VITARICH CORPORATION AND SUBSIDIARIES

Unaudited Interim Consolidated Financial Statements
As at and for the nine months ended September 30, 2015
(With Comparative Figures for 2014)

COVER SHEET
for
QUARTERLY REPORT

SEC Registration Number

0 0 0 0 0 2 1 1 3 4

Company Name

VITARICH CORPORATION

Principal Office (No./Street/Barangay/City/Town) Province)

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	**CRMD**	**NA**

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
agd@vitarich.com	**(044) 843-3033**	**(0918) 848 2800**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
4,316	**June 28**	**December 31**

As of September 30, 2015

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	**nsg@vitarich.com**	**(044) 843-3033**	**(0918) 848 2258**

Contact Person's Address

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2015**

2. Commission identification number **21134**   3. BIR Tax Identification No. **000-234-398**

4. Exact name of issuer as specified in its charter **VITARICH CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization **BULACAN**

6. Industry Classification Code: [   ] (SEC Use Only)

MARILAO-SAN JOSE ROAD, STA. ROSA I, MARILAO, BULACAN   **3019**

7. Address of issuer's principal office   Postal Code

843-3033 connecting to all departments

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	**2,786,497,901**

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, Inc.   **Common**

12. Indicate by check mark whether the registrant:

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

Yes [✓] No [ ]

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

Yes [ ] No [✓]

Annex A

SEC NUMBER 21134
File Number ______

VITARICH CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

(Company's Address)

843-30-33 connecting to all departments

(Telephone Number)

(Year Ending)
(Month & Day)

Quarterly Consolidated
Unaudited Financial Statement

Form Type

Amendment Designation (if applicable)

September 30, 2015

Period Ended Date

(Secondary License Type and File Number)

PART I – FINANCIAL INFORMATION

Item 1 - Financial Statements

The unaudited financial statements of Vitarich Corporation and its subsidiaries as at and for the period ended September 30, 2015 (with comparative figures as of December 31, 2014) and for the period ended September 30, 2014 and Selected Notes to Consolidated Financial Statements are filed as part of this form 17-Q as Annex "A"

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

The information required by Part III, Paragraph (A) (2) (B) of "Annex C" is attached hereto as Annex "B".

PART II – OTHER INFORMATION

Vitarich Corporation and its subsidiaries may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure if such information is made under this Part II, it need not be repeated in a report on Form 17-C, which would otherwise be required to be filed with respect to such information, or in a subsequent report on Form 17-Q.

SIGNATURES

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

Registrant – **VITARICH CORPORATION**

By:

STEPHANIE NICOLE S. GARCIA
Treasurer/Chief Finance Officer

ATTY. PEDRO T. DABU, JR.
Corporate Information Officer/
Asst. Corporate Secretary

Date: November 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

During 2013, the creditor banks and the SPAV Companies transferred their interest in the restructured loan to Kormasinc, Inc. (Kormasinc). On October 16, 2013, the Securities and Exchange Commission (SEC) approved the debt to equity conversion of the loans aggregating ₱2.4 billion to Kormasinc pursuant to a debt to equity agreement between Kormasinc and the Company on September 20, 2013 and the Company's filing for an increase in authorized capital stock from ₱0.5 billion to ₱3.5 billion.

The Board of Directors and Stockholders have approved the increase in authorized capital stock on various dates from ₱0.5 billion to ₱3.5 billion: (1) 1.0 billion shares of stock with a par value of ₱1.00 for a total of ₱1.0 billion on May 27, 2010; (2) 1.5 billion shares of stock with a par value of ₱1.00 for a total of ₱1.5 billion on June 1, 2012; and (3) 3.5 billion shares of stock with a par value of ₱1.00 for a total of ₱3.5 billion on August 28, 2012.

On September 20, 2013, the BOD approved the conversion of part of the Company's debts to Kormasinc amounting to ₱2,376,528,137 into equity at a ratio of 1:1 or 1 share of common stock for every ₱1.00 debt in which ₱90,030,236 shall be applied as payment for the issuance of the 90,030,236 shares out of the existing unissued shares, while ₱2,286,497,901 shall be applied as payment for the additional shares of stock which shall be issued out of the increase in the authorized capital stock. On October 16, 2013, the SEC approved the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company. In 2014, Kormasinc reduced its equity interest in the Company from 85.29% to 69.75%.

Results of Operations:

For the third quarter of 2015, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱2,391 million, higher by 37% from ₱1,749 million of same quarter last year. Higher consolidated revenues were due to increased turnover of the Foods business versus its targets and overall growth of customer base. The Feeds business is tracking under current year phased targets but posting growth overall.

The Group will continue with its aggressive marketing campaigns to further expand its sales and distribution network, strengthen market visibility of Group products, and likewise find and identify its niche in the market. Similarly, the Group will continue to pursue improvement of margins through optimum size distribution and efficient supply chain and enhancing efficiency and productivity.

Raw material prices improved compared last year due to vastly improved supply chain conditions and better supplier relations. Major raw material prices continue to improve versus projections as a result of worldwide trends in lower prices of corn and soy bean meal, the key ingredients used in the formulations for Feeds.

It is forecasted that prices of raw materials for the next quarter will remain stable, especially for protein and energy sources.

The Group generated gross profit of ₱289 million for the third quarter, 376% higher from a year ago due to improved efficiency of its poultry operations; overall production cost efficiency, improved inventory management and general administrative cost savings. The technological investments have allowed the Group to increase nutrient specifications embedded in the formula that lead to increased efficiency in the chickens. The Group's feeds are customized based on the breed because each variety of chicken has its own dietary specifications.

For the third quarter, consolidated operating expenses increased by 10% from ₱255 million from the third quarter of the previous year to ₱279 million.

Other operating income for the third quarter of 2015 decreased by 18% against the other operating income for the same period last year.

The Group achieved an operating income of ₱71 million or an increase of 158% versus same period of last year as a result of positive results of its operations.

Other charges decreased from ₱435 million to ₱116 million. This has also resulted to a consolidated net loss before income tax for the third quarter of ₱46 million as against last year's loss of ₱556 million. This resulted from the loss on sale of several investment properties during the quarter.

Corporate Action Plan:

Despite the turbulent external environment and very stiff competitive market, the Group has demonstrated its agility and tenacity to maintain and grow its market share. As in the past, it has always managed to survive, get back to its feet and grow. It continues to be perceived and acknowledged as pioneering because of its strong leadership in the industry despite its current market share.

