

COVER SHEET

SEC Registration Number

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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	-	Q
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

info@libertygroup.com.ph
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Company's Telephone Number/s

(02) 8892-5011

Mobile Number

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No. of Stockholders

445

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@pltdsl.net
--

Telephone Number/s

(02) 8892-5011

Mobile Number

-

Contact Person's Address

Liberty Building, 835 A. Arnaiz Avenue, Makati City
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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-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: **September 30, 2020**
2. Commission identification number: **14782**
3. BIR Tax Identification No: **000-128-846-V**
4. Exact name of registrant as specified in its charter: **LIBERTY FLOUR MILLS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. **Liberty Building, A. Arnaiz Avenue, Makati City** **1229**
Address of issuer's principal office Postal Code
8. Issuer's telephone number, including area code: **(632) 8892-5011**
9. Former name, former address and former fiscal year, if changed since last report: **-na-**
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	150,000,000

11. Are any or all of the securities listed on a stock exchange?

Yes [] No []

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

Stock Exchange	Class of Securities
Philippine Stock Exchange, Inc.	Common Shares

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the unaudited interim financial statement of the Liberty Flour Mills, Inc. (the "Company") and its subsidiaries for the nine (9) months ended September 30, 2020 which is attached hereto as Annex "A" and which is hereby incorporated by reference to form an integral part of the Report. Likewise, attached as Annex "B" is the Company's Statement of Changes in Stockholder's Equity for the nine (9) months ended September 30, 2020 and as compared to same period for the year 2019, and the Company's basis for the computation of Basic Earnings per share.

The interim financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS) in accordance with the Securities Regulations Code.

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

The operations for nine-month period ended 30 September 2020 resulted in a net income of Php90.36 million, a significant turnaround from previous year's same period net income of Php36.72 million, posting an increase of 146%. In terms of sales, basically there was an increase in volume of flour bags sold in the third quarter of 2020 by 38% which resulted to a contribution of 34% increase in revenue from the previous year's same period operation. Overall Q3 total sales revenue at Php277.98 million grew by 37% versus same period of PY2019. Demand for flour increased steadily in the third quarter of 2020 as this is an essential item for food needed during continuous community quarantine implemented by the government to prevent spread of COVID-19. Total nine -month period ended September 30, 2020 sales revenue at Php801.46million grew by 60%. Likewise, Cost of sales had increased by 52% compared to same period last year due to increase in sales but it also registered cost improvement. Dividend income on shares of stocks on quoted securities had decreased by 25% while interest income in debt instruments had decreased by 9% from the previous year's same period basically as there were redemptions made this year and late last year.

For the third quarter ended 30 September 2020, total gross income including passive income (interest income and dividend income) amounted to Php64.98 million, which is 18% higher from the previous year's same period operation which made a gross income amounting to Php54.88 million.

Other operating income represents rental income which had an aggregate amount of Php177.01 million for the nine-month period of 2020 which is higher by 41% compared to previous year's same period of Php125.56 million. Increase is due to higher tenants' occupancy rates by one of the subsidiaries in the first quarter. However, for the second and third quarter of 2020, rental income is almost flat compared to same quarter last year primarily due to effect of quarantine as a result of COVID-19 where some tenants have to close their business.

Operating expenses for the nine-month period of 2020 amounted Php261.68 million, 39% higher than the previous year's same period operating expense of Php187.95 million. 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, cost of services related to tenants and other expenses.

Operating expenses for the third quarter ending September 30, 2020 amounted to Php119.93 million which is higher by 89% versus same quarter previous year despite of the salaries expenses and other utilities expenses decreases due to continuous community quarantine implemented by the government to prevent spread of COVID-19, the cost of services for rental increases.

For the nine-month period of 2020, the Company had an operating income of PhP110.44 million versus previous year's same period operating income of PhP60.54 million. The operating income is primarily due to the above stated reasons.

Other income and (charges), net, for the nine-month period of 2020 amounted to PhP1.66 million, which is 110% higher than last year's same period amounting to (PhP15.96) million. The account consists of net interest income and expense, dividend income and net miscellaneous income from scrap sales. During the period, the Company earned dividend income from various investments. As for the quarter ended, the Company has trust receipt balance amounting to PhP115.17million as compared to last year's same period of PhP22.22million.

