

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

MA. ELISA G. LEDESMA	889-8677
Contact Person	Company Telephone Number

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		FORM TYPE	Annual Meeting									

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 Secondary License Type, If Applicable

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 Dept. Requiring this Doc.

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 Amended Articles Number/Section

Total Amount of Borrowings

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To be accomplished by SEC Personnel concerned

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 File Number

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 Document I.D.

_____ Cashier

STAMPS

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NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO : All the stockholders of LIBERTY FLOUR MILLS, INC.
FROM : Corporate Secretary
SUBJECT : The Annual Stockholders' Meeting - 31 May 2017

Please be informed that the Annual Stockholders' Meeting of Liberty Flour Mills, Inc. shall be held on 31 May 2017 at 3:00 PM at 2294 Chino Roces Avenue, Makati City.

The Agenda for the Meeting is as follows:

1. Call to Order
2. Secretary's Proof of Notice and Quorum
3. Approval of the Minutes of the Stockholders' Meeting held on 25 May 2016
4. Annual Report of the President and the Chairman of the Board
5. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers
6. Election of Directors
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

The Minutes of the last Stockholders' Meeting and resolutions of the Board of Directors will be available for inspection during office hours at the Office of the Corporate Secretary. In addition, copies of the minutes will also be made available at the meeting.

Under the resolution of the Board of Directors dated 22 March 2017, only stockholders as of 03 May 2017 shall be entitled to notice and to vote at the said meeting.

Should you be unable to attend the meeting, please accomplish the proxy form attached hereto and return the same to us.

Very Truly Yours,

VICENTE S. VARGAS
Corporate Secretary



LIBERTY FLOUR MILLS, INC.

MCPO 1571 Makati City E-mail: info@libertygroup.com.ph
MANAGEMENT OFFICE
Liberty Building 835 A. Arnaiz Avenue
Legaspi Village, Makati City 1229 Philippines
Tel +63 2 8925011 to 20 Fax +63 2 8932644

PLANT:
528 F. Blumentritt Extension
Mandaluyong City 1550 Philippines
Tel + 63 2 5322001 to 04 Fax + 63 2 5317985

PROXY

I, _____, a stockholder of record of LIBERTY FLOUR MILLS, INC. hereby name, constitute and appoint, the Chairman, Mr. WILLIAM CARLOS UY, to be my true and lawful attorney and for me and in my name, place and stead, to vote at the Annual Stockholders' Meeting on 31 May 2017 at 2944 Chino Roces Avenue, Makati City, and at any adjournment thereof.

The following matters will be considered and I hereby authorize the above-named proxy to vote all my shares as follows:

Matter	Approve	Disapprove	Abstain
Approval of the Minutes of the 2016 Annual Stockholders' Meeting			
Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers			
Appointment of External Auditor			
Other Matters			

In addition, I authorize the above-named proxy to vote all my shares equally for election of the following persons who have been nominated as directors:

Nominees	
JESUS JALANDONI JR.	WILLIAM ANG
WILLIAM CARLOS UY	DAVID NG*
DANIEL R. MARAMBA	JOSE MA. S. LOPEZ
SANDRA JUDY UY	BENJAMIN JALANDONI
JOHN CARLOS UY	JOSE A. FERIA JR.*
VICENTE S. VARGAS	

**Independent Director*

(Note: The Stockholder may withhold authority to vote for any of the nominees by lining through or striking out the name/s of the nominee/s. In which case, the total votes of the Stockholder shall be divided equally among the remaining nominees)

In the event that this Proxy is returned without a choice having been made in any or all of the above items, I hereby authorize the above-named proxy to vote all my shares at the above-named proxy's discretion. In which case, the above-named proxy intends to vote for the approval of all the above matters and for the election of all the nominees above-mentioned.

In addition, I hereby grant discretionary powers to the above-named proxy as to other matters incidental to the conduct of the meeting.

IN WITNESS WHEREOF, I have set my hand this ___ day of _____, 2017 at _____

Signature

Name in Print

No. of Shares

THIS PROXY IS BEING SOLICITED ON BEHALF OF LIBERTY FLOUR MILLS, INC.
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: LIBERTY FLOUR MILLS, INC.
3. Province, country or other jurisdiction of incorporation or organization: Metro Manila
4. SEC Identification Number: 14782
5. BIR Tax Identification Code: 128-846-000
6. Address of principal office and Postal Code: Liberty Building, 835 A. Arnaiz Avenue, Makati City 1200
7. Registrant's telephone number, including area code: (632) 892-5011
8. Date, time and place of the meeting of security holders:
31 May 2017
3:00 P.M.
2294 Chino Roces Avenue
Makati City
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
8 May 2016
10. In case of Proxy Solicitations:
Name of Person Filing the Statement/Solicitor: Liberty Flour Mills, Inc.
Address and Telephone No.: Liberty Building, 835 A. Arnaiz Avenue, Makati City; (632) 892-5011
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|---------------------|---|
| <u>Common</u> | <u>150,000,000</u> |
12. Are any or all of registrant's securities listed in a Stock Exchange?
Yes / No _____
If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

The Philippine Stock Exchange, Inc.; Common Shares



INFORMATION STATEMENT

For the 2017 Annual Stockholders' Meeting

**2294 Chino Roces Avenue, Makati City
31 May 2017
3:00 o'clock PM**

INFORMATION REQUIRED IN INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders and mailing address

- a. date, time and place of the meeting : 31 May 2017
3:00 o'clock PM
2294 Chino Roces Avenue
Makati City
- b. complete mailing address of principal office : Liberty Flour Mills, Inc.
Liberty Building
835 A. Arnaiz Avenue,
Makati City

The Company intends to send the notice of Annual Stockholders' Meeting, copies of the definitive information statement, the proxy form and the 2016 Annual Report sometime on 8 May 2017.

Dissenters' Right of Appraisal

Any stockholder of Liberty Flour Mills, Inc. (hereinafter the "Company") may exercise his appraisal right against any proposed corporate action which qualifies as an instance under Section 81 of the Corporation Code and which gives rise to the exercise of such appraisal right pursuant to and in the manner provided in Section 82 of the Corporation Code. The Company does not reasonably foresee the happening of any instance which may warrant the exercise of the appraisal right by any stockholder during the Annual Stockholders' Meeting.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the members of the board of directors or senior management have any substantial interest in the matters to be acted upon by the stockholders in the Annual Stockholders Meeting.

As of 31 March 2017, the board of directors and senior management, as a group, own 14,326,682 common shares which is approximately 9.55% of the outstanding common stock.

None of the Company's directors have manifested any intention of opposing any action intended to be taken by the Company during the scheduled annual stockholders meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

As of 31 March 2017, 150,000,000 common shares of the Company have been issued and 150,000,000 are outstanding. All stockholders of record at the close of business on 3 May 2017 ("*Record Date*") shall be entitled to notice and to vote at the said meeting, provided that those who shall be attending by proxy, must have had their respective proxies validated by the Company at least 7 days before the meeting.

For the purpose of electing directors during the scheduled Annual Stockholders' Meeting, each shareholder shall have the option of cumulating his votes by giving one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal as of Record Date, or he may distribute them on the same principle among as many candidates as he shall see fit, in accordance with Section 24 of the Corporation Code; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company as of Record Date multiplied by the whole number of directors to be elected.

The total number of votes that may be cast by a stockholder of the Company for the election of directors is computed as follows: number of shares held on record as of Record Date x 11 directors.

For all other matters requiring a vote in the Annual Stockholders' Meeting, each share shall be entitled to one vote.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than five percent (5%) of the Company's voting securities, were as follows:

Title of Class	Name, address of record owner and relationship with issuer	Name of Beneficial Owner and Relationship with Record Owner	<input type="checkbox"/> Citizenship	No. of Shares Held	Percent of Class
Common	Parity Values, Inc. Ground Floor, Liberty Building 835 A. Arnaiz Avenue, Makati City Business	William Carlos Uy is the Chairman and President and CEO of Parity Values Inc. John Carlos Uy is a Director and General Manager of Parity Values, Inc. William Ang is a Director and 1 st Vice President and Treasurer of Parity Values, Inc.	Filipino	60,878,835	40.58%
Common	William Carlos Uy President/CEO	Beneficial Owner	Filipino	12,561,556	8.37%

Security Ownership of Management

Directors/Nominees

Title of class	Name of Beneficial Owners	Amount and nature of beneficial ownership	Citizenship	Percent of ownership
Common	William Carlos Uy	12,561,556 Sole Voting	Filipino	8.37%
Common	Daniel R. Maramba	433,596 Sole Voting	Filipino	0.28%
Common	Jose Ma. S. Lopez	735,647 Sole Voting	Filipino	0.49%
Common	Benjamin S. Jalandoni	2 Sole Voting	Filipino	Negligible
Common	Vicente S. Vargas	472,353 Sole Voting	Filipino	0.31%
Common	William Ang	374 Sole Voting	Filipino	Negligible
Common	John Carlos Uy	374 Sole Voting	Filipino	Negligible