Proceeds from the sale of its Bulacan feedmill property were used for debt repayment and for working capital. Putting to use the working capital provided by the property sale, the Group expects a turnaround in its operations in 2015. Relatively debt free and with the infusion of new working capital, the Group is now focused on growing its business. The Group has lined up the following programs that will help achieve its revenue and net income targets for 2015:

1. Efficient third party tolling partnerships in Luzon;
2. Expanding the poultry business by increasing breeder capacity;
3. Significantly increasing volume and distribution base by repositioning of animal and aqua feed lines;
4. Increasing food market base by developing chicken and dory value-added products; and
5. Helping farmers in all aspects of production, such as providing the concentrate, analyzing inputs, lab analysis, and providing seminars on how to properly feed and take care of the livestock.

Subsidiaries:

Gromax, Inc. is a wholly owned subsidiary of Vitarich which started commercial operation in January 1996. Previously, the business was spun off from Vitarich to be a separate business entity. Gromax was registered with SEC on November 10, 1995.

Effective April 2015, Gromax was integrated back in Vitarich as a major brand range to supplement the product ranges of animal feeds. Its operations were likewise transferred to Vitarich, however, ownership to production facilities were retained by Gromax.

Gromax was previously engaged in the manufacture of animal health and nutritional products for commercial sales as well as for use of its parent Company (Vitarich) in its contract breeding and contract growing operations.

Previously, Gromax manufactures, prepares, processes, mixes, distributes and sells innovative and high quality animal health and nutritional products, feed additives and commodities for poultry and livestock to contract growers, contract breeders, poultry and swine farms, feed mills, distributors, cooperatives, and poultry integrators throughout the country.

The registered office of Gromax is located at the Vitarich compound, Sta. Rosa I, Marilao, Bulacan. The registered office of its parent Company is also the same with the registered office of the said Company.

Philippine's Favorite Chicken Inc. (PFCI), one of the subsidiaries of Vitarich, entered into distribution agreements in 1995 with America's Favorite Chicken Company (AFC), a Company that operates the Church's Chicken and Popeye's Chicken restaurants in the United States. Under these distribution agreements, PFCI will distribute the paper goods, restaurant supplies, equipment, and food products to Texas Manok Atbp. Inc. (TMA). The latter corporation, which is owned by the Sarmiento family, in turn, entered into a development and franchise agreement with AFC. Under the development agreement between TMA and AFC, PFCI was granted the exclusive right to develop an aggregate of fifty (50) Texas Chicken and fifty (50) Popeye's Chicken restaurants in the Philippines in consideration for territorial and franchise fees payable to AFC as stipulated in the agreements. In addition, a 5% percent royalty fee based on sales is assessed for each franchised restaurant. This royalty is being paid by TMA, the operator of the restaurant.

The franchise agreement allows the PFCI to use the Texas Chicken and Popeye's Chicken trade names, service marks, logos, food formulae and recipes, and other exclusive rights to the proprietary Texas and Popeye's Chicken System.

The development of the restaurants is scheduled over a period of seven years starting in 1995 for Texas Chicken and 1996 for Popeye's. The franchise agreement shall be for a period of ten (10) years for each restaurant unit, renewable for four additional periods of five years each, at the option of the franchisee. However, PFCI, in 2000, lost its right to develop Popeye's Chicken in the Philippines.

On October 1, 1998, the Board of Directors of PFCI approved the conversion into equity of the advances of Vitarich Corporation to PFCI amounting to ₱165 million to be applied to its unpaid subscriptions and for additional shares of stock of PFCI. Out of the ₱165 million advances to be converted into equity, ₱25 million was applied to Vitarich's unpaid subscription while the remaining ₱140 million was shown under Deposit on Future Stock Subscriptions account pending the approval from the SEC of the conversion.

In 2003, PFCI reverted the investment in shares of stock in PFCI to Advances to subsidiaries amounting to ₱140 million, as the Board of Directors of PFCI decided not to pursue its application with the SEC to convert into equity the advances received from Vitarich. PFCI initially recorded the transaction as an increase in investment in shares of stock in PFCI and a decrease in advances to subsidiaries when the Board of Directors of PFCI approved the proposed conversion in 1998.

AFC unilaterally terminated its development and franchise agreements with PFCI in 2001. As a result, in August 2001, PFCI and TMA filed a case against AFC and some of AFC's officers, such as Tom Johnson, Anthony Pavese and Loreta Sassen, among others, for undue termination of the development and franchise agreements with the Regional Trial Court of Pasig City, docketed as Civil Case No. 68583. The case called for injunction, specific performance, sum of money, and damages against AFC and some of its officers.

In connection with such legal action, in 2001, PFCI recognized as claims receivable, as of December 31, 2001, certain losses arising from the closure of certain Texas Chicken restaurants and legal fees incurred relating to the case filed against AFC. Losses recognized as claims receivable include, among others, the loss on write-off of leasehold and building improvements relating to the closed stores. The total amount recognized as claims receivable (presented as part of Other Non-current Assets account in the condensed interim consolidated balance sheets) totaled ₱23.2 million as of December 31, 2001.

The Regional Trial Court of Pasig City, in a decision dated April 3, 2002, approved the issuance of a preliminary writ of attachment on the properties of AFC in the Philippines upon posting of PFCI and TMA of a bond amounting to ₱100 million. Management believed that this case would be settled in favor of the PFCI and TMA.

On September 24, 2003, the trial court granted the Motion to Dismiss filed by two of the defendants. PFCI, in turn, filed a Motion for Partial Reconsideration of the order. Moreover, AFC has filed a Petition for Certiorari before the Court of Appeals assailing the validity of the trial court previously issued writ of attachment.

On December 22, 2004, the parties have entered into a compromise agreement for the settlement of the case of which the parties have filed a joint motion to dismiss before the Regional Trial Court of Pasig City, Branch 152.

On March 4, 2005, the Regional Trial Court of Pasig City, Branch 152 had approved the Joint Motion to Dismiss filed by the parties based on the Compromise Agreement entered into by them, thus, putting an end to the case.

In 2005, the Company discontinued operations of its Texas Manok's Restaurants. Accordingly, it terminated all its employees and provided full valuation allowances on all its remaining assets.

Although the BOD and stockholders have not yet formally adopted a plan to liquidate the Company, the financial statements are presented under the liquidation basis of accounting to appropriately reflect the significant changes in the Company's status of operations.

