



SECURITIES AND EXCHANGE COMMISSION

**SEC FORM 20-IS**

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its **VITARICH CORPORATION**
3. **Bulacan, Philippines**  
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **21134**
5. BIR Tax Identification Code **000-234-398-000**
6. **Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan** **3019**  
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(632) 843-3033**
8. Date, time and place of the meeting of security holders  
**Date: Friday, June 24, 2016**  
**Time: 2:00 p.m.**  
**Place: 7RS Restaurant, Rosalie's Building, Patubig, Marilao, Bulacan**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 01, 2016**
10. **In case of Proxy Solicitations:**  

<b>Name of Person Filing the Statement/Solicitor:</b>	<u>Management of the Corporation</u>
<b>Address and Telephone No.:</b>	<u>843 3033 local 131</u>
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)  

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<b>Common Stock</b>	<b>2,786,497,901 shares</b>
12. Are any or all of registrant's securities listed on a Stock Exchange?  
Yes  No   
If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
**Philippine Stock Exchange**



**TO ALL STOCKHOLDERS:**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Stockholders of VITARICH CORPORATION (the "Corporation") will be held on Friday, 24 June 2016 at 2:00 P.M. at 7RS Restaurant, Rosalie's Building, Patubig, Marilao, Bulacan.


The Agenda for the meeting is as follows:

1. Call to order;
2. Certification of notice to the stockholders and the presence of a quorum to do business;
3. Approval of the minutes of the previous annual meeting;
4. Report of the Chairman or President on the operations and financial statements of the Corporation;
5. Confirmation and ratification of the acts of the Board of Directors and officers;
6. Election of directors;
7. Appointment of the external auditor;
8. Appointment of the stock and transfer agent
9. Other matters; and
10. Adjournment.

For the purpose of determining the stockholders entitled to notice of, and to vote at the meeting, the record date is May 24, 2016.

Proxies must be submitted to the Special Committee of Election Inspectors of the Corporation at the executive office of the Corporation located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan on or before June 13, 2016. Proxies shall be validated by the Special Committee of Inspectors at the said office of the Corporation on June 17, 2016.

On the day of the meeting, you or your duly designated proxy are hereby required to bring this Notice and any form of identification such as driver's license, passport, company I.D., voter's I.D., or TIN Card to facilitate registration. Registration shall start at 1:00 p.m. and will close at 1:45 p.m.



**ATTY. MARY CHRISTINE DABU-PEPITO**  
Asst. Corporate Secretary/Compliance Officer/  
Corporate Information Officer

**PART I.**

**A. GENERAL INFORMATION**

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

- (a) The Annual Meeting of the Stockholders of VITARICH CORPORATION (the "Corporation") will be held on Friday, 24 June 2016 at 2:00 P.M. at the 7RS Restaurant Rosalie's Building, Patubig, Marilao, Bulacan.
- (b) This Information Statement and the accompanying Proxy Form shall be sent or given to security holders on Wednesday, 01 June 2016. Complete mailing address of the principal office of Vitarich Corporation: Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan

**Item 2. Dissenter's Right of Appraisal**

There is no matter to be taken up during the annual stockholders' meeting that may give rise to the exercise by any dissenting stockholder of the right of appraisal. Any stockholder of the Corporation may exercise his right of appraisal against any proposed corporate action that qualifies as an instance under Section 81 of the Corporation Code and which gives rise to the exercise of such appraisal right pursuant to and in the manner provided under Section 82 of the Corporation Code. Sections 81 and 82 of the Corporation Code provide as follows:

"SECTION 81. *Instances of Appraisal Right.* — Any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and
3. In case of merger or consolidation."

"SECTION 82. *How Right is Exercised.* — The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: *Provided*, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and *Provided*, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation."

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

No director, officer, or nominee for director or officer of the Corporation and, to the best knowledge of the Corporation, no associate of said director, officer or nominee for director or officer of the Corporation has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the corporate actions to be acted upon at the annual meeting of the stockholders. None of the directors of the Corporation has informed the Corporation of his intention to oppose any of the corporate actions to be acted upon at the annual meeting of the stockholders.

## B. CONTROL AND COMPENSATION INFORMATION

### Item 4: Voting Securities and Principal Holders Thereof

- (a) *Number of Shares Outstanding.* The Corporation's capital stock is composed of common shares, which are voting shares. The number of shares outstanding is 2,786,497,901 with each share entitled to one (1) vote.

