

COVER SHEET

SEC Registration Number

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Company Name

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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

Company's Telephone Number/s

(02) 8892-5011

Mobile Number

No. of Stockholders

447

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@pltdtssl.net

Telephone Number/s

(02) 8892-5011

Mobile Number

—

Contact Person's Address

Liberty Building, 835 A. Arnaiz Avenue, Makati City

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-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: **June 30, 2022**
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 six (6) months ended June 30, 2022 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 six (6) months ended June 30, 2022 and as compared to same period for the year 2021, 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 six-month period ended 30 June 2022 resulted in a net loss of (Php45.05 million). As compared from previous year's same period net income of Php67.95 million, there was a significant decrease of 166%. Primary reasons for the net loss were – due to substantial increase in Cost of Sales and Unrealized Loss on Fair Value Changes on FVPL by one of the subsidiaries. Cost of sales had increased by 46% compared to same period last year primarily due to very high costs of major raw materials – wheat. Although Net Sales Revenue posted high growth vs same period last year, there was a decrease of 10% in volume of flour bags sold in the second quarter of 2022. Dividend income on shares of stocks on quoted securities had decreased by 47%. Also, interest income in debt instruments decreased by 44% from the previous year's same period basically as there were early redemptions made this year and of last year.

For the quarter ended 30 June 2022, total gross income amounted to Php41.63 million, which is 40% lower from the previous year's same period operation which made gross profit amounting to Php103.79 million.

Other operating income represents rental income which had an aggregate amount of Php77.36 million for the six-month period of 2022 which is higher by 5% compared to previous year's same period of Ph74.01 million. Increase is due to higher rental income by one of the Company's subsidiaries.

Operating expenses for the six-month period of 2022 amounted Php77.44 million, 33% lower than the previous year's same period operating expense of Php115.78 million. Operating expenses consists of selling-marketing expenses 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 six-month period of 2022, the Company had an operating income of Php28.19 million versus previous year's same period operating income of Php37.48 million. The lower operating income is primarily due to the above stated reasons.

Other income(charges), net, for the six-month period of 2022 amounted to (Php75.46 million), which is 182% higher than last year's same period amounting to net charges Php26.71 million. The account consists of net interest income and expense, dividend income and net miscellaneous income from scrap sales.

As for the quarter ended, the Company has trust receipt balance amounting to Php713.05million as compared to last year's same period of Php488.08million due to higher volume of wheat importation with higher US\$ cost.

The total combined assets amounted to Php4.64 billion as of 30 June 2022 which is lower by 11% while total liabilities amounted to Php1.85 billion which is higher by 38%, from balances as of 31 December 2021.

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 lower collection during the second quarter of 2022.

Inventories – The increase in account is due to higher importation of major raw materials during the second quarter of 2022.

Financial Assets at FVPL – The decrease is due to the effect of valuation and additional acquisition by one of the subsidiaries.

Prepaid expenses and other current assets – The decrease is due to reclassification to Plant, Property & Equipment of advances to supplier made for the purchase of machinery.

Accounts payable – The increase is due to increase in availment of Trust Receipts payable during the second quarter of 2022.

Income tax payable – The decrease is due to lower recognition of income tax payable by one of the subsidiaries during the second quarter of 2022.

Retained earnings – Balance as of June 30, 2022 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 six-month period ended 30 June 2022, there was 29% increase in revenue as compared to previous year's same period performance. The decrease in sales volume of Company's products was compensated by increases in prices. Likewise, there was an increase in the Company's rental income by 3%.

- 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 six-month ended 30 June 2022, there was a very significant increase of 46% in cost of sales over the previous year's same period performance primarily due to high costs of wheat coupled with foreign currency deterioration.

- 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 six-month ended 30 June 2022, the Company generated gross profit of 4%. There was a huge decrease of 64% in gross profit as compared in the prior year's same period performance. The decrease is directly attributable to the higher costs 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 six-month ended 30 June 2022, there was a decrease in operating expenses by 18% over the previous year's same period performance. Likewise, there was a decrease in operating income by 8% due to lower interest and dividend income for the period.

