

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2023
2. SEC Identification Number 14782 3. BIR Tax Identification No. 000-128-846-000

4. Exact name of issuer as specified in its charter LIBERTY FLOUR MILLS, INC.

5. MANILA Province, Country or other jurisdiction of
incorporation or organization

6. (SEC Use Only) Industry Classification Code:

7. LIBERTY BUILDING, A. ARNAIZ AVENUE, MAKATI CITY 1223
Address of principal office Postal Code

8. (632) 8892-5011
Issuer's telephone number, including area code

9. NONE
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>COMMON</u>	<u>150,000,000</u>

.....
.....

11. Are any or all of these securities listed on a Stock Exchange.

Yes [] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE COMMON

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and [SRC Rule 17.1](#) thereunder or Section 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 that 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 []

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [] No []

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- (a) Any annual report to security holders; **-NA-**
- (b) Any [information statement](#) filed pursuant to [SRC Rule 20](#); **-NA-**
- (c) Any prospectus filed pursuant to SRC Rule [8.1](#). **-NA-**



LIBERTY FLOUR MILLS, INC.

**2023
ANNUAL REPORT**

PART I - BUSINESS AND GENERAL INFORMATION

1. Business of the Company

Liberty Flour Mills, Inc. (the "Company") is a stock corporation incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 26, 1958. On December 28, 2008 the Company extended its corporate life for another 50 years. The Parent Company is primarily engaged in the business of manufacturing flour, utilization of its by-products and the distribution and sales of its produce. The common shares of the Parent Company were listed beginning January 24, 1966 and have been traded since then.

Liberty Flour Mills, Inc. currently has two (2) subsidiaries, namely: a.) LFM Properties Corporation (LPC) and b.) Liberty Engineering Corporation (LEC). LFM Properties Corporation was incorporated and registered in the Philippines on December 18, 1995 while Liberty Engineering Corporation was incorporated and registered with SEC on December 10, 1965 and extended its corporate life for another 50 years from December 31, 2015. LFM Properties Corporation is engaged in the business of leasing out office spaces and condominium units. Liberty Engineering Corporation will be on sale, lease and purchase of equipment and machinery.

On November 25, 2020, the Company BOD approved the declaration of property dividends in the form of 10,350 million common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of sixty-nine (69) shares of LPC for every one (1) share of the Parent Company, to eligible stockholders of the Parent Company as of record date of December 18, 2020. Accordingly, the Parent Company recognized dividends payable amounting to ₱88.0 million, equivalent to the proportionate carrying value of investment in LPC declared as property dividends representing 41.40% of LPC's outstanding capital stock. The declaration and distribution of the LPC shares to its shareholders as property dividends did not result in a loss of control as the Parent Company retains 58.60% of LPC's total shares outstanding.

In August 2021, the Parent Company secured the SEC's approval. In November 2021, the application for eCAR has been approved by the BIR but the release of eCARs was partially done for the 439 stockholders by BIR. The stock certificates for property dividends were distributed on June 30, 2022.

On October 13, 2022 and November 3, 2022, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of LPC for the listing by way of introduction of up to 24,802,384,828 common shares on the SME Board of the PSE. On November 9, 2022, LPC completed its IPO and was listed in the PSE under the stock symbol "LPC". On December 20, 2022, additional 137,438,271 common shares was approved by PSE for listing on the SME Board of the PSE. Total listed shares of LPC amounted to 24,939,823,099 common shares.

There is currently no bankruptcy, receivership or any other similar proceedings involving the Company or its subsidiary. Neither was there any material reclassification, merger, consolidation or purchase or sale of a significant amount of the assets of the Company or its subsidiary.

Products

The products of the Company consist mainly of flour products and its by-products. The following is a description of the primary products produced by the Company:

1. Bakery Flour

a. El Superior and LFM Bakers

El Superior and LFM Bakers are the Company's flour products which undergo the same processes as the other flour products the Company produces. These products are hard variety of flour best for making pandesal and loaf bread. El Superior is marketed exclusively by Parity Values, Inc., while LFM Bakers is marketed by Liberty Commodities Corporation.

b. Pine Tree and LFM Soft

Pine Tree and LFM Soft are soft variety of flour which are best used for making biscuits and cookies. Pine Tree and LFM soft are marketed by Trade Demands Corporation and Liberty Commodities Corporation, respectively.

2. Mill Feed

Mill Feed is a flour by-product which is sold for animal feeds.

Other than the products above-mentioned, the Company currently has no new products or services under development.

Services

The Company is likewise engaged in the business of leasing out office and commercial spaces directly or through its subsidiary, LFM Properties Corporation. The Company leases out excess office spaces at its head office at Liberty Building in Makati City. It also leases out commercial and office spaces at its property in Mandaluyong City. LFM Properties Corporation owns: (1) a 21-storey building – Liberty Plaza located at 102 H.V. Dela Costa Street corner Valero and San Agustin Streets, Salcedo Village, Makati City which was completed in 2019 and is fully leased out to local and foreign corporations as well as some foreign embassies and consulates; (2) a 21-storey building – Liberty Center at 104 H. V. Dela Costa Street corner L. P. Leviste and San Agustin Streets in Salcedo Village, Makati City which was completed in Year 2000; and (3) a 2,094 square meter more or less property in Ortigas Center which is currently leased out as a parking lot. Future plans for the Ortigas Center property are not yet definite although studies are being undertaken for a 2-storey structure to be leased out to commercial and service establishments.