Common	Jose A. Feria, Jr.*	36	Sole Voting	Filipino	Negligible
Common	Jesus Jalandoni, Jr.	118,034	Sole Voting	Filipino	0.07%
Common	David Ng*	377	Sole Voting	Filipino	Negligible
Common	Sandra Uy	2	Sole Voting	Filipino	Negligible

*Independent Director

Senior Management

Title of class	Name of Beneficial Owners	Amount and nature of beneficial ownership	Citizenship	Percent of ownership	
Common	JOSE MA. S. LOPEZ	735,647	Sole Voting	Filipino	0.49%
Common	WILLIAM CARLOS UY	12,561,556	Sole Voting	Filipino	8.37%
Common	VICENTE S. VARGAS	472,353	Sole Voting	Filipino	0.31%

All directors and officers as a group

Title of class	Name of Beneficial Owners	Amount and nature of beneficial ownership	Percent of class	
Common	All directors and officers as a group	14,326,682	Sole Voting	9.55%

Directors and Executive Officers

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
William Carlos Uy	75	Filipino	Chairman of the Board
Sandra Uy	40	Filipino	Director
John Carlos Uy	66	Filipino	Director
Vicente Vargas	60	Filipino	Director
William Ang*	66	Filipino	Director
David Ng	55	Filipino	Director
Jose Ma. S. Lopez	72	Filipino	Director
Benjamin Jalandoni	70	Filipino	Director
Jesus Jalandoni	59	Filipino	Director
Daniel Maramba	44	Filipino	Director
Jose A. Feria Jr.*	68	Filipino	Director

* Independent Director

The Senior Management of the Company is as follows:

Name	Age	Citizenship	Position
William Carlos Uy	75	Filipino	President
Sandra Uy	40	Filipino	Senior Vice President – Manufacturing
Vicente Vargas	60	Filipino	Corporate Secretary
Jose Ma. Lopez	72	Filipino	Senior Vice President & Treasurer

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. 75 years old. He serves as the President and director 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 director of CCC Insurance Corporation.

John Carlos Uy. 66 years old. He is a director of the Company. He also serves as a director and the general manager of Parity Values, Inc., one of the stockholders of the Company.

Vicente Vargas. 60 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. 66 years old. He is a director of the Company. 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.

Jose Ma. S. Lopez. 72 years old. He is a director and Senior Vice President for Corporate Planning of the Company. Likewise, He is a director in other corporations including: Agchem Manufacturing Corporation, Liberty Commodities Corporation and CCC Insurance Corporation. He is also presently the Senior Vice-President for Lopez Sugar Corporation.

Benjamin S. Jalandoni. 70 years old. He is a director of the Company. He also serves as director in other corporation such as: Agchem Manufacturing Corp. and JM & Company, Inc. He is also the President of Personal Computer Specialists, Inc., Kanlaon Development Corp, Jayjay Realty Corp. and Kanlaon Farms, Inc.

David Ng, 55 years old. He is a 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 Partner of CNP Architects.

Jesus S. Jalandoni, Jr. 59 years old. He is the Managing Director of Alegria Development Corporation; President of LFM Properties Corp.; Managing Director of Premium Wine Exchange; President of Valueline Realty & Development Corp. Executive Vice-President and Treasurer of Enterprise Leasing Corporation; Vice-President of Kanlaon Development Corp.; Vice-President of Kanlaon Farms, Inc.; Vice-President of Jayjay Realty Corporation; Director of JM Processing and Freezing Corp.; and Director of Personal Computer Specialist, Inc.

Sandra Uy, 40 years old. She serves as a director and Senior Vice-President of the Company.

Jose A. Feria, Jr., 68 years old. He is the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria is the Chairman of Cyan Management Corporation, Directories Philippines Corporation, MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Padre Burgos Realty, Inc. Spencer Food Corporation, Vinnel Belvoir Corporation. He also serves as director of EYP.PH Corporation, Assessment Analytics, Inc. Macawiwili Gold Mining & Development Corporation and Corporate Secretary of Aero Asia, Inc. and Air Asia, Inc., Gawad Kalinga Foundation, Inc. and PinoyMe Foundation, Inc.

Independent Directors

The Nominations Committee of the Company, which was constituted in accordance with the Company's Manual on Corporate Governance, pre-screens and shortlists all candidates in accordance with the said Manual on Corporate Governance. In a meeting of the Nominations Committee of the Company on 25 May 2016, Mr. William Carlos Uy nominated Mr. David Ng and Atty. Jose A. Feria, Jr. to be the Company's independent directors for the ensuing corporate year.

Other than as stated above, no new persons were named and nominated to be the Company's independent directors for the ensuing corporate year.

The members of the Company's Nomination Committee are: Mr. Jose A. Feria Jr., Mr. Vicente Vargas and Mr. John Carlos Uy, with Mr. Jose A. Feria Jr. as Chairman.

On the other hand, the members of the Company's Audit Committee are: David Ng as Chairman and Benjamin Jalandoni and Jose A. Feria, Jr. as members.

Significant Employees

Other than the persons named above, the Company does not expect any other person to make a significant contribution to the business of the Company.

Family Relationships

William Carlos Uy and John Carlos Uy are brothers. Likewise, Benjamin Jalandoni and Jesus Jalandoni Jr are brothers. Benjamin Jalandoni, Jesus Jalandoni Jr., Jose Ma. S. Lopez and Vicente Vargas are first cousins. Sandra Uy is the daughter of William Carlos Uy and nephew of John Carlos Uy, respectively.

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.

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 arms length and above board.

These directors are as follows:

Directors	<u>Related Distribution Companies</u>
William Carlos Uy	Parity Values, Inc. Trade Demands, Inc. Liberty Commodities Corporation
Jose Ma. S. Lopez	Liberty Commodities Corporation
John Carlos Uy	Parity Values, Inc. Trade Demands, Inc. Liberty Commodities Corporation
William Ang	Parity Values, Inc. Trade Demands, Inc.

The business purpose between the Company and the related parties mentioned above is that the above serve as distributors of the Company's flour and feed products. Transaction prices are determined by the Company and the

above-mentioned related parties by actual costing of products plus a certain mark-up; likewise, price levels are dictated by market competition.

The transactions with related parties are always evaluated with fairness and are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

Involvement in Certain Legal Proceedings

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 or are there any material litigation presently pending against any of them or any of their properties or between any of them and the Company which are material to an evaluation of the ability or integrity of any director or officer of the Company as described in Part II, Paragraph (c) of the Securities Regulation Code ("SRC") Rule 12. None of them been temporarily or permanently barred, suspended or otherwise limiting any of their involvement in any type of business.

The Company is presently not involved in any material legal proceeding affecting any of its properties.

Compensation of Directors and Executive Officers

Compensation of Directors and Executive Officers

The aggregate compensation paid to the Company's Executive Officers for the years 2016 and 2015 are PhP14.43 and PhP20.59Million, respectively while estimates for 2017 is P14.16Million.

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 Three (3) most highly compensated executive officers, namely, William Carlos Uy, Jose Ma. S. Lopez and Sandra Uy are as follows:

	Salaries	Bonus	Others	Total
ESTIMATES 2017				
William Carlos Uy <i>Chairman and President</i>	3,155,894	1,903,180	65,000	5,124,074
Jose Ma. S. Lopez <i>Senior Vice President for Finance</i>	3,037,719	1,552,594	65,000	4,655,313
Sandra Judy Uy <i>Senior Vice President - Manufacturing</i>	2,411,143	1,903,180	65,000	4,379,323
Total	8,604,756	5,358,954	195,000	14,158,710
2016				
William Carlos Uy <i>Chairman and President</i>	2,228,923	2,933,084	65,000	5,227,007
Jose Ma. S. Lopez <i>Senior Vice President for Finance</i>	2,128,709	2,399,165	65,000	4,592,874
Sandra Judy Uy <i>Senior Vice President - Manufacturing</i>	1,617,096	2,933,084	65,000	4,615,180
Total	5,974,728	8,265,333	195,000	14,435,061
2015				
William Carlos Uy <i>Chairman and President</i>	2,271,795	5,144,414	65,000	7,481,209

Jose Ma. S. Lopez <i>Senior Vice President for Finance</i>	2,239,037	4,229,805	65,000	6,533,842
Sandra Judy Uy <i>Senior Vice President - Manufacturing</i>	1,373,752	5,144,414	65,000	6,583,166
Total	5,884,584	14,518,633	195,000	20,598,217

The amount of compensation for the above-named executive officers as a group for the last two (2) fiscal years and the estimates for 2017 are as follows:

<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (₱)</u>	<u>Bonus (₱)</u>	<u>Others(₱)</u>	<u>Total (₱)</u>
Total compensation for the above-named Three (3) most highly compensated executive officers	2017	8.60Million	5.36Million	.20Million	14.16Million
	2016	5.97Million	8.26Million	.20Million	14.43Million
	2015	5.88Million	14.52Million	.20Million	20.59Million
All other officers and directors as a group	2017	1.70Million	1.05Million	.15Million	2.9Million
	2016	2.01Million	1.6Million	.35Million	4.57Million
	2015	0Million	.96Million	.48Million	1.44Million

Aside from the above-mentioned executive officers of the Company who receive compensation as such officers and reasonable per diems, as directors of the Company, all the other directors of the Company do not receive any compensation except reasonable per diems for attendance during meetings.

