transferred to the lessees, the lease is accounted as finance lease. If otherwise, the lease is accounted for as an operating lease.

Operating Lease Commitments as Lessee (effective prior to May 1, 2019)

The Group has entered into various lease agreements as a lessee. The Group had determined that the significant risks and rewards of ownership over the underlying properties leased from third parties are retained by the lessors.

Upon adoption of PFRS 16, Leases

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases in the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from the prescribed accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two (2) types of leases: operating and finance leases. PFRS 16 requires lessees and lessors to make more extensive disclosures than under PAS 17.

The Group adopted PFRS 16 as at May 1, 2019 using the modified retrospective approach and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group, therefore, did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases

except for short-term leases and leases of low-value assets.

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets - building and improvements, under “Property, plant and equipment” and “Investment property” accounts, were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate (IBR) at the date of initial application. The right-of-use assets pertaining to land leases, included as part of “Property, plant and equipment” account, were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

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

<i>In thousands</i>	<u>Increase (decrease)</u>
Asset	
Prepayments and other current assets	(P368,828)
Investment properties	28,444
Property, plant and equipment	3,611,048
Receivables	3,271
Deferred tax assets - net	(839)
Other noncurrent assets	(936,297)
Net impact in total assets	P2,336,799
Liabilities	
Lease liabilities	P2,601,012
Other noncurrent liabilities	(124,945)
Deferred tax liabilities - net	(35,305)
Total adjustments on equity:	
Retained earnings	(103,963)
Net impact in total liabilities and equity	P2,336,799

Impact of adoption of PFRS 16 in the statement of comprehensive income of the Group for the full year ended 30 April 2020:

<i>In thousands</i>	<u>Increase (decrease)</u>
Consolidated statement of comprehensive income:	
Revenues	P –
Cost of Sales	(72,797)
Gross profit	72,797
Less: General and administrative expenses	(24,335)
Add: Depreciation expense of right-of-use assets	207,996
EBITDA	305,128
Less: Depreciation expense of right-of-use assets	207,996
Profit from operations	97,132
Finance cost	52,888
Income before income tax	44,244
Income tax expense	22,192
Net income	P 22,052

Capitalization of Borrowing Cost

The Group determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset, or should be expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time to bring the asset ready for its intended use. Failure to make the right judgment will result in misstatement of assets and net profit.

Obligation to Deliver Additional RCPS

The Share Purchase and Shareholder Agreements between DMPL, CARI, the Parent Company and SEA Diner provides conditional obligation to the Parent Company to deliver additional RCPS subject to meeting certain level of net income and adjusted equity value as defined in the abovementioned agreements for fiscal year ending April 30, 2021. Management assessed that the Parent Company's obligation to deliver additional RCPS has a carrying value of nil as at April 30, 2020 based on its budgeted net income for fiscal year ending April 30, 2021, and the expected timing and probability of an initial public offering. Management will remeasure this obligation at the end of every reporting period.

De Facto Control over Del Monte Txanton Distribution, Inc. (DMTDI)

The Parent Company owns 40.0% of DMTDI's common shares as at April 30, 2020 and 2019. Even with less than the majority voting rights, the Parent Company concluded that DMTDI is a subsidiary and that it has power to direct the relevant activities of DMTDI due to the Parent Company's ability to carry out major decisions in Board meetings and govern the financial and operating policies decision-making of the Parent Company by having majority seats in the Board. The key management personnel (i.e., President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Treasurer and Corporate Secretary) of the Parent Company also serve in the same positions in DMTDI.

Coronavirus disease of 2019 (COVID-19) Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, and was subsequently extended until April 30, 2020. Beyond April 30, 2020 and until May 15, 2020, the ECQ has been extended in identified high-risk areas which include the NCR and identified provinces in the Philippines.

Meanwhile, identified moderate-risk areas will be under general community quarantine (GCQ) and identified low-risk areas will be placed under a less stringent GCQ and will be further relaxed to normalization if there is no deterioration. Starting May 16, 2020 until May 31, 2020, the NCR and selected areas in the Philippines transitioned to Modified ECQ. By June 1, 2020, substantially the entire Philippines was then placed under GCQ. These will be subject to further evaluation by the Inter-Agency Task Force (IATF). These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Group observed that the demand for beverage and culinary brands were high as the incidence of home cooking grew as well as the desire for products that are healthy and boost immunity. While the Group's retail brands grew, food service sales experienced decline due to the lockdowns imposed reducing the sales contribution to the total business. Aside from providing a cushion to total sales, the increase in the Group's retail business also provided additional lift to the profit margins as the food service business enjoyed higher

discounts. Total volume for export of fresh fruits also experienced a decline in the fourth quarter of 2020. The Group offered certain price reductions to drive higher volume.

The Group managed to continue operating in the middle of the pandemic since its products are considered to be essential goods and its farming and manufacturing activities are based in Mindanao. There were no significant internal operational interruptions. Disruptions caused by external factors such as restrictions to movement of materials, equipment and goods as well as the resulting reduction in economic activity were managed so that there will be no major adverse impacts to the overall results of operations for the year ending April 30, 2021.

Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the 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 higher 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 consolidated 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:

- 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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Estimating Allowance for Impairment Losses on Receivables (applicable beginning May 1, 2018)

The Group uses a provision matrix to calculate ECLs for its receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provisions are made based on the simplified approach under PFRS 9. A loss allowance is recognized based on lifetime ECL.

Estimating Allowance for Doubtful Accounts (applicable until April 30, 2018 prior to the adoption of PFRS 9)

Provisions are made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts 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 the customers and counterparties, the customer's current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies.

Estimating Net Realizable Value of Inventories

The Group writes down inventories when net realizable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes based on specific identification and as determined by management for inventories estimated to be unsaleable in the future.

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 are 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 reporting date. The Group reviews on a continuous basis the product movement, changes in consumer demands and introduction of new products to identify inventories which are to be written down to net realizable values. The write-down of inventories is reviewed periodically to reflect the accurate valuation in the financial records.

Estimating Future Volume 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 volume of harvests. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The cost is developed by allocating growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. The Group reviews and monitors the estimated future volume of harvests regularly.

Estimating Fair Value of Growing Crops

The fair values of the growing pineapple crops are based on the most reliable estimate of market prices, in both local and international markets at the point of harvest, as determined by the Group. Fair value is initially recognized when the pineapple fruit develops when the bearer plant has reached maturity to bear fruit. The fair value is approximated by the estimated gross margin at point of harvest less future fruiting costs to be incurred until harvest. Such future fruiting 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.

Estimating Fair Value of Agricultural Produce

The fair values of the harvested pineapple fruits 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. 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 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.

Estimating Useful Lives of Investment Properties and Property, Plant and Equipment (excluding right-of-use assets)

The Group estimates the useful lives of its investment property, and property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of investment property, and 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 investment property, and 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 life of any of the investment properties, and property, plant and equipment would increase the recorded expenses and decrease the noncurrent assets.

Acquisitions, replacements and additions of items of investment property, and property, plant and equipment with estimated useful life of less than three years are charged to expense. Management believes that the difference between depreciating such items and directly charging them to expense is immaterial.

Estimating Realizability of Deferred Tax Assets

The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets

on deductible temporary difference is based on the projected taxable income in the following periods, including the timing of reversal of future taxable and deductible temporary differences.

Impairment of Non-financial Assets

An impairment review is performed on non-financial assets (enumerated in the following table) when events or changes in circumstances indicate that the carrying value may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant adverse changes in the technological, market, or economic environment where the Group operates;
- significant decrease in the market value of an asset;
- evidence of obsolescence and physical damage;
- significant changes in the manner in which an asset is used or expected to be used;
- plans to restructure or discontinue an operation;
- significant decrease in the capacity utilization of an asset; or
- evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

Determining the recoverable amount of these assets requires estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of the recoverable amount are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on the financial performance.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach.

Determination of IBR

The Group cannot readily determine the interest rate implicit in the lease at lease commencement date, therefore, it uses its IBR to measure lease liabilities. IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, 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 reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as interest rates from partner banks based on the term of its loan borrowings and make certain-specific estimates based on the Group credit worthiness.

Present Value of Defined Benefit Obligation

The present value of the defined benefit retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions such as discount rates and future salary increases, among others. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each financial reporting date.

The Group determines the appropriate discount rate at the end of each reporting period. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligation. In determining the appropriate discount rate, the Group considers the interest rates on government bonds that are denominated in the currency in which the benefits

will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement obligation.

Other key assumptions for the defined benefit retirement obligation are based in part on current market conditions.

Provisions and Contingencies

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 and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

DESCRIPTION OF REVENUE AND COST ITEMS

The following discussion of DMPI's results of operations with respect to the years ended 30 April 2020, 2019 and 2018, is based on, and should be read in conjunction with, DMPI's consolidated financial statements and related notes included elsewhere in this Prospectus.

Revenues

The Company generates its revenues from the growing, processing and distribution of canned and fresh pineapples, pineapple juice concentrate, tropical mixed fruit, beverage products, culinary, and certain other foods products to Philippines and international markets through its trading affiliates, S&W Fine Foods and DMFI, its joint venture FieldFresh, and also through other customers that sell Del Monte branded products in other parts of the world. These revenues consist of sales of goods in the course of ordinary activities measured at the fair value of the consideration received or receivable, net of returns, trade discounts and direct promotions.

