

12. Check whether the registrant:

- (a) has filed all reports required to be filed by Section 11 of the Securities Regulation Code (SRC) and SRC rule 11 (a) – 1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such report(s);

Yes ()

No ()

- (b) has been subject to such filing requirements for the past 90 days.

Yes ()

No ()

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited interim financial statements of Bogó-Medellin Milling Co., Inc. (“the Company”) as of and of the period ended June 30, 2021 (with comparative figures as of September 30, 2020 and for the period ended June 30, 2020) and selected Notes to the Interim Financial Statements is hereto attached as **Annex “A”**.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The information required by Part III, Paragraph (A)(2)(b) of “Annex C, as amended” is attached as **Annex “B”**.

PART II – OTHER INFORMATION

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant **BOGO-MEDELLIN MILLING CO., INC.**

Signature and Title **ANTHONY M. BALUYOT, Chief Financial Officer**

Date **AUGUST 20, 2021**

Principal Financial/Accounting Officer/Controller:

Signature and Title **ALFRED Y. ACOPAN, Director & President**

Date **AUGUST 20, 2021**

Annex "A"

BOGO-MEDELLIN MILLING CO., INC.

INTERIM FINANCIAL STATEMENTS

BOGO-MEDELLIN MILLING CO., INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(PHP '000)**

	Unaudited JUNE 2021	Audited September 2020
ASSETS		
Current Assets		
Cash and cash equivalents	P21,058	P26,503
Short-term investments	P-	P2,000
Receivables - net	P26,488	P8,540
Due from a subsidiary - net	P-	P-
Inventories - net	P107,947	P74,087
Prepaid expenses and other current assets	P24,287	P23,068
Total Current Assets	179,780	134,198
Noncurrent Assets		
Property, plant and equipment - net	126,851	140,318
Deferred tax assets	16,773	16,773
Other noncurrent assets - net	9,197	9,187
Total Noncurrent Assets	152,821	166,278
	332,601	P300,475
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other current payables	201,520	37,924
Income tax payable	0	-
Dividends payable	441	441
Short-Term Loans	27,434	28,937
Total Current Liabilities	229,395	67,302
Noncurrent Liability		
Retirement benefit obligation	13,298	P13,287
Total Liabilities	242,693	80,589
Equity		
Capital stock	60,000	60,000
Additional paid-in capital	11	11
Stock dividends distributable	150,000	150,000
Retirement benefits reserve	11,877	11,887
Retained earnings	0	-
Appropriated	0	-
Unappropriated	-131,980	(2,012)
Total Equity	89,908	219,886
	332,601	300,475

BOGO-MEDELLIN MILLING CO., INC.**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED JUNE 30**

	Unaudited 2021	Unaudited 2020
CAPITAL STOCK - P10 par value per share		
Authorized and issued - 6,000,000 common shares	P60,000	P60,000
RETIREMENT BENEFIT RESERVE	11,877	12,450
ADDITIONAL PAID-IN CAPITAL	11	11
Stock Dividends Distributable	150,000	150,000
RETAINED EARNINGS		
Appropriated		
Balance at beginning of year	-	-
Appropriation for the year	-	-
Balance at end of year	-	-
Unappropriated		
Balance at beginning of year	(116,082)	7,051
Appropriation for the year	-	-
Dividend declared for the year	-	-
Net income (loss) for the year	(15,898)	(86,057)
Balance at end of year	(131,980)	(79,006)
Total Retained Earnings	(131,980)	(79,006)
	P89,908	P143,455

BOGO-MEDELLIN MILLING CO., INC.		
CONSOLIDATED STATEMENTS OF CASH FLOWS		
FOR THE NINE MONTHS ENDED JUNE 30		
(PHP '000)		
	Unaudited 2021	Unaudited 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(15,899)	(P86,057)
Adjustments for:	0	P-
Depreciation and amortization	23,111	P22,033
Interest income	11,657	P3,407
Provision for sugar losses	0	P13,337
Operating income before working capital changes	18,869	-47,280
Decrease (increase) in:	0	0
Receivables	(18,798)	(23,659)
Inventories	(23,207)	(8,364)
Prepaid expenses and other current assets	(5,425)	(1,340)
Increase (decrease) in trade and other current payables	170,602	83,392
Cash generated from operations	142,041	2,749
Income taxes paid	0	0
Interest received	11,656	13,337
Net cash provided by (used in) operating activities	153,697	16,086
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in due from a subsidiary	(166,573)	0
Decrease (increase) in other noncurrent assets	(11)	(1,184)
Additions to property, plant and equipment	8,273	(13,737)
Placements of short-term investments	0	0
Net cash used in investing activities	(158,311)	(14,921)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	0	0
Net cash provided by (used in) financing activities	0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVA	(4,614)	1,165
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	25,672	40,645

BOGO-MEDELLIN MILLING CO., INC.
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE
INCOME
FOR THE THREE MONTHS ENDED JUNE 30

