

# 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
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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

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

<b>(02) 8892-5011</b>
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Mobile Number

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No. of Stockholders

<b>444</b>
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Annual Meeting  
Month/Day

<b>Last Wednesday of May</b>
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Fiscal Year  
Month/Day

<b>December 31</b>
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## CONTACT PERSON INFORMATION

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

Name of Contact Person

<b>Jose Ma. Lopez</b>
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Email Address

<b>jmlopez@pltdsl.net</b>
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Telephone Number/s

<b>(02) 8892-5011</b>
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Mobile Number

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Contact Person's Address

<b>Liberty Building, 835 A. Arnaiz Avenue, Makati City</b>
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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: **March 31, 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** **1200**  
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
<b>Common</b>	<b>150,000,000</b>

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
<b>Philippine Stock Exchange, Inc.</b>	<b>Common Shares</b>

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 subsidiary for the three (3) months ended March 31, 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 three (3) months ended March 31, 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 three-month period ended 31 March 2020 resulted in a net income of PhP35.84 million, a very huge increase by 427%, a significant turnaround from previous year's same period net loss of PhP8.39 million. In terms of sales, basically there was an increase of 103% volume of flour bags sold in the first quarter of 2020 which resulted to an increase in revenue by 88% from the previous year's same period operation. Cost of sales had increased by 69% compared to same period last year primarily due to increase in sales but slightly pulled down by lower cost of major raw materials. Dividend income on shares of stocks on quoted securities had increased by 44% while interest income in debt instruments decreased by 3% from the previous year's same period due to redemption of some instruments.

For the quarter ended 31 March 2020, total gross income amounted to PhP51.70 million, which is 222% higher from the previous year's same period operation which made gross profit amounting to PhP16.07 million.

Other operating income represents rental income which had an aggregate amount of PhP56.50 million for the first three-month period of 2020 which is higher by 84% compared to previous year's same period of PhP30.73 million. Increase is due to higher tenants' occupancy rates in one of the subsidiaries' second building which became fully operational.

Operating expenses for the three-month period of 2020 amounted PhP57.47 million, 1% lower than the previous year's same period operating expense of PhP57.98 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 and other expenses.

For the three-month period of 2020, the Company had an operating income of PhP50.73 million versus previous year's same period operating loss of PhP11.18 million. The operating income performance is primarily due to the above stated reasons.

Other income and (charges), net, for the three-month period of 2020 amounted to Php3.56 million, which is 201% lower than last year's same period amounting to Php3.51 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 Php70.62million as compared to last year's same period of Php25.36million.

The total combined assets amounted to PhP3.59 billion as of 31 March 2020 which is lower by 3% while total liabilities amounted to PhP.87 billion which is lower by 13%, mainly due to bank loans 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 due to increase in sales during the first quarter of 2020.

Inventories – The decrease in account is due to lower importation of raw materials made for the period ended which is also reflected in the Statement of Cash Flow attached herein.

Financial Assets at FVPL – The decrease is due to the reclassification in compliance with the new financial accounting standard.

Prepaid expenses and other current assets – The increase is due to reclassification of advances to supplier made for the purchase of machinery.

Accounts payable – The decrease is due to payment of Trust Receipts payable during the first quarter of 2020.

Income tax payable – The increase is due to recognition of income tax payable by one of the subsidiaries for the first quarter of 2020.

Bank Loans.– The significant decrease was due to payment of loans made by the subsidiary to finance other priority projects.

Retained earnings – Balance as of March 31, 2020 is basically on the same level as of previous period last year.

## Performance Indicators

The Company and its subsidiary 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 three-month period ended 31 March 2020, there was a 222% 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 combined with the increase in the Company's rental income by 103% as the second building of one of the subsidiaries became fully operational.

- 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 three-month ended 31 March 2020, there was a 69% increase in cost of sales over the previous year's same period performance brought about by the increase in sales but slightly pulled down by the 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 three-month ended 31 March 2020, the Company generated gross profit rate of 21%. There was an increase of 9% in gross profit rates compared in the prior year's same period performance. The increase is directly attributable to the increase in total sales volume with higher 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 three-month ended 31 March 2020, there was a decrease in operating expenses by 1% over the previous year's same period performance. Operating income was earned this quarter as a result of increase in sales, improvement in cost 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 property 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 31 March 2020 with a current ratio at 9.86:1. 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 PhP40.00 on 31 March 2020. For the Company's high and low prices for the first quarter of 2020, please see table below:

<b>Stock</b>	<b>Quarter</b>	<b>High</b>	<b>Low</b>
LFM	1	41.00	40.00

## 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 98% of the total trade receivables as of March 31, 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 March 31, follows:

	<u>2020</u>	<u>2019</u>
Cash in bank	\$90,369	\$1,198
Total US dollar-denominated assets	\$90,369	\$1,198

