

**VITARICH CORPORATION
MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS**

Held on Friday, 29 June 2012, at 2:00 PM
At Marilao, Bulacan

PRESENT:

	Number of Shares	Percentage
Total Shares Present	245,637,498	59.91%
Total Outstanding Shares	409,969,764	100.00%

I. CALL TO ORDER

The Chairman of the meeting, Mr. Rogelio M. Sarmiento, called the meeting to order and presided over the same. The Assistant Corporate Secretary, Atty. Pedro T. Dabu, Jr., recorded the minutes of the proceedings.

II. PROOF / CERTIFICATION OF NOTICE OF MEETING

The Assistant Corporate Secretary certified that written notices of the annual meeting of the stockholders of the Corporation were sent to the stockholders of record as of 29 May 2012.

The Corporate Secretary certified that a quorum existed for the transaction of business. Out of a total of 409,969,764 issued and outstanding shares, 245,637,498, or 59.91% of the outstanding capital stock, were present in person or by proxy during the meeting.

III. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD ON 24 JUNE 2011

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders of the Corporation held on 24 June 2011 was dispensed with and the said minutes were approved.

IV. REPORT OF THE MANAGEMENT

The Chairman presented his report on the result of the operations of the Corporation for the year 2011. Quoted below is the report made by the Chairman:

Good afternoon. I welcome you all to our annual stockholders' meeting and thank you for coming all the way to Marilao.

In 2011, the country was hit by almost 20 typhoons, the strongest being Pedring in September and Sendong in December. Typhoon Pedring hit most of Luzon and reminded us of Ondoy as it happened two years after, also in September. While Sendong did not exceed Signal No. 2, the heavy rains it brought caused massive flooding, loss of life and property, in various places in Mindanao including Cagayan de Oro and Iligan, at a time when people were preparing to celebrate Christmas.

These are factors that affected last quarter sales.

Additionally, major raw material prices were higher, like those of corn, coco oil, and copra.

The rise in raw material prices, especially for poultry, increased our production cost of chicken.

Just as the company was preparing itself for the effect of higher production cost of chicken, selling prices of chicken went down. This double whammy washed down the gains brought about by higher feed sales volume up to the 3rd quarter of 2011.

Not to be disheartened, the company put immediate measures in place to minimize the negative effects of the market – with its battlecry of doing more with less.

To cushion the company from the volatility in chicken prices, the company decided to produce chicken only if we had a definite market. To implement this, we entered into supply agreements with Mang Inasal at a predetermined price for a definite volume and for a specific time period. We shall try to replicate this so that most of what we produce even before we start producing shall already be spoken for..

To lower processing cost, improvements in feedmill operations were instituted. Good housekeeping was the name of the game and this started with general cleaning of the warehouses and plants to make sure that there is no contamination in the feeds process.

Compliance to internationally set standards was ensured thru regular ISO/HACCP audits. Preventive maintenance and needed repairs were scheduled. Parts and equipment that were required to increase efficiency were bought as soon as funds were available.

When traditional grains became too expensive, our formulation and nutrition team recommended alternative raw materials that were available

at reasonable cost and yet maintained performance level, at par with strict quality standards. This was done side by side with timely buying strategies, through keen monitoring of world and local prices of raw materials.

We trimmed down our personnel complement from 586 in 2009 to 511 in 2010. This was further trimmed down to 486 this year. The tasks of production personnel were reviewed and streamlined, allowing the retention and reassignment of efficient team members, where necessary. This further reduced overhead expenses.

Consolidated operating expenses declined from P329 million in 2010 to P286 million in 2011.

As a result of all these, the company was able to realize an operating profit of P12.2 million, a reversal of last year's operating loss of P13.8 million. Gross profit improved by almost 16% as compared with the year 2010 as a result of higher revenue.

These, however, were not enough to make us realize a net income, as we ended 2011 with a consolidated loss at P175.5 million.

2012

It is now 2012 and we are starting our 6th year of Rehabilitation Plan. We have been able to sell non-core assets and realize a debt reduction of P263.7 million.

We continue to focus on our core business and strive to improve operations. Additionally, we are looking at more revenues out of toll milling and toll hatching.

We expect flat growth in the hog sector and an increasing trend in the broiler, layer and ruminant sectors.

The Philippine aquaculture industry will continue to grow by 10%, with bangus growth coming mostly from Vismin mariculture areas. Coming from a bad year, tilapia sector will start to rebound.