	<i>(in Thousands)</i>	
	Unaudited 2021	Unaudited 2020
SALES		
Raw sugar	P42,656	P35,846
Molasses	12,636	P9,882
	55,292	45,728
COST OF SALES	39,864	59,882
GROSS PROFIT	15,428	(14,154)
GENERAL AND ADMINISTRATIVE EXPENSES	11,829	7,510
	3,599	(21,665)
OTHER INCOME - net	9,184	3,927
INCOME (LOSS) FROM OPERATIONS	12,784	(17,738)
FINANCE COST	-	-
INCOME (LOSS) BEFORE INCOME TAX	12,784	(17,738)
INCOME TAX EXPENSE (BENEFIT)	-	-
NET INCOME (LOSS)	P12,784	(17,738)
TOTAL COMPREHENSIVE INCOME (LOSS)	P12,784	(17,738)
NO. OF SHARES ISSUED AND OUTSTANDING	6,000,000	6,000,000
EARNINGS (LOSS) PER SHARE	P2.13	(P2.96)

BOGO-MEDELLIN MILLING CO., INC.
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE
INCOME
FOR NINE MONTHS ENDED JUNE 30
(PHP '000)

	Unaudited 2021	Unaudited 2020
SALES		
Raw sugar	P161,527	P118,073
Molasses	26,144	29,070
	187,671	147,143
COST OF SALES	180,302	215,522
GROSS PROFIT	7,369	(68,379)
GENERAL AND ADMINISTRATIVE EXPENSES	33,605	25,697
	(26,236)	(94,076)
OTHER INCOME - net	10,339	8,018
INCOME (LOSS) FROM OPERATIONS	(15,897)	(86,058)
FINANCE COST	-	-
INCOME (LOSS) BEFORE INCOME TAX	(15,897)	(86,058)
INCOME TAX EXPENSE (BENEFIT)	-	-
NET INCOME (LOSS)	(P15,897)	(86,058)
TOTAL COMPREHENSIVE INCOME (LOSS)	(P15,897)	(86,058)
NO. OF SHARES ISSUED AND OUTSTANDING	6,000,000	6,000,000
EARNINGS (LOSS) PER SHARE	(P2.65)	(P14.34)

BOGO-MEDELLIN MILLING CO., INC.
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Reporting Entity

Bogo-Medellin Milling Co., Inc. (the “Company”) is a corporation organized in the Philippines on June 4, 1928 with an original corporate life of 50 years until June 4, 1978. The corporate life was extended for another 50 years. The primary purpose of the Company is to produce, buy, manufacture, refine, mill, import, export, sell, exchange, hypothecate, pledge, and generally deal in, store, ship, transport and carry sugar, sugar cane, sugar beets, molasses, syrups and related products.

The Company’s shares of stock are listed and traded in the Philippine Stock Exchange since September 28, 1950. The Company also has investment in the shares of stock of BOMEDCO Agricultural Corporation (BAC), a wholly-owned subsidiary engaged primarily in leasing agricultural land to be cultivated for sugar cane farming.

Company operations during the year covered two seasons; the milling and the off-season. The commencement of the milling season is variable depending on the availability of raw materials, which are, the matured sugar canes. This fiscal year, milling season started on November 30, 2020. It is during the milling season that the company earned revenues derived from its share of the sugar & molasses produced. As no revenue is earned during the off-season, it is a company accounting practice to provide an estimate for off-season expenses based on sugar production. This has been consistently applied in the previous years.

Immediately after the milling season, the off-season starts. During this period, repairs and maintenance work of the factory including its machineries, equipment and vehicles are being done in preparation for the next milling season. It is in this period too, that most of the planters’ farms are cultivated until the sugar canes reach maturity and are ready for harvesting and milling. Albeit, these activities are applied and done outright in some farms after the crop is harvested.

The Company has its principal office and mill site at Luy-a, Medellin, Cebu.

2. Basis of Preparation

Statement of Compliance

The interim financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Measurement

The interim financial statements have been prepared using the historical cost basis.

Functional and Presentation Currency

These interim financial statements are presented in Philippine peso, which is the Company’s functional currency. All financial information is rounded off to the nearest thousand, unless otherwise indicated.

Use of Estimates and Judgments

The preparation of the interim financial statements in conformity with PFRSs requires the Company to make judgments, estimates and assumptions that affect the application of

policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the interim financial statements is discussed in Note 4.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these separate financial statements.

Adoption of New or Revised Standards, Amendments and Improvements to Standards and Interpretations

The Company has adopted the following amendments to standards and interpretations starting October 1, 2013 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Company's financial statements:

- *Presentation of Items of Other Comprehensive Income* (Amendments to PAS 1). The amendments:
 - require that an entity present separately the items of other comprehensive income (OCI) that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
 - do not change the existing option to present profit or loss and other comprehensive income in two statements; and
 - change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

The amendments do not address which items presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRSs continue to apply in this regard.