**The Corporation's Filipino-Foreign equity ownership as of April 30, 2016 is as follows:**

	<b><u>No. Of Shares</u></b>	<b><u>% Ownership</u></b>
Shares owned by Filipino	2,524,564,552	91.00%
Shares owned by Foreigners	261,933,349	9.00%
<b>Total</b>	<b><u>2,786,497,901</u></b>	<b><u>100.00%</u></b>

- (b) *Record Date.* The record date, with respect to this solicitation, is May 24, 2016. Only stockholders of record as at the close of business on May 24, 2016 are entitled to notice and vote at the meeting.
- (c) *Cumulative Voting Rights.* At the election of directors, each stockholder may vote the shares registered in his name, either in person or by proxy, for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principles among as many candidates as he shall see fit: provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

**(d) Security Ownership of Certain Record and Beneficial Owners. Owners of record of more than 5% of the Corporation's voting securities as of April 30, 2016 are as follows:**

<b>Title Of Class</b>	<b>Name, Address Of Record Owner &amp; Relationship With Issuer</b>	<b>Name Of Beneficial Owner &amp; Relationship W/ Record Owner</b>	<b>Citizenship</b>	<b>No. Of Shares</b>	<b>Percent Of Class</b>
Common Shares	PCD NOMINEE CORPORATION (Filipino) 37/F The Enterprise Center, Ayala Avenue Corner Makati Avenue, Makati City	Various beneficial owners <sup>1</sup>	Filipino	2,487,143,534	89.26%
	Beneficial owner of more than 5% of the outstanding shares.  KORMASINC, INC. 7 <sup>th</sup> Floor, LTA Bldg., 118 Perea St., Legazpi Village, Makati City	Various beneficial owners	Filipino Corporation	1,941,339,491	69.67%
Common Shares	PCD NOMINEE CORPORATION (Non-Filipino) G/F Makati Stock Exchange Building, 6767 Ayala Avenue, Makati City	Various beneficial owners	Non-Filipino	259,790,029	09.32%
	Beneficial owner of more than 5% of the outstanding shares.  DRAGONAGA CAPITAL LIMITED Flat 1301, 3/F Kai Yue Commercial Bldg., No. 2 Argyle St., Mongkok, Kowloon, Hong Kong	Various beneficial owners	Hong Kong	259,219,698	9.30%

<sup>1</sup> PCD Nominee Corporation, a wholly owned subsidiary of the Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Corporation's stock and transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares in their behalf or in behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

**Security of Ownership of Management.** The number of common shares beneficially owned by directors and executive officers as of April 30, 2016. is as follows:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	PERCENT OF CLASS
Common	Jose Vicente C. Bengzon III	10,000	Filipino	0.00%
Common	Rogelio M. Sarmiento	73,524,075	Filipino	2.64%
Common	Jose M. Sarmiento	1,305,320	Filipino	0.05%
Common	Benjamin I. Sarmiento Jr.	199	Filipino	0.00%
Common	Ricardo Manuel M. Sarmiento	55,000,990	Filipino	1.97%
Common	Stephanie Nicole S. Garcia	4,359	Filipino	0.00%
Common	Lorenzo Vito M. Sarmiento III	500	Filipino	0.00%
Common	Levi F. Diestro	300	Filipino	0.00%
Common	Eduardo T. Rondain	500	Filipino	0.00%
Common	Manuel D. Escueta	1	Filipino	0.00%
Common	Juan Arturo Ilumindao C. de Castro	2,777,034	Filipino	0.10%

*Voting Trust Holders of 5% or more.* The Corporation is not aware of any person holding more than 5% of the common shares of the Corporation under a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the Corporation and the Securities and Exchange Commission, as required under the Corporation Code.

(e.) *Description of any arrangement, which may result in a change in control of the Corporation.*  
There are no arrangements that will affect or change the ownerships.

**Item 5. Directors And Executive Officers**

The directors of the Corporation are elected at the annual meeting of the stockholders of the Corporation to hold office until the next succeeding annual meeting of the stockholders and until the respective successors have been elected and qualified. All of the directors and officers named herein have served their respective offices since June 26, 2015 except for Director Jose M. Sarmiento who was elected during the regular board meeting of the Company held on April 18, 2016.

One of the Company's Board of Directors, Angelito M. Sarmiento passed away.

Officers are elected by the newly elected Board of Directors at the first meeting. The Board also elects during its first meeting the chairman and members of the Audit, Compensation & Nomination, and Risk & Governance Committees. There are two (2) independent directors, one of whom is the Chairman of the Audit Committee and the other heads the Compensation & Nomination and the Risk & Governance Committees. Officers of the Corporation 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.

***Involvement of Members of the Board of Directors, etc. in Certain Legal Proceedings.*** The registrant has no knowledge of any event during the past five (5) years up to the latest filing date in which any of its director or executive officer, or any nominee is being involved in any criminal or bankruptcy proceedings or subject of any order or judgment of any court or quasi-judicial agency, whether local or foreign effecting his involvement in business, securities, commodities or banking activities.