Aqua will continue to capitalize on the growth of tilapia and bangus industry. Expected volume is 577 thousand bags with contribution margin of P94M.

As for dory, we expect to generate more interest in 2012. The expansion of the market for dory continues to be the emphasis by our business development team. (In fact, included in the buffet table later after this meeting is a corner for variants of dory recipes, which we hope you will find delectable.) For Dory to be a generator of our feeds volume, we need to convince farmers that there is a market for this fish. We continue to believe that even now Dory is the best value among all the fishes available in the market.

With decreased hog population in the backyard sector, we expect competition to intensify in the commercial feed market. These will be in the form of creative discounting schemes and promotions. There is need to identify market potentials and opportunities.

For Animal feeds, we will do the following:

- Find our niche in the market and consolidate sales resources thru

- Development of customized and innovative feeds;
- Development of more tie-ups and alliances to secure product usage; and
- Focus our resources towards the Central and Northern Luzon areas

With optimum size distribution and efficient supply chain, we see improvement in our Foods business. We will concentrate on producing big birds and market cut-ups in the HRI to minimize falldowns. We expect to develop more partnership and tie-ups in this area. Efficiency and productivity will be our most significant support to our core business thru:

- Sourcing of competitively priced ingredients
- Improved feed plant and equipment
- Consolidation of warehouses and pellet mills and
- Recruitment of contract growers or contract to buy partners with tunnel vent facilities.

We will continue to strengthen customer relations with a proactive attitude, anticipating every customer's need thru periodic market survey and product benchmarking.

Starting June this year, the outsourcing of the Accounting and Finance functions takes effect. Realizing that the old financial program, for which the Company had invested a substantial amount, could not be fully run without further cost to be incurred, the Company hired a team of consultants competent in the field, with the objective to effectively handle a new program that will generate timely periodic financial reports and analysis, including payment processing. This will further reduce overhead in 2012 which however will initially be clouded by increased retirement expenses. However, our operations would not be affected by this manpower reduction; in fact our volumes and revenues are projected to increase.

Gromax, our subsidiary, is very much into the dairy industry, having tapped 6% of the market as yet. It has likewise set its sight on the goat industry, with a potential of 5,000 bags per month. With all these, we expect a net income of P53M this year.

For 2012, there will be a major thrust towards addressing our debt burden. As announced, your board has sought authority to further increase the company's capitalization by another P500 million. With what has been approved previously by you, the total involves an increase of P1.0 billion.

We need to address our debt burden because as you have seen, all our efforts in improving internal operations will just be overwhelmed by the cost of our huge debt. I can only say that discussions that will confront this problem and pave the way for a brighter future for your company have been going on for some time.

We take this opportunity to thank you all for your continued support.

Good afternoon.

Upon motion duly made, the Chairman's report on the operations of the Corporation was noted.

V. CONFIRMATION AND RATIFICATION OF THE ACTS OF DIRECTORS AND OFFICERS

Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders:

“RESOLVED, as it is hereby resolved, that each and every legal act, proceeding, contract or deed performed, entered into or executed by the Corporation's Board of Directors and Officers, as appearing in the minutes of the meetings of the Board of Directors and other records of the Corporation be, as they hereby are, approved, confirmed and ratified as if such acts were entered into or executed with the specific and special authorization of the stockholders in a meeting duly convoked and held.”

VI. ELECTION OF DIRECTORS

The Chairman informed the body of the mandatory requirement of electing independent directors. As a public company, the Corporation is required to have at least two (2) independent directors. Pursuant to SEC Regulations, a Nomination Committee was created to screen the qualifications and prepare a final list of all candidates for independent and regular directors. Such final list was made available to all stockholders through the distribution of the Definitive Information Statement, which stated that the candidates nominated by the Nomination Committee for independent directors of the Corporation are:

1. Tomas B. Lopez, Jr.; and
2. Atty. Eduardo T. Rondain.

Pursuant to SEC regulations, only the said nominees whose names appear on the said final list of candidates shall be eligible for election as independent directors of the Corporation.