- Philippine Interpretations Committee Question and Answer (PIC Q&A) No. 2011-03 *Accounting for Inter-company Loans* provides guidance on how should an interest free or below market rate loan between group companies be accounted for in the separate/ stand-alone financial statements of the lender and the borrower (i) on the initial recognition of the loan; and (ii) during the periods to repayment.

New or Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and improvements to standards and interpretations are effective for annual periods beginning after October 1, 2012, and have not been applied in preparing these interim financial statements. None of these is expected to have a significant effect on the interim financial statements except for PFRS

9 (*Financial Instruments*), PFRS 12 (*Disclosure of Interests in Other Entities*) and PAS 19 (*Employee Benefits*), which become mandatory, upon effectivity of such improvements, for the Company's financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt these standards early and the extent of which is not yet determinable.

Adopted on October 1, 2013

- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)*. These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are:
 - offset in the statement of financial position; or
 - subject to enforceable master netting arrangements or similar agreements

They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position. These amendments will be effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods and are to be applied retrospectively.

- *PFRS 10 Consolidated Financial Statements*

PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees.

An investor controls an investee when:

- it is exposed or has rights to variable returns from its involvement with that investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

Control is re-assessed as facts and circumstances change.

PFRS 10 supersedes PAS 27 (2008) *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12 *Consolidation - Special Purpose Entities*. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- *PFRS 12 Disclosure of Interests in Other Entities*

PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate:

- the nature of, and risks associated with, an entity's interests in other entities; and
- the effects of those interests on the entity's financial position, financial performance and cash flows.

This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to PFRS 10, PFRS 11, and PFRS 12)*

The amendments simplify the process of adopting PFRSs 10 and 11, and provide relief from the disclosures in respect of unconsolidated structured entities. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from the disclosures that could have been onerous. The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged. In addition, the date of initial application is now defined in PFRS 10 as the beginning of the annual reporting period in which the standard is applied for the first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its investees. These amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- *PFRS 13 Fair Value Measurement*

PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- *PAS 19 Employee Benefits (Amendment 2011)* includes the following requirements:
 - actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and
 - interest income recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

The Company has applied the relevant transitional provisions of the amended standard on a restrospective basis and provided more extensive disclosures.

- *PAS 27 Separate Financial Statements (2011)*

PAS 27 (2011) supersedes PAS 27 (2008). PAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- *Annual Improvements to PFRSs 2009 – 2011 Cycle – various standards* contain amendments to five standards with consequential amendments to other standards and interpretations. The amendments are effective for annual periods beginning on or after January 1, 2013. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the interim financial statements of the Company:

- *PAS 1 Presentation of Financial Statements – Comparative Information beyond Minimum Requirements.* This is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with PFRSs.

For example, if an entity elects to present a third statement of comprehensive income, then this additional statement should be accompanied by all related notes, and all such additional information should be in accordance with PFRSs. However, the entity need not present:

- other primary statements for that additional comparative period, such as a third statement of cash flows; or
- the notes related to these other primary statements.

- *PAS 1 – Presentation of the Opening Statement of Financial Position and Related Notes.* This is amended to clarify that:

- the opening statement of financial position is required only if:
 - a change in accounting policy;
 - a retrospective restatement; or
 - a reclassificationhas a material effect upon the information in that statement of financial position;
- except for the disclosures required under PAS 8, notes related to the opening statement of financial position are no longer required; and
- the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements.

The amendment explains that the requirements for the presentation of notes related to additional comparative information and those related to the opening statement of financial statements are different, because the underlying objectives are different.

Consequential amendments have been made to PFRS 1 and PAS 34 *Interim Financial Reporting*.

- *PAS 16 Property, Plant and Equipment – Classification of Servicing Equipment.* This is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in PAS 16 is now considered in determining whether these items should be accounted for

under that standard. If these items do not meet the definition, then they are accounted for using PAS 2 *Inventories*.

- PAS 32 *Financial Instruments Presentation – Income Tax Consequences of Distributions*. This is amended to clarify that PAS 12 *Income Taxes* applies to the accounting for income taxes relating to:
 - distributions to holders of an equity instrument; and
 - transaction costs of an equity transaction.

This amendment removes a perceived inconsistency between PAS 32 and PAS 12. Before the amendment, PAS 32 indicated that distributions to holders of an equity instrument are recognized directly in equity, net of any related income tax. However, PAS 12 generally requires the tax consequences of dividends to be recognized in profit or loss.

A similar consequential amendment has also been made to Philippine Interpretation IFRIC 2 *Members' Share in Co-operative Entities and Similar Instruments*.

To be Adopted on October 1, 2014

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32)*. These amendments clarify that:
 - An entity currently has a legally enforceable right to set-off if that right is:
 - not contingent on a future event; and
 - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
 - Gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that:
 - eliminate or result in insignificant credit and liquidity risk; and
 - process receivables and payables in a single settlement process or cycle

These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively.

- *Recoverable Amount Disclosures for Non-Financial Assets (Amendments to PAS 36)*. These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less cost of disposal.

The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied PFRS 13.

