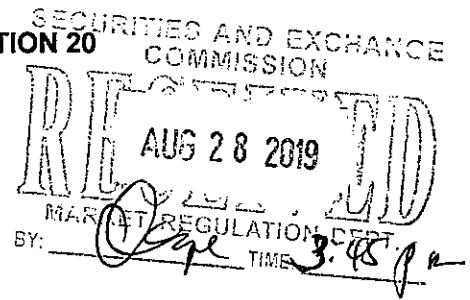


**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE**



1. Check the appropriate box:

- Preliminary Information Statement  
 **Definitive Information Statement**

2. Name of Registrant as specified in its charter: **LMG Chemicals Corp.**

3. Province, country or other jurisdiction of incorporation or organization  
**Pasig City, Philippines**

4. SEC Identification Number: **42020**

5. BIR Tax Identification Code: **047-000-526-765**

6. Address of Principal Office Postal Code  
**1006B West Tower, Philippine Stock Exchange Centre** **1605**  
**Exchange Road, Ortigas Center, Pasig City**

7. Registrant's telephone number, including area code: **(632) 636 6684**

8. Date, time and place of the meeting of security holders  
**September 19, 2019, 9:30 AM**  
**Fairway and Green Rooms, Wack Wack Golf Country Club, Mandaluyong City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **August 29, 2019**

10. In case of Proxy Solicitations:

**N/A**

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
<b>Common stock, Php 1.00 par value</b>	<b>193,544,176 common shares (excluding 100,028 treasury shares)</b>

12. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes   /   No       

If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **Philippine Stock Exchange, Inc. – common shares**

PART I.

**INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

However, if you cannot attend and you wish to send a representative/proxy, please send your proxy letter. In case of corporations, its representative/s should be authorized by its respective Boards. Proxy's and/or appropriate Secretary's Certificate should be submitted to the Corporate Secretary of the Company on or before September 5, 2019.

**Item 1. Date, time and place of meeting of security holders.**

- (a). Date: September 19, 2019  
Time: 9:30 AM  
Place: Fairway and Green Rooms, Wack Wack Golf Country Club, Mandaluyong City  
Principal Office: 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City 1605
- (b). Approximate date on which the Information Statement is first to be sent or given to security holders is on: August 29, 2019.

**Item 2. Dissenters' Right of Appraisal**

Any stockholder of the corporation has the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In any case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
3. In case of merger or consolidation; and
4. In case the corporation decides to invest its fund in another corporation or business or of any purpose other than the primary purpose for which it was organized.

For a stockholder to avail himself of the appraisal right, he/she must have voted against the any of the proposed corporate actions as enumerated above.

The Agenda of the Stockholders' meeting to be held on September 19, 2019 calls for the discussion, approval and confirmation by the stockholders of the following, to wit:

1. Approval of Minutes of the Annual Stockholders' Meeting held on 20 September 2018;
2. Annual Report of Officers and approval of the Audited Financial Statements of the Corporation as of 31 December 2018;
3. Approval and ratification of acts and proceedings of the Board of Directors, the Board Committees and Management during their respective terms of offices;
4. Approval of the amendment of the amended Articles of Incorporation to reflect denial of pre-emptive right;
5. Approval of the amendment of the amended Articles of Incorporation to reflect the change in corporate name;
6. Approval of the amendment of the amended Articles of Incorporation to reflect the change in its primary purpose;
7. Approval of the amendment of the amended By-Laws to reflect the change in venue of the Annual Stockholders' Meeting;
8. Approval of the amendment of the amended By-Laws to reflect the separation of the positions of Chairman and Chief Executive Officer;
9. Election of Board of Directors for the ensuing year;
10. Appointment of External Auditors;
11. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of May 30, 2019; and
12. Other matters that may properly come before the said meeting.

Enclosed as Annex "A" is a copy of the tentative agenda and a copy of the Notice of Meeting to be signed and issued by the Corporate Secretary.

### **Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the annual meeting of the stockholders.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

As of August 13, 2019, there are 193,544,176 (193,644,204 less 100,028 treasury sales = 193, 544,176) shares of LMG common stock outstanding and entitled to vote at the Annual Stockholders' Meeting. Only holders of the Company's stock of record as of

September 5, 2019, whether acting in person or by proxy are entitled to vote at the Annual Stockholders' Meeting.

The stock and transfer books shall be closed for transfer twenty (20) business days prior to the meeting on September 19, 2019, or from August 22, 2019 to September 19, 2019.

As of August 13, 2019, the total number of outstanding shares is 193,544,176 (net of 100,028 shares held in treasury) with a par value of one peso (₱1.00) per share. Each share is entitled to one (1) vote.

(a) (1) Security Ownership of Certain Record and Beneficial Owners

As of August 13, 2019, LMG knows of no one who beneficially owns in excess of 5% of LMG's common stock except as set forth in the table below.

Title of class	Name, address of Record owner and relationship with issuer	Name of Beneficial owner and relationship with Record owner	Citizenship	No. of shares held	Percent
Common	PCD Nominee Corporation Ground Floor Makati Stock Exchange Building Ayala Corner Makati Avenues Makati City; no relation to issuer	Ann Marietta L. Sytin; no relation to record owner	Filipino	98,583,459	50.94
Common	PCD Nominee Corporation Ground Floor Makati Stock Exchange Building Ayala Corner Makati Avenues Makati City; no relation to issuer	Robinson W. Siao; no relation to record owner	Filipino	29,000,001	14.98
Common	PCD Nominee Corporation Ground Floor Makati Stock Exchange Building Ayala Corner Makati Avenues Makati City	Various <sup>1</sup>	Filipino	65,869,924	34.03

<sup>1</sup> None of the various holders of the Company's common shares registered under the name of PCD Nominee Corporation owns more than 5% of the Company's shares.

There are no persons or other group aside from the above known to be directly or indirectly the record or beneficial owner of more than 5% of any class of registrant's voting securities.

The proxy validation for the September 19, 2019 Annual Stockholders' meeting is to be held on September 12, 2019 at 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

(a) (2) Security Ownership of Management

As of August 13, 2019, the Security Ownership of Management and Members of the Board of Directors are as follows:

Title of class	Name of owner	Amount and nature of ownership	Citizenship	Percent of class
Common	Ann Marietta L. Sytin	98,583,459 ""B"	Filipino	50.94%
Common	Robinson W. Siao	29,000,001 ""B"	Filipino	14.98%
Common	Rommel L. Sytin	9,400,001 "B"	Filipino	4.9%
Common	Constantino L. Navarro III	1 "B"	Filipino	0%
Common	Eduardo H. Yap	850,000 "B"	Filipino	0.44%
Common	Regis V. Puno	1 "B"	Filipino	0%
Common	Rafael Lombos Andrada	1 "B"	Filipino	0%
Common	Joseph C. Tan	101"B"	Filipino	0%
Common	Sixto S. Esquivias IV	1 "B"	Filipino	0%

- (b) State the terms of any loan or pledge obtained by the new control group for the purpose of acquiring control, and the names of the lenders or pledgees. – **Not applicable**
- (c) Any arrangement or understanding among members of both the former and new control groups and their associates with respect to election of directors or other matters should be described – **Not applicable**
- (d) Voting Trust of Holders of 5% or more **No voting Trust Agreement was entered into by persons holding more than 5% of the shares.**

**Item 5. Directors and Executive Officers**

The names, ages and nationality of all incumbent directors and officers are as follows:

Name	Positions	Age	Citizenship
Ann Marietta L. Sytin	Chairman of the Board/Director	51	Filipino
Rommel L. Sytin	Treasurer/ Director	50	Filipino
Robinson W. Siao	President/ Chief Executive Officer/ Vice-Chairman of the Board	49	Filipino

Eduardo G. Castelo	Corporate Secretary	70	Filipino
Constantino L. Navarro III	Director	59	Filipino
Regis V. Puno	Director	61	Filipino
Eduardo H. Yap	Director	73	Filipino
Rafael Lombos Andrada	Independent Director	58	Filipino
Sixto S. Esquivias, IV	Independent Director	64	Filipino
Joseph C. Tan	Independent Director	62	Filipino
Ranulfo Gerardo V. Payos, Jr.	Assistant Corporate Secretary	43	Filipino
Ronald Ian W. Ching	Compliance Officer	43	American

**ANN MARIETTA L. SYTIN, 51, Filipino, Director, and Chairman of the Board.** Ms. Sytin graduated from the University of the Philippines, Diliman with a Bachelor of Science degree in Business Administration. She graduated cum laude in 1988. Mrs. Sytin previously worked for SAP Philippines, Inc. as a Senior Marketing Specialist and with the IBM Philippines, Inc. as a Marketing Representative. She likewise previously worked as a Finance Executive and as an Executive Assistant to the President in United Auctioneers, Inc.

**ROMMEL L. SYTIN, 50, Filipino, Director and Treasurer.** Mr. Rommel L. Sytin graduated with a degree in Industrial Engineering from the University of Santo Tomas in 1990. He concurrently serves as President of United Asia Automotive Group, Inc., Foton Motor Philippines, Inc., and Foton Cebu, Inc. He also sits in the board of the following companies: United Auctioneers, Inc., United Graphic Mobile, Inc., United Holdings Power Corp., Empire Asia Mining Corp., Bukidnon Maladugao Hydro Power Corp., and Oasis Plus Investments Corporation, Clockworx Food Specialist. He is also a member of the Board of Directors of the Manila Economic and Cultural Law Office (MECO). MECO is the Philippines' representative office in Taiwan, which promotes, trade, investment, tourism, labor, scientific and cultural cooperation with Taiwan.

**ROBINSON W. SIAO, 49, Filipino, Director, President, and Chief Executive Officer.** Mr. Siao is a veteran in securities brokerage having 26 years of experience in the industry. He currently serves as President and CEO of Value Quest Securities Corporation, having previously served as its Managing Director for a decade. He also sits on the board of Global Pacific Distribution Network Corporation, Ever Dynamic Distribution Network, Inc., Ever Consumer Sales, Inc., and Everlink Distribution Group, Inc. Mr. Siao graduated from the Ateneo de Manila University with a degree in A.B. Management Economics in 1991. He obtained his Graduate Diploma in Intercultural Management from the Japan American Institute of Management Science in Honolulu, Hawaii in 2003.

**EDUARDO G. CASTELO, 70, Filipino, Director and Corporate Secretary.** Mr. Castelo obtained his law degree from the Ateneo de Manila University in 1975 where he received Second Honors. Mr. Castelo is a practicing lawyer and certified public accountant, with over 41 and 46 years of experience in both professions, respectively. He is currently named partner in Castelo Law Office. His field of practice includes corporate law, taxation, business and commercial law, intellectual property, estate planning and litigation. He is also a member of the American Bar Association in the State of New York.

**CONSTANTINO L. NAVARRO III, 59, Filipino, Director.** Mr. Navarro graduated from the San Beda College of Law in 1986 and was admitted to the Philippine Bar in 1987. He is the named partner of Navarro Law Offices, which he established in 2012. He was a named partner of Cruz Cruz & Navarro III from 1993 to 2012, and served as its managing partner from 1998

to 2012. He has served as legal counsel for numerous companies in his 30 years of legal practice. He is also a professor in the San Beda College of Arts and Sciences, teaching Obligations and Contracts, Sales, Credit Transactions, Agency, Corporation Law and Partnership. His fields of practice include litigation, corporate law, contract review, civil law, immigration law, and criminal law.

**REGIS V. PUNO, 61, Filipino, Director.** Mr. Regis Puno is a Senior Partner-Emeritus in the Puno & Puno Law Offices. Mr. Puno also served as Undersecretary of the Department of Justice under the Estrada Administration where he supervised the National Prosecution Service, International Affairs, Extradition, Witness Protection and National Bureau of Investigation. He was also the Chairman and Presiding Officer of the Dangerous Drugs Board. He also currently sits on the board of various companies, such as Metrobank Credit Card Corporation, Lepanto Consolidated Mining Co. Rockwell Leisure Club, Inc. and Bluetrees, Inc. He also currently serves as the Corporate Secretary of the Laura Vicuña Foundation Inc. Mr. Puno graduated with honors from the Ateneo de Manila University School of Law in 1985 and obtained his Masters of Law degree from Georgetown University Law Centre in Washington D.C. in 1987. His fields of practice include corporation law, litigation banking, mergers and acquisitions corporate, real estate, aviation, and public utilities and infrastructure.

**EDUARDO H. YAP, 73, Filipino, Director.** Mr. Eduardo Yap graduated from the University of the East in 1966 with a degree in Bachelor of Business Administration. He later qualified as a Certified Public Accountant in 1967. Mr. Yap is a property developer and a project marketing manager for Dynamic Realty & Resources Corp., Clairmont Realty & Development, Inc., and Unitec Pipe Manufacturing Corp. He is active in many business and civic organizations, particularly in the Management Association of the Philippines. He has served as its Chairman for the National Issues Committee in 2017 and was a member of the Board of Governors for the years 2016-2017. He was Governor-in-Charge of the Traffic, Transportation and Infrastructure Committee, National Issues Subs-Committee on Airport Improvements, and National Security Trade, Industry & Tourism Committee in 2016. Mr. Yap has also acted as Chairman for the following committees: Committee on Traffic, Transportation & Infrastructure in 2015, Special Committee on Urban Development & Land Use for the years 2013-2014, Subcommittee on Legislation for the years 2013 -2014 and the National Issues Committee. Mr. Yap has authored several books and has published many written articles for newspapers and new magazines, such as the Philippine Daily Inquirer, BusinessMirror, BizNewsAsia, and the Philippine STAR.

**RAFAEL LOMBOS ANDRADA, 58, Filipino, Independent Director.** Mr. Andrada received his Bachelor of Science in Commerce Business Management from the De La Salle University in 1982. He previously served as First Vice President & Treasurer of Manila Electric from 1997-2016. Prior to that, he was Chief Financial Officer of Benpres Holdings Corporation from 1992-1997. He previously sat in the board of CIS Bayad Center, General Electric Philippine Meter & Instrument Co., Inc., Republic Surety Insurance, Inc., Meralco Industrial Engineering Services Corp., Lighthouse Overseas Insurance Ltd., Inc., Radius Telecoms, Inc., Comstech Integrated Alliance, Inc., Clark Electric Distribution Corporation, Rockwell Land Corporation, Bauang Private Power Corporation, and First Private Power Corporation, among others. He was awarded Asia's Best CFO for Investor Relations in 2012 and Asia's Best Investor Relations Professional for 2013, 2014, and 2015 by Corporate Governance Asia.

**SIXTO S. EXQUIVIAS IV, 64, Filipino, Independent Director.** Mr. Esquivias graduated from the Ateneo de Manila University School of Law in 1980 and was admitted to the Philippine Bar the following year. He obtained his Master in Public Administration from the University of Santo Tomas in 1986 and his Master of Laws Major in Taxation from the Manuel L. Quezon University in 1993. Atty. Esquivias is also a Certified Public Accountant as he passed the CPA Board Examinations in 1975. Mr. Esquivias is the Managing Partner of the Law Firm of

Esquivias Conlu Vidanes & Yabut since 2010. He previously served as the Commissioner of the Bureau of Internal Revenue (BIR) from 2008 to 2009. He also held other important positions in the BIR, serving as Deputy Commissioner for Legal and Enforcement (1998 – 2000), OIC, Deputy Commissioner of Legal & Enforcement Group (1997-1998), and OIC, Assistant Commissioner Legal Service (1997). He was also a professor of Taxation in the University of the Philippines from 1986-1998 and from 2006-2010. He was a consultant to the Office of the Senate President from 2010-2012, and to the Congressional Oversight Committee on Comprehensive Tax Reform Program from 2006-2007.

**JOSEPH C. TAN, 62, Filipino, Independent Director.** Mr. Joseph C. Tan obtained his law degree from the Ateneo de Manila University in 1985 and graduated with Honors. Mr. Tan is a founding and currently managing partner of MOST Law, a full service law firm. He was also Managing Director of the Institute of Advanced Computer Technology from 1998 to 2003, and President of Primegold Manufacturing, Inc. from 1995 to 1998. He concurrently sits on the board of the following companies, serving as an Independent Director: Citesecurities, Inc., Premium Leisure Corp., 2Go Group, Inc., and Pacific Online Systems Corporation.

**RANULFO GERARDO V. PAYOS, JR. 43, Filipino, Assistant Corporate Secretary.** Mr. Ranulfo Gerardo V. Payos, Jr. received his law degree from the University of the Philippines College of Law in 2002. He is a Senior Partner of Puno & Puno Law Offices. As counsel, he has handled general tax consulting, joint venture arrangements, regulatory compliance and due diligence work for various foreign companies investing, among others, in power generation, mining and infrastructure projects Mr. Payos has acted as corporate secretary in a number of corporations by providing general housekeeping services, and has provided legal services relating to lending, project finance, securities and merger and acquisition transactions. His fields of practice include tax advisory, mining, power and natural resources, commercial law, corporate restructuring and reorganization, tax advocacy and litigation.

**RONALD IAN W. CHING, 43, American, Compliance Officer.** Mr. Ronald Ian W. Ching graduated from the De La Salle University in 1996 with a degree in Computer Science, major in Software Technology. He was a Technical Specialist for Philippine Systems Products, Inc. for two years before becoming a Software Design Engineer in Test for Visual Studio Microsoft Corporation in Redmond, USA for the years 1999-2012. He has served as President of Value Quest Finance Corporation since 2014 and as a Research Analyst since 2012. Prior to becoming its President, Mr. Ching was a stock broker for Value Quest Finance Corporation.

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors shall have been elected and qualified. Elective officers are elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each officer to hold office until a successor shall have been elected and qualified.

The nominees for election as members of the Board of Directors and as Officers of the Corporation as of the date of sending the Preliminary Information Statement are listed below.

Regular Directors:

1. Ann Marietta L. Sytin
2. Rommel L. Sytin
3. Robinson W. Siao
4. Constantino L. Navarro III
5. Regis V. Puno
6. Eduardo H. Yap

Independent Directors:



1. Rafael Lombos Andrada
2. Sixto S. Esquivias IV
3. Joseph C. Tan

Chairman of the Board:

Ann Marietta L. Sytin

Vice-Chairman of the Board, President and Chief Executive Officer:

Robinson W. Siao

Treasurer and Chief Risk Officer:

Rommel L. Sytin

Corporate Secretary:

Eduardo G. Castelo

Assistant Corporate Secretary:

Ranulfo Gerardo V. Payos, Jr.