Fair valuation adjustments on biological assets also form part of revenues. Biological assets within the scope of PAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less costs to sell, unless fair value cannot be reliably measured. Biological assets and agricultural produce of the Group includes bearer plants, breeding and dairy herd, growing herd, cattle for slaughter, agricultural produce and cutmeat. The gain on initial recognition of biological assets at fair value less cost to sell, and changes in fair value less cost to sell of biological assets during a period, are included in profit and loss.

Cost of Sales

DMPI's cost of sales consists primarily of:

- cost of raw materials and supplies;
- cost of contracted services such as tollers' fees;
- depreciation of property, plant and equipment related to production;
- freight and logistics costs relating to transfers of raw materials from warehouses to farms and manufacturing or production facilities; and interwarehouse transfer of finished goods;
- warehousing costs to operate warehouses for storage of finished goods merchandise for sale;
- royalty expenses related to license and technical assistance agreement for the exclusive license to use trademarks in the Philippines in connection with the production, manufacture, sale, distribution, packaging, advertising, and promotion of certain food products;
- personnel expenses consisting of salaries, wages and related employee benefits for employees

- involved in DMPI's manufacturing activities;
- repairs and maintenance costs relating to the upkeep of production equipment, buildings and other facilities;
- rental expenses attributable to production, such as rental cost of warehouses of raw materials and pallets; and
- other overhead costs attributable to production such as travel and transportation expenses, fuel costs, security expenses, communications, light and water costs.

Distribution and Selling Expenses

DMPI's distribution and selling expenses consist primarily of:

- freight, trucking, storage and handling expenses incurred in connection with the shipment, storage and distribution of finished products;
- personnel expenses consisting of salaries, wages and employee benefits for sales personnel;
- advertising and promotion expenses incurred in marketing DMPI's products, including the cost of media advertisements, merchandising activities and other marketing and promotional activities;
- contracted services, which represent cost of services performed by outside contractors related to selling activities;
- rental expenses, which include, among others, rental of sales offices;
- research and development;
- depreciation of property, plant and equipment attributable to selling expenses; and
- other selling expenses, such as professional fees, taxes and licenses, supplies, travel and transportation, communications, light and water expenses, repairs and maintenance, and impairment losses on receivables.

General and Administrative Expenses

DMPI's general and administrative expenses consist primarily of:

- personnel expenses consisting of salaries, wages and employee benefits for administrative and corporate support unit personnel;
- contracted services, which represent cost of services performed by outside contractors related to administrative activities;
- rental expenses, which include, among others, rental of administrative offices;
- depreciation of property, plant and equipment attributable to administrative expenses; and
- other administrative expenses, such as professional fees, taxes and licenses, supplies, travel and transportation, communications, light and water expenses, repairs and maintenance, and impairment losses on receivables.

Finance Cost

DMPI's finance cost primarily consists of:

- interest on notes payable which mainly consist of unsecured peso and foreign currency-denominated loans payable to local banks; and
- financial charges related to documentary stamp taxes, bank service charges and others.

Foreign Exchange Gain

DMPI's exposure to foreign currency risk results from significant movement in foreign exchange rates.

Interest Income

DMPI's interest income primarily consists of interest received on short-term investments, such as money market placements and cash deposited with banks.

Other Income

DMPI's other income consists primarily of:

- net income (loss) from sundry sales such as damaged tin cans and employee sales;
- scrap sales such as copperwire scraps and used packaging materials;
- management income;
- rental income;
- gain on disposal of assets;
- toll revenue operations;
- reversal of long-outstanding payable;
- reversal of employee incentives; and
- forfeited personal retirement account.

Other Expenses

DMPI's other expenses consist primarily of:

- management fees;
- depreciation and amortization;
- operating expenses related to investment property;
- decline in value of assets;
- non recurring expenses; and
- red pine field growing cost write-off.

Income Tax Expense

DMPI's income tax expense consists primarily of:

- current income tax expense; and
- deferred income tax expense.

Segment Profit/(Loss) before Taxation

DMPI segments its operation into by product categories: packaged fruit, beverage, culinary, and fresh fruits and others.

Packaged Fruit

The packaged fruit segment includes sales and profit of processed fruit products under the *Del Monte* and *S&W* brands, as well as buyer's labels, that are packaged in different formats such as can, plastic cup, pouch and aseptic bag. Key products under this segment are canned pineapples and tropical mixed fruits.

Beverage

The beverage segment includes sales and profit of 100% pineapple juice, juice drinks in various flavors, and pineapple juice concentrate. Products are available in single- and multi-serve cans, as well as in cartons.

Culinary

The culinary segment includes sales and profit of packaged products primarily used as cooking ingredients or supplements, such as spaghetti sauce, tomato sauce, ketchup, pasta sauce, recipe sauce, pasta and condiments under *Del Monte*, *S&W* and *Contadina*. These are primarily tomato-based products.

Fresh Fruit and Others

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

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

RESULTS OF OPERATIONS

Year Ended 30 April 2020 Compared to Year Ended 30 April 2019

(₱ in millions, except %)	Year ended 30 April				
	2020	% of Revenue	2019	% of Revenue	% Change
Revenues	31,916.3	100.0	28,761.6	100.0	11.0
Cost of Sales	(23,384.2)	73.3	(22,010.2)	76.5	6.2
Gross Income	8,532.1	26.7	6,751.4	23.5	26.4
Distribution & Selling Expenses	(3,208.3)	10.1	(2,706.6)	9.4	18.5
General & Administrative Expenses	(817.4)	2.6	(778.7)	2.7	5.0
Financial Cost	(695.2)	2.2	(498.0)	1.7	39.6
Foreign Currency Exchange Gains – net	163.3	0.5	45.5	0.2	258.9
Interest Income	19.2	0.1	29.9	0.1	(35.8)
Other Income	226.8	0.7	298.4	1.0	(24.0)
Other Expense	(122.3)	0.4	(82.3)	0.3	48.6
Income Before Income Tax	4,098.2	12.8	3,059.6	10.6	33.9
Income Tax Expense	(624.6)	2.0	(480.9)	1.7	29.9
Net Income	3,473.6	10.9	2,578.7	9.0	34.7

Revenues

DMPI's consolidated revenues increased by 11.0% from ₱28,761.6 million in the year ended 30 April 2019 to ₱31,916.3 million in the year ended 30 April 2020. The following table sets forth DMPI's consolidated revenues by product category for the periods indicated:

(₱ million, except %)	Years Ended 30 April				
	2020	% of Revenue	2019	% of Revenue	% Change
Packaged fruit	8,493.1	26.6	7,524.7	26.2	12.9
Beverage	7,954.2	24.9	7,871.0	27.4	1.1
Culinary	6,459.1	20.2	6,138.5	21.3	5.2
Fresh fruit and others	6,086.8	19.1	4,458.9	15.5	36.5
Changes in fair values of biological assets	2,923.1	9.2	2,768.5	9.6	5.6
Total	31,916.3	100.0	28,761.6	100.0	11.0

For the fiscal year 2020, DMPI's revenues increased across all product categories. The Company's overall revenue growth was driven by the 12.9% growth in revenues from packaged fruit, which was attributable to growth in revenues from the Philippine market as a result of increased pricing and higher demand from the retail channels, as well as stronger export sales. The Company's overall revenue growth was also supported by the 36.5% growth in revenues from fresh fruit and others during the year mainly driven by change in the Company's commercial structure of its fresh business to sell directly to the customers instead of trading affiliates, and higher *S&W Fine Foods* branded sales in North Asia. The change in the Company's commercial structure was made from April 2019 for fresh fruits, and for sale of Del Monte branded business to affiliates and other customers of packaged pineapple products from May 2019. The impact of this change

in structure is ₱1,238.3 million on revenue, and breakdown by product category has been shown below for easy reference.

(₱ million, except %)	Years Ended 30 April				
	2020	% of Revenue	2019 (Restated, unaudited) ⁽¹⁾	% of Revenue	% Change
Packaged fruit	8,493.1	26.6	7,545.9	25.2	12.6
Beverage	7,954.2	24.9	7,738.3	25.8	2.8
Culinary	6,459.1	20.2	6,153.8	20.5	5.0
Fresh fruit and others	6,086.8	19.1	5,798.7	19.3	5.0
Changes in fair values of biological assets	2,923.1	9.2	2,763.2	9.2	5.8
Total	31,916.3	100.0	29,999.9	100.0	6.4

⁽¹⁾ Restated to show the impact of the change in the Company's commercial structure effective 2019.