To be Adopted on October 1, 2015

- Philippine Interpretation IFRIC 21, *Levies*. This interpretation provides guidance on accounting for levies in accordance with the requirements of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation confirms that an entity recognizes a liability for a levy when, and only when, the triggering event specified in the

legislation occurs. An entity does not recognize a liability at an earlier date even if it has no realistic opportunity to avoid the triggering event. Other standards should be applied to determine whether the debit side is an asset or expense. Outflows within the scope of PAS 12, *Income Taxes*, fines and penalties, and liabilities arising from emission trading schemes are explicitly excluded from the scope.

Philippine interpretation IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The interpretation is applied retrospectively. Earlier application is permitted.

- **Defined Benefit Plans: Employee Contributions (*Amendments to PAS 19*).** The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

The amendments apply retrospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted.

To be adopted (No definite date – Originally January 1, 2015)

- **PFRS 9, *Financial Instruments* (2009), PFRS 9, *Financial Instruments* (2010) and PFRS 9, *Financial Instruments* (2013)**

PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities.

PFRS 9 (2013) introduces the following amendments:

- A substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.
- Changes to address the so-called ‘own credit’ issue that were already included in the PFRS 9 *Financial Instruments* to be applied in isolation without the need to change any other accounting for financial instruments; and
- Removes the January 1, 2015 mandatory effective date of PFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

Under the prevailing circumstances, the adoption of the above new or revised standards, amendments and improvements to standards and interpretation is not expected to have any material effect on the Company’s interim financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these interim financial statements.

Financial Assets

The Company recognizes a financial asset in the interim statements of financial position when it becomes a party to the contractual provisions of the instrument. The Company’s financial assets include loans and receivables and available-for-sale (AFS) financial asset.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are initially recognized at fair value, representing the original invoice amount and subsequently carried at amortized cost in the interim statements of financial position. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within twelve months of the reporting date. Otherwise, these are classified as noncurrent assets.

The Company's financial assets categorized under Loans and Receivables include cash and cash equivalents, short-term investments and receivables (presented in the interim statements of financial position as "Receivables" and "Due from a subsidiary" accounts).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of change in value and are used by the Company in management of its short-term commitments. These are initially recognized at fair value and subsequently measured at amortized cost.

Short-term investments

Short-term investments refer to investments which do not qualify as cash and cash equivalents because maturity of such investment is more than three months but less than one year. These are initially recognized at fair value and subsequently measured at amortized cost.

AFS Financial Asset

AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Changes in the fair value of such assets are accounted for as other comprehensive income and included in equity. These financial assets are classified as noncurrent assets unless there is intention to dispose of such assets within twelve months from the reporting date.

The fair value of AFS investments that are actively traded in organized financial markets is determined in reference to quoted market bid prices at the close of business of the reporting date. For AFS investments where there is no active market, fair value is determined using valuation techniques. However, where fair value cannot be determined reliably, investment can be accounted at cost less impairment loss, if any.

The Company's AFS financial asset pertains to equity investment at cost.

Equity investment at cost represents investment holdings that the Company originally intends to hold for long-term for strategic purposes. Accordingly, the Company recognized this investment at cost less allowance for impairment losses because this investment does not have a quoted market price in an active market and its fair value cannot be measured reliably. An assessment for impairment is undertaken at least each reporting date whether or not there is objective evidence that the financial asset is impaired.

Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument, normally in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. The Company's financial liabilities are categorized as other financial liabilities.

Other Financial Liabilities

These include non-derivative liabilities that are not carried at fair value through profit or loss (FVPL) and are recognized initially at fair value and carried at amortized cost with the amortization determined using the effective interest method.

The Company's other financial liabilities include loans payable and trade and other current payables excluding payable to regulatory agencies.

Loans Payable

These are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized.

Trade and Other Current Payables

These include liabilities that are not carried at fair value through profit or loss (FVPL) and are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the Interim statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented at gross in the interim statements of financial position.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that financial assets not carried at FVPL are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Financial Assets at Amortized Cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses the group for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Company on terms that it would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In assessing the Company's receivables, the Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the debtor, their payment behavior and known market factors.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of the estimated cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

Segment Reporting

Operating segments provide services that are subject to risks and returns that are different from those of other operating segments. The Company's only reportable operating segment is the sugar milling.

The Company has not presented segment information because, at present, the Company has only one segment in operation (i.e., sugar milling). Operating results of the Company's only operating segment are reviewed by the BOD, the chief operating decision maker (CODM) of the Company, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. CODM believes that segment reporting is more appropriate to enterprises offering group of products and services or operating in different operating units that are subject to differing rates of profitability, opportunities for growth, future prospects and risks that are relevant in assessing the risks and returns of a diversified or multinational entities.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV).

Costs incurred in bringing each product to its present location or condition comprised of and are accounted for as follows:

- *Raw sugar* - determined on weighted average method; cost includes the cost of direct labor and a proportion of manufacturing overhead based on normal operating capacity.
- *Spare parts and supplies* - determined on weighted average method; cost includes all costs directly attributable to acquisition such as the purchase price, freight and taxes that are not subsequently recoverable from taxing authorities such as import duties.