Compliance Officer:

Ronald Ian W. Ching

The following is a brief profile of the nominees for Directors/Independent Directors and Officers for the year 2018-2019:

**ANN MARIETTA L. SYTIN, 51, Filipino, Director, and Chairman of the Board.** Ms. Sytin graduated from the University of the Philippines, Diliman with a Bachelor of Science degree in Business Administration. She graduated cum laude in 1988. Mrs. Sytin previously worked for SAP Philippines, Inc. as a Senior Marketing Specialist and with the IBM Philippines, Inc. as a Marketing Representative. She likewise previously worked as a Finance Executive and as an Executive Assistant to the President in United Auctioneers, Inc.

**ROMMEL L. SYTIN, 50, Filipino, Director and Treasurer.** Mr. Rommel L. Sytin graduated with a degree in Industrial Engineering from the University of Santo Tomas in 1990. He concurrently serves as President of United Asia Automotive Group, Inc., Foton Motor Philippines, Inc., and Foton Cebu, Inc. He also sits in the board of the following companies: United Auctioneers, Inc., United Graphic Mobile, Inc., United Holdings Power Corp., Empire Asia Mining Corp., Bukidnon Maladugao Hydro Power Corp., and Oasis Plus Investments Corporation, Clockworx Food Specialist. He is also a member of the Board of Directors of the Manila Economic and Cultural Law Office (MECO). MECO is the Philippines' representative office in Taiwan, which promotes, trade, investment, tourism, labor, scientific and cultural cooperation with Taiwan.

**ROBINSON W. SIAO, 49, Filipino, Director, President, and Chief Executive Officer.** Mr. Siao is a veteran in securities brokerage having 26 years of experience in the industry. He currently serves as President and CEO of Value Quest Securities Corporation, having previously served as its Managing Director for a decade. He also sits on the board of Global Pacific Distribution Network Corporation, Ever Dynamic Distribution Network, Inc., Ever Consumer Sales, Inc., and Everlink Distribution Group, Inc. Mr. Siao graduated from the Ateneo de Manila University with a degree in A.B. Management Economics in 1991. He obtained his Graduate Diploma in Intercultural Management from the Japan American Institute of Management Science in Honolulu, Hawaii in 2003.

**EDUARDO G. CASTELO, 70, Filipino, Director and Corporate Secretary.** Mr. Castelo obtained his law degree from the Ateneo de Manila University in 1975 where he received Second Honors. Mr. Castelo is a practicing lawyer and certified public accountant, with over 41 and 46 years of experience in both professions, respectively. He is currently named partner in Castelo Law Office. His field of practice includes corporate law, taxation, business and commercial law, intellectual property, estate planning and litigation. He is also a member of the American Bar Association in the State of New York.

**CONSTANTINO L. NAVARRO III, 59, Filipino, Director.** Mr. Navarro graduated from the San Beda College of Law in 1986 and was admitted to the Philippine Bar in 1987. He is the named partner of Navarro Law Offices, which he established in 2012. He was a named partner of Cruz Cruz & Navarro III from 1993 to 2012, and served as its managing partner from 1998 to 2012. He has served as legal counsel for numerous companies in his 30 years of legal practice. He is also a professor in the San Beda College of Arts and Sciences, teaching Obligations and Contracts, Sales, Credit Transactions, Agency, Corporation Law and Partnership. His fields of practice include litigation, corporate law, contract review, civil law, immigration law, and criminal law.

**REGIS V. PUNO, 61, Filipino, Director.** Mr. Regis Puno is a Senior Partner-Emeritus in the Puno & Puno Law Offices. Mr. Puno also served as Undersecretary of the Department of Justice under the Estrada Administration where he supervised the National Prosecution Service, International Affairs, Extradition, Witness Protection and National Bureau of Investigation. He was also the Chairman and Presiding Officer of the Dangerous Drugs Board. He also currently sits on the board of various companies, such as Metrobank Credit Card Corporation, Lepanto Consolidated Mining Co. Rockwell Leisure Club, Inc. and Bluetrees, Inc. He also currently serves as the Corporate Secretary of the Laura Vicuña Foundation Inc. Mr. Puno graduated with honors from the Ateneo de Manila University School of Law in 1985 and obtained his Masters of Law degree from Georgetown University Law Centre in Washington D.C. in 1987. His fields of practice include corporation law, litigation banking, mergers and acquisitions corporate, real estate, aviation, and public utilities and infrastructure.

**EDUARDO H. YAP, 73, Filipino, Director.** Mr. Eduardo Yap graduated from the University of the East in 1966 with a degree in Bachelor of Business Administration. He later qualified as a Certified Public Accountant in 1967. Mr. Yap is a property developer and a project marketing manager for Dynamic Realty & Resources Corp., Clairmont Realty & Development, Inc., and Unitec Pipe Manufacturing Corp. He is active in many business and civic organizations, particularly in the Management Association of the Philippines. He has served as its Chairman for the National Issues Committee in 2017 and was a member of the Board of Governors for the years 2016-2017. He was Governor-in-Charge of the Traffic, Transportation and Infrastructure Committee, National Issues Sub-Committee on Airport Improvements, and National Security Trade, Industry & Tourism Committee in 2016. Mr. Yap has also acted as Chairman for the following committees: Committee on Traffic, Transportation & Infrastructure in 2015, Special Committee on Urban Development & Land Use for the years 2013-2014, Subcommittee on Legislation for the years 2013 -2014 and the National Issues Committee. Mr. Yap has authored several books and has published many written articles for newspapers and new magazines, such as the Philippine Daily Inquirer, BusinessMirror, BizNewsAsia, and the Philippine STAR.

**RAFAEL LOMBOS ANDRADA, 58, Filipino, Independent Director.** Mr. Andrada received his Bachelor of Science in Commerce Business Management from the De La Salle University in 1982. He previously served as First Vice President & Treasurer of Manila Electric from 1997-2016. Prior to that, he was Chief Financial Officer of Benpres Holdings Corporation from 1992-1997. He previously sat in the board of CIS Bayad Center, General Electric Philippine Meter & Instrument Co., Inc., Republic Surety Insurance, Inc., Meralco Industrial Engineering

Services Corp., Lighthouse Overseas Insurance Ltd., Inc., Radius Telecoms, Inc., Comstech Integrated Alliance, Inc., Clark Electric Distribution Corporation, Rockwell Land Corporation, Bauang Private Power Corporation, and First Private Power Corporation, among others. He was awarded Asia's Best CFO for Investor Relations in 2012 and Asia's Best Investor Relations Professional for 2013, 2014, and 2015 by Corporate Governance Asia.

**SIXTO S. EXQUIVIAS IV, 64, Filipino, Independent Director.** Mr. Esquivias graduated from the Ateneo de Manila University School of Law in 1980 and was admitted to the Philippine Bar the following year. He obtained his Master in Public Administration from the University of Santo Tomas in 1986 and his Master of Laws Major in Taxation from the Manuel L. Quezon University in 1993. Atty. Esquivias is also a Certified Public Accountant as he passed the CPA Board Examinations in 1975. Mr. Esquivias is the Managing Partner of the Law Firm of Esquivias Conlu Vidanes & Yabut since 2010. He previously served as the Commissioner of the Bureau of Internal Revenue (BIR) from 2008 to 2009. He also held other important positions in the BIR, serving as Deputy Commissioner for Legal and Enforcement (1998 – 2000), OIC, Deputy Commissioner of Legal & Enforcement Group (1997-1998), and OIC, Assistant Commissioner Legal Service (1997). He was also a professor of Taxation in the University of the Philippines from 1986-1998 and from 2006-2010. He was a consultant to the Office of the Senate President from 2010-2012, and to the Congressional Oversight Committee on Comprehensive Tax Reform Program from 2006-2007.

**JOSEPH C. TAN, 62, Filipino, Independent Director.** Mr. Joseph C. Tan obtained his law degree from the Ateneo de Manila University in 1985 and graduated with Honors. Mr. Tan is a founding and currently managing partner of MOST Law, a full service law firm. He was also Managing Director of the Institute of Advanced Computer Technology from 1998 to 2003, and President of Primegold Manufacturing, Inc. from 1995 to 1998. He concurrently sits on the board of the following companies, serving as an Independent Director: Citesecurities, Inc., Premium Leisure Corp., 2Go Group, Inc., and Pacific Online Systems Corporation.

**RANULFO GERARDO V. PAYOS, JR. 43, Filipino, Assistant Corporate Secretary.** Mr. Ranulfo Gerardo V. Payos, Jr. received his law degree from the University of the Philippines College of Law in 2002. He is a Senior Partner of Puno & Puno Law Offices. As counsel, he has handled general tax consulting, joint venture arrangements, regulatory compliance and due diligence work for various foreign companies investing, among others, in power generation, mining and infrastructure projects Mr. Payos has acted as corporate secretary in a number of corporations by providing general housekeeping services, and has provided legal services relating to lending, project finance, securities and merger and acquisition transactions. His fields of practice include tax advisory, mining, power and natural resources, commercial law, corporate restructuring and reorganization, tax advocacy and litigation.

**RONALD IAN W. CHING, 43, American, Compliance Officer.** Mr. Ronald Ian W. Ching graduated from the De La Salle University in 1996 with a degree in Computer Science, major in Software Technology. He was a Technical Specialist for Philippine Systems Products, Inc. for two years before becoming a Software Design Engineer in Test for Visual Studio Microsoft Corporation in Redmond, USA for the years 1999-2012. He has served as President of Value Quest Finance Corporation since 2014 and as a Research Analyst since 2012. Prior to becoming its President, Mr. Ching was a stock broker for Value Quest Finance Corporation.

**(Note:** As provided in the Company's Manual of Corporate Governance, the Corporate Secretary shall set a reasonable period for the submission of nominations of candidates for election to the Board of Directors. All nominations for directors shall be submitted in writing to the Corporate Secretary at least seven (7) business days prior to the holding of election. Thereafter, the Corporate Governance Committee meets, pre-screens and checks the qualifications of, and deliberates on all persons nominated to be elected to the Board of

Directors from the pool of candidates submitted by the nominating stockholders. The Corporate Governance Committee shall prepare a Final List of Candidates after considering the qualifications and disqualifications of the nominees. Said list shall contain all the information about the nominees. Only nominees qualified by the Corporate Governance Committee and whose names appear on the Final List of Candidates shall be eligible for election as Director.)

The Certifications of the nominated Independent Directors are attached as **Annex "B"**.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any matter relating to the registrant's operations, policies or practices.

Ms. Ann Marietta L. Sytin nominated Messrs. Rafael Lombos Andrada, Sixto Esquivias IV and Joseph Tan as the Company's Independent Directors for the ensuing year. Messrs. Andrada, Esquivias IV and Tan are not officers or employees of the corporation, its parent or subsidiaries, or any other individual having a relationship with the corporation or any of its employees, officers and directors, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Further the guideline or criteria before any person can be nominated for the position of Independent Director are that he/she should possess all the qualifications and none of the disqualifications set forth by Section 38 of the Securities Regulations Code and its Implementing Rules and Regulations.

#### ***Significant Employees***

There is no "significant employee" as defined in Part IV (AS) (2) of SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business). Nonetheless, all employees are expected to make a reasonable contribution to the success of the business of the company.

#### ***Family Relationships***

Except for Ann Marietta L. Sytin and Rommel L. Sytin who are sister-in-law and brother-in-law, respectively and Robinson W. Siao who is the son-in-law of Eduardo H. Yap, there are no other relationships among the officers and directors.

#### ***Legal Proceedings with respect to Directors and Executive Officers***

None.

#### **Item 6. Compensation of Directors and Executive Officers**

LMG only had one professional consultant that oversaw its trading operations from January 1, 2018 to December 15, 2018. It previously outsourced the services of Chemical Industries of the Philippines for its management and administrative requirements.

Key management personnel of LMG are also members of its Board of Directors. No compensation was provided by the Company to key management personnel in 2018.

#### ***Summary of Compensation Table***

	Year	Salary
Professional Consultant	2017	Php437,870.00
N/A	2018	-
N/A	2019	-

### **Compensation of Directors**

(a) Standard Arrangements - None.

(b) Other Arrangements - None.

### **Employment Contracts and Termination of Employment and Change-in-Control Arrangements**

(a) Information on all outstanding warrants or options held by the registrant's CEO, the named executive officers, and all officers and directors as a group - None

(b) Exercise price of stock warrants or options - None

### **Item 7. Independent Public Accountants**

Reyes Tacandong & Co. acted as the Independent Public Accountant of the Company for the years, 2017 and 2018. Duly authorized representatives of Reyes Tacandong & Co. are expected to be present at the annual meeting of stockholders and they will have the opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

### **I. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

#### **A. Change in Independent Accountant**

**Not Applicable**

#### **B. Disagreements with former accountant on Accounting and Financial disclosure.**

**Not Applicable**

C. File as an exhibit to the report the letter from the former accountant addressed to the Commission stating whether it agrees with the same statements made by the registrant and, if not, stating the respects in which it does not agree

**Not applicable**

### **Item 8. Compensation Plans**

The agenda of the Annual Stockholders' Meeting to be held does not include any plan pursuant to which cash or non-cash compensation may be paid or distributed.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

Item 9. Authorization or Issuance of Securities Other than for Exchange

**Not applicable**

Item 10. Modification or Exchange of Securities

**Not applicable**

Item 11. Financial and Other Information

**Not applicable**

Item 12 Mergers, Consolidations, Acquisitions and Similar Matters

**Not applicable**

Item 13. Acquisition or Disposition of Property

**Not applicable**

Item 14. Restatement of Accounts

**Not applicable**

## **D. OTHER MATTERS**

Item 15. **Action with Respect to Reports**

The Audited Financial Statements for the period ending 2018 and the SEC Form 17-Q for the second quarter of 2019 will be submitted to the shareholders for their approval.

We enclose copies of the following:

- I. Audited Financial Statements as at and for the period ended December 31, 2018 with the Statement of Management's Responsibility (**Annex "C-1"**);
- II. Interim Unaudited Financial Statements ending June 30, 2019 (**Annex "C-2"**);
- III. SEC Form 17-Q Report for the quarterly period ended June 30, 2019 (**Annex "D"**);
- III. Summary of the Minutes of the last Annual Stockholders Meeting held on September 20, 2018 and duly disclosed to the Securities and Exchange Commission (**Annex "E"**); and
- IV. Summary of the Resolutions approved by the Board of Directors (**Annex "F"**)

Item 16. Matters Not Required to be Submitted

**Not applicable**

Item 17. Amendment of Charter, Bylaws or Other Documents

**Not applicable**

Item 18. Other Proposed Action

**Not applicable**

Item 19. Voting Procedures

As of August 13, 2019, the total number of outstanding shares entitled to vote is 193,544,176 with a par value of one peso (P1.00) per share. Each share is entitled to one (1) vote.

Approval of amendments to the amended Articles of Incorporation to reflect the denial of pre-emptive right, to change the corporate name, to change the primary purpose, and to change the venue of the annual stockholders' meeting; and approval of amendments to the amended By-Laws to reflect the change in venue of the Annual Stockholders' Meeting and to separate the positions of Chairman and Chief Executive Officer shall require the affirmative vote of at least two-thirds (2/3) of the stockholders present or represented by proxy at the annual meeting for the approval of each of these items in the agenda.

The method by which votes will be counted would be by viva voce or by ballot if required by any voting stockholder. The votes will be counted by the Chairman of the Board with the assistance of the Corporate Secretary.

Item 20. **Corporate Governance**

The Company adopted its Manual of Corporate Governance on May 31, 2017.

In December 15, 2017, the SEC mandated all companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) by May 31. On May 30, 2019, the Company submitted its I-ACGR for 2018. As of August 13, 2019, LMG has initiated efforts to comply with the recommendations provided under the 2019 I-ACGR and is continuously exerting efforts to fully comply with its I-ACGR.

Pursuant to the SEC Code of Corporate Governance for Publicly-Listed Companies, the Board has formed committees: Audit, Corporate Governance, Board Risk Oversight and Related Party Transaction Committees. It bears mention that the Chairmanship of these Committees are all held by independent directors.

Over the past months it has accomplished the following:

1. All of the Committee Charters, as well as the Company's Manual of Corporate Governance, have been uploaded to the Company's website.

The Charters and the Manual of Corporate Governance can be accessed at <https://www.lmg.ph/documents.html>

2. Corporate Secretary is not a member of the Board of Directors.

The Company's Amended General Information Sheet filed on February 21, 2019 indicates that the Corporate Secretary is no longer a member of the Board of Directors.

3. The Board is headed by a competent and qualified Chairperson.

The Company's Chairperson of the Board, Mrs. Ann Marietta L. Sytin was elected as the Chairperson of the Board of Directors on December 18, 2018. Mrs. Sytin graduated from the University of the Philippines, Diliman with a Bachelor of Science degree in Business Administration. She graduated cum laude in 1988. Mrs. Sytin previously worked for SAP Philippines, Inc. as a Senior Marketing Specialist and with the IBM Philippines, Inc. as a Marketing Representative. She likewise previously worked as a Finance Executive and as an Executive Assistant to the President in United Auctioneers, Inc.

4. The Board has at least three (3) independent directors or such number as to constitute one-third of the board, whichever is higher.

The following were appointed as independent directors:

- Rafael L. Andrada
- Joseph C. Tan
- Sixto S. Esquivias IV

5. Selection of Management and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).

Mr. Ronald Ian W. Ching was elected as the company's Compliance Officer and Mr. Rommel Sytin as its Chief Risk Officer.

6. The Board of Directors designated a lead director among the independent directors.

The Board of Directors appointed Mr. Joseph Tan as the Lead Director among the independent directors during the Organizational Meeting held on 20 September 2018.

The Company has sought to keep communications open with its stockholders and encourages them to participate in the meeting of stockholders either in person or by proxy.

## **Item 21. Management's Discussion and Analysis or Plan of Operation**

### ***Plan of Operation***

LMG will continue to evaluate all available opportunities in the infrastructure and heavy equipment industries.

### ***Management's Discussion and Analysis***

The following discussion and analysis relate to the financial position and results of operations of the Company and should be read in conjunction with the accompanying audited financial statements and related notes. The audited financial statements have been prepared in compliance with the Philippine Financial Reporting Standards ("PFRS"). PFRS includes statements named PFRS and Philippine Accounting Standards, including Interpretations issued by the PFRS Council.

The financial information appearing in this report and in the accompanying audited financial statements is presented in Philippine pesos, the Company's functional and presentation



currency, as defined under PFRS. All values are rounded to the nearest pesos, except when otherwise indicated.

### **Results of Operations**

#### *Key Components of Results of Operations*

There was no trading operation in 2018 and 2017. Operating expenses amounted to Php2.1 Million and Php63.7 Million in 2018 and 2017, respectively. The significant decrease in operating expenses was mainly attributable to the provision for impairment losses recognized in 2017 on receivables amounting to Php62.6 Million.]

LMG incurred a net income of Php3.6. Million in 2018 versus a net loss of Php57.2 Million in 2017. The significant increase is mainly attributed to interest income earned fro short-term placements amounting to Php5.6 Million.

