

Liberto, Inc.
Form 10-Q
October 07, 2011

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **September 30, 2011**

Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number: **000-53983**

Liberto, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

N/A

(IRS Employer Identification No.)

Lot 7B Blk 7 Emerald St.,

Gold Riverville Subd. Burgos, Montalban

Rizal, the Philippines

(Address of principal executive offices)

63-920-938-0830

(Registrant's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer Non-accelerated filer
 Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
2,150,000 as of September 30, 2011.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our financial statements included in this Form 10-Q are as follows:

F-1 Balance Sheets as of September 30, 2011 and December 31, 2010 (unaudited);

F-2 Statements of Operations for the nine and three months ended September 30, 2011 and 2010 and period from November 8, 2007 (Inception) to September 30, 2011 (unaudited);

F-3 Statements of Cash Flows for the nine months ended September 30, 2011 and 2010 and period from November 8, 2007 (Inception) to September 30, 2011 (unaudited); and

F-4 Notes to Financial Statements.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended September 30, 2011 are not necessarily indicative of the results that can be expected for the full year.

Table of Contents**LIBERTO, INC.****(A DEVELOPMENT STAGE COMPANY)****BALANCE SHEETS (unaudited)****As of September 30, 2011 and December 31, 2010**

| | September 30, 2011 | December 31, 2010 |
|---|--------------------------|-------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and equivalents | \$-0- | \$-0- |
| Prepaid expenses | -0- | -0- |
| TOTAL ASSETS | \$-0- | \$-0- |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Liabilities | | |
| Current Liabilities | | |
| Accrued expenses | \$2,592 | \$2,592 |
| Due to officer | 32,000 | 26,000 |
| Total liabilities | 34,592 | 28,592 |
| Stockholders' Deficit | | |
| Common Stock, \$.001 par value, 90,000,000 shares authorized, 2,150,000 shares issued and outstanding | 2,150 | 2,150 |
| Preferred Stock, \$.001 par value, 10,000,000 shares authorized, -0- shares issued and outstanding | -0- | -0- |
| Additional paid-in capital | 40,850 | 40,850 |
| Deficit accumulated during the development stage | (77,592) | (71,592) |
| Total stockholders' deficit | (34,592) | (28,592) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | \$-0- | \$-0- |

See accompanying notes to financial statements.

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LIBERTO, INC.

(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF OPERATIONS (unaudited)

Nine Months and Three Months Ended September 30, 2011 and 2010

Period from November 8, 2007 (Inception) to September 30, 2011

| | Nine Months Ended September 30, 2011 | Nine Months Ended September 30, 2010 | Three Months Ended September 30, 2011 | Three Months Ended September 30, 2010 | Period from November 8, 2007 (Date of Inception) to September 30, 2011 |
|--------------------------------------|---|---|--|--|---|
| Revenues | \$-0- | \$-0- | \$-0- | \$-0- | \$-0- |
| Expenses : | | | | | |
| Professional fees | 6,000 | 6,000 | 2,000 | 2,000 | 77,592 |
| Net Loss | \$(6,000) | \$(6,000) | \$(2,000) | \$(2,000) | \$(77,592) |
| Net loss per share: | | | | | |
| Basic and diluted | \$(0.01) | \$(0.01) | \$(0.01) | \$(0.00) | |
| Weighted average shares outstanding: | | | | | |
| Basic and diluted | 2,150,000 | 2,150,000 | 2,150,000 | 2,150,000 | |

See accompanying notes to financial statements.

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LIBERTO, INC.

(A DEVELOPMENT STAGE COMPANY)

STATEMENTS OF CASH FLOWS (unaudited)

Nine Months Ended September 30, 2011 and 2010

Period from November 8, 2007 (Inception) to September 30, 2011

| | Nine Months Ended September 30, 2011 | Nine Months Ended September 30, 2010 | Period From November 8, 2007 (Inception) to September 30, 2011 |
|--|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss | \$ (6,000) | \$ (6,000) | \$ (77,592) |
| Change in non-cash working capital items | | | |
| Accrued expenses | -0- | -0- | 2,592 |
| CASH FLOWS USED BY OPERATING ACTIVITIES | (6,000) | (6,000) | (75,000) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from sales of common stock | -0- | -0- | 43,000 |
| Due to officer | 6,000 | 6,000 | 32,000 |
| CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | 6,000 | 6,000 | 75,000 |
| NET DECREASE IN CASH | -0- | -0- | -0- |
| Cash, beginning of period | -0- | -0- | -0- |
| Cash, end of period | \$ -0- | \$ -0- | \$ -0- |
| SUPPLEMENTAL CASH FLOW INFORMATION | | | |
| Interest paid | \$ -0- | \$ -0- | \$ -0- |
| Income taxes paid | \$ -0- | \$ -0- | \$ -0- |

See accompanying notes to financial statements.