NRV of raw sugar inventory is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. NRV of spare parts and supplies is the current replacement cost.

Molasses, a sugar by-product, has no assigned cost and is recognized as income when sold. Also, the Company provides an allowance to reduce inventories to NRV due to deterioration, damage, breakage and technological changes. The allowance to reduce inventories to NRV is determined using the specific identification at the time of physical count, which is taken at least once a year.

Investment in a Subsidiary

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when a parent company owns, directly or indirectly through its subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

Investment in shares of a subsidiary is recorded at cost in the interim financial statements, less any impairment loss. If there is objective evidence that the investments in shares of subsidiary will not be recovered, an impairment loss is provided. Impairment loss is measured as the difference between the carrying amount of the investment and the estimated recoverable amount. The amount of impairment loss is recognized in profit or loss.

Property, Plant and Equipment

Except for land and construction in progress which is carried at cost less impairment losses, if any, the Company's property, plant and equipment are carried at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property, plant and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Construction in progress is stated at cost which includes the cost of materials, direct labor, and an appropriate proportion of production overhead. Construction in progress is not depreciated until such time that the relevant assets are completed and are available for use.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets or in the case of leasehold improvements, whichever is shorter between the estimated useful lives and the term of the lease, as follows:

	<u>Number of Years</u>
Land improvements	5 - 15
Buildings and leasehold improvements	5 - 40
Machinery and equipment	5 - 20
Furniture, fixtures and other equipment	3 - 15

The useful lives and depreciation and amortization methods are reviewed at each reporting date to ensure that the period and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets. Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect to those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain and losses, arising from the retirement or disposal is recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of Nonfinancial Assets

The carrying values of the Company's nonfinancial assets (property, plant and equipment, investment in a subsidiary and other nonfinancial assets) are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating

unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the estimated future cash flows expected to be derived from an asset or cash-generating unit discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss. The increased carrying amount of an asset or cash-generating unit other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Equity Instrument

An equity instrument is any contract that evidences residual interest in the assets of the Company after deducting all of its liabilities.

Capital stock is classified as equity and is determined using the nominal value of shares that have been issued. Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

An entity's own equity instruments are not recognized as a financial asset regardless of the reason for which they are reacquired. When the entity reacquires its own equity instruments, they are deducted from total equity as treasury shares.

Retained earnings include all current and prior period results as disclosed in the profit or loss less any dividends declared. Dividends are recorded in the period in which the dividends are approved by the BOD.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of the applicable tax, discount and rebate, if any. The following specific recognition criteria must also be met before revenue is recognized:

- *Sales of raw sugar and molasses* are recognized upon invoicing which coincides with endorsement and transfer of quedans and molasses warehouse receipts, respectively, when the customer has accepted the products, and collectability of the related receivables is reasonably assured.
- *Other income such as interest income, income from scrap sales, income from sale of raw sugar and molasses overages, gain from sale of equipment, among others*, are recorded when earned. Interest income on bank deposits is presented net of final tax.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss upon utilization of the service or at the date they are incurred. Borrowing costs, not capitalized, are charged to income in the period they are incurred using the effective interest method.

Retirement Cost

The Company has a funded, non-contributory retirement plan covering all qualified employees. The plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The cost of providing benefits every year is valued by a qualified independent actuary. The obligation and costs of retirement are determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial valuation is performed by an independent actuary with sufficient regularity that the amounts recognized in the interim financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The present value of the retirement benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms which approximate the terms of the related retirement liability.

Gains and losses on the curtailment or settlement of retirement benefits are recognized when the curtailment or settlement occurs. Actuarial gains and losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains and losses exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at the end of previous reporting period. These gains and losses are recognized over the expected average remaining working lives of the employees covered.

The liability recognized in the interim statements of financial position in respect of defined benefit plan is the present value of the defined retirement benefit obligation at the reporting date less the fair value of the plan assets together with adjustments for unrecognized actuarial gains or losses and past service cost, if any.

Operating Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Income Taxes

Income tax expense comprises current and deferred income tax. Current income tax and deferred income tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The deferred tax assets are reviewed at each reporting date and reduced, if appropriate.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or either tax assets and liabilities will be realised simultaneously.

Provisions and Contingencies

A provision is a liability of uncertain timing or amount. It is recognized when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle that obligation; and a reliable estimate can be made.

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company. When it is not probable that an outflow of economic benefits will be required or the amount cannot be estimated reliably, contingent liability is disclosed, unless the probability of outflow of economic benefits is remote.

A contingent asset is an asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. This is not recognized in the interim financial statements but disclosed when an inflow of economic benefit is probable.

Related Parties

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Events after the Reporting Period

The Company identifies post year-end events as events that occurred after the reporting date but before the date when the interim financial statements were authorized for issue. Any post year-end events that provide additional information about the Company's

financial position at reporting date (adjusting events) are reflected in the interim financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the interim financial statements when material.