There are no special compensatory arrangements between the Company and any of its directors or officers.

Independent Public Accountants

Sycip Gorres Velayo & Co ("SGV") is presently the Company's independent auditor. The audit services provided by Sycip Gorres Velayo & Co. for the fiscal year ended 31 December 2016 included the examination of the financial statements of the Company, preparation of the final income tax returns and other services related to filing of reports with the Securities and Exchange Commission. Other than the preparation and filing of income tax return, the Company has not engaged SGV on any tax services.

There have been no 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) to Sycip Gorres Velayo & Co as the new external auditor effective October 2007.

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The audit committee at the start of the calendar year discuss, evaluate and reviews the nature and scope of the audit including the appointment of external auditor, the audit fees and any question of resignation or dismissal. Further, the audit committee reviews the quarterly, half-year and annual financial statements before submission to the Board, focusing particularly on any change in the accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumption, compliance with accounting standards and compliance with tax, legal and stock exchange requirements.

Representatives of the Company's external auditor are expected to be present in the 2017 Annual Stockholders' Meeting. They are expected to have an opportunity to make statements if they so desire, and to be available to respond to appropriate questions.

OTHER MATTERS

Action with Respect to Reports

During the scheduled annual stockholders meeting, the following reports shall be submitted to the stockholders for their approval:

1. The Minutes of the Annual Stockholders Meeting held on 25 May 2016; and
2. The Financial Statements for the fiscal year ended 31 December 2016.

The Minutes of the last Annual Stockholders' Meeting and resolutions of the Board of Directors will be made available to stockholders upon request.

During the last Annual Stockholder's Meeting held on 25 May 2016, out of 150,000,000 shares issued and outstanding, 127,065,000 shares were represented either in person or by proxy representing 84.71% of the Company's total issued and outstanding shares of stock. At the said meeting, the Minutes of the Annual Stockholders' Meeting of the Company held on 16 November 2015 were approved.

Likewise, at the said meeting, the current directors of the Company were elected to act as directors of the Company for the ensuing corporate year and to serve as such until the election and qualification of their successors.

The shareholders approved and elected Sycip Gorres Velayo & Co. as external auditors of the Company at the same meeting.

Matters Not Required to be Submitted

The acts and proceedings of the board of directors covering the period 1 June 2016 to 31 May 2017 shall also be discussed and submitted to the stockholders for their ratification in order to obtain a confirmation of support from the stockholders for all the acts and decisions taken by the board of directors and management during the above-mentioned period. In the event that the action of the stockholders is a negative vote, the board of directors and management shall have the option to disregard the action completely or study the matter further.

Copies of the resolutions of the board of directors and the Minutes of their meetings will be available upon request.

Other Proposed Action

Other than the matters discussed above and those provided in the Agenda, the Company does not propose to take up any other matter for consideration of the stockholders.

Voting Procedures

Vote required for approval

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, provided that a quorum is present.

For election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares, or he may distribute them on the same principle among as many candidates as he shall see fit.

Method by which votes will be counted

Except in cases where voting by ballot is requested, voting and counting shall be viva voce. If by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him. The counting thereof shall be supervised by the external auditors and the transfer agent.

INFORMATION REQUIRED IN A PROXY FORM

IDENTIFICATION

The solicitation is being made by the Company for the purpose of obtaining the necessary quorum for the Annual Stockholders' Meeting and having the matters subject of said meeting approved and/or ratified by the stockholders, namely: (1) the minutes of the previous stockholders' meeting; (2) acts and proceedings of the Board of Directors and Corporate Officers; (3) the Financial Statements of the Company; (3) the appointment of external auditors; (4) election of the board of directors; and (5) other matters that may be taken up during said meeting.

The Chairman of the Company, Mr. William Carlos Uy will be constituted as the true and lawful attorney of a stockholder of record of the Company to vote in the name, place and stead of the said stockholder at the Annual Stockholders' Meeting on 31 May 2017.

INSTRUCTION

The Proxy Form shall be accomplished in accordance with the instructions set out in the Proxy Form, by means of marking the appropriate box for an action in an item. In the case of election of directors of the Company, a stockholder may withhold authority to vote for any of the nominees by lining through or striking out the name/s of the nominee/s. In which case, the total votes of the stockholder shall be divided equally among the remaining nominees.

In the event that this Proxy is returned without a choice having been made in any or all of the above items, the proxy is authorized to vote all the stockholder's shares at the proxy's discretion. In which case, the proxy shall vote for the approval of all the matters and for the election of all the nominees mentioned in the Proxy Form.

In addition, the proxy is granted discretionary powers as to other matters incidental to the conduct of the meeting.

The Proxy Form shall be validated by means of cross-checking the signature of the stockholders against the signature cards with the Company's stock transfer agent. In the event the Proxy Form needs further validation, verification shall be made with the stockholder concerned itself.

The validation must have been confirmed by the Company at least 7 days prior to the date of the meeting.

The matters to be taken up in the meeting are as follows:

1. Approval of the Minutes of the 2016 Annual Stockholders' Meeting held on 25 May 2016;

2. Ratification of all Acts and Proceedings of the Board of Directors and Corporate Officers;
3. Appointment of External Auditor; and
4. Election of the following nominated persons as members of the Board of Directors of the Company:
 - a. JESUS JALANDONI JR
 - b. WILLIAM CARLOS UY
 - c. DANIEL R. MARAMBA, JR.
 - d. SANDRA UY
 - e. JOHN CARLOS UY
 - f. VINCENT VARGAS
 - g. WILLIAM ANG
 - h. DAVID NG (Independent Director)
 - i. JOSE MA. S. LOPEZ
 - j. BENJAMIN JALANDONI
 - k. JOSE A. FERIA, JR. (Independent Director)

A stockholder may withhold authority to vote for any of the nominees by lining through or striking out the name/s of the nominee/s. In which case, the total votes of the stockholder shall be divided equally among the remaining nominees.

REVOCABILITY OF PROXY

The person giving the proxy has the right to revoke the proxy by personal appearance or execution of a proxy at a later date, subject to the pertinent requirements of the law and SEC Circular Number 5, Series of 1996.

PERSONS MAKING THE SOLICITATION

The solicitation is being made by the Company for the purpose of obtaining the necessary quorum for the annual stockholders meeting and having the matters subject of said meeting approved and/or ratified by the stockholders, namely: (1) the minutes of the previous stockholders' meeting; (2) acts and proceedings of the Board of Directors and Corporate Officers; (3) the Financial Statements of the Company; (3) the appointment of external auditors; and (4) election of the board of directors; and (5) other matters that may be taken up during said meeting.

None of the Company's directors have manifested any intention of opposing any action intended to be taken by the Company during the scheduled Annual Stockholders' Meeting.

All costs of solicitation for proxies including the costs of engaging messengerial and courier services shall be borne by the Company. Except for the costs incidental to the preparation and sending out of notices and proxies, the Company has not paid nor engaged any other employee or solicitor to undertake the solicitation of proxies. The cost of solicitation which is approximately PhP30,000.00 will be borne by the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the members of the board of directors or senior management have any substantial interest in the matters to be acted upon by the stockholders in the Annual Stockholders Meeting.

As of 31 March 2017, the board of directors and senior management, as a group, own 14,326,682 common shares which is approximately 9.55% of the outstanding common stock.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 26 April 2017.



VICENTE VARGAS
CORPORATE SECRETARY

A copy of SEC Form 17-A may be provided free of charge to any stockholder upon written request to the Company



MANAGEMENT REPORT
OF
LIBERTY FLOUR MILLS, INC.

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The Company's consolidated audited Financial Statements for the year ended 31 December 2016 is attached as Annex "A" of this Management Report.

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 external auditor estimated fee for 2017 is in the aggregate amount of PhP830,000.00 which includes the preparation of the fee for the consolidated audited financial report of the parent company and its subsidiaries.

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 2016:.

