

COVER SHEET

SEC Registration Number

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Company Name

L	I	B	E	R	T	Y		F	L	O	U	R		M	I	L	L	S	,		I	N	C	.		A	N	D	
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Principal Office (No./Street/Barangay/City/Town/Province)

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

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

(02) 892-5011

Mobile Number

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No. of Stockholders

442

Annual Meeting
Month/Day

Last Wednesday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Jose Ma. Lopez

Email Address

jmlopez@pltdsl.net
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Telephone Number/s

(02) 892-5011

Mobile Number

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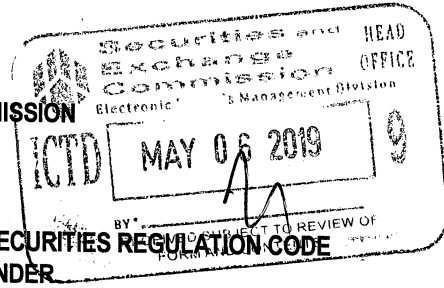
Contact Person's Address

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, 2019**
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: XXXXXXXXXX (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 outstanding	Number of shares of common stock outstanding and amount of debt
Common	150,000,000

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

Yes [] No []

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

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

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the unaudited interim financial statement of the Liberty Flour Mills, Inc. (the "Company") and its subsidiary for the three (3) months ended March 31, 2019 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, 2019 and as compared to same period for the year 2018, 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 2019 resulted in a net loss of Php8.39 million, a significant decrease by 213% from previous year's same period net income of Php4.60 million. In terms of sales, basically there was a decrease of 14% volume of flour bags sold in the first quarter of 2019 which resulted to a decrease in revenue by 18% from the previous year's same period operation. Cost of sales had decreased by 5% compared to same period last year due to improvement in average unit cost of the product. Dividend income on shares of stocks and in debt instruments and interest income on quoted securities are on the same level last year.

For the quarter ended 31 March 2019, total gross income amounted to Php16.07 million, which is 18% lower from the previous year's same period operation which made gross profit amounting to Php19.60 million.

Other operating income represents rental income which had an aggregate amount of Php30.73 million for the first three-month period of 2019 which is higher by 2% compared to previous year's same period of Php30.18 million. Increase is due to higher tenants' occupancy rates by one of the subsidiaries.

Operating expenses for the three-month period of 2019 amounted Php57.98 million, 9% higher than the previous year's same period operating expense of Php53.05 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 2019, the Company had an operating loss of Php11.18 million versus previous year's same period operating loss of Php3.28 million. The operating loss is primarily due to the above stated reasons.

Other income and (charges), net, for the three-month period of 2019 amounted to Php3.51 million, which is 65% lower than last year's same period mounting to Php10.05 million. The account consists of net interest income and expense, dividend income and net miscellaneous income from scrap sales. During the period, the Company earned dividend income from various investments. As for the quarter ended, the Company has trust receipt balance amounting to Php70.62million as compared to last year's same period of Php25.36million.

The total combined assets amounted to PhP3.73 billion as of 31 March 2019 which is higher by 3% while total liabilities amounted to PhP1.10 billion which is higher by 22%, mainly due to bank loans and other liabilities, from balances as of 31 December 2018.

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 – There were no significant changes during the first half of 2019.

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

Financial Assets at FVPL – The increase is due to the reclassification in compliance with the new financial accounting standard.

Prepaid expenses and other current assets – There were no significant changes during the first half of 2019.

Accounts payable – The increase is primarily due to Trust Receipts payable during the first half of 2019.

Income tax payable – The increase is basically due to higher recognition of income tax payable by one of the subsidiaries for the first half of 2019.

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

Retained earnings – Balance as of March 31, 2019 is basically on the same level as of previous period last year.

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 basis for further study and development.

During the three-month period ended 31 March 2019, there was a 7% decrease in revenue as compared to previous year's same period performance. The decrease is attributed to the decrease in sales volume of the Company's products. However, there was an increase in the Company's rental income by 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. Cost are analyzed regularly pursuant to cost reduction and efficiency measures.

During the three-month ended 31 March 2019, there was a 5% decrease in cost of sales over the previous year's same period performance due to improvement in average unit cost of the product.