Philippines

The Philippine market sales were higher by 6.5% driven by price increases in line with inflation as well as volume growth. Price increase and lower trade promotion spend contributed +2.6% to net sales growth, driven by a series of price increases across all categories mostly in 2019. Sales increased across Modern Trade and General Trade by double digit as all categories delivered growth. Sales for beverages grew by 6.6% despite lower sales of dispensers due to the decision of a key customer to revert to a two vendor strategy and closure of accounts in the fourth quarter due to COVID related lockdowns. Sales for Culinary products grew by 5.4% driven by strong retail sales in the fourth quarter. The principal categories all experienced strong growth as consumer behaviour shifted to healthy, shelf-stable products in response to COVID-19 stay-at-home orders. Packaged Fruit grew by 8.5% driven by higher sales of Mixed Fruits during the holiday season. Faster growth was seen across all categories, most especially behind flagship Del Monte brands of *100% Pineapple Juice*, *Spaghetti Sauce* and *Tomato Sauce*. The relevance and imagery of these iconic Del Monte brands became magnified in a pandemic environment where consumers became more concerned with health, and shifted to home cooking. Digital communications highlighted product quality and taste, health and immunity (*100% Pineapple Juice ACE*) and meal preparation and planning (*Del Monte Kitchenomics*), and sustained growth even as the lockdown eased.

International Markets/Exports

Fresh business grew by 2.7% driven by higher sales of *S&W Fine Foods* branded sales in North Asia by 10.2% through expanded distribution. Fourth quarter sales to China were severely impacted in February before recovering in March/April by COVID 19 and declined compared to prior year period by 27.9%.

Exports of packaged foods mainly fruits and beverages grew by 9.9% driven by strong performance in the second half of the fiscal year as demand for packaged pine products rebound due to significantly lower production from Thailand.

Cost of Sales

Cost of sales increased by 6.2% from ₱22,010.2 million in the year ended 30 April 2019 to ₱23,384.2 million in the year ended 30 April 2020. The increase was primarily the result of increased sales volume and higher cannery costs driven by higher cost of Pineapple and lower volume. Unfavorable impact from

cannery costs was partly offset by lower costs on purchased raw and packaging materials due to favorable forex and strengthening of peso.

Gross Income

As a result of the foregoing, gross income increased by 26.4% from ₱6,751.4 million in the year ended 30 April 2019 to ₱8,532.1 million in the year ended 30 April 2020. The Company's gross margin in the year ended 30 April 2020 was 26.7%, an improvement from the 23.5% gross margin it recorded in the year ended 30 April 2019, mainly as a result of lower purchase prices and favorable forex for the year. Margin improvement was also brought about by the full year impact of price increases which began to be implemented in fiscal year 2020.

The following table sets forth DMPI's consolidated gross income by product category for the periods indicated:

(₱ in millions, except %)	Year Ended 30 April			
	2020	% of Gross Income	2019	% of Gross Income
Packaged fruit	1,589.3	18.6	1,712.6	25.4
Beverage	1,842.6	21.6	1,363.4	20.2
Culinary	2,244.4	26.3	2,144.5	31.8
Fresh fruit and others	2,556.7	30.0	1,284.0	18.9
Changes in fair values of biological assets – net	299.1	3.5	246.9	3.7
Total	8,532.1	100.0	6,751.4	100.0

Moreover, the total impact of the change in the Company's commercial structure on gross income is ₱1,039.3 million. The breakdown of consolidated gross income by product category is also shown below for easy reference:

(₱ in millions, except %)	Year Ended 30 April			
	2020	% of Gross Income	2019 (Restated, unaudited) ⁽¹⁾	% of Gross Income
Packaged fruit	1,589.3	18.6	1,692.1	21.7
Beverage	1,842.6	21.6	1,314.8	16.9
Culinary	2,244.4	26.3	2,107.2	27.0
Fresh fruit and others	2,556.7	30.0	2,432.5	31.3
Changes in fair values of biological assets – net	299.1	3.5	244.1	3.1
Total	8,532.1	100.0	7,790.7	100.0

⁽¹⁾ Restated to show the impact of the change in the Company's commercial structure effective 2019.

Distribution and Selling Expenses

Distribution and selling expenses increased by 18.5% from ₱2,706.6 million in the year ended 30 April 2019 to ₱3,208.3 million in the year ended 30 April 2020, an increase in line with overall growth of the business. This increase was the result of higher freight and storage, and personnel costs. The Company also recorded increased warehousing and higher selling overhead spending for the year. As a percentage of

revenue, distribution and selling expenses were slightly higher at 10.1% compared to 9.4% in the previous period.

General and Administrative Expenses

General and administrative expenses increased by 5.0% from ₱778.7 million in the year ended 30 April 2019 to ₱817.4 million in the year ended 30 April 2020 due to higher personnel cost in line with inflation, as well as technology costs on various IT automations and enhancements. This was offset by lower taxes and insurance, and training and employee activities.

Finance Cost

Finance cost which primarily consists of interest expenses and miscellaneous financial charges increased by 39.6% from ₱498.0 million in the year ended 30 April 2019 to ₱695.2 million in the year ended 30 April 2020 due to an increase in short-term notes payables incurred to support sales growth.

Foreign Exchange Gain - net

Foreign exchange gain - net increased by 258.9% from ₱45.5 million in the fiscal year ended 30 April 2019 to ₱163.3 million in the fiscal year ended 30 April 2020 due to the strengthening of the Peso against the U.S. Dollar, which resulted in higher foreign translation of local sales and receivables.

Interest Income

Interest income decreased by 35.8% from ₱29.9 million in the year ended 30 April 2019 to ₱19.2 million in the year ended 30 April 2020, primarily due to higher interest income from operating assets comprising advances to landowners for land leases.

Other Income

Other income decreased by 24.0% from ₱298.4 million in the year ended 30 April 2019 to ₱226.8 million in the year ended 30 April 2020 as the Company recognized lower management income, lower reversal of employee incentives, and lower scrap and other sales. These were partially offset by higher reversal of long-outstanding payable, and forfeited personal retirement account.

Other Expenses

Other expenses increased by 48.6% from ₱82.3 million in the year ended 30 April 2019 to ₱122.3 million in the year ended 30 April 2020 primarily due to higher management fee which doubled in the current year.

Income before Income Tax

As a result of the foregoing, income before tax increased by 33.9% from ₱3,059.6 million in the year ended 30 April 2019 to ₱4,098.2 million in the year ended 30 April 2020.

Income Tax Expense

Income tax expense increased by 29.9% from ₱480.9 million in the year ended 30 April 2019 to ₱624.6 million in the year ended 30 April 2020, mainly attributable to higher income before income tax.

Net Income

As a result of the forgoing, net income increased by 34.7% from ₱2,578.7 million in the year ended 30 April 2019 to ₱3,473.6 million in the year ended 30 April 2020. The Company's net income margin in the year ended 30 April 2020 was 10.9%, an improvement from the 9.0% net income margin it recorded in the year ended 30 April 2019, mainly as a result of improvement in gross margin from 23.5% to 26.7% due to lower cannery costs, price increases and foreign currency exchange gains.

Segment Profit/(Loss) Before Taxation

The following table sets forth DMPI's consolidated income before income tax by product category for the year ended 30 April 2020 and 2019:

(₱ in millions, except %)	Year Ended 30 April		Year Ended 30 April	
	2020	% of Total Profit Before Tax	2019	% of Total Profit Before Tax
Packaged fruit	775.1	18.9	825.3	27.0
Beverage	726.5	17.7	159.6	5.2
Culinary	1,223.5	29.9	1,077.7	35.2
Fresh fruit and others	1,074.0	26.2	750.1	24.5
Changes in fair values of biological assets	299.1	7.3	246.9	8.1
Total	4,098.2	100.0	3,059.6	100.0

For the year ended 30 April 2020, DMPI's income before tax increased across all product categories except on packaged fruit, as overall income before tax rose 33.9% to ₱4,098.2 million mainly due to higher sales as a result of higher pricing in Philippine market and higher demands in exports. Higher foreign exchange gain for the period also contributed to the improvement in overall income before tax. These positive drivers were partly offset by increases in operating expenses as discussed above.

Moreover, the total impact of the change in the Company's commercial structure on profit before tax is ₱768.8 million. The breakdown by product category is shown below for easy reference:

(₱ in millions, except %)	Year Ended 30 April		Year Ended 30 April	
	2020	% of Total Profit Before Tax	2019 (Restated, unaudited) ⁽¹⁾	% of Total Profit Before Tax
Packaged fruit	775.1	18.9	909.8	23.8
Beverage	726.5	17.7	262.0	6.8
Culinary	1,223.5	29.9	949.9	24.8
Fresh fruit and others	1,074.0	26.2	1,462.6	38.2
Changes in fair values of biological assets	299.1	7.3	244.1	6.4
Total	4,098.2	100.0	3,828.4	100.0

⁽¹⁾ Restated to show the impact of the change in the Company's commercial structure effective 2019.