4. Accounting Estimates and Judgments

The following are the critical judgments and key estimates and assumptions that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year and/or in future periods:

Operating Lease Commitments

The Company has leased certain transloading stations from third parties under the operating lease arrangements. The Company has determined that all significant risks and rewards of ownership from these properties remain with the lessor.

Contingencies

The Company is currently involved in some legal proceedings. Estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results.

For the remaining pending cases, the Company, in consultation with outside legal counsel, currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

Estimating Impairment Losses on Receivables

The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Company's relationship with its customers, their payment behavior and known market factors. The amount and timing of recorded expenses for any period would differ if the Company made different judgment or utilized different estimates.

Determining the NRV of Inventories

In determining the NRV of inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Company's business is subject to changes which may cause inventory obsolescence and the nature of the Company's inventories is susceptible to physical deterioration, damage, breakage and technological changes. Moreover, future realization of the carrying amounts of inventories is affected by price changes in the market. These aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial year.

Estimating Useful Lives of Property, Plant and Equipment

The Company estimates useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, physical wear and tear, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in these estimates brought about by changes in factors

mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation and amortization and decrease noncurrent assets.

Estimating Realizability of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Company will utilize all or part of the deferred tax assets.

Retirement Cost

The determination of the Company's obligation and cost of retirement benefits is dependent on the Company's selection of certain assumptions used in calculating such amounts. The assumptions used in determining retirement cost include expected long-term rate of return on the relevant plan assets, discount rate, among others. In accordance with PAS 19, *Employee Benefits*, actual results that differ from the Company's assumptions are accumulated and amortized over the future periods and therefore, generally affect the Company's recognized expense and recognized obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Company's retirement benefit obligation.

The expected return on plan assets is determined consistently, taking into consideration long-term historical returns, asset allocation and future estimates of long-term investment returns. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement liability. Other key assumptions are based in part on current market conditions.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that the carrying amount of an asset may be impaired. If such indication exists, the Company makes an estimate of the assets' recoverable amount. At the reporting date, the Company assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As of the reporting period, there is no indication of impairment on the Company's nonfinancial assets.

BOGO-MEDELLIN MILLING CO., INC.

Management Discussions and Analysis of
Financial Condition and Results of Operations
For the three-month period April to June 2021

RESULTS OF OPERATION

During the three-month period from April to June 2021, a net income of P12.784 million was incurred, a P30.521 million higher than of the same period last year. The significant increase in net income for this quarter compared to same period last year is mainly due to higher sugar sale. Further, operating cost decreases during the quarter.

A comparative data on operating and financial results for the quarter ending June 30, 2021 and 2020 is shown below:

	2021	2020	Variance Inc / (Dec)
Volume of sugar produced (in Lkg.)	287,087.06	286,610.04	477.02
Mill share sugar (in Lkg.)	96,174.17	96,014.36	159.80
Sales	55,292	45,728	9,564
Operating costs & expenses	51,693	67,392	(15,699)
Net income (loss) from operation	3,599	(21,664)	25,263
Other income - net	9,184	3,927	5,257
Net income (loss) before income tax	12,784	(17,737)	30,521
Provision for income tax			
Net income (loss) for the period	12.784	(17,737)	30,521

Operations resulted to a year-to-date net loss of P15.897 million, as against net loss of P86.058 million for the same period last year.

BALANCE SHEET

Comparative data on some balance sheet items for this quarter, fiscal year end and same period last year are shown below in (P '000):

	<u>06-30-21</u>	<u>09-30-20</u>	<u>06-30-20</u>
Cash and Cash Equivalents	P21,058	P26,503	P41,810

Movements in the balances for this period are due to inflows of cash from sale and outflows from purchases.

	<u>06-30-21</u>	<u>09-30-20</u>	<u>06-30-20</u>
Short-Term Investments	-	2,000	2,000

There is no short term investment for this period due to termination of Time Deposits.

Receivables - net	26,488	8,540	23,607
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Balance for this quarter is relatively higher than fiscal year end due to an increase in other receivables and deferred expenses during the period and higher compared to same period last year due reclassification of accounts.

Due from a Subsidiary - net	-	-	-
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The outstanding receivables from BOMEDCO agricultural Corporation is presented net of allowance for impairment losses which offsets the balance.

Sugar Inventories			
Amount	50,859	26,900	66,430
Volume (lkg.)	55,734	50,297	53,094

Sugar inventories are being valued at the lower of cost and net realizable value (NRV), net of allowance provided for losses.

Materials & Supplies Inventory-Net	57,088	47,187	30,841
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Balance this quarter is higher compared to fiscal year-end and to the same quarter last year due to material purchases for the on-going milling season, C.Y. 2020-2021.

Prepaid Items	24,287	23,068	18,110
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Balance this quarter is higher than fiscal year end and to same quarter last year due to renewed prepaid insurances.

