

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)

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Form Type

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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

--

No. of Stockholders

442

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@pldtDSL.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, 2021**
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 subsidiary for the nine (9) months ended September 30, 2021 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, 2021 and as compared to same period for the year 2020, 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 2021 resulted in a net income of PhP116.36 million, compared from previous year's same period net income of PhP90.36 million thus posting an increase of 29%. In terms of sales, basically there was an increase of 10% volume of flour bags sold that contributed to the 2% increase in revenue from the previous year's same period operation. The sales of the by-products also increased in volume but with reduced selling prices however, pulled down slightly the increase in revenues. Another contributing factor for the improvement in net income is the increase in net other operating income due to higher rental income of one of the subsidiaries.

For the third quarter ended 30 September 2021, net income posted Php 48.41 million versus Php 24.05 million of same quarter last year for 101% increase. Sales volume of Flour recorded growth of 17% vs. same period last year. Sales value posted 18% growth due to price increases implemented to partly offset the increasing cost of sales due to significant increases in prices of imported major raw materials- wheat. Also, the increase in net rental income helped in the increase in net income.

For the nine-month period ended 30 September 2021, the total gross income including passive income (interest income and dividend income) amounted to PhP152.01 million, which is 22% lower from the previous year's same period operation which made a gross income amounting to PhP195.10 million. Main reason for the decline in total gross income is due to the significant increase in cost of sales due to successive increases in cost of major raw materials-wheat coupled with the decline in dividend and interest income because of several early redemptions of debt and quoted securities.

Other operating income represents rental income which had an aggregate amount of PhP188.76 million for the nine-month period of 2021 which is higher by 7% compared to previous year's same period of PhP177.01 million. Increase is due to higher tenants' occupancy rates by one of the subsidiaries.

Operating expenses for the nine-month period of 2021 amounted PhP237.83 million, 9% lower than the previous year's same period operating expense of PhP261.68 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.

For the nine-month period of 2021, the Company had an operating income of PhP94.98 million versus previous year's same period operating income of PhP110.44 million. The operating income is primarily due to the above stated reasons.

Other income and (charges), net, for the nine-month period of 2021 amounted to PhP38.32 million, versus last year's same period amounting to PhP1.66 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 PhP433.29million as compared to last year's same period of PhP115.17million.

The total combined assets amounted to PhP4.16 billion as of 30 September 2021 which is higher by 12% due to higher FVPL marketable securities, Receivables, and Inventories. Total liabilities amounted to PhP1.39 billion which is higher by 35%, mainly due to trade liabilities, from balances as of 31 December 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. 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 primarily due to higher sales during the third quarter of 2021.

Inventories – The increase in account is due to higher importation of raw materials with higher volume and costs.

Financial Assets at FVPL – The increase is mainly due to the higher valuation of securities by one of the subsidiaries.

Accounts payable – The increase is due to availment of Trust Receipts payable during the first to third quarter of 2021.

Income tax payable – The decrease is due to lower recognition of income tax payable during the third quarter of 2021.

Retained earnings – Balance as of September 30, 2021 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 nine-month period ended 30 September 2021, there was a 2% increase in revenue as compared to previous year's same period performance despite the substantial increase in sales volume of Company's products. Selling Prices on flour were only adjusted in the last 2 months of 3Q September 30, 2021 with grace period extended.

- 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 2021, there was 8% increase in cost of sales over the previous year's same period performance primarily due to successive increases in the prices of imported wheat grains coupled with peso depreciation.

- 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 2021, the Company's gross profit was down by 25% versus same period last year as it generated 14% gross margin. The 8% increase in Cost of Sales resulted to a decrease of 6% in gross margin as compared in the prior year's same period performance of 20%. The decrease is directly attributable to the increase in 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 2021, there was a decrease in operating income posted at Php94.98 million over the previous year's same period performance of Php110.44 million. This was mainly due to increase in operating expenses. However, for the Q3 ended 30 September 2021, operating income at Php 37.99 million posted 93% increase vs. same period last year of Php 19.70 million due to higher other operating income coupled with lower 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.

Close monitoring of standard rate set for flour extraction are being done monthly and adjustments done whenever necessary.