- 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 2019, the Company generated gross profit of 12%. There was a decrease of 2% in gross profit as compared in the prior year's same period performance. The decrease is directly attributable to the decrease in total sales volume coupled by the decrease in net sales mix.

- 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 2019, there was an increase in operating expenses by 9% over the previous year's same period performance. Operating loss was incurred this quarter as a result of decrease in sales coupled with increase in operating expenses.

- **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 2018 and as of quarter ended 31 March 2019 with a current ratio at 5.57:1. 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 PhP53.00 on 31 March 2019. For the Company's high and low prices for the first quarter of 2019, please see table below:

Stock	Quarter	High	Low
LFM	1	54.00	53.00

PART II – FINANCIAL DISCLOSURES

Financial Instruments and Financial Risk Disclosure

The Group's financial instruments consist of cash and cash equivalents, financial assets at FVPL, financial assets at FVOCI and AFS investments. The main purpose of these financial instrument is to fund the group's operations. The other financial assets and financial arising directly from its operations are trade receivables, liabilities under trust receipts, accounts payable and accrued expenses. 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, 2019. The Group has been transacting business with these distributors for a long time and has not encountered any credit issue with them. With respect to credit risk arising from other financial assets of the Group which comprise of cash equivalents, financial assets at FVPL, debt instruments classified as financial asset at FVOCI and debt instruments classified as AFS investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no collaterals or other credit enhancement held over these assets.

b. 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 Group is exposed to equity price risk because of investments in quoted equity securities. The Group's policy is to maintain the risk at an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

c. Foreign Currency Risk

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

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

	2019	2018
Cash in bank	\$1,198	\$1,686
Total US dollar-denominated assets	\$1,198	\$1,686

The exchange rate per \$1.00 to Philippine peso is P52.782 and P52.11 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. Financial assets at FVOCI

The fair value of the quoted debt instruments and equities is based on quoted market price. Unquoted shares of stock have been estimated using the adjusted net asset method. The adjusted net asset method involves deriving the fair value of the investee's equity instruments by reference to the fair value of its assets and liabilities.

d. 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.

e. Other financial assets and financial liabilities

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

PART III - OTHER INFORMATION

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

SIGNATURE

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

LIBERTY FLOUR MILLS, INC.

By:



WILLIAM CARLOS UY
Chairman of the Board



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, 2019**

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
BALANCE SHEET
AS OF MARCH 31, 2019
(With comparative figures for year ended Dec. 31, 2018 and six months ended March 31, 2018)

<u>Assets</u>	March 31, 2019	December 31, 2018 <u>Audited</u>	March 31, 2018
Current Assets			
Cash and cash equivalents	P 42,598,558	P 78,622,637	P 238,319,116
Receivables	663,234,239	726,545,705	684,437,185
Financial assets at fair value through profit or loss	156,927,793	157,453,153	14,687,466
Inventories:			
Finished goods	P 55,541,132	P 5,486,024	P 33,952,965
Raw materials	234,539,521	236,537,472	198,461,034
Inventories-in Transit	-	-	-
Total Inventories	290,080,653	242,023,496	232,413,999
Prepaid expenses & other current assets	83,539,218	75,888,274	83,072,002
Total current assets	P 1,236,380,461	P 1,280,533,265	P 1,252,929,768
Financial assets at fair value through OCI	1,185,069,642	1,168,856,451	
Available for sale financial assets	-	-	1,227,063,558
Investment properties	516,679,433	1,202,125,662	515,391,367
Plant, Property & Equipment, net	750,001,690	62,020,215	595,609,319
Deferred Charges & Other Assets	39,088,483	39,771,894	38,054,840
Total Assets	P 3,727,219,709	P 3,753,307,487	P 3,629,048,852
Liabilities & Stockholders' Equity			
Current Liabilities			
Accounts Payable	P 175,895,714	P 218,897,470	P 101,358,143
Income Tax Payable	6,190,573	6,412,134	1,533,004
Other Liabilities	40,046,928	22,610,776	-
Total Current Liabilities	P 222,133,215	P 247,920,380	P 102,891,147
Bank Loans	782,400,000	770,400,000	685,132,750
Deposit on long-term lease	-	15,021,340	14,588,808
Liability for Retirement Fund	79,436,375	84,689,014	95,992,778
Deferred Income Tax Liability	-	-	2,594,009
Other Non-current Liabilities	12,923,308	12,693,876	631,613
Total Liabilities	P 1,096,892,898	P 1,130,724,610	P 901,831,105
Stockholders' Equity			
Capital Stock, authorized - 200,000,000 shares at P10 par value per share P2,000,000,000.			
Issued and outstanding, 150,000,000 shares	P 1,500,000,000	P 1,500,000,000	P 1,500,000,000
Fair value on available for sale assets	-	-	(23,720,115)
Fair value changes on financial assets through OCI	(64,521,110)	(122,474,302)	-
Remeasurement gain (loss) on defined benefit	2,919,808	2,919,808	(3,183,501)
Retained earnings			
Appropriated	P -	P -	-
Unappropriated	1,191,928,113	1,242,137,371	1,254,121,362
Total Retained Earnings	1,191,928,113	1,242,137,371	1,254,121,362
Treasury Stock, at cost	-	-	-
Total Stockholders' Equity	P 2,630,326,811	P 2,622,582,877	P 2,727,217,747
Total Liabilities & Stockholders' Equity	P 3,727,219,709	P 3,753,307,487	P 3,629,048,852