The relative contribution of the Company's products and services to its sales or revenues are as follows:

Products/Services	Percentage of Sales/Revenues
Hard Flour	65%
Soft Flour	20%
Mill Feed	12%
Rental Income	3%

Customers

Transactions with and/or Dependence on Related Parties

The Company's products are exclusively distributed and marketed by Parity Values, Inc., Trade Demands, Corp., and Liberty Commodities Corp. The Company sells its products mainly on a wholesale basis principally to bakeries, institutional end-users (i.e. pastry and cake shops) as well as supermarkets members of the baking and food supply industry nationwide.

In view of the Company's distribution structure, the Company is largely dependent on the distribution capability of its three (3) distributors whereby the loss of any of the three (3) would have a material adverse effect on the business.

Beginning 2022, the Company already started directly serving a few institutional accounts and some selected retail outlets of its products.

The Company's products are distributed to the above-mentioned distributors as follows:

Distributor	Percentage to Sales
Parity Values, Inc.	43%
Trade Demands, Corp.	13%
Liberty Commodities Corp.	24%
Institutional/Retail Customers	20%

Competition

Considering that competition in the supply of flour, bakery and mill products is very stiff now, the Company believes that product pricing, customer service and satisfaction and product performance will ultimately determine market leadership. Currently, the Company's market strategy follows such belief and the Company is confident that by making the quality of its products more superior than that of its competitors, while maintaining the competitiveness of its prices, it will be able to maintain, if not further improve, its standing in the industry.

There are now about twenty two (22) major flour millers in the country who are currently undertaking the same business as the Company.

Back then in the 1960s only eight (8) were competing with the Company being part of this group namely RFM Corporation, Liberty Flour Mills, Inc., General Milling Corp., Wellington Flour Mills Corp., Pacific Flour Mills, Inc., Pilmico Foods Corp., Philippine Flour Mills, Universal Robina Corp.

In 1990s, the following established their own mills: San Miguel Corp., Philippine Foremost Milling Corp., Morning Star Milling Corp., Delta Milling Corp.

Then in 2010 -2018 newer mills have joined the industry and made competition stronger and these are: Monde Nissin Corp., Atlantic Grains Corp. Asian Grain, Inc., New Hope Flour Milling Corp., Great Earth Industrial Food, Inc., North Star Flour Mill, Mabuhay Interflour Mill, Agri-Pacific Corp. (Rebisco), Big-C Agri Miller, California Flour Mill Group

Purchase of Raw Materials and Supplies

The principal raw materials for flour manufacturing which is wheat is fully imported are obtained on a competitive basis from many different sources that are readily available, both in the Philippines and abroad such as: Columbia Grain Int'l, LLC., CHS, Inc., and Bunge Asia PTE. Ltd.

Employees

As of December 31, 2023, the Company has 60 regular and probationary employees as per below compared to previous years of about 70 -120 employees. The reduction in number of employees is primarily due to streamlining of work processes in the plant as a result of the new mill equipment installed that require lesser human intervention.

Type of Employee	Number of Employees
Managerial	8
Administrative	4
Clerical	4
Operations	44
Total	60

The rank-and-file employees and the supervisory employees are subject to separate Collective Bargaining Agreements (CBA). Both existing CBAs will expire on June 30, 2024. The CBA generally cover a five-year term with a right to renegotiate the economic provisions of the agreement after three years, and contain provisions for the annual salary increases and signing bonus. In 2022, a renegotiation for the remaining 2 years was signed and concluded.

Overall, the relationship between management and labor has been good.

The Company has a funded, noncontributory defined benefit retirement plan covering all of the regular employees of Liberty Flour Mills, Inc. The plan provides retirement, separation, disability and death benefits to its members. The funds of the plan are administered and managed by the trustees.

The Company's subsidiary has the following employees:

Type of Employees	LFM Properties Corp.
Executive/Managerial	5
Administrative	2
Clerical	0
Operations	7
Total	14

Working Capital

The working capital required by the Company in its business is from internally generated funds and bank borrowings.

Sales

All sales by the Company of its products are sold locally or to the domestic market. The Company does not export nor cater to foreign consumers.

Effect of any existing or probable government regulation on the business of the Company

The Company's products are subject to evaluation and approval by the Food and Drug Administration. The Company ensures that all its products comply with strict government and health standards.

Other than as mentioned above, the Company is not aware of any existing or probable government regulations that would have an effect on the business of the Company. Should there be new government regulations that would have an adverse effect on the Company's business, the Company believes that it will have to make adjustments in its business so that it may comply with such new regulations.

