



Building a better  
working world

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BOA/PRC Reg. No. 0001.

October 4, 2018, valid until August 24, 2021

SEC Accreditation No. 0012-FR-5 (Group A),

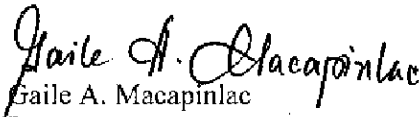
November 6, 2018, valid until November 5, 2021

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors  
Liberty Flour Mills, Inc.  
7F Liberty Building  
835 A. Arnaiz Avenue  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Liberty Flour Mills, Inc. and its subsidiaries (the Group), as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, included in this Form 17-A, and have issued our report thereon dated March 20, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with the Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

  
Gaile A. Macapinlac

Partner

CPA Certificate No. 98838

SEC Accreditation No. 1621-A (Group A),

March 21, 2017, valid until March 20, 2020

Tax Identification No. 205-947-572

BIR Accreditation No. 08-001998-126-2017,

February 9, 2017, valid until February 8, 2020

PTR No. 7332571, January 3, 2019, Makati City

March 20, 2019



## **LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**

### **INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

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In compliance with Securities Regulation Code Rule 68, as Amended (2011), the Company has prepared the following schedules:

- Financial Assets
- Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
- Intangible Assets - Other Assets
- Capital Stock
- Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C; Annex 68-C)
- Schedule of financial soundness indicators
- Map of the Relationship of the Companies within the Group
- Supplementary Schedule of All the Effective Standards and Interpretation

## LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES

Schedule A. Financial Assets  
December 31, 2018

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Income Received and Accrued
<b>Cash and cash equivalents</b>			
Cash on hand		P 33,476	
<b>Cash in bank and cash equivalents</b>			
Philippine Trust Company		50,711,041	
Metropolitan Bank & Trust Co.		4,850,436	
Banco De Oro Universal Bank		6,168,323	
Bank of the Philippine Islands		6,349,181	
Philippine Bank of Communications		408,713	
Rizal Commercial Banking Corporation		2,911,171	
China Banking Corporation		1,255,041	
Philippine National Bank		2,540,671	
Security Bank Corp.		686,773	
Other banks		2,707,811	
		78,589,161	
		P 78,622,637	
<b>Trade and other receivables</b>			
Receivable from:			
Trade receivables from related parties		701,920,592	
Rent receivables:			
Third parties		7,527,455	
Related parties		364,561	
Advances to officers and employees		846,346	
Advances to a broker		4,433,308	
Other receivables		12,552,364	
Less Allowance		(1,098,921)	
		P 726,545,705	
<b>Financial assets at fair value through profit or loss</b>			
Union Bank of the Philippines	25,807	P 1,650,357	P 42,636
Aboitiz Power Corp.	212,000	7,441,200	294,680
GMA Holdings Inc.	74,000	396,640	37,000
Philippine National Bank	22,540	963,585	-
Cebu Air Inc	8,640	632,448	38,880
Nickel Asia Corp.	324,560.00	714,032	136,315
Universal	600,000	22,800	-
Lepanto	3,545,455	397,091	-
Trans Asia - Oil	7,500,000	8,625,000	300,000
Trans Asia - Petrol	300,000	1,011,000	-
Philex Mining	1,000,000	3,090,000	75,000
Phoenix Semiconductor Phils	400,000	564,000	-
Cebu Landmasters Inc.	100,000	414,000	15,000
PLDT	2,000	2,250,000	128,000
San Miguel Corp.	1,625,000	121,875,000	11,616,211
BDO	45,000	5,886,000	49,500
PXP Energy Corp	100,000	1,520,000	-
		157,453,153	12,733,222

Financial assets at fair value through other comprehensive income (FVOCI)

