

COVER SHEET

SEC Registration Number

1	4	7	8	2							
---	---	---	---	---	--	--	--	--	--	--	--

Company Name

L	I	B	E	R	T	Y		F	L	O	U	R		M	I	L	L	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)

L	i	b	e	r	t	y		B	u	i	L	d	i	n	g	,		8	3	5		A	.		A	r	n	a	i	
z		A	v	e	n	u	e	,		M	a	k	a	t	i		C	i	t	y										

Form Type

1	7	-	A
---	---	---	---

Department requiring the report

--	--	--	--

Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address

info@libertygroup.com.ph
--

Company's Telephone Number/s

(02) 8892-5011

Mobile Number

--

No. of Stockholders

439

Annual Meeting
Month/Day

Last Wednesday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Jose Ma. Lopez

Email Address

jmlopez@pltdtsl.net
--

Telephone Number/s

(02) 892-5011

Mobile Number

-

Contact Person's Address

Liberty Building, 835 A. Arnaiz Avenue, Makati City
--

Note: 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

- 1. For the fiscal year ended December 31, 2021
- 2. SEC Identification Number 14782 3. BIR Tax Identification No. 000-128-846-000
- 4. Exact name of issuer as specified in its charter LIBERTY FLOUR MILLS, INC.
- 5. MANILA Province, Country or other jurisdiction of incorporation or organization
- 6. (SEC Use Only) Industry Classification Code:
- 7. LIBERTY BUILDING, A. ARNAIZ AVENUE, MAKATI CITY Address of principal office 1223 Postal Code
- 8. (632) 892-5011 Issuer's telephone number, including area code

9. NONE
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON</u>	<u>150,000,000</u>
.....
.....

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

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE COMMON

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

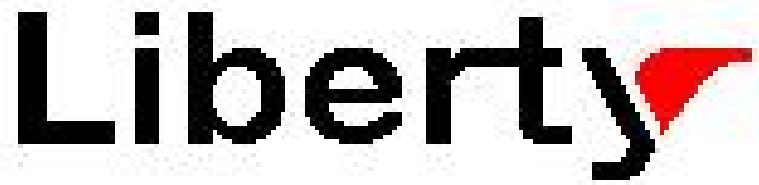
Yes [] No []

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify

the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders; **-NA-**
- (b) Any [information statement](#) filed pursuant to [SRC Rule 20](#); **-NA-**
- (c) Any prospectus filed pursuant to SRC Rule [8.1](#). **-NA-**



LIBERTY FLOUR MILLS, INC.

**2021
ANNUAL REPORT**

PART I - BUSINESS AND GENERAL INFORMATION

1. Business of the Company

Liberty Flour Mills, Inc. (the "Company") is a stock corporation incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 26, 1958. On December 28, 2008 the Company extended its corporate life for another 50 years. The Parent Company is primarily engaged in the business of manufacturing flour, utilization of its by-products and the distribution and sales of its produce. The common shares of the Parent Company were listed beginning January 24, 1966 and have been traded since then.

Liberty Flour Mills, Inc. currently has two (2) subsidiaries, namely: a.) LFM Properties Corporation (LPC) and b.) Liberty Engineering Corporation (LEC). LFM Properties Corporation was incorporated and registered in the Philippines on December 18, 1995 while Liberty Engineering Corporation was incorporated and registered with SEC on December 10, 1965 and extended its corporate life for another 50 years from December 31, 2015. LFM Properties is engage in the business of leasing out office spaces and condominium units. Liberty Engineering Corporation will be on sale, lease and purchase of equipment and machinery.

There is currently no bankruptcy, receivership or any other similar proceedings involving the Company or its subsidiary. Neither was there any material reclassification, merger, consolidation or purchase or sale of a significant amount of the assets of the Company or its subsidiary.

Products

The products of the Company consist mainly of flour products. The following is a description of the primary products produced by the Company:

1. Bakery Flour

a. El Superior and LFM Bakers

El Superior and LFM Bakers are the Company's flour products which undergo the same processes as the other flour products the Company produces. Unlike the Pine Tree and LFM Soft brands, these products are hard variety of flour best for making pandesal and loaf bread. El Superior is marketed exclusively by Parity Values, Inc., while LFM Bakers is marketed by Liberty Commodities Corporation.

b. Pine Tree and LFM Soft

Pine Tree and LFM Soft are soft variety of flour are best used for making biscuits and cookies. Pine Tree and LFM soft are marketed by Trade Demands Corporation. and Liberty Commodities Corporation, respectively.

2. Mill Feed

Mill Feed is a flour by-product which is sold for animal feeds.