The Company is compliant with government regulating agencies relative to the protection of the environment and human health and safety. These include laws and regulations governing air emissions, water and waste water discharges, odor emissions, and the management of, disposal of, and exposure to hazardous materials. Clearances and permits are secured and required reports are submitted within the mandated period

Research and Development

None of the research and development expenses are borne directly by the Company's customers.

On the other hand, the subsidiaries are not expected to spend any amount for development activities.

Patents

The Company enters into royalty agreements covering its products. The Company regularly ensures that all such agreements are valid and subsisting and takes earnest efforts in protecting its right to such agreements.

In 2003, the Company's Royalty Agreement with General Mills, Inc., a Delaware Corporation, involving the license to use the trademark Softasilk has expired.

The Royalty Agreement of the Company with General Mills, Inc. for the exclusive license to use the trademark Gold Medal expired in December 2009.

Cost of Compliance with Environmental Laws

The Company was granted Environmental Compliance Certificate (ECC) by the DENR-NCR after complying with the Environmental Impact Statement (EIS) System requirements as prescribed in the guidelines of the Implementing Rules & Regulations of Presidential Decree No. 1586. A Permit To Operate pursuant to Clean Air Act (RA 8749) is granted to the Company with annual fees of around P19, 700.00 and other charges.

Major Risks Involved

The Company is affected by foreign exchange fluctuation considering that its supplies and raw materials are sourced abroad. Similarly, increase in the price of wheat in the world market poses as a major risk to the Company. When necessary, the Company adjusts the prices of its products in order to meet changes in the currency rates and prices.

The properties of the Company and its subsidiary are sufficiently insured with reputable insurance companies.

2. Properties

The properties of the Company consist of the following:

1. A parcel of land with a flour mill located at F.Blumentritt Ext., Mandaluyong City which serve as the manufacturing plant of the Company for its flour and feeds products;
2. A parcel of land located at the border of Angono and Teresa, Rizal which is not used in operation;
3. A parcel of land with a building located along Boni cor. P. Cruz, Mandaluyong City which is being leased out to tenants; and
4. A parcel of land with a building located at A.Arnaiz Avenue, Makati City which serves as the management and administrative building of the Company. *See notes below ****

The Company also owns several properties which were purchased for investment purposes, namely:

1. A parcel of land located in Cabuyao, Laguna
2. A parcel of land located in Tagaytay
3. A parcel of land in Angeles City
4. A parcel of land in FTI Taguig
5. An office unit in PSE, Fort BGC
6. A parcel of land in Lemery, Batangas

All of the Company's properties are owned by it as absolute and registered owner.

As had been previously disclosed in the 2023 Definitive Information Statement, the Company owns Liberty Building which is an 8-story building located along A. Arnaiz Avenue. This building houses multiple commercial tenants with eight (8) office floors and one (1) basement parking area.

On November 28, 2022, Memorandum of Understanding and Deed of Conditional Sale have been executed with its subsidiary-LPC, for the potential sale of land and building to the Company. The consummation and determination of final terms and conditions of the sale shall be conditioned on the issuance of the fairness opinion from an independent third-party financial adviser. The issuance of the fairness opinion was concluded on May 3, 2023.

On May 31, 2023, after being given an opportunity to study the fairness opinion provided by the third-party adviser, and upon negotiations of the Parties, the Board of Directors of the Company and LPC have approved the entering into a Contract to Sell covering the sale of Liberty Building.

Since the previous disclosure made in the 2023 Definitive Information Statement, the Company entered into a Contract to Sell for the purchase of land and building with LPC on November 9, 2023 for a consideration of P980.00 million (exclusive of VAT) payable on installment basis which must be fully paid on or before November 30, 2024. The Deed of Absolute Sale will be executed and the absolute transfer of Liberty building to LPC will be made upon the tender of the installment payment.

All of the above transactions are at arm's length and above board.

The Company currently does not have any plans of acquiring any other real property within the next twelve (12) months.

3. Legal Proceedings

The Company is involved in legal proceedings and tax assessments and claims occurring in the ordinary course of business. In consultation with the Group's external legal counsels, management believes that the ultimate disposition of the above matters will not have any material adverse effect on the Group's operations or its financial condition.

However, there are no pending criminal cases filed against the Company or any of its directors and key officers.