Income Statement Data

	For the Year December 31 (in Thousands of Pesos)		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Income	1,072,624	1,403,917	1,875,869
Expense	(915,636)	(1,163,642)	(1,394,287)
Income Before Tax	156,988	240,275	481,582
Provision for Tax	(26,981)	(76,894)	(108,782)
Net Income	130,007	163,381	372,800

Balance Sheet Data

As of December 31
(in Thousands of Pesos)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:			
Cash and cash equivalents	158,851	162,338	287,955
Receivables	790,358	834,318	996,878
Financial assets at FVPL	51,149	46,853	57,945
Inventories	252,754	218,783	419,814
Accrued rent – current	-	2,107	1,180
Prepaid expenses and other current assets	71,897	56,902	24,956
Available-for-sale investments	1,242,446	1,161,979	1,262,686
Investment properties	749,674	672,029	208,273
Property, plant and equipment	78,122	90,827	100,055
Accrued rent – noncurrent	2,666	1,957	4,193
Deferred income tax assets	35,072	138	-
Deposit for future stock subscription	-	-	-
Other noncurrent assets	8,039	7,937	472,315
Total Assets	3,441,028	3,256,168	3,836,250
Liabilities:			
Liabilities under trust receipts	-	-	424,200
Notes payable	390,913	169,000	145,000
Loans payable – current	-	27,778	44,444
Accounts payable and accrued expenses	118,858	53,336	40,410
Income tax payable	10,485	17,498	28,204
Deposits on long-term leases – current	6,952	11,385	12,698
Unearned rental income – current	3,123	2,119	2,713
Loans payable – noncurrent	-	-	66,667
Deposits on long-term leases – noncurrent	5,463	1,104	1,323
Unearned rental income – noncurrent	571	61	107
Net retirement plan liability	110,863	144,124	132,151
Deferred income tax liability	-	-	62
Total Liabilities	647,228	426,405	897,979
Stockholders' Equity			
Capital stock – P10 par value			
Issued – 50 million shares	1,500,000	1,500,000	500,000
Stock dividends distributable	-	-	374,996
Fair value changes on AFS investments	42,734	12,673	89,949
Accumulated remeasurement loss on retirement	(8,057)	(37,026)	(22,182)
Retained earnings – appropriated	-	-	1,820,000
Retained earnings – unappropriated	1,259,123	1,354,116	175,511
Treasury stock	-	-	(3)
Total Stockholders' Equity	2,793,800	2,829,763	2,938,271
Total Liabilities and Stockholders' Equity	3,441,028	3,256,168	3,836,250

Results of Operations

2016

The operations for the year resulted in a net income of P130million, a decrease by 20% from prior year. The decrease in the total sales volume of flour bags and mill feed sold by 23% coupled by decrease in selling prices by 25% compared to 2015 resulted to a decrease in revenue by 27%. The management continuously implemented several cost cutting measures during the year in which resulted to almost proportionate decrease of 28% in Cost of Sales. Also, increasing investments of the Company in shares of stocks and in debt instruments earned higher dividends by 22% and basically same interest income as compared in 2015. The interest expense was also reduced by 11%.

As of the year ended December 31, 2016, the total gross income amounted to P381.5 million, which reflected the income from the sale of the company's products, rental and real estate income, interest income, and dividend income from the investment of securities. Operating expenses and finance costs amounted to P182.3million and P10.03million, 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 P3.44 billion in 2016 while total liabilities amounted to P647.2million which is higher by 6% and 52%, respectively, from balances in 2015.

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 2016, there were no seasonal aspects 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 2016 as compared to 2015:

Financial Assets at FVPL - There were no significant additions made in 2016. The increase of 9% in the balance of the investments in financial assets at FVPL is attributable to the increase in the market value of the investments.

Inventories - The increase of 16% in inventory is due to the higher purchases of wheat inventories at near year end coupled with lower production of flour products due to lower sales.

Available for Sale of Financial Assets- The increase of 7% in AFS is due to the acquisition of some debt securities and equity investments during the year.

Accrued Rent and Other Noncurrent Assets- There were no additional rental spaces during the year. The increase is because of the adjustment made on the recognition of rental income using straight line computation per PAS 17 on Lease.

Liabilities under trust receipts - Nil balance as of year-end due to timing of receipt of purchases at near year-end coupled with settlement of all outstanding payables due to higher cash accumulated during the year.

Notes payable - The Company's subsidiary-LPC obtained short-term notes on various dates in 2016 totaling P616.28million with interest rates ranging from 2.92% to 3.5% of which P225.37 million were fully paid during the same year.

Accounts Payable and accrued expenses - The increase is attributable primarily to the increase in Accrued Liabilities-Inventory in transit which was booked to Trust Receipts in January 2017.

Income Tax Payable – Income tax payable decreased as the income for the year decreased substantially.

Unearned rental income- The change was due to recognition of earned portion of rental income during the year.

Accrued Retirement Liability – The decrease is primarily due to higher benefits payments paid directly by Parent Company as of December 31, 2016 coupled with remeasurement gain vs. loss last year.

2015

The operations for the year resulted in a net income of P165.15million, a decrease by 56% from prior year. The decrease in the total sales volume of flour bags and mill feed sold by 21% coupled by decrease in selling prices by 24% compared to 2014 resulted to a decrease in revenue by 25%. The management continuously implemented several cost cutting measures during the year in which resulted to almost proportionate decrease of 24% in Cost of Sales. Also, increasing investments of the Company in shares of stocks and in debt instruments earned higher dividends by 17% and higher interest income of 17% also as compared in 2014. The interest expense was also reduced by 24%.

As of the year ended December 31, 2015, the total gross income amounted to P471.5 million, which reflected the income from the sale of the company's products, rental and real estate income, interest income, and dividend income from the investment of securities. Operating expenses and finance costs amounted to P185.3million and P11.3million, 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 P3.26 billion in 2015 while total liabilities amounted to P426.4million which is lower by 15.08% and 52.51%, respectively, from balances in 2014.

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 2015, there were no seasonal aspects 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 2015 as compared to 2014:

Financial Assets at FVPL - There were no significant additions made in 2015. The decrease of 19% in the balance of the investments in financial assets at FVPL is attributable to the decrease in the market value of the investments.

Inventories – The decrease of 48% in inventory is due to the lower purchases of wheat inventories at near year end coupled with lower production of flour products due to lower sales.

Available for Sale of Financial Assets- The decrease by 8% in AFS is due to the disposal of some debt securities and equity investments during the year.

Accrued Rent and Other Noncurrent Assets- There were no additional rental spaces during the year. The increase is because of the adjustment made on the recognition of rental income using straight line computation per PAS 17 on Lease.

Liabilities under trust receipts – Nil balance as of year-end due to lower purchases at near year-end coupled with settlement of all outstanding payables due to higher cash accumulated during the year.

Notes payable – The Company paid in full in January 2015 the short term notes payable amounting to 100 million availed during the year 2014.

Accounts Payable and accrued expenses – The increase is attributable to the increase in Dividends Payable which remained outstanding as of year-end, increase in customers and tenants deposit and Output VAT payable as part of the accrued expenses balances.

Income Tax Payable – Income tax payable decreased as the income for the year decreased substantially.

Unearned rental income- The change was due to recognition of earned portion of rental income during the year.

Accrued Retirement Liability – The increase is due to additional provision to benefit obligation as of December 31, 2015.

2014

The operations for the year resulted in a net income of PhP372.8 million, an increase by 11% from prior year. Though there was a decrease in the sales volume of flour bags sold in 2014 which resulted to a decrease in revenue by 11%, the management implemented several cost cutting measures during the year in which resulted to a leverage decrease of 3% in Cost of Sales and 16% decrease in operating expenses. Also, increasing investments of the Company in shares of stocks and in debt instruments earned dividends and interest income of 45% and 9%, respectively, higher as compared in 2013. Thus, resulting to a net income of 11% higher from previous year.

As of the year ended 31 December 2014, the total gross income amounted to PhP637.8 million, which reflected the income from the sale of the Company's products, rental and real estate income, interest income, and dividend income from the investment of securities. Operating expenses and finance costs amounted to PhP149.6 million and PhP14.8 million, 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 PhP3.84 billion in 2014 while total liabilities amounted to PhP897.9 million which is higher by 7.85% and 29.75%, respectively, from balances in 2013.

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 2014, there were no seasonal aspects 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 2014 as compared to 2013:

Financial Assets at FVPL - There were no significant additions made in 2014. The increase of 9% in the balance of the investments in financial assets at FVPL is attributable to the increase in the market value of the investments.

Inventories – The increase of inventory is due to the additional purchases of inventories at near year-end to take advantage of the lower price of wheat. But such inventories are guaranteed to be milled at forecasted periods and such, no loss on inventory damage is expected.

Available for Sale of Financial Assets- The increase by 13% in AFS is due to the significant additional purchases of debt securities and equity investments during the year.

Accrued Rent and Other Noncurrent Assets– There were no additional rental spaces during the year. The increase is because of the adjustment made on the recognition of rental income using straight line computation per PAS 17 on Lease.

Liabilities under trust receipts – The increase is parallel to the increase in inventories. The Company imports wheat inventory through letters of credit and trust receipts. Thus, an increase in the purchases of wheat at near year-end, also increases the Company’s liabilities under trust receipts.

Notes payable – The Company availed short term notes payable amounting to 100 million during the year 2014. The Company took advantage of the lowest interest rate offered by the bank for the past years. Proceeds are used in the normal operation of the business. The loan was paid in full in January 2015.