Financial Condition

Unaudited balance sheet as at September 30, 2015 vs. audited December 31, 2014

The Company's consolidated total assets as of September 30, 2015 stood at ₱2,327 million, slightly lower than December 31, 2014 level of ₱2,375 million. Total current assets increased from ₱1,376 million as at December 31, 2014 to ₱1,447 million as at September 30, 2015.

Cash balance decreased to ₱186 million as at September 30, 2015 from ₱242 million as at December 31, 2014. The reduction in cash was attributed to net cash outflows used in operating activities.

Trade and other receivables account increased by 13% as a result of increase in sales and uncollected portion of the proceeds from disposal of investment properties.

Inventories went down by 3%. There's not much change in inventories as the Company monitors the level of inventories.

Other current assets account of ₱82 million as of September 30, 2015 increased by 50% as compared to ₱55 million as of December 31, 2014. Other non-current assets increased by ₱12.0 million due to the improvement on the Group's accounting software.

Total current liabilities for the period ended September 30, 2015 amounted to ₱1,337 million, lower by 2% as compared to its balance as of December 31, 2014.

Stockholders' equity decreased from ₱754 million to ₱726 million, due to net loss posted as of the third quarter of 2015.

The Corporation's top five (5) key performance indicators are described as follows:

	Unaudited Sept 2015	Unaudited Sept 2014
Revenue (₱ million)	₱2,391	₱1,749
Cost Contribution (₱ million)	2,102	1,688
Gross Profit Rate (%)	12%	3%
Operating Income (Loss) (₱ million)	71	(120)

1) Sales Volume, Price, and Revenue Growth
Consolidated revenue composed of feeds, day old chicks, chicken, animal health products, and dory fish sales amounted to ₱2,391 million, higher than the same period last year of ₱1,749 million, mainly because of higher sales volume and new customers.

2) Cost Contribution
This measures the cost efficiency of the products and trend of raw materials prices, particularly importations wherein there are foreign exchange exposures. Costs are analyzed on a regular basis for management's better strategic decisions in cost reduction and efficiency measures.

3) Gross Profit Rate
The review is done on a regular basis to check if the targets are being met based on the forecasted gross profit rate. This is being done on a regular basis for proper and immediate action.

4) Operating Margin
This is the result after operating expenses are deducted. Review of operating expenses is performed on a regular basis. These are being analyzed and compared against budget, last month and previous years, to ensure that cost reduction measures are being met and implemented.

VITARICH CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE PERIOD ENDED SEPTEMBER 30, 2015 AND THE YEAR ENDED DECEMBER 31, 2014

(In Thousand Pesos)

	Sept 2015 (Unaudited)	December 2014 (Audited)
ASSETS		
Current Assets		
Cash	**₱186,472**	₱242,060
Trade and other receivables	**917,818**	809,294
Inventories	**260,713**	269,398
Other current assets	**82,107**	54,840
Total Current Assets	**1,447,110**	1,375,592
Noncurrent Assets		
Property, plant and equipment	**403,494**	379,776
Investment properties	**429,524**	610,043
Net deferred tax assets	**31,508**	6,764
Other noncurrent assets	**14,943**	2,673
Total Noncurrent Assets	**879,469**	999,256
	₱2,326,579	₱2,374,848
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**929,709**	₱892,475
Payable to stockholder	**407,111**	470,383
Income tax payable	–	30
Total Current Liabilities	**1,336,820**	1,362,888
Noncurrent Liabilities		
Trade and other payables	**168,144**	168,144
Net retirement liability	**76,424**	73,038
Cash bond deposits	**18,936**	16,419
Total Noncurrent Liabilities	**263,504**	257,601
Equity		
Capital stock	**2,786,498**	2,786,498
Additional paid-in capital	**224,547**	224,547
Deficit	**(2,477,229)**	(2,451,784)
Other comprehensive income	**192,439**	195,098
Total Equity	**726,255**	754,359
	₱2,326,579	₱2,374,848

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(With Comparative Figures for 2014)
(In Thousand Pesos)

	UNAUDITED		UNAUDITED	
	JAN-SEPT 2015	**JAN-SEPT 2014**	**JULY-SEPT 2015**	**JULY-SEPT 2014**
SALE OF GOODS	**₱2,391,261**	**₱1,749,239**	₱991,631	₱571,543
COST OF GOODS SOLD	**2,101,917**	**1,688,415**	838,986	559,365
GROSS PROFIT	**289,344**	**60,824**	152,645	12,178
OTHER OPERATING EXPENSES (INCOME)				
Operating expenses	**279,382**	**255,079**	121,993	103,368
Operating income	**(60,592)**	**(73,556)**	(10,460)	(5,983)
	218,790	**181,523**	111,533	97,385
OPERATING PROFIT (LOSS)	**70,554**	**(120,699)**	41,112	(85,207)
OTHER CHARGES (INCOME)				
Loss on sale of property, plant and equipment, investment properties and others	**94,588**	**432,035**	–	426,228
Impairment loss on due from a related party	**–**	**1,984**	–	1,984
Provision for probable losses	**–**	**1,636**	–	–
Gain on fair value changes of investment properties	**(2,771)**	**–**	(2,771)	–
Interest income	**(90)**	**(453)**	(29)	(147)
Interest expense	**61**	**–**	20	–
Others	**24,611**	**–**	–	–
	116,399	**435,202**	(2,780)	428,065
INCOME (LOSS) BEFORE INCOME TAX	**(45,845)**	**(555,901)**	43,892	(513,272)
INCOME TAX BENEFIT	**(17,741)**	**(148,683)**	(447)	(136,663)
NET INCOME (LOSS)	**(28,104)**	**(407,218)**	43,445	(376,609)
OTHER COMPREHENSIVE INCOME				
Items not to be reclassified to profit or loss:				
Revaluation increase on property, plant and equipment - net of tax	**–**	**–**	–	–
Actuarial gains (losses) - net of tax	**–**	**–**	–	–
	–	**–**	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱28,104)**	**(₱407,218)**	₱43,445	(₱376,609)
INCOME (LOSS) PER SHARE - BASIC AND DILUTED	**(₱0.01)**	**(₱0.15)**	₱0.02	₱0.14

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(With Comparative Figures for 2014)
(In Thousand Pesos)