4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

5. Market for Company's Common Equity and Related Stockholder Matters

Market Information

The shares of the Company consist solely of common shares which are presently listed and traded in the Philippine Stock Exchange. The high and low sales prices for the shares of the Company for each quarter within the last two fiscal years are as follows:

2023	High	Low
First Quarter	16.70	16.70
Second Quarter	14.14	14.14
Third Quarter	14.88	14.88
Fourth Quarter	15.98	15.98
2022	High	Low
First Quarter	25.00	24.95
Second Quarter	22.40	21.00
Third Quarter	17.80	17.80
Fourth Quarter	19.48	19.48

Holdings

As of December 31, 2023, there are 447 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2023 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Parity Values, Inc.	59,891,231	39.93%
2.)	PCD Nominee Corp.(F)	49,267,583	32.85%
3.)	Bacsay Management Corp.	5,589,742	3.73%
4.)	Sebring Management Corp.	3,122,102	2.08%
5.)	E.K.I Tourist Dev. Corp.	2,855,505	1.90%
6.)	L & J Agricultural Inc.	2,417,841	1.61%
7.)	Moreno, Jose Jr.	928,277	0.62%
8.)	Lopez Jr., Eduardo	915,468	0.61%
9.)	Pulmones, Amelia Kalaw	913,613	0.61%
10.)	Carvina Farms Inc.	769,920	0.51%
11.)	Feria, Paula K.	737,112	0.49%
12.)	Lopez, Jose Ma. S.	735,647	0.49%
13.)	Fajardo, Erwin M.	697,337	0.46%
14.)	Kalaw, Regina	628,116	0.42%
15.)	Hsu, Philip	602,405	0.40%
16.)	Galan, Norma Yu	524,745	0.35%
17.)	Fajardo, Eric	521,796	0.35%
18.)	Javellana, Maria Teresa V.	509,493	0.34%
19.)	Maramba III, Felix R.	487,934	0.33%
20.)	Quiros, Ma. Cristina V.	475,344	0.32%

Dividends

Cash Dividends

The average cash dividend per share of the Company was ₱0.20 and ₱0.50 in 2023, ₱0.30 in 2022 and ₱0.50 in 2021.

Property Dividends

On November 25, 2020, the Parent Company's BOD approved the declaration of property dividends of 10.35 billion common shares of LPC (with a par value of ₱0.01 per share), with an entitlement ratio of sixty-nine (69) shares of LPC for every one (1) share of the Parent Company, to eligible stockholders of the Parent Company as of record date of December 18, 2020.

In August 2021, LPC secured the SEC approval while in November 2021, the application for Certificate of Registration has been approved by the BIR but the release of eCARs was partially done for the 439 stockholders by BIR. The stock certificates for property dividends were distributed on June 30, 2022.

The following table contains information regarding the dividend declaration and distribution on the common stock of the Company for the years 2023, 2022 and 2021.

	Dividend Type	Record Date	Rate	Amount
For 2023	Cash	November 15, 2023	2%	P30,000,000.00
	Cash	April 19, 2023	5%	P75,000,000.00
For 2022	Cash	December 16, 2022	3%	P45,000,000.00
For 2021	Cash	June 11, 2021	5%	P75,000,000.00

Below is the schedule of Retained Earnings available for Dividend Declaration:

<u>Unappropriated retained earnings, beginning</u>	<u>₱850,652,545</u>
Add: Net income for the current year	938,088,646
Unrealized fair value loss (market-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	825,403
Net movement of deferred tax asset	(2,799,456)
<u>Net income as adjusted</u>	<u>936,114,593</u>
<u>Less: Cash dividend declaration during the year</u>	<u>(105,000,000)</u>
<u>Total retained earnings, end of the reporting period available for dividend</u>	<u>₱1,681,767,138</u>

Recent Sales of Unregistered or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

The Company has not sold any securities, whether unregistered or exempt or any issuance constituting an exempt transaction under the Revised Securities Act (RSA) or the Securities Regulation Code (SRC), during the past three (3) years.

6. Management's Discussion and Analysis or Plan of Operation

The selected financial information of the Company set forth below are derived from the audited financial statements submitted by Sycip Gorres Velayo & Co. for 2023:

Income Statement Data

	For the Year December 31 (in Millions)		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Income	1,763,006	1,780,232	1,515,241
Expense	(1,717,217)	(1,890,468)	(1,343,377)
Income Before Tax	45,789	(110,236)	171,864
Provision for Tax	(32,062)	(4,921)	(33,689)
<u>Net Income</u>	<u>13,727</u>	<u>(115,157)</u>	<u>138,175</u>

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this Annual Report.

Results of Operations

CY 2023

The sales revenue from flour & mill feed business for the year ending December 31, 2023 posted a minimal increase of 1% from previous year 2022 primarily due to several price increases implemented to negate effect of price increases of wheat despite decline in sales volume. In terms of Sales Value, the Company delivered P1,501.18 million vs. P1,490.27 million in 2023 and 2022, respectively. Also, the Cost of Sales had slight decrease of 0.28% due to lower US\$ cost of wheat in the last quarter of the year coupled with lower direct operating costs. The combined lease rental income of the Company and from one of the subsidiaries amounting to P237.32 million compared to P265.22 million in year 2022 recorded a significant decrease of 11% due to termination of lease of the biggest lessee of the subsidiary.