Accounts Payable and accrued expenses – The decrease is attributable to the decrease in Output VAT payable as part of the accrued expenses balances. As mentioned above in the “Inventory” and “Liabilities under Trust Receipts” accounts, the Company made several importations for the purchase of Wheat inventory. Such importations urges to Company to pay for the Advance VAT in which, credited against its VAT payable.

Income Tax Payable – Income tax payable increased as the income in the fourth quarter of the year increased.

Unearned rental income- There change was due to recognition of earned portion of rental income during the year.

Accrued Retirement Liability – The increase is due to additional provision to benefit obligation as of December 31, 2014.

Performance Indicators

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

1. Selling Price, Volume and Revenue Growth

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

During the year ended December 31, 2016, there was 27% decrease in revenue as compared to previous years’ same period performance. The decrease is attributed to the decrease in the sales volume coupled with price reductions of the Company’s products. There was also a slight decrease in the Company’s rental income.

2. Cost Contribution

This measures the amount of supply and cost-efficiency of the applicable products of the Company. It shows the trend of supplies’ cost particularly in imported raw materials where there are foreign exchange exposures. Costs are analyzed regularly pursuant to cost reduction and efficiency measures.

During the year ended December 31, 2016, there was a 27% decrease in cost of sales over the previous year which is a result from effective management's cost cutting measures. However, this decrease just compensate the decrease in revenue.

3. Gross Profit Contribution

Review of sales less cost is done on a regular basis to check if targets are being met. This measures the profitability within the bounds of cost and demand. Like other indicators, this is reviewed on a regular basis for proper action and consideration.

In 2016, the Company generated gross profit of 23%. There was a decrease of 8% in gross profit as compared in the prior year. The decrease is directly attributable to the substantial decrease in revenue as discussed in item no. 1.

4. Operating margin

This shows the result after operating expenses have been deducted. Operating expenses are examined, checked and traced for major expenses. These are being analyzed and compared to budget and expenses incurred in previous years to ensure prudence and discipline in spending behind marketing and selling activities.

During the year ended December 31, 2016, there was a decrease in operating expenses by 4% over the previous year. Operating income realized this year is 37% lower than the previous year.

5. Plant Capacity Utilization

This determines total usage of the plant capacity. Full utilization produces better yield thus better margin. Standard rates for the plants were set and monthly utilization is determined to properly equate and carefully assess the differences.

There are no events that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation. There were also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

Liquidity and Capital Resources

Like in the past years, the Company continued to enjoy a strong cash position all throughout in 2016 with a current ratio at 2.50:1. The working capital requirement of the Company to carry its business is entirely generated internally.

Summary of 2017 and 2018 Forecasted Financial Statements

The Company has prepared financial projections for the years ending December 31, 2017 and 2018. The Company forecasts its net income to increase by 5% from its preceding year.

The Company does not have any material commitments for capital expenditures for the year 2017.

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

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 Company is primarily engaged in the business of manufacturing flour and flour related products.

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 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.

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

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
William Carlos Uy	75	Filipino	Chairman of the Board
Sandra Uy	40	Filipino	Director
John Carlos Uy	66	Filipino	Director
Vicente Vargas	60	Filipino	Director
William Ang	66	Filipino	Director
David Ng*	55	Filipino	Director
Jose Ma. S. Lopez	72	Filipino	Director
Benjamin Jalandoni	70	Filipino	Director
Jesus Jalandoni	59	Filipino	Director
Daniel Maramba	44	Filipino	Director
Jose A. Feria Jr.*	68	Filipino	Director

* Independent Director

The Senior Management of the Company is as follows:

Name	Age	Citizenship	Position
William Carlos Uy	75	Filipino	President
Sandra Uy	40	Filipino	Senior Vice President – Operation
Vicente Vargas	60	Filipino	Corporate Secretary
Jose Ma. Lopez	72	Filipino	Senior Vice President & Treasurer

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. 75 years old. He serves as the President and director 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 director of CCC Insurance Corporation.

John Carlos Uy. 66 years old. He is a director of the Company. He also serves as a director and the general manager of Parity Values, Inc., one of the stockholders of the Company.

Vicente Vargas. 60 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. 66 years old. He is a director of the Company. 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.

Jose Ma. S. Lopez. 73 years old. He is a director and Senior Vice President for Corporate Planning of the Company. Likewise, He is a director in other corporations including: Agchem Manufacturing Corporation, Liberty Commodities Corporation and CCC Insurance Corporation. He is also presently the Senior Vice-President for Lopez Sugar Corporation.

Benjamin S. Jalandoni. 70 years old. He is a director of the Company. He also serves as director in other corporation such as: Agchem Manufacturing Corp. and JM & Company, Inc. He is also the President of Personal Computer Specialists, Inc., Kanlaon Development Corp, Jayjay Realty Corp. and Kanlaon Farms, Inc.

David Ng, 55 years old. He is a 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 Partner of CNP Architects.

Jesus S. Jalandoni, Jr. 59 years old. He is the Managing Director of Alegria Development Corporation; President of LFM Properties Corp.; Managing Director of Premium Wine Exchange; President of Valueline Realty & Development Corp. Executive Vice-President and Treasurer of Enterprise Leasing Corporation; Vice-President of Kanlaon Development Corp.; Vice-President of Kanlaon Farms, Inc.; Vice-President of Jayjay Realty Corporation; Director of JM Processing and Freezing Corp.; and Director of Personal Computer Specialist, Inc.

Sandra Uy, 40 years old. She serves as a director and Senior Vice-President of the Company.

Jose A. Feria, Jr., 68 years old. He is the Senior Partner of Feria Tantoco Daos Law Offices. Atty. Feria is the Chairman of Cyan Management Corporation, Directories Philippines Corporation, MG Exeo Network, Inc., Premiere Travel and Tours, Inc., Padre Burgos Realty, Inc. Spencer Food Corporation, Vinnel Belvoir Corporation. He also serves as director of EYP.PH Corporation, Assessment Analytics, Inc. Macawiwili Gold Mining & Development Corporation and Corporate Secretary of Aero Asia, Inc. and Air Asia, Inc., Gawad Kalinga Foundation, Inc. and PinoyMe Foundation, Inc.

Independent Directors

The Nominations Committee of the Company, which was constituted in accordance with the Company's Manual on Corporate Governance, pre-screens and shortlists all candidates in accordance with the said Manual on Corporate Governance. In a meeting of the Nominations Committee of the Company on 25 May 2016, Mr. William Carlos Uy nominated Mr. David Ng and Atty. Jose A. Feria, Jr. to be the Company's independent directors for the ensuing corporate year.

Other than as stated above, no new persons were named and nominated to be the Company's independent directors for the ensuing corporate year.

The members of the Company's Nomination Committee are: Mr. Jose A. Feria Jr., Mr. Vincente Vargas and Mr. John Carlos Uy, with Mr. Jose A. Feria Jr. as Chairman.

On the other hand, the members of the Company's Audit Committee are: David Ng as Chairman and Benjamin Jalandoni and Jose A. Feria, Jr. as members.

Significant Employees

Other than the persons named above, the Company does not expect any other person to make a significant contribution to the business of the Company.

Family Relationships

William Carlos Uy and John Carlos Uy are brothers. Likewise, Benjamin Jalandoni and Jesus Jalandoni Jr are brothers. Benjamin Jalandoni, Jesus Jalandoni Jr., Jose Ma. S. Lopez and Vincent Vargas are first cousins. Sandra Uy is the daughter of William Carlos Uy and nephew of John Carlos Uy, respectively.

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.

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 and above board.

SECURITY HOLDERS

As of 31 March 2016, there are 457 holders of common shares of stocks of the Company.

The top 20 stockholders of the Company as of 31 March 2016 are as follows:

	Name of Stockholder	Number of Shares held	Percentage
1.)	Parity Values, Inc.	60,878,835	40.58%
2.)	PCD Nominee Corp.	26,130,514	17.42%
3.)	William Carlos Uy	12,561,556	8.37%
4.)	Bacsay Management Corporation	5,589,742	3.72%
5.)	Sebring Management Corporation	3,122,102	2.08%
6.)	E.K.I Tourist Development Corporation	2,855,505	1.90%
7.)	Ganet Management Corporation	2,495,808	1.66%
8.)	L & J Agricultural, Inc.	2,417,841	1.61%
9.)	Nellie C. Delgado	1,424,301	0.94%
10.)	Jose Moreno, Jr.	928,277	0.61%
11.)	Eduardo S. Lopez Jr.	915,468	0.61%
12.)	Amelia Kalaw Pulmones	913,613	0.60%
13.)	Carvina Farms, Inc.	769,920	0.51%
14.)	Paula K. Feria	742,488	0.49%
15.)	Erwin M. Fajardo	697,337	0.46%
16.)	Regina Kalaw	628,116	0.41%
17.)	Jose Yu Ping Kun	627,621	0.41%
18.)	Jose Maria S. Lopez	624,465	0.41%
19.)	Philip Hsu	602,405	0.40%
20.)	Pilar S. Jalandoni	583,769	0.38%

MARKET FOR COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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:

2017	High	Low
First Quarter	73.10	70.10
2016	High	Low
First Quarter	36.00	30.80
Second Quarter	32.20	32.20
Third Quarter	59.95	54.00
Fourth Quarter	74.95	74.95
2015	High	Low
First Quarter	35.00	35.00
Second Quarter	29.00	29.00

Third Quarter	31.10	30.00
Fourth Quarter	26.50	26.00

Dividends

The average dividend per share of the Company was ₱1.50 in 2016, ₱1.00 in 2015, ₱1.00 in 2014, and

The following table contains information regarding the dividend declaration and distribution on the common stock of the Company for the years 2016, 2015, and 2014.