***Nominees.*** The nominees for the members of the Board of Directors and Executive Officers for the ensuing year as of the date of sending the Definitive Information Statement to security holders on 1 June 2016 are the following:

**Regular Directors:**

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Ricardo Manuel M. Sarmiento;
4. Ms. Stephanie Nicole S. Garcia;
5. Mr. Jose M. Sarmiento;
6. Mr. Benjamin I. Sarmiento Jr.;
7. Mr. Lorenzo Vito M. Sarmiento, III;
8. Mr. Levi F. Diestro;
9. Atty. Juan Arturo Iluminado C. de Castro

**Independent Directors**

10. Atty. Eduardo T. Rondain;
11. Mr. Manuel D. Escueta

The independent directors were pre-screened by the Nomination and Compensation Committee of the Corporation under the procedures laid down in the Corporation's By-Laws and its Manual on Corporate Governance. They possess all the qualifications and none of the disqualifications of being an independent director, pursuant to SRC Rule 38 of the Rules Implementing the Securities Regulations Code.

In approving their nomination, the members of the Nomination Committee had observed the guidelines prescribed in SEC Circular No. 16, Series of 2002 (or the Guidelines on the Nomination and Election of Independent Directors), the Corporation's By-Laws and its Manual on Corporate Governance.

**Officers:**

Rogelio M. Sarmiento	- CEO/President
Ricardo Manuel M. Sarmiento	- COO/Executive Vice President
Stephanie Nicole S. Garcia	- CFO/Treasurer
Joven P. Dy	- Senior Vice President for Poultry Foods Operation
Guillermo B. Miralles	- Vice President, National Feed Sales and Production
Atty. Tadeo F. Hilado	- Corporate Secretary
Atty. Mary Christine Dabu-Pepito	- Asst. Corporate Secretary/Compliance Officer/Corporate Information Officer
Alicia G. Danque	- Alternate Corporate Information Officer

All nominees for directors and executive officers are Filipino citizens.



Following is a brief profile of the Corporation's Directors and Officers for the year 2016-2017.

**Jose Vicente C. Bengzon III, Filipino, 58 years old  
Director (since 2007) / Chairman of the Board**

Member - Audit Committee; Risk and Governance Committee

Mr Bengzon is the Vice Chairman & Chairman of Executive Committee, Commtrend Construction Corp since Oct 2014; President, UPCC Holdings Corp since 2006 & Director & Chairman of Risk Management Committee, Rizal Microbank since 2010. He was acting Chairman, Philippine National Construction Corp. 2012 - 2013; Director, Manila North Tollways Corp. 2012 - 2013; Director, Citra Metro Manila Tollways Corp. 2012 - 2013; Director, South Luzon Tollways Corp. 2011 - 2012. Prior to this, he is a Director of Pres. Jose P. Laurel Rural Bank Inc. since 2010 and Philippine National Construction Corporation since 2011. He is also the President of UPCC Holdings Corporation since 2006. Prior to this, he was the Chief Privatization Officer of the Department of Finance. He was the President of Abarti Artworks Corporation from 2001-2004. He was also an Entrepreneur of Westborough Food Corporation from 1993-2001. He is a Certified Public Accountant and a graduate of De La Salle University having obtained his Bachelor of Science in Commerce and Bachelor of Arts degrees major in Economics in 1980 therefrom. He took his Master of Business Administration at the Kellogg School of Management at Northwestern University in 1988.

**Rogelio M. Sarmiento, Filipino, 67 years old  
Director (since 1980) / Vice Chairman, President & Chief Executive Officer**

Mr. Sarmiento is presently the Vice Chairman/President/CEO of Vitarich Corporation. From 1968 to 1981, he was the President of L. S. Sarmiento & Co., Inc., Sarmiento Industries, Inc., Fortuna Mariculture Corporation, and Sarphil Corporation. Mr. Sarmiento obtained his Bachelor of Science in Business Administration degree from the University of San Francisco and his Master of Business Administration degree from the University of Sta. Clara in the United States of America. He was President of the Philippine Association of Feed Millers Inc. from 1990-1992 and Vice-President of the Philippine Chamber of Commerce from 1988 to 1989. Formerly a member of the Interim Batasang Pambansa, he concurrently served as Minister of State for Transportation and Communications. He also served as Deputy Director General of the National Economic and Development Authority. He was a member of the House of Representatives representing the First District of the Province of Davao del Norte from 1992 to 2001.