- 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 2021 and as of quarter ended 30 June 2022 with a current ratio at 1.89:1. 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 PhP21.00 on 30 June 2022. For the Company's high and low prices for the second quarter of 2022, please see table below:

Stock	Quarter	High	Low
LFM	2	22.40	21.00

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 88% of the total trade receivables as of June 30, 2022. 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 June 30, follows:

	2022	2021
Cash in bank	\$552,926	\$71,841
Total US dollar-denominated assets	\$552,926	\$71,841
Total US dollar-denominated liabilities	0 *	\$10,094,942

The exchange rate per \$1.00 to Philippine peso is P54.975 and P48.80 respectively

-* For 2022 all US\$ liabilities are immediately converted to Peso

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 Company has investments in foreign securities amounting to US\$298,500.00

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
JUNE 30, 2022

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
BALANCE SHEET
AS OF JUNE 30, 2022
(With comparative figures for year ended Dec. 31, 2021 and six months ended June 30, 2021)

<u>Assets</u>		June 30, 2022		December 31, 2021 <u>Audited</u>		June 30, 2021
Current Assets						
Cash and cash equivalents	P	134,656,972		194,041,740	P	133,121,759
Receivables		1,199,588,142		1,112,181,595		990,034,638
Financial assets at fair value through profit or loss		140,268,797		194,328,610		147,381,537
Inventories:						
Finished goods	P	46,623,680	P	41,107,747	P	36,162,813
Raw materials		469,980,943		149,230,268		277,089,758
Inventories-in Transit		-		-		-
Total Inventories		516,604,623		190,338,015		313,252,571
Prepaid expenses & other current assets		132,822,106		83,667,042		170,833,591
Total current assets	P	2,123,940,640	P	1,774,557,002	P	1,754,624,096
Financial assets at fair value through OCI		591,397,360		631,405,777		855,628,727
Investment properties		1,491,565,532		1,371,443,195		1,201,744,363
Plant, Property & Equipment, net		299,333,266		300,526,062		101,830,917
Deferred Charges & Other Assets		138,335,672		117,383,614		287,007,163
Total Assets	P	<u>4,644,572,470</u>	P	<u>4,195,315,650</u>	P	<u>4,200,835,266</u>
Liabilities & Stockholders' Equity						
Current Liabilities						
Accounts Payable	P	1,033,881,355	P	488,970,449	P	735,358,048
Income Tax Payable		3,822,224		1,163,501		1,533,668
Other Liabilities		86,357,765		154,036,184		5,866,395
Total Current Liabilities	P	1,124,061,344	P	644,170,134	P	742,758,111
Bank Loans		443,800,782		443,800,782		580,000,000
Deposit on long-term lease		32,896,742		18,603,788		30,831,962
Accrued retirement benefits costs		13,232,958		5,849,806		50,493,108
Deferred Income Tax Liability		21,913,988		21,913,988		18,377,307
Other Non-current Liabilities		216,515,965		208,261,340		49,280,385
Total Liabilities	P	<u>1,852,421,779</u>	P	<u>1,342,599,838</u>	P	<u>1,471,740,873</u>
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		(126,145,173)		(110,631,636)		(25,639,687)
Remeasurement gain (loss) on defined benefit		449,165		449,165		(9,328,349)
Retained earnings						
Appropriated	P	-	P	-	P	-
Unappropriated		1,417,846,699		1,462,898,283		1,264,062,429
Total Retained Earnings		1,417,846,699		1,462,898,283		1,264,062,429
Treasury Stock, at cost		-		-		-
Total Stockholders' Equity	P	<u>2,792,150,691</u>	P	<u>2,852,715,812</u>	P	<u>2,729,094,393</u>
Total Liabilities & Stockholders' Equity	P	<u>4,644,572,470</u>	P	<u>4,195,315,650</u>	P	<u>4,200,835,266</u>

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF INCOME AND EXPENSES
For quarter ended June 30, 2022
(With comparative figures for the quarter ended June 30, 2021)