	Dividend Type	Record Date	Rate	Amount (PhP)
For 2016	Cash	11 March 2016	15%	225,000,000.00
For 2015	Stock	8 December 2015	71.0%	625,000,000.00
	Cash	15 October 2015	10%	87,498,921.00
	Cash	10 June 2015	10%	87,498,921.00
For 2014	Stock	January 30, 2015	75%	374,996,190.00
	Cash	March 15, 2014	10%	49,999,732.00
For 2013	Cash	June 21, 2013	10%	49,999,732.00
	Cash	November 14, 2013	5%	24,999,866.00

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

Unappropriated retained earnings, beginning	₱1,208,324,153
Less: Fair Value gain on financial assets at FVPL	(8,162,576)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	1,200,161,577
Add net income actually earned/realized during the year:	
Net income during the year closed to retained earnings	255,507,668
Less: Fair Value gain on financial assets at FVPL	1,004,551
Deferred income tax asset recognized in profit or loss	32,312,635
Net income actually earned/realized during the year	224,199,584
Add (Less):	
Cash dividend declaration during the year	(225,000,000)
Stock dividend declaration during the year	-
Stock issuance cost	-
Reversal of appropriations	-

Total retained earnings available for dividend declaration, end	₱1,199,361,161

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.

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 Mr. Jose S. Jalandoni 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 Benjamin 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 Vargas and John Carlos Uy as members. The Company also created its Compensation and Remuneration Committee composed of David Ng as Chairman and Jose Ma. Lopez and William 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.

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY’S ANNUAL REPORT ON SEC FORM 17-A FREE OF CHARGE. SUCH WRITTEN REQUEST SHOULD BE DIRECTED TO ATTY. JAN MARI D. ADAN, 8TH FLOOR, DPC PLACE, 2322 CHINO ROCES AVENUE, MAKATI CITY.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR
FINANCIAL STATEMENTS**

The management of Liberty Flour Mills, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

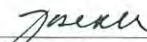
Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has audited the consolidated financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



WILLIAM CARLOS UY
Chairman of the Board



WILLIAM CARLOS UY
Chief Executive Officer



JOSE MA. S. LOPEZ
Chief Financial Officer

Signed this day 4th day of April 2017

LIBERTY FLOUR MILLS, INC.

MCPO 1571 Makati City E-mail: info@libertygroup.com.ph
MANAGEMENT OFFICE:
Liberty Building 835 A. Arnaiz Avenue
Legaspi Village, Makati City 1229 Philippines
Tel +63 2 8925011 to 20 Fax +63 2 8932644


PLANT
528 FBlumentritt Extension
Mandaluyong City 1550 Philippines
Tel + 63 2 5322001 to 04 Fax + 63 2 5317985

SUBSCRIBED AND SWORN TO before me this 25th day of April 2017, affiants exhibiting to me their Residence Certificates as follows:

Name
WILLIAM CARLOS UY
JOSE MA. S. LOPEZ

Social Security System ID No.
03-0842644-1
03-1212721-5

Doc. No.: 130
Page No.: 89
Book No.: II
Series of 2017


LOUIE A. ESCUTIN
NOTARY PUBLIC UNTIL DEC. 2017
ROLL NO. 4232 / 27 APR. 2013
PTR NO. 54-58055/NAKATI CITY
IBP LIC. NO. 40817
MCLE COMPLIANCE NO. SI-0030940

COVER SHEET

SEC Registration Number

1	4	7	8	2															
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Company Name

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

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

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

Form Type

1	7	-	Q
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Department requiring the report

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Secondary License Type, If Applicable

--	--	--	--

COMPANY INFORMATION

Company's Email Address

info@libertygroup.com.ph
--

Company's Telephone Number/s

(02) 892-5011

Mobile Number

--

No. of Stockholders

457

Annual Meeting
Month/Day

Last Wednesday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Jose Ma. Lopez

Email Address

jmlopez@pltdtsl.net
--

Telephone Number/s

(02) 892-5011

Mobile Number

-

Contact Person's Address

Liberty Building, 835 A. Arnaiz Avenue, Makati City

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended: **March 31, 2017**
2. Commission identification number: **14782**
3. BIR Tax Identification No: **000-128-846-V**
4. Exact name of registrant as specified in its charter: **LIBERTY FLOUR MILLS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. **Liberty Building, A. Arnaiz Avenue, Makati City** **1200**
Address of issuer's principal office Postal Code
8. Issuer's telephone number, including area code: **(632) 892-5011**
9. Former name, former address and former fiscal year, if changed since last report: **-na-**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	150,000,000

11. Are any or all of the securities listed on a stock exchange?

Yes [] No []

If yes, state name of such stock exchange and the class/es of securities listed therein:

Stock Exchange	Class of Securities
Philippine Stock Exchange, Inc.	Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [] No []

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

Yes [] No []

PART 1- FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the unaudited interim financial statement of the Liberty Flour Mills, Inc. (the "Company") and its subsidiary for the three (3) months ended March 31, 2017 which is attached hereto as Annex "A" and which is hereby incorporated by reference to form an integral part of the Report. Likewise, attached as Annex "B" is the Company's Statement of Changes in Stockholder's Equity for the three (3) months ended March 31, 2017 and as compared to same period for the year 2016, the Company's Statement on Income and Expenses for the three (3) months ended March 31, 2017 with comparative figures for the three (3) months ended March 31, 2016 and the Company's basis for the computation of Basic Earnings per share.

The interim financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS) in accordance with the Securities Regulations Code.

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

The operations for three-month period ended 31 March 2017 resulted in a net income of PhP18.13 million, a decrease by 57% from previous year's same period of PhP42.39 million. In terms of sales there was a decrease of 15% in the sales volume of flour bags sold in the first quarter of 2017 which resulted to a decrease in revenue by 24% from the previous year's same period operation. The management however, continue to implement several cost cutting measures which resulted to a decrease of 18% in Cost of Sales. On the other hand, increasing investments of the Company in shares of stocks and in debt instruments earned dividends income of 26% higher as compared in the first quarter of 2016 while interest income is basically on same level.

For the quarter ended 31 March 2017, total gross income amounted to PhP33.98 million, which is 49% lower from the previous year's same period operation which made gross profit amount to Php66.8 million.

Other operating income represents rental income which had an aggregate amount of Php25.2million for the first three-month period of 2017 higher by 7% compared to previous year's same period of PhP23.6 million. Increase is due to higher tenants' occupancy rates. Other income is 26% lower than of last year's same period amounting to PhP15.47 million.

Operating expenses for the three-month period of 2017 amounted Php50.59million, 4% higher than the previous year's same period operating expense of PhP48.8 million. Operating expenses consists of selling and administrative expenses such as salaries and wages, employee's welfare, depreciation, outside services, taxes, insurance, communications, office supplies, transportations, repairs, maintenance, interest and other expenses.

For the three-month period of 2017, the Company had an operating income of PhP8.6 million which decrease by 79% from previous year's same period resulted in an operating income of Php41.5 million. The decrease is likewise due to the above stated reasons.

Other income and charges, net, for the three-month period of 2017 amounted to Php11.4 million, which is 26% lower than last year's same period amounting to Php15.5. The account consists of net interest income and expense, dividend income and net miscellaneous income from scrap sales. During the period, the Company earned dividend income from various investments. As for the quarter ended, the Company has nil trust receipt balance same as compared to last year's same period.

The total combined assets amounted to PhP3.6 billion as of 31 March 2017 which is higher by 4% while total liabilities amounted to PhP806 million which is higher by 25%, mainly due to bank loans of subsidiary, from balances as of 31 December 2016.

The Company has no knowledge of any trends, events or uncertainties which are reasonably expected to have a material impact on the net sales or revenues of the Company. There are no seasonal aspects which had a material effect on the Company's financial condition or results of operation.

Further discussion of material changes in amount of accounts with 5.0% or more change:

Accounts Receivable – The decrease in account is due to higher collections made as of the first quarter ended which is also reflected in the Statement of Cash Flow attached herein.

Inventories – The increase in account is due to higher importation of raw materials made in the first quarter ended which is also reflected in the Statement of Cash Flow attached herein.