As of the year ended December 31, 2023, the total gross income amounted to P238.12 million, as compared to December 31, 2022 which was P260.53 million for a decrease of 8.6%. Decline on gross income was due to decrease in rental income from one of the subsidiaries. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P236.98 million in CY2023 and P208.75 million in PY2022, for an increase of 13.5% as a result of increase in interest and marketing expenses. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P4.24 billion in CY2023 compared to P4.59 billion in PY2022 which was a decrease by 8% mainly due to reduction in Receivables and Inventories. The total combined liabilities for CY2023 amounted to P1.71 billion which is lower by 14%, vs. P1.97 billion in 2022. The decrease was primarily due to payments made in Trust Receipts and Notes Payable.

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.

For the year 2023 there was one-off transaction which had a material effect on the Company's financial statements.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2023 as compared to PY2022:

Financial Assets at FVTPL – The significant decrease made in 2022 is because of the mark to market adjustment made by one of the subsidiaries.

Inventories – The significant decrease of 57.10% in inventory is due to reduction in the volume of importation coupled with decline in \$ wheat price towards the end of the year.

Financial assets at FVOCI – There has been material changes of the account because of the various acquisition of the Company.

Notes payable – The increase is due to reclassification from noncurrent to current by one of the subsidiaries' payables.

Income Tax Payable – Income tax payable increase due to recognition of tax payable from one of its subsidiaries.

Long-term leases - The decrease is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement PAS 17 on Lease.-and the effect of termination of major lessee of the subsidiary.

Accrued Retirement Liability – The increase is primarily due to changes in actuarial valuation.

CY 2022

The sales revenue from flour & mill feed business for the year ending December 31, 2022 posted an increase of 25% from previous year 2021 primarily due to several price increases implemented to negate effect of price increases of wheat despite decline in sales volume. In terms of Sales Value, the Company delivered P1,490.27 million vs. P1,195.55 million in 2021. However, Cost of Sales had increased by 37% primarily due to increase in US\$ cost of wheat mainly due to effect of Russia-Ukraine war and peso depreciation resulting to a lower gross margin. The combined lease rental income of the Company and from one of the subsidiaries amounting to P265.22 million compared to P253.99 million in year 2021 recorded a slight increase of 4%.

As of the year ended December 31, 2022, the total gross income amounted to P260.53 million, as compared to December 31, 2021 which was P362.62 million for a decrease of 28%. Decline on gross income was due to higher cost of sales. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P208.75 million in CY2022 and P214.03 million in PY2021, for a decrease of 14.3% as a result of big reduction in marketing expenses. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P4.59 billion in CY2022 compared to P4.20 billion in PY2021 which was an increase by 9.5%. The total combined liabilities for CY2022 amounted to P1.97 billion which is higher by 47%, vs. P1.34 billion in 2021. The increase was primarily due to increase in Trust Receipts and Notes Payable.

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.

For the year 2022 there was one-off transaction which had a material effect on the Company's financial statements.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2022 as compared to PY2021:

Financial Assets at FVTPL – The significant decrease made in 2022 is because of the mark to market adjustment made by one of the subsidiaries.

Inventories – The significant increase of 218.5%% in inventory is due to higher volume importation with very high US\$ cost/MT – more than double the usual price in anticipation of supply problem due to Russia-Ukraine war.

Financial assets at FVOCI – There has been material changes of the account because of the fair value changes at the end of the year.

Accrued Rent– The decrease in Accrued Rent is primarily due to pretermination of lease contract of one of the major tenants of the Company's subsidiary.

Notes payable – Increased by 413.4%% because of the Company's availments and increase in existing payables of one of the subsidiaries.

Income Tax Payable – Income tax payable increase due to recognition of tax payable from one of its subsidiaries.

Long-term leases - The increase is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement PAS 17 on Lease.

Accrued Retirement Liability – The decrease is primarily due to changes in actuarial valuation.

CY 2021

The operations for the year ending December 31, 2021 posted slight increase from previous year 2020 as the total sales volume of Bakery Flour & Mill Feeds made an increase by 8%. In terms of Sales Value, the Company delivered P1,195.55 million vs. P1,088.62 million in 2020 for an increase of 9.8%. However, Cost of Sales had increased by 17% primarily due to increase in US\$ cost of wheat and peso depreciation resulting to a lower gross margin. The lease rental from one of the subsidiaries amounting to P223.74 million contributed a lot in generating a Net Income for the year of P138.17 million as compared to P192.42 million in 2020.

As of the year ended December 31, 2021, the total gross income amounted to P362.62 million, as compared to December 31, 2020 which was only P312.04 million for an increase of 16%. Gross income was accounted as coming from the gross profit from the sale of the company's products, rental and real estate income, interest income, and dividend income. Operating expenses and finance costs amounted to P214.03million and P178.12million, respectively. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

The total combined assets amounted to P4.20 billion in CY2021 compared to P4.13 billion in PY2020 which was an increase by 2%. The total combined liabilities for CY2021 amounted to P1.34 billion which is higher by 4%, vs. P1.29 billion in 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.

For the year 2021 there were one-off transactions which had a material effect on the Company's financial statements.