The exchange rate per \$1.00 to Philippine peso is P50.78 and P52.782 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  
MARCH 31, 2020

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**BALANCE SHEET**  
**AS OF MARCH 31, 2020**  
(With comparative figures for year ended Dec. 31, 2019 and three months ended March 31, 2019)

<u>Assets</u>		March 31, 2020		December 31, 2019 <u>Audited</u>		March 31, 2019
<b>Current Assets</b>						
Cash and cash equivalents	P	162,460,919		168,192,892	P	42,598,558
Receivables		762,091,306		724,897,821		663,234,239
Financial assets at fair value through profit or loss		35,539,752		39,142,457		156,927,793
<b>Inventories:</b>						
Finished goods	P	32,364,582	P	25,412,642	P	55,541,132
Raw materials		85,364,407		89,934,518		234,539,521
Inventories-in Transit		-		57,498,654		-
		<u>117,728,989</u>		<u>172,845,814</u>		<u>290,080,653</u>
Prepaid expenses & other current assets		135,459,193		79,545,993		83,539,218
		<u>1,213,280,159</u>		<u>1,184,624,977</u>		<u>1,236,380,461</u>
<b>Financial assets at fair value through OCI</b>						
		1,048,529,595		1,177,783,424		1,185,069,642
<b>Investment properties</b>						
		1,163,318,452		1,167,873,287		516,679,433
<b>Plant, Property &amp; Equipment, net</b>						
		59,782,203		60,267,584		750,001,690
<b>Deferred Charges &amp; Other Assets</b>						
		106,126,143		111,834,565		39,088,483
		<u>3,591,036,552</u>		<u>3,702,383,837</u>		<u>3,727,219,709</u>
<b>Total Assets</b>						
 <b>Liabilities &amp; Stockholders' Equity</b>						
<b>Current Liabilities</b>						
Accounts Payable	P	118,125,678		215,519,536	P	175,895,714
Income Tax Payable		4,972,970		-		6,190,573
Other Liabilities		-		9,850,140		40,046,928
		<u>123,098,648</u>		<u>225,369,676</u>		<u>222,133,215</u>
<b>Total Current Liabilities</b>						
<b>Bank Loans</b>						
		610,900,000		632,900,000		782,400,000
<b>Deposit on long-term lease</b>						
		-		22,250,613		-
<b>Accrued retirement benefits costs</b>						
		93,764,945		99,893,314		79,436,375
<b>Deferred Income Tax Liability</b>						
		-		6,391,058		-
<b>Other Non-current Liabilities</b>						
		42,779,608		13,292,628		12,923,308
		<u>870,543,201</u>		<u>1,000,097,289</u>		<u>1,096,892,898</u>
<b>Total Liabilities</b>						
<b>Stockholders' Equity</b>						
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		1,500,000,000	P	1,500,000,000
Fair value changes on financial assets through OCI		(79,450,797)		(75,196,969)		(64,521,110)
Remeasurement gain (loss) on defined benefit		(5,634,974)		(4,814,710)		2,919,808
<b>Retained earnings</b>						
Appropriated	P	-	P	-	P	-
Unappropriated		1,305,579,122		1,282,298,227		1,191,928,113
Total Retained Earnings		<u>1,305,579,122</u>		<u>1,282,298,227</u>		<u>1,191,928,113</u>
<b>Treasury Stock, at cost</b>						
		-		-		-
		<u>2,720,493,351</u>		<u>2,702,286,548</u>		<u>2,630,326,811</u>
<b>Total Stockholders' Equity</b>						
<b>Total Liabilities &amp; Stockholders' Equity</b>						
		<u>3,591,036,552</u>		<u>3,702,383,837</u>		<u>3,727,219,709</u>

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**STATEMENT OF INCOME AND EXPENSES**  
For quarter ended March 31, 2020  
(With comparative figures for the quarter ended March 31, 2019)

		<u>March 31, 2020</u>		<u>March 31, 2019</u>
Net Sales	P	242,735,840	P	129,425,002
Cost of Sales		<u>(191,033,856)</u>		<u>(113,358,468)</u>
Gross Profit	P	51,701,984	P	16,066,534
Other operating income		56,497,228		30,731,281
Operating Expenses		<u>(57,466,259)</u>		<u>(57,977,832)</u>
Income from operations	P	50,732,953	P	(11,180,017)
Other Income/Charges, net		<u>(3,557,833)</u>		<u>3,511,943</u>
Income before Income Tax	P	<b>47,175,120</b>	P	<b>(7,668,074)</b>
Provision for Income Tax, current		<u>(11,330,172)</u>		<u>(717,267)</u>
Provision for Income Tax, Deferred				
Net Income for the period	P	<u><b>35,844,948</b></u>	P	<u><b>(8,385,341)</b></u>
Earnings (loss) per share	P	<u><b>0.24</b></u>	P	<u><b>(0.06)</b></u>