**Ricardo Manuel M. Sarmiento, Filipino, 39 years old  
Director (since 2012)/ Chief Operating Officer / Executive Vice President**

Member – Audit Committee; Compensation & Nomination Committee, and Risk and Governance Committee

Mr. Ricardo Manuel Sarmiento is the Executive Vice-President and Chief Operating Officer and President of Gromax, Inc. He leads the over-all operations of Vitarich Corporation and Gromax, Inc. He holds a degree in Bachelor of Science in Tourism from the University of the Philippines in Diliman, Quezon City. He is a member of the Upsilon Sigma Phi. Mr. Sarmiento joined Vitarich in July 2005. He was elected as director of the Corporation on June 29, 2012.

**Stephanie Nicole M. Sarmiento-Garcia, Filipino, 36 years old  
Director (since 2012)/ Chief Finance Officer / Treasurer**

Member – Compensation & Nomination Committee, and Risk and Governance Committee

Ms. Garcia was elected director of the Corporation on June 29, 2012 and is the Chief Finance Officer and Treasurer of the Company. As such, she is in charge of the funds, assets, securities, receipts and disbursements of the Corporation. Prior to this, she is currently holding the position of Support Director of Vitarich Corporation since March 2006. In this role, she directs and monitors compliance of the departments to the established production and quality parameters. She oversees efficient operations, allocates funds and negotiates contracts and prices as well. Prior to Vitarich, Ms. Garcia worked as a Store Manager at *Le Pain Quotidien*, an international chain of café-style restaurants, specializing in bakery items. Early on, she held a front desk position at the *Ritz Carlton Hotel* in San Francisco. She holds a degree in International Hospitality Management from Glion Institute of Higher Education

(formerly known as Glion Hotels School), a private, university-level Swiss hotel management school in Switzerland. Ms. Garcia joined Vitarich in October 2003.

**Jose M. Sarmiento, Filipino, 56 years old**

**Director (since 1980)**

Mr. Jose M. Sarmiento holds a Bachelor of Science in Agriculture degree from the Gregorio Araneta Foundation School. He is also a director of Gromax, Inc. in the year 1995 up to 2011. He also became the Vice-President of Luz Farms, Inc. in the year 1981 to 1983.

**Benjamin I. Sarmiento Jr., Filipino, 47 years old**

**Director (since 1998)**

Member – Audit Committee and Compensation & Nomination Committee

Mr. Benjamin Sarmiento is a graduate of the University of San Francisco with a degree of Bachelor of Arts in Economics. He is the Chief Executive Officer of Pacific Equity, Inc. from 1989 up to the present. He is also a Director of the following companies: M3 Ventures, International Inc. from 1991 up to the present, and Ultra-Seer, Inc., Hills Dales Marketing Inc., Specialized Products & Services, Inc., Escotek, Inc. and Diversified Industrial Technology, Inc. from 2002 up to the present. He is the Chief Executive Officer of Trabbycoco Genetics, Inc. He is also a director of Gromax, Inc. from 1995 up to the *present*.

**Lorenzo Vito M. Sarmiento III, Filipino 41 years old**

**Director (since 2012)**

Member – Compensation & Nomination Committee

Mr. Sarmiento is President of Davito Holdings Corporation and Medityre Corporation. He was President of Speed Space Systems, Chairman of Emphasys Process Corporation, Investor and co-founder of South Super Sports, Team Manager under contract with the Philippine Football Federation, Creative Director of Speed HKG, and Investor and co-founder of True Star Entertainment. He graduated in 1999 from the University of San Francisco, San Francisco CA USA, with a degree in Bachelor of Science in Business Administration with emphasis in Marketing and International Business. He took up special courses in International Studies at the American University in London, England and Network Engineering at Herald College, San Francisco CA USA. He was elected as director of the Corporation on June 29, 2012.

**Levi F. Diestro, Filipino, 58 years old**

**Director**

Member – Compensation & Nomination Committee and Risk & Governance Committee

Mr. Diestro is currently the Vice President Human Resources Division of Maynilad Water Services Inc., a subsidiary of MVP Group of Companies. At present, he is also the Vice Chairman of PMAP (People Management Association of the Philippines) Asian Institute of Human Resources. He worked as Consultant of Bureau of Customs for Department of Finance human resources, purchasing, and facilities in 2011. He also became the Corporate HR Director of Lina Group of Companies in 2008 to 2010. He served as a Country HR Manager (Philippine Site) of intel, Numonyx Philippines, Inc., HR manager of DHL Exel Supply Chain, HR-Employee Relations and Services Manager of Analog Devices, Inc., HR-Senior Division Manager of Integrated Microelectronics, Inc., and HR Department Manager of Philippine Auto Components, Inc. - Denso Corp. Japan. He is a graduate of Colegio de San Juan de Letran, with a degree on BS Psychology in 1980. He was elected as director of the Corporation on July 04, 2014.