Year Ended 30 April 2019 Compared to Year Ended 30 April 2018

(P in millions, except %)	Year ended 30 April				
	2019	% of Revenue	2018	% of Revenue	% Change
Revenues	28,761.6	100.0	27,563.8	100.0	4.3
Cost of Sales	(22,010.2)	76.5	(21,003.6)	76.2	4.8
Gross Income	6,751.4	23.5	6,560.2	23.8	2.9
Distribution & Selling Expenses	(2,706.6)	9.4	(2,747.6)	10.0	(1.5)
General & Administrative Expenses	(778.7)	2.7	(845.1)	3.1	(7.9)
Financial Cost	(498.0)	1.7	(399.0)	1.4	24.8
Foreign Currency Exchange Gains – net	45.5	0.2	200.0	0.7	(77.3)
Interest Income	29.9	0.1	24.9	0.1	20.1
Other Income	298.4	1.0	380.5	1.4	(21.6)
Other Expense	(82.3)	0.3	(94.4)	0.3	(12.8)
Income Before Income Tax	3,059.6	10.6	3,079.5	11.2	(0.6)
Income Tax Expense	480.9	1.7	508.5	1.8	(5.4)
Net Income	2,578.7	9.0	2,571.0	9.3	0.3

Revenues

DMPI's consolidated revenues increased by 4.3% from P27,563.8 million in the year ended 30 April 2018 to P28,761.6 million in the year ended 30 April 2019. The following table sets forth DMPI's revenues by product category for the periods indicated:

(P in millions, except %)	Year Ended 30 April				
	2019	% of Revenue	2018	% of Revenue	% Change
Packaged fruit	7,524.7	26.2	7,905.8	28.7	(4.8)
Beverage	7,871.0	27.4	7,799.8	28.3	0.9
Culinary	6,138.5	21.3	6,109.0	22.2	0.5
Fresh fruit and others	4,458.9	15.5	3,445.8	12.4	29.4
Changes in fair values of biological assets	2,768.5	9.6	2,303.4	8.4	20.2
Total	28,761.6	100.0	27,563.8	100.0	4.3

For the fiscal year 2019, DMPI's revenues increased across all product categories except on packaged fruits. The Company's overall revenue growth was primarily driven by the 29.4% growth in revenues from fresh fruit and others for the year, driven by higher *S&W Fine Foods* branded sales in China. The growth in fresh was also supported by marginal increases in beverage and culinary for the year, mainly driven by increases in pricing which were partly offset by decrease in sales as a result of unfavorable sales mix.

Philippines

The Philippine market sales decreased by 4.1%. Continued growth driven by key accounts in foodservice and retail was offset by general trade due to operational issues and changes in distributors to strengthen its distribution network. Sales price increases for the year contributed +4.7% growth compared to prior year

period which partly offset the unfavourable impact of lower sales volume and sales mix. While all product categories were impacted, the category that was impacted the most by distributor transition in general trade was packaged fruits with sales declining by 12.4%.

International Markets/Exports

Fresh business grew by 17.2% driven by higher sales of *S&W Fine Foods* branded sales by 20.8% through expanded distribution in China. The price impact from change in the Company's commercial structure was ₱0.15 billion in April 2019. Excluding the impact of this change in commercial structure, the Company's fresh business would have posted growth at 25.8%.

Exports of packaged foods mainly fruits and beverages grew by 11.4% driven by strong performance in the first half of the fiscal year and higher sales to Europe. Sales of *S&W Fine Foods* packaged food products primarily fruits declined by 10.0% due to lower sales of pine solids and *Fiesta Fruit Cocktail* to China.

The Company also launched its frozen pine sticks in Japan which contributed to ₱0.2 billion for the fiscal year.

Fair Value of Biological Assets

Increase in the fair market value of biological assets for the period was mainly due to improved margin of the Company's fresh business.

Moreover, the impact of the change in the Company's commercial structure on revenues by product category is shown below for easy reference:

(₱ million, except %)	Years Ended 30 April				
	2019 (Restated, unaudited) ⁽¹⁾	% of Revenue	2018 (Restated, unaudited) ⁽¹⁾	% of Revenue	% Change
Packaged fruit	7,545.9	25.2	7,939.9	27.5	(5.0)
Beverage	7,738.3	25.8	7,717.5	26.7	0.3
Culinary	6,153.8	20.5	6,119.7	21.2	0.6
Fresh fruit and others	5,798.7	19.3	4,823.1	16.6	20.2
Changes in fair values of biological assets	2,763.2	9.2	2,301.2	8.0	20.1
Total	29,999.9	100.0	28,901.4	100.0	3.8

⁽¹⁾Restated to show the impact of the change in the Company's commercial structure effective 2019.

Cost of Sales

Cost of sales increased by 4.8% from ₱21,003.6 million in the year ended 30 April 2018 to ₱22,010.2 million in the year ended 30 April 2019. The increase was primarily due to higher product costs across all markets particularly on Philippine market's pineapple costs, transportation and storage, and sugar tax on beverage. These increases were partially offset by lower fruit costs for Fresh business for the period.

Gross Income

As a result of the foregoing, gross income increased by 2.9% from ₱6,560.2 million in the year ended 30 April 2018 to ₱6,751.4 million in the year ended 30 April 2019. The Company's gross margin in the year

ended 30 April 2019 was 23.5%, a slight decrease from the 23.8% gross margin it recorded in the year ended 30 April 2018. The decline was mainly attributable to higher product costs particularly pineapple costs, transportation and storage, and sugar tax on beverage. Unfavorable sales mix in the Philippine market also contributed to the decline in gross margin. These unfavorable factors offset the margin improvements brought about by price increases in Philippine market.

The following table sets forth DMPI's consolidated gross income by product category for the periods indicated:

(P in millions, except %)	Year Ended 30 April			
	2019	% of Gross Income	2018	% of Gross Income
Packaged fruit	1,712.6	25.4	1,930.5	29.4
Beverage	1,363.4	20.2	1,628.7	24.8
Culinary	2,144.5	31.8	2,142.9	32.7
Fresh fruit and others	1,284.0	18.9	689.2	10.5
Changes in fair values of biological assets	246.9	3.7	168.9	2.6
Total	6,751.4	100.0	6,560.2	100.0

Moreover, the impact of the change in the Company's commercial structure on revenues by product category is shown below for easy reference:

(P in millions, except %)	Year Ended 30 April			
	2019 (Restated, unaudited) ⁽¹⁾	% of Gross Income	2018 (Restated, unaudited) ⁽¹⁾	% of Gross Income
Packaged fruit	1,692.1	21.7	1,852.5	24.1
Beverage	1,314.8	16.9	1,641.6	21.3
Culinary	2,107.2	27.0	2,083.1	27.1
Fresh fruit and others	2,432.5	31.3	1,948.1	25.3
Changes in fair values of biological assets	244.1	3.1	168.8	2.2
Total	7,790.7	100.0	7,694.1	100.0

⁽¹⁾ Restated to show the impact of the change in the Company's commercial structure effective 2019.

Distribution and Selling Expenses

Distribution and selling expenses decreased by 1.5% from P2,747.6 million in the year ended 30 April 2018 to P2,706.6 million in the year ended 30 April 2019 mainly due to lower freight and storage costs, advertising and promotion expenses, and research and development costs. These decreases were partially offset by increase in personnel costs. As a percentage of revenue, distribution and selling expenses slightly decreased to 9.4% compared to 10.0% in the previous period.

General and Administrative Expenses

General and administrative expenses decreased by 7.9% from P845.1 million in the year ended 30 April 2018 to P778.7 million in the year ended 30 April 2019 due to lower personnel costs from higher vacancies.

The decrease was also attributable to lower professional fees and technology costs. These decreases were partially offset by higher depreciation and amortization, as well as higher taxes and licenses.

Finance Cost

Finance cost increased by 24.8% from ₱399.0 million in the year ended 30 April 2018 to ₱498.0 million in the year ended 30 April 2019 mainly due to higher interest expenses related to the Company's short-term unsecured dollar-denominated notes payable.

Foreign Exchange Gain - net

Foreign exchange gain - net decreased by 77.3% from ₱200.0 in the fiscal year ended 30 April 2018 to a ₱45.5 million in the fiscal year ended 30 April 2019 due to strengthening of the Peso against U.S. Dollar, primarily related to the Company's dollar receivables.

Interest Income

Interest income increased by 20.1% from ₱24.9 million in the year ended 30 April 2018 to ₱29.9 million in the year ended 30 April 2019, primarily due to higher interest income from the Company's Peso and dollar investment accounts.

Other Income

Other income decreased by 21.6% from ₱380.5 million in the year ended 30 April 2018 to ₱298.4 million in the year ended 30 April 2019. The decrease was mainly attributable to lower reversal of employee incentives and lower reversal of long outstanding payables for the period. These decreases were partially offset by higher management income and scrap and other sales.

Other Expenses

Other expenses decreased by 12.8% from ₱94.4 million in the year ended 30 April 2018 to ₱82.3 million in the year ended 30 April 2019 mainly driven by lower management fees and lower depreciation and amortization. These decreases were partially offset by higher write-off of red pine field growing costs.

Income before Income Tax

As a result of the foregoing, income before tax slightly decreased by 0.6% from ₱3,079.5 million in the year ended 30 April 2018 to ₱3,059.6 million in the year ended 30 April 2019.

Income Tax Expense

Income tax expense decreased by 5.4% from ₱508.5 million in the year ended 30 April 2018 to ₱480.9 million in the year ended 30 April 2019 mainly driven by lower income before income tax.

Net Income

As a result of the foregoing, net income slightly increased by 0.3% from ₱2,571.0 million in the year ended 30 April 2018 to ₱2,578.7 million in the year ended 30 April 2019. The Company's net income margin in the year ended 30 April 2019 was 9.0%, a decline from the 9.3% net income margin it recorded in the year ended 30 April 2018, mainly as a result of lower margin resulting from higher product costs and unfavorable sales mix particularly for the Philippine market. The decline in net income margin was also attributable to higher financial costs and unfavorable foreign exchange as a result of the strengthening of Peso against

U.S. Dollar. The Company's lower margins were partly offset by lower distribution and selling expenses, general and administrative expenses, and income tax expense.