The total combined assets amounted to PhP3.72 billion as of 30 September 2020 which is higher by 1% due to higher Cash & Cash Equivalent, Receivables and Prepaid Expenses. Total liabilities amounted to PhP1.03 billion which is higher by 3%, mainly due to accounts payable and other liabilities, from balances as of 31 December 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. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The increase in account is basically due to increase in sales during the third quarter of 2020.

Inventories – The increase in account is due to higher importation of raw materials made during the third quarter of 2020.

Financial Assets at FVPL – The increase is due to the changes of fair value for the third quarter of 2020.

Prepaid expenses and other current assets – The increase is due to prepayments not yet reclassified to its appropriate accounts due to ongoing projects.

Accounts payable – The increase is due to Trust Receipts payable during the third quarter of 2020.

Income tax payable – The increase is due to recognition of income tax payable during the third quarter of 2020 as a result of higher Income before Income Tax.

Bank Loans – The decrease was due to partial payment of outstanding loans (used to finance other priority projects) made by one of the subsidiaries.

Retained earnings – Balance as of September 30, 2020 of Php1.297billion is 5% higher vs. previous period last year of Php1.234billion due to higher Net Income.

Performance Indicators

The Company and its subsidiaries determine their performance on the following five (5) key performances indicators:

- Selling Price, Volume and Revenue Growth

These indicate external performance of the Company in relation to the movements of consumer demand and the competitors' action to market behavior. These also express market acceptability and room for development and innovation. These are being monitored and compared as basis for further study and development.

During the nine-month period ended 30 September 2020, there was a 60% increase in revenue as compared to previous year's same period performance. The increase is attributed to the increase in sales volume of the Company's products consistently during nine months of 2020. There was also an increase in the Company's rental income by 41% brought about by increase in Q1 however partly offsetted in Q2 – Q3 of 2020 due to pandemic as some tenants have to close their businesses.

- Cost Contribution

This measures the amount of supply and cost-efficiency of the applicable products of the Company. It shows the trend of supplies' cost particularly in imported raw materials where there are foreign exchange exposures. Cost are analyzed regularly pursuant to cost reduction and efficiency measures.

During the nine-month ended 30 September 2020, there was a 52% increase in cost of sales over the previous year's same period performance due to increase in sales but partly offsetted by improvement in average unit cost of the product.

- Gross Profit Contribution

Review of sales less cost is done on a regular basis to check if targets are being met. This measures the profitability within the bounds of cost and demand. Like other indicators, this is reviewed on a regular basis for proper action and consideration.

During the nine-month ended 30 September 2020, the Company generated 20% gross margin. There was an increase of 5% in gross margin % as compared in the prior year's same period performance. The increase is directly attributable to the increase in total sales volume coupled by the increase in net sales mix and improved cost of sales.

- Operating margin

This shows the result after operation expenses have been deducted. Operating expenses are examined, checked and traced for major expenses. These are being analyzed and compared to budget and expenses incurred in previous years to ensure prudence and discipline in spending behind marketing and selling activities.

During the nine-month ended 30 September 2020, there was an increase in operating income posted at Php110.44 million over the previous year's same period performance of operating income

of Php60.54 million. Operating income was earned this third quarter of 2020 as a result of increase in sales coupled with decrease in operating expenses.

- **Plant Capacity Utilization**

This determines total usage of the plant capacity, Full utilization produces better yield thus better margin. Standard rates for the plants were set and monthly utilization is determined to properly equate and carefully assess the differences.

Like in the past years, the Company continued to enjoy a strong cash position all throughout in 2019 and as of quarter ended 30 September 2020 with a current ratio at 5.03:1. The working capital requirement of the Company to carry its business is entirely generated internally.

There are no events that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation. There were also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

MARKETPRICE

The market price of the Company's common shares closed at Php39.50 on 30 September 2020. For the Company's high and low prices for the third quarter of 2020, please see table below:

Stock	Quarter	High	Low
LFM	3	39.50	39.50

PART II – FINANCIAL DISCLOSURES

Financial Instruments and Financial Risk Disclosure

The Group's financial instruments consist of cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI and AFS investments. The main purpose of these financial instrument is to fund the group's operations. The other financial assets and financial arising directly from its operations are trade receivables, liabilities under trust receipts, accounts payable and accrued expenses. The main risk arising from the use of these financial instruments are credit risk, equity price risk, foreign currency risk and liquidity risk.