Services

The Company is likewise engaged in the business of leasing out office and commercial spaces directly or through its wholly owned subsidiary, LFM Properties Corporation. The Company leases out excess office spaces at its head office at Liberty Building in Makati City. It also leases out commercial and office spaces at its property in Mandaluyong City. LFM Properties

Corporation owns: (1) a 21-storey building in Salcedo Village, Makati City which is fully leased out to local and foreign corporations as well as some foreign embassies and consulates; (2) a 21-storey building in Salcedo Village, Makati City which was completed in Q1 2019; (3) two-(2) residential condominium units which is fully leased out; and (4) a 2,100 square meter property in Ortigas Center which is currently leased out as a parking lot. Future plans for the Ortigas Center property are not yet definite although studies are being undertaken for a 2-storey structure to be leased out to commercial and service establishments. Although the property sector has suffered from high vacancy rates during the last 5 years, the Company has done well with its real estate investments because of its prudent approach to the development of properties. Its strategy of providing superior quality office and commercial spaces at reasonable rates and maintaining low levels of debt have proven to be a successful formula in an industry dominated by large developers such as Ayala Land Inc., Megaworld Properties, Empire East Land and Robinsons Land Corporation. With the recent upturn in the property market, the Company intends to develop its Ortigas Center property in the near future. Although no firm plans have yet been approved, the Company intends to continue to follow its conservative development strategy in case of a sudden downturn in the real estate industry.

The relative contribution of the Company's products and services to its sales or revenues are as follows:

Products/Services	Percentage of Sales/Revenues
Hard Flour	70%
Soft Flour	20%
Mill Feed	8%
Rental Income	2%

Customers

Transactions with and/or Dependence on Related Parties

The Company's products are exclusively distributed and marketed by Parity Values, Inc., Trade Demands, Corp., and Liberty Commodities Corp. The Company sells its products mainly on a wholesale basis principally to bakeries, institutional end-users (i.e. pastry and cake shops) as well as supermarkets members of the baking and food supply industry nationwide. The Company, likewise, does not engage in the retail of its products.

Its business is dependent on the three (3) above-mentioned distributors whereby the loss of any of the three (3) would have a material adverse effect on the business.

Other than the products above-mentioned, the Company currently has no new products or services under development.

In view of the Company's distribution structure, the Company is largely dependent on the distribution capability of its three (3) distributors.

The Company's products are distributed to the above-mentioned distributors as follows:

Distributor	Percentage to Sales
Parity Values, Inc.	68%
Trade Demands, Corp.	12%
Liberty Commodities Corp.	20%

Competition

Considering that competition in the supply of flour, bakery and mill products is stiff, the Company believes that product pricing, customer service and satisfaction and product performance will ultimately determine market leadership. Currently, the Company's market strategy follows such belief and the Company is confident that by making the quality of its products more superior than that of its competitors, while maintaining the competitiveness of its prices, it will be able to maintain, if not further improve, its standing in the industry.

There are now about twenty one (21) major flour millers in the country who are currently undertaking the same business as the Company.

The first eight were established in the 1960s. These were the following:

1. RFM Corporation
2. General Milling Corporation
3. Wellington Flour Mills Corporation
4. Pacific Flour Mills
5. Pilmico Foods Corporation
6. Philippine Flour Mills
7. Liberty Flour Mills
8. Universal Robina Corporation

In 1990s, the following established their own mills:

9. San Miguel Corp.
10. Philippine Foremost Milling Corp.
11. Morning Star Milling Corporation
12. Delta Milling Industry

Newer mills have joined the industry and made competition stronger and these are:

13. Monde Nissin Corp.
14. Atlantic Grains Corp.
15. Asian Grains Corp.
16. Agri-Pacific Rebisco Flour Mills
17. Great Earth Industrial Corp.
18. New Hope Flour Mills
19. North Star Flour Mills
20. Big C Agriflour Corp.

Late in 2017, a multinational joint venture between the Salim family of Indonesia and Australian CBH Group open their latest milling venture in Asia, the Mabuhay Interflour Mills.

The market share of the Company is approximately five (5%) percent.

Purchase of Raw Materials and Supplies

The principal materials purchased are obtained on a competitive basis from many different sources that are readily available, both in the Philippines and abroad such as: Columbia Grain Int'l, LLC., CHS, Inc., and Bunge Asia PTE. Ltd.

Employees

As of December 31, 2021, the Company has 117 regular and probationary employees as follows:

Type of Employee	Number of Employees
Managerial	13
Administrative	10
Clerical	5
Operations	89
Total	117

The rank-and-file employees and the supervisory employees are subject to separate Collective Bargaining Agreements (CBA). Both CBAs will expire on June 30, 2024.

The Company has not experienced any strike or had been threatened by a strike. Relationship between management and labor has been harmonious.

The Company's subsidiary has the following employees:

Type of Employees	LFM Properties Corp.
Managerial	5
Administrative	2
Clerical	0
Operations	7
Total	14

Working Capital

The working capital required by the Company in its business is from internally generated funds and bank borrowings.

Sales

All sales by the Company of its products are sold locally or to the domestic market. The Company does not export nor cater to foreign consumers.

Subsidiaries

Liberty Flour Mills, Inc. currently has two (2) subsidiaries, namely: a.) LFM Properties Corporation (LPC) and b.) Liberty Engineering Corporation (LEC). LFM Properties Corporation was incorporated and registered in the Philippines on December 18, 1995 while Liberty Engineering Corporation was incorporated and registered with SEC on December 10, 1965 and extended its corporate life for another 50 years from December 31, 2015. LFM Properties is engage in the business of leasing out office spaces and condominium units. Liberty Engineering Corporation will be on sale, lease and purchase of equipment and machinery.