	UNAUDITED		
	2015 SEPT	2014 SEPT	**AUDITED 2014**
CAPITAL STOCK	**₱2,786,498**	₱2,786,498	₱2,786,498
ADDITIONAL PAID-IN CAPITAL	**224,547**	224,547	224,547
OTHER COMPREHENSIVE INCOME			
Balance at beginning of year/quarter	**195,098**	809,744	809,744
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	**(2,659)**	(6,683)	(7,572)
Transfer to deficit of revaluation reserve realized through disposal, net of tax	**–**	(395,628)	(607,450)
Unrealized actuarial losses, net of tax	**–**	–	376
Balance at end of year/quarter	**192,439**	407,433	195,098
DEFICIT			
Balance at beginning of year/quarter	**(2,451,784)**	(2,488,593)	(2,488,593)
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	**2,659**	6,683	7,572
Transfer to deficit of revaluation reserve realized through disposal, net of tax	**–**	395,628	607,450
Net loss	**(28,104)**	(407,218)	(578,213)
Balance at end of year/quarter	**(2,477,229)**	(2,493,500)	(2,451,784)
TOTAL EQUITY	**₱726,255**	₱924,978	₱754,359

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(With Comparative Figures for 2014)
(In Thousand Pesos)

	UNAUDITED		AUDITED
	SEPT 2015	SEPT 2014	DEC 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	**(₱45,845)**	(₱555,901)	(₱812,464)
Adjustments for:			
Loss on sale of property, plant and equipment, investment properties and others	**94,588**	432,035	629,319
Depreciation and amortization	**17,746**	43,812	48,782
Impairment loss on:			
Trade and other receivables	**13,969**	–	29,311
Due from related parties	**–**	–	3,052
Loss (gain) on fair value changes of investment properties	**(2,771)**	–	5,434
Interest income	**(90)**	(453)	(534)
Interest expense	**61**	–	–
Provision for probable losses	**–**	1,636	2,992
Loss on discounting of receivables	**–**	–	49,190
Operating income (loss) before working capital changes	**77,658**	(78,871)	(44,918)
Decrease (increase) in:			
Trade and other receivables	**(59,993)**	21,007	(143,719)
Due from related parties	**–**	2,052	–
Inventories	**8,685**	201,162	206,670
Other current assets	**(27,267)**	2,976	(7,170)
Other noncurrent assets	**(12,270)**	(34)	(34)
Increase (decrease) in:			
Trade and other payables	**83,193**	(142,370)	(33,539)
Net retirement liability	**3,512**	7,005	1,118
Cash bond deposits	**2,518**	(4,659)	(5,337)
Net cash generated from (used for) operations	**76,036**	8,268	(26,929)
Income taxes paid	**(7,034)**	(8,907)	(15,101)
Interest received	**90**	270	317
Interest paid	**(61)**	–	–
Retirement benefits paid	**–**	(16,639)	(21,373)
Net cash provided by (used in) operating activities	**69,031**	(17,008)	(63,086)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	**(41,464)**	(16,021)	(32,319)
Investment properties	**(13,403)**	(16,821)	(16,821)
Proceeds from sale of:			
Property, plant and equipment	**–**	376,699	614,663
Investment properties	**–**	21,561	44,696
Net cash provided by (used in) investing activities	**(54,867)**	365,418	610,219
CASH FLOW FROM A FINANCING ACTIVITY			
Decrease in payable to stockholder	**(69,752)**	(310,714)	(350,400)
NET INCREASE (DECREASE) IN CASH	**(55,588)**	37,696	196,733
CASH AT BEGINNING OF PERIOD	**242,060**	45,327	45,327
CASH AT END OF PERIOD	**₱186,472**	₱83,023	₱242,060

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

1. Corporate Information and Status of Operations

Vitarich Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing and selling of feeds. On March 30, 2012, the SEC approved the extension of its corporate life for another 50 years. The Company's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

The subsidiaries of the Company are as follows:

	Line of Business	Percentage of Ownership
Gromax, Inc. (Gromax)	Manufacturing	100.00
Philippines Favorite Chicken, Inc. (PFCI)*	Distributor	100.00

**Ceased its operations in 2005.*

The Company and its subsidiaries are collectively referred to as "the Group".

Effective April 2015, the business of Gromax was reintegrated to the Company. Specialty feeds produced by Gromax was included to supplement the product ranges of animal feeds produced by the Company.

The Company is under a Corporate Rehabilitation Plan (Plan) approved by the Regional Trial Court of Malolos, Bulacan (Rehabilitation Court) on May 31, 2007 due to non-payment of bank debt. The implementation of the Plan resulted mainly in the restructuring of Company debt aggregating ₱3.2 billion (at original amount) resulting to longer payment terms and the lowering of interest. During the year ended December 31, 2013, Kormasinc, Inc. (Kormasinc) acquired the debt from the Company creditors comprising of local banks and special purpose asset vehicles (SPAV) companies and entered into a memorandum of agreement with the Company for a debt to equity conversion on September 20, 2013. Pursuant to the agreement, ₱2.4 billion of the acquired remaining debt of ₱3.2 billion (including interest of ₱200.0 million) was converted to equity at one peso (₱1.00) for every one (1) share of stock on the remaining available shares and on the increase in the Company's authorized capital stock from ₱0.5 billion to ₱3.5 billion.

On October 16, 2013, the SEC approved the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company. In 2014, Kormasinc reduced its equity interest in the Company from 85.29% to 69.75%.

In 2014, the Company's Board of Directors (BOD) approved the disposal of its major feed mill and the land where it is located at Marilao, Bulacan and several noncore assets with an aggregate carrying value of ₱1,288.7 million for ₱659.4 million. The proceeds were used to further reduce outstanding liabilities and generate needed working capital. Loss on the sale of assets amounted to ₱629.3 million.

The Company started outsourcing its manufacturing capability and leasing warehouse facilities in Guiguinto, Bulacan and Valenzuela City for its feed milling requirements for its Luzon operation. The Company is currently occupying its new office building in Marilao, Bulacan.

The registered principal place of business of the Group is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Group has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

Status of Operations

The Group has incurred losses resulting into a deficit of ₱2,477.2 million and ₱2,451.8 million as at September 30, 2015 and December 31, 2014, respectively, mainly because of interest expense on its restructured debt and operational difficulties. Pursuant to management plan, Kormasinc (stockholder) acquired all the restructured debt and entered into a debt to equity conversion with the Company in 2013. Moreover, the Company disposed off its major feed mill in 2014 to further reduce the debt and to generate necessary working capital.