The main risk arising from the Group's financial instruments are credit risk and liquidity risk. The Group's exposure to foreign currency risk is minimal as this only relates to the Group's foreign currency-denominated cash in banks. The BOD reviews and approves policies for managing each of these risks.

a. Credit Risk

This represent the loss that the Group would incur if counterparty failed to perform under its contractual obligations. The Group has established controls and procedures in its credit policy to determine and monitor the credit worthiness of customers and counterparties. The Group is operating under a sound credit-granting process over its distributors. Credit monitoring process involves a weekly check over collections based on a benchmark.

The Group trade receivables is concentrated with its three distributors which account for 97% of the total trade receivables as of September 30, 2020. The Group has been transacting business with these distributors for a long time and has not encountered any credit issue with them. With respect to credit risk arising from other financial assets of the Group which comprise of cash equivalents, financial assets at FVPL, debt instruments classified as financial asset at FVOCI and debt instruments classified as AFS investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancement held over these assets.

b. Market Risk

Market risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity price risk because of investments in quoted equity securities. The Group's policy is to maintain the risk at an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

c. Foreign Currency Risk

This risk describes the impact of changes in foreign exchange rates on the consolidated balance sheet and consolidated statement of income items denominated in foreign currencies.

The Group's foreign currency-denominated financial assets and liabilities which are all in US dollar (\$) as of September 30, follows:

	2020	2019
Cash in bank	\$661,937	\$1,441
Total US dollar-denominated assets	\$661,937	\$1,441

Total US dollar-denominated liabilities	\$2,354,543	\$429,443
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The exchange rate per \$1.00 to Philippine peso is P49.495 and P52.042 respectively.

d. Liquidity Risk

Liquidity risk is the risk that the Group will be unable to pay its obligations when they fall due under normal and stress circumstances. The Group manages risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

There are no Company's investments in foreign securities.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

a. Financial assets at FVPL

The fair value of the quoted shares of stock is based on quoted market price.

b. AFS financial assets

The fair value of the quoted debt instruments and equities is based on quoted market price. Unquoted shares of stock are carried and presented at cost less impairment since their values cannot be reliably determined.

c. Financial assets at FVOCI

The fair value of the quoted debt instruments and equities is based on quoted market price. Unquoted shares of stock have been estimated using the adjusted net asset method. The adjusted net asset method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities.

d. Deposits on long-term leases

The fair value of deposits on long-term leases is based on the present value of expected future cash flows discounted at the applicable rates for similar types of financial instruments.

e. Other financial assets and financial liabilities

Due to the short-term nature of other financial assets and financial liabilities, the fair value of cash and cash equivalents, receivables, liabilities under trust receipts, accounts payable and accrued expenses and other current liabilities approximate the carrying amount as of balance sheet.

PART III - OTHER INFORMATION

All other information which requires disclosure under the full Disclosure Rules of the Securities and Exchange Commission has been previously filed by the Company under SEC Form 17-C

SIGNATURE

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

LIBERTY FLOUR MILLS, INC.

By:



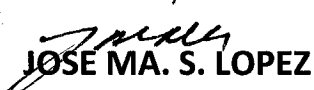
WILLIAM CARLOS UY

Chairman of the Board



WILLIAM CARLOS UY

Chief Executive Officer



JOSE MA. S. LOPEZ

Chief Financial Officer

ANNEX “A”

LIBERTY FLOUR MILLS, INC.

**LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY**

**UNAUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
BALANCE SHEET
AS OF SEPTEMBER 30, 2020
(With comparative figures for year ended Dec. 31, 2019 and nine months ended September 30, 2019)

<u>Assets</u>	September 30, 2020	December 31, 2019 <u>Audited</u>	September 30, 2019
Current Assets			
Cash and cash equivalents	P 231,469,359	P 168,192,892	P 293,824,821
Receivables	756,164,017	724,897,821	668,769,345
Financial assets at fair value through profit or loss	48,853,038	39,142,457	45,215,032
Inventories:			
Finished goods	P 39,440,228	P 25,412,642	P 37,103,740
Raw materials	215,475,483	89,934,518	128,762,908
Inventories-in Transit	-	57,498,654	-
	<hr/>	<hr/>	<hr/>
Total Inventories	254,915,711	172,845,814	165,866,648
Prepaid expenses & other current assets	68,639,127	79,545,993	45,342,487
	<hr/>	<hr/>	<hr/>
Total current assets	P 1,360,041,252	P 1,184,624,977	P 1,219,018,333
Financial assets at fair value through OCI	993,492,145	1,177,783,424	1,147,650,603
Investment properties	1,136,293,893	1,167,873,287	518,138,588
Plant, Property & Equipment, net	67,616,411	60,267,584	730,258,327
Deferred Charges & Other Assets	159,586,945	111,834,565	63,718,266
	<hr/>	<hr/>	<hr/>
Total Assets	P 3,717,030,645	P 3,702,383,837	P 3,678,784,117
 <u>Liabilities & Stockholders' Equity</u>			
Current Liabilities			
Accounts Payable	P 265,415,985	P 215,519,536	P 123,196,436
Income Tax Payable	4,772,952	-	798,714
Other Liabilities	-	9,850,140	34,734,747
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	P 270,188,937	P 225,369,676	P 158,729,897
Bank Loans	610,900,000	632,900,000	759,400,000
Deposit on long-term lease	-	22,250,613	-
Accrued retirement benefits costs	96,254,882	99,893,314	84,633,834
Deferred Income Tax Liability	6,391,057	6,391,058	-
Other Non-current Liabilities	45,862,702	13,292,628	12,923,308
	<hr/>	<hr/>	<hr/>
Total Liabilities	P 1,029,597,578	P 1,000,097,289	P 1,015,687,039
 Stockholders' Equity			
Capital Stock, authorized - 200,000,000 shares at P10 par value per share P2,000,000,000.			
Issued and outstanding, 150,000,000 shares	P 1,500,000,000	P 1,500,000,000	P 1,500,000,000
Fair value changes on financial assets through OCI	(105,385,845)	(75,196,969)	(73,678,991)
Remeasurement gain (loss) on defined benefit	(4,814,709)	(4,814,710)	2,919,808
Retained earnings			
Appropriated	P -	P -	-
Unappropriated	1,297,633,621	1,282,298,227	1,233,856,261
Total Retained Earnings	1,297,633,621	1,282,298,227	1,233,856,261
	<hr/>	<hr/>	<hr/>
Treasury Stock, at cost	-	-	-
	<hr/>	<hr/>	<hr/>
Total Stockholders' Equity	P 2,687,433,067	P 2,702,286,548	P 2,663,097,078
	<hr/>	<hr/>	<hr/>
Total Liabilities & Stockholders' Equity	P 3,717,030,645	P 3,702,383,837	P 3,678,784,117

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF INCOME AND EXPENSES
For quarter ended September 30, 2020

and for the nine months ended September 30, 2020

(With comparative figures for the quarter ended September 30, 2019 and for the nine months ended September 30, 2019)

		<u>July 1 to</u> <u>September 30, 2020</u>	<u>January 1 to</u> <u>September 30, 2020</u>		<u>July 1 to</u> <u>September 30, 2019</u>		<u>January 1 to</u> <u>September 30, 2019</u>
Net Sales	P	277,983,437	801,467,609	P	203,443,701	P	499,697,525
Cost of Sales		<u>(224,990,818)</u>	<u>P (644,904,844)</u>		<u>(168,250,016)</u>		<u>(424,018,412)</u>
Gross Profit	P	52,992,619	156,562,765	P	35,193,685	P	75,679,113
Other operating income		22,259,953	P 111,663,984		55,390,370		125,558,646
Operating Expenses		<u>(55,552,976)</u>	<u>(157,788,137)</u>		<u>(63,335,784)</u>		<u>(187,950,566)</u>
Income from operations	P	19,699,596	110,438,612	P	27,248,271	P	13,287,193
Other Income/Charges, net		<u>6,723,735</u>	<u>P 1,659,842</u>		<u>12,838,836</u>		<u>27,713,371</u>
Income before Income Tax	P	26,423,331	112,098,454	P	40,087,107	P	41,000,564
Provision for Income Tax, current		<u>(2,376,111)</u>	<u>P (21,733,958)</u>		<u>(2,655,625)</u>		<u>(4,281,674)</u>
Provision for Income Tax, Deferred							
Net Income for the period	P	<u>24,047,220</u>	<u>P 90,364,496</u>	P	<u>37,431,482</u>	P	<u>36,718,890</u>
Earnings (loss) per share	P	<u>0.16</u>	<u>P 0.60</u>	P	<u>0.25</u>	P	<u>0.24</u>