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LIBERTO, INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2011

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

Nature of Business

Liberto, Inc. (“Liberto”) is a development stage company and was incorporated in Nevada on November 8, 2007. The Company is engaged in the business of developing, manufacturing, and selling artificial lobster meat (the “Product”) specifically for major food retailers in Southeast Asia. Liberto operates out of office space owned by a director and stockholder of the Company. The facilities are provided at no charge. There can be no assurances that the facilities will continue to be provided at no charge in the future.

Basis of Presentation

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. We believe that the disclosures are adequate to make the financial information presented not misleading. These condensed financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2010. All adjustments were of a normal recurring nature unless otherwise disclosed. In the opinion of management, all adjustments necessary for a fair statement of the financial position results of operations for the interim period have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

Development Stage Company

The accompanying financial statements have been prepared under generally accepted accounting principles for development stage companies. A development-stage company is one in which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues there from.

Cash and Cash Equivalents

Liberto considers all highly liquid investments with maturities of three months or less to be cash equivalents. At September 30, 2011 and December 31, 2010, the Company had \$0 of cash.

Fair Value of Financial Instruments

Liberto's financial instruments consist of cash and cash equivalents, accrued expenses, and amounts due to an officer. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

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LIBERTO, INC.

(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2011

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

Basic loss per share

Basic loss per share has been calculated based on the weighted average number of shares of common stock outstanding during the period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Liberto does not expect the adoption of recently issued accounting pronouncements to have a significant impact on the Company's results of operations, financial position or cash flow.

NOTE 2 – DUE TO OFFICER

Due to officer of \$32,000 and \$26,000 at September 30, 2011 and December 31, 2010, respectively, consisted of amounts owed to an officer of the company for amounts advanced for working capital to pay for professional services provided by the Company's outside independent auditors for services rendered for periods ending on and prior to September 30, 2011 and December 31, 2010. The amount is unsecured, due upon demand, and non-interest bearing.

NOTE 3 – INCOME TAXES

For the periods ended September 30, 2011, Liberto has incurred net losses and, therefore, has no tax liability. The net deferred tax asset generated by the loss carry-forward has been fully reserved. The cumulative net operating loss carry-forward is approximately \$77,600 at September 30, 2011, and will expire beginning in the year 2027.

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Table of Contents**LIBERTO, INC.****(A DEVELOPMENT STAGE COMPANY)****NOTES TO THE FINANCIAL STATEMENTS****September 30, 2011**

NOTE 3 – INCOME TAXES (continued)

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

| | September 30, 2011 | December 31, 2010 |
|-------------------------------------|--------------------------|-------------------------|
| Deferred tax asset attributable to: | | |
| Net operating loss carryover | \$26,300 | \$24,340 |
| Valuation allowance | (26,300) | (24,340) |
| Net deferred tax asset | \$— | \$— |

NOTE 4 – LIQUIDITY AND GOING CONCERN

Liberto has negative working capital, has incurred operating losses since inception, and has not yet received revenues from sales of products or services. These factors create substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustment that might be necessary if the Company is unable to continue as a going concern.

The ability of Liberto to continue as a going concern is dependent on the Company generating cash from the sale of its common stock and/or obtaining debt financing and attaining future profitable operations. Management's plans include selling its equity securities and obtaining debt financing to fund its capital requirement and ongoing operations; however, there can be no assurance the Company will be successful in these efforts.

NOTE 5 – SUBSEQUENT EVENTS

The Company's management has analyzed its operations subsequent to September 30, 2011 through October 3, 2011, the date these financial statements were issued, and has determined that it does not have any material subsequent

events to disclose in these financial statements.

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

Forward-Looking Statements

Certain statements, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words “believes,” “project,” “expects,” “anticipates,” “estimates,” “intends,” “strategy,” “plan,” “may,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar expressions. V such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe-harbor provisions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects on a consolidated basis include, but are not limited to: changes in economic conditions, legislative/regulatory changes, availability of capital, interest rates, competition, and generally accepted accounting principles. These risks and uncertainties should also be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Further information concerning our business, including additional factors that could materially affect our financial results, is included herein and in our other filings with the SEC.

Overview

We are engaged in the business of developing, manufacturing, and selling imitation lobster meat made from ground fish fillet, shrimp meat, crab meat, potato starch, sodium alginate, egg, lobster flavor, S.M.G., sugar, and salt, which we will produce specifically for major food retailers in Southeast Asia (our "Product"). We intend that our Product will allow food retailers to offer a more economical alternative to costly real lobster meat presently sold in the Southeast Asian market. We require additional financing in order to continue the process of designing and developing our Product. If we are able to secure financing, we will be able to implement our business plan starting with refining our formula through experiments, testing different ingredients and percentage ratios.