Segment Profit before Taxation

The following table sets forth DMPI's consolidated income before income tax by product category for the year ended 30 April 2019 and 2018:

(P in millions, except %)	Year Ended 30 April			
	2019	% of Total Profit Before Tax	2018	% of Total Profit Before Tax
Packaged fruit	825.3	27.0	1,154.0	37.5
Beverage	159.6	5.2	367.2	11.9
Culinary	1,077.7	35.2	1,094.2	35.5
Fresh fruit and others	750.1	24.5	295.2	9.6
Changes in fair values of biological assets – net	246.9	8.1	168.9	5.5
Total	3,059.6	100.0	3,079.5	100.0

For the fiscal year 2019, DMPI's income before tax decreased across all product categories except fresh fruits and others, as overall income before tax declined 0.6% to P3,059.6 million in the year ended 30 April 2019 from P3,079.5 million in the year ended 30 April 2018 due to marginally lower gross margin, higher financial costs, and lower foreign exchange gain.

Moreover, the impact of the change in the Company's commercial structure on profit before tax by product category is shown below for easy reference:

(P in millions, except %)	Year Ended 30 April			
	2019 (Restated, unaudited) ⁽¹⁾	% of Total Profit Before Tax	2018 (Restated, unaudited) ⁽¹⁾	% of Total Profit Before Tax
Packaged fruit	909.8	23.8	1,071.1	29.4
Beverage	262.0	6.8	503.2	13.8
Culinary	949.9	24.8	907.5	24.9
Fresh fruit and others	1,462.6	38.2	996.3	27.3
Changes in fair values of biological assets – net	244.1	6.4	168.8	4.6
Total	3,828.4	100.0	3,646.9	100.0

⁽¹⁾ Restated to show the impact of the change in the Company's commercial structure effective 2019.

Year Ended 30 April 2018 Compared to Year Ended 30 April 2017

(P in millions, except %)	Year ended 30 April				
	2018	% of Revenue	2017	% of Revenue	% Change
Revenues	27,563.8	100.0	26,703.9	100.0	3.2
Cost of Sales	(21,003.6)	76.2	(20,174.5)	75.5	4.1
Gross Income	6,560.2	23.8	6,529.4	24.5	0.5
Distribution & Selling Expenses	(2,747.6)	10.0	(2,637.7)	9.9	4.2
General & Administrative Expenses	(845.1)	3.1	(873.1)	3.3	(3.2)
Financial Cost	(399.0)	1.4	(285.4)	1.1	39.8
Foreign Currency Exchange Gains – net	200.0	0.7	233.7	0.9	(14.4)
Interest Income	24.9	0.1	21.8	0.1	14.2
Other Income	380.5	1.4	271.6	1.0	40.1
Other Expense	(94.4)	0.3	(97.8)	0.4	(3.5)
Income Before Income Tax	3,079.5	11.2	3,162.5	11.8	(2.6)
Income Tax Expense	508.5	1.8	427.4	1.6	19.0
Net Income	2,571.0	9.3	2,735.1	10.2	(6.0)

Revenues

DMPI's revenues increased by 3.2% from P26,703.9 million in the year ended 30 April 2017 to P27,563.8 million in the year ended 30 April 2018. The following table sets forth DMPI's consolidated revenues by product category for the periods indicated:

(P in millions, except %)	Year Ended 30 April				
	2018	% of Revenue	2017	% of Revenue	% Change
Packaged fruit	7,905.8	28.7	7,996.8	29.9	(1.1)
Beverage	7,799.8	28.3	7,693.1	28.8	1.4
Culinary	6,109.0	22.2	5,743.1	21.5	6.4
Fresh fruit and others	3,445.8	12.4	2,993.2	11.3	15.1
Changes in fair values of biological assets	2,303.4	8.4	2,277.7	8.5	1.1
Total	27,563.8	100.0	26,703.9	100.0	3.2

For the fiscal year 2018, DMPI's overall revenue growth was primarily driven by the 15.1% growth in revenues from fresh fruit and others, which was attributable to higher *S&W Fine Foods* branded sales in Asia and Middle East. Growth drivers for culinary include higher pricing and higher growth from the food service channel, while the main growth driver for beverage was the increase in revenues from non-canned beverages following the launch of *100% Pine Juice in Tetra Pak* and *FNR Active Isotonic* drinks in PET Bottles.

Philippines

The Philippine market sales increased by 6.9% driven by price increases in line with inflation as well as volume growth. Higher pricing and lower trade promotion spend contributed +3.2% to net sales growth, driven by a series of price increases across all product categories. Prices were raised at below inflation rate

across a range of products to mitigate the impact of sugar tax that has been imposed on beverages that contain sugar or artificial sweeteners. The Company continued to invest in driving inclusion of Del Monte products in consumers' weekly menu behind marketing campaigns across brands. All major categories of packaged fruit, beverage and culinary delivered higher sales. Sales for beverages increased by 5.0% driven by increase in revenues from non-canned beverages following the launch of *100% Pine Juice in Tetra Pak* and *FNR Active Isotonic* drinks in PET Bottles. The Company also made an initial foray into the 'juice with particulates' market with the introduction of *Del Monte Juice & Chews*, a snack-in-a-drink combining nata and pineapple with fruit juice blends, a drink popular amongst teens. Sales for culinary products increased by 8.1% driven by tomato-based sauces, pasta and other condiments both in retail and foodservice channels. Sales of packaged fruit increased by 8.0% driven by mixed fruits both in retail and foodservice channels.

Foodservice sales in the Philippines continued to expand, growing by 15.0%, riding on the rapid expansion of quick service restaurants and convenience stores, as well as the Company's growth of its juice dispensers, meal partnerships and customised products

International Markets/Exports

Overall, DMPI's international business declined by 1.9%. The Company's fresh business increased by 13.9% driven by higher sales of *S&W Fine Foods* branded sales by 21.7% through expanded distribution in China and higher contribution from exports as the Company continued to improve the quality of its fresh fruits.

Exports of packaged foods mainly fruits, and beverages decreased by 11.4% driven by decline mainly from North America particularly in industrials and mixed fruit categories. Sales declined mainly due to decreased exports of processed pineapple products, and significantly lower pine juice concentrate pricing as a result of the oversupply situation in Thailand, the main exporter of PJC.

Cost of Sales

Cost of sales increased by 4.1% from ₱20,174.5 million in the year ended 30 April 2017 to ₱21,003.6 million in the year ended 30 April 2018. The increase was primarily due to higher logistics and warehousing costs, higher obsolescence costs for pine juice concentrates, and higher packaging materials costs particularly for tin plates.

Gross Income

As a result of the foregoing, gross income increased by 0.5% from ₱6,529.4 million in the year ended 30 April 2017 to ₱6,560.2 million in the year ended 30 April 2018. The Company's gross margin in the year ended 30 April 2018 was 23.8%, a decrease from the 24.5% gross margin it recorded in the year ended 30 April 2017. The decline was due to unfavorable revaluation of biological assets and higher product costs particularly on logistics, warehousing, obsolescence and tin plates. The Company's gross margin in 2018 was mainly driven by price increases implemented in the Philippines across product categories to offset the sugar tax imposed on beverages, as well as the devaluation of the Peso.

The following table sets forth DMPI's consolidated gross income by product category for the periods indicated:

(₱ in millions, except %)	Year Ended 30 April			
	2018	% of Gross Income	2017	% of Gross Income
Packaged fruit	1,930.5	29.4	1,654.0	25.3

Beverage	1,628.7	24.8	1,883.3	28.8
Culinary	2,142.9	32.7	1,992.3	30.5
Fresh fruit and others	689.2	10.5	430.7	6.7
Changes in fair values of biological assets	168.9	2.6	569.1	8.7
Total	6,560.2	100.0	6,529.4	100.0

Distribution and Selling Expenses

Distribution and selling expenses increased by 4.2% from ₱2,637.7 million in the year ended 30 April 2017 to ₱2,747.6 million in the year ended 30 April 2018 mainly due to higher freight and storage costs, and personnel costs, which offset decreases in advertising and promotion. As a percentage of revenue, distribution and selling expenses marginally increased to 10.0% compared to 9.9% in the previous period.

General and Administrative Expenses

General and administrative expenses decreased by 3.2% from ₱873.1 million in the year ended 30 April 2017 to ₱845.1 million in the year ended 30 April 2018 due to lower professional fees, and travel and transportation expenses. These decreases were partially offset by higher personnel costs, technology-related expenses, utilities, and expenses for training and employee activities.

Finance Cost

Finance cost increased by 39.8% from ₱285.4 million in the year ended 30 April 2017 to ₱399.0 million in the year ended 30 April 2018 due to increased borrowings of short-term unsecured dollar-denominated notes payable as well as higher bank charges for the period.