The table below summarizes the results of operations of the Company for the years ended December 31, 2018, 2017 and 2016, presented in absolute amounts.

	For the Year Ended December 31			% of Change	
	2018	2017	2016	2018 v. 2017	2017 v. 2016
	(In Millions of Philippine Pesos, except percentages)				
Operating Expenses	2.0	63.7	1.1	(97%)	5,912%
Interest Income	5.6	0.1	0.0	5,500%	34,789%
Other Income	-	6.4	-	(100%)	N/A
Loss before Income Tax	3.6	(57.2)	(1.0)	106%	5,775%
Income Tax Expense	-	-	0.0	-	-
Net Loss	3.6	(57.2)	(1.0)	106%	5,765%

#### **2018 compared with 2017**

##### *Assets*

Assets increased by 2.12% or Php3.8 Million from the previous years' 179.3 Million was mainly due to interest earned from short-term placements amounting to Php5.6 Million in 2018.

##### *Liabilities*

Liabilities increased by Php0.3 Million to Php0.4 Million due LMG engaging in consultants for its accounting, compliance, and legal services.

### **Company Performance and Profitability and Liquidity**

#### *Key Performance Indicators*

#### Relevant Financial Ratios

The table below shows the comparative key performance indicator of the Company:

Financial KPI	Formula	2018	2017
Current/ liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	551.38	1550.738

Debt- to-equity ratio	<u>Total liabilities</u> Total equity	0.001	0.001
Asset-to-equity ratio	<u>Total assets</u> Total equity	1.001	1.001
Return on asset ratio	<u>Net income (loss) before interest expense after tax</u> Average total assets	0.270	(0.272)
Return on equity ratio	<u>Net income (loss)</u> Average total equity	0.020	(0.276)

The Company is not aware of any other trend or event that would have material impact on its liquidity.

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

**Item 22. Brief description of the general nature and scope of the business of the registrant and its subsidiaries**

LMG Chemicals Corp. (LMG or the Company) was incorporated on April 20, 1970 as an industrial chemicals manufacturer and distributor.

In October 2007, the Board of Directors of LMG approved the transfer of its properties to its two wholly-owned subsidiaries, Chemphil Marketing Corp (CMC) and LMG Land Development Corp (LMG Landco). The said transfers were under the property-for-equity scheme whereby CMC and LMG Landco issued their respective shares of stocks to LMG in December 2007.

In February 2008, the Securities and Exchange Commission (SEC) approved the request of CMC to change its name to Chemphil Manufacturing Corp.

In August 2008, LMG and LMG Landco together with Chemical Industries of the Philippines (CIP) entered into a Shares and Asset Purchase Agreement with Chemoil Fuel Philippines, Inc and Chemoil Energy Philippines, Inc. to sell and transfer the entire LMG shares in LMG Landco and to sell the property owned by CIP in Pinamucan, Batangas to Chemoil Fuel Philippines and Chemoil Energy Philippines, Inc., respectively.

In October 2009, the Board of Directors of LMG declared LMG's investment in the shares of CMC and Kemwater Phil Corp (KPC) as property dividends. They also approved the assignment of LMG's receivables from Chemoil, Inc. and CMC amounting to P 44.4 million and P 72.5 million, respectively to the Company's stockholders, in proportion to their shareholdings in the Company.

In December 2009, a Deed of Assignment was executed to assign LMG's rights, titles and interest over the shares in CMC and KPC to the stockholders of LMG in proportion to their respective shareholdings.

LMG is not involved in bankruptcy, receivership or similar proceedings.

In December 2017, a group of new investors (the Investors) acquired 65.92% ownership of the Company. As part of the acquisition, the Investors and the previous majority stockholder have agreed on the settlement of the receivables of Php179.0 Million. The Investors intend to integrate its existing business involved in the infrastructure and heavy machineries with the Company.

## Item 23. Market Price and Dividends

### ***Market Information***

*Principal market where the Company's common share is being traded and its current status:*

Philippine Stock Exchange (PSE) Status – There were public trading in the last three years.

*Presented below are the high and low sales prices for each quarter of 2019, 2018 and 2017:*

#### 1) 2019

	1 <sup>st</sup> quarter		2 <sup>nd</sup> quarter		3 <sup>rd</sup> quarter		4 <sup>th</sup> quarter	
<b>High (Php)</b>	4.58	<i>February 6, 2019</i>	4.61	<i>May 29, 2019</i>				
<b>Low (Php)</b>	4.05	<i>March 29, 2019</i>	3.83	<i>April 29, 2019</i>				

#### 2) 2018

	1 <sup>st</sup> quarter		2 <sup>nd</sup> quarter		3 <sup>rd</sup> quarter		4 <sup>th</sup> quarter	
<b>High (Php)</b>	5.32	<i>March 15, 2018</i>	5.60	<i>April 17, 2018</i>	5.40	<i>September 21, 2018</i>	4.95	<i>October 11, 2018</i>
<b>Low (Php)</b>	4.03	<i>February 22, 2018</i>	4.80	<i>April 10, 2018</i>	3.83	<i>July 30, 2018</i>	3.99	<i>December 5, 2018</i>

#### 3) 2017

	1 <sup>st</sup> quarter		2 <sup>nd</sup> quarter		3 <sup>rd</sup> quarter		4 <sup>th</sup> quarter	
<b>High (Php)</b>	8.30	<i>March 13, 2017</i>	5.97	<i>April 19, 22017</i>	5.10	<i>September 25, 2017</i>	6.00	<i>October 6, 2017</i>
<b>Low (Php)</b>	2.55	<i>January 5, 2017</i>	3.47	<i>June 30, 2017</i>	3.50	<i>August 16, 2017</i>	4.01	<i>November 15, 2017</i>

### **Holders**

The number of shareholders of record as of December 31, 2018 and June 30, 2019 is 24. The common stocks outstanding as of December 31, 2018 and July 30, 2019 were 193,544,176 (net of 100,028 shares held in treasury).

The stockholders as at December 31, 2018 and June 30, 2019 based on the Stock Transfer Agent's records are as follows:

Name	December 31, 2018	% to total	June 30, 2019	% to total
1. PCD Nominee Corporation (Filipino)	193,111,683	99.73%	193,111,683	99.73%
2. PCD Nominee Corporation (Non-Filipino)	335,701	00.17%	335,701	00.17%
3. Chemphil-LMG, Inc. - Treasury Shares	100,000	00.05%	100,000	00.05%
4. Fermin, Benjamin	32,632	00.02%	32,632	00.02%
5. Copuyoc, Demetrio D.	20,261	00.01%	20,261	00.01%
6. Roces Jr., Felix C.	19,268	00.01%	19,268	00.01%
7. Chandran, Robert V.	14,633	00.01%	14,633	00.01%
8. Gili, Jr., Guillermo F.	5,000	00.00%	5,000	00.00%
9. Roxas, Alfredo S.	3,656	00.00%	3,656	00.00%
10. Valencia, Jesus San Luis	1,000	00.00%	1,000	00.00%
11. Tan, Joseph C.	100	00.00%	100	00.00%
12. Owen, Nathaniel S. Au Itf: Li, Marcus Au	100	00.00%	100	00.00%
13. Garcia, Jr., Eusebio M.	38	00.00%	38	00.00%
14. Garcia, Juan Manuel M.	34	00.00%	34	00.00%
15. Garcia, Ramon M.	32	00.00%	32	00.00%
16. Garcia, Antonio M.	29	00.00%	29	00.00%
17. Chemphil - LMG, Inc. (Treasury Shares)	28	00.00%	28	00.00%
18. Garcia, Jose Ricardo C	2	00.00%	2	00.00%
19. Alvaro, Paulino C.	1	00.00%	1	00.00%
20. Ordoveza, Jose Ma. L.	1	00.00%	1	00.00%

21. Alcordo, Jesus N.	1	00.00%	1	00.00%
22. Ordoveza, Ana Maria G.	1	00.00%	1	00.00%
23. Leung, Henry C.	1	00.00%	1	00.00%
24. Garcia, Alexandra G.	1	00.00%	1	00.00%
25. Nilo, Augusto P.	1	00.00%	1	00.00%

**Dividends**

*Dividends declared*

Dividends per share	2019	2018	2017
Cash	nil	nil	nil
Property	nil	nil	nil

*Restrictions that limit the payment of cash dividend*

None

**Recent Sales of Unregistered Securities**

There are no recent sales of unregistered securities.

**PART II.**

**INFORMATION REQUIRED IN A PROXY FORM**

**Not applicable**

**PART III.**

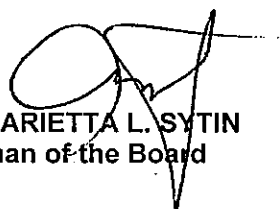
The registrant, upon the written request of a stockholder, undertakes to furnish said stockholder a copy of the SEC Form 17-A report, free of charge. Such written request should be directed to: LMG Chemicals Corp. to the attention of Mr. Ronald Ian W. Ching, at 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

**SIGNATURE PAGE**

After reasonable inquiry and to the best of our 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 Pasig on August 13, 2019.

**LMG Chemicals Corp.**

By:

A handwritten signature in black ink, appearing to read 'ANN MARIETTA L. SYTIN', written over a horizontal line.

**ANN MARIETTA L. SYTIN  
Chairman of the Board**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **LMG CHEMICALS CORP.** will be held on 19 September 2019, Thursday, 9:30 a.m., Fairway and Green Rooms, Wack Wack Golf Country Club, Mandaluyong City.

The Agenda<sup>1</sup> of the meeting is as follows:

- I. Call to Order
- II. Certification of notice and determination of existence of quorum
- III. Approval of Minutes of the Stockholders' Meeting held on 20 September 2018<sup>2</sup>
- IV. Annual Report of Officers and approval of the Audited Financial Statements of the Corporation as of 31 December 2018
- V. Approval and ratification of acts and proceedings of the Board of Directors, the Board Committees and Management during their respective terms of offices
- VI. Approval of the amendment of the amended Articles of Incorporation to reflect denial of pre-emptive right
- VII. Approval of the amendment of the amended Articles of Incorporation to reflect the change in corporate name
- VIII. Approval of the amendment of the amended Articles of Incorporation to reflect the change in its primary purpose
- IX. Approval of the amendment of the amended By-Laws to reflect the change in venue of the Annual Stockholders' Meeting
- X. Approval of the amendment of the amended By-Laws to reflect the separation of the positions of Chairman and Chief Executive Officer
- XI. Election of Board of Directors for the ensuing year
- XII. Appointment of External Auditor
- XIII. Ratification of corporate acts to comply with the Integrated Annual Corporate Governance Report as of 30 May 2019.
- XIV. Other Business that may be brought before the meeting
- XV. Adjournment

The stockholders of record as of **5 September 2019** are entitled to notice of, and to vote at, this year's Annual Meeting. Stockholders unable to attend the Annual Meeting in person may execute and deliver a proxy. Proxies shall be submitted **on or before 11 September 2019** addressed to the attention of the

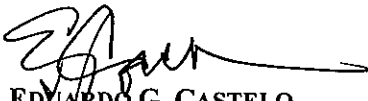
---

<sup>1</sup> The rationale for each Agenda item is explained in the attached Annex "A".

<sup>2</sup> A copy of the Minutes of the Annual Meeting of the Stockholders is attached to this Notice as Annex "B".

The stockholders of record as of **5 September 2019** are entitled to notice of, and to vote at, this year's Annual Meeting. Stockholders unable to attend the Annual Meeting in person may execute and deliver a proxy. Proxies shall be submitted **on or before 11 September 2019** addressed to the attention of the Corporate Secretary. Validation of proxies is set on **12 September 2019 at 12:00 noon** at Unit 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines.

Registration will begin at 9:00 a.m. and close at 9:20 a.m, or immediately before the start of the meeting. Please bring this notice and any form of identification, such as passport, driver's license, or any other government-issued ID to facilitate registration.

  
EDUARDO G. CASTELO  
Corporate Secretary



**AGENDA**  
**DETAILS AND RATIONALE**

**I. Call to Order.**

The Chairman, Mrs. Ann Marietta L. Sytin, will formally open the 2019 Annual Meeting of the Stockholders of LMG CHEMICALS CORP. (the "Corporation").

**II. Certification of notice and determination of existence of quorum.**

The Corporate Secretary, Mr. Eduardo G. Castelo, will certify that copies of the Notice of this Meeting have been duly sent to all stockholders of record, and will attest whether a quorum is present for the valid transaction of the Annual Meeting of the Stockholders in the Agenda.

**III. Approval of Minutes of the Stockholders' Meeting held on 20 September 2018.**

Copies of the Minutes are distributed prior to the date of the Annual Meeting of Stockholders. Stockholders will be asked to approve the Minutes. Below is the text of the proposed resolution:

"RESOLVED, that the stockholders of LMG Chemicals Corp. (the "Corporation") hereby approve the Minutes of the Annual Meeting of the Shareholders of LMG Chemicals Corp. held on 20 September 2018."

**IV. Approval of the Audited Financial Statements of the Corporation as of 31 December 2018.**

The Corporation's audited financial statements as of 31 December 2018 is integrated and made part of the Corporation's Information Statement and sent to eligible stockholders pursuant to the requirements of the Securities Regulation Code. A resolution approving the 2018 audited financial statements shall be presented to the stockholders for approval. A resolution on this agenda requires the approval of a majority of the votes of stockholders eligible to vote. Below is the text of the proposed resolution:

"RESOLVED, that the stockholders of LMG Chemicals Corp. (the "Corporation") hereby approve the 2018 audited financial statements of the Corporation."

**V. Approval and ratification of acts and proceedings of the Board of Directors, the Board Committees and Management during their respective terms of offices.**

The resolutions approved by the Board in its regular and special meetings were enumerated in the Corporation's Information Statement. These covers matters entered into in the ordinary course of business, with those of significance having been covered by the proper disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange ("PSE"). These material disclosures are available for viewing and can be downloaded at the PSE Edge's website [http://edge.pse.com.ph/companyDisclosures/form.do?cmpy\\_id=205](http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=205). A resolution to ratify the acts, resolutions and proceedings of the Board of Directors, corporate officers, and management in 2018 up to the date of the Annual Meeting of the Stockholders shall be presented to the stockholders for approval. A resolution on this agenda requires the approval of a majority of the votes of stockholders eligible to vote. Below is the text of the proposed resolution:

"RESOLVED, that the stockholders of LMG Chemicals Corp. (the "Corporation") approve, ratify and confirm all the corporate acts and

transactions, including the acts of the Board of Directors and the management, since the last annual meeting of the stockholders, as reflected in the minutes of meetings, financial statements and other records of the Corporation.”

**VI. Approval of the amendment of the amended Articles of Incorporation to reflect denial of pre-emptive right to purchase or subscribe**

The Board of Directors of the Corporation proposes to the stockholders that the amended Articles of Incorporation to reflect the denial of pre-emptive right to purchase or subscribe to any issuance of shares of stock of the Corporation. Below is the text of the proposed resolution:

**RESOLVED**, that the stockholders of LMG Chemicals Corp. hereby approve the amendment of the amended Articles of Incorporation to reflect the denial of pre-emptive right. A Twelfth Article shall be added in the Amended Articles of Incorporation which shall read as follows:

TWELFTH: All shares of the Corporation shall have no pre-emptive right to purchase or subscribe to any issuance of shares of stock of the Corporation of any class and/or series now or hereafter authorized, or reissued from treasury.

**VII. Approval of the amendment of the amended Articles of Incorporation to reflect the change in corporate name**

The Board of Directors of the Corporation proposes to the stockholders to change the name of the Corporation from LMG CHEMICALS CORP. to LMG CORP. Below is the text of the proposed resolution:

**RESOLVED**, that the stockholders of the Corporation hereby approve the amendment of the amended Articles of Incorporation in order to reflect the change in corporate name. The First Article shall now read as follows:

FIRST: That the name of the corporation shall be LMG CORP.

**VIII. Approval of the amendment of the amended Articles of Incorporation to reflect the change in its primary purpose**

The Board of Directors of the Corporation proposes to the stockholders to change the primary purpose of the company under the Fourth Article of the amended Articles of Incorporation. Below is the text of the proposed resolution:

**RESOLVED**, that the stockholders of the Corporation hereby approve the amendment of the Amended Articles of Incorporation to reflect the change in its primary purpose. The Fourth Article of the Amended Articles of Incorporation shall now read as follows:

FOURTH: That the said corporation is formed for the following purposes:

To invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange,

develop or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as a broker/dealer in securities, and without engaging in financial leasing.

The corporation shall have all the express powers provided under Section 36 of the Corporation Code of the Philippines.

**IX. Approval of the amendment of the amended By-Laws to reflect the change in venue of the Annual Stockholders' Meeting**

The Board of Directors of the Corporation proposes to the stockholders to change the venue of the Annual Stockholders' Meeting under the amended By-Laws. Below is the text of the proposed resolution:

**RESOLVED**, that the stockholders of the Corporation hereby approve the amendment of the Amended By-Laws to reflect the change in the venue of the Annual Stockholders' Meeting. Article II (1) of the Amended By-Laws shall now read as follows:

**ARTICLE II**  
**Stockholders' Meeting**

1. ANNUAL MEETING of the stockholders of this company at the principal office of the Corporation, or at a place to be determined by the Corporation at the 3rd Thursday of September of each year, if not a legal holiday, and if a legal holiday then on the next regular day following.

**X. Approval of the amendment of the amended By-Laws to reflect the separation of the positions of Chairman and Chief Executive Officer**

The Board of Directors of the Corporation proposes to the stockholders to separate the positions of Chairman and Chief Executive Officer under the amended By-Laws. Below is the text of the proposed resolution:

**RESOLVED**, that the stockholders of the Corporation hereby approve the amendment of the Amended By-Laws to separate the positions of Chairman of the Board of Directors and the Chief Executive Officer and to clearly define their responsibilities in compliance with the Revised Code of Corporate Governance for Publicly Listed Companies. Article IV (2) and (4) of the Amended By-Laws shall now read as follows:

**ARTICLE IV**  
**Officers**

2. The Chairman of the Board shall preside at all meetings of the stockholders and the Board of Directors and shall perform such other functions as the Board of Directors may from time to time assign to him. The position of the Chairman of the Board shall be a separate and distinct position from the Chief Executive Officer who shall also be the President of the Corporation. He shall have the following roles and responsibilities:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b. Guarantees that the Board of Directors receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board of Directors sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures the availability of proper orientation for first time directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board of Directors is evaluated at least once a year and discussed/followed up on.

xxx

4. The President shall be the Chief Executive Officer of the Corporation. He shall have the general supervision of the day-to-day operations of the company. He shall have the following roles and responsibilities:

- a. Determines the Corporation's strategic direction and formulates and implements its strategies plan on the direction of business;
- b. Communicate and implements the Corporation's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
- d. Directs, evaluates and guides the work of the key officers of the Corporation;
- e. Manages the Corporation's resources prudently and ensures a proper balance of the same;

- f. Builds the corporate culture and motivates the employees of the Corporation; and
- g. Perform such other duties as the Board of Directors may from time to time assign to him.