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
For quarter ended September 30, 2020
and for the nine months ended September 30, 2020

(With comparative figures for the quarter ended September 30, 2019 and for the nine months ended September 30, 2019)

	July 1 to September 30, 2020	January 1 to September 30, 2020	July 1 to September 30, 2019	January 1 to September 30, 2019
CASHFLOWS FROM OPERATING ACTIVITIES:				
Income before tax	P 26,423,332	P 112,098,455	P 40,087,107	P 41,000,564
Adjustment for:				
Depreciation	14,219,003	42,675,109	13,771,272	34,074,921
Fair Value changes of financial assets at FVPL	(7,962,054)	(4,643,430)	(4,259,329)	(16,178,672)
Retirement Benefit Cost	634,495	(3,638,432)	656,821	(55,181)
Interest income	(5,059,111)	(16,955,953)	(5,874,198)	(18,578,364)
Dividend Income	(6,929,713)	(21,582,109)	(14,108,949)	(28,587,302)
Interest expense	8,782,823	28,616,090	13,170,379	39,112,271
Realized loss (gain) of FA at FVOCI	29,403	392,903	-	-
Loss on sale of FVPL investments	-	-	-	-
Operating Income before working capital changes	30,138,178	136,962,632	43,443,103	50,788,237
Decrease (Increase) in:				
Receivables	68,935,606	(31,277,414)	(17,926,477)	57,776,361
Inventories	(194,909,023)	(82,069,897)	77,630,196	76,156,848
Prepayments and other assets	185,442,168	1,521,985	9,794,813	6,972,981
Increase (Decrease) in:				
Trade Payables and other liabilities	(140,998,348)	(65,448,593)	9,537,063	(82,758,347)
Deposit on long term lease	(823,047)	(1,020,730)	474,279	(9,400,181)
Unearned Rental Income	(1,431,447)	1,642,706	(1,830,294)	(6,210,446)
Cash generated (used) from operations	(53,645,913)	(39,689,311)	121,122,683	93,325,453
Income tax paid	(5,297,905)	(16,961,005)	(2,437,503)	(9,895,095)
Interest Received	5,059,111	16,955,953	5,874,198	18,578,364
Net cash provided by (used in) operating activities	(53,884,707)	(39,694,362)	124,559,378	102,008,722
CASHFLOWS FROM INVESTING ACTIVITIES:				
Acquisition of Financial assets at FVPL	-	(6,947,590)	(216,510)	(4,285,777)
Acquisition of Marketable securities	-	-	-	-
Proceeds from sale of AFS investments	9,900,000	153,650,000	(40,000,000)	-
Proceeds from sale of FVPL	-	1,880,438	198,769,853	202,703,728
Dividends received	6,929,713	21,582,109	14,108,949	28,587,302
Acquisition of investment property	-	-	(2,364,000)	(2,364,000)
Gain on sale of AFS	-	-	-	-
Availment of Trust Receipts	561,553,715	561,553,715	-	-
Payment of Trust receipts	(446,379,213)	(446,379,213)	-	-
Acquisition of plant, property and equipment	(9,951,041)	(18,385,044)	(5,547,290)	(15,275,770)
Decrease(increase) in other non-current assets	(38,394,365)	(38,367,498)	1,061,305	(1,059,750)
Net cash used in investing activities	83,658,810	228,586,916	165,812,307	208,305,733
CASHFLOW FROM FINANCING ACTIVITIES				
Availment of Loans	-	-	-	28,000,000
Loan Payments	-	(22,000,000)	(33,000,000)	(39,000,000)
Interest paid	(8,782,823)	(28,616,090)	(13,170,379)	(39,112,271)
Payments of cash dividends	(75,000,000)	(75,000,000)	-	(45,000,000)
Net cash generated from financing activities	(83,782,823)	(125,616,090)	(46,170,379)	(95,112,271)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(54,008,720)	63,276,464	244,201,306	215,202,184
Add: Cash and cash equivalents:				
January 1	-	168,192,895	-	78,622,637
July 1	285,478,079	-	49,623,515	-
CASH AND CASH EQUIVALENTS, END	P 231,469,359	P 231,469,359	P 49,623,515	P 49,623,515