Foreign Exchange Gain - net

Foreign exchange gain - net decreased by 14.4% from ₱233.7 in the fiscal year ended 30 April 2017 to a ₱200.0 million in the fiscal year ended 30 April 2018 due to strengthening of the Peso against U.S. Dollar, primarily related to the Company's dollar receivables.

Interest Income

Interest income increased by 14.2% from ₱21.8 million in the year ended 30 April 2017 to ₱24.9 million in the year ended 30 April 2018, primarily due to higher interest income from the Company's Peso savings and investment accounts.

Other Income

Other income increased by 40.1% from ₱271.6 million in the year ended 30 April 2017 to ₱380.5 million in the year ended 30 April 2018. The increase was mainly attributable to reversal of employee incentives as well as reversal of long outstanding payables. There was also increase in scrap and other sales for the period. These increases were partially offset by decrease in other income from toll revenue operations.

Other Expenses

Other expenses decreased by 3.5% from ₱97.8 million in the year ended 30 April 2017 to ₱94.4 million in the year ended 30 April 2018 driven by decrease in management fees and write-off of red pine field growing costs.

Income before Income Tax

As a result of the foregoing, income before tax decreased by 2.6% from ₱3,162.5 million in the year ended 30 April 2017 to ₱3,079.5 million in the year ended 30 April 2018.

Income Tax Expense

Despite lower income before tax, income tax expense increased by 19.0% from ₱427.4 million in the year ended 30 April 2017 to ₱508.5 million in the year ended 30 April 2018 driven by the higher contribution of local sales resulting in higher sales subjected to regular corporate income tax.

Net Income

As a result of the foregoing, net income decreased by 6.0% from ₱2,735.1 million in the year ended 30 April 2017 to ₱2,571.0 million in the year ended 30 April 2018. The Company's net income margin in the year ended 30 April 2018 was 9.3%, a decline from the 10.2% net income margin it recorded in the year ended 30 April 2017, mainly as a result of higher distribution and selling expenses particularly on freight, storage and personnel costs, as well as higher financial costs. The decline in margins was also driven by unfavorable foreign exchange and higher income tax expense for the period. The Company's lower margins were partly offset by lower general and administrative costs, as well as higher other income.

Segment Profit before Taxation

The following table sets forth DMPI's consolidated income before income tax by product category for the year ended 30 April 2018 and 2017:

(₱ in millions, except %)	Year Ended 30 April		% of Total Profit Before Tax
	2018	2017	
Packaged fruit	1,154.0	733.0	23.2
Beverage	367.2	554.7	17.5
Culinary	1,094.2	1,096.1	34.7
Fresh fruit and others	295.2	209.6	6.6
Changes in fair values of biological assets – net	168.9	569.1	18.0
Total	3,079.5	3,162.5	100.0

For the fiscal year 2018, DMPI's overall income before tax declined 2.6% to ₱3,079.5 million in the year ended 30 April 2018 from ₱3,162.5 million in the year ended 30 April 2017 which was primarily driven by the decline in income before tax in beverage. This decline was mainly attributable to higher logistics and warehousing costs, higher provision of obsolescence for pine juice concentrates, as well as higher distribution and selling expenses.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal liquidity requirements are for both operating expenses and capital expenditures which comprised inventory purchases, salaries and wages, overhead costs, advertising and promotion and logistics costs.

The Company's principal sources of liquidity are from internally generated cash from operations and unsecured bank loans. As of 30 April 2020, the Company's total current assets were ₱16,694.4 million, of which cash and cash equivalents accounted for 7.0% or ₱1,170.9 million. This was against the Company's total current liabilities of ₱20,000.4 million, 27.8% of which, or ₱5,557.7 million, were non-interest bearing payables.

The Company expects a growth in its working capital due to increased sales and market share expansion. Moving forward, the Company expects to fund these requirements from its operating cash flows and borrowings. The Company may also, from time to time, seek other sources of funding, which may include debt or equity financing, depending on its financing needs and market conditions. In the course of conducting its business, the Company has, and will continue, to incur short-term debt from several banking institutions.

The following table sets forth the selected information from the Company's consolidated statements of cash flows for the period indicated:

(₱ in millions)	Year ended 30 April		
	(Audited)		
	2020	2019	2018
Net cash flows provided by (used in) operating activities	5,613.3	6,649.3	3,861.3
Net cash flows used in investing activities ⁽¹⁾	(5,865.2)	(5,246.1)	(5,995.3)
Net cash flows provided by (used in) financing activities	865.7	(1,602.9)	2,032.6
Net increase (decrease) in cash and cash equivalents	607.0	(200.7)	(102.1)

⁽¹⁾Includes additions to Bearer Plants at Cost recognized as Property, Plant and Equipment in compliance with the amendments in PAS 41.

Net cash flows provided by operating activities

For the year ended 30 April 2020, net cash flows provided by operating activities was ₱5,613.3 million, while the Company had consolidated income before income tax of ₱4,098.2 million. Cash generated by operating income (after adding back non-cash items and after working capital changes) was ₱5,957.8 million. This primarily resulted from higher profit offset by increase in working capital by ₱4,126.8 million mainly driven by increase in receivables and decrease in payables. The Company generated cash from interest of ₱19.4 million and paid income taxes of ₱337.1 million.

For the year ended 30 April 2019, net cash flows provided by operating activities was ₱6,649.3 million, while the Company had consolidated income before income tax of ₱3,059.6 million. Cash generated by operating income (after adding back non-cash items and after working capital changes) was ₱7,195.8 million. This primarily resulted from higher profit fully offset by the increase in working capital by ₱568.1 million mainly driven by decrease in current payables. The Company generated cash from interest of ₱30.8 million and paid income taxes of ₱490.5 million.

For the year ended 30 April 2018, net cash flows provided by operating activities was ₱3,861.3 million, while the Company had consolidated income before income tax of ₱3,079.5 million. Cash generated by operating income (after adding back non-cash items and after working capital changes) was ₱4,337.7 million. This primarily resulted from higher profit fully offset by the increase in working capital by ₱3,393.7 million mainly driven by increase in receivables and inventories. The Company generated cash from interest of ₱23.8 million and paid income taxes of ₱392.6 million.

Net cash flows provided by (used in) investing activities

For the year ended 30 April 2020, net cash flows used in investing activities was ₱5,865.2 million (see “Capital Expenditures” below). This cash outflow primarily consisted of the Construction in Progress (“CIP”) of ₱337.2 million, additional machinery and equipment of ₱204.9 million, additions to bearer plants of ₱4,950.7 million, and recognition of ROU assets of ₱151.3 million in fiscal year 2020. Major items in the CIP include construction of Can Making Equipment from Ball Corporation, 2.3Kg Tidbits in Pouch Production Line and 202 Integration-Filling/Seaming, Process.

For the year ended 30 April 2019, net cash flows used in investing activities was ₱5,246.1 million. This cash outflow primarily consisted of the CIP of ₱686.6 million, additional machinery and equipment of ₱115.5 million, as well as additions to bearer plants of ₱4,275.9 million. Major items in the CIP included construction of NFC Juicing Plant and purchase of Can Making Equipment from Ball Corporation.

For the year ended 30 April 2018, net cash flows used in investing activities was ₱5,995.3 million. This cash outflow primarily consisted of the CIP of ₱910.4 million, additional machinery and equipment of ₱266.2 million, and additions to bearer plants of ₱4,283.4 million. Major items in the CIP included expenses related to the construction of the Company’s In-house Tetra Pak Line, increase Tropical Product Line Capacity and acquisition of Klearcan can-making facility.

Net cash flows provided by (used in) financing activities

For the year ended 30 April 2020, the Company received proceeds of ₱161,839.1 million from availments of peso and dollar-denominated bank loans and paid out a corresponding ₱160,206.1 million for the same.

For the year ended 30 April 2019, the Company received proceeds of ₱147,444.8 million from availments of peso and dollar-denominated bank loans and paid out a corresponding ₱148,645.1 million for the same.

For the year ended 30 April 2018, the Company received proceeds of ₱158,213.0 million from availments of peso and dollar-denominated bank loans and paid out a corresponding ₱155,876.3 million for the same.

Capital Expenditures

Pursuant to its business expansion, the Company will invest various long range plan capital expenditure requirements, which include investments for the expansion of fresh packing capacity and expansion of canning equipment, among others.

The table below sets forth the components of the audited capital expenditures of DMPI for the periods indicated:

(₱ in millions)	2020	Year ended 30 April			
		% of Total	2019	% of Total	2018

Machinery & Equipment	204.9	3.6	115.5	2.2	266.2	4.6
Buildings & Improvements	44.8	0.8	82.6	1.6	274.5	4.8
Leasehold Improvements	0.4	-	7.5	0.1	0.2	-
Construction in Progress	337.2	5.9	686.6	13.3	910.4	15.9
Bearer Plants at Cost ⁽¹⁾	4,950.7	87.0	4,275.9	82.8	4,283.4	74.7
Right of Use Assets ⁽²⁾	151.3	2.7	-	-	-	-
Total	5,689.3	100.0	5,168.1	100.0	5,734.7	100.0

⁽¹⁾ The Company adopted the amendments in PAS 41. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply.

⁽²⁾ In fiscal year 2020, the Company, as lessee, adopted PFRS 16 on its leases which sets forth that at the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2020 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4.