**XI. Election of Board of Directors for the ensuing year**

The Chairman will present to the stockholders the nominees for election as members of the Board of Directors of the Corporation, including the nominees as independent directors. The profiles of the nominees to the Board of Directors are to be provided in the Information Statement for reference of the stockholders.

The stockholders will cast their votes for the nominees they want to elect to the Board of Directors of the Corporation. The tabulation and validation of votes will be conducted by the Corporate Secretary or an independent party to be engaged by the Corporation. A stockholder may distribute his/her shares for as many nominees as there are directors to be elected, or he/she may cumulate his/her shares and give one candidate as many votes as the number of directors to be elected, provided that the total number of votes cast does not exceed his shares in the Company. The nine nominees receiving the highest number of votes will be declared elected as directors of the Corporation.

**XII. Appointment of External Auditor**

The Audit Committee of the Corporation recommends the appointment of Reyes Tacandong & Co. as external auditors for the ensuing year. The profile of the firm is duly indicated in the Information Statement. A resolution on this agenda requires the approval of a majority of the votes of stockholders and eligible to vote. Below is the text of the proposed resolution:

“RESOLVED that the stockholders of LMG Chemicals Corp. (the “Corporation”) appoint Reyes Tacandong & Co. as the Corporation’s external auditor for calendar year 2019 to 2020.”

**XIII. Ratification of corporate acts to comply with the integrated annual corporate governance report as of 30 May 2019**

The Corporation’s Integrated Annual Corporate Governance Report (the “2018 I-ACGR”) was filed with the SEC and PSE on 30 May 2019 which is accessible through the PSE website at [http://edge.pse.com.ph/openDiscViewer.do?edge\\_no=7deee330ddf8f56b43ca035510b6ec2b#sthash.4hQj9T1H.dpbs](http://edge.pse.com.ph/openDiscViewer.do?edge_no=7deee330ddf8f56b43ca035510b6ec2b#sthash.4hQj9T1H.dpbs). In the 2018 I-ACGR, the Corporation committed to undertake actions to comply with the recommendations set out in the 2018 I-ACGR. In this regard, the Board has, is, will do acts to comply with applicable recommendations under the 2018 I-ACGR. A resolution on this agenda requires the approval of a majority of the votes of stockholders and eligible to vote. Below is the text of the proposed resolution:

“RESOLVED, that the stockholders of LMG Chemicals Corp. (the “Corporation”) approve, ratify and confirm all the corporate acts and transactions, including the acts of the Board of Directors and the management, to comply with the recommendations set out in the 2018 I-ACGR.”

**XIV. Other Business that may be brought before the meeting.**

This covers consideration of other business that may properly come before the meeting. The Chairman of the meeting will open the floor for any comments, questions or points of clarification from stockholders.

**XV. Adjournment**

After consideration of all business, the Chairman shall declare the meeting adjourned. This formally ends the 2019 Annual Meeting of Stockholders of the Corporation.

REPUBLIC OF THE PHILIPPINES)  
CITY OF PASIG ) S.S.

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, Joseph C. Tan, Filipino, of legal age and a resident of Unit E-163, The Alexandra Condominium, No. 29 Meralco Avenue, Ortigas, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of LMG Chemicals Corp. and have been its independent director since (N/A) (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
<u>2Go Group, Inc.</u>	<u>Independent Director</u>	<u>Feb. 2017 - present</u>
<u>Premium Leisure, Corp.</u>	<u>Independent Director</u>	<u>Jul. 2014 - present</u>
<u>Pacific Online Systems Corp.</u>	<u>Independent Director</u>	<u>Jun. 2017 - present</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of LMG Chemicals Corp. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/office/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER (N/A)	COMPANY (N/A)	NATURE OF RELATIONSHIP (N/A)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in LMG Chemicals Corporation, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.

8. I shall inform the Corporate Secretary of LMG Chemicals Corp. of any changes in the abovementioned information within five days from its occurrence.

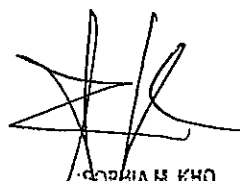
Done, this 13th day of August, at Pasig City.

  
**JOSEPH C. TAN**  
*Affiant*

SUBSCRIBED AND SWORN to before me this AUG 13 2019 day of \_\_\_\_\_ at PASIG CITY, affiant personally appeared before me and exhibited to me his Driver's License No. N16-75-013314 and will expire on September 9, 2023.

Doc. No. 157 ;  
Page No. 39 ;  
Book No. 2 ;  
Series of 2019;



  
**SOPHIA M. KHO**  
Notary Public for Pasig City  
Commission No. 154 until December 2020  
Roll of Attorneys No. 62959  
PTR No. 5241777/ 01.30.2019/Pasig City  
IBP No. 660395/01.03.2019/Quezon City  
Unit 1201, 12/F East Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City



REPUBLIC OF THE PHILIPPINES)  
CITY OF PASIG ) S.S.

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, Rafael Lombos Andrada, Filipino, of legal age and a resident of 7 Legaspi Street, Alabang Hills, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of LMG Chemicals Corp. and have been its independent director since (N/A) (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
N/A	N/A	N/A

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of LMG Chemicals Corp. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/office/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
(N/A)	(N/A)	(N/A)

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in (N/A), pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.

8. I shall inform the Corporate Secretary of LMG Chemicals Corp. of any changes in the abovementioned information within five days from its occurrence.


Done, this 13th day of August, at Pasig City.

  
**RAFAEL L. ANDRADA**  
*Affiant*

SUBSCRIBED AND SWORN to before me this AUG 13 2019 day of \_\_\_\_\_ at PASIG CITY, affiant personally appeared before me and exhibited to me his Passport No. P0849190A issued at DFA NCR North on November 4, 2016.

Doc. No. 158 ;  
Page No. 33 ;  
Book No. 31 ;  
Series of 2019;



  
**SOPHIA M. KHO**  
Notary Public for Pasig City  
Commission No. 154 until December 2020  
Roll of Attorneys No. 62959  
PTR No. 5241777/01.30.2019/Pasig City  
IDP No. 030255-01.06.2019/Quezon City  
Unit 1201, 12/F East Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

REPUBLIC OF THE PHILIPPINES)  
 CITY OF PASIG ) S.S.

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, Sixto S. Esquivias IV, Filipino, of legal age and a resident of 28 Kaimito Ave. Town & Country Executive Village Marcos Highway, Antipolo Rizal, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of LMG Chemicals Corp. and have been its independent director since (N/A) (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
The law Firm of Esquivias Conlu Vidanes & Yabut	Managing Partner	Oct 2000 to Present
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of LMG Chemicals Corp. as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/office/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
(N/A)	(N/A)	(N/A)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
NONE	NONE	NONE

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in (N/A), pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.

8. I shall inform the Corporate Secretary of LMG Chemicals Corp. of any changes in the abovementioned information within five days from its occurrence.


Done, this 13th day of August, at Pasig City.

  
**SIXTO S. ESQUIVIAS IV**  
*Affiant*

SUBSCRIBED AND SWORN to before me this AUG 13 2019 day of \_\_\_\_\_ at PASIG CITY, affiant personally appeared before me and exhibited to me his Passport No. P5965094A issued at DFA Manila on February 08, 2018.

Doc. No. 157 ;  
Page No. 33 ;  
Book No. 2 ;  
Series of 2019;



  
**SOPHIA M. KHO**  
Notary Public for Pasig City  
Commission No. 154 until December 2020  
Roll of Attorneys No. 62959  
PTR No. 02417771-91.00.2019/Pasig City  
IBP No. 060826-01.08.2019/Cuezen City  
Unit 1201, 12/F East Tower, Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

# EXHIBIT "A"

# ANNEX "C-1"

SEC Registration Number

						4	2	0	20

**COMPANY NAME**

L	M	G	C	H	E	M	I	C	A	L	S	C	O	R	P	O	R	A	T	I	O	N																	
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)**

C	H	E	M	P	H	I	L	B	U	I	L	D	I	N	G	,	8	5	1	A	N	T	O	N	I	O																	
A	R	N	A	I	Z	A	V	E	N	U	E	,	M	A	K	A	T	I	C	I	T	Y																					

Form Type

A	A	F	S
---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

**COMPANY INFORMATION**

Company's Email Address rgvpayos@punolaw.com	Company's Telephone Number/s (632) 636-6684	Mobile Number N/A
No. of Stockholders 23	Annual Meeting (Month / Day) 3rd Thursday of September	Fiscal Year (Month / Day) December 31

**CONTACT PERSON'S INFORMATION**

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

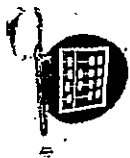
Name of Contact Person Ranulfo Gerardo V. Payos, Jr.	Email Address rgvpayos@punolaw.com	Telephone Number/s (02) 631-1261	Mobile Number 0917-8590317
---	---------------------------------------	-------------------------------------	-------------------------------

**CONTACT PERSON'S ADDRESS**

12th Floor, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City

NOTE 1: 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.

NOTE 2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.



**INDEPENDENT AUDITORS' REPORT**

The Stockholders and the Board of Directors  
LMG Chemicals Corporation  
Chemphil Building, 851 Antonio Arnaiz Avenue  
Makati City

*Opinion*

We have audited the accompanying financial statements of LMG Chemicals Corporation (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017 in accordance with Philippine Financial Reporting Standards (PFRS).

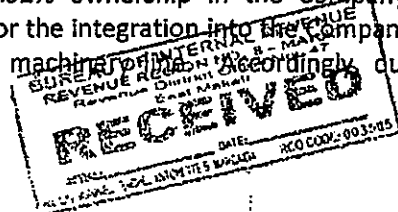
*Basis for Opinion*

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Relating to Going Concern*

We draw attention to Note 1 to the financial statements which indicates that the Company ceased its business operations in 2014 and continues to seek for a new business venture. The Company's ability to continue on as a going concern is dependent on its ability to develop a sustainable business and to undertake measures to attain long-term financial stability.

In 2017, a group of new investors (the Investors) acquired 65.92% ownership in the Company. The Investors are currently working on the statutory requirements for the integration into the Company of its existing business in infrastructure development and heavy machinery manufacturing. Accordingly, our opinion is not modified in respect of this matter.



*Other Matter*

The financial statements of the Company as at and for the year ended December 31, 2016 were audited by another auditor, whose report dated April 27, 2017, expressed an unmodified opinion on those statements.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Except for the matter described in the *Material Uncertainty Relating to Going Concern* section, we have determined that there are no key audit matters to communicate in our report.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

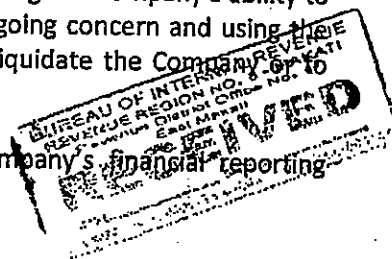
In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



7 8 APR 2019



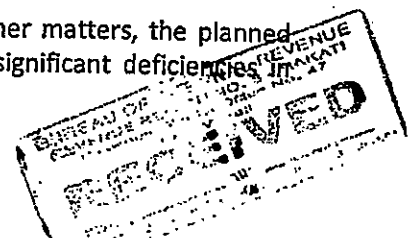
*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



08 APR 2019

2019  
 8 APR

2019





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Joseph C. Bilangbilin.

**REYES TACANDONG & Co.**

*Joseph C. Bilangbilin*  
JOSEPH C. BILANGBILIN

Partner  
CPA Certificate No. 102884  
Tax Identification No. 210-181-965-000  
BOA Accreditation No. 4782; Valid until August 15, 2021  
SEC Accreditation No. 1541-A  
Valid until May 1, 2019  
BIR Accreditation No. 08-005144-011-2017  
Valid until March 8, 2020  
PTR No. 7334337  
Issued January 3, 2019, Makati City

March 19, 2019  
Makati City, Metro Manila

08 APR 2019  
PR 2019

BUREAU OF INTERNAL REVENUE  
REVENUE REGION NO. 8 - MAKATI  
Revenue District Office No. 47  
Avenue East Makati  
**RECEIVED**  
DATE: \_\_\_\_\_  
PCO CODE: 903383



# LMG Chemicals Corporation

## "STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of LMG Chemicals Corporation (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2018 and 2017, 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 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 financial statements including schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with 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.

  
**ANN MARIETTA L. SYTIN**  
Chairman of the Board

  
**ROBINSON W. SIAO**  
President & Chief Executive Officer

  
**ROMMEL L. SYTIN**  
Treasurer

Signed this 19th day of March 2019.

APR 03 2019

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2019 affiants exhibited to me their Passports as follows:

<u>Name</u>	<u>Passport No.</u>	<u>Date/Place Issued</u>
ANN MARIETTA L. SYTIN	P1724374A	01/23/2017 / PCG VANCOUVER
ROBINSON W. SIAO	EC1402784	06/16/2014 / DFA NCR EAST
ROMMEL L. SYTIN	EC3425902	02/10/2015 / DFA NCR EAST

Doc. No. 365;  
Page No. 38;  
Book No. 34;  
Series of 2019.

**PERNANI D. AVABAO**  
NOTARY PUBLIC

Until December 31, 2019

Appointment No. 106(2018-2019)

For Pasig City, Batangas and San Juan City

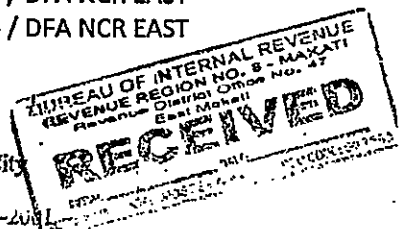
Appointment No. 46377

Barangay Office, P.O. Box 535886, 06-21-2001

MCLR No. V-001/2016; 04-13-16

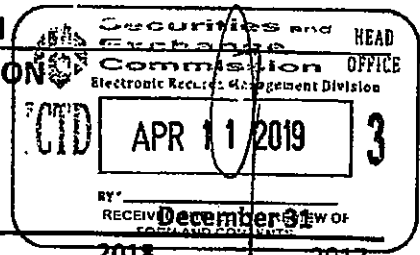
PTR No. 5174565; 01-03-19; Pasig City

1006B PSE Center, West Tower, Exchange Road, Pasig City, Metro Manila, Philippines  
Ortigas Road, Pasig City 1906



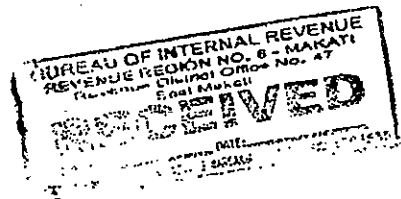
08 APR 2019

LMG CHEMICALS CORPORATION  
STATEMENTS OF FINANCIAL POSITION



	Note	2018	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	P182,181,504	P179,099,723
Receivables	5	641,107	56,677
Other current assets	6	262,524	98,890
		<b>P183,085,135</b>	<b>P179,265,290</b>
<b>LIABILITY AND EQUITY</b>			
<b>Current Liability</b>			
Accrued expenses and other payables	7	P358,019	P115,600
<b>Equity</b>			
Capital stock	9	193,644,204	193,644,204
Additional paid-in capital		51,480,533	51,480,533
Deficit		(62,108,621)	(65,686,047)
Treasury stock	9	(289,000)	(289,000)
Total Equity		<b>182,727,116</b>	<b>179,149,690</b>
		<b>P183,085,135</b>	<b>P179,265,290</b>

See accompanying Notes to Financial Statements.

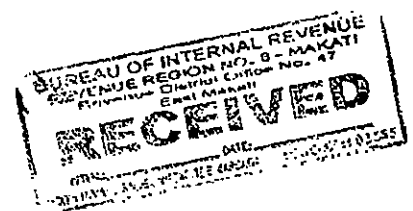


08 APR 2019

**LMG CHEMICALS CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(With Comparative Figures for 2016)**

	Note	2018	2017	2016
GENERAL AND ADMINISTRATIVE EXPENSES	8	(P2,017,904)	(P63,678,290)	(P1,059,133)
INTEREST INCOME	4	5,595,330	66,987	192
REMISSION OF LIABILITY	7	-	6,363,073	-
OTHER INCOME - Net		-	-	84,427
INCOME (LOSS) BEFORE INCOME TAX		3,577,426	(57,248,230)	(974,514)
INCOME TAX EXPENSE	11	-	-	1,655
NET INCOME (LOSS)		3,577,426	(57,248,230)	(976,169)
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		P3,577,426	(P57,248,230)	(P976,169)
BASIC/DILUTED INCOME (LOSS) PER SHARE	12	P0.018	(P0.296)	(P0.005)

See accompanying Notes to Financial Statements.



8 APR 2019

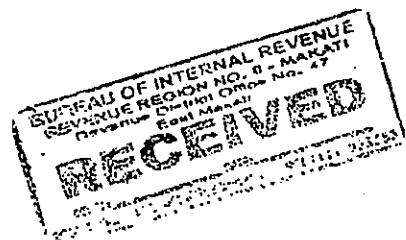
**LMG CHEMICALS CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**  
 (With Comparative Figures for 2016)

	Capital Stock	Additional Paid-in Capital	Deficit	Treasury Stock	Total
Balances at December 31, 2017	P193,644,204	P51,480,533	(P65,686,047)	(P289,000)	P179,149,690
Net income	--	--	3,577,426	--	3,577,426
Balances at December 31, 2018	P193,644,204	P51,480,533	(P62,108,621)	(P289,000)	P182,727,116
Balances at December 31, 2016	P193,644,204	P51,480,533	(P8,437,817)	(P289,000)	P236,397,920
Net loss	--	--	(57,248,230)	--	(57,248,230)
Balances at December 31, 2017	P193,644,204	P51,480,533	(P65,686,047)	(P289,000)	P179,149,690
Balances at December 31, 2015	P193,644,204	P51,480,533	(P7,461,648)	(P289,000)	P237,374,089
Net loss	--	--	(976,169)	--	(976,169)
Balances at December 31, 2016	P193,644,204	P51,480,533	(P8,437,817)	(P289,000)	P236,397,920

See accompanying Notes to Financial Statements.