	<u>April 1 to June 30, 2022</u>	<u>January 1 to June 30, 2022</u>	<u>April 1 to June 30, 2021</u>	<u>January 1 to June 30, 2021</u>
Net Sales	P 370,321,881	P 652,856,973	P 267,912,922	P 507,238,502
Rental Income	65,600,838	128,239,473	62,626,172	124,876,051
Total Revenue	<u>435,922,719</u>	<u>781,096,446</u>	<u>330,539,094</u>	<u>632,114,553</u>
Cost of sales	354,510,072	624,594,924	234,359,285	427,983,183
Cost of services	26,345,135	50,876,597	25,326,837	50,867,069
Total Cost of sales and services	<u>380,855,207</u> ①	<u>675,471,521</u> ①	<u>259,686,122</u> ①	<u>478,850,252</u> ①
Gross Profit	P 55,067,511	P 105,624,925	P 70,852,972	P 153,264,301
Operating expenses				
General and administrative expenses	32,043,275	66,206,717	51,815,347	96,676,396
Selling and marketing expenses	5,795,807	11,232,581	9,551,058	19,107,651
	<u>37,839,082</u> ①	<u>77,439,298</u> ①	<u>61,366,405</u> ①	<u>115,784,047</u> ①
Other Income (Charges)				
Interest Income	2,387,211 ②	6,280,762 ②	8,581,844 ②	11,249,403 ②
Dividend Income	4,691,211 ②	7,082,461 ②	7,341,915 ②	13,281,375 ②
Interest expense	(11,380,018) ③	(21,563,101) ③	(2,572,004) ③	(5,024,224) ③
Other Income (charges), net	<u>(15,155,207) ③</u>	<u>(54,142,643) ③</u>	<u>19,642,360 ②</u>	<u>21,688,478 ② ③</u>
	(19,456,803)	(62,342,521)	32,994,115	41,195,032
Income (loss) before Income Tax	P <u>(2,228,373)</u>	P <u>(34,156,894)</u>	P <u>42,480,682</u>	P <u>78,675,286</u>
Provision for Income Tax, current	(5,711,034)	(10,894,688)	(5,047,386)	(10,728,897)
Provision for Income Tax, Deferred				
Net Income (loss) for the period	P <u><u>(7,939,407)</u></u>	P <u><u>(45,051,582)</u></u>	P <u><u>37,433,296</u></u>	P <u><u>67,946,389</u></u>
Earnings (loss) per share	P <u><u>(0.05)</u></u>	P <u><u>(0.30)</u></u>	P <u><u>0.25</u></u>	P <u><u>0.45</u></u>

Legend:

- ① Gross Expense
- ② Non-operating income
- ③ Non-operating expense

Note: For the period Jan 1 to June 30, 2021, under Other income (charges), breakdown as follows: Other Income - P36,990,607 ; Other Charges (P15,302,129)

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
For quarter ended June 30, 2022
(With comparative figures for the quarter ended June 30, 2021)