Debt

Deutsche Bank-Fixed Rate Treas N	600,000	66,113,588	4,140,000
Ayala Land Corp. 2019	400,000	39,894,817	1,800,000
Ayala Land Corp. 2024	300,000	25,955,974	1,200,000
Ayala Land Corp. - Callable Bonds-2025	500,000	43,668,469	2,250,000
Ayala Corp. 2027	240,000	22,296,112	1,320,000
SM Investments Corp. 1380-27	300,000	29,819,605	1,440,000
SM Investments Corporation Series "F" 2024	250,000	23,485,022	1,122,500
SM Investments Corporation Series "E" 2021	250,000	23,812,846	1,059,160
PNB-Retail Treasury Bonds	200,000	17,329,700	980,000
GT Capital Holdings, Inc.	350,000	34,645,350	1,354,388
Energy Development Corporation	187,500	18,013,583	623,745
Globe Telecom Inc.'s Fixed Rate Bon	99,000	9,554,571	387,090
Rockwell Land Corporations FRB	200,000	19,095,271	814,912
PLDT Bonds 2024	300,000	27,411,436	1,267,512
PLDT Bonds 2021	200,000	19,156,951	836,000
San Miguel Brewery Inc's Series "G" 2021	250,000	24,451,794	1,100,000
San Miguel Brewery Inc's Series "H" 2024	250,000	23,581,928	1,200,000
SM Prime Holdings Inc Series "C" 2024	250,000	22,483,401	1,148,340
Ayala Corp Fixed Rate Bonds	200,000	16,903,361	771,200
RTB 5-11	100,000	9,199,409	370,000

Quoted Equity

Arthaland ALCO (Urban Corp. Realty - IPO)	326,250	313,200	3,915
BDO Unibank (BDO)	3,954	517,183	5,676
Fii Estate Land, Inc.	20,000	22,600	-
Manila Bulletin Publishing, Inc.	5,789,685	2,142,184	-
Asian Terminal IPO	392,133	5,442,806	176,460
BDO (PCI) Leasing	25,000	54,750	2,500
Philippine Long Distance Telephone	7,000	7,000	-
Petron Corporation Preferred Series 2A	150	147,000	9,450
Petron Corporation Preferred Series 2B	38,650	57,588,500	2,650,733
First Gen Corp. Preferred Shares	70,000	7,084,000	544,656
San Miguel Corp. Pref 2 SubSeries "C" (SMC2C)	133,400	10,138,400	775,387
San Miguel Corp. Pref 2 SubSeries "A" (SMC2A)	134,000	10,184,000	804,000
San Miguel Corporation 2F (China Trust)	133,300	9,997,500	680,550
San Miguel Corporation 2I	266,700	19,975,830	1,217,252
San Miguel Purefoods Corporation Pref. Shares 2	25,000	24,925,000	1,414,225
San Miguel Purefoods Corporation Pref. Shares 2	15,000	14,955,000	848,535
Leisure & Resorts World Corp. (LRWC) Pref. Shares	50,000,000	51,000,000	4,250,000
Ayala Corporation Preferred Class B	60,000	26,700,000	1,575,000
Ayala Corporation Preferred Class B2	50,000	24,950,000	1,393,750
First Philippine Holdings Corp. (Phil. Comm. Capital)	50,000	23,250,000	1,375,000
Globe Telecom, Inc. Series "A" (GLOPP)	100,000	48,000,000	2,600,300
Megawide's Corporation Preferred S	250,000	24,500,000	1,756,250
San Miguel Corp. Pref. Shares Series 2G-6.5793%	266,700	19,975,830	1,316,024
GT Capital Pref. Shares-B-5.0949% (10 yrs)	11,000	9,900,000	560,439
GT Capital Pref. Shares-B-5.0949% (10 yrs)	15,000	13,500,000	764,235
GT Capital Pref. Shares-A-4.6299% (7 yrs)	4,000	3,600,000	185,196
Arthaland Corp. Pref. Shares B-7.045%	100,000	10,100,000	704,580
BDO Stock Rights	64,990	101,501	-
8990 Preferred Shares	200,000	19,200,000	1,205,260
PBCOM	8,965,609	181,105,302	-
Double Dragon Properties Corp. PS -6.4778%	200,000	19,760,000	1,295,560