Property & Equipment - net	126,851	140,318	121,674
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The balance this quarter is lower compared to fiscal year end balances due to depreciations and higher compared to the same period last year due to reclassification.

	<u>06-30-21</u>	<u>09-30-20</u>	<u>06-30-20</u>
Trade and Current Payables	201,520	37,924	112,395

The increase of the current balance compared to the fiscal year-end balance is due to increase in trade payables to the different suppliers of the Company for the on-going milling season.

The top five (5) key performance indicators are shown below with their relevant results for the period indicated:

	<u>06-30-21</u>	<u>09-30-20</u>	<u>06-30-20</u>
1. Current Ratio	.78	1.99	1.03

This is arrived at by dividing total current assets by total current liabilities. This is an indication of the company's ability to pay its current obligations. Generally, a higher current ratio indicates a favorable financial liquidity.

2. Debt-Equity Ratio	2.70	.37	1.04
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This is computed by dividing total liabilities by total stockholders' equity. This ratio signifies the degree of protection provided by the owners for the creditors. A lower ratio generally indicates lower risk being assumed by the creditors or greater long term financial safety.

3. Return on Asset	-4.43%	-17.67%	-29.34%
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Return on asset equals profit before tax and interest divide by total assets. This determine the profitability of the company with its given assets.

4. Return on Sales	-8.47%	-30.85%	-58.49%
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Return on sales equals profit after tax divide by total sales. This indicates the proportion of profit against sales and higher ratio is a favorable indication of profitability.

5. Return on Shareholders' Funds	-17.68%	-24.92%	-59.99%
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Return on Shareholders' Funds equals profit after tax divided by shareholders equity measures the percentage income earned by the shareholders on their investment. A higher ration indicates better financial performance.

INCOME STATEMENT

Key comparative figures on factory performance indicators are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Milling rate, tons cane per hour	105.342	105.659
Sucrose extraction	92.55%	92.61%
Boiling house recovery	84.03%	84.12%
Total losses, sucrose in cane	22.23%	22.10%
Overall factory recovery	77.70%	81.67%
Average Lkg./TC	1.29	1.24

Milling rate refers to the capacity of the mill to grind tones cane per hour and higher milling rate signifies better milling operation. Sucrose extraction indicates the sucrose content extracted from the canes ground and percent extracted above 92.59% exceeds industry standard. On the other hand, total losses represents amount of sucrose lost. Boiling house recovery indicates the ratio of pol recovered in sugar to the pol entered in mixed juice. Overall factory recovery is the sucrose (pol) recovered in sugar percent sucrose (pol) in cane. Higher percentage indicates better performance ave. LKG/TC is the fifty (50) kilos of sugar produced for every tone of cane.

DISCUSSION AND ANALYSIS OF MATERIAL EVENTS AND UNCERTAINTIES

To the Company's knowledge, there are no trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity. The company's operations are funded internally, particularly from sale of sugar and molasses.

There are no events that will trigger direct or contingent financial obligation that is material to the Company.

There are 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.

There are no known trends, events or uncertainties that have had, or that are reasonably expected to cause a material favorable or unfavorable impact on income from continuing operations.

There were no significant elements of income or loss that did not arise from the Company's continuing operations.

There were no seasonal aspects that had any material effect on the financial condition or results of operations of the Company.

There were no issuances, repurchases, and repayments of debt and equity securities during the period ended June 30, 2021.

OTHERS

1. The Company has no investments in foreign securities.

2. Financial Risk Management

(a) *Supply and Demand Risks*

The Company has minimal exposure to the risk arising from not having customers since by the nature of the sugar commodity and their experience in the market, there is always a high number of traders willing to purchase sugar either for industrial use or for direct consumption purposes.

(b) *Commodity Price Risk*

The Company is exposed to commodity price risk with respect to sugar produced. To manage this risk, the Company monitors prices with the SRA to plan its transactions.

(c) *Regulatory and Environmental Risks*

The Company is subject to laws and regulations in the Philippines in which it operates. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify relevant risks and to ensure that the systems in place are adequate to manage those risks.

(d) *Financial Risk Management Related to Financial Instruments*

The Company's financial instruments comprise mainly of cash and cash equivalents, short-term investments, receivables, loans payable and certain trade payables and other current payables. The main purpose of these financial instruments is to raise finances for the Company's operations.

The company's activities are exposed to a variety of financial risks, which include market risk (price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. Market, credit and liquidity risk management is carried out by the Company's Treasury Group and the BOD. The objective is to minimize potential adverse effects on its financial performance due to unpredictability of financial markets.

(e) *Market Risk*

The Company has no significant exposure to price risk since the Company has no financial instrument carried at fair value. Moreover, the Company has no significant foreign currency-denominated financial instruments.

(f) *Credit Risk*

The Company trades only with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The amounts presented in the consolidated statements of financial position are net of allowances for impairment losses on receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

(g) *Liquidity Risk*

Liquidity risk is the risk that Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, that it will always have sufficient fund to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the Company.