Effect of any existing or probable government regulation on the business of the Company

The Company's products are subject to evaluation and approval by the Bureau of Food and Drugs. The Company ensures that all its products comply with strict government and health standards.

Other than as mentioned above, the Company is not aware of any existing or probable government regulations that would have an effect on the business of the Company. Should there be new government regulations that would have an adverse effect on the Company's business, the Company believes that it will have to make adjustments in its business so that it may comply with such new regulations.

The subsidiaries of the Company are required to secure mayor's permits and business permits. For the current year, the subsidiaries have already secured the necessary permits and has paid the fees thereof.

Prior to the construction of the buildings, the Company's subsidiary, LFM Properties Corporation, has secured the necessary permits, including the environmental compliance certificate required by the Department of Environment and Natural Resources.

Research and Development

None of the research and development expenses are borne directly by the Company's customers.

On the other hand, the subsidiaries are not expected to spend any amount for development activities.

Patents

The Company enters into royalty agreements covering its products. The Company regularly ensures that all such agreements are valid and subsisting and takes earnest efforts in protecting its right to such agreements.

In 2003, the Company's Royalty Agreement with General Mills, Inc., a Delaware Corporation, involving the license to use the trademark Softasilk has expired.

The Royalty Agreement of the Company with General Mills, Inc. for the exclusive license to use the trademark Gold Medal expired in December 2009.

Cost of Compliance with Environmental Laws

The Company was granted Environmental Compliance Certificate (ECC) by the DENR-NCR after complying with the Environmental Impact Statement (EIS) System requirements as prescribed in the guidelines of the Implementing Rules & Regulations of Presidential Decree No. 1586. A Permit To Operate pursuant to Clean Air Act (RA 8749) is granted to the Company with annual fees of around P19, 700.00 and other charges.

Major Risks Involved

The Company is affected by foreign exchange fluctuation considering that its supplies and raw materials are sourced abroad. Similarly, increase in the price of wheat in the world market poses as a major risk to the Company. When necessary, the Company adjusts the prices of its products in order to meet changes in the currency rates and prices.

The properties of the Company and its subsidiary are sufficiently insured with reputable insurance companies.

2. Properties

The properties of the Company consist of the following:

1. A parcel of land with a flour mill located at F.Blumentritt Ext., Mandaluyong City which serve as the manufacture plant of the Company for its flour and feeds products;
2. A parcel of land located at the border of Angono and Teresa, Rizal which is not used in operation;
3. A parcel of land with a building located along Boni cor. P. Cruz, Mandaluyong City which is being leased out to tenants; and
4. A parcel of land with a building located at A.Arnaiz Avenue, Makati City which serves as the management and administrative building of the Company.

The Company also owns several properties which were purchased for investment purposes, namely:

1. A parcel of land located in Cabuyao, Laguna
2. A parcel of land located in Tagaytay
3. A parcel of land in Angeles City
4. A parcel of land in FTI Taguig
5. A building unit in PSE, Fort BGC

All of the Company's properties are owned by it as absolute and registered owner.

The Company currently does not have any plans of acquiring any other real property within the next twelve (12) months.

3. Legal Proceedings

The Company is involved in legal proceedings and tax assessments and claims occurring in the ordinary course of business. In consultation with the Group's external legal counsels, management believes that the ultimate disposition of the above matters will not have any material adverse effect on the Group's operations or its financial condition.

However, there are no pending criminal cases filed against the Company or any of its directors and key officers.

4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

5. Market for Company's Common Equity and Related Stockholder Matters

Market Information

The shares of the Company consist solely of common shares which are presently listed and traded in the Philippine Stock Exchange. The high and low sales prices for the shares of the Company for each quarter within the last two fiscal years are as follows:

2021	High	Low
First Quarter	33.00	32.00
Second Quarter	30.60	30.40
Third Quarter	27.55	27.35
Fourth Quarter	27.25	27.20
2020	High	Low
First Quarter	41.00	40.00
Second Quarter	43.00	41.00
Third Quarter	39.50	39.50
Fourth Quarter	40.00	38.00

Holders

As of December 31, 2021, there are 439 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2021 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Parity Values, Inc.	60,521,231	40.35%
2.)	PCD Nominee Corp.(F)	48,623,332	32.42%
3.)	Bacsay Management Corp.	5,589,742	3.73%
4.)	Sebring Management Corp.	3,122,102	2.08%
5.)	E.K.I Tourist Dev. Corp.	2,855,505	1.90%
6.)	L & J Agricultural Inc.	2,417,841	1.61%
7.)	Moreno, Jose Jr.	928,277	0.62%
8.)	Lopez Jr., Eduardo	915,468	0.61%
9.)	Pulmones, Amelia Kalaw	913,613	0.61%
10.)	Carvina Farms Inc.	769,920	0.51%
11.)	Feria, Paula K.	737,112	0.49%
12.)	Fajardo, Erwin M.	697,337	0.46%
13.)	Kalaw, Regina	628,116	0.42%
14.)	Lopez, Jose Ma. S.	624,465	0.42%
15.)	Hsu, Philip	602,405	0.40%
16.)	Galan, Norma Yu	524,745	0.35%
17.)	Fajardo, Eric	521,796	0.35%
18.)	Javellana, Maria Teresa V.	509,493	0.34%
19.)	Maramba III, Felix R.	487,934	0.33%
20.)	Quiros, Ma. Cristina V.	475,344	0.32%