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF INCOME AND EXPENSES
For quarter ended March 31, 2019
(With comparative figures for the quarter ended March 31, 2018)

		<u>March 31, 2019</u>		<u>March 31, 2018</u>
Net Sales	P	129,425,002	P	138,929,111
Cost of Sales		<u>(113,358,468)</u>		<u>(119,333,280)</u>
Gross Profit	P	16,066,534	P	19,595,831
Other operating income		30,731,281		30,176,202
Operating Expenses		<u>(57,977,832)</u>		<u>(53,050,932)</u>
Income from operations	P	(11,180,017)	P	(3,278,899)
Other Income/Charges, net		<u>3,511,943</u>		<u>10,050,685</u>
Income before Income Tax	P	(7,668,074)	P	6,771,786
Provision for Income Tax, current		(717,267)		(2,172,140)
Provision for Income Tax, Deferred		<u> </u>		<u> </u>
Net Income for the period	P	<u><u>(8,385,341)</u></u>	P	<u><u>4,599,646</u></u>
Earnings (loss) per share	P	<u><u>(0.06)</u></u>	P	<u><u>0.03</u></u>

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
For quarter ended March 31, 2019
(With comparative figures for the quarter ended March 31, 2018)

	January 1 to March 31, 2019	January 1 to March 31, 2018
CASHFLOWS FROM OPERATING ACTIVITIES:		
Income before tax	P (7,668,074)	P 6,771,786
Adjustment for:		
Depreciation	6,565,447	6,457,978
Fair Value changes of financial assets at FVPL	(3,408,515)	
Retirement Benefit Cost	(5,252,640)	(3,776,104)
Interest income	(5,736,025)	(5,820,815)
Dividend Income	(6,095,566)	(10,578,992)
Interest expense	11,901,166	5,433,513
Loss (Gain) on the sale of AFS investments	-	682,363
Loss on sale of FVPL investments	-	(52,920)
Operating income before working capital changes	(9,694,207)	(883,191)
Decrease (Increase) in:		
Receivables	63,243,749	79,043,977
Inventories	(48,057,157)	(27,153,183)
Prepayments and other assets	(7,650,943)	(9,590,193)
Increase (Decrease) in:		
Trade Payables	(44,870,947)	(55,544,614)
Accrued Payables and other liabilities	-	-
Deposit on long term lease	4,766,269	(504,997)
Unearned Rental Income	(269,036)	(2,930,764)
Liabilities for Retirement Fund	-	-
Cash generated (used) from operations	(42,532,272)	(17,562,966)
Income tax paid	(938,828)	(1,374,316)
Interest Received	5,736,025	5,820,815
Net cash provided by (used in) operating activities:	(37,735,075)	(13,116,467)
CASHFLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Financial assets at FVPL		
Acquisition of AFS investments	-	(6,826,740)
Acquisition of Marketable securities	-	153,944,436
Proceeds from sale of AFS investments	-	5,897,193
Proceeds from sale of FVPL	3,933,875	
Dividends received	6,095,566	10,578,992
Acquisition of investment property	-	-
Gain on sale of AFS	-	-
Acquisition of plant, property and equipment	(8,444,551)	(53,389,427)
Decrease(increase) in other non-current assets	27,272	5,613
Net cash used in investing activities	1,612,162	110,210,067
CASHFLOW FROM FINANCING ACTIVITIES		
Availment of Loans	12,000,000	16,000,000
Loan Payments	-	(1,326,780)
Interest paid	(11,901,166)	(5,433,513)
Payments of cash dividends	-	-
Net cash generated from financing activities	98,834	9,239,707
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(36,024,079)	106,333,307
Add: Cash and cash equivalents:		
January 1	78,622,637	131,985,809
April 1		
CASH AND CASH EQUIVALENTS, END	P 42,598,558	P 238,319,116