The following were nominated as members of the Board of Directors of the Corporation for the ensuing year:

Rogelio M. Sarmiento;
Jose Vicente C. Bengzon III;
Cesar L. Lugtu;
Angelito M. Sarmiento;
Benjamin I. Sarmiento Jr.;
Enrique G. Filamor;
Ricardo Manuel M. Sarmiento;
Stephanie Nicole S. Garcia;
Lorenzo Vito M. Lorenzo Vito M. cole S. Garcia; Sarmiento III;
Tomas B. Lopez, Jr.;¹ and
Atty. Eduardo T. Rondain.¹

Upon motion duly made and seconded, the nominations were declared closed. The Secretary, as instructed by the Chairman, cast all the votes of all stockholders in favor of the above nominees, allotting to each of them an equal number of the votes cast. Thereafter, the following were declared elected as members of the Board of Directors of the Corporation to serve as such until their successors are duly elected and qualified:

Rogelio M. Sarmiento;
Jose Vicente C. Bengzon III;
Cesar L. Lugtu;
Angelito M. Sarmiento;
Benjamin I. Sarmiento Jr.;
Enrique G. Filamor;
Ricardo Manuel M. Sarmiento;
Stephanie Nicole S. Garcia;
Lorenzo Vito M. Sarmiento III;
Tomas B. Lopez, Jr.; and
Atty. Eduardo T. Rondain.

VII. APPOINTMENT OF EXTERNAL AUDITORS

Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders:

“RESOLVED, that the Corporation appoints REYES TACANDONG AND COMPANY as its external auditor for the ensuing year and to serve as such until its successor shall have been appointed and qualified.”

VIII. APPOINTMENT OF THE CORPORATION’S STOCK AND TRANSFER AGENT

Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders:

“RESOLVED, that the Corporation appoints STOCK TRANSFER SERVICES, INC. as the Corporation’s stock and transfer agent for the ensuing year and to serve as such until its successor shall have been appointed and qualified.”

IX. AMENDMENT OF BY-LAWS

Upon motion duly made and seconded, the stockholders approved the amendment of the by-laws of the Corporation with the passing of the following resolutions:

“Resolution No. 2012- 1

“**RESOLVED, AS IT HEREBY RESOLVED**, that the stockholders of the Corporation hereby approve the amendment of Article IV of the Amended By-Laws of the Corporation which shall read as follows:

“Article IV

OFFICERS OF THE CORPORATION

Section 19. The officers of the Corporation shall consist of a **President, Chief Executive Officer, Chief Operating Officer, Chief Finance Officer and Treasurer, one or more Executive/Vice Presidents and the Secretary**, all of whom shall be elected by the Board of Directors. Two (2) or more offices may be vested in the same person whenever deemed convenient or expedient. (As amended on June 29, 2012)

Section 20. The officers shall be elected by each new Board at the first meeting after its election. Every officer shall be subject to removal at any time by the Board of Directors, but all officers, unless removed, shall hold office until their successors are appointed. If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors.

Section 21. The Board of Directors shall, from time to time, prescribe the powers and duties and fix the compensation of the officers, agents, or employees in the management of its property and affairs where such powers and duties are not prescribed by the By-Laws. (formerly Section 22)

Section 22. **The Chief Executive Officer shall be elected by the Board.** In addition to the duties which inhere to his office, he shall have the following powers and duties:

(a) He shall see to it that the budget approved by the Board and all orders and resolutions of the Board are carried into effect.

(b) He shall provide overall leadership to the corporation by establishing direction, goals and objectives. He shall be responsible for the development, design, operation, and improvement of the systems that create and deliver the Corporation's products.

(c) He is charged with the creation of an effective organizational structure, business units and divisions and the development of executive personnel.

(d) He shall appoint managers and employees of the Corporation.

(e) He shall execute bonds, mortgages, and other contracts, requiring a seal under the seal of the Corporation.

(f) He shall perform other duties as may, from time to time, be delegated to him by the Board of Directors. (As amended on June 29, 2012)

Section 23. **The Chief Operating Officer shall be elected by the Board of Directors. He may or may not be a member of the Board. In addition to the duties which inhere in his office, he shall have the following powers and duties:**

(a) He shall manage the day to day operations by ensuring that business operations are efficient and effective.

(b) He shall see to it that the Corporation's resources are properly managed; and that distribution of goods and services to the customers are properly done.

(c) He shall provide inspirational people leadership for the Management and Employees. For this purpose, he shall integrate people through vision, mission, values and organizational structure.

(d) He shall develop plans and programs and upon approval by the Chief Executive Officer, implement the same. These plans and programs are those which the Chief Executive Officer is empowered to implement.