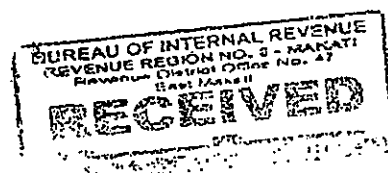


08 APR 2019

**LMG CHEMICALS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(With Comparative Figures for 2016)**

	Note	2018	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) before income tax		P3,577,426	(P57,248,230)	(P974,514)
Adjustments for:				
Interest income	4	(5,595,330)	(66,987)	(192)
Provision for (reversal of) impairment losses on receivables	5	-	62,636,376	(2,591)
Remission of liability	7	-	(6,363,073)	-
Operating loss before working capital changes		(2,017,904)	(1,041,914)	(977,297)
Decrease (increase) in:				
Receivables		-	-	936
Other current assets		(163,634)	(47,338)	(51,552)
Increase (decrease) in accrued expenses and other payables		242,419	(128,102)	22,219
Net cash used for operations		(1,939,119)	(1,217,354)	(1,005,694)
Interest received		5,020,900	310	192
Net cash provided by (used in) operating activities		3,081,781	(1,217,044)	(1,005,502)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Collection of nontrade receivables		-	179,033,746	-
Advances from stockholders		-	1,117,260	1,110,000
Payments to stockholders		-	(2,235)	(51,167)
Net cash provided by financing activities		-	180,148,771	1,058,833
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,081,781</b>	<b>178,931,727</b>	<b>53,331</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>179,099,723</b>	<b>167,996</b>	<b>114,665</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>P182,181,504</b>	<b>P179,099,723</b>	<b>P167,996</b>

See accompanying Notes to Financial Statements.



08 APR 2019

**LMG CHEMICALS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**(With Comparative Information for 2016)**

---

**1. General Information**

**Corporate Information**

LMG Chemicals Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 20, 1970.

On September 20, 2018, the Board of Directors (BOD) and stockholders approved the amendments to the Company's Articles of Incorporation to extend its corporate term for another 50 years or up to August 12, 2070. As at March 19, 2019, the Company is in the process of completing the requirements for the amendment of its Articles of Incorporation.

The common shares of the Company were listed beginning January 7, 1986 and have been traded in the Philippine Stock Exchange (PSE) since then.

The registered office address of the Company is Chemphil Building, 851 Antonio Arnaiz Avenue, Makati City.

**Status of Operations**

The Company ceased its business operations in 2014 and incurred losses resulting to a deficit of ₱62,108,621 and ₱65,686,047 as at December 31, 2018 and 2017, respectively. This may cast a significant doubt about the Company's ability to continue as a going concern.

In 2017, a group of new investors (the Investors) acquired 65.92% ownership in the Company. As part of the acquisition, the previous majority stockholder settled their liabilities to the Company amounting to ₱179,033,746. The Investors are currently working on the statutory requirements for the integration into the Company of its existing business in infrastructure development and heavy machinery line.

The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

The financial statements of the Company as at and for the year ended December 31, 2018, were approved and authorized for issuance by the BOD on March 19, 2019.

---

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

### **Measurement Basis**

The financial statements are presented in Philippine Peso, the Company's functional currency. All values are in absolute amounts, except when otherwise stated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information on assumptions used in fair value measurement is disclosed in Note 13 to the financial statements.

### **Adoption of New and Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard replaces PAS 39, *Financial Instruments: Recognition and Measurement*. It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or at fair value, through profit or loss or through other comprehensive income (OCI), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.



For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and nonfinancial risk exposures.

The provisions of PFRS 9 regarding derecognition of financial instruments are carried over almost unchanged from PAS 39.

The Company has applied the requirements of PFRS 9 retrospectively. The Company’s retrospective application of PFRS 9, however, did not result to restatement of account balances in comparative periods or any adjustment in the opening retained earnings of the earliest period presented in the financial statements.

The following are the carrying amounts of the Company’s financial assets previously classified as loans and receivables under PAS 39 that are now classified and measured as financial assets at amortized cost under PFRS 9:

	January 1, 2018	January 1, 2017
Cash	₱179,099,723	₱167,996
Receivables	66,677	241,821,298

There are no changes in classification and measurement for the Company’s financial liabilities.

The Company assessed that the adoption of PFRS 9 provisions on determining impairment loss has no significant impact on the carrying amounts of the Company’s financial assets carried at amortized cost.

Further, there is no significant impact on the basic and diluted income (loss) per share as a result of the Company’s adoption of PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers* (including amendment to PFRS 15) – The new standard replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.). Further, the amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

### **New and Amended PFRS Issued But Not Yet Effective**

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning January 1, 2019:

- Amendments to PFRS 9, *Prepayments Features with Negative Compensation* – The amendment provides a narrow-scope amendment to PFRS 9 to enable companies to measure at amortized cost some prepayable financial assets with negative compensation.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*“Day 1” Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

### **Financial Assets**

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

*Classification.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Company’s business model for managing the asset and its contractual cash flow characteristics.

As at December 31, 2018 and 2017, the Company does not have financial assets at FVOCI and at FVPL.

**Financial Assets at Amortized Cost.** Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2018 and 2017, the Company's cash and cash equivalents and receivables are classified under this category (see Notes 4 and 5).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Cash equivalents are highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Reclassification.** The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

**Impairment of Financial Assets at Amortized Cost.** The Company recognizes an allowance for ECL for all debt instruments not held as financial asset at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired is similar to the objective evidence of impairment or loss events referred to under PAS 39. Impairment loss for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows.

Financial assets at amortized costs are written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

## **Financial Liabilities**

*Initial Recognition and Measurement.* Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

*Classification.* The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2018 and 2017, the Company does not have financial liabilities at FVPL.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2018 and 2017, the Company's accrued expenses and other payables (excluding statutory payables) is classified under this category (see Note 7).

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

*Classification of Financial Instrument between Liability and Equity.* A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### **Offsetting of Financial Assets and Liabilities**

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

#### **Other Current Assets**

Other current assets consist of input value-added tax (VAT) and excess tax credits.

*Input VAT.* Revenue, expenses and assets are recognized net of the amount of VAT. This account pertains to the net amount of VAT recoverable from the taxation authorities.

*Excess Tax Credits.* Excess tax credits pertain to the Company's excess income tax payments. These include income taxes withheld and remitted to the Bureau of Internal Revenue (BIR) by customers that can be applied to the Company's income tax payable on the year income tax is recognized. Excess tax credits are carried forward and can be utilized in succeeding taxable periods.

#### **Impairment of Nonfinancial Assets**

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

#### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued and outstanding. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs directly attributable to the issuance of new stocks are recognized as a deduction from equity, net of any tax effects.

*Deficit.* Deficit represents the cumulative balance of net income or loss and dividend declarations.

*Treasury Stock.* Treasury stock pertains to the Company's common shares which were reacquired, recorded at cost and is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale or cancellation of the Company's common shares. Any difference between the carrying amount and the consideration received, if any, upon reissuance or cancellation of shares is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

#### **Revenue Recognition**

Revenue from customers is recognized when the performance obligation has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met:

- a. the customer simultaneously receives and consumes the benefits as the Company perform its obligations;
- b. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c. the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

*Interest Income.* Interest income is recognized as the interest accrues, net of final taxes.

*Other Income.* Income from other sources is recognized when earned during the period.

#### **Expense Recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. These are expensed as incurred.

#### **Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

*Deferred Tax.* Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Income (Loss) per Share**

Basic income (loss) per share is calculated by dividing the net income for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted income (loss) per share is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

#### **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

#### **Segment Reporting**

The Company reports separate information about each operating segment identified.

An operating segment is a component of the Company that engages in business activities: from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.



### **Provisions and Contingencies**

*Provisions.* Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

*Contingencies.* Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

### **Events After the Reporting Date**

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements, when material. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

---

### **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgments, accounting estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgment, accounting estimates and assumptions made by the Company:

**Judgment**

*Use of Going Concern Assumption.* The use of going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. The underlying assumption in the preparation of financial statements is that the Company has neither the intention nor the need to liquidate. While the Company ceased its trading operations, the Company still prepared its financial statements under the going concern assumption as management has no plans to liquidate the Company. Further, the Company has no significant third party liabilities and the Company has the new investors' financial and operating support to enable to continue its operations for the next 12 months.

**Accounting Estimates and Assumptions**

*Assessment for Impairment Losses on Financial Assets at Amortized Cost.* The Company determines the allowance for impairment losses using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. Impairment loss is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECLs are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions;
- Actual or expected significant adverse changes in the operating results of the borrower; and
- Significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

The Company also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

Provision for impairment losses amounted to P62,636,376 in 2017. The carrying amounts the Company's financial assets at amortized cost are as follows:

	Note	2018	2017
Cash in banks and cash equivalents	4	P182,171,504	P179,099,723
Receivables	5	641,107	66,677

*Assessment for Impairment of Nonfinancial Assets.* The Company assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized in 2018 and 2017. The carrying amount of other current assets amounted to ₱262,524 and ₱98,890 as at December 31, 2018 and 2017, respectively (see Note 6).

*Recognition of Deferred Tax Assets.* The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The Company did not recognize deferred tax assets on its deductible temporary differences and carryforward benefits of NOLCO and MCIT amounting to ₱20,038,066 and ₱19,731,092 as at December 31, 2018 and 2017, respectively (see Note 11).

---

#### 4. Cash and Cash Equivalents

This account consists of:

	2018	2017
Cash on hand	₱10,000	₱-
Cash in banks	1,153,162	2,099,723
Short-term placements	181,018,342	177,000,000
	<b>₱182,181,504</b>	<b>₱179,099,723</b>

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the Company's current operations. Short-term placements are made for varying periods of up to three (3) months and earn interest at the prevailing short-term placement rates ranging from 2.75% to 5.00% per annum in 2018 and 2017.

Details of interest income are as follows:

	2018	2017	2016
Short-term placements	P5,592,772	P66,677	P-
Cash in banks	2,558	310	192
	<b>P5,595,330</b>	<b>P66,987</b>	<b>P192</b>

## 5. Receivables

This account consists of:

	2018	2017
Nontrade receivables	P62,912,858	P62,912,858
Interest receivable	641,107	66,677
	<b>63,553,965</b>	<b>62,979,535</b>
Less allowance for impairment losses on receivables	<b>(62,912,858)</b>	<b>(62,912,858)</b>
	<b>P641,107</b>	<b>P66,677</b>

Nontrade receivables include amounts collectible from previous stockholders of the Company which was fully provided with provision for impairment losses (see Note 10).

Interest receivable arising from short-term placements is generally collectible within one (1) month.

The balance and movement of the allowance for impairment losses is as follows:

	Note	2018	2017	2016
Balance at beginning of year		P62,912,858	P276,482	P279,073
Provision (reversal)	8	-	62,636,376	(2,591)
Balance at end of year		<b>P62,912,858</b>	<b>P62,912,858</b>	<b>P276,482</b>

## 6. Other Current Assets

This account consists of:

	2018	2017
Input VAT	P684,629	P520,995
Excess tax credits	936	936
	<b>685,565</b>	<b>521,931</b>
Less allowance for impairment losses on other current assets	<b>(423,041)</b>	<b>(423,041)</b>
	<b>P262,524</b>	<b>P98,890</b>

No additional impairment loss on other current assets was recognized in 2018 and 2017.

## 7. Accrued Expenses and Other Payables

This account consists of accrual of professional fees and statutory payables amounting to ₱358,019 and ₱115,600 as at December 31, 2018 and 2017, respectively.

Advances from previous stockholders of the Company amounting to ₱6,363,073 were condoned on December 14, 2017 (see Note 10).

### Reconciliation of Liabilities Arising from Financing Activity

The table below details changes in the Company's liabilities arising from financing activity, including both cash and non-cash changes in 2017.

	Liabilities
Balance at beginning of year	₱5,399,224
Cash changes:	
Advances from previous stockholders	1,117,260
Payments to previous stockholders	(2,235)
Noncash changes:	
Remission of liability	(6,363,073)
Offset of liability	(151,176)
Balance at end of year	₱-

## 8. General and Administrative Expenses

This account consists of:

	Note	2018	2017	2016
Professional fees		₱1,609,750	₱187,026	₱156,176
Taxes and licenses		292,877	333,791	312,901
Supplies		17,397	-	-
Insurance		2,565	1,014	1,014
Provision for (reversal of) impairment losses on receivables	5	-	62,636,376	(2,591)
Salaries and allowances		-	509,478	542,030
Others		95,315	10,605	49,603
		<b>₱2,017,904</b>	<b>₱63,678,290</b>	<b>₱1,059,133</b>

## 9. Equity

### Capital Stock

Details of the Company's capital stock at ₱1 par value are as follows:

	2018		2017	
	Number of shares	Amount	Number of shares	Amount
Authorized	200,000,000	₱200,000,000	200,000,000	₱200,000,000
Issued	193,644,204	₱193,644,204	193,644,204	₱193,644,204

### Treasury Stock

The Company has treasury stock with cost amounting to ₱289,000 representing 100,028 shares at ₱1 par value per share as at December 31, 2018 and 2017.

## 10. Related Party Transactions

In 2017, the Company collected nontrade receivables from its previous stockholder amounting to ₱179,033,746 pertaining to transactions entered into in previous years.

Outstanding balance of nontrade receivables from its previous stockholder amounting to ₱62,821,337 as at December 31, 2018 and 2017, that is unsecured, noninterest-bearing, collectible on demand, is fully provided with allowance for impairment losses (see Note 5).

Advances from previous stockholders of ₱6,363,073 were condoned in 2017 (see Note 7).

Key management personnel of the Company are also members of its BOD. No compensation was provided by the Company to key management personnel in 2018 and 2017.

## 11. Income Taxes

The Company has no current tax expense in 2018 and 2017 due to its net taxable loss position. The Company's current income tax expense amounting to ₱1,655 in 2016 pertains to MCIT.

The components of the Company's unrecognized deferred tax assets are as follows:

	2018	2017
Allowance for impairment losses on receivables	₱18,873,857	₱18,873,857
NOLCO	1,162,554	855,580
MCIT	1,655	1,655
	₱20,038,066	₱19,731,092

The carryforward benefits of NOLCO as at December 31, 2018 which can be claimed against taxable income are as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2018	₱1,955,735	₱-	₱1,955,735	2021
2017	1,040,914	-	1,040,914	2020
2016	878,530	-	878,530	2019
2015	932,488	932,488	-	2018
	<b>₱4,807,667</b>	<b>₱932,488</b>	<b>₱3,875,179</b>	

MCIT incurred in 2016 amounting to ₱1,655 will expire in 2019.

The reconciliation between the income tax expense (benefit) based on statutory income tax rate and the income tax expense based on effective income tax rate is as follows:

	2018	2017	2016
Income tax expense (benefit) at statutory tax rate	₱1,073,228	(₱17,174,469)	(₱292,354)
Increase (decrease) in income tax resulting from:			
Interest income subject to final tax	(1,678,599)	(20,096)	(58)
Change in unrecognized deferred tax assets	306,974	18,776,560	294,067
Expired NOLCO	279,746	326,627	-
Nondeductible expenses	18,651	300	-
Remission of liability	-	(1,908,922)	-
Income tax expense at effective tax rate	<b>₱-</b>	<b>₱-</b>	<b>₱1,655</b>

## 12. Income (Loss) per Share

Basic/diluted income (loss) per share attributable to the Company's stockholders is computed as follows:

	2018	2017	2016
Net income (loss) (a)	₱3,577,426	(₱57,248,230)	(₱976,169)
Weighted average number of shares outstanding (b):			
Issued	193,644,204	193,644,204	193,644,204
Held in treasury	(100,028)	(100,028)	(100,028)
	<b>193,544,176</b>	<b>193,544,176</b>	<b>193,544,176</b>
Income (loss) per share from operations (a/b)	<b>₱0.018</b>	<b>(₱0.296)</b>	<b>(₱0.005)</b>

---

### 13. Financial Risk Management, Objectives and Policies, and Fair Value Measurement

The Company's financial instruments consist of cash and cash equivalents, receivables and accrued expenses and other payables (excluding statutory payables) arising directly from its operations.

The main financial risks arising from the Company's use of these financial instruments are credit risk and liquidity risk. The BOD regularly reviews and approves on certain policies for managing these financial risks, as summarized below:

#### **Credit Risk**

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of cash in banks, short-term placements and receivables.

The Company limits its exposure to credit risk by investing its cash and short-term placements only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments. In addition, receivables are entered into with companies with good credit standing and relatively low risk of defaults. Further, these are monitored on an on-going basis to ensure timely collections.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.



The Company's maximum amount of credit risk exposure without taking into account any collateral, other credit enhancement or other credit risk mitigating features is shown below:

	2018		Total
	12-month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	P182,171,504	P--	P182,171,504
Receivables	641,107	62,912,858	63,553,965
	<b>P182,812,611</b>	<b>P62,912,858</b>	<b>P245,725,469</b>

	2017		Total
	12-month ECL	Lifetime ECL - credit impaired	
Cash in banks and short-term placements	P179,099,723	P--	P179,099,723
Receivables	66,677	62,912,858	62,979,535
	<b>P179,166,400</b>	<b>P62,912,858</b>	<b>P242,079,258</b>

### Liquidity Risk

The Company's exposure to liquidity risk arises from the possibility that it may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The following tables present the maturity profile of the Company's financial liabilities as at December 31, 2018 and 2017 based on contractual undiscounted payments.

	December 31, 2018		Total
	On Demand	Within 1 Year	
Accrued expenses and other payables	P354,686	P--	P354,686

*\*Excluding statutory payables amounting to P3,333 as at December 31, 2018.*

	December 31, 2017		Total
	On Demand	Within 1 Year	
Accrued expenses and other payables	P115,600	P--	P115,600

### Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Company considers equity contributions from stockholders totaling P244,835,737 as at December 31, 2018 and 2017, as its capital employed.

The Company manages its capital structure and makes adjustments to it whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital. No changes were made in the objectives, policies, or processes in 2018 and 2017.

**Fair Value Measurement**

The carrying amounts of the following financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments or their fair values cannot be reliably determined:

	2018	2017
<b>Financial Assets</b>		
Financial assets at amortized cost:		
Cash and cash equivalents	P182,181,504	P179,099,723
Receivables	641,107	66,677
	<b>P182,822,611</b>	<b>P179,166,400</b>
<b>Financial Liability</b>		
Financial liability at amortized cost -		
Accrued expenses and other payables*	P354,686	P115,600

*\*Excluding statutory payables amounting to P3,333 as at December 31, 2018.*



**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors  
LMG Chemicals Corporation  
Chemphil Building, 851 Antonio Arnaiz Avenue  
Makati City

We have audited the accompanying financial statements of LMG Chemicals Corporation (the Company) as at and for the years ended December 31, 2018 and 2017, on which we have rendered our report dated March 19, 2019.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the Company has 11 stockholders owning 100 or more shares each.