The debt presented in the financial statements as payable to stockholder was substantially reduced to ₱207.1 million in 2015 and ₱270.4 million in 2014, excluding interest of ₱200.0 million in both years.

The Group, being relatively debt free and with the infusion of working capital derived from the disposal of major feed mill and the land located at Marilao, Bulacan, is now focused on growing its business. During 2015, the Group expanded its food business by increasing capacity and developing more food products; established operational partnerships such as tolling partnerships in Luzon; and strengthened its core products by improving quality standards. As a result of the implementation of these programs, the Group generated operating income of ₱70.6 million for the nine month period September 30, 2015.

The ability, however of the Group to continue as a going concern depends on the successful implementation of these programs.

2. Basis of Preparation and Statement of Compliance

The unaudited interim consolidated financial statements of the Group have been prepared on the historical cost basis of accounting, except for property, plant and equipment and investment properties which are stated at fair value, and are presented in Philippine Peso, the Group's functional and presentation currency. All values represent absolute amounts except when otherwise stated.

The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2015.

The unaudited interim consolidated financial statements of the Group for the nine (9) months ended September 30, 2015 have been prepared in accordance with PAS 34, *Interim Financial Reporting* and in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

3. Summary of Significant Accounting Policies

Adoption of New and Revised 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 and Philippine Interpretation from IFRIC which the Group adopted effective January 1, 2014:

- Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32. The amendments clarify (1) the meaning of 'currently has a legally enforceable right of set−off'; and (2) that some gross settlement systems may be considered equivalent to net settlement.

- Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* – These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash−generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Amendments to PFRS 10, *Consolidated Financial* Statements, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements - Investment Entities* These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- Philippine Interpretation IFRIC 21, *Levies* This interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs as identified by the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

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

New and Revised PFRS Not Yet Adopted

Relevant new and revised PFRS which are not yet effective for the year ending December 31, 2015 and have not been applied in preparing the unaudited interim financial statements are summarized below.

Effective for annual periods beginning on or after July 1, 2014:

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation* The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways: (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses; or (b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

- Amendments to PAS 24, *Related Party Disclosures - Key Management Personnel* The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

- Amendments to PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization* The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways: (a) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses; or (b) the accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with PAS 38.

- Amendment to PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property* – The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination and investment property requires the separate application of PAS 40 and PFRS 3, *Business Combination*.

- Amendments to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* – The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.

- Amendments to PFRS 13, *Fair Value Measurement - Short–term Receivables and Payables and Portfolio Exception* The amendments clarify that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

  It also clarifies that the scope of the portfolio exception includes all contracts accounted for within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities.

Effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments: Classification and Measurement* This standard establishes principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amount, timing and uncertainty of an entity's future cash flows.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the unaudited interim consolidated financial statements. Additional disclosures will be included in the unaudited interim consolidated financial statements, as applicable.

4. Trade and Other Receivables

This account consists of (*in thousand Pesos*):

	Unaudited Sept 2015	Audited Dec 2014
Trade	**₱889,342**	₱692,528
Nontrade	**203,581**	272,345
Insurance claims receivable	**231,317**	216,644
Advances to:		
Suppliers	**40,067**	17,473
Officers and suppliers	**5,264**	4,336
Receivable from disposal of properties	**1,300**	42,935
Others	**31,986**	34,103
	1,402,857	1,280,364
Less allowance for impairment losses	**(485,039)**	(471,070)
	₱917,818	₱809,294

Trade receivables are usually due within 30 to 90 days and are noninterest-bearing.

Nontrade receivables comprise mainly of receivables arising from incidental income of the Group such as tolling and rentals.

Advances to officers and employees are unsecured, noninterest-bearing and subject to liquidation for a specified period of time of about one year.

Receivable from disposal of properties pertains to unpaid balances from the sale of property, plant and equipment and other investment properties.

Other receivables comprise mainly of unsecured, non-interest bearing advances to suppliers, advances to contract growers and breeders, short term deposits and claims from SSS.

The Group's claim for settlement for typhoon damages from the Philippine Charter Insurance Corporation (now Charter Ping An Insurance Corporation) is still ongoing. The Court Order for a partial payment of ₱150.0 million of the insurance claims of ₱316.0 million is pending with the Supreme Court. Pursuant to the Insurance Code, the Group is entitled to interest on its claim at a rate twice the ceiling prescribed by the Monetary Board beginning March 12, 2010, 90 days from the date the Group has filed the claim.

AGING OF RECEIVABLES

	As at SEPTEMBER 30, 2015 – Unaudited (in thousand Pesos)						
	TOTAL	**CURRENT**	**1-30**	**31-60**	**61-90**	**91-120**	**OVER 120**
Feeds	₱621,104	₱203,455	₱33,895	₱16,172	₱11,970	₱8,622	₱346,990
Foods	91,057	37,558	20,278	1,530	634	739	30,318
Farms	177,181	8,232	6,767	5,332	5,912	2,577	148,361
Total Trade Receivables	**889,342**	**249,245**	**60,940**	**23,034**	**18,516**	**11,938**	**525,669**
Nontrade	203,581	–	–	–	–	–	203,581
Insurance claims receivable	231,317	15,848	–	–	–	–	215,469
Receivable from disposal of properties	1,300	1,300	–	–	–	–	–
Advances	45,331	–	–	–	513	–	44,818
Others	31,986	–	–	–	–	2,561	29,425
Total Trade and Nontrade Receivables	**1,402,857**	**266,393**	**60,940**	**23,034**	**19,029**	**14,499**	**1,018,962**
Less: Allowance for Impairment	(485,039)	–	–	–	–	–	(485,039)
NET RECEIVABLES	**₱917,818**	**₱266,393**	**₱60,940**	**₱23,034**	**₱19,029**	**₱14,499**	**₱533,923**

5. Inventories

This account consists of (*in thousand Pesos*):

	Unaudited Sept 2015	Audited Dec 2014
Raw materials and feeds supplement	**₱129,895**	₱127,917
Livestock	**50,635**	60,427
Finished goods	**49,507**	47,327
Factory stocks and supplies	**17,579**	2,960
Supplies and animal health products	**13,097**	30,767
	₱260,713	₱269,398

6. Other Current and Noncurrent Assets

Other Current Assets (*in thousand Pesos*):

	Unaudited Sept 2015	Audited Dec 2014
Creditable withholding taxes	**₱37,642**	₱43,430
Input value-added tax	**29,425**	5,016
Prepayments	**16,442**	7,796
	83,509	56,242
Allowance for impairment losses	**(1,402)**	(1,402)
	₱82,107	₱54,840

Other Noncurrent Assets (*in thousand Pesos*):

	Unaudited Sept 2015	Audited Dec 2014
Project development costs	**₱42,083**	₱31,368
Deposits	**4,178**	2,623
Other assets	**53,394**	53,394
	99,655	87,385
Allowance for impairment:		
Other assets	**(53,344)**	(53,344)
Project development costs	**(31,368)**	(31,368)
	(84,712)	(84,712)
	₱14,943	₱2,673

Prepayments mainly pertain to insurance and bond premiums, among others. Other assets mainly pertain to the impaired assets of PFCI with full valuation allowance.