(e) He shall submit a report of the operations of the Corporation to the Board of Directors at the regular meeting in each month, and an annual report thereof to the stockholders at the annual meeting, and from time to time shall report to the Board all matters within his knowledge which the interest of the Corporation may require to be brought to their notice;

(f) He shall perform such other duties and functions as may, from time to time, be delegated to him by the Chief Executive Officer and/or by the Board of Directors. (As amended on June 29, 2012)

Section 24. The President shall be elected by the Board from among themselves. The President may also be elected by the Board either as the Chief Executive Officer or the Chief Operating Officer of the Corporation, and shall perform the duties of such other office to which he or she is elected. In addition to signing the stock certificates as provided by law, the President shall have such other powers, duties and functions as may be provided in these By-Laws or as may be delegated by the Board upon his or her election or during any subsequent Board meeting. (As amended on June 29, 2012)

Section 25. The Chief Finance Officer and Treasurer of the Corporation shall be elected by the Board and may or may not be so selected from the members thereof. The Chief Finance Officer and Treasurer shall be in charge of the funds, **assets**, securities, receipts and disbursements of the Corporation. He shall deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation in such banks or trust companies, or with such bankers or other depositories, as the Board of Directors may, from time to time, designate. He shall **regularly and timely** render to the Board of Directors and to the Chief Executive Officer an account of the financial condition of the Corporation and, of all his transactions as Treasurer. As soon as may be done after the close of the fiscal year, he shall keep a correct Book of Account of all the business and transactions of the Corporation.

He shall maintain a working relationship with banks, financial institutions, suppliers and capital

markets with the aim of securing funds or supplies necessary for the operations of the Corporation.

He shall perform such other duties as may be delegated to him by the Board of Directors. (As amended on June 29, 2012)

Section 26. The **Executive/Vice President/s** shall be elected by the Board of Directors. He/They shall have such powers and discharge such duties as may be prescribed by these by-laws or as may be, from time to time, prescribed by the Board or delegated by the Chief Executive Officer. (As amended on June 29, 2012)

Section 27. The Secretary must be a resident of the Philippines, shall be elected by the Board of Directors and need not be a member thereof, nor a stockholder of the corporation. He shall keep the minutes of all the meetings of the stockholders, of the Board of Directors, and of the Executive Committee in the book or books kept for the purpose. He shall keep in safe custody the seal of the corporation, and shall affix such seal to any instrument requiring the same. The Corporate Seal of the Corporation so affixed shall always be attested to by the Secretary or in his absence, or inability to act, by the Assistant Secretary, if any. **If applicable,** he shall have charge of the stock certificate books and attend to the giving and serving of all notices. In addition to the foregoing, he shall have such powers and perform such other duties as pertain to his office, or as the Board of Directors, may, from time to time, prescribe. In the absence of the Secretary or his assistant, **the Board of Directors may designate any secretary of its meeting to record the minutes of the proceedings and shall exercise such powers as may be delegated to him by the Board.** (As amended on June 29, 2012)

Section 28. The Board of Directors may also appoint, from time to time, such assistant secretaries or assistant treasurers, and such other agents or employees of the Corporation as may be deemed proper, and may authorize any officer to appoint and remove agents or employees. Each of such agents and employees shall hold office during the pleasure of the Board of Directors or his superior officer subject, however, to any special agreement as to length of time of service. (formerly Section 21)”

RESOLUTION No. 2012-2

“RESOLVED, AS IT HEREBY RESOLVED, that the stockholders of the Corporation hereby approve the amendment of Section 9, Article II of the Amended By-Laws of the Corporation, which shall read as follows:

“ARTICLE II

Section 9. The Board of Directors shall meet immediately upon their election or as soon thereafter as may

be practicable and elect **from among themselves the Chairman and Vice Chairman and** the officers of the Corporation for the ensuing year. Thereafter, the Board of Directors shall hold regular meetings on the **last Tuesday** of every month at **9:00 a.m.** at the principal office of the Corporation, or at such particular dates or places as the Board may fix. Special meetings of the Board of Directors may be called by the Chairman or on the written request of any two (2) directors. Notice of all regular and special meetings of the Board of Directors shall **be emailed** to each director at **his email address** or delivered to him personally at his office, or transmitted by telephone or **by fax machine at least three (3) days prior** to the date fixed for the meeting.

The Chairman, or in his absence, the Vice Chairman, shall preside over all meetings of the Board of Directors and the stockholders of the Corporation.
(As amended on 29 June 2012)

X. ADJOURNMENT

There being no other business to discuss, and upon motion duly made and seconded, the meeting was adjourned at 2:30 p.m.

ATTEST:

ROGELIO M. SARMIENTO
Chairman of the Meeting

PEDRO T. DABU, JR.
Secretary of the Meeting