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020

1. Basis of Financial Statement Preparation

The consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The consolidated financial statements are presented in Philippine peso (Peso), which is the Group's functional and presentation currency, and rounded to the nearest peso except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of September 30, 2020.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses, resulting from intra group transactions and dividends are eliminated in full.

2. Significant Accounting Policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- PFRS 16, *Leases*

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 does not have an impact for leases where the Group is the lessor.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- 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 Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Others

1. The same accounting policies and methods of computation are followed in the interim financial statements as of September 30, 2020 as compared with the audited financial statements as of December 31, 2019.
2. The business operation of the company for the interim period is continuous, there is no cycle and it is not seasonal.
3. There are no unusual items that affected assets, liabilities, equity and cash flows.
4. There are no changes in estimates of amounts reported in prior financial years.
5. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
6. There are no changes in the composition of this issuer during the interim period. There are no business combinations, no acquisition or disposal of subsidiaries and long term investments, no restructuring and no discontinuing operations.
7. There are no contingent liabilities and contingent assets.

ANNEX “B”

LIBERTY FLOUR MILLS, INC.

**LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY**

**STATEMENT OF CHANGES
IN STOCKHOLDER’S EQUITY
SEPTEMBER 30, 2020**

LIBERTY FLOUR MILLS, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For nine months ended September 30, 2020 and 2019

	2020	2019
CAPITAL STOCK		
Authorized - 200 million shares at P10 par value per share <u>P2 billion</u>		
Issued and outstanding -150 million shares P	1,500,000,000	P 1,500,000,000
TREASURY STOCK, at cost	-	-
Fair value on available for sale assets	-	-
Fair value changes on financial assets through OCI	(105,385,845)	(73,678,991)
Accumulated Remeasurement on Retirement Benefits	(4,814,710)	2,919,808
RETAINED EARNINGS		
January `1	1,282,269,126	1,242,137,371
Net income for the period	90,364,496	36,718,890
Cash dividends declared and paid	(75,000,000)	(45,000,000)
	1,297,633,622	1,233,856,261
	2,687,433,067	2,663,097,078

BASIS FOR THE COMPUTATION OF BASIC EARNINGS PER SHARE

	2020	2019
NUMERATOR:		
Net income for the third quarter	P 90,364,496	P 36,718,890
DENOMINATOR:		
Outstanding shares	150,000,000	150,000,000
Treasury Stock	0	0
TOTAL WEIGHTED AVERAGE SHARES	150,000,000	150,000,000

LIBERTY FLOUR MILLS, INC. and Subsidiaries

Aging of Accounts Receivable

As of September 30, 2020

Type of Accounts Receivable	Total	Current	1 Month	2-3 Months	Over 3 Mos.
a) Trade Receivables					
Flour and Millfeed customers	P 713,769,128 P	387,546,926 P	73,024,212 P	214,638,474 P	38,559,516 P
Building Tenants	6,459,166	4,474,173	1,056,185	928,808	
b) Non-Trade Receivables:					
Others	<u>35,935,723</u>	<u>19,625,453</u>	<u>817,101</u>	<u>446,760</u>	<u>15,046,409</u>
Total	<u>P 756,164,017 P</u>	<u>411,646,552 P</u>	<u>74,897,498 P</u>	<u>216,014,042 P</u>	<u>53,605,925 P</u>