Below is a discussion of material changes of accounts which had increased or decreased by 5% or more in CY2021 as compared to PY2020:

Financial Assets at FVTPL – The significant increase made in 2021 is because of the reclassification on the recognition and acquisition made by one of the subsidiaries as shown in the statement of cash flows.

Inventories – The significant decrease of 46.60% in inventory is due to timing difference as the usual order quantity for the wheat requirements was delayed for the following month/year.

Financial assets at FVOCI – There has been material changes of the account because of the fair value changes at the end of the year.

Accrued Rent– The increase in Accrued Rent is partly due to additional rental spaces during the year and because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement per PAS 17 on Lease.

Other Noncurrent Assets – The decrease for other noncurrent assets pertain to the reclassification of account for the purchase of new machineries, being installed but not yet operational to construction in progress.

Notes payable – Decreased by 76.4% because one of the Company's subsidiaries, LPC paid P443.34 million during the year for the previously availed loans.

Income Tax Payable – Income tax payable increase due to recognition of tax payable from one of its subsidiaries.

Long-term leases - The increase is because of the adjustment made on the recognition of rental income using straight line method based on the terms of the lease agreement PAS 17 on Lease.

Accrued Retirement Liability – The decrease is primarily due to changes in actuarial valuation.

Summary of 2024 and 2025 Forecasted Financial Statements

The Company has prepared financial projections for the years ending December 31, 2024 and 2025. The Company expects there will be a turnaround in CY 2024 and 2025 as net income is projected in flour business.

The Company has approved capital expenditures for the year 2024 about P67 – P80 million .

As the forecast is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties beyond the Company's control, there can be no assurance that the forecast will be realized. Actual results may be materially different from those shown in the forecast. Under no circumstances should the inclusion of the forecasted financial statements be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions, or that the Company will achieve or is likely to achieve the particular results.

Management Discussion of Future Plans for Operation

The Company intends to finalize the sale of its property in Arnaiz Ave. Makati City to its majority owned subsidiary to focus on flour milling and other related businesses on or before November 30, 2024.

7. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The Company's consolidated audited Financial Statements for the year ended 31 December 2023 is attached as Annex "A" of this Report.

8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING DISCLOSURE

There have been neither changes in nor disagreements with accountants on accounting and financial disclosure.

In compliance with the Code of Corporate Governance and SEC memorandum Circular No.8, Series of 2003, the Corporation replaced its former external auditor, KPMG Manabat Sanagustin (formerly, Laya Mananghaya & Co.) with Sycip Gorres Velayo & Co. effective October 2007.

The Company paid P1,645,000 net of VAT and OPE, for the audit services for the group.

In the selection of auditors, the audit committee give nominations to the Board which, the Board along with the stockholders select and approve during the annual stockholders' meeting.

PART III - CONTROL AND COMPENSATION INFORMATION

9. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The Articles of Incorporation of the Company provide that the Directors of the Company shall hold office for one (1) year and until their successors are elected and qualified.

The Directors of the Company are as follows:

Name of Directors	Age	Citizenship	Position
John Carlos Uy	73	Filipino	Chairman of the Board
William Carlos Uy	81	Filipino	Chairman Emeritus
Sandra Judy Uy	46	Filipino	Director
Vicente S. Vargas	67	Filipino	Director
William L. Ang	73	Filipino	Director
David Ng*	62	Filipino	Director
Jose Ma. S. Lopez	79	Filipino	Director
Jose S. Jalandoni	68	Filipino	Director
Lourdes Elisa J.g Chan	63	Filipino	Director
Daniel R. Maramba	50	Filipino	Director
Jose A. Feria Jr.*	75	Filipino	Director

* Independent Director

The Senior Management of the Company is as follows:

Name	Age	Citizenship	Position
Sandra Judy Uy	46	Filipino	President
Jose Ma. S. Lopez	79	Filipino	Senior Vice President & Treasurer
Vicente S. Vargas	67	Filipino	Corporate Secretary

Following is a brief description of the respective backgrounds of the Company's directors and senior management, who have all been nominated for another term, their respective ages and involvement in other businesses for the past five (5) years:

William Carlos Uy. 81 years old. He is the Chairman Emeritus of the Company. He is presently the President of Parity Values, Inc. and UPCC Securities Corporation. He also serves as the Vice Chairman of UPCC Holdings Corporation and a Corporate Treasurer of Malayan Bank.

John Carlos Uy. 73 years old. He serves as the Chairman of the Board of Directors. He also serves as a director and the general manager of Parity Values, Inc., one of the stockholders of the Company.

Vicente S. Vargas. 67 years old. He is a director and Corporate Secretary of the Company. He is also the President of JM Brenton Industries, Inc., JM Processing & Freezing Services, Inc., JM Cold Storage, Inc., JM Kool Corporation. He also serves as the Executive Vice-President and Chief Operating Officer of JM & Company, Inc. and Treasurer of McJola, Inc. and L&J Agricultural, Inc.