Like in the past years, the Company continued to enjoy a strong cash position all throughout in 2020 and as of quarter ended 30 September 2021 with a current ratio at 2.80:1. 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 PhP27.55 on 30 September 2021. For the Company's high and low prices for the second quarter of 2021, please see table below:

Stock	Quarter	High	Low
LFM	3	27.55	27.35

PART II – FINANCIAL DISCLOSURES

Financial Instruments and Financial Risk Disclosure

The Group's financial instruments consist of cash and cash equivalents, trade receivables, financial assets at FVPL, financial assets at FVOCI and notes payable. 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 refundable deposits recorded under "Other noncurrent assets" account, liabilities under trust receipts, accounts payable and accrued expenses.

The main risks arising from the Group's financial instruments are credit risk, equity price 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 94% of the total trade receivables as of September 30, 2021. 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. Equity Price Risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. 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:

	2021	2020
Cash in bank	\$300,890	\$661,937
Total US dollar-denominated assets	\$300,890	\$661,937
Total US dollar-denominated liabilities	\$8,880,824	\$2,354,543

The exchange rate per \$1.00 to Philippine peso is P51.00 and P49.495 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.

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. 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.

c. Deposits on long-term leases

The carrying values deposits on long-term leases were not materially different from their calculated fair values estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.

d. 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.

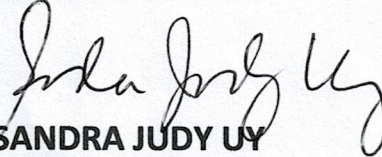
LIBERTY FLOUR MILLS, INC.

By:



WILLIAM CARLOS UY

Chairman of the Board



SANDRA JUDY 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, 2021

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
BALANCE SHEET
AS OF SEPTEMBER 30, 2021
(With comparative figures for year ended Dec. 31, 2020 and nine months ended September 30, 2020)

<u>Assets</u>	September 30, 2021	December 31, 2020 <u>Audited</u>	September 30, 2020
Current Assets			
Cash and cash equivalents	P 270,560,576	P 179,719,444	P 231,469,359
Receivables	1,007,741,354	841,239,779	756,164,017
Financial assets at fair value through profit or loss	188,746,679	94,377,416	48,853,038
Inventories:			
Finished goods	P 36,408,134	P 29,360,686	P 39,440,228
Raw materials	260,437,140	214,565,899	215,475,483
Inventories-in Transit	-	112,689,301	-
	<hr/>	<hr/>	<hr/>
Total Inventories	296,845,274	356,615,886	254,915,711
Prepaid expenses & other current assets	68,314,613	55,993,932	68,639,127
	<hr/>	<hr/>	<hr/>
Total current assets	P 1,832,208,496	P 1,527,946,457	P 1,360,041,252
Financial assets at fair value through OCI	753,344,048	1,044,038,905	993,492,145
Investment properties	1,190,611,607	1,223,957,338	1,136,293,893
Plant, Property & Equipment, net	101,387,427	104,058,478	67,616,411
Deferred Charges & Other Assets	286,204,944	228,360,555	159,586,945
	<hr/>	<hr/>	<hr/>
Total Assets	P 4,163,756,522	P 4,128,361,733	P 3,717,030,645
	<hr/>	<hr/>	<hr/>
<u>Liabilities & Stockholders' Equity</u>			
Current Liabilities			
Accounts Payable	P 650,369,703	P 499,671,046	P 265,415,985
Income Tax Payable	466,885	1,212,931	4,772,952
Other Liabilities	4,419,756	15,195,250	-
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	P 655,256,344	P 516,079,227	P 270,188,937
Bank Loans	580,000,000	580,000,000	610,900,000
Deposit on long-term lease	30,529,921	19,974,491	-
Accrued retirement benefits costs	55,033,745	59,372,880	96,254,882
Deferred Income Tax Liability	18,377,307	18,377,308	6,391,057
Other Non-current Liabilities	49,280,385	99,507,271	45,862,702
	<hr/>	<hr/>	<hr/>
Total Liabilities	P 1,388,477,702	P 1,293,311,177	P 1,029,597,578
	<hr/>	<hr/>	<hr/>
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	(27,869,365)	(55,344,426)	(105,385,845)
Remeasurement gain (loss) on defined benefit	(9,328,349)	(9,328,350)	(4,814,709)
Retained earnings			
Appropriated	P -	P -	P -
Unappropriated	1,312,476,534	1,399,723,332	1,297,633,621
	<hr/>	<hr/>	<hr/>
Total Retained Earnings	1,312,476,534	1,399,723,332	1,297,633,621
Treasury Stock, at cost	-	-	-
	<hr/>	<hr/>	<hr/>
Total Stockholders' Equity	P 2,775,278,820	P 2,835,050,556	P 2,687,433,067
	<hr/>	<hr/>	<hr/>
Total Liabilities & Stockholders' Equity	P 4,163,756,522	P 4,128,361,733	P 3,717,030,645
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LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF INCOME AND EXPENSES
For quarter ended September 30,2021
(With comparative figures for the quarter ended September 30,2020)