**REYES TACANDONG & Co.**

  
JOSEPH C. BILANGBILIN  
Partner

CPA Certificate No. 102884  
Tax Identification No. 210-181-965-000  
BOA Accreditation No. 4782; Valid until August 15, 2021  
SEC Accreditation No. 1541-A  
Valid until May 1, 2019  
BIR Accreditation No. 08-005144-011-2017  
Valid until March 8, 2020  
PTR No. 7334337  
Issued January 3, 2019, Makati City

March 19, 2019  
Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE  
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors  
LMG Chemicals Corporation  
Chemphil Building, 851 Antonio Arnaiz Avenue  
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the financial statements of LMG Chemicals Corporation (the Company) as at and for the years ended December 31, 2018 and 2017 and have issued our report thereon dated March 19, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Company's management. These supplementary schedules include the following:

- Schedules Required by Annex 68-E as at December 31, 2018
- Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2018
- Schedule of Financial Soundness Indicators as at and for the year ended December 31, 2018 and 2017
- Schedule of Adoption of Effective Accounting Standards and Interpretations as at December 31, 2018

The supplementary schedules are presented for purposes of complying with Securities Regulation Code Rule 68, and are not part of the basic financial statements. The supplementary 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 financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

**REYES TACANDONG & Co.**

  
JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1541-A

Valid until May 1, 2019

BIR Accreditation No. 08-005144-011-2017

Valid until March 8, 2020

PTR No. 7334337

Issued January 3, 2019, Makati City

March 19, 2019  
Makati City, Metro Manila

**LMG CHEMICALS CORPORATION**

**SCHEDULE A  
FINANCIAL ASSETS  
DECEMBER 31, 2018**

<b>Name of issuing entity and association of each issue</b>	<b>Number of shares or principal amount of bonds and notes</b>	<b>Amount shown in the balance sheet</b>	<b>Income received and accrued</b>
<b>Cash equivalents:</b>			
Banco de Oro	P181,018,342	P181,018,342	P5,592,772
<b>Cash in banks:</b>			
Banco de Oro	1,076,488	1,076,488	2,558
Metropolitan Bank and Trust Company	76,674	76,674	—
	1,153,162	1,153,162	2,558
<b>TOTAL</b>	<b>P182,171,504</b>	<b>P182,171,504</b>	<b>P5,595,330</b>









**LMG CHEMICALS CORPORATION**

**SCHEDULE E  
LONG-TERM DEBT  
DECEMBER 31, 2018**

<b>Title of issue and type of obligation</b>	<b>Amount authorized by indenture</b>	<b>Amount shown under caption "Current portion of long-term debt" in related balance sheet</b>	<b>Amount shown under caption "Long-Term Debt" in related balance sheet</b>	<b>Interest rate</b>	<b>Maturity dates</b>
<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>

**LMG CHEMICALS CORPORATION**  
**SCHEDULE F**  
**INDEBTEDNESS TO RELATED PARTIES**  
**DECEMBER 31, 2018**

Name of related party	Balance at beginning of year	Balance at end of year
None	None	None

**LMG CHEMICALS CORPORATION**

**SCHEDULE G**

**GUARANTEES OF SECURITIES AND OTHER ISSUERS**

**DECEMBER 31, 2018**

<b>Name of issuing entity of securities guaranteed by the company for which this statement is filed</b>	<b>Title of issue of each class of securities guaranteed</b>	<b>Total amount guaranteed and outstanding</b>	<b>Amount owned by person for which statement is filed</b>	<b>Nature of guarantee</b>
<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>

**LMG CHEMICALS CORPORATION**

**SCHEDULE H  
CAPITAL STOCK  
DECEMBER 31, 2018**

<b>Title of issue</b>	<b>Number of shares authorized</b>	<b>Number of shares issued and outstanding at shown under related balance sheet caption</b>	<b>Number of shares reserved for options, warrants, conversion and other rights</b>	<b>Number of shares held by related parties</b>	<b>Directors, officers and employees</b>	<b>Others</b>
<b>Common Stock</b>	<b>200,000,000</b>	<b>193,644,204</b>	<b>-</b>	<b>-</b>	<b>127,583,560</b>	<b>66,060,644</b>

**LMG CHEMICALS CORPORATION**

---

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION OF THE COMPANY  
DECEMBER 31, 2018**

The Company does not have retained earnings available for dividend declaration at the beginning and end of the year. The Company's deficit amounted to ₱62,108,621 and ₱65,686,047 as at December 31, 2018 and 2017, respectively.

**LMG CHEMICALS CORPORATION**  
**SUPPLEMENTARY SCHEDULE OF**  
**FINANCIAL SOUNDNESS INDICATORS UNDER SRC RULE 68**  
**DECEMBER 31, 2018 AND 2017**

	2018	2017
<b>Current/liquidity ratio</b>	<b>511.38</b>	<b>1,550.74</b>
Current assets	<b>₱183,085,135</b>	<b>₱179,265,290</b>
Current liabilities	<b>358,019</b>	<b>115,600</b>
<b>Solvency ratio</b>	<b>9.99</b>	<b>(495.23)</b>
After-tax income (loss)	<b>₱3,577,426</b>	<b>(₱57,248,230)</b>
Total liabilities	<b>358,019</b>	<b>115,600</b>
<b>Debt-to-equity ratio</b>	<b>0.00</b>	<b>0.00</b>
Total liabilities	<b>₱358,019</b>	<b>₱115,600</b>
Total equity	<b>182,727,116</b>	<b>179,149,690</b>
<b>Asset-to-equity ratio</b>	<b>1.00</b>	<b>1.00</b>
Total assets	<b>₱183,085,135</b>	<b>₱179,265,290</b>
Total equity	<b>182,727,116</b>	<b>179,149,690</b>
<b>Interest rate coverage ratio</b>	<b>N/A</b>	<b>N/A</b>
Income (loss) before interest and taxes	<b>₱3,577,426</b>	<b>(₱57,248,230)</b>
Interest expense	<b>—</b>	<b>—</b>
<b>Profitability ratio</b>	<b>0.02</b>	<b>(0.32)</b>
After-tax income (loss)	<b>3,577,426</b>	<b>(₱57,248,230)</b>
Total equity	<b>182,727,116</b>	<b>179,149,690</b>

**LMG CHEMICALS CORPORATION**

---

**SUPPLEMENTARY SCHEDULE OF ADOPTION OF  
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS  
DECEMBER 31, 2018**

Title	Adopted	Not Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b>	✓		
Conceptual Framework Phase A: Objectives and qualitative characteristics			
PFRSs Practice Statement Management Commentary			✓
PFRSs Practice Statement 2: Making Materiality Judgments	✓		

**Philippine Financial Reporting Standards (PFRS)**

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> with PFRS 4, <i>Insurance Contracts</i>			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Prepayments Features with Negative Compensation			✓



PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

#### Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment			✓
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases			✓
PAS 18	Revenue			✓
PAS 19 (Revised)	Employee Benefits			✓
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation			✓
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement			✓
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

#### Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓

#### PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

# COVER SHEET ANNEX<sup>C-2</sup>

for  
UNAUDITED FINANCIAL STATEMENTS

SEC Registration Number

							4	2	0	2	0
--	--	--	--	--	--	--	---	---	---	---	---

### COMPANY NAME

L	M	G	C	H	E	M	I	C	A	L	S	C	O	R	P	.																								

### PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

1	0	0	6	B	W	E	S	T	T	O	W	E	R	P	H	I	L	I	P	P	I	N	E	S	T	O	C	K												
E	X	C	H	A	N	G	E	C	E	N	T	R	E	E	X	C	H	A	N	G	E	R	D	P	A	S	I	G												
C	I	T	Y																																					

Form Type

1	7	-	Q
---	---	---	---

Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

N	/	A
---	---	---

### COMPANY INFORMATION

Company's Email Address

lmgchemical@gmail.com

Company's Telephone Number/s

(632) 636-6684

Mobile Number

N/A

No. of Stockholders

24

Annual Meeting (Month / Day)

3rd Thursday of September

Fiscal Year (Month / Day)

December 31

### CONTACT PERSON'S INFORMATION

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

Name of Contact Person

Ronald Ian W. Ching

Email Address

ianching@hotmail.com

Telephone Number/s

(632) 636-6684

Mobile Number

0927-2401901

### CONTACT PERSON'S ADDRESS

1006B WEST TOWER PSE CENTER EXCHANGE RD ORTIGAS PASIG CITY

NOTE 1: 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.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.

**LMG CHEMICALS CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	June 2019 (Unaudited)	December 2018 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	P185,010,919	P182,181,504
Prepayments	8	125,000	0
Receivables	5	706,187	641,107
Other current assets	6	380,177	262,524
		<b>P186,222,283</b>	<b>P183,085,135</b>
<b>LIABILITY AND EQUITY</b>			
<b>Current Liability</b>			
Accrued expenses and other payables	7	3,333	P358,019
		<b>3,333</b>	<b>358,019</b>
<b>Equity</b>			
Capital stock	10	193,644,204	193,644,204
Additional paid-in capital		51,480,533	51,480,533
Deficit		(58,616,787)	(62,108,621)
Treasury stock	10	(289,000)	(289,000)
Total Equity		<b>186,218,950</b>	<b>182,727,116</b>
		<b>P186,222,283</b>	<b>P183,085,135</b>

*See accompanying Notes to Financial Statements.*



**LMG CHEMICALS CORPORATION**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**For the Two Quarters ended June 30, 2019 (UNAUDITED)**  
**(With Comparative Figures for June 30, 2018)**

	(notes)	2019		2018	
		APRIL TO JUNE	JANUARY TO JUNE	APRIL TO JUNE	JANUARY TO JUNE
<b>SALES</b>		-	-	-	-
<b>COST OF SALES</b>		-	-	-	-
<b>GROSS PROFIT</b>		-	-	-	-
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	9	(542,340)	(778,164)	(230,068)	(464,361)
<b>INTEREST INCOME</b>	12	2,135,141	4,269,998	1,251,278	2,291,105
		1,592,801	3,491,834	1,021,210	1,826,744
<b>INCOME (LOSS) BEFORE INCOME TAX</b>		1,592,801	3,491,834	1,021,210	1,826,744
<b>PROVISION FOR INCOME TAX</b>		-	-	-	-
<b>NET INCOME (LOSS)</b>		1,592,801	3,491,834	1,021,210	1,826,744
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		1,592,801	3,491,834	1,021,210	1,826,744
<b>BASIC/DILUTED INCOME / LOSS PER SHARE</b>	13	0.008	0.018	0.005	0.009

*See accompanying Notes to Financial Statements.*

**LMG CHEMICALS CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE TWO QUARTERS ENDED June 30, 2019 (UNAUDITED)**  
**(With Comparative Figures for June 30, 2018)**

	Capital Stock	Additional Paid in Capital	Deficit	Treasury	Total
<b>Balance at January 1, 2019</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>(62,108,621)</b>	<b>(289,000)</b>	<b>182,727,116</b>
<b>Net income / Loss</b>			<b>3,491,834</b>		<b>3,491,834</b>
<b>Balance at June 30, 2019</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>(58,616,787)</b>	<b>(289,000)</b>	<b>186,218,950</b>

	Capital Stock	Additional Paid in Capital	Deficit	Treasury	Total
<b>Balance at January 1, 2018</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>(65,686,047)</b>	<b>(289,000)</b>	<b>179,149,690</b>
<b>Net income / Loss</b>			<b>1,826,744</b>		<b>1,826,744</b>
<b>Balance at June 30, 2018</b>	<b>193,644,204</b>	<b>51,480,533</b>	<b>(63,859,303)</b>	<b>(289,000)</b>	<b>180,976,434</b>

*See accompanying Notes to Financial Statements.*

**LMG CHEMICALS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE TWO QUARTERS ENDED JUNE 30, 2019 (UNAUDITED)**  
**(With Comparative Figures for June 30, 2018)**

	Note	January to June 2019	January to June 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax		P3,491,834	P1,826,744
Adjustments for:			
Interest income	4, 12	(4,269,998)	(2,291,105)
Operating loss before working capital changes		(778,164)	(464,361)
Decrease (increase) in:			
Receivables		(65,080)	(371,474)
Prepayments		(125,000)	(140,972)
Other current assets		(117,653)	(65,312)
Increase (decrease) in accrued expenses and other payables		(354,686)	(53,351)
Net cash used for operations		(1,440,583)	(1,095,470)
Interest received		4,269,998	2,291,105
Net cash provided by (used in) operating activities		2,829,415	1,195,635
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Collection of nontrade receivables		0	0
Advances from stockholders		0	0
Payments to stockholders		0	0
Net cash provided by financing activities		0	0
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>2,829,415</b>	<b>1,195,635</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>182,181,504</b>	<b>179,099,723</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>P185,010,919</b>	<b>P180,295,358</b>

*See accompanying Notes to Financial Statements.*

**LMG CHEMICALS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**(With Comparative Information for 2018)**

---

**1. General Information**

**Corporate Information**

LMG Chemicals Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 20, 1970. On September 20, 2018, the Board of Directors (BOD) and stockholders of the Company approved the following amendments to the Company's Articles of Incorporation:

1. The number of members of the Board of Directors shall be decreased from eleven (11) to nine (9) directors.
2. The corporate term to be extended for another fifty (50) years.
3. The principal address of the Corporation to be changed to 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

On April 12, 2019, the following amendments to LMG's Articles of Incorporation were approved by the Securities and Exchange Commission:

1. The number of members of the Board of Directors was decreased from eleven (11) to nine (9) directors.
2. The principal address of the Corporation was amended to 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines.

The common shares of the Company were listed beginning January 7, 1986 and have been traded in the Philippine Stock Exchange (PSE) since then.

The registered office address of the Company is 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

**Status of Operations**

The Company ceased its business operations in 2014 and incurred losses resulting to a deficit of ₱58,616,787 as at June 30, 2019. This may cast a significant doubt about the Company's ability to continue as a going concern.

In 2017, a group of new investors (the Investors) acquired 65.92% ownership in the Company. As part of the acquisition, the previous majority stockholder settled their liabilities to the Company amounting to ₱179,033,746. The Investors are currently working on the statutory requirements for the integration into the Company of its existing business in infrastructure development and heavy machinery line.

The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

---

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The financial statements of the Company have been prepared in compliance with Philippine

Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

#### **Measurement Basis**

The financial statements are presented in Philippine Peso, the Company's functional currency. All values are in absolute amounts, except when otherwise stated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information on assumptions used in fair value measurement is disclosed in Note 13 to the financial statements.

#### **Adoption of New and Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year.

The following new and amended PFRS which the Company adopted effective January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard replaces PAS 39, *Financial Instruments: Recognition and Measurement*. It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or at fair value, through profit or loss or through other comprehensive income (OCI), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and nonfinancial risk exposures.

The provisions of PFRS 9 regarding derecognition of financial instruments are carried over almost unchanged from PAS 39.

The Company has applied the requirements of PFRS 9 retrospectively. The Company’s retrospective application of PFRS 9, however, did not result to restatement of account balances in comparative periods or any adjustment in the opening retained earnings of the earliest period presented in the financial statements.

The following are the carrying amounts of the Company’s financial assets previously classified as loans and receivables under PAS 39 that are now classified and measured as financial assets at amortized cost under PFRS 9:

	JUNE 2019	JUNE 2018
Cash	₱185,010,919	₱180,295,358
Receivables	706,187	438,151

There are no changes in classification and measurement for the Company’s financial liabilities.

The Company assessed that the adoption of PFRS 9 provisions on determining impairment loss has no significant impact on the carrying amounts of the Company’s financial assets carried at amortized cost.

Further, there is no significant impact on the basic and diluted income (loss) per share as a result of the Company’s adoption of PFRS 9.

- PFRS 15, *Revenue from Contracts with Customers* (including amendment to PFRS 15) – The new standard replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.). Further, the amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

#### **New and Amended PFRS**

Effective for annual periods beginning January 1, 2019:

- Amendments to PFRS 9, *Prepayments Features with Negative Compensation* – The amendment provides a narrow-scope amendment to PFRS 9 to enable companies to measure at amortized cost some prepayable financial assets with negative compensation.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

#### **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*“Day 1” Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

#### **Financial Assets**

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

*Classification.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Company’s business model for managing the asset and its contractual cash flow characteristics.

As at June 30, 2019 and 2018, the Company does not have financial assets at FVOCI and at FVPL.

*Financial Assets at Amortized Cost.* Financial assets shall be measured at amortized cost if both of the following conditions are met:

significant increases in credit risk since initial recognition.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired is similar to the objective evidence of impairment or loss events referred to under PAS 39. Impairment loss for credit-impaired financial assets is based on the difference between the gross carrying amount and present value of estimated future cash flows.

Financial assets at amortized costs are written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

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

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

### **Financial Liabilities**

*Initial Recognition and Measurement.* Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

*Classification.* The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at June 30, 2019 and 2018, the Company does not have financial liabilities at FVPL.

*Financial Liabilities at Amortized Cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the



obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at June 30, 2019 and 2018, the Company's accrued expenses and other payables (excluding statutory payables) are classified under this category (see Note 7).

*Derecognition.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

*Classification of Financial Instrument between Liability and Equity.* A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### **Offsetting of Financial Assets and Liabilities**

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

#### **Other Current Assets**

Other current assets consist of input value-added tax (VAT) and excess tax credits.

*Input VAT.* Revenue, expenses and assets are recognized net of the amount of VAT. This account pertains to the net amount of VAT recoverable from the taxation authorities.

*Excess Tax Credits.* Excess tax credits pertain to the Company's excess income tax payments. These include income taxes withheld and remitted to the Bureau of Internal Revenue (BIR) by customers that can be applied to the Company's income tax payable on the year income tax is recognized. Excess tax credits are carried forward and can be utilized in succeeding taxable periods.

#### **Impairment of Nonfinancial Assets**

The following are the significant judgment, accounting estimates and assumptions made by the Company:

**Judgment**

*Use of Going Concern Assumption.* The use of going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. The underlying assumption in the preparation of financial statements is that the Company has neither the intention nor the need to liquidate. While the Company ceased its trading operations, the Company still prepared its financial statements under the going concern assumption as management has no plans to liquidate the Company. Further, the Company has no significant third party liabilities and the Company has the new investors' financial and operating support to enable to continue its operations for the next 12 months.

**Estimates and Assumptions**

*Assessment for Impairment Losses on Financial Assets at Amortized Cost.* The Company determines the allowance for impairment losses using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. Impairment loss is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECLs are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions;
- Actual or expected significant adverse changes in the operating results of the borrower; and
- Significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

The Company also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

Provision for impairment losses amounted to ₱62,636,376 in 2017. The carrying amounts the Company's financial assets at amortized cost are as follows:

	Note	June 2019	December 2018
Cash in banks and cash equivalents	4	₱185,010,919	₱182,181,504
Receivables	5	706,187	641,107

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

#### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued and outstanding. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs directly attributable to the issuance of new stocks are recognized as a deduction from equity, net of any tax effects.