Dividends

Cash Dividends

The average cash dividend per share of the Company was ₱.50 in 2021, P0.50 in 2020 and ₱0.30 in 2019.

Property Dividends

On November 25, 2020, the Parent Company's BOD approved the declaration of property dividends of 10.35 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of sixty-nine (69) shares of LPC for every one (1) share of the Parent Company, to eligible stockholders of the Parent Company as of record date of December 18, 2020.

In August 2021, LPC secured the SEC approval while in November 2021, the application for Certificate of Registration has been approved by the BIR. As at March 23, 2022, the distribution of property dividends has not yet been reflected, pending annotation of the transfer of shares in the corporate books.

The following table contains information regarding the dividend declaration and distribution on the common stock of the Company for the years 2021, 2020 and 2019.

	Dividend Type	Record Date	Rate	Amount
For 2021	Cash	June 11, 2021	5%	P75,000,000.00
For 2020	Property	December 18, 2020	69 LPC shares per LFM Share	P88,001,880.00
For 2020	Cash	July 14, 2020	5%	P75,000,000.00
For 2019	Cash	May 10, 2019	3%	P45,000,000.00

Below is the schedule of Retained Earnings available for Dividend Declaration:

Unappropriated retained earnings, beginning	₱1,060,605,804
Less: Impact of rental income straight-lining under PFRS as at December 31, 2020	(2,496,065)
Cumulative fair value on financial assets at FVTPL as at December 31, 2020	(4,727,216)
Deferred tax assets	(18,852,597)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	1,034,529,926
Add: Net income actually earned/realized during the year	
Net loss closed to retained earnings	(12,615,277)
Less: Non-actual/unrealized income, net of tax	
Fair value gain on financial assets at FVTPL	(1,439,276)
Impact of rental income straight-lining under PFRSs	321,861
Movement in deferred tax assets	17,390,145
Net income actually earned/realized during the year	3,657,453
Less: Cash dividend declaration during the year	(75,000,000)
Total retained earnings available for dividend declaration, end	₱1,113,187,379

Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

The Company has not sold any securities, whether unregistered or exempt or any issuance constituting an exempt transaction under the Revised Securities Act (RSA) or the Securities Regulation Code (SRC), during the past three (3) years.

6. Management's Discussion and Analysis or Plan of Operation.

The selected financial information of the Company set forth below are derived from the audited financial statements submitted by Sycip Gorres Velayo & Co. for 2021:

Income Statement Data

For the Year December 31
(in Thousands of Pesos)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Income	1,515,241	1,461,398	1,035,224
Expense	(1,343,377)	(1,219,160)	(936,215)
Income Before Tax	171,864	242,239	99,009
Provision for Tax	(33,689)	(49,814)	(13,848)
<u>Net Income</u>	<u>138,175</u>	<u>192,425</u>	<u>85,161</u>

Balance Sheet Data

As of December 31
(in Thousands of Pesos)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Cash and cash equivalents	194,042	179,719	168,193
Receivables	1,112,182	841,240	724,898
Financial assets at FVPL	194,329	94,377	39,142
Inventories	190,338	356,616	172,846
Accrued rent – current	1,203	4,647	2,313
Prepaid expenses and other current assets	82,464	51,347	77,233
Financial assets at fair value through OCI	631,406	1,044,039	1,177,783
Investment properties	1,371,443	1,223,957	1,167,873
Property, plant and equipment	300,526	104,058	60,268
Accrued rent – noncurrent	77,404	54,399	27,113
Deferred income tax assets	919	18,104	27,742
Net retirement plan asset	13,076	5,257	-
Other noncurrent assets	25,984	150,601	56,980
Total Assets	4,195,316	4,128,362	3,702,384
Liabilities:			
Notes payable	136,656	580,000	632,900
Accounts payable and accrued expenses	488,970	499,671	215,519
Income tax payable	1,164	1,213	-
Deposits on long-term leases – current	12,726	10,377	7,427
Unearned rental income – current	4,654	4,818	2,423
Deposits on long-term leases – noncurrent	18,604	19,974	22,251
Unearned rental income – noncurrent	8,355	9,777	13,293
Notes payable – non-current	443,801		
Net retirement plan liability	5,850	59,373	99,893
Liability to related party	37,730	89,730	-
Other noncurrent liability	162,176		
Deferred income tax liability	21,914	18,377	6,391
Total Liabilities	1,342,600	1,293,311	1,000,097
Stockholders' Equity			
Capital stock – P10 par value			
Issued – 150 million shares	1,500,000	1,500,000	1,500,000
Fair value changes on financial assets at FVOCI – with recycling	27,425	49,360	36,231
Fair value changes on financial assets at FVOCI – without recycling	(138,056)	(104,704)	(111,428)
Accumulated rereasurement gains (losses) on retirement benefits	449	(9,328)	(4,815)
Retained earnings – unappropriated	1,462,898	1,399,723	1,282,299
Total Stockholders' Equity	2,852,716	2,835,051	2,702,287
Total Liabilities and Stockholders' Equity	4,195,316	4,128,362	3,702,384