7. Property, Plant and Equipment

Movements in this account are as follows *(in thousand Pesos)*:

	September 30, 2015 (Unaudited)							
	At Appraised Values				**At Cost**			
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of period	**₱247,641**	**₱163,352**	**₱51,204**	**₱30,321**	**₱66,761**	**₱123,658**	**₱13,559**	**₱696,496**
Additions	**8,192**	**6,027**	**4,647**	**505**	**5,435**	**16,658**	**–**	**41,464**
Reclassification	**–**	**–**	**13,279**	**280**	**–**	**–**	**(13,559)**	**–**
Balance at end of period	**255,833**	**169,379**	**69,130**	**31,106**	**72,196**	**140,316**	**–**	**737,960**
Accumulated Depreciation and Impairment								
Balance at beginning of period	**–**	**98,798**	**23,081**	**19,856**	**64,252**	**110,733**	**–**	**316,720**
Additions	**–**	**8,649**	**2,382**	**1,164**	**1,599**	**3,952**	**–**	**17,746**
Balance at end of period	**–**	**107,447**	**25,463**	**21,020**	**65,851**	**114,685**	**–**	**334,466**
Carrying amount	**₱255,833**	**₱61,932**	**₱43,667**	**₱10,086**	**₱6,345**	**₱25,631**	**₱–**	**₱403,494**

	December 31, 2014 (Audited)							
	At Appraised Values				**At Cost**			
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Transportation equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱1,051,015	₱769,515	₱291,460	₱35,923	₱83,575	₱116,691	₱–	₱2,348,179
Additions		7,605	2,473		1,715	6,967	13,559	32,319
Disposals	(803,374)	(613,768)	(242,729)	(5,602)	(18,529)		–	(1,684,002)
Balance at end of year	247,641	163,352	51,204	30,321	66,761	123,658	13,559	696,496
Accumulated Depreciation and Impairment								
Balance at beginning of year	–	475,085	121,498	21,687	79,011	106,495	–	803,776
Additions	–	32,376	8,648	1,894	1,626	4,238	–	48,782
Disposals	–	(408,663)	(107,065)	(3,725)	(16,385)		–	(535,838)
Balance at end of year	–	98,798	23,081	19,856	64,252	110,733	–	316,720
Carrying amount	₱247,641	₱64,554	₱28,123	₱10,465	₱2,509	₱12,925	₱13,559	₱379,776

If the property, plant and equipment were measured at cost model, the carrying amounts would be as follows *(in thousand Pesos)*:

	September 30, 2015 (Unaudited)						
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Total**
Cost	**₱26,940**	**₱147,281**	**₱55,942**	**₱18,341**	**₱21,709**	**₱140,316**	**₱410,529**
Accumulated Depreciation and Impairment	**–**	**100,905**	**22,283**	**15,662**	**15,549**	**114,685**	**269,084**
Carrying amount	**₱26,940**	**₱46,376**	**₱33,659**	**₱2,679**	**₱6,160**	**₱25,631**	**₱141,445**

	December 31, 2014 (Audited)						
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Total
Cost	₱18,748	₱141,254	₱38,016	₱17,556	₱16,274	₱123,658	₱355,506
Accumulated Depreciation and Impairment	–	94,421	20,548	15,341	14,094	110,733	255,137
Carrying amount	₱18,748	₱46,833	₱17,468	₱2,215	₱2,180	₱12,925	₱100,369

Fair Value Measurement

The Group's property, plant and equipment (except for transportation equipment) were appraised by an independent firm of appraisers on September 30, 2013. The fair value measurement for property, plant and equipment has been categorized as level 3 (significant unobservable inputs).

Description of valuation techniques used and key inputs to valuation on property, plant and equipment follows:

	Valuation Technique	Significant unobservable Inputs	Range (weighted average)
Land	Sales Comparison Approach	Selling price per square meter	₱4,030/ sq. m.
Machinery and Equipment	Cost of Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining useful life
Buildings	Cost of Reproduction Approach	Replacement cost less accrued depreciation	5 - 10 years remaining useful life
Land Improvements	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Office Furniture, Fixtures and Equipment	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Leasehold Improvements	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life

8. Investment Properties

Investment properties comprise of the Group's hatchery buildings, dressing and rendering plants that are held to earn rentals and parcels of land foreclosed by the Group to settle customers' liabilities. These foreclosed parcels of land are being held for capital appreciation only.

Movements in this account are summarized below *(in thousand Pesos):*

	Unaudited Sept 2015	Audited Dec 2014
Balance at beginning of year	**₱610,043**	₱739,168
Fair value loss	**2,771**	(5,434)
Additions	**13,403**	16,821
Disposals	**(196,693)**	(140,512)
Balance at end of year	**₱429,524**	₱610,043

Fair Value Measurement

Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The latest appraisal report was prepared on August 7, 2015. The fair value measurement for investment properties has been categorized as level 3 (significant unobservable inputs).

Description of valuation techniques used and key inputs to valuation on investment properties follows:

	Valuation Technique	Significant unobservable Inputs	Range (weighted average)
Land	Sales Comparison Approach	Selling price per square meters	₱523 sq. m.
Building	Sales Comparison Approach	Sound value at market rate	5 - 10 years remaining useful life

9. Trade & Other Payables

This account consists of (*in thousand Pesos*):

	Unaudited Sept 2015	Audited Dec 2014
Trade and nontrade	**₱850,691**	₱705,755
Accrued expenses	**108,664**	103,015
Due to related parties	**55,827**	60,168
Customers' deposits	**47,561**	29,115
Provisions	**25,813**	56,044
Advances	**–**	87,500
Others	**9,297**	19,022
	1,097,853	1,060,619
Less noncurrent portion	**168,144**	168,144
Current portion	**₱929,709**	₱892,475

Trade payables primarily consist of liabilities arising from purchases of raw materials related to the normal course of business. These are noninterest-bearing and are generally on a 90-day credit term.