William L. Ang, 73 years old. He is a Director of the Company. He serves as Vice President and Treasurer of LFM Properties Corporation (LPC). Mr. Ang holds the position of First Vice President and Treasurer of Parity Values, Inc. He is also a stockholder and Treasurer of Trade Demands Corporation and a Director of Securities Clearing Corporation of the Philippines.

Jose Ma. S. Lopez. 79 years old. He is a director and Senior Vice President and Treasurer of the Company. Likewise, he is a Director in other corporations including Agchem Manufacturing Corporation, LFM Properties Corporation and Liberty Commodities Corporation. He is also the Senior Vice President for Lopez Sugar Corporation.

Jose S. Jalandoni. 68 years old. He is a director of the Company and Audit Committee Member. He serves as the President of LFM Properties Corporation (LPC). He is currently the Chairman of Valueline Realty Development Corp and Unicomm Ingredients Phils Inc., Chairperson of Kanlaon Farms, Inc., Vice Chairman of Enterprise Car Lease Phils Inc, President of Beechwood Corp and Percom OPC., He also serves as Corporate Secretary of Kanlaon Development Corporation, Piliwood Bacolod Corp, Jayjay Realty Corporation JM & Company, Inc., Assistant Treasurer of JM Profreeze, Assistant Corporate Secretary of JM Brenton, and Director and Officer in Charge in Agchem Manufacturing Corporation.

David Ng, 62 years old. He is an independent director of the Company. He is presently holding the President of Merlin Mining Corporation, Sandalfold Estate Development Corporation, and Lucky Jade Corporation. He is also the General Manager of New RTC International Co., Inc., Administrator of Logic Pacific, Inc. and a Partner in CNP Architects. He also serves as an independent Director of LFM Properties Corporation (LPC).

Lourdes Elisa J. Chan, 63 years old. She is a Director of the Company. She is the Treasurer & Board Member of Kanlaon Development Corporation; Kanlaon Farms, Inc. and Jayjay Realty Corporation; Board Member of JM & Company; Alegria Development Corporation and Valueline Realty & Development Corporation.

Sandra Judy Uy. 46 years old. She serves as a President of the Company. She is also a director of Uniguarantee Insurance Brokerage, Inc.

Daniel R. Maramba. 50 years old. He is a Director of the Company. He is also the President of Agchem Manufacturing Corp.; Treasurer of New Now Next, Inc. and Mac2 Group Manila, Inc. and Director of Uniguarantee Insurance Brokerage, Inc.

Jose A. Feria Jr., 75 years old. He serves as the Company's Independent Director. He is presently the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria holds the Chairman position for the following Companies: Assessment Analytichs, Inc., Cyan Management Corporation, Philippine Multi-media Systems, Inc., MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Spencer Food Corp., Vinnel Belvoir Corp. and Padre Burgos Realty, Inc. He also serves as Vice Chairman of Directories Philippines Corp. Moreover, Atty. Feria is a Director of the following Companies: LFM Properties Corporation., EYP.PH Corporation, AeroAsia, Inc., HL&F Management Corp., Macawiwili Gold Mining & Development Corporation, Metropolitan Insurance Corp., Montecito Properties, Inc, Padre Burgos, Pru-Life Insurance Corp.-UK,

Telephilippines Inc. and lastly, he is the Corporate Secretary of AisAsia Inc., All Asian Counter Tarde, Inc., Felvisol Development Corp. and Sanara Inc.

All the directors and officers of the Company possess a high degree of integrity and character and are fully capable and able to perform their duties as directors and officers, respectively. None of the directors or officers has been declared bankrupt nor has there been any petition filed by or against any of the directors, nor to any businesses of which they were a part of. Nor have any of them been convicted of any crime, domestic or foreign and there are no criminal proceedings presently pending against any of them. Nor have any of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

10. Executive Compensation

The aggregate compensation paid to the Company's Executive Officers for the years 2023 and 2022 are P10.18million and P10.78million respectively.

Information as to the aggregate compensation paid or accrued by the Company during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and Two (2) most highly compensated executive officers, namely, Jose Ma. S. Lopez and Sandra Judy Uy are as follows:

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Sandra Judy Uy	President	2024	₱10.35 million	₱8.43 million	₱1.92 million
Jose Ma. S. Lopez	SVP-Treasurer				
Stella Marie Jill Uy	VP Purchasing / Asst. Treasurer				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
Sandra Judy Uy	President	2023	₱10.18 million	₱8.27 million	₱1.91 million
Jose Ma. S. Lopez	SVP-Treasurer				
Stella Marie Jill Uy	VP Purchasing / Asst. Treasurer				

In Million Pesos

Name	Position	Year	Total Compensation	Compensation	Bonus & Others
William Carlos Uy	Chairman & President	2022	₱10.78 million	₱8.90 million	₱1.88 million
Sandra Judy Uy	SVP Manufacturing				
Jose Ma. S. Lopez	SVP-Treasurer				
Stella Marie Jill Uy	VP Purchasing / Asst. Treasurer				

11. Security Holders

As of December 31, 2023, there are 447 holders of **common shares** of stocks of the Company.