Results of Operations

2021

The operations for the year ending December 31, 2021 posted slight increase from previous year 2020 as the total sales volume of Bakery Flour & Mill Feeds made an increase by 8%. In terms of Sales Value, the Company delivered P1,195.55 million vs. P1,088.62 million in 2020 for an increase of 9.8%. However, Cost of Sales had increased by 17% primarily due to increase in US\$ cost of wheat and peso depreciation resulting to a lower gross margin. The lease rental from one of the subsidiaries amounting to P223.74 million contributed a lot in generating a Net Income for the year of P138.17 million as compared to P192.42 million in 2020.

As of the year ended December 31, 2021, the total gross income amounted to P378.51 million, as compared to December 31, 2020 which was only P312.04 million for an increase of 21%. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P172.28million and P178.12million, respectively. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P4.20 billion in CY2021 compared to P4.13 billion in PY2020 which was an increase by 2%. The total combined liabilities for CY2021 amounted to P1.34 billion which is higher by 4%, vs. P1.29 billion in 2020.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company.

For the year 2021 there were one-off transactions which had a material effect on the Company's financial statements.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2021 as compared to PY2020:

Financial Assets at FVTPL – The significant increase made in 2021 is because of the reclassification on the recognition and acquisition made by one of the subsidiaries as shown in the statement of cash flows.

Inventories – The significant decrease of 46.60% in inventory is due to timing difference as the usual order quantity for the wheat requirements was delayed for the following month/year.

Financial assets at FVOCI – There has been material changes of the account because of the fair value changes at the end of the year.

Accrued Rent– The increase in Accrued Rent is partly due to additional rental spaces during the year and because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other Noncurrent Assets – The decrease for other noncurrent assets pertain to the reclassification of account for the purchase of new machineries, being installed but not yet operational to construction in progress.

Notes payable – Decreased by 76.4% because one of the Company's subsidiaries, LPC paid P443.34 million during the year for the previously availed loans.

Income Tax Payable – Income tax payable increase due to recognition of tax payable from one of its subsidiaries.

Long-term leases - The increase is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement PAS 17 on Lease.

Accrued Retirement Liability – The decrease is primarily due to changes in actuarial valuation.

2020

The operations for the year ending December 31, 2020 posted a significant turnaround from previous year 2019 as the sales volume of Bakery Flour & Mill Feeds made a substantial increase by 52%. In terms of Sales Value, the Company delivered P1,088.62 million vs. P742.47 million in 2019 for an increase of 47%. Demand for flour increased steadily until 4th quarter of CY2020 as this is an essential item for food needed during the continuous community quarantine implemented by government to prevent spread of COVID-19. Likewise, Cost of Sales had increased by 44% primarily due to increase in sales. The lease rental from one of the subsidiaries made an increase by 27% from prior year despite of rent concessions given to its tenants due to COVID-19. Lease Rental in 2020 is P262.84 million vs. P206.59 million in 2019. Dividend income was lower versus previous year due to callable redemptions in some investment instruments and interest income was slightly lower also due to some maturities. There was also a decrease in interest expense of 27.5% incurred by one of the subsidiaries due to loan repayments compared to 2019. The increase in revenue both from sales of products and lease income generated a Net Income for the year of P192.42 million as compared to P85.16 million in 2019 or an increase by 56%.

As of the year ended December 31, 2020, the total gross income amounted to P378.51 million, as compared to December 31, 2019 which was only P312.04 million for an increase of 21%. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P172.28million and P178.12million, respectively. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P4.13 billion in CY2020 compared to P3.70 billion in PY2019 which was an increase by 12%. The total combined liabilities for CY2020 amounted to P1.29 billion which is higher by 22%, vs. P1 billion in 2019.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company.

For the year 2020 there were no seasonal aspects which had a material effect on the Company's financial statements.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2020 as compared to PY2019:

Financial Assets at FVTPL – The significant increase made in 2020 is because of the reclassification on the recognition made by one of the subsidiaries as shown in the statement of cash flows.

Inventories – The significant increase of 106.30% in inventory is due to the higher purchases of wheat inventories in anticipation of further deterioration in prices of imported wheat coupled with increase in demand.

Financial assets at FVOCI – There has been material changes of the account because of the fair value changes at the end of the year.