LIBERTY FLOUR MILLS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2019

1. Basis of Financial Statement Preparation

The consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI) in 2018 and available-for-sale (AFS) investments in 2017 that are measured at fair value. The consolidated financial statements are presented in Philippine peso (Peso), which is the Group's functional and presentation currency, and rounded to the nearest peso except as otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of March 31, 2019.

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

2. Significant Accounting Policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2018. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance unless otherwise indicated.

- PFRS 9, *Financial Instruments*

PFRS 9, *Financial Instruments* replaces PAS 39, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied PFRS 9 retrospectively, with an initial application date of January 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39. Differences arising from the adoption of PFRS 9 have been recognized directly in retained earnings and other components of equity.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue and related Interpretations* and it applies with limited exceptions, to all revenue arising from contracts with customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be 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.

PFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 1, 2018.

The cumulative effect of initially applying PFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under PAS 11, PAS 18 and related Interpretations.

Adoption of PFRS 15 did not have significant impact to the Group's consolidated financial statements.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*
- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of “low-value” assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today’s accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- *Annual Improvements to PFRSs 2015-2017 Cycle*
 - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
 - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

3. Others

1. The same accounting policies and methods of computation are followed in the interim financial statements as of March 31, 2019 as compared with the audited financial statements as of December 31, 2018.
2. The business operation of the company for the interim period is continuous, there is no cycle and it is not seasonal.
3. There are no unusual items that affected assets, liabilities, equity and cash flows.
4. There are no changes in estimates of amounts reported in prior financial years.
5. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
6. There are no changes in the composition of this issuer during the interim period. There are no business combinations, no acquisition or disposal of subsidiaries and long term investments, no restructuring and no discontinuing operations.
7. There are no contingent liabilities and contingent assets.

ANNEX “B”

LIBERTY FLOUR MILLS, INC.

**LIBERTY BLDG., 835 A. ARNAIZ AVE.
MAKATI CITY**

**STATEMENT OF CHANGES
IN STOCKHOLDER’S EQUITY
MARCH 31, 2019**

LIBERTY FLOUR MILLS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For three months ended March 31, 2019 and 2018

	2019	2018
CAPITAL STOCK		
Authorized - 200 million shares at P10 par value per share <u>P2 billion</u>		
Issued and outstanding -150 million shares P	1,500,000,000	P 1,500,000,000
TREASURY STOCK, at cost	-	-
Fair value on available for sale assets	-	(23,720,115)
Fair value changes on financial assets through OCI	(64,521,110)	
Accumulated Remeasurement on Retirement Benefits	2,919,808	(3,183,501)
 RETAINED EARNINGS		
January `1	1,200,313,454	1,249,521,717
Net income for the period	(8,385,341)	4,599,646
Cash dividends declared and paid	-	-
	1,191,928,113	1,254,121,363
	2,630,326,811	2,727,217,747

BASIS FOR THE COMPUTATION OF BASIC EARNINGS PER SHARE

		2019	2018
NUMERATOR:			
Net income for the three quarters	P	(8,385,341) P	4,599,646
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 31,2019

Type of Accounts Receivable	Total	Current	1 Month	2-3 Months	Over 3 Mos.
a) Trade Receivables					
Flour and Millfeed customers	P 637,610,940	P 246,597,891.00	P 71,688,982	P 135,136,899	P 184,187,168.00
Building Tenants	6,345,134	5,310,175.00	254,037.00	33,239.00	747,683.00
b) Non-Trade Receivables:					
Others	19,278,165	-	765,290.00	7,050,551	11,462,324.00
Total	P 663,234,239	P 251,908,066	P 72,708,309	P 142,220,689	P 196,397,175