**Atty. Juan Arturo Iluminado C. de Castro, 35 years old**

**Director**

Dr. Juan Arturo Iluminado C. de Castro or "Johnny" is a practicing lawyer with a Bachelor of Laws degree from the University of the Philippines (UP) College of Law, and is the first Filipino to obtain both a Doctorate in the Science of Law (J.S.D.) and a Master of Laws (LL.M.) degree at the University of California (UC) Berkeley School of Law (Boalt Hall) in the United States of America (USA). He has extensive experience in corporate rehabilitation or Chapter 11 Bankruptcy in the Philippines as managing partner of the De Castro & Cagampang-De Castro Law Firm, a boutique law firm in Makati. Johnny authored the book on Philippine Energy Law (2012), which provides guidance for investing in the country's electric power industry. He is currently a consultant at the Joint Congressional Power Commission (JCPC) through the Congresswoman Henedina R. Abad. His other involvements include the

following: Fostering Reserve Markets: Key to Philippine Energy Security, Center for Integrative Development Studies, University of the Philippines (March 2015 to present); USAID Project: Assessment of Options for Agus-Pulangui Power Complexes, Consultant (May 2014 to present); University of the Philippines Technology Management Center, Diliman, *Faculty Member* teaching Energy Law, Policy And Development (November 2013 to present); Centro Escolar School of Law and Jurisprudence, *Professorial Lecturer*, (November 2012 to May 2014); Ecology Law Quarterly, Berkeley, California, USA, Associate Editor (SY 2009-2010); Office of the Solicitor General of the Republic of the Philippines, *Associate Solicitor* (June 2007-June 2008); Philippine Law Journal, 3rd ranking editor (Volume 78). He was elected as director of the Corporation on November 26, 2014.

**Atty. Eduardo T. Rondain, Filipino, 86 years old  
Independent Director (since 2012)**

Chairman – Audit Committee

Atty. Rondain is a lawyer by profession, an expert in labor relations and human resource management. Atty. Rondain's past and present involvement includes the following: Vice Chairman of the Board and Chairman, Management Committee of CORD Chemicals, Inc.; Senior Adviser and Director, Employers Confederation of the Philippines (ECOP); Member and Director, ECOP Institute of Productivity and Competitiveness; Executive Vice President, Member of the Board of Directors and Management Committee, PHILIPS Corporation of Companies; Director for Industrial Relations, Radio Electronics Headquarters; part-time faculty member, College of Business Administration, Solair, UP Manila; Full Professor, UP College of Business Administration MBA Program; teaching staff, Ateneo Business School, MBM, and seminar resource person, Economic Development Foundation, Personnel Management Association, De La Salle University and Jose Rizal College; Director, Non-Academic Personnel Services, UP Administration; Research-Instructor, then Assistant Professor, UP School of Labor and Industrial Relations; and Legal Assistant, Severino Law Office, Escolta, Manila. A graduate of Bachelor of Laws at the UP College of Law in 1955, he undertook graduate study in Labor and Industrial Relations at the University of Illinois in 1959 as a UP Fellow. He was elected as director of the Corporation on June 29, 2012.

**Manuel D. Escueta, Filipino, 65 years old  
Independent Director**

Chairman – Compensation & Nomination Committee and Risk & Governance Committee

Mr. Escueta was elected as an Independent Director of the Corporation on January 24, 2014. He worked as General Advertising Manager of P&G Asia (1973-2000), Vice President for Corporate Marketing & Communication of United Laboratories, Inc. (2001-2004), Head, President and CEO of Pascual Laboratories, Inc. - Consumer Health Division (2005-2012), and Chairman of Pascual Consumer HealthCare Corp (2012-2013). He is at present the President of Educhild Foundation, Inc. and the Vice-Chairman of the Board of Trustees of Southridge PAREF School for Boys. He also served as a Board of Director of the Advertising Board of the Philippines (1980-1985, 1992-1995). He is a graduate of University of the Philippines in Diliman, Quezon City with a degree on Business Administration Major in Marketing in 1972.

**Other Executive Officers**

**Joven P. Dy, Filipino, 65 years old  
Senior Vice President for Poultry Foods Operations**

Mr. Dy is currently the Senior Vice President for Food Operations of Vitarich Corporation. He obtained his degree in Bachelor of Science in Business Administration major in Accounting (Cum Laude) from Far Eastern University in 1971. He joined Vitarich in 1977-1992 and handled different positions. He also worked for Republic Flour Mills in 1992-1994 as Poultry Meat and National Sales Manager, Swift Foods, Inc. in 1994-2004 as Vice President for Integrated Branch Operations and National Consumer Sales, and Bounty Agro Ventures, Inc. in 2003-2014 as Senior Vice President for Visayas and Mindanao Branch Operations and National Consumer Sales. He also becomes the Chairman of the Board of Vitarich Employees Consumer Cooperative in 1987-1992 and President of Philippine Association of Meat Processors, Inc. in 1992-1993.

