

COVER SHEET

SEC Registration Number

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Company Name

L	I	B	E	R	T	Y		F	L	O	U	R		M	I	L	L	S	,		I	N	C	.		A	N	D	
S	U	B	S	I	D	I	A	R	I	E	S																		

Principal Office (No./Street/Barangay/City/Town/Province)

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

Form Type

1	7	-	Q
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

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

(02) 8892-5011

Mobile Number

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No. of Stockholders

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@pltdtssl.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, 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 subsidiaries for the nine (9) months ended September 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 nine (9) months ended September 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 nine-month period ended 30 September 2022 resulted in a net loss of (PhP69.23 million), compared from previous year's same period net income of PhP116.36 million thus posting a substantial decrease of 136%. 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 35% 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 16% volume of flour bags sold in the third quarter of 2022. Dividend income on shares of stocks on quoted securities had decreased by 48% while interest income in debt instruments had decreased by 38% from the previous year's same period basically as there were redemptions made this year and late last year.

For the third quarter ended 30 September 2022, total gross income including passive income (interest income and dividend income) amounted to PhP67.40 million, which is 44% lower from the previous year's same period operation which made a gross income amounting to PhP152.01 million.

Other operating income represents rental income which had an aggregate amount of PhP197.64 million for the nine-month period of 2022 which is higher by 5% compared to previous year's same period of PhP188.76 million. Increase is due to higher tenants' occupancy rates by one of the subsidiaries.

Operating expenses for the nine-month period of 2022 amounted PhP191.71 million, 19% lower than the previous year's same period operating expense of PhP237.83 million brought about by cost savings program implemented. 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 2022, the Company had an operating income of PhP37.30 million versus previous year's same period operating income of PhP94.98 million. The operating income is primarily due to the above stated reasons.

Other income and (charges), net, for the nine-month period of 2022 amounted to (Php89.70 million), versus last year's same period amounting to Php38.32 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 Php770.71million as compared to last year's same period of Php433.29million.

The total combined assets amounted to PhP4.78 billion as of 30 September 2022 which is higher by 13.83% primarily due to Inventories. Total liabilities amounted to PhP2.03 billion which is higher by 52%, mainly due to trade liabilities, 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 third quarter of 2022.

Inventories – The increase in account is due to higher volume and cost of importation of raw materials- wheat.

Financial Assets at FVPL – The decrease is due to the effect of mark to market valuation by one of the subsidiaries.

Prepaid expenses and other current assets – The increase is due to recognition of advances to supplier, advance vat on importation and creditable withholding taxes during the third quarter of 2022.

Accounts payable – The increase is due to increase in availments of Trust Receipts payable during the nine month period ending Sep. 2022.

Income tax payable – The increase is due to higher recognition of income tax payable by one of the subsidiaries during the third quarter of 2022.

Retained earnings – Balance as of September 30, 2022 increase brought about by one of the subsidiaries versus previous period last year.

Performance Indicators

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

- Selling Price, Volume and Revenue Growth

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

During the nine-month period ended 30 September 2022, there was 22% increase in revenue as compared to previous year's same period performance. Several price increases implemented to negate cost increases had compensated the decline in sales volume of Company's products. Likewise, there was an increase in the Company's rental income by 5%.

- 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 2022, there was a very significant increase of 35% in cost of sales over the previous year's same period performance primarily due to higher costs of wheat due to supply uncertainties because of Russia – Ukraine war 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 nine-month ended 30 September 2022, the Company generated gross profit of 5%. There was a decrease of 27% in gross profit as compared in the prior year's same period performance. The decrease is directly attributable to the higher cost of sales coupled with decline in sales volume.

- 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 2022, there was a decrease in operating expenses by 11% over the previous year's same period performance brought about by cost savings programs implemented. Likewise, there was a decrease in operating income by 5% 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 properly equate and carefully assess the differences.

The plant has been operating at 75% of its capacity.

MARKETPRICE

The market price of the Company's common shares closed at PhP16.80 on 30 September 2022. For the Company's high and low prices for the third quarter of 2022, please see table below:

Stock	Quarter	High	Low
LFM	3	17.80	17.80

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 and one investment in foreign securities. 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 90% of the total trade receivables as of September 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 September 30, follows:

	2022	2021
Cash in bank	\$481,912	\$300,890
Foreign Securities – Gazprom	\$298,500	-
Total US dollar-denominated assets	\$780,412	\$300,890
Total US dollar-denominated liabilities	0*	\$8,880,824

The exchange rate per \$1.00 to Philippine peso is P58.625 and P51.00 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 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

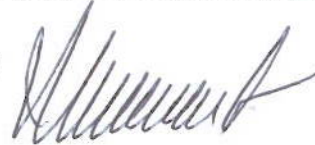
All other information which requires disclosure under the full Disclosure Rules of the Securities and Exchange Commission has been previously filed by the Company under SEC Form 17-C

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.

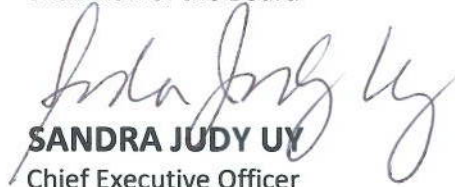
LIBERTY FLOUR MILLS, INC.