*Deficit.* Deficit represents the cumulative balance of net income or loss and dividend declarations.

*Treasury Stock.* Treasury stock pertains to the Company's common shares which were reacquired, recorded at cost and is deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale or cancellation of the Company's common shares. Any difference between the carrying amount and the consideration received, if any, upon reissuance or cancellation of shares is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

#### **Revenue Recognition**

Revenue from customers is recognized when the performance obligation has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met:

- a. the customer simultaneously receives and consumes the benefits as the Company perform its obligations;
- b. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c. the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

*Interest Income.* Interest income is recognized as the interest accrues, net of final taxes.

*Other Income.* Income from other sources is recognized when earned during the period.

#### **Expense Recognition**

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. These are expensed as incurred.

#### **Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

*Deferred Tax.* Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Income (Loss) per Share**

Basic income (loss) per share is calculated by dividing the net income for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted income (loss) per share is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

#### **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

#### **Segment Reporting**

The Company reports separate information about each operating segment identified.

An operating segment is a component of the Company that engages in business activities: from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.

#### **Provisions and Contingencies**

*Provisions.* Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, estimated future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

*Contingencies.* Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

#### **Events After the Reporting Date**

Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements, when material. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

---

### **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgments, accounting estimates and assumptions used in the financial statements are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

*Assessment for Impairment of Nonfinancial Assets.* The Company assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

No impairment loss on nonfinancial assets was recognized in June 2019 and 2018. The carrying amount of other current assets amounted to ₱380,177 and ₱262,524 as at June 30, 2019 and December 31, 2018, respectively (see Note 6).

*Recognition of Deferred Tax Assets.* The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

---

#### 4. Cash and Cash Equivalents

This account consists of:

	June 2019 (Unaudited)	December 2018 Audited
Cash on hand	₱10,000	₱10,000
Cash in banks	778,435	1,153,162
Short-term placements	184,222,484	181,018,342
	<b>₱185,010,919</b>	<b>₱182,181,504</b>

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the Company's current operations. Short-term placements are made for varying periods of up to six (6) months and earn interest at the prevailing short-term placement rates of 5.75%.

Details of interest income are as follows:

	June 2019 Unaudited	December 2018 Audited
Short-term placements	₱4,269,222	₱5,592,772
Cash in banks	776	2,558
	<b>₱4,269,998</b>	<b>₱5,595,330</b>

---

8. Other prepaid expenses

	June 2019 (Unaudited)	December 2018 (Audited)
Registration fee	P125,000	P0
	<b>P125,000</b>	<b>P0</b>

---

9. General and Administrative Expenses

This account consists of:

	January to June 2019	January to June 2018
Professional fees	P535,878	P305,169
Taxes and licenses	176,249	141,472
Representation and entertainment	31,606	0
Insurance	3,199	2,565
Others	31,232	15,155
	<b>P778,164</b>	<b>P464,361</b>

---

10. Equity

**Capital Stock**

Details of the Company's capital stock at P1 par value are as follows:

	June 2019 (Unaudited)		December 2018 (Audited)	
	Number of shares	Amount	Number of shares	Amount
Authorized	200,000,000	P200,000,000	200,000,000	P200,000,000
Issued	193,644,204	P193,644,204	193,644,204	P193,644,204

---

**Treasury Stock**

The Company has treasury stock with cost amounting to P289,000 representing 100,028 shares at P1 par value per share as at June 30, 2019 and December 31, 2018.

---

11. Related Party Transactions

In 2017, the Company collected nontrade receivables from its previous stockholder amounting to P179,033,746 pertaining to transactions entered into in previous years.

Advances from previous stockholders of P6,363,073 were condoned in 2017 (see Note 7).



---

## 5. Receivables

This account consists of:

	June 2019 Unaudited	December 2018 Audited
Nontrade receivables	₱62,912,858	₱62,912,858
Interest receivable	706,187	641,107
	63,619,045	63,553,965
Less allowance for impairment losses on receivables	(62,912,858)	(62,912,858)
	₱706,187	₱641,107

Nontrade receivables include amounts collectible from previous stockholders of the Company which was fully provided with provision for impairment losses (see Note 11).

Interest receivable arising from short-term placements is generally collectible within one (1) month.

The balance and movement of the allowance for impairment losses is as follows:

	June 2019 (Unaudited)	December 2018 (Audited)
Balance at beginning of year	₱62,912,858	₱62,912,858
Balance at end of year	₱62,912,858	₱62,912,858

---

## 6. Other Current Assets

This account consists of:

	June 2019 (Unaudited)	December 2018 (Audited)
Input VAT	₱802,282	₱684,629
Excess tax credits	936	936
	753,593	685,565
Less allowance for impairment losses on other current assets	(423,041)	(423,041)
	₱380,177	₱262,524

No additional impairment loss on other current assets was recognized in June, 2019 and 2018.

---

## 7. Accrued Expenses and Other Payables

This account consists of accrual of professional fees and statutory payables amounting to ₱3,333 and ₱358,019 as at June 30, 2019 and December 31, 2018, respectively.

Advances from previous stockholders of the Company amounting to ₱6,363,073 were condoned on December 14, 2017 (see Note 11).

Key management personnel of the Company are also members of its BOD. No compensation was provided by the Company to key management personnel in June 30, 2019 and December 31, 2018.

---

## 12. Income Taxes

The Company has no current tax expense except for the 20% final withholding tax on interest revenue. The interest gained from short-term placements and saving deposits for the first two quarters of 2019 and 2018 amounted to ₱4,269,998 and ₱2,291,105 respectively

---

## 13. Income (Loss) per Share

Basic/diluted income (loss) per share attributable to the Company's stockholders is computed as follows:

	June 2019 (Unaudited)	December 2018 (Audited)
Net income (loss) (a)	₱3,491,834	₱3,577,426
Weighted average number of shares outstanding (b):		
Issued	193,644,204	193,644,204
Held in treasury	(100,028)	(100,028)
	193,544,176	193,544,176
Income (loss) per share from operations (a/b)	₱0.018	₱0.018

---

## 14. Financial Risk Management, Objectives and Policies, and Fair Value Measurement

The Company's financial instruments consist of cash and cash equivalents, receivables and accrued expenses and other payables (excluding statutory payables) arising directly from its operations.

The main financial risks arising from the Company's use of these financial instruments are credit risk and liquidity risk. The BOD regularly reviews and approves on certain policies for managing these financial risks, as summarized below:

### Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of cash in banks, short-term placements and receivables.

The Company limits its exposure to credit risk by investing its cash and short-term placements only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments. In addition, receivables are entered into with companies with good credit standing and relatively low risk of defaults. Further, these are monitored on an on-going basis to ensure timely collections.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

The Company's maximum amount of credit risk exposure without taking into account any collateral, other credit enhancement or other credit risk mitigating features is shown below:

	2019		
	06--month ECL	Lifetime ECL - credit impaired	Total
Cash in banks and short-term placements	P185,000,919	P-	P185,000,919
Receivables	706,187	62,912,858	63,619,045
	<b>185,707,106</b>	<b>P62,912,858</b>	<b>P248,619,964</b>

	2018		
	12-month ECL	Lifetime ECL - credit impaired	Total
Cash in banks and short-term placements	P182,171,504	P-	182,171,504
Receivables	641,107	62,912,858	63,553,965
	<b>P182,812,611</b>	<b>P62,912,858</b>	<b>P245,725,469</b>

#### **Liquidity Risk**

The Company's exposure to liquidity risk arises from the possibility that it may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The following tables present the maturity profile of the Company's financial liabilities as at June 30, 2019 and 2018 based on contractual undiscounted payments.

	June 30, 2019		
	On Demand	Within 1 Year	Total
Accrued expenses and other payables	P0	P-	P0

	June 30, 2018		
	On Demand	Within 1 Year	Total
Accrued expenses and other payables	P58,916	P-	P58,916

**Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Company considers equity contributions from stockholders totaling ₱244,835,737 as at June 30, 2019 and 2018, as its capital employed.

The Company manages its capital structure and makes adjustments to it whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital. No changes were made in the objectives, policies, or processes in 2019 and 2018.

**Fair Value Measurement**

The carrying amounts of the following financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments or their fair values cannot be reliably determined:

	June 2019 (Unaudited)	December 2018 (Audited)
<b>Financial Assets</b>		
Financial assets at amortized cost:		
Cash and cash equivalents	₱185,010,919	₱182,181,504
Receivables	706,187	641,107
	<b>₱185,717,106</b>	<b>₱182,822,611</b>
<b>Financial Liability</b>		
Financial liability at amortized cost -		
Accrued expenses and other payables*	₱0	₱354,686

\*Excluding statutory payables amounting to ₱3,333 as at June 30, 2019 and December 31, 2018

**Tax Assessments**

The Company has no pending deficiency tax assessment from the BIR as at June 30, 2019.

**Tax Cases**

The Company has no pending tax case in courts or other regulatory bodies outside of the BIR as at June 30, 2019.

**LMG CHEMICALS CORPORATION**  
**AGING OF ACCOUNTS RECEIVABLE TRADE**  
**AS OF JUNE 30, 2019**

---

<b>Customer</b>	<b>Total Amount</b>	<b>Current</b>	<b>1-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121-180 days</b>
<b>over 180 days</b>							
None	0	0	0	0	0	0	0
0							

---

Notes : Other receivables consists of Interest from BDO amounting to P706,187 as of June 30, 2019.

**LMG CHEMICALS CORPORATION**

**SCHEDULE A  
FINANCIAL ASSETS  
JUNE 30, 2019**

<b>Name of issuing entity and association of each issue</b>	<b>Number of shares or principal amount of bonds and notes</b>	<b>Amount shown in the balance sheet</b>	<b>Income received and accrued</b>
<b>Cash equivalents:</b>			
Banco de Oro	₱184,222,484	₱184,222,484	₱4,269,222
<b>Cash in banks:</b>			
Banco de Oro	687,358	687,358	703
Metropolitan Bank and Trust Company	91,077	91,077	73
	778,435	778,435	776
<b>TOTAL</b>	<b>₱185,000,919</b>	<b>₱185,000,919</b>	<b>₱4,269,998</b>









**LMG CHEMICALS CORPORATION**

**SCHEDULE E  
LONG-TERM DEBT  
JUNE 30, 2019**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest rate	Maturity dates
None	None	None	None	None	None

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired through the amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at June 30, 2019 and 2018, the Company's cash and cash equivalents and receivables are classified under this category (see Notes 4 and 5).

Cash and cash equivalents include cash on hand, cash in banks, and short-term placements. Cash equivalents are highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

*Reclassification.* The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

*Impairment of Financial Assets at Amortized Cost.* The Company recognizes an allowance for ECL for all debt instruments not held as financial asset at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For other debt instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of

**LMG CHEMICALS CORPORATION**  
**SCHEDULE F**  
**INDEBTEDNESS TO RELATED PARTIES**  
**JUNE 30, 2019**

Name of related party	Balance at beginning of year	Balance at end of year
None	None	None

**LMG CHEMICALS CORPORATION**

**SCHEDULE G  
GUARANTEES OF SECURITIES AND OTHER ISSUERS  
JUNE 30, 2019**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
None	None	None	None	None

**LMG CHEMICALS CORPORATION**

**SCHEDULE H  
CAPITAL STOCK  
JUNE 30, 2019**

<b>Title of issue</b>	<b>Number of shares authorized</b>	<b>Number of shares issued and outstanding at shown under related balance sheet caption</b>	<b>Number of shares reserved for options, warrants, conversion and other rights</b>	<b>Number of shares held by related parties</b>	<b>Directors, officers and employees</b>	<b>Others</b>
<b>Common Stock</b>	<b>200,000,000</b>	<b>193,644,204</b>	<b>-</b>	<b>-</b>	<b>127,583,560</b>	<b>66,060,644</b>

**LMG CHEMICALS CORPORATION**

---

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION OF THE COMPANY  
JUNE 30, 2019**

The Company does not have retained earnings available for dividend declaration at the beginning and end of the year. The Company's deficit amounted to ₱58,616,787 and ₱62,108,621 as at June 30, 2019 and December 31, 2018, respectively.



107262019006765



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
 Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

The following document has been received:

Receiving Officer/Encoder : Ramon L. Legaspi  
 Receiving Branch : SEC Head Office  
 Receipt Date and Time : July 26, 2019 03:04:22 PM  
 Received From : Head Office

Company Representative

---

Doc Source

Company Information

---

SEC Registration No. 0000042020  
 Company Name LMG CHEMICALS CORP.  
 Industry Classification  
 Company Type Stock Corporation

Document Information

---

Document ID 107262019006765  
 Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
 Document Code 17-Q  
 Period Covered June 30, 2019  
 No. of Days Late 0  
 Department CFD  
 Remarks



S.E.C. Number \_\_\_\_\_

File  
Number \_\_\_\_\_

**LMG CHEMICALS CORPORATION**  
(Company's Full Name)

1006 B West Tower PSE Centre Exchange Rd. Ortigas Center Pasig City  
(Company's Address)

(02) 631-1261  
(Telephone Numbers)

December 31  
(Fiscal Year Ending) (month & day)

**SEC FORM 17-Q – Quarterly Report**  
Form Type

\_\_\_\_\_  
Amendment Delegation (If applicable)

June 30, 2019  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)



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 June 30, 2019
2. Commission identification number 42020 3. BIR Tax Identification No 047-000-526-765
- LMG CHEMICALS CORP.
4. Exact name of issuer as specified in its charter
- PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
- 1006B WEST TOWER PSE CENTER EXCHANGE RD ORTIGAS PASIG CITY 1605
7. Address of issuer's principal office Postal Code
- (632) 631-12-61
8. Issuer's telephone number, including area code
- N/A
9. Former name, former address and former fiscal year, if changed since last report
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 Stock, P1.00 par value	193, 544, 176

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

Yes [] No []

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

PHILIPPINE STOCK EXCHANGE COMMON STOCK

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 [X] No [ ]

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

The unaudited Financial Statements of LMG Chemicals Corp. for the quarter ended June 30, 2019 are attached as part of the SEC Form 17-Q.

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

#### 1. Plan of Operation

LMG will continue to evaluate all available opportunities in the infrastructure and heavy equipment industries.

#### 2. Management's Discussion and Analysis

##### a. Results of Operation

LMG had no sales in the 2nd quarter of 2019 and also in the same quarter of 2018. It incurred net income of 3,491,834 for the two quarters of 2019 due to interest on savings deposit and short term placement amounting to 4,269,998. Net income for the same quarters of 2018 amounted to P1,826,744.

##### b. Financial Condition

Total assets as of June 30, 2019 and December 31, 2018 amounted to 186,222,263 and 183,085,135, respectively. It has liabilities of 3,333 and 358,019 as of June 30, 2019 and December 31, 2018, respectively.

Below are the key performance indicators used by LMG in determining its profitability and liquidity:

Financial KPI	Formula	Jan-June 2019	Jan-June 2018
Current/liquidity ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	55,866.74 :1	2,908.30:1
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.0000:1	0.0003:1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.0000	1.0003
Return on asset ratio	$\frac{\text{Net income (loss) before interest expense after tax}}{\text{Average total assets}}$	0.01875	0.0101
Return on equity ratio	$\frac{\text{Net income (loss)}}{\text{Average total equity}}$	0.01875	0.0101

The Company is not aware of any other trend or event that would have material impact on its liquidity.

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.

The Company is neither affected by seasonality nor cyclical of interim operations.

The following are the transactions or events that occurred in the interim period:

- a. No unusual

There were no issuances, repurchases and repayments of debt and equity securities during the interim period.

No dividends were declared during the interim period. □

The following are the transactions or events that occurred subsequent to the interim period:

- a. No unusual event subsequent to the interim period

There were no changes in the composition of the issuer during the interim period.

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons were created during the reporting period.

Events that will trigger direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation:

- a. None

The Company is not aware of any trends, demands, commitments, events or uncertainties that would have material impact on its liquidity.

The Company has no knowledge on any events in the future that will have a material effect neither on the results of its operation or on its financial condition.

### 3. Financial Soundness Indicators

The following are the significant indicators used by the Company to determine its financial soundness:

	June 2019	June 2018
Asset to Equity ratio	1.000	1.000
Times-Interest Rate Coverage ratio	0.00	0.00
Book Value per Share	0.9621	0.9351

Formula: □

Asset to Equity = Total Assets/Stockholders' Equity □

Times-Interest Rate Coverage Ratio = EBIT (Earnings before interest and taxes/total interest expense):

Book Value per share = Stockholders' Equity/Outstanding shares

Other financial indicators to determine the Company's liquidity, solvency and profitability are

considered by the Company as key performance indicators and are already included in the above discussion of the results of operation and financial condition.

#### PART II--OTHER INFORMATION

##### (A) Report on SEC Form 17-C

The Following are the reports on SEC Form 17-C filed to the Commission for the 2nd quarter of 2019:

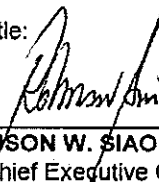
Date	Subject
April 26, 2019	<p>This is a disclosure on the approval by Securities and Exchange Commission ("SEC") of the Amended Articles of Corporation of LMG Chemicals Corp. ("LMG") on 12 April 2019.</p> <p>The following amendments to LMG's Articles of Incorporation were approved by the SEC on 12 April 2019:</p> <ol style="list-style-type: none"><li>1. The number of members of the Board of Directors was decreased from eleven (11) to nine (9) directors.</li><li>2. The principal address of the Corporation was amended to 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Philippines.</li></ol>

#### SIGNATURES

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

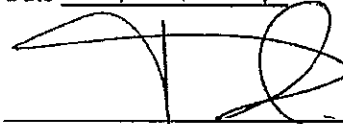
Issuer: LMG CHEMICALS CORP.

Signature and Title:



ROBINSON W. SIAO  
President/Chief Executive Officer

Date July 25, 2019



ROMMEL L. SYTIN  
Treasurer

Date July 25, 2019

**SUMMARY OF THE MINUTES OF THE LAST ANNUAL STOCKHOLDERS MEETING  
HELD ON 20 SEPTEMBER 2018 AND DULY DISCLOSED TO THE SECURITIES AND  
EXCHANGE COMMISSION**

LMG Chemicals Corp. (the "Corporation") held its annual stockholders' meeting on 20 September 2018 at Par 5 Room, Wack Wack Golf and Country Club, Mandaluyong City, Philippines at 9:30 am. Stockholders representing 135,730,927 common shares of the Corporation's outstanding capital stock, constituting approximately 70 % of the Corporation's total outstanding capital stock were present in person or by proxy in this annual stockholders' meeting.