**Guillermo B. Miralles, Filipino, 51 years old**

**General Manager, Vismin Operations**

Mr. Miralles obtained his degree on Bachelor of Arts (AB – Classical) major in English and Philosophy from Queen of Apostles College Seminary, Tagum City in 1986. He joined the Corporation in 1994, and since then, handled different positions in the Visayas and Mindanao operations prior to his appointment as General Manager for Vismin Operations in October 2003. Before joining Vitarich Corporation, he was connected with Virginia Foods, Inc. as its Sales Manager.

**Atty. Tadeo F. Hilado, Filipino, 63 years old**

**Corporate Secretary**

Atty. Hilado is a Senior Partner of the Angara Abello Concepcion Regala and Cruz Law Offices (ACCRALAW). He joined the said Firm in 1978 and became a Partner in 1987. He currently heads the firm's Corporate and Special Projects Department and is the secretary of the Partnership. He received his Bachelor of Arts degree from De La Salle University (summa cum laude) in 1973 and his Bachelor of Laws degree from the University of the Philippines in 1977. He obtained a Master of Laws degree from the University of Michigan in 1981 after which he worked for a year as a visiting lawyer in the U.S. law firm of Graham & James in San Francisco, California.

**Atty. Mary Christine Dabu-Pepito**

**Assistant Corporate Secretary**

Ms. Dabu-Pepito is also the Corporate Secretary of Precisione International Research and Diagnostic Laboratory, Inc. She obtained her Bachelor of Arts (Cum Laude) at the University of the Philippines - Diliman. She earned her Bachelor of Laws (Top 8 of 87 graduates) degree at the San Beda College-Manila in 2011. She was admitted to the Bar on March 28, 2012. She has just been appointed as a Junior Partner of Dabu & Associates Law Office. Ms. Dabu-Pepito's areas of practice include civil, family, criminal, commercial, administrative, employment and labor law litigation as well as corporate and commercial services. She has appeared before the Office of the City Prosecutor, National Labor Relations Commission, Housing and Land Use Regulatory Board, Social Security Commission, Metropolitan Trial Courts and Regional Trial Courts. She has also represented clients before the Court of Appeals and Supreme Court.

Prior to joining the firm in June 2013, she was an associate at Dulay, Pagunsan & Ty Law Offices.

**Significant Employees.** There are no persons other than the Directors and Executive Officers expected to make a significant contribution to the business of the Corporation.

**Family Relationships.** Mr. Rogelio M. Sarmiento is the father of Directors Ricardo Manuel M. Sarmiento and Stephanie Nicole S. Garcia. Jose M. Sarmiento is brother of Rogelio M. Sarmiento. Benjamin I. Sarmiento Jr. and Lorenzo Vito M. Sarmiento III are the nephews of Mr. Rogelio M. Sarmiento.

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

The Company has a stock compensation plan for its officers and other executives. Under the plan, 20% of the annual gross pay of the Company's executives and officers is to be paid in shares of stock of the Company, which are purchased through the stock exchange. The Company's executives and officers' salaries under the stock compensation plan amounting to P4.4 million, P4.0 million and P4.4 million in 2015, 2014 and 2013, respectively, were converted to cash.

The BOD has approved the appointment of a third party as Trustee for the acquisition of such shares of stock at market value through the stock exchange.

The market value of the shares of stock received by the Company's executives and officers approximate the compensation that they should have received should the payment been made in other form of consideration at the grant date.

**Standard Arrangement.** The members of the Board of Directors are entitled to a per diem of P5,000 each for every meeting whereas the members of the Audit, Risk & Governance, and Compensation & Nomination Committees are entitled to a per diem of P500 for every meeting participation.

**Arrangements with Directors and Officers.** The Corporation does not extend or grant warrants or options to its executive officers and directors, other than the stock compensation plan given to officers as part of their compensation as described above. Thus, the Corporation has no obligation to disclose information pertaining to warrants and options.

The market value of the shares of stock received by the Company's executives and officers approximate the compensation that they should have received had the payment been made in other form of consideration at the grant date.