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, 2022

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

<u>Assets</u>	September 30, 2022	December 31, 2021	September 30, 2021
		<u>Audited</u>	
Current Assets			
Cash and cash equivalents	P 89,338,466	P 194,041,740	P 270,560,576
Receivables	1,090,592,062	1,112,181,596	1,007,741,354
Financial assets at fair value through profit or loss	104,520,630	194,328,610	188,746,679
Inventories:			
Finished goods	P 15,873,353	P 41,107,747	P 36,408,134
Raw materials	771,040,769	149,230,268	260,437,140
Inventories-in Transit	-	-	-
Total Inventories	786,914,122	190,338,015	296,845,274
Prepaid expenses & other current assets	148,863,295	83,667,042	68,314,613
Total current assets	P 2,220,228,575	P 1,774,557,002	P 1,832,208,496
Financial assets at fair value through OCI	555,742,412	631,405,777	753,344,048
Investment properties	1,544,203,929	1,371,443,195	1,190,611,607
Plant, Property & Equipment, net	297,604,621	300,526,062	101,387,427
Deferred Charges & Other Assets	157,733,384	117,383,614	286,204,944
Total Assets	P 4,775,512,920	P 4,195,315,650	P 4,163,756,522
<u>Liabilities & Stockholders' Equity</u>			
Current Liabilities			
Accounts Payable	P 1,260,331,164	P 488,970,449	P 650,369,703
Income Tax Payable	4,391,992	1,163,501	466,885
Other Liabilities	39,922,575	154,036,184	4,419,756
Total Current Liabilities	P 1,304,645,731	P 644,170,134	P 655,256,344
Bank Loans	443,800,782	443,800,782	580,000,000
Deposit on long-term lease	33,476,917	18,603,788	30,529,921
Accrued retirement benefits costs	17,773,596	5,849,806	55,033,745
Deferred Income Tax Liability	21,913,988	21,913,988	18,377,307
Other Non-current Liabilities	214,583,866	208,261,340	49,280,385
Total Liabilities	P 2,036,194,879	P 1,342,599,838	P 1,388,477,702
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	(154,800,122)	(110,631,636)	(27,869,365)
Remeasurement gain (loss) on defined benefit	449,165	449,165	(9,328,349)
Retained earnings			
Appropriated	P -	P -	-
Unappropriated	1,393,668,998	1,462,898,283	1,312,476,534
Total Retained Earnings	1,393,668,998	1,462,898,283	1,312,476,534
Treasury Stock, at cost	-	-	-
Total Stockholders' Equity	P 2,739,318,041	P 2,852,715,812	P 2,775,278,820
Total Liabilities & Stockholders' Equity	P 4,775,512,920	P 4,195,315,650	P 4,163,756,522

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

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Net Sales	P 339,913,101	P 992,770,074	P 308,166,956	P 815,405,458
Rental Income	<u>69,400,649</u>	<u>197,640,122</u>	<u>63,884,444</u>	<u>188,760,495</u>
Total Revenue	409,313,750	1,190,410,196	372,051,400	1,004,165,953
Cost of sales	320,618,905	945,213,829	270,612,798	698,595,981
Cost of services	<u>26,824,780</u>	<u>77,701,377</u>	<u>26,229,711</u>	<u>77,096,780</u>
Total Cost of sales and services	347,443,685 ①	1,022,915,206 ①	296,842,509 ①	775,692,761 ①
Gross Profit	P 61,870,065	P 167,494,990	P 75,208,891	P 228,473,192
Operating expenses				
General and administrative expenses	30,492,231	96,698,948	35,278,559	131,954,955
Selling and marketing expenses	<u>6,079,157</u>	<u>17,311,738</u>	<u>9,666,234</u>	<u>28,773,885</u>
	36,571,388 ①	114,010,686 ①	44,944,793 ①	160,728,840 ①
Other Income (Charges)				
Interest Income	3,604,733 ②	9,885,495 ②	4,724,858 ②	15,974,261 ②
Dividend Income	2,871,468 ②	9,953,929 ②	5,946,143 ②	19,227,518 ②
Interest expense	(14,464,185) ③	(36,027,286) ③	(2,941,364) ③	(7,965,588) ③
Other Income (charges), net	<u>(34,552,894) ③</u>	<u>(88,695,537) ③</u>	<u>16,629,552 ②</u>	<u>38,318,030 ② ③</u>
	(42,540,878)	(104,883,399)	24,359,189	65,554,221
Income (loss) before Income Tax	P (17,242,201)	P (51,399,095)	P 54,623,287	P 133,298,573
Provision for Income Tax, current	<u>(6,935,498)</u>	<u>(17,830,186)</u>	<u>(6,209,182)</u>	<u>(16,938,079)</u>
Provision for Income Tax, Deferred				
Net Income (loss) for the period	P <u>(24,177,699)</u>	P <u>(69,229,280)</u>	P <u>48,414,105</u>	P <u>116,360,494</u>
Earnings (loss) per share	P <u>(0.16)</u>	P <u>(0.46)</u>	P <u>0.32</u>	P <u>0.78</u>