Accrued Rent and Other Noncurrent Assets– The increase in Accrued Rent is partly due to additional rental spaces during the year and because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease. While the increase for other noncurrent assets pertain to progress billing

payments made by the Parent Company to the supplier for the purchase of new machineries, being installed but not yet operational.

Notes payable – Decreased by 8.4% because one of the Company's subsidiaries, LPC paid P52.90 million during the year for the previously availed loans.

Accounts Payable and accrued expenses – The increase of 172% is primarily due to the higher liabilities under trust receipts of the Parent Company due to higher importations of wheat grains.

Income Tax Payable – Income tax payable increase due to recognition of tax payable from one of its subsidiaries.

Long-term leases - The increase is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement PAS 17 on Lease.

Accrued Retirement Liability – The decrease is primarily due to actuarial changes.

2019

The operations for the year ending December 31, 2019 posted a modest improvement versus last year for the sales volume of Bakery Flour & Mill Feeds increased slightly resulting in an increase in Net Sales by 3%. In terms of Sales Value, its P742.47 million vs. P722.88 million in 2018. Then, there was a decrease of 2.1% in the related cost of sales due to improvement in cost of wheat, the major raw materials of flour in the second half of the year. Some cost cutting measures being implemented by Management also contributed in lower cost of the products. The lease rental from one of the subsidiaries made a huge increase by 72% from prior year as its new building is fully operational by Q1 of 2019. Lease Rental in 2019 is P206.59 million vs. P120.30 million in 2018. Dividend income was lower versus previous year due to callable redemptions in some investment instruments and interest income was slightly lower also. However, there was also a huge increase in interest expense of 295% incurred by one of the subsidiaries due to higher loan payments compared to 2018. The amount of P53.2 million interest expense pulled down the Net Income to P85.16 million as compared to P102.01 million in 2018.

As of the year ended December 31, 2019, the total gross income amounted to P312.04 million, as compared to December 31, 2018 which was only P238.33 million for an increase of 30%. Gross income was accounted as coming from the income from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P178.12million and P53.20million, respectively. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P3.70 billion in 2019 compared to P3.75 billion in 2018 which is slightly lower by 1%. The total combined liabilities amounted to P1 billion which is lower by 12%, at P1.13 billion in 2018.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company.

For the year 2019 there were no seasonal aspects which had a material effect on the Company's financial statements.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in 2019 as compared to 2018:

Financial Assets at FVTPL – The decrease made in 2019 is because of the sale made by one of the subsidiaries as shown in the statement of cash flows.

Inventories – The significant decrease of 28% in inventory is due to the lower purchases of wheat inventories.

Financial assets at FVOCI – There were no material changes of the account.

Accrued Rent and Other Noncurrent Assets– There were additional rental spaces during the year. The increase is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease. While the increase for other noncurrent assets pertain to down payment by the Parent to the supplier for the purchase of machineries.

Notes payable – The Company's subsidiary-LPC rolled over short-term notes payable and obtained short-term notes totaling P28 million with interest rate ranging from 6.125% to 6.5%, of which P165.50 million were paid during the same year.

Accounts Payable and accrued expenses – The decrease is due to the recognition of current portion of long-term leases and unearned rental income.

Income Tax Payable – Income tax payable decreased due to recognition of tax payable from one of its subsidiaries.

Long-term leases - The increase is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Accrued Retirement Liability – The increase is primarily due to actuarial changes.

Summary of 2022 and 2023 Forecasted Financial Statements

The Company has prepared financial projections for the years ending December 31, 2022 and 2023. The Company forecasts its net income to decrease by 10-12% from its preceding year.

The Company has material commitments for capital expenditures for the year 2021. Spending has actually started in 2020 and full spending might be completed by 2nd quarter of 2022.

As the forecast is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties beyond the Company's control, there can be no assurance that the forecast will be realized. Actual results may be materially different from those shown in the forecast. Under no circumstances should the inclusion of the forecasted financial statements be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve the particular results.

Management Discussion of Future Plans for Operation

The Company expects to spend around P200 million in 2022 to purchase land as investment property.

7. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The Company's consolidated audited Financial Statements for the year ended 31 December 2021 is attached as Annex "A" of this Report.

8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

There have been neither changes in nor disagreements with accountants on accounting and financial disclosure.

In compliance with the Code of Corporate Governance and SEC memorandum Circular No.8, Series of 2003, the Corporation replaced its former external auditor, KPMG Manabat Sanagustin (formerly, Laya Mananghaya & Co.) with Sycip Gorres Velayo & Co. effective October 2007.

The Company paid P1,112,000 net of VAT and OPE, for the audit services for the group.

In the selection of auditors, the audit committee give nominations to the Board which, the Board along with the stockholders select and approve during the annual stockholders' meeting.

PART III - CONTROL AND COMPENSATION INFORMATION

9. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The Articles of Incorporation of the Company provide that the Directors of the Company shall hold office for one (1) year and until their successors are elected and qualified.

The Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
William Carlos Uy	79	Filipino	Chairman of the Board
Sandra Judy Uy	44	Filipino	Director
John Carlos Uy	71	Filipino	Director
Vicente S. Vargas	65	Filipino	Director
William L. Ang	70	Filipino	Director
David Ng*	60	Filipino	Director
Jose Ma. S. Lopez	77	Filipino	Director
Jose S. Jalandoni	66	Filipino	Director
Lourdes Chan	61	Filipino	Director
Daniel R. Maramba	48	Filipino	Director
Jose A. Feria Jr.*	73	Filipino	Director

* Independent Director

The Senior Management of the Company is as follows:

Name	Age	Citizenship	Position
Sandra Judy Uy	44	Filipino	President
Jose Ma. S. Lopez	77	Filipino	Senior Vice President & Treasurer
Vicente S. Vargas	65	Filipino	Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's directors and senior management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 79 years old. He serves as the Chairman of the Board of Directors. He is presently the President of Parity Values, Inc. and UPCC Securities Corporation. He also serves as the Vice Chairman of UPCC Holdings Corporation and a Corporate Treasurer of Malayan Bank.

John Carlos Uy. 71 years old. He is a Director of the Company. He also serves as a director and the general manager of Parity Values, Inc., one of the stockholders of the Company.

Vicente S. Vargas. 65 years old. He is a director and Corporate Secretary of the Company. He is also the President of JM Brenton Industries, Inc., JM Processing & Freezing Services, Inc., JM Cold Storage, Inc., JM Kool Corporation. He also serves as the Executive Vice-President and Chief Operating Officer of JM & Company, Inc. and Treasurer of McJola, Inc. and L&J Agricultural, Inc.

William L. Ang. 70 years old. He is a Director of the Company. Mr. Ang holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation.

Jose Ma. S. Lopez, 77 years old. He is a director and Senior Vice President and Treasurer of the Company. Likewise, he is a Director in other corporations including Agchem Manufacturing Corporation and Liberty Commodities Corporation. He is also the Senior Vice President for Lopez Sugar Corporation.

Jose S. Jalandoni, 66 years old. He is a director of the Company and Audit Committee Member and Compliance Officer. He also serves as Chairman of the Board of Kanlaon Farms, Inc., Unicom Ingredients, La Funeraria Paz, Inc. and Nissan Car Lease Phils. Inc. He is Corporate Secretary of Kanlaon Development Corporation, Jayjay Realty Corporation and JM & Company, Inc. He is also the Chief Executive Officer of Percom Solutions, OPC, Assistant Treasurer of JM Profreeze, MIS Manager of LFM Properties Corp, Treasurer of Macawiwili Gold Mining & Dev't. Corp. and Board of Director/Consultant of Agchem Manufacturing Corporation.

David Ng, 60 years old. He is an independent director of the Company. He is presently holding the President of Merlin Mining Corporation, Sandalfold Estate Development Corporation, and Lucky Jade Corporation. He is also the General Manager of New RTC International Co., Inc., Administrator of Logic Pacific, Inc. and a Partner in CNP Architects.

Lourdes Chan, 61 years old. She is the Treasurer & Board Member of Kanlaon Development Corporation; Kanlaon Farms, Inc. and Jayjay Realty Corporation; Board Member of JM & Company; Alegria Development Corporation and Valueline Realty & Development Corporation.

Sandra Judy Uy, 44 years old. She serves as a President of the Company. She is also a director of Uniguarantee Insurance Brokerage, Inc.

Daniel R. Maramba, 48 years old. He is a Director of the Company. He is also the President of Agchem Manufacturing Corp.; Treasurer of New Now Next, Inc. and Mac2 Group Manila, Inc. and Director of Uniguarantee Insurance Brokerage.

Jose A. Feria Jr., 73 years old. He is an independent director of the company. He is also the Senior Partner of Feria Tantoco Daos Law Offices. His affiliations with other companies are as follows: he is the Chairman of Cyan Management Corporation, Directories Philippines Corporation, Premiere Travel and Tours, Inc., Padre Burgos Realty, Inc. Spencer Food Corporation, Vinnel Belvoir Corporation. He also serves as director of EYP.PH Corporation, Assessment Analytics, Inc. Macawiwili Gold Mining & Development Corporation and Corporate Secretary of Gawad Kalinga Foundation, Inc. and PinoyMe Foundation, Inc.

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor to any businesses of which they were a part of. Nor have any of them been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. Nor have any of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

10. Executive Compensation

The aggregate compensation paid to the Company's Executive Officers for the years 2021 and 2020 are P14.07million and P11.65million respectively.