The aggregate compensation including other remuneration during the last two fiscal years, as well as those estimated to be paid in the ensuing fiscal year to the Corporation's Chief Executive Officer and Officers is as follows: (in millions of Pesos)

NAME & PRINCIPAL POSITION	YEAR	SALARY	Bonus & Others
<b>Rogelio M. Sarmiento</b> – CEO/President			
<b>Ricardo Manuel M. Sarmiento</b> – COO/Executive Vice President			
<b>Stephanie Nicole S. Garcia</b> – Treasurer/Chief Finance Officer			
<b>Joven P. Dy</b> – SVP-Poultry Foods Operations			
<b>Guillermo B. Miralles</b> – VP National Feed Sales and Production			
TOTAL (Estimated)	2016	8.3	-
	2015	7.7	-
	2014	4.9	-
ALL OTHER OFFICERS & DIRECTORS AS A COMPANY UNNAMED (Estimated)	2016	1.0	-
	2015	0.8	-
	2014	0.9	-

The following are the highest compensated directors, executive officers and senior managers of the Corporation:

- |                                          |                               |
|------------------------------------------|-------------------------------|
| 1. CEO/President                         | - Rogelio M. Sarmiento        |
| 2. COO/Executive Vice President          | - Ricardo Manuel M. Sarmiento |
| 3. CFO/Treasurer                         | - Stephanie Nicole S. Garcia  |
| 4. SVP-Poultry Foods Operations          | - Joven P. Dy                 |
| 5. VP National Feed Sales and Production | - Guillermo B. Miralles       |

**Involvement in Certain Legal Proceedings.** The registrant has no knowledge of any event during the past five (5) years up to the latest filing date in which any of its director or executive officer is being involved in any criminal or bankruptcy proceedings or subject of any order or judgment of any court or quasi-judicial agency, whether local or foreign effecting his involvement in business, securities, commodities or banking activities.

**Certain Relationship and Related Transactions** There was no transaction or proposed transaction for the last two (2) years to which the Corporation was or is to be made a party wherein any of the following were involved:

- any director / executive director;
- any nominee for election as director;
- any security holder of certain record, beneficial owner or member of Management; and
- any member of the immediate family of (a), (b) or (c).

The Company engages, in the normal course of business, in various transactions with its related parties which include entities under common control, key management and others, as described below.

These are payable on demand, hence, are classified as under current assets in the separate statement of financial position.

The Company grants unsecured, noninterest bearing advances to its related parties for working capital requirements and capital expenditures. The Company also buys raw materials, hogs, and breeder flocks. The Company also sells animal feeds, raw materials, feed supplements and dressed chicken to these related parties.

A related entity pays the suppliers on behalf of the Company, thus, transferring the liability of the Company from the suppliers to the entity. Principally, the same terms and conditions with the suppliers apply when the entity takes over these liabilities. These transactions are presented as trade payables, nontrade payables, and other payables account.

The amounts due from related parties are generally payable on demand or through offsetting arrangements with the related parties.

### **Related Party Transactions**

The Company engages, in the normal course of business, in various transactions with its related parties which include entities under common control, key management and others, as described below.

#### Payable to Stockholder

Settlement of Restructured Debt. During the year ended December 31, 2013, Kormasinc acquired the Company's restructured debt from creditors and entered into a memorandum of agreement with the Company for a debt to equity conversion on September 20, 2013. Pursuant to the agreement, P2.4 billion of the restructured debt of P3.2 billion (including interest of P200.0 million) was converted to equity at one peso (P1.00) for every one (1) share of stock on the remaining available shares and on the increase in authorized capital stock from P0.5 billion to P3.5 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.

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.

The terms of the payment of the loan are still subject to negotiation. Interest on the loan from the period September 2013 to December 2015 was waived by Kormasinc. Proceeds from the disposal of several core and non-core assets amounting to P63.3 million and P350.4 million in 2015 and 2014 respectively, were applied against the outstanding debt.

*Reversal of Accrued Interest.* Accrued interest amounting to ₱139.8 million pertaining to the restructured debt was reversed to other income in 2013 arising from the acquisition of the debt by Kormasinc.

*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.

*Interest Expense.* Interest expense computed on the restructured debt shown as part of total interest expense in the 2015, 2014 and 2013 consolidated statements of comprehensive income

#### Due to and from related parties

*Advances to and from Related Parties.* The Group also grants unsecured, noninterest-bearing advances to its related parties for working capital requirements. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

*Trade accounts.* The Group buys raw materials, hogs, and breeder flocks from related parties and sells animal feeds, raw materials, feed supplements and dressed chicken to related parties.

#### Advances to and from Officers and Employees

The Group grants unsecured, noninterest-bearing advances to its officers subject to liquidation after a certain specified period. Certain officers also pay operating expenses on behalf of the Company.