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
For quarter ended March 31, 2020  
(With comparative figures for the quarter ended March 31, 2019)

	January 1 to March 31, 2020	January 1 to March 31, 2019
<b>CASHFLOWS FROM OPERATING ACTIVITIES:</b>		
Income before tax	P 47,175,120	P (7,668,074)
Adjustment for:		
Depreciation	14,190,317	6,565,447
Fair Value changes of financial assets at FVPL	3,602,705	(3,408,515)
Retirement Benefit Cost	(7,027,651)	(5,252,640)
Interest income	(5,581,721)	(5,736,025)
Dividend Income	(8,750,716)	(6,095,566)
Interest expense	10,508,321	11,901,166
Loss (Gain) on the sale of AFS investments	-	-
Loss on sale of FVPL investments	-	-
<b>Operating Income before working capital changes</b>	<b>54,116,375</b>	<b>(9,694,207)</b>
Decrease (Increase) in:		
Receivables	(37,007,093)	63,243,749
Inventories	55,116,825	(48,057,157)
Prepayments and other assets	(74,089,035)	(7,650,943)
Increase (Decrease) in:		
Trade Payables	(103,250,597)	(44,870,947)
Accrued Payables and other liabilities	-	-
Deposit on long term lease	(310,209)	4,766,269
Unearned Rental Income	(1,007,007)	(269,036)
Liabilities for Retirement Fund	-	-
<b>Cash generated (used) from operations</b>	<b>(106,430,741)</b>	<b>(42,532,272)</b>
Income tax paid	(2,211,300)	(938,828)
Interest Received	5,581,721	5,736,025
<b>Net cash provided by (used in) operating activities</b>	<b>(103,060,320)</b>	<b>(37,735,075)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of FVPL		3,933,875
Dividends received	8,750,716	6,095,566
Proceeds from redemption of FVOCI	125,000,000	-
Acquisition of plant, property and equipment	(3,941,095)	(8,444,551)
Decrease(increase) in other non-current assets	27,045	27,272
<b>Net cash used in investing activities</b>	<b>129,836,666</b>	<b>1,612,162</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Availment of Loans	(22,000,000)	12,000,000
Loan Payments	-	-
Interest paid	(10,508,321)	(11,901,166)
Payments of cash dividends	-	-
<b>Net cash generated from financing activities</b>	<b>(32,508,321)</b>	<b>98,834</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(5,731,975)</b>	<b>(36,024,079)</b>
Add: Cash and cash equivalents:		
January 1	168,192,895	78,622,637
April 1		
<b>CASH AND CASH EQUIVALENTS, END</b>	<b>P 162,460,919</b>	<b>P 42,598,558</b>

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 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 March 31, 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 March 31, 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  
MARCH 31, 2020**



**LIBERTY FLOUR MILLS, INC.**

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

For three months ended March 31, 2020 and 2019

	2020	2019
<b>CAPITAL STOCK</b>		
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
<b>TREASURY STOCK, at cost</b>	-	-
Fair value on available for sale assets	-	-
Fair value changes on financial assets through OCI	(79,450,797)	(64,521,110)
Accumulated Remeasurement on Retirement Benefits	(5,634,974)	2,919,808
 <b>RETAINED EARNINGS</b>		
January `1	1,269,734,174	1,200,313,454
Net income for the period	35,844,948	(8,385,341)
Cash dividends declared and paid	-	-
	1,305,579,122	1,191,928,113
	<b>2,720,493,351</b>	<b>2,630,326,811</b>

**BASIS FOR THE COMPUTATION OF BASIC EARNINGS PER SHARE**

		<b>2020</b>		<b>2019</b>
<b>NUMERATOR:</b>				
Net income for the first quarter	P	35,844,948	P	(8,385,341)
<b>DENOMINATOR:</b>				
Outstanding shares		150,000,000		150,000,000
Treasury Stock		0		0
<b>TOTAL WEIGHTED AVERAGE SHARES</b>		<b>150,000,000</b>		<b>150,000,000</b>

**LIBERTY FLOUR MILLS, INC. and Subsidiaries**  
Aging of Accounts Receivable  
As of March 31,2020

Type of Accounts Receivable	Total	Current	1 Month	2-3 Months	Over 3 Mos.
a) Trade Receivables					
Flour and Millfeed customers	P 722,004,636	P 360,297,199.04	P 67,437,198	P 3,887,611	I 290,382,627.15
Building Tenants	10,484,788	8,707,766.36	573,584.43	24,843.67	1,178,593.61
b) Non-Trade Receivables:					
Others	29,601,882	738,965.82	651,842.96	220,962	27,990,111.63
<b>Total</b>	<b>P 762,091,306</b>	<b>P 369,743,931</b>	<b>P 68,662,625</b>	<b>P 4,133,417</b>	<b>I 319,551,332</b>