Nontrade payables primarily consist of liabilities arising from purchases of goods, other than raw materials, and various services giving rise to expenses such as trucking fees, utilities, security services and inspection fees, among others. These are settled throughout the year.

Accrued expenses mainly pertain to plant and office supplies, other services, and salaries, among others that are normally settled throughout the year.

Provisions include PFCI obligations which include an estimated liability of ₱25.8 million from a legal case for non−payment of rentals. PFCI ceased operations in 2005. The case is pending decision before the Court of Appeals. Remaining amount pertains to a provision to cover a probable claim from a third party. Pursuant to PFRS, the Group is allowed not to disclose information that may jeopardize the Group's position on the claim. Advances include amount received from a buyer for the sale of investment properties still under negotiation and amount received from a third party to pay a liability.

Customers' deposits are amounts received from animal and aqua feeds' customers. These serve as collateral for any of their unpaid balances.

Other payables consist of social security premiums payable and statutory liabilities.

The noncurrent portion of trade and other payables were liabilities held for payment by the Rehabilitation Court. The payment terms and conditions, however, pursuant to the Plan are yet to be determined by the Rehabilitation Court. Accordingly, these financial liabilities are carried at nominal values and are presented as noncurrent liabilities.

10. Payable to Stockholder

Settlement of Restructured Debt. As discussed in Note 1, during the year ended December 31, 2013, Kormasinc acquired the Company's restructured debt from creditors comprising of local banks and SPAV companies and entered into a memorandum of agreement with the Company for a debt to equity conversion on September 20, 2013. Pursuant to the agreement, ₱2.4 billion of the restructured debt of ₱3.2 billion (including interest of ₱200.0 million) was converted to equity at one peso (₱1.00) for every one (1) share of stock on the remaining available shares and on the increase in authorized capital stock from ₱0.5 billion to ₱3.5 billion. The SEC approved, on October 16, 2013, the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company.

The transfer of interest on the restructured loan to Kormasinc and the debt to equity conversion of the Company's loan to Kormasinc resulted to the reversal of the unamortized "day 1" gain on the loan amounting to ₱681.8 million as at September 20, 2013. However, the subsequent approval by the SEC of the debt to equity conversion resulted to a pro-forma accounting income of ₱689.2 million arising from the difference between the market value and the par value of the shares at which price the debt was converted to equity.

Summarized below are the outstanding accounts, arising from the foregoing transactions *(in thousand Pesos)*:

			September 2015 (Unaudited)		2014 (Audited)	
	Relationship	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Kormasinc	Parent Company	Restructured debt acquired	**(₱63,272)**	**₱175,027**	(₱399,590)	₱238,299
		Trade payables acquired	**–**	**32,098**	32,098	32,098
		Interest on restructured debt	**–**	**199,986**	–	199,986
				₱407,111		₱470,383

The terms of the payment of the loan are still subject to negotiation. Interest on the loan from the period September 2013 to December 2014 was waived by Kormasinc. In 2014, ₱350.4 million of the proceeds from the disposal of several core and noncore assets were applied against the outstanding debt.

Discounting of Receivables Offset against Payable to Stockholder. On December 12, 2014, the Company's BOD approved the discounting of Company's receivable from Luz Farms, Inc. (LFI) to Kormasinc for a 50% discount considering the financial capability of LFI. Consequently, on the same date, the Company entered into a memorandum of agreement with Kormasinc discounting the Company's receivable from LFI for ₱49.2 million. Proceeds were used to offset portion of the Company's payable to Kormasinc. Loss on the discounting amounted to ₱49.2 million.

Trade Payables acquired by Kormasinc. In 2014, Group trade payables aggregating ₱32.1 million were acquired by Kormasinc from suppliers.

11. Cash Bond Deposits

Cash bond deposits amounting to ₱19.0 million and ₱16.4 million as at September 30, 2015 and December 31, 2014, respectively, substantially consist of surety bond deposits obtained from contract growers, contract breeders, customers and salesmen.

The carrying amounts of the cash bond deposits are at nominal values because the timing of the refund or settlement could not be reasonably estimated.

12. Equity

Capital Stock

The Company has authorized capital stock of 3.5 billion shares at ₱1 par value equivalent to ₱3.5 billion.

The BOD approved the increase in the Company's authorized capital stock from 500 million shares of stock at ₱1.00 par value equivalent to ₱500 million to (a) 1.0 billion shares of stock at ₱1.00 par value equivalent to ₱1.0 billion on May 27, 2010, (b) 1.5 billion shares of stock at ₱1.00 par value equivalent to ₱1.5 billion on June 1, 2012, and (c) 3.5 billion shares of stock at ₱1.00 par value equivalent ₱3.5 billion on August 28, 2012.

On September 20, 2013, the BOD approved the conversion of part of the Company's debts to Kormasinc amounting to ₱2.4 billion into equity at a ratio of 1:1 or 1 share of common stock for every ₱1.00 debt in which ₱90.0 million shall be applied as payment for the issuance of the 90,030,236 shares out of the existing unissued shares, while ₱2.3 billion shall be applied as payment for the additional shares of stock which shall be issued out of the increase in the authorized capital stock.

The increase in authorized capital stock and the debt−to−equity conversion were approved by the SEC on October 16, 2013.

The following summarizes the information on the Group's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	No. of Shares Issued
Oct. 16, 2013	3,000,000,000	2,286,497,901
Feb. 9, 1989	200,000,000	109,969,764
Aug 11, 1986	200,000,000	200,000,000
Dec. 5, 1982	33,000,000	33,000,000
Dec. 5, 1977	45,000,000	45,000,000
Oct. 31, 1974	7,000,000	7,000,000
May 2, 1973	10,000,000	10,000,000
Oct. 2, 1972	5,000,000	5,000,000

The shares were issued at a price ranging from a minimum of ₱8.00 to a maximum of ₱12.50 per share.

The following summarizes the information on the Company's issued and outstanding shares:

	Number of shares issued and outstanding	Percentage of shares
Issued and outstanding	2,786,498	100.00%
Listed shares:		
Owned by related parties	1,943,540	69.75%
Owned by public	712,151	25.56%
Owned by directors and officers	130,807	4.69%
Total	2,786,498	

Of the total shares owned by the public, 10.9 million shares are foreign-owned.