The top 20 stockholders of the Company as of December 31, 2023 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Parity Values, Inc.	59,891,231	39.93%
2.)	PCD Nominee Corp.(F)	49,267,583	32.85%
3.)	Bacsay Management Corp.	5,589,742	3.73%
4.)	Sebring Management Corp.	3,122,102	2.08%
5.)	E.K.I Tourist Dev. Corp.	2,855,505	1.90%
6.)	L & J Agricultural Inc.	2,417,841	1.61%
7.)	Moreno, Jose Jr.	928,277	0.62%
8.)	Lopez Jr., Eduardo	915,468	0.61%
9.)	Pulmones, Amelia Kalaw	913,613	0.61%
10.)	Carvina Farms Inc.	769,920	0.51%
11.)	Feria, Paula K.	737,112	0.49%
12.)	Lopez, Jose Ma. S.	735,647	0.49%
13.)	Fajardo, Erwin M.	697,337	0.46%
14.)	Kalaw, Regina	628,116	0.42%
15.)	Hsu, Philip	602,405	0.40%
16.)	Galan, Norma Yu	524,745	0.35%
17.)	Fajardo, Eric	521,796	0.35%
18.)	Javellana, Maria Teresa V.	509,493	0.34%
19.)	Maramba III, Felix R.	487,934	0.33%
20.)	Quiros, Ma. Cristina V.	475,344	0.32%

12. Certain Relationships and Related Transactions

Some of the directors of the Company are also directors and stockholders of the different distributors of the different brands of flour of the Company. All transactions, however, between the Company and the distributors are at arm's length transactions and above board.

Family Relationships

William Carlos Uy and John Carlos Uy are brothers. Sandra Judy Uy is the daughter of William Carlos Uy and niece of John Carlos Uy. Likewise, Jose S. Jalandoni and Lourdes Jalandoni Chan are siblings. Jose S. Jalandoni, Lourdes Jalandoni Chan, Jose Ma. S. Lopez and Vicente S. Vargas are first cousins.

Other than the above, the Company is not aware of any family relationships among the directors, senior management or persons nominated or chosen by the Company to become directors or senior managers.

PART IV – CORPORATE GOVERNANCE

13. COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

The Company continues to abide by the duly adopted Manual on Corporate Governance of the Company (the “Manual”) and the Code of Corporate Governance promulgated by the Securities and Exchange Commission. Pursuant thereto, the Company appointed Ms. Maria Elisa G. Ledesma, as the Compliance Officer of the Company to ensure the Company’s adherence to corporate principles and best practices and monitor compliance with the provisions and requirements of the Manual.

In addition to the Audit Committee composed of David Ng as Chairman and Jose S. Jalandoni and Jose A. Feria, Jr. as members. The Company also constituted its Nomination Committee and appointed Jose A. Feria, Jr. as its Chairman with Vicente S. Vargas and Lourdes J. Chan as members. The Company also created its Compensation and Remuneration Committee composed of David Ng as Chairman and Jose Ma. S. Lopez and William L. Ang as members. Furthermore, the Company created its Risk Oversight Committee appointed Jose A. Feria, Jr. as Chairman with David Ng and William L. Ang as members.

There have been no deviations for the past year from the Company’s Manual of Corporate Governance.

The Company continuously reviews and evaluates its Manual in order to ensure that the Company’s practices are compliant with leading practices on good corporate governance.

PART V – EXHIBITS AND SCHEDULES

Also attached in this report the following attachments:

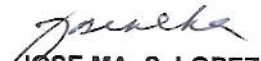
- Annex A - Consolidated Financial Statement
- Annex B – Sustainability Report
- Annex C – Parent Audited Financial Statement

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on the 26th of April, 2024.

By:


SANDRA JUDY UY
President


JOSE MA. S. LOPEZ
SVP Treasurer

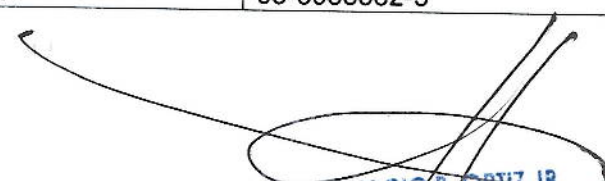

VICENTE S. VARGAS
Corporate Secretary


MARIA LUISA L. QUIZON
Chief Accountant

SUBSCRIBED AND SWORN to before me this _____ day of APR 26 2024 affiant(s) exhibiting to me their Social Security System IDs, as follows:

Name	TIN
Sandra Judy Uy	33-5986681-1
Jose Ma. S. Lopez	03-1212721-5
Vicente S. Vargas	03-5142687-0
Maria Luisa L. Quizon	03-3938582-3

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Series of 2024.


ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729- Lifetime Member
MCLE Compliance No. VII-0022734
valid until April 14, 2025
Appointment No. M-39 (2023-2024)
PTR No. 10073909 Jan. 2, 2024 / Makati
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City