Unquoted Equity

UPCC Securities Corporation	35,907	5,209,507	897,675
UPCC Holdings Corporation	40,396	-	-
Liberty Commodities Corporation	17,733	7,636,170	335,480

1,168,856,451 54,532,936

P 1,326,309,604 P 67,266,158

TOTAL FINANCIAL ASSETS

P 2,131,477,946

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)  
December 31, 2018**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			
Stockholder							
Parity Values, Inc.	P 431,234,959	P 447,880,278	P (481,554,874)	P -	P 397,560,363	P -	P 397,560,363
Under common control							
Liberty Commodities Corporation	98,011,807	228,846,122	(197,098,069)	-	129,759,860	-	129,759,860
Trade Demands Corporation	175,014,247	127,196,936	(126,486,368)	-	175,724,815	-	175,724,815
Other related parties							
Advances to employees and officers	948,906	634,584.00	(737,144.00)	-	846,346	-	846,346
Retirement plan	7,227,090	-	-	-	7,227,090	-	7,227,090
	P 712,437,009	P 804,557,920	P (805,876,455)	P -	P 711,118,474	P -	P 711,118,474

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**

**Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements**

**December 31, 2018**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			
LFM Properties Corporation	P 77,278	P 523,676	P 606,359	P -	P (5,405)	P -	P (5,405)
	P -	P 523,676	P 606,359	P -	P (5,405)	P -	P (5,405)

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**Schedule D. Intangible Assets - Other Assets**  
**December 31, 2018**

Description	Beginning Balance	Additions At Cost	Deductions		Other Changes-Additions (Deductions)	Ending Balance
			Charged to Costs and Expenses	Charged to Other Accounts		
Computer Software	P 165,042	P 708,681.00	P (217,584)	P -	P -	P 656,139
	P 165,042	P 708,681	P (217,584)	P -	P -	P 656,139

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**Schedule E. Long-Term Debt**  
**December 31, 2018**

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Loan" in related Balance Sheet	Amount shown under Caption "Long-Term Loan" in related Balance Sheet
Long-term loan	P	-	P
<b>NOT APPLICABLE</b>			
	P	-	P



**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**

**Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)**

**December 31, 2018**

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
<div data-bbox="568 548 1329 671" style="border: 1px solid black; padding: 10px; width: fit-content; margin: 0 auto;">NOT APPLICABLE</div>	P -	P -
	P -	P -

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**Schedule G. Guarantees of Securities of Other Issuers**  
**December 31, 2018**

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
P - P - <div style="border: 1px solid black; padding: 10px; display: inline-block; margin: 10px auto;">NOT APPLICABLE</div>				
P - P -				

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**Schedule H. Capital Stock**  
**December 31, 2018**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
Common stock	200,000,000	150,000,000	-	-	14,322,350	135,677,650
	200,000,000	150,000,000	-	-	14,322,350	135,677,650

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES****RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION (Part 1, 4C; Annex 68-C)  
DECEMBER 31, 2018**

Unappropriated retained earnings, beginning	P1,209,598,250
Less: Recognized deferred tax asset	(22,943,154)
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	<u>1,186,655,096</u>
Add: Net income actually earned/realized during the year	
Net income closed to retained earnings	70,182,508
Add: Fair value loss on financial assets at FVTPL	3,783,587
Benefit from deferred income tax	2,118,947
Net income actually earned/realized during the year	<u>76,085,042</u>
Less: Cash dividend declaration during the year	(150,000,000)
Total retained earnings available for dividend declaration, end	<u><u>P1,112,740,138</u></u>