	<u>July 1 to</u> <u>September 30, 2021</u>		<u>January 1 to</u> <u>September 30, 2021</u>		<u>July 1 to</u> <u>September 30, 2020</u>		<u>January 1 to</u> <u>September 30, 20</u>
Net Sales	P 308,166,956		P 815,405,458		P 277,983,437		P 801,467,609
Cost of Sales	<u>(270,612,798)</u>		<u>(698,595,981)</u>		<u>(224,990,818)</u>		<u>(644,904,844)</u>
Gross Profit	P 37,554,158	14%	P 116,809,477		P 52,992,619	20%	P 156,562,765
Other operating income	48,325,734		146,865,494		22,259,953		111,663,984
Operating Expenses	<u>(47,886,157)</u>		<u>(168,694,428)</u>		<u>(55,552,976)</u>		<u>(157,788,137)</u>
Income from operations	P 37,993,735		P 94,980,543		P 19,699,596		P 110,438,612
Other Income/Charges, net	<u>16,629,552</u>		<u>38,318,030</u>		<u>6,723,735</u>		<u>1,659,842</u>
Income before Income Tax	P 54,623,287		P 133,298,573		P 26,423,331		P 112,098,454
Provision for Income Tax, current	<u>(6,209,182)</u>		<u>(16,938,079)</u>		<u>(2,376,111)</u>		<u>(21,733,958)</u>
Provision for Income Tax, Deferred							
Net Income for the period	P <u>48,414,105</u>		P <u>116,360,494</u>		P <u>24,047,220</u>		P <u>90,364,496</u>
Earnings (loss) per share	P <u>0.32</u>		P <u>0.78</u>		P <u>0.16</u>		P <u>0.60</u>

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

For quarter ended September 30, 2021

and for the nine months ended September 30, 2021

(With comparative figures for the quarter ended September 30, 2020 and for the nine months ended September 30, 2020)