The following table sets out the future capital expenditures based on approved budgets and executable contracts:

(₱ in millions)	Year ended 30 April		
	2020	2019	2018
Uncommitted amounts approved by the Board	729.3	894.0	1,447.6
Commitments in respect of contracts made	227.3	312.2	156.5
	956.6	1,206.2	1,604.1

Uncommitted amounts represent the total expected amount of capital spending for the year while the commitments in respect of contracts made pertain to the expected cost of materials and services still to be delivered and to be served based on purchase orders or contracts with suppliers.

Contractual Obligations and Commitments

The following table sets forth the Company's contractual obligations and commitments as of 30 April 2020.

(₱ in millions)	Contractual Obligations and Commitments		
	Payments due by Period		
	Total	Fiscal Year 2021	Fiscal Years 2022 and beyond
Short-term notes payable and current portion of long-term noted payable	14,442.8	14,442.8	-
Accounts payable and accrued expenses	5,042.1	5,042.1	-
Income tax payable	226.4	226.4	-
Lease liabilities (current and non-current) – upon adoption of PFRS 16	2,636.4	289.2	2,347.2
Rentals and lease commitments	3,791.3	366.5	3,424.8
Total	26,139.0	20,367.0	5,772.0

The Company's short-term interest-bearing loans and borrowings consist of dollar-denominated unsecured notes payable in original currency amounting to U.S.\$76.6 million (Peso equivalent: ₱3,862.8 million) as of 30 April 2020. The loans bear interest at 2.875% to 3.86% and usually mature after 30 to 90 days.

In addition, the Company's long-term, unsecured Peso-denominated loan from a local bank amounting to ₱3,000.0 million was reclassified to short-term loans at April 30, 2020 as it will mature on August 2020. Interest is payable based on certain floating rates every quarter. Interest expense on long-term loans amounted to ₱137.3 million for the year ended 30 April 2020.

Trade payables are non-interest-bearing and are normally settled on 30- to 120-day terms.

The Company's royalties payable which comprises ₱113.5 million of total trade and other payables as of 30 April 2020 are non-interest bearing and are paid and remitted within 30 days after each calendar quarter, except the last quarter. The payment for the last quarter is made within 15 days after the issuance of the external auditor's certificate verifying the amount of the Parent Company's net sales for the period.

Income tax payable consists of current tax liability and deferred tax liability. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years. 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.

Based on existing agreements, the future minimum rental commitments as at 30 April 2020 for all non-cancellable long-term leases of real property, equipment and grower agreements amounted to ₱3,791.3 million.

The Group has unsecured lines of credit with local banks amounting to ₱20,772.2 million. These credit lines can be drawn for working capital and capital expenditures needs.

DMPI believes that its existing cash and credit lines, together with cash generated from operations and the proceeds of the Offer, will be sufficient to finance its working capital and capital expenditure needs.

Covenant Compliance

Certain unsecured bank loan agreements of the Company contain various covenants that are typical of these types of facilities such as financial covenants relating to required interest cover and debt to equity ratios.

The loan agreement stipulates that the Company maintain a debt service coverage ratio of at least 1.2x and a debt-to-equity ratio of not exceeding 2.0x. For the fiscal years ended 30 April 2020, 2019, and 2018, the Group is in compliance with the covenants stipulated in the loan agreement.

Off-Balance Sheet Arrangements

As of 30 April 2020, other than as disclosed under "*Material Contracts*", the Company was not a financial guarantor of the obligations of any unconsolidated entity. As at 30 April 2020, the Company has future rental commitments for all non-cancellable long-term leases of real property, equipment and grower agreements based on existing agreements (see "*Contractual Obligations and Commitments*" above).

KEY PERFORMANCE INDICATORS

The Company's performance indicators as of and for the years ended 30 April 2020, 2019, and 2018 are set forth below:

KPI	Formula	As of and for the year ended 30 April						
		2020		2019		2018		
Profitability Ratios								
Gross Profit Margin	Gross Income / Revenues	8,532,050 / 31,916,290	26.7%	6,751,385 / 28,761,553	23.5%	6,560,182 / 27,563,751	23.8%	
Net Profit Margin	Net Income / Revenues	3,473,612 / 31,916,290	10.9%	2,578,745 / 28,761,553	9.0%	2,571,027 / 27,563,751	9.3%	
EBITDA Margin	EBITDA (excluding depreciation for bearer plants) ⁽¹⁾ /Revenues	5,646,165 / 31,916,290	17.7%	4,186,984 / 28,761,553	14.6%	4,073,476 / 27,563,751	14.8%	
EBITDA Margin	EBITDA (including depreciation for bearer plants) ⁽¹⁾ /Revenues	9,662,481 / 31,916,290	30.3%	7,896,108 / 28,761,553	27.5%	8,065,068 / 27,563,751	29.3%	
EBIT Margin	EBIT ⁽¹⁾ / Revenues	4,668,706 / 31,916,290	14.6%	3,429,983 / 28,761,553	11.9%	3,363,894 / 27,563,751	12.2%	
Return on Assets	Net Income / Total Assets	3,473,612 / 33,537,651	10.4%	2,578,745 / 38,647,268	6.7%	2,571,027 / 38,388,582	6.7%	
Return on Equity	Net Income / Total Equity	3,473,612 / 11,048,103	31.4%	2,578,745 / 21,393,255	12.1%	2,571,027 / 18,922,902	13.6%	
Net Revenue Growth	(Current period revenues – Prior period revenues) / Prior period revenues	(31,916,290- 28,761,553)/ 28,761,553	11.0%	(28,761,553- 27,563,751)/ 27,563,751	4.3%	(27,563,751- 26,703,905)/ 26,703,905	3.2%	
Financial Leverage Ratio								
Debt-to-Equity Ratio	Total Liabilities ⁽²⁾ / Total Equity	22,489,548 / 11,048,103	2.0	17,254,013 / 21,393,255	0.8	19,465,680 / 18,922,902	1.0	
Interest Coverage		Earnings Before Interest and Taxes (EBIT) ⁽¹⁾ / Interest Expense	4,668,706 / 589,665	7.9	3,429,983 / 400,166	8.6	3,363,894 / 309,052	10.9
Liquidity Analysis Ratios:								
Current Ratio or Working Capital Ratio	Total Current Assets / Total Current Liabilities	16,694,435 / 20,000,411	0.8	25,698,315 / 13,954,602	1.8	26,086,680 / 16,134,174	1.6	
Quick Ratio	(Total Current Assets – Inventories – Prepaid expenses and other current assets – Biological Assets – Assets held for sale)/ Current Liabilities	(16,694,435- 4,645,327- 503,790- 3,076,198) / 20,000,411	0.4	(25,698,315- 5,953,401- 900,571- 2,717,316) / 13,954,602	1.2	(26,086,680- 6,405,571- 654,588- 2,170,889)/ 16,134,174	1.0	

Notes:

(1) The table below sets forth the computation of EBIT and EBITDA for the years ended 30 April 2020, 2019 and 2018:

	Year ended 30 April		
	2020	2019	2018
Net income	3,473,612	2,578,745	2,571,027
Non-controlling interest	53	118	242
Interest expense	589,665	400,166	309,052
Interest income	(19,187)	(29,884)	(24,903)
Income tax expense	624,563	480,838	508,476
EBIT	4,668,706	3,429,983	3,363,894

<i>Depreciation and amortization for PPE</i>	769,463	757,001	709,582
<i>Depreciation expense of right-of-use assets*</i>	207,996	—	—
<i>EBITDA 1 (excluding depreciation for bearer plants)</i>	<i>5,646,165</i>	<i>4,186,984</i>	<i>4,073,476</i>
<i>Depreciation for bearer plants</i>	<i>4,016,316</i>	<i>3,709,124</i>	<i>3,991,592</i>
<i>EBITDA 2 (including depreciation for bearer plants)</i>	<i>9,662,481</i>	<i>7,896,108</i>	<i>8,065,068</i>

*Depreciation expense of right-of-use assets reflects only an approximated amount that flows to P&L during the period and is ranging from 70% to 100% of total depreciation by each cost center.

(2) Total Liabilities refer to total liabilities which composed of notes payable (short-term and long-term), accounts payable and accrued expenses, lease liabilities (current and non-current), income tax payable, deferred tax liabilities and other noncurrent liabilities

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISKS

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to various market risks, including risks from changes in commodity prices, interest rates, currency exchange rates and risks related to agricultural activities.

Foreign Currency Risk

The Group's exposure to foreign currency risk results from significant movement in foreign exchange rates that adversely affect the foreign-currency denominated transactions of the Group. The Group's risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity. The Group regularly monitors outstanding financial assets and liabilities in foreign currencies and maintains them at a level responsive to the current exchange rates so as to minimize the risks related to these foreign currency-denominated assets and liabilities.

The tables below set forth the Group's foreign currency-denominated assets and liabilities, expressed in thousands of United States dollars and translated to Philippine peso. For readers' convenience only, amounts in Pesos were converted to U.S. dollars using the BSP Rate as of 30 April 2020 of ₱1.00 = U.S.\$0.01982.