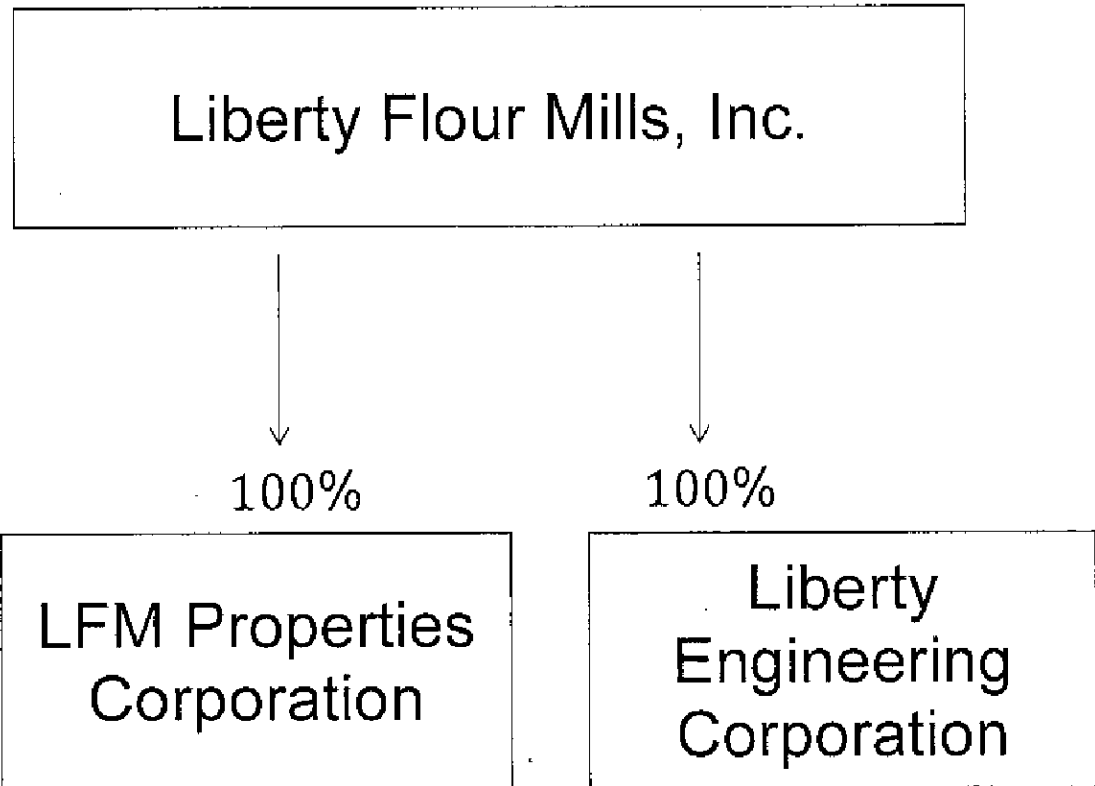
**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

	December 31	
	2018	2017
Current Ratio	1.26	1.60
Debt-to-Equity Ratio	0.43	0.34
Asset-to-Equity Ratio	1.43	1.34
Interest Rate Coverage Ratio	9.54	10.85
Net Profit-to-Equity	0.04	0.04

**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**

**MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN  
THE GROUP**

DECEMBER 31, 2018



**LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES**

**SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS  
DECEMBER 31, 2018**

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Effective as of December 31, 2018</b>				
<b>Philippine Financial Reporting Standards</b>				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts	Not yet early adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements		✓	
PFRS 12	Disclosure of Interests in Other Entities		✓	
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts	✓		
PFRS 15	Revenue from Contracts with Customers	✓		
<b>Philippine Accounting Standards</b>				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
PAS 23	Borrowing Costs	✓		
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Separate Financial Statements			✓
PAS 28	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSS 2014 - 2016 Cycle)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement			✓
PAS 40	Investment Property	✓		
	Amendments to PAS 40, Transfers of Investment Property		✓	
PAS 41	Agriculture			✓
<b>Philippine Interpretations</b>				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease			✓
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓
Philippine Interpretation IFRIC-21	Levies			✓
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance—No Specific Relation to Operating Activities		✓	
Philippine Interpretation SIC-15	Operating Leases—Incentives	✓		
Philippine Interpretation SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets—Web Site Costs			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance—No Specific Relation to Operating Activities		✓	
Philippine Interpretation SIC-15	Operating Leases—Incentives	✓		
Philippine Interpretation SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets—Web Site Costs			✓