	July 1 to September 30, 2021	January 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2020
CASHFLOWS FROM OPERATING ACTIVITIES:				
Income before tax	P 54,623,287	P 133,298,573	P 26,423,332	P 112,098,455
Adjustment for:				
Depreciation	14,522,045	43,393,066	14,219,003	42,675,109
Fair Value changes of financial assets at FVPL	(41,365,142)	(78,355,749)	(7,962,054)	(4,643,430)
Retirement Benefit Cost	4,540,638	(4,339,134)	634,495	(3,638,432)
Interest income	(4,724,858)	(15,974,261)	(5,059,111)	(16,955,953)
Dividend Income	(5,946,143)	(19,227,518)	(6,929,713)	(21,582,109)
Interest expense	9,611,364	27,598,991	8,782,823	28,616,090
Realized loss (gain) of FA at FVOCI	(446,659)	(622,659)	29,403	392,903
Loss on sale of FVPL investments	-	-	-	-
Operating Income before working capital changes	30,814,532	85,771,309	30,138,178	136,962,632
Decrease (Increase) in:				
Receivables	(17,706,716)	(166,495,245)	68,935,606	(31,277,414)
Inventories	16,407,297	59,770,612	(194,909,023)	(82,069,897)
Prepayments and other assets	105,486,077	(25,915,437)	185,442,168	1,521,985
Increase (Decrease) in:				
Trade Payables and other liabilities	(85,754,205)	60,223,460	(140,998,348)	(65,448,593)
Deposit on long term lease	463,819	2,639,665	(823,047)	(1,020,730)
Unearned Rental Income	(1,446,639)	1,374,965	(1,431,447)	1,642,706
Other long term payable	-	(52,000,000)	-	-
Cash generated (used) from operations	48,264,165	(34,630,671)	(53,645,913)	(39,689,311)
Income tax paid	(7,275,964)	(17,684,124)	(5,297,905)	(16,961,005)
Interest Received	4,724,858	15,974,261	5,059,111	16,955,953
Net cash provided by (used in) operating activities	45,713,059	(36,340,534)	(53,884,707)	(39,694,362)
CASHFLOWS FROM INVESTING ACTIVITIES:				
Acquisition of Investments-FVPL	-	(16,013,514)	-	(6,947,590)
Acquisition of Investments-FVOCI	-	(32,311,583)	-	-
Proceeds from redemption of FVOCI	100,055,000	310,057,500	9,900,000	153,650,000
Proceeds from sale of FVPL	-	-	-	1,880,438
Dividends received	5,946,143	19,227,518	6,929,713	21,582,109
Acquisition of investment property	-	-	-	-
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	(6,561,698)	(10,893,090)	(9,951,041)	(18,385,044)
Decrease(increase) in other non-current assets	1,897,677	(40,286,174)	(38,394,365)	(38,367,498)
Net cash used in investing activities	101,337,122	229,780,657	83,658,810	228,586,916
CASHFLOW FROM FINANCING ACTIVITIES				
Availment of Loans	-	-	-	-
Loan Payments	-	-	-	(22,000,000)
Interest paid	(9,611,364)	(27,598,991)	(8,782,823)	(28,616,090)
Payments of cash dividends	-	(75,000,000)	(75,000,000)	(75,000,000)
Net cash generated from financing activities	(9,611,364)	(102,598,991)	(83,782,823)	(125,616,090)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	137,438,817	90,841,132	(54,008,720)	63,276,464
Add: Cash and cash equivalents:				
January 1	-	179,719,444	-	168,192,895
July 1	133,121,759	-	285,478,079	-
CASH AND CASH EQUIVALENTS, END	P 270,560,576	P 270,560,576	P 231,469,359	P 231,469,359

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2021

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, 2021.

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 for the adoption of these new standards effective January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated company financial statements.

- 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, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments to PAS 41, *Agriculture, Taxation in fair value instruments*

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- 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, 2021 as compared with the audited financial statements as of December 31, 2020.
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, 2021

LIBERTY FLOUR MILLS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For nine months ended September 30, 2021 and 2020

	2021	2020
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 changes on financial assets through OCI	(27,869,365)	(105,385,845)
Accumulated Remeasurement on Retirement Benefits	(9,328,349)	(4,814,710)
RETAINED EARNINGS		
January `1	1,271,116,040	1,282,269,126
Net income for the period	116,360,494	90,364,496
Cash dividends declared and paid	(75,000,000)	(75,000,000)
	1,312,476,534	1,297,633,622
	2,775,278,820	2,687,433,067

BASIS FOR THE COMPUTATION OF BASIC EARNINGS PER SHARE

	2021	2020
NUMERATOR:		
Net income for the third quarter	P 116,360,494	P 90,364,496
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 SubsidiariesAging of Accounts Receivable
As of September 30,2021

Type of Accounts Receivable	Total	Current	1 Month	2-3 Months	Over 3 Mos.
a) Trade Receivables					
Flour and Millfeed customers	P 948,459,129 P	438,196,123 P	104,387,458 P	168,359,453 P	237,516,094 P
Building Tenants	15,523,840	5,657,868	1,520,514	2,754,042	5,591,417
b) Non-Trade Receivables:					
Others	43,758,385	196,696	197,444	8,350,644	35,013,601
Total	P 1,007,741,354 P	444,050,687 P	106,105,416 P	179,464,139 P	278,121,112 P