The stockholders, constituting two-thirds (2/3) of the outstanding capital stock of the Corporation approved and ratified the following:

1. Minutes of the annual meeting of the stockholders held on 15 December 2017;
2. The 2017 audited financial statements;
3. Ratification of all acts of the Board of Directors and Management of the Corporation
4. Amendment of the Articles of Incorporation to reflect the change in the number of directors;
5. Amendment of the Articles of Incorporation to extend the corporate term;
6. Amendment of the Articles of Incorporation to reflect the change in principal address;
7. Election of Directors. The following were elected:

As regular directors:

- a) Dominic L. Sytin
- b) Rommel L. Sytin
- c) Robinson W. Siao
- d) Constantino L. Navarro, III
- e) Regis V. Puno
- f) Eduardo H. Yap

As independent directors:

- g) Rafael Lombos Andrada
- h) Joseph C. Tan
- i) Sixto S. Esquivias, IV

8. Appointment of External Auditor Reyes Tacandong & Co.;
9. Ratification of corporate acts to comply with the integrated annual corporate governance report as of 30 May 2018.

**SUMMARY OF THE RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS***1. Organization Meeting of the Board of Directors held on 20 September 2018*

The Board of Directors of LMG Chemicals Corp. (the "Corporation") held its organizational meeting on 20 September 2018 at Par 5 Room, Wack Wack Golf and Country Club, Mandaluyong City, Philippines right after the annual meeting of its stockholders.

During the meeting, the following were elected as officers of the Corporation for the year 2018-2019 to serve as such until their successors shall have been duly elected and qualified.

<b>Name</b>	<b>Position</b>
Dominic L. Sytin	Chairman of the Board
Robinson W. Siao	Vice-Chairman of the Board/ President and Chief Executive Officer
Rommel L. Sytin	Corporate Treasurer/Chief Risk Officer
Eduardo G. Castelo	Corporate Secretary
Ranulfo Gerardo V. Payos, Jr.	Assistant Corporate Secretary
Ronald Ian W. Ching	Compliance Officer

The Board of Directors also appointed a lead director among the independent directors. The Board of Directors approved the following resolution:

**"RESOLVED**, That the Board of Directors of LMG CHEMICALS CORP. (the "Corporation") hereby appoints Joseph C. Tan as the lead director among the independent directors.

The Board of Directors thereafter re-appointed the members of the Audit Committee. The Board of Directors approved the following resolution:

**RESOLVED**, that the Board of Directors of LGM CHEMICALS CORPORATION, (the "Corporation") re-appoints the following Directors as members of the Audit Committee:

<b>Position</b>	<b>Name</b>
Chairman of the Audit Committee	Sixto S. Esquivas, IV
Member	Joseph C. Tan
Member	Constantino L. Navarro III



Thereafter, the Board of Directors re-appointed the members of the Corporate Governance Committee. The Board of Directors approved the following resolution members of the Corporate Governance Committee:

**RESOLVED**, that the Board of Directors of **LGM CHEMICALS CORPORATION**, (the "Corporation") re-appoints the following Directors

a

Position	Name
Chairman of the Corporate Governance Committee	Atty. Joseph C. Tan
Member	Sixto S. Esquivas, IV
Member	Rafael L. Andrada

The Board of Directors also re-appointed the members of the Board Risk Oversight Committee. The Board of Directors approved the following resolution:

**RESOLVED**, that the Board of Directors of **LGM CHEMICALS CORPORATION**, (the "Corporation") re-appoints the following Directors as members of the Board Risk Oversight Committee:

Position	Name
Chairman of the Board Risk Oversight Committee	Rafael L. Andrada
Member	Sixto S. Esquivas, IV
Member	Atty. Eduardo G. Castelo

The Board of Directors then re-appointed the members of the Related Party Transaction Committee. Upon motion duly made and seconded, the following resolution was approved:

**RESOLVED**, that the Board of Directors of **LGM CHEMICALS CORPORATION**, (the "Corporation") appoints the following Directors as members of the Related Party Transaction Committee:

Position	Name
Chairman of the Related Party Transaction Committee	Sixto S. Esquivas, IV
Member	Atty. Joseph C. Tan
Member	Atty. Regis V. Puno

Then, the Board of Directors adopted an effective succession planning program for directors, key officers, and management. The following resolution was approved:

**RESOLVED**, that the Board of Directors of **LGM CHEMICALS CORPORATION**, (the "Corporation") hereby adopts an effective

succession planning program for directors, key officers and management in accordance with LMG's undertaking under the 2017 I-ACGR.

Thereafter, the Board of Directors adopted a policy specifying the relationship between remuneration and performance, key officers, and management. Upon motion duly made and seconded, the following resolution was unanimously approved:

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORPORATION**, (the "Corporation") hereby directs the Corporate Governance Committee to draft remuneration and performance policy specifying the relationship between remuneration and performance for directors, key officers, and management.

The Board of Directors then established measures to ensure performance appraisals of the Board, its individual members and committees. The following resolution was unanimously approved:

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORPORATION** (the "Corporation") hereby directs the Corporate Governance Committee to implement measures to ensure performance appraisals of the Board, its individual members and committees of the Corporation.

Then, the Board of Directors then established measures of corporate disclosure policies and procedures. Upon motion duly made and seconded, the following resolutions was unanimously approved:

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORPORATION** (the "Corporation") hereby directs the Corporate Governance Committee to prepare Corporate Disclosure Policies and Procedures for immediate implementation by the Board, officers, and personnel of the Corporation.

The Board of Directors also adopted the economic, environmental, social, and govern mental policy, in compliance with the 2017 1-ACGR, of the Corporation. Upon motion duly made and seconded, the following resolutions were unanimously approved:

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORPORATION** (the "Corporation") hereby directs the Corporate Governance Committee to prepare the Economic, Environmental, Social and Governance Policy for immediate implementation by the Board, officers, and personnel of the Corporation.

Subsequently, the Board of Directors adopted the policy in relation to the Company's continuous compliance with the Integrated Annual Corporate Governance Report. Upon motion duly made and seconded, the following resolutions were unanimously approved

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORPORATION** (the "Corporation") hereby adopts the policy to continuously comply with the recommendations of the Integrated Annual Corporate Governance Report as may be applicable and practicable to the Corporation.

The Board of Directors also adopted measures for compliance of an Internal Audit Charter. Upon motion duly made and seconded, the following resolution was unanimously approved:

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORPORATION** (the "Corporation") hereby directs the Audit Committee to take necessary actions for the drafting of and compliance with an Internal Audit Charter.

Furthermore, the Board of Directors approved the following amendments to the Articles of Incorporation:

- (a) An amendment denying pre-emptive right;
- (b) The name of the Corporation from **LMG CHEMICALS CORP.** to **LMG CORP.**; and
- (c) Change in primary purpose of the company under the Fourth Article of the Amended Articles of Incorporation.

The Board of Directors approved the following resolutions:

**RESOLVED**, that the Board of Directors of the Corporation hereby approves the amendment of the amended Articles of Incorporation to reflect the denial of pre-emptive right. A Twelfth Article shall be added in the Amended Articles of Incorporation which shall read as follows:

**TWELFTH:** All shares of the Corporation shall have no pre-emptive right to purchase or subscribe to any issuance of shares of stock of the Corporation of any class and/or series now or hereafter authorized, or reissued from treasury.

**RESOLVED**, that the Board of Directors of the Corporation hereby approves the amendment of the amended Articles of Incorporation in order to reflect the change in corporate name. The First Article shall now read as follows:

**FIRST:** That the name of the corporation shall be **LMG CORP.**

**RESOLVED**, that the Board of Directors of the Corporation hereby approves the amendment of the Amended Articles of Incorporation to reflect the change in its primary purpose. The Fourth Article of the Amended Articles of Incorporation shall now read as follows:

**FOURTH:** That the said corporation is formed for the following purposes:

To invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned, without acting as a broker/dealer in securities, and without engaging in financial leasing.

The corporation shall have all the express powers provided under Section 36 of the Corporation Code of the Philippines.

Additionally, the Board of Directors approved the following amendments to the By-Laws:

- (a) Change the venue of the Annual Stockholders' Meeting; and
- (b) Separate the positions of Chairman and Chief Executive Officer.

The Board of Directors approved the following resolutions:

**RESOLVED**, that the Board of Directors of the Corporation hereby approves the amendment of the Amended By-Laws to reflect the change in the venue of the Annual Stockholders' Meeting. Article II (1) of the Amended By-Laws shall now read as follows:

## ARTICLE II

### Stockholders' Meeting

1. ANNUAL MEETING of the stockholders of this company at the principal office of the Corporation, or at a place to be determined by the Corporation at the 3rd Thursday of September of each year, if not a legal holiday, and if a legal holiday then on the next regular day following.

**RESOLVED**, that the Board of Directors of the Corporation hereby approves the amendment of the Amended By-Laws to separate the positions of Chairman of the Board of Directors and the Chief Executive Officer and to clearly define their responsibilities in compliance with the Revised Code of Corporate Governance for Publicly Listed Companies. Article IV (2) and (4) of the Amended By-Laws shall now read as follows:

## ARTICLE IV

### Officers

2. The Chairman of the Board shall preside at all meetings of the stockholders and the Board of Directors and shall perform such other functions as the Board of Directors may from time to time assign to him. The position of the Chairman of the Board shall be a separate and distinct position from the Chief Executive Officer who shall also be the President of the Corporation. He shall have the following roles and responsibilities:

- a. Makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;

- b. Guarantees that the Board of Directors receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c. Facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d. Ensures that the Board of Directors sufficiently challenges and inquires on reports submitted and representations made by Management;
- e. Assures the availability of proper orientation for first time directors and continuing training opportunities for all directors; and
- f. Makes sure that performance of the Board of Directors is evaluated at least once a year and discussed/followed up on.

xxx

4. The President shall be the Chief Executive Officer of the Corporation. He shall have the general supervision of the day-to-day operations of the company. He shall have the following roles and responsibilities:

- a. Determines the Corporation's strategic direction and formulates and implements its strategies plan on the direction of business;
- b. Communicate and implements the Corporation' s vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same;
- c. Oversees the operations of the Corporation and manages human and financial resources in accordance with the strategic plan;
- d. Directs, evaluates and guides the work of the key officers of the Corporation;
- e. Manages the Corporation' s resources prudently and ensures a proper balance of the same;
- f. Builds the corporate culture and motivates the employees of the Corporation; and
- g. Perform such other duties as the Board of Directors may from time to time assign to him.

*2. Special Meeting of the Board of Directors held on 18 December 2018*

The Board of Directors of LMG Chemicals Corp. (the "Corporation") held its special meeting on 18 December 2018 at Lung Hin, Marco Polo Hotel, Meralco Avenue and Sapphire Street, Ortigas Center, Pasig City.

The Board of Directors filled in the vacancy in the Board as a result of Mr. Dominic L. Sytin untimely demise. Upon a motion duly made and seconded, Mrs. Ann Marietta L. Sytin was

unanimously elected as a member of the LMG Board of Directors with the Board approving the following resolution:

**RESOLVED**, That the Board of Directors of **LMG CHEMICALS CORP.** (the "Corporation") hereby elects Ann Marietta L. Sytin as a member of the Board of Directors. Ann Marietta L. Sytin shall serve as a Director for the remaining unexpired term of her predecessor in office, Dominic Sytin.

The Board of Directors also subsequently elected a new Chairman of the Board. Upon a motion duly made and seconded, Mrs. Ann Marietta L. Sytin was unanimously elected as the new Chairman of the Board of Directors of the Corporation with the Board approving the following resolution:

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORP.** (the "Corporation") hereby elects Ann Marietta L. Sytin as the Chairman of the Board.

Thereafter, the board proceeded with Mrs. Ann Marietta L. Sytin presiding over the meeting as the duly-elected Chairman of the Board of Directors of the Corporation.

The Board then changed the authorized bank signatories of the Corporation for its account with BDO Ortigas I-Exchange Road Branch Smart Checking Account No. 003438029702. Upon motion duly made and seconded, the following resolutions were unanimously approved:

**RESOLVED**, that any two (2) of the following officers of **LMG CHEMICALS CORP.** (the "Corporation"), with their specimen signatures below:

<b>Name</b>	<b>Position</b>	<b>Specimen Signatures</b>
Ann Marietta L. Sytin	Chairman of the Board	
Robinson W. Siao	Vice-Chairman of the Board/ President and Chief Executive Officer	
Rommel L. Sytin	Corporate Treasurer	

shall be authorized on behalf of the Corporation to enter into the above-specified arrangements with the Bank under such terms and conditions as the said individuals may deem necessary and to accordingly execute, sign, deliver and/or perform any and all contracts, instruments, documents or writings with or to the Bank that may be necessary for the implementation of the foregoing transactions. Provided, further, that the aforementioned officers are hereby, authorized with full powers of substitution, to receive, for and on behalf of the Corporation any and all of the mortgaged/pledged/ assigned and/ encumbered property/ies of the Corporation upon full payment to the entire satisfaction of the Bank of the obligations secured thereby.

**RESOLVED, FURTHER**, that all transactions, warranties, representations, covenants, dealing and agreements by the Corporation through the above named individuals with the Bank prior to the approval of this Resolution are

all hereby approved, confirmed and ratified to be the valid and binding acts, representation, warranties and covenants of the Corporation as they may lawfully do or cause to be done by virtue of authorities given to them.

**RESOLVED, FINALLY**, that the foregoing Resolutions shall remain valid and subsisting unless otherwise revoked or amended in writing by the Corporation and duly served on the Bank.

Thereafter, the Board then changed the authorized bank signatories of the Corporation account with Metrobank Pasong Tamo Branch Savings Account No. 018-3-01852215-3 and Checking Account No. 007-018-52205-1. Upon motion duly made and seconded, the following resolutions were unanimously approved:

**RESOLVED**, that any two (2) of the following officers/persons, with their specimen signatures below, be authorized, for and on behalf of the Corporation:

- (i) to sign, execute and/or deliver any and all documents, papers, instruments, forms, agreements or contracts in connection with or as may be required by, appropriate, necessary, and/or incidental to:
  - (a) the opening, closing, operation and/or management of any and all Account/s of the Corporation with or investment of any funds of the Corporation through METROBANK.;
  - (b) the availment by the Corporation of any and all services/facilities of ME1ROBANK, and the operation and/or management of the said services/ facilities; and
  - (c) the Corporation's application for and enrollment in electronic banking channels and other electronic delivery channels and to give any and all instructions pertaining thereto, including the appointment of its System Administrator who would then appoint the Corporation's Users responsible for the operation, maintenance, use and/or management of the said electronic banking/ delivery channels.
- (ii) to withdraw or transfer the funds/monies of the Corporation by checks, receipts, drafts, bills of exchange, withdrawal slips, orders for payment or otherwise;
- (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts drafts, bills of exchange, orders for payment, to initiate credit-related transactions such as letter of credit, promissory notes, request for financing subject to availability of credit lines with METROBANK at the lime of availment, and/or other similar instruments in connection with the said account(s)/funds; and
- (iv) to close the account(s), receive the balance(s) thereof and sign any and all documents which METROBANK may require in connection therewith:

Name	Position	Specimen Signatures
Ann Marietta L. Sytin	Chairman of the Board	
Robinson W. Siao	Vice-Chairman of the	

	Board/ President and Chief Executive Officer	
Rommel L. Sytin	Corporate Treasurer	

RESOLVED, FURTHER, that METROBANK its directors, officers, employees, agents or authorized representatives are each entitled and authorized to rely on these instructions as valid, binding and effective upon the Corporation and that METROBANK shall not be Liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for the Corporation's sole and exclusive account; and

RESOLVED, FINALLY, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby affirmed, confirmed and ratified. Likewise, all things/acts done and documents executed and entered into on behalf of the Corporation prior to this Resolution are hereby affirmed, confirmed and ratified.

3. *Special Meeting of the Board of Directors held on 19 March 2019*

The Board of Directors of LMG Chemicals Corp. (the "Corporation") held its special meeting on 19 March 2019 at La Cabrera, Edsa Shangri-La, Mandaluyong City, Philippines.

During the meeting and upon review, the Board of Directors approved the 2018 Audited Financial Statements upon a motion duly made and seconded, the following:

**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORPORATION** (the "Corporation") approve, confirm, adopt and authorize the release, as it hereby approves, confirms, adopts and authorizes the release of the audited financial statements of the Corporation for the year ended 31 December 2018 (the "AFS");

**RESOLVED, FURTHER**, that the Board of Directors of the Corporation appoint, as it hereby appoints, Ms. Ann Marietta L. Sytin as its authorized representative to make the necessary arrangements in order to effect the release or issuance of the Corporation's AFS, and to sign, execute, and/or deliver any and all documents in the name of the Corporation in connection therewith, including signing of the relevant documents connected thereto, as well as the performance of all other acts incidental therewith;

**RESOLVED, FINALLY**, that a signed true copy of these resolutions be submitted to Reyes Tacandong & Co. and shall serve as the written authority of Ms. Ann Marietta L. Sytin in effecting the approval and release of the AFS and which resolutions shall remain valid until the same is otherwise revoked.

Thereafter, the Board approved the proposed Committee Charters, namely: (1) Corporate Governance Committee Charter; (2) Audit Committee Charter; (3) Board Risk Oversight Committee Charter; and (4) Related Party Transactions Committee Charter upon thoroughly evaluating the same. The Board of Directors further reviewed the proposed charters and upon motion duly made and second the following resolution was unanimously approved:



**RESOLVED**, that the Board of Directors of **LMG CHEMICALS CORP.** (the "Corporation") hereby approved the following Committee Charters: (1) Corporate Governance Committee Charter; (2) Audit Committee Charter; (3) Board Risk Oversight Committee Charter; and (4) Related Party Transactions Committee Charter, as drafted by the respective committees.

*4. Special Meeting of the Board of Directors held on 6 August 2019*

The Board of Directors of LMG Chemicals Corp. (the "Corporation") held its special meeting on 6 August 2019 at 1006B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

During the meeting and upon review, the Board of Directors approved the time, date and venue for the Corporation's 2019 Annual Stockholders' Meeting upon a motion duly made and seconded, the following:

**RESOLVED**, that the Board of Directors of **LGM CHEMICALS CORPORATION**, (the "Corporation") approves the setting of the 2019 Annual Meeting of the Stockholders on September 19, 2019, Thursday, 9:30a.m. at Fairway and Green Rooms, Wack Wack Golf Country Club, Mandaluyong City;

**RESOLVED**, that the Corporate Secretary be directed to notify the Corporation's stockholders of record as of September 5, 2019 of the Annual Meeting of Stockholders, setting such date as the record date.