When we are satisfied that our Product will compete effectively in the Surimi Industry by being the best tasting and most economical imitation lobster meat, we will begin the manufacture and distribution of the Product to food retailers.

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Our operations office is located at Lot 7B Blk 7 Emerald St., Gold Riverville Subd. Burgos, Montalban, Rizal, the Philippines.

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Results of Operations for the Nine and Three Ended September 30, 2011 and 2010, and Period from November 8, 2007 (Date of Inception) until September 30, 2011

We generated no revenue for the period from November 8, 2007 (Date of Inception) until September 30, 2011. We do not anticipate revenues until we have completed our Product and have successfully sold it in the market. We will need financing to pursue our business plan. We have conducted no operations since we filed our initial registration statement on Form SB-2 with the Securities and Exchange Commission on January 22, 2008.

Our Operating Expenses for the three months ended September 30, 2011 were \$2,000, as compared with \$2,000 for the three months ended September 30, 2010. Our Operating Expenses for the nine months ended September 30, 2011 were \$6,000, as compared with \$6,000 for the nine months ended September 30, 2010. Our Operating Expenses from November 8, 2007 (Date of Inception) to September 30, 2011 were \$77,592. For each period our Operating Expenses consisting entirely of Professional Fees.

We, therefore, recorded a net loss of \$2,000 for the three months ended September 30, 2011, as compared with \$2,000 for the same period ended September 30, 2010. We recorded a net loss of \$6,000 for the nine months ended September 30, 2011, as compared with \$6,000 for the same period ended September 30, 2010. We recorded a net loss of \$77,592 for the period from November 8, 2007 (Date of Inception) until September 30, 2011.

We anticipate our operating expenses will increase as we undertake our plan of operations. The increase will be attributable to the continued development of our Product and the professional fees associated with being a reporting company under the Securities Exchange Act of 1934.

Liquidity and Capital Resources

As of September 30, 2011, we had no current assets and \$34,592 in current liabilities. Thus, we had a working capital deficit of \$34,592 as of September 30, 2011. We owe \$32,000 to our officer and director for amounts advanced for our working capital needs. The amount is unsecured, due upon demand, and non-interest bearing.

Operating activities used \$75,000 in cash for the period from November 8, 2007 (Date of Inception) until September 30, 2011. Our net loss of \$77,592 was the primary factor of our negative operating cash flow, offset by accrued expenses of \$2,592. Financing Activities during the period from November 8, 2007 (Date of Inception) until September 30, 2011 generated \$75,000 in cash during the period, which included \$43,000 from the sale of stock and \$32,000 as proceeds of a loan from our officer and director.

As of September 30, 2011, we have insufficient cash to operate our business at the current level for the next twelve months and insufficient cash to achieve our business goals. The success of our business plan beyond the next 12 months is contingent upon us obtaining additional financing. We intend to fund operations through debt and/or equity financing arrangements, which may be insufficient to fund our capital expenditures, working capital, or other cash requirements. We do not have any formal commitments or arrangements for the sales of stock or the advancement or loan of funds at this time. There can be no assurance that such additional financing will be available to us on acceptable terms, or at all.

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Going Concern

We have a negative working capital and have not yet received revenues from sales of products. These factors have caused our accountants to express substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustment that might be necessary if we are unable to continue as a going concern.

Our ability to continue as a going concern is dependent on our generating cash from the sale of our common stock and/or obtaining debt financing and attaining future profitable operations. Management's plans include selling our equity securities and obtaining debt financing to fund our capital requirement and ongoing operations; however, there can be no assurance we will be successful in these efforts.

Off Balance Sheet Arrangements

As of September 30, 2011, there were no off balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

A smaller reporting company is not required to provide the information required by this Item.

Item 4T. Controls and Procedures

We carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2011. This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, Rosielyn S. Baclig. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2011, our disclosure controls and procedures are effective. There have been no changes in our internal controls over financial reporting during the quarter ended September 30, 2011.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief

Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

Item 1A: Risk Factors

A smaller reporting company is not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults upon Senior Securities

None

Item 4. Removed and Reserved

Item 5. Other Information

None

Item 6. Exhibits

| Exhibit Number | Description of Exhibit |
|-----------------------|--|
| 31.1 | <u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u> |
| 31.2 | <u>Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u> |
| 32.1 | <u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |
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SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Liberto, Inc.

Date: October 7, 2011

By: /s/ Rosielyn S. Baclig
Rosielyn S. Baclig

Title: Chief Executive Officer and Director