(In thousands)	30 April 2020	
	U.S.\$	₱
Assets		
Cash	\$ 15,248	₱769,315
Receivables	112,447	5,673,432
Other noncurrent assets	10,177	513,470
	137,872	6,956,217
Liabilities		
Short-term notes payable	76,560	3,862,750
Accounts payable and accrued expenses	12,224	616,728
	88,784	4,479,478
Net foreign currency-denominated assets	\$49,088	₱2,476,739
	30 April 2019	
	U.S.\$	₱
Assets		
Cash	\$2,478	₱125,035
Receivables	262,505	13,244,458
Other noncurrent assets	1,799	90,755
	266,782	13,460,248
Liabilities		
Short-term notes payable	194,952	9,836,102
Accounts payable and accrued expenses	5,434	274,192
	200,386	10,110,294
Net foreign currency-denominated assets	\$66,396	₱3,349,954

	30 April 2018	
	U.S.\$	₱
Assets		
Cash	\$1,817	₱91,666
Receivables	282,193	14,237,803
Other noncurrent assets	3,292	166,105
	287,302	14,495,574
Liabilities		
Short-term notes payable	216,763	10,936,568
Accounts payable and accrued expenses	9,644	486,572
	226,407	11,423,140
Net foreign currency-denominated assets	\$60,895	₱3,072,434

Commodity Price Risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk. The Group ensures future supply of tinplates while minimizing the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group.

Also, the Group purchases large volumes of papaya fruits for production and is significantly exposed to commodity price risk related to papaya. The Group ensures long-term supply of papaya at stable prices by executing papaya supply agreements with farmers. The Group is also subsidizing some of the farmers' costs related to papaya to ensure long-term relationships with them.

Risk 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.

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 manage 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

risk damage to the Group's reputation.

The Group's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread of refinancing maturities. The Group maintains a balance between continuity of funding and flexibility through the use of credit lines available from local and international banks. For more information regarding the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments, see Note 32 to the audited consolidated financial statements included elsewhere in this Prospectus.

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 arise principally from the Group's receivable from customers and refundable deposits. In monitoring credit risk, customers are grouped according to their credit characteristics, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. The Group manages its credit risk mainly through the application of transaction limits and close risk monitoring. It is the Group's policy to enter into transactions with a wide diversity of creditworthy counterparties to mitigate any significant concentration of credit risk.

The Group sells its products through major distributors and key accounts in various geographical regions. Management has a credit risk policy which includes, among others, the requirements for standby letter of credit to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group ensures that sales of products are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. For more information regarding the Group's credit risk exposure, see Note 32 to the audited consolidated financial statements included elsewhere in this Prospectus.

PLAN OF OPERATIONS

The Company's key priorities for fiscal year 2021 include the following:

- (i) Growth of the core business in the Philippines market and expansion of growing channels, such as convenience stores and general trade;
- (ii) Investment in the launch of new products, including those introduced recently;
- (iii) Continue improving productivity and expansion of land for both fresh and processed pineapple varieties;
- (iv) Investment in capacity expansion projects (see "*Capital Expenditures*" above);
- (v) Working capital improvement with particular focus on inventory;
- (vi) Drive operational improvements in sales and supply chain management;
- (vii) Continue growth in exports through distribution expansion in key international markets;
- (viii) Investment in enablers such as IT programs and talent development;
- (ix) Continue to pursue sustainability programs; and
- (x) Investment in, and improvement of, Digital Marketing, Kitchenomics, and e-commerce.

For product research and development, the Company will focus on innovations that will support its strategic growth pillars, namely:

- (i) Strengthening the core products, including packaging innovations, carbonated juice drinks, juice drinks with particulates, gourmet sauces and oils and condiments;

- (ii) Expansion into new product categories;
- (iii) International expansion consisting of range expansion in existing markets and entrance into new markets; and
- (iv) Driving recipe enhancement and packaging optimization programs for existing range of products.

DEL MONTE PHILIPPINES, INC.
NOTICE OF THE SPECIAL MEETING
OF THE STOCKHOLDERS

APRIL 19, 2021

Notice is hereby given that a special meeting of the stockholders of the Corporation will be held via videoconference in accordance with the rules of the Securities and Exchange Commission at:

<https://zoom.us/j/91749601505?pwd=QWVYWHRxdGNhYmZ4N2hsdFBOR2dadz09>

Meeting ID: 917 4960 1505

Passcode: 347196

as follows:

DATE : April 19, 2021, Monday
TIME : 9:15 a.m.

AGENDA

1. Proof of notice of the meeting and existence of a quorum.
2. Approvals and Authorizations for the registration with the Securities and Exchange Commission, listing on the Philippine Stock Exchange and initial public offering of the Corporation's shares.
3. Consideration of such other matters as may properly come during the meeting.
4. Adjournment

A brief explanation of the agenda item requiring the stockholders' approval is provided in the Information Statement that is sent to the stockholders with this notice.

Due to the pandemic, stockholders may only attend the meeting by remote communication. Considering that this meeting will be held virtually and in accordance with SEC Memorandum No. 6, series of 2020, the following are the internal procedures, describing the steps to be taken by stockholders for the latter to cast/submit their votes online:

- a) Stockholders of record as of March 25, 2021 are entitled to attend and participate and vote in absentia during the meeting on April 19, 2021 provided, they:
- (i) Register by sending an email, together with the requirements to the Corporate Secretary at ungsonaes@delmonte-phil.com on or before April 15, 2021 (5:00 p.m., Philippine time)
 - (ii) Have their shares authenticated and verified through the registration process and Proxies, if any and applicable, accompanied by their respective authorities (Special Power of Attorney or Secretary's Certificate) validated.

b) Only stockholders who have registered and whose shares have been verified, proxies validated shall be counted in the determination of a quorum and other corporate actions.

c) Stockholders may send their questions, comments and/or remarks prior to or during the meeting to the Corporate Secretary at ungsonaes@delmonte-phil.com.

Since the meeting will be conducted virtually, voting shall be cast through the submission of votes/ballots to any of the following addresses:

(1) Office of the Corporate Secretary at 10/F JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City or

(2) Submission of the votes/ballots, forms through email to the Corporate Secretary at ungsonaes@delmonte-phil.com.

The registration, authentication and validation process shall commence on April 5, 2021 and close at 5:00 p.m. on April 15, 2021. Thereafter, the stockholder of record may no longer avail of the option to vote *in absentia*.

The meeting will be recorded pursuant to SEC requirements.

The Company reserves the right to reject processing of registration and deny access to the meeting facilities for incomplete documents or for any discrepancy found in information provided. An email confirmation on the status of the stockholder of record's registration shall be sent to the registered email.

Issued on March 25, 2021 in Taguig City.


ANTONIO E. S. UNGSON
Corporate Secretary

Distribution

- (1) Central American Resources Inc.
- (2) SEA Diner Holdings (S) Pte. Ltd.
- (3) Rolando C. Gapud
- (4) Joselito D. Campos, Jr.
- (5) Edgardo M. Cruz, Jr.
- (6) Jose T. Pardo
- (7) Corazon dela Paz-Bernardo
- (8) Emil Q. Javier
- (9) Luis F. Alejandro

By Invitation

- (10) Ignacio C. O. Sison
- (11) Parag Sachdeva
- (12) Jason M Rosenblatt

PROXY FORM

Due to the current COVID-19 situation, a stockholder will **NOT** be able to attend the special stockholders' meeting ("Meeting") in person. The Meeting will be held virtually and the stockholder can attend if he/she/it wishes to but will not be able to speak and vote live. A stockholder (whether individual or corporate) must complete this Proxy Form to effect the appointment of the Chairman of the Meeting as his/her/its proxy to speak and vote on his/her/its behalf at the Meeting in respect of the stockholder's shares.

The undersigned, being a stockholder of **DEL MONTE PHILIPPINES, INC.** (the "**Company**") hereby constitutes and appoints:

The Chairman of the Meeting, as proxy, to represent, act and vote in his/her name and stead at the special meeting of the stockholders of the Company to be held by way of electronic means on 19 April 2021 at 10 a.m. and at any adjournment thereof, as fully and to all intents and purposes as the undersigned might do if present and acting in person.

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided.)

	Resolutions relating to:	For	Against	Abstain
1	Authorization of the initial public offering and listing ("IPO") of the Company's common shares and necessary actions relating to the IPO.			

Printed Name and Signature of Stockholder

Number of Shares Held

Date/Place

NOTES:

1. This Proxy Form should be duly completed, submitted to, and received by, the Company via either (a) email to ungsonaes@delmonte-phil.com **on or before April 15, 2021 (5:00 p.m. Philippine time)** or (b) by post or courier or submission by hand to the Office of the Corporate Secretary at 10/F, JY Campos Centre, 9th Avenue corner 30th Street, Bonifacio Global City, Taguig City, 1634 Philippines **on or before April 15, 2021 (5:00 p.m. Philippine time)**.
2. Validation of proxies shall be held starting on April 5, 2021 up to 5 p.m. on April 15, 2021.
3. This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.
4. A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised.
5. The Company shall be entitled to reject any proxy form which is incomplete, improperly completed or illegible, or where the true intentions of the stockholder are not ascertainable from the instructions of the stockholder specified on any proxy form. It is the stockholder's responsibility to ensure that this proxy form is properly completed.