BOGO-MEDELLIN MILLING CO., INC.
FOR THE NINE MONTHS ENDED JUNE 30, 2021
SCHEDULE OF TRADE AND OTHER CURRENT PAYABLES
(PHP'000)

Balance	Audited
Period Ended	Year Ended
June 30	September 30
2021	2020

SCHEDULE 1

Schedule of Trade and Other Current Payables

Accounts Payable to Suppliers	10,406	8,833
Accounts Payable Employees	(110)	286
Accounts Payable Planters	32	71
Accounts Payable - Others (Schedule 2)	24,253	2,694
Accrued Expenses	49,698	23,063
	84,279	34,947

SCHEDULE 2

Schedule of Accounts Payable - Others

ASSOCIATED LABOR UNION	100	36
ASSOCIATED LABOR UNION (ALU) MEMBERS CREDIT COOPERATIVE	292	335
BDO UNIBANK, INC.		10
BMMC - HOSPITAL ACCOUNTS	92	
BMMC - PLANTERS HOSPITAL ACCOUNTS	15	15
BOMECEA	4	
BOMEDCO AGRICULTURAL CORPORATION	18,843	222
CEBU II ELECTRIC COOPERATIVE, INC.	1,421	578
COMPREHENSIVE AGRARIAN REFORM FUND	77	46
HAWAIIAN-PHILIPPINE COMPANY	62	
HOME DEVELOPMENT MUTUAL FUND	53	60
J. NERI & ASSOCIATES LAW FIRM	11	22
JOMAMI GEN. MDSE.	7	7
MANULIFE PHILIPPINES	3	12
NAT'L FEDERATION OF SUGARCANE PLANTERS, INC.	194	57
PAG-IBIG LOAN	12	
PHILIPPINE HEALTH INSURANCE CORP.	82	
PHILIPPINE SUGAR RESEARCH INSTITUTE FOUNDATIONS, INC.	251	189
PHILIPPINE SUGAR MILLERS ASS'N., INC.	17	17
SALES TAX	595	380
SPECIAL MILLING FEE	(2)	

BOGO-MEDELLIN MILLING CO., INC.
AGING OF ACCOUNTS RECEIVABLE
FOR THE QUARTER ENDING JUNE 30, 2021
(PHP '000)

TYPE OF RECEIVABLE	TOTAL	1 Mo.	2-3 mos.	4-6 mos.	7mos. - 1 yr.	1-2 yrs.	3-5 yrs.	5 yrs. Above	Past due accounts & items in litigation
A) TRADE RECEIVABLES									
ALL ASIAN COUNTERTRADE INC.									
BEMOMI GENERAL MERCHANDISING									
CHARLIE ONG WORLD COMMODITIES INC.	(5)							(5)	
DELMAX CORPORATION	(13)							(13)	
SCHUURMANS & VAN GINNEKEN PHILS., INC	(0)							(0)	
Total Trade Receivable	(18)	-	-	-	-	-	-	(18)	-
Less: Allow. for Doubtful Accts.	-	-	-	-	-	-	-	-	-
Net Trade Receivable	(18)	-	-	-	-	-	-	(18)	-
B) NON-TRADE RECEIVABLES									
OTHERS									
ACOPAN, ALFRED	521						30	491	-
BOGO-MEDELLIN MEDICAL CENTER	698				94	137	461	6	
BOMEDCO AGRICULTURAL CORP.	18,088	2,177	3,992	6,337	(10,367)	(3,546)	(26,182)	45,677	
CLEARING ACCOUNT	799				797			2	
EDGAR BRANZUELA	4,241						4,168	73	
PHILSURIN - MDDC	75						35	40	-
PLANTERS - DOCUMENTARY STAMPS	347	47	(28)	57		25	75	171	
LEO'S KITCHENETTE	4						4		-
ROADSTAR TRADE SALES CORP	5	5							-
Others - Noncurrent	849							849	
Total Accounts Receivable - Others	25,627	2,229	3,964	6,394	(9,476)	(3,384)	(21,409)	47,309	-
Less: Prov. for Doubtful Accts.	1,241							1,241	
Net A/R - Others	24,386	2,229	3,964	6,394	(9,476)	(3,384)	(21,409)	46,068	-
Various Officers - Execs. & Staff	909	909	-					-	-
Various Employees & Others	862	798	-					-	-
Total Accounts Receivable - Employees	1,771	1,707							
Less: Prov. for Doubtful Accts.	473	473							
Net A/R - Employees	1,298	1,234							
Net Receivable	25,666	3,463	3,964	6,394	(9,476)	(3,384)	(21,409)	46,050	-
Type of Receivable	Nature/Description							Collection Period	
Planters - reclassified to Prepaid Expenses & Other Current Assets account	Fertilizer loan and Plow now pay later program extended to planters							Every Week (during milling season)	
Various Officers	Housing loan, school loan and emergency loan.							Every pay day	
Various Employees	School and emergency loan.							Every pay day	
Interest on Notes Receivable	Interest on Time Deposits							Every Quarter	
Normal Operating Cycle:	5 months								