	April 1 to June 30, 2022	January 1 to June 30, 2022	April 1 to June 30, 2021	January 1 to June 30, 2021
CASHFLOWS FROM OPERATING ACTIVITIES:				
Income before tax	P (2,228,373)	P (34,156,894)	P 42,480,682	P 78,675,286
Adjustment for:				
Depreciation	14,407,822	28,954,172	14,489,281	28,871,021
Fair Value changes of financial assets at FVPL	15,327,272	53,034,132	(19,398,591)	(36,990,607)
Retirement Benefit Cost	3,935,882	7,383,152	(8,100,271)	(8,879,772)
Interest income	(2,387,212)	(6,280,762)	(8,581,844)	(11,249,403)
Dividend Income	(4,691,212)	(7,082,462)	(7,341,915)	(13,281,375)
Interest expense	11,380,018	21,563,101	9,833,081	17,987,627
Realized loss (gain) of FA at FVOCI	-	1,480,610	(176,000)	(176,000)
Loss on sale of FVPL investments	-	-	-	-
Operating Income before working capital changes	35,744,198	64,895,049	23,204,423	54,956,777
Decrease (Increase) in:				
Receivables	(39,174,671)	(87,353,252)	(94,797,915)	(148,788,529)
Inventories	(231,294,701)	(326,266,607)	(58,464,974)	43,363,315
Prepayments and other assets	(3,325,189)	(51,467,143)	(114,896,496)	(131,401,514)
Increase (Decrease) in:				
Trade Payables and other current liabilities	302,675,807	361,242,492	203,162,252	145,977,665
Deposit on long term lease	(19,476,409)	3,322,064	5,166,061	2,175,846
Unearned Rental Income	3,153,380	3,397,509	3,718,946	2,821,604
Liabilities for Retirement Fund	-	-	(52,000,000)	(52,000,000)
Cash generated (used) from operations	48,302,415	(32,229,888)	(84,907,703)	(82,894,836)
Income tax paid	(6,407,447)	(8,235,965)	(5,838,493)	(10,408,160)
Interest Received	2,387,212	6,280,762	8,581,844	11,249,403
Net cash provided by (used in) operating activities	44,282,179	(34,185,091)	(82,164,352)	(82,053,593)
CASHFLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of FVPL	-	3,572,261		
Dividends received	4,691,212	7,082,462	7,341,915	13,281,375
Proceeds from redemption of FVOCI	24,000,000	24,000,000	170,002,500	210,002,500
Acquisition of plant, property and equipment	2,365,855	(10,049,386)	(1,535,639)	(4,331,392)
Acquisition of investment properties	(142,642,111)	(142,642,111)		
Acquisition of Investments-FVPL	-	(3,685,658)		(16,013,514)
Acquisition of Investments-FVOCI	-		(22,411,583)	(32,311,583)
Decrease(increase) in other non-current assets	(5,730,575)	(13,678,850)	(14,974,373)	(42,183,851)
Net cash used in investing activities	(117,315,619)	(135,401,282)	138,422,820	128,443,535
CASHFLOW FROM FINANCING ACTIVITIES				
Availment of Loans	200,000,000	203,000,000		
Loan Payments	(34,117,647)	(71,235,294)		
Interest paid	(11,380,018)	(21,563,101)	(9,833,081)	(17,987,627)
Payments of cash dividends	-	-	(75,000,000)	(75,000,000)
Net cash generated from financing activities	154,502,335	110,201,605	(84,833,081)	(92,987,627)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	81,468,895	(59,384,768)	(28,574,613)	(46,597,685)
Add: Cash and cash equivalents:				
January 1		194,041,740		179,719,444
April 1	53,188,077		161,696,372	
CASH AND CASH EQUIVALENTS, END	P 134,656,972	P 134,656,972	133,121,759	P 133,121,759

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2022

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 June 30, 2022.

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, 2021. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Adoption of Accounting for Common Usage Service Area (CUSA) Charges discussed in PIC Q&A 2018-12-H
- Amendments to PFRS 16, *COVID-19 related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PFRS 7, PFRS 4, and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

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, 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 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025

- 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*

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of 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

3. Others

1. The same accounting policies and methods of computation are followed in the interim financial statements as of June 30, 2022 as compared with the audited financial statements as of December 31, 2021.
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
JUNE 30, 2022

LIBERTY FLOUR MILLS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For six months ended June 30, 2022 and 2021

	2022	2021
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
Fair value changes on financial assets through OCI	(126,145,173)	(25,639,687)
Accumulated Remeasurement on Retirement Benefits	449,165	(9,328,349)
RETAINED EARNINGS		
January `1	1,425,786,106	1,271,116,040
Net income for the period	(7,939,407)	67,946,389
Cash dividends declared and paid	-	(75,000,000)
	1,417,846,699	1,264,062,429
	2,792,150,691	2,729,094,393

BASIS FOR THE COMPUTATION OF BASIC EARNINGS PER SHARE

		2022	2021
NUMERATOR:			
Net income (loss) for the second quarter	P	(7,939,407) P	67,946,389
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 June 30, 2022

Type of Accounts Receivable		Total		Current		1 Month		2-3 Months		Over 3 Mos.
a) Trade Receivables										
Flour and Millfeed customers	P	1,154,311,900	P	475,479,540	P	73,608,825	P	261,128,480	P	344,095,055
Building Tenants		24,053,750		2,151,569		299,930		238,224		21,364,027
b) Non-Trade Receivables:										
Others		21,222,492		-		-		-		21,222,492
Total	P	1,199,588,142	P	477,631,109	P	73,908,755	P	261,366,704	P	386,681,574