The total number of shareholders of the Company is 4,316 and 4,352as at December 31, 2014 and 2013, respectively.

Additional Paid–in Capital

The approval by the SEC of the debt to equity conversion resulted to a pro-forma accounting income of ₱689.2 million and a reduction of the additional paid-in capital (APIC) of the same amount arising from the difference between the market value and the par value of the shares at which price the debt was converted to equity. APIC amounted to ₱224.5 million as at September 30, 2015 and December 31, 2014.

13. Loss Per Share

Basic and diluted loss per share was computed as follows *(in thousand Pesos)*:

	Unaudited Sept 2015	Audited Dec 2014
Net loss for the year	**₱28,104**	₱577,837
Divided by the weighted average number of outstanding shares	**2,786,498**	2,786,498
Loss per share - basic and diluted	**₱0.01**	₱0.21

Diluted loss per share is equal to the basic loss per share since the Group does not have potential dilutive shares.

14. Segment Information

The Company's operating businesses and those of its subsidiaries are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

a) The Food segment is engaged in the growing, production and distribution of chicken broilers, either as live or dressed. Its products are distributed to wet markets and supermarkets.
b) The Feeds segment caters to the feed requirement of the poultry, livestock, and fish growers. It is engaged in the manufacture and distribution of animal and aqua feeds, animal health and nutritional products, and feed supplements.
c) The Farms segment is involved in the production of day-old chicks.
d) The Corporate and Others segment includes general and corporate income and expense items which are not specifically identifiable to a particular segment.

Segment assets and liabilities include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of allowance. Segment liabilities include all operating liabilities and consist principally of accounts, wages, and taxes currently payable and accrued liabilities. Segment liabilities do not include deferred tax liabilities.

The Company generally accounts for intersegment sales and transfers at cost.

The following table presents revenue and profit information regarding business segments for the third quarter ended September 30, 2015, and certain asset and liability information regarding business segments as at September 30, 2015.

As at September 30, 2015 – Unaudited (in thousand Pesos)

	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Net Sales						
External Sales	₱840,199	₱1,447,967	₱103,095	₱–	₱–	₱2,391,261
	840,199	**1,447,967**	**103,095**	**–**	**–**	**2,391,261**
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold	773,390	1,259,567	96,149	(38,804)	–	2,090,302
Depreciation	1,300	10,315	–	6,748	–	18,363
Operating expenses	27,986	172,625	–	72,023	–	272,634
Other operating (income) loss	(20,473)	(43,329)	(3,210)	6,420	–	(60,592)
	782,203	**1,399,178**	**92,939**	**46,387**	**–**	**2,320,707**
RESULTS						
Segment Results	**₱57,996**	**₱48,789**	**₱10,156**	**(₱46,387)**	**₱–**	**70,554**
Other charges -net						**(116,399)**
Income/(Loss) before tax						**(45,845)**
Tax Benefit						**17,741**
Net Income/(Loss)						**(₱28,104)**

(Forward)

OTHER INFORMATION						
Segment assets	₱445,184	₱891,581	₱413,032	₱576,782	(₱120,824)	**₱2,326,579**
Segment liabilities	924,957	501,389	53,048	120,930	(2,672,514)	1,600,324
Restructured debt	–	–	–	–	–	–
Consolidated Total Liabilities	**₱924,957**	**₱501,389**	**₱53,048**	**₱120,930**	**(₱2,672,514)**	**₱1,600,324**

Currently, the Group's operation is only in the Philippines, hence it has no geographical segment. The Group, however, has manufacturing plants in different regions of the country.

15. Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks which result from its operating, financing and investing activities. The Group's overall risk management program focuses on the unpredictability of the markets and seeks to minimize potential adverse effects on the Group's performance.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks, which the Group is exposed to, are described below:

Foreign Currency Sensitivity
To a certain extent, the Group has an exposure to foreign currency risks as some of its raw materials purchases are sourced outside the Philippines and are therefore denominated in foreign currencies. However, the Group has not yet experienced significant losses due to the effect of foreign currency fluctuations since purchases denominated in foreign currency are kept at a minimum.

Credit Risk
Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position.

The Group continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's trade and other receivables are not exposed to a concentration of credit risk as the Group deals with a number of customers. The trade and other receivables are actively monitored and assessed, and where necessary an adequate level of provision is maintained. In addition, to minimize credit risk, the Group requires collateral, generally land and real estate, from its customers.

The Group's management considers that trade and other receivables that are not impaired nor past due for each reporting periods are of good credit quality.

Liquidity Risk
The Group manages its liquidity profile to be able to service its long–term debt as these fall due by maintaining sufficient cash from operations. The Group maintains cash to meet its liquidity requirements for up to 30–day periods. Noncurrent trade and other payables later than 5 years pertain to liabilities as of the date of filing of the Plan wherein the Rehabilitation Court issued Stay Order prohibiting the Company from making any payments thereof.

Price Risk
The Group is exposed to commodity price risk as the raw materials of its main products are subject to price swings. The Group's management actively seeks means to minimize exposure to such risk.

VITARICH CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
(In thousand Pesos)

Below is a schedule showing the financial soundness indicators of the Group for the period ended:

	Unaudited Sept 2015	Audited Dec 2014
Current / Liquidity Ratio	1.08	1.01
Current assets	1,447,110	1,375,592
Current liabilities	1,336,820	1,362,888
Solvency Ratio	(0.01)	(0.33)
Net income (loss) before depreciation	(10,358)	(529,432)
Total liabilities	1,600,324	1,620,489
Debt-to-Equity Ratio	2.20	2.15
Total liabilities	1,600,324	1,620,489
Total equity	726,255	754,359
Asset-to-Equity Ratio	3.20	3.15
Total assets	2,326,579	2,374,848
Total equity	726,255	754,359
Interest rate coverage Ratio	(752.56)	
Pretax loss before interest	(45,906)	(812,464)
Interest expense	61	
Profitability Ratio	(0.04)	(0.77)
Net loss	(28,104)	(578,213)
Total equity	726,255	754,359

OTHER MATTERS

- There were neither contingent assets nor liabilities since the last annual statement of financial position.
- There were no material commitments for capital expenditures.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

Any event that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation - None

Any significant element of income or loss that did not arise from the registrant's continuing operations - There were no significant elements of income or loss arising from continuing operations.