Financial Assets at FVPL – There were no significant additions or disposals made during the first quarter of 2017. The decrease of 70% in the balance of the investments in financial assets at FVPL is attributable to the decrease in the market value of the investments.

Prepaid expenses and other current assets – The decrease of balance is due to the decrease in the prepaid import charges and acquisition of insurance and various prepayments for the year 2017.

Accounts payable – The decrease is due to payments of the Company's Trust Receipts incurred during the year 2016.

Income tax payable – The decrease is primarily attributable to the decrease in the Net Income for the first quarter ended as compared to 2015 balance.

Bank Loans – The significant increase was due to loans made by the subsidiary to finance other priority projects.

Retained earnings – The decrease in account of 17% is mainly attributable to the cash dividend made in March 2016.

Performance Indicators

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

- Selling Price, Volume and Revenue Growth

These indicate external performance of the Company in relation to the movements of consumer

demand and the competitors' action to market behavior. These also express market acceptability and room for development and innovation. These are being monitored and compared as bases for further study and development.

During the three-month period ended 31 March 2017, there was 24% decrease in revenue as compared to previous year's same period performance. The decrease is attributed to the decrease in the sales volume of the Company's products. However, there was a huge increase in the Company's rental income.

- Cost Contribution

This measures the amount of supply and cost-efficiency of the applicable products of the Company. It shows the trend of supplies' cost particularly in imported raw materials where there are foreign exchange exposures. Cost are analyzed regularly pursuant to cost reduction and efficiency measures.

During the three-month ended 31 March 2017, there was a 27% decrease in cost of sales over the previous year's same period performance. Parallel to the decrease in revenue of 34%, the 7% leverage in the decrease in cost is a result from effective management's cost cutting measures.

- Gross Profit Contribution

Review of sales less cost is done on a regular basis to check if targets are being met. This measures the profitability within the bounds of cost and demand. Like other indicators, this is reviewed on a regular basis for proper action and consideration.

During the three-month ended 31 March 2017, the Company generated gross profit of 24%. There was a decrease of 7% in gross profit as compared in the prior year's same period performance. The decrease is directly attributable to the substantial decrease in revenue as discussed in item 1.

- Operating margin

This shows the result after operation expenses have been deducted. Operating expenses are examined, checked and traced for major expenses. These are being analyzed and compared to budget and expenses incurred in previous years to ensure prudence and discipline in spending behind marketing and selling activities.

During the three-month ended 31 March 2017, there was a increase in operating expenses by 4% over the previous year's same period performance. Operating income realized this year is substantially lower than previous year.

- Plant Capacity Utilization

This determines total usage of the plant capacity, Full utilization produces better yield thus better margin. Standard rates for the plants were set and monthly utilization is determined to property equate and carefully assess the differences.

Like in the past years, the Company continued to enjoy a strong cash position all throughout in 2016 and as of the quarter ended 31 March 2017 with a current ratio at 12.40:1. The working capital requirement of the Company to carry its business is entirely generated internally.

There are no events that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation. There were also no material off-

balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

MARKETPRICE

The market price of the Company's common shares closed at PhP70.10 on 31 March 2017. For the Company's high and low prices for the first quarter of 2017, please see table below:

Stock	Quarter	High	Low
LFM	1	73.10	70.10

PART 11 – FINANCIAL DISCLOSURES

Financial Instruments and Financial Risk Disclosure

The Group's financial instruments consist of cash and cash equivalents, financial assets at FVPL and AFS financial assets. The main purpose of these financial instrument is to fund the group's operations. The Group has various other financial assets and liabilities such as trade receivables, trade payables and accrued expenses and other liabilities. The main risk arising from the use of these financial instruments are credit risk, equity price risk, foreign currency risk and liquidity risk.

The main risk arising from the Group's financial instruments are credit risk and liquidity risk. The Group's exposure to foreign currency risk is minimal as this only relates to the Group's foreign currency-denominated cash in banks. The BOD reviews and approves policies for managing each of these risks.

a. Credit Risk

This represent the loss that the Group would incur if counterparty failed to perform under its contractual obligations. The Group has established controls and procedures in its credit policy to determine and monitor the credit worthiness of customers and counterparties. The Group is operating under a sound credit-granting process over its distributors. Credit monitoring process involves a weekly check over collections based on a benchmark.

The Group trade receivables is concentrated with its three distributors which account for 99% of the total trade receivables as of March 31, 2017. The Group has been transacting business with these distributors for a long time and has not encountered any credit issue with them. With respect to credit risk arising from other financial assets of the Group which comprise of cash equivalents, financial assets at FVPL and AFS financial assets, The Group's exposure to credit arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancement held over these assets.

b. Market Risk

Market risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks.

The fair value of equity held as AFS as of March 31, 2017 amounted to P15.6 million.

c. Foreign Currency Risk

This risk describes the impact of changes in foreign exchange rates on the consolidated balance sheet and consolidated statement of income items denominated in foreign currencies.

The Group's foreign currency-denominated financial assets and liabilities which are all in US dollar (\$) as of March 31, follows:

	2017	2016
Cash in bank	\$1,895	\$16,560
Total US dollar-denominated assets	\$1,895	\$16,560

The exchange rate per \$1.00 to Philippine peso is P49.70 and P46.56 respectively.

d. Liquidity Risk

Liquidity risk is the risk that the Group will be unable to pay its obligations when they fall due under normal and stress circumstances. The Group manages risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

There are no Company's investments in foreign securities.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

a. Financial assets at FVPL

The fair value of the quoted shares of stock is based on quoted market price.

b. AFS financial assets

The fair value of the quoted debt instruments and equities is based on quoted market price. Unquoted shares of stock are carried and presented at cost less impairment since their values cannot be reliably determined.

c. Deposits on long-term leases

The fair value of deposits on long-term leases is based on the present value of expected future cash flows discounted at the applicable rates for similar types of financial instruments.

d. Other financial assets and financial liabilities

Due to the short-term nature of other financial assets and financial liabilities, the fair value of cash and cash equivalents, receivables, liabilities under trust receipts, accounts payable and accrued expenses and other current liabilities approximate the carrying amount as of balance sheet.

PART 111 - OTHER INFORMATION

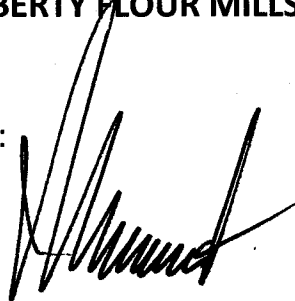
All other information which requires disclosure under the full Disclosure Rules of the Securities and Exchange Commission has been previously filed by the Company under SEC Form 17-C

SIGNATURE

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

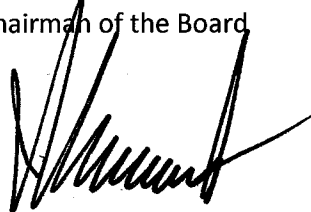
LIBERTY FLOUR MILLS, INC.

By:



WILLIAM CARLOS UY

Chairman of the Board



WILLIAM CARLOS UY

Chief Executive Officer


JOSE MA. S. LOPEZ

Chief Financial Officer

ANNEX "A"

LIBERTY FLOUR MILLS, INC.
LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY

UNAUDITED FINANCIAL STATEMENTS
MARCH 31, 2017

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARY
BALANCE SHEET
AS OF MARCH 31, 2017
(With comparative figures for year ended Dec. 31, 2016 and three months ended March 31, 2016)

<u>Assets</u>	March 31, 2017	Dec. 31, 2016 <u>Audited</u>	March 31, 2016
Current Assets			
Cash and cash equivalent	P 386,851,867	P 158,850,917	P 242,360,003
Accounts Receivable	717,244,423	790,358,136	781,057,156
Financial assets at fair value through profit or loss	15,571,517	51,148,926	14,566,966
Inventories:			
Finished goods	P 58,847,686	P 17,557,062	P 81,444,491
Raw materials	164,408,259	199,769,414	102,549,361
Inventories-in Transit	-	35,427,383	-
Total Inventories	223,255,945	252,753,859	183,993,852
Prepaid expenses & other current assets	40,890,122	71,896,654	42,285,675
Total current assets	P 1,383,813,874	P 1,325,008,492	P 1,264,263,651
Investments and Marketable Securities	1,745,899,775	1,992,119,984	1,647,911,246
Plant, Property & Equipment, net	391,799,785	78,121,770	292,201,228
Deferred Charges & Other Assets	61,909,245	45,777,556	8,624,057
Total Assets	P 3,583,422,679	P 3,441,027,802	P 3,213,000,183
 <u>Liabilities & Stockholders' Equity</u>			
Current Liabilities			
Accounts Payable	P 70,121,866	P 118,857,615	P 66,679,028
Income Tax Payable	10,922,075	10,274,242	29,621,602
Other Liabilities	30,564,327	10,074,869	50,151,305
Total Current Liabilities	P 111,608,269	P 139,206,726	P 146,451,936
Bank Loans	554,654,500	390,913,000	296,616,667
Subscription Payable	-	-	-
Deposit on long-term lease	13,731,737	5,462,809	12,407,956
Liability for Retirement Fund	114,274,500	110,862,789	147,396,032
Deferred Income Tax Liability	211,165	-	-
Other Non-current Liabilities	11,611,103	570,837	2,473,685
Total Liabilities	P 806,091,273	P 647,016,161	P 605,346,276
Stockholders' Equity			
Capital Stock, authorized - 200,000,000 shares at P10 par value per share P500,000,000.			
Issued and outstanding, 87,499,619 /150,000,000 shares in 2015	P 1,500,000,000	P 1,500,000,000	P 1,500,000,000
Fair value on available for sale assets	47,217,184	42,734,379	22,983,523
Accumulated remeasurement losses on retirement benefits, net of deferred income tax	(8,056,691)	(8,056,691)	(37,026,050)
Retained earnings			
Appropriated	P -	P -	P -
Unappropriated	1,238,170,913	1,259,333,953	1,121,696,434
Total Retained Earnings	1,238,170,913	1,259,333,953	1,121,696,434
Treasury Stock, at cost	-	-	-
Total Stockholders' Equity	P 2,777,331,406	P 2,794,011,641	P 2,607,653,907
Total Liabilities & Stockholders' Equity	P 3,583,422,679	P 3,441,027,802	P 3,213,000,183