Information as to the aggregate compensation paid or accrued by the Company during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and Three (3) most highly compensated executive officers, namely, William Carlos Uy, Jose Ma. S. Lopez and Sandra Judy Uy are as follows:

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
William Carlos Uy	Chairman	2022	10.49	7.23	3.26
Sandra Judy Uy	President				
Jose Ma. S. Lopez	SVP-Treasurer				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
William Carlos Uy	Chairman	2021	14.07	7.16	6.91
Sandra Judy Uy	President				
Jose Ma. S. Lopez	SVP-Treasurer				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
William Carlos Uy	Chairman & President	2020	11.65	7.80	3.85
Sandra Judy Uy	SVP Manufacturing				
Jose Ma. S. Lopez	SVP-Treasurer				

11. Security Holders

As of December 31, 2021, there are 439 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2021 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Parity Values, Inc.	60,521,231	40.35%
2.)	PCD Nominee Corp.(F)	48,623,332	32.42%
3.)	Bacsay Management Corp.	5,589,742	3.73%
4.)	Sebring Management Corp.	3,122,102	2.08%
5.)	E.K.I Tourist Dev. Corp.	2,855,505	1.90%
6.)	L & J Agricultural Inc.	2,417,841	1.61%
7.)	Moreno, Jose Jr.	928,277	0.62%
8.)	Lopez Jr., Eduardo	915,468	0.61%
9.)	Pulmones, Amelia Kalaw	913,613	0.61%
10.)	Carvina Farms Inc.	769,920	0.51%
11.)	Feria, Paula K.	737,112	0.49%
12.)	Fajardo, Erwin M.	697,337	0.46%
13.)	Kalaw, Regina	628,116	0.42%
14.)	Lopez, Jose Ma. S.	624,465	0.42%
15.)	Hsu, Philip	602,405	0.40%
16.)	Galan, Norma Yu	524,745	0.35%
17.)	Fajardo, Eric	521,796	0.35%
18.)	Javellana, Maria Teresa V.	509,493	0.34%
19.)	Maramba III, Felix R.	487,934	0.33%
20.)	Quiros, Ma. Cristina V.	475,344	0.32%

12. Certain Relationships and Related Transactions

Some of the directors of the Company are also directors and stockholders of the different distributors of the different brands of flour of the Company. All transactions, however, between the Company and the distributors are at arm's length transactions and above board.

Family Relationships

William Carlos Uy and John Carlos Uy are brothers. Sandra Judy Uy is the daughter of William Carlos Uy and niece of John Carlos Uy. Likewise, Jose S. Jalandoni and Lourdes Jalandoni Chan are siblings. Jose S. Jalandoni, Lourdes Jalandoni Chan, Jose Ma. S. Lopez and Vicente S. Vargas are first cousins.

Other than the above, the Company is not aware of any family relationships among the directors, senior management or persons nominated or chosen by the Company to become directors or senior managers.

PART IV – CORPORATE GOVERNANCE

13. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company (the “Manual”) and the Code of Corporate Governance promulgated by the Securities and Exchange Commission. Pursuant thereto, the Company appointed Mr. Jose S. Jalandoni, as the Compliance Officer of the Company to ensure the Company’s adherence to corporate principles and best practices and monitor compliance with the provisions and requirements of the Manual.

In addition to the Audit Committee composed of David Ng as Chairman and Jose S. Jalandoni and Jose A. Feria, Jr. as members, the Company also constituted its Nomination Committee and appointed Jose A. Feria, Jr. as its Chairman with Vicente S. Vargas and John Carlos Uy as members. The Company also created its Compensation and Remuneration Committee composed of David Ng as Chairman and Jose Ma. S. Lopez and William L. Ang as members.

On January 28, 2004, the Board of Directors of the Company approved the adoption of the Securities and Exchange Commission’s Corporate Governance-Self Rating Form (CG-SRF) as the Company’s evaluation system to determine and measure compliance with the Manual.

There have been no deviations for the past year from the Company’s Manual of Corporate Governance.

The Company continuously reviews and evaluates its Manual in order to ensure that the Company’s practices are compliant with leading practices on good corporate governance.

PART V – EXHIBITS AND SCHEDULES

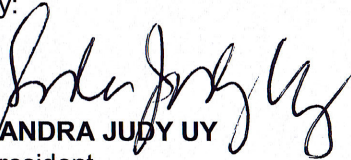
Also attached in this report the following attachments:

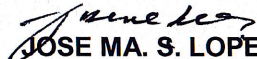
- Annex A - Consolidated Financial Statement
- Annex B – Sustainability Report
- Annex C – Parent Audited Financial Statement

SIGNATURES


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on the 13th of May, 2022.

By:


SANDRA JUDY UY
President


JOSE MA. S. LOPEZ
SVP Treasurer



VICENTE S. VARGAS
Corporate Secretary


MARIA LUISA L. QUIZON
Chief Accountant

SUBSCRIBED AND SWORN to before me this 13 day of MAY 2022 affiant(s) exhibiting to me his/their Social Security System IDs, as follows:

Name	SSS
Sandra Judy Uy	33-5986681-1
Jose Ma. S. Lopez	03-1212721-5
Vicente S. Vargas	03-5142687-0
Maria Luisa L. Quizon	03-3938582-3

Doc No. 333
Page No. 98
Book No. 21
Series of 2022.


ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-239
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2022 PER B.M. NO. 3795
11 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 171365/01-03-2022/Pasig City
PTR NO. MKT 8852502/01-03-2022/Makati City
MCLE Compliance No. VI-0007878/4-06-2018