Legend:

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

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

	July 1 to September 30, 2022	January 1 to September 30, 2022	July 1 to September 30, 2021	January 1 to September 30, 2021
CASHFLOWS FROM OPERATING ACTIVITIES:				
Income before tax	P (17,242,201)	P (51,399,095)	P 54,623,287	P 133,298,573
Adjustment for:				
Depreciation	14,246,639	43,200,811	14,522,045	43,393,066
Fair Value changes of financial assets at FVPL	(53,034,132)		(41,365,142)	(78,355,749)
Retirement Benefit Cost	4,540,638	11,923,790	4,540,638	(4,339,134)
Interest income	(3,604,733)	(9,885,495)	(4,724,858)	(15,974,261)
Dividend Income	(2,871,467)	(9,953,929)	(5,946,143)	(19,227,518)
Interest expense	14,464,185	36,027,286	9,611,364	27,598,991
Realized loss (gain) of FA at FVOCI	14,737	1,495,347	(446,659)	(622,659)
Loss on sale of FVPL investments	88,767,562	88,767,562	-	-
Operating Income before working capital changes	45,281,228	110,176,277	30,814,532	85,771,309
Decrease (Increase) in:				
Receivables	108,940,703	21,587,451	(17,706,716)	(166,495,245)
Inventories	(270,309,500)	(596,576,107)	16,407,297	59,770,612
Prepayments and other assets	(15,477,455)	(66,944,598)	105,486,077	(25,915,437)
Increase (Decrease) in:				
Trade Payables and other current liabilities	38,619,841	399,862,333	(85,754,205)	60,223,460
Deposit on long term lease	(1,351,925)	1,970,139	463,819	2,639,665
Unearned Rental Income	(2,432,198)	965,311	(1,446,639)	1,374,965
Liabilities for Retirement Fund	-		-	(52,000,000)
Cash generated (used) from operations	(96,729,306)	(128,959,193)	48,264,165	(34,630,671)
Income tax paid	(6,365,730)	(14,601,695)	(7,275,964)	(17,684,124)
Interest Received	3,604,733	9,885,495	4,724,858	15,974,261
Net cash provided by (used in) operating activities	(99,490,303)	(133,675,394)	45,713,059	(36,340,534)
CASHFLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of FVPL	-	3,572,261		
Dividends received	2,871,467	9,953,929	5,946,143	19,227,518
Proceeds from redemption of FVOCI	7,000,000	31,000,000	100,055,000	310,057,500
Acquisition of plant, property and equipment	(1,431,065)	(11,480,452)	(6,561,698)	(10,893,090)
Acquisition of investment properties	(63,725,330)	(206,367,441)		
Acquisition of Investments-FVPL	-	(3,685,658)		(16,013,514)
Acquisition of Investments-FVOCI	-			(32,311,583)
Decrease(increase) in other non-current assets	(19,961,443)	(33,640,293)	1,897,677	(40,286,174)
Net cash used in investing activities	(75,246,371)	(210,647,653)	101,337,122	229,780,657
CASHFLOW FROM FINANCING ACTIVITIES				
Availment of Loans	188,000,000	391,000,000	-	
Loan Payments	(44,117,647)	(115,352,941)	-	
Interest paid	(14,464,185)	(36,027,286)	(9,611,364)	(27,598,991)
Payments of cash dividends	-		-	(75,000,000)
Net cash generated from financing activities	129,418,168	239,619,773	(9,611,364)	(102,598,991)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
	(45,318,506)	(104,703,274)	137,438,817	90,841,132
Add: Cash and cash equivalents:				
January 1		194,041,740		179,719,444
July 1	134,656,972		133,121,759	
CASH AND CASH EQUIVALENTS, END	P 89,338,466	P 89,338,466	270,560,576	P 270,560,576

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

LIBERTY FLOUR MILLS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For nine months ended September 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	(154,800,122)	(27,869,365)
Accumulated Remeasurement on Retirement Benefits	449,165	(9,328,349)
RETAINED EARNINGS		
January `1	1,417,846,697	1,271,116,040
Net income for the period	(24,177,699)	116,360,494
Cash dividends declared and paid	-	(75,000,000)
	1,393,668,998	1,312,476,534
	2,739,318,041	2,775,278,820

BASIS FOR THE COMPUTATION OF BASIC EARNINGS PER SHARE

		2022	2021
NUMERATOR:			
Net income (loss) for the third quarter	P	(24,177,699) 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 September 30, 2022

Type of Accounts Receivable		Total		Current		1 Month		2-3 Months		Over 3 Mos.
a) Trade Receivables										
Flour and Millfeed customers	P	1,059,267,602	P	465,554,046	P	107,003,697	P	174,142,658	P	312,567,201
Building Tenants		10,533,792		860,615		218,166		2,676,215		6,778,797
b) Non-Trade Receivables:										
Others		20,790,667		-		-		-		20,790,667
Total	P	1,090,592,062	P	466,414,661	P	107,221,863	P	176,818,873	P	340,136,665