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF INCOME AND EXPENSES
For quarter ended March 31, 2017
(With comparative figures for the quarter ended March 31, 2016)

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Net Sales	P 142,733,175.00	P 215,777,032.00
Cost of Sales	<u>(108,752,481.00)</u>	<u>(148,964,963.00)</u>
Gross Profit	P 33,980,694.00	P 66,812,069.00
Other operating income	25,206,283.78	23,576,350.00
Operating Expenses	<u>(50,591,656.46)</u>	<u>(48,878,887.00)</u>
Income from operations	P 8,595,321.32	P 41,509,532.00
Other Income/Charges, net	<u>11,437,440.30</u>	<u>15,472,166.00</u>
Income before Income Tax	P 20,032,761.62	P 56,981,698.00
Provision for Income Tax, current	(1,904,760.94)	(14,587,987.00)
Net Income for the period	<u><u>P 18,128,000.68</u></u>	<u><u>P 42,393,711.00</u></u>
Earnings per share	<u><u>P 0.12</u></u>	<u><u>P 0.28</u></u>

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
For Quarter ended March 31, 2017
(With comparative figures for the quarter ended March 31, 2016)

	January 1 to Mar. 31, 2017	January 1 to Mar. 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before tax	P 18,412,676	P 56,981,698
Adjustment for:		
Depreciation	5,342,251	3,851,222
Retirement Benefit Cost	4,540,638	
Provision for income tax deferred		-
Interest income	(5,981,972)	
Dividend Income	(8,921,659)	
Interest expense	131,615	
Loss (Gain) on the sale of AFS investments	1,478,012	
Loss on sale of FVPL investments	3,212,568	-
Operating Income before working capital changes	18,214,129	60,832,921
Decrease (Increase) in:		
Receivables	75,696,088	55,359,054
Inventories	29,497,914	86,912,931
Prepayments and other assets	(13,127,751)	18,131,163
Increase (Decrease) in:		
Trade Payables	(11,533,119)	13,343,148
Accrued Payables and other liabilities	256,581	11,282,678
Deposit on long term lease	1,517,050	11,303,740
Liabilities for Retirement Fund		3,271,831
Unearned Rental Income	(1,773,131)	
Cash generated (used) from operations	98,747,761	260,437,466
Income tax paid	(1,468,093)	
Interest Paid		
Interest Received	2,495	
Contribution to Retirement Fund/ benefits paid by Co.	(1,128,927)	
Net cash provided by (used in) operating activities	96,153,236	260,437,466
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of AFS investments	21,503,389	(20,002,500)
Proceeds from sale of AFS investments	12,596,008	
Interest received	5,979,477	
Dividends received	8,921,659	
Acquisition of investment property		
Acquisition of plant, property and equipment	(39,267,456)	197,523,414
Decrease(Increase) in other noncurrent assets	(38,282,680)	
Net cash used in investing activities	(28,549,603)	177,520,914
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of Loans	169,700,000	
Loan Payments	(5,958,500)	(81,106,779)
Interest paid	(3,344,183)	
Payments of cash dividends	-	(276,628,316)
Net cash used in financing activities	160,397,317	(357,735,095)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	228,000,950	80,223,285
Add: Cash and cash equivalents:		
January 1	158,850,917	162,136,718
July 1		
CASH AND CASH EQUIVALENTS, END	P 386,851,867	P 242,360,003

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2017

1. Basis of Financial Statement Preparation

The consolidated financial statements were prepared on the historical cost basis, except for the financial assets at fair value through profit and loss (FVPL) and the available-for-sale (AFS) financial assets which were measured at fair value. The consolidated financial statements are presented in Philippine peso (Peso), which is the Parent Company's functional and presentation currency and rounded to the nearest Peso except as otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group are prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of March 31, 2017.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses, resulting from intra group transactions and dividends are eliminated in full.

2. Significant Accounting Policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2016. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*

- Annual Improvements to PFRSs 2012 - 2014 Cycle
 - Amendment to PFRS 5, *Changes in Methods of Disposal*
 - Amendment to PFRS 7, *Servicing Contracts*
 - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
 - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

New Accounting Standards, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2016

Pronouncements which have been issued but not yet effective as at December 31, 2016 are disclosed below. Except as otherwise indicated, the Company does not expect the future adoption of the new pronouncements to have a significant impact on the financial position or performance.

Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
 The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Effective in 2017

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
 The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted. Application of amendments will result in additional disclosures in the parent company financial statements.
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that

deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

Effective in 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of the new standard on the parent company financial statements.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The adoption will also have an effect on the Company's application of hedge accounting and on the amount of its credit losses. The Company is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight. The Company does not expect the adoption of this pronouncement to have any significant impact on the parent company financial statements.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective in, 2019

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company is currently assessing the impact of adopting PFRS 16.

3. Others

1. The same accounting policies and methods of computation are followed in the interim financial statements as of March 31, 2017 as compared with the audited financial statements as of December 31, 2016.
2. The business operation of the company for the interim period is continuous, there is no cycle and it is not seasonal.
3. There are no unusual items that affected assets, liabilities, equity and cash flows.
4. There are no changes in estimates of amounts reported in prior financial years.
5. There are no issuances, repurchases and repayments of debts and equity securities.
6. Segment revenue is shown in the Statement of Income and Expenses.
7. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
8. There are no changes in the composition of this issuer during the interim period. There are no business combinations, no acquisition or disposal of subsidiaries and long term investments, no restructuring and no discontinuing operations.
9. There are no contingent liabilities and contingent assets.
10. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

ANNEX “B”

**LIBERTY FLOUR MILLS, INC.
LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY**

**STATEMENT OF CHANGES
IN STOCKHOLDER’S EQUITY
MARCH 31, 2017**

LIBERTY FLOUR MILLS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For three months ended March 31, 2017 and 2016

	2017	2016
CAPITAL STOCK		
Authorized - 200 million shares at P10 par value per share <u>P1.5 million</u>		
Issued and outstanding - 150,000,000 million shares P	1,500,000,000 P	1,500,000,000
TREASURY STOCK, at cost - 268 shares		
Fair value on available for sale assets	47,217,184	22,983,523
Accumulated Remeasurement on Retirement Benefits	(8,056,691)	(37,026,050)
RETAINED EARNINGS		
January 1	1,220,042,912	1,079,302,723
Net income for the period	18,128,001	42,393,711
Cash dividends declared and paid	-	-
	1,238,170,913	1,121,696,434
	2,777,331,406	2,607,653,907

BASIS FOR THE COMPUTATION OF BASIC EARNINGS PER SHARE

		2017		2016
NUMERATOR:				
Net income for the 1st quarter	P	18,128,001	P	42,393,711
DENOMINATOR:				
Outstanding shares		150,000,000		150,000,000
Treasury Stock		0		0
TOTAL WEIGHTED AVERAGE SHARES		150,000,000		150,000,000

LIBERTY FLOUR MILLS, INC. and Subsidiaries
Aging of Accounts Receivable
As of March 31, 2017

Type of Accounts Receivable	Total	1 Month	2-3 Months	Over 3 Mos.
a) Trade Receivables				
Flour and Millfeed customers	P 642,385,475.68	P 123,389,540.00	P 138,710,596.24	P 380,285,339.44
Building Tenants	3,828,323.46	2,978,306.71	849,019.43	997.32
b) Non-Trade Receivables:				
Others	<u>71,030,624.26</u>	<u>4,886,267.68</u>	<u>2,256,488.47</u>	<u>63,887,868.11</u>
Total	<u>P 717,244,423.40</u>	<u>P 131,254,114.39</u>	<u>P 141,816,104.14</u>	<u>P 444,174,204.87</u>