***Resignation of Directors.*** Has no resigned director for the year 2015 and 2016.

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

For the year 2015, the Corporation's independent public accountant is the accounting firm of Reyes Tacandong & Co. The audit of the financial statements of the Corporation was handled and certified by the engagement partner, Mr. Emmanuel V. Clarino. In pursuant to SRC Rule 68.1 (Qualification and Reports of Independent Auditors), the Corporation engaged Reyes Tacandong & Co. for the examination of the Corporation's financial statements effective the calendar year 2011.

The engagement of Reyes Tacandong & Co. and the engagement partner is approved by the Board of Directors and the stockholders of the Corporation.

#### **External Audit Fees and Services**

The work of Reyes Tacandong & Co. consisted of an audit of the financial statements of the Company to enable them to express an opinion on the fair presentation of the Company's financial position, results of operations and cash flows in accordance with Philippine Financial Reporting Standards. In addition to their report, and as a value-added service, Reyes Tacandong & Co also reviewed the Corporation's computation of the annual income tax expense and likewise also the review of the unaudited quarterly consolidated statements of financial position of the Corporation and the related statements of comprehensive income, changes in equity and cash flows for the quarter ended in accordance with Philippine Standards on Review Engagements (PSRE) 2410, "Engagements to Review Financial Statements" issued by the Auditing Standards and Practices Council, as applicable to review engagements. For the years 2015, 2014, 2013, 2012 and 2011 audit and audit-related fees amounted to P3.60 million, P3.35 million, P3.13 million, P2.50 million, and P2.50 million exclusive of VAT and out of pocket expenses, respectively.

There were no other services obtained from the external auditors other than those mentioned above.

The Audit Committee has confirmed the terms of engagement and the scope of services of the external auditor as endorsed by the Management of the Company.

**Audit Committee.** The audit committee's approval policies and procedure for external auditors are:

1. Statutory audit of Corporation's annual financial statements
  - a. The Audit Committee ensures that the services of the external auditor conform with the provision of the Corporation's manual of corporate governance specifically articles 2.3.4.1; 2.3.4.3 and 2.3.4.4
  - b. The Audit Committee makes an assessment of the quality of prior year audit work services, scope, and deliverables and makes a determination of the reasonableness of the audit fee based on the proposed audit plan for the current year.
2. For other services other than annual F/S audit:
  - a. The Audit Committee evaluates the necessity of the proposed services presented by Management taking into consideration the following:
    - i. The effectiveness of Corporation's internal control and risk management arrangement, systems and procedures, and management degree of compliance.
    - ii. The effect and impact of new tax and accounting regulations and standards.
    - iii. Cost benefit of the proposed undertaking
  - b. The Audit Committee approves and ensures that other services provided by the external auditor shall not be in conflict with the functions of the external auditor for the annual audit of its financial statements.

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

There was no event in the past fifteen (15) years where the previous and current external auditor had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure. There were no disagreements with the external auditor of the Corporation on any matter of accounting and financial disclosure.

**Item 8. Compensation Plan**

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed except for the compensation and benefits under existing labor laws and Corporation policy that may be due to employees.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

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

Not Applicable

**Item 10. Modification or Exchange of Securities**

Not Applicable

**Item 11. Financial and other Information**

The information required under item 11 (a) of SEC Form 20-15 are contained in the Corporation's 2015 Annual Report on SEC Form 17-A and 2015 Audited Financial Statements accompanying this Information Sheet.

**Item 12. Mergers, Consolidation, Acquisitions and Similar Matters**



Not Applicable

### **Item 13. Acquisition or Disposition of Property**

#### Assets Held for Disposal

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 P1,288.7 million for P659.4 million. The proceeds were used to further reduce outstanding liabilities and generate needed working capital. Loss on the sale of assets amounted to P629.3 million (see Note 11 of Audited FS 2015).

In 2015 and 2014, the Company's BOD approved the disposal of certain noncore and core property, plant and equipment including its major feed mill and the land where it is located in Marilao, Bulacan. The proceeds were used to further reduce outstanding liabilities and generate needed working capital (see Note 1 of Audited FS 2015).

### **Item 14. Restatement of Accounts**

Please refer to Notes 2, 3, 4, and 5 of the Audited Consolidated Financial Statements of the Corporation – December 31, 2015.

## **D. OTHER MATTERS**

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

#### **Appointment of the Stock Transfer Agent**

Stock Transfer Service, Inc. (STSI) is recommended for re-appointment at the annual stockholders' meeting scheduled on June 24, 2016 as the Corporation's stock transfer agent for the ensuing year.

The following are included in the Agenda of the Annual Meeting of Stockholders of the Corporation scheduled on June 24, 2016 for the approval of the stockholders:

1. Call to order;
2. Certification of notice to the stockholders and the presence of a quorum to do business;
3. Approval of the minutes of the previous annual meeting;
4. Report of the Chairman or President on the operations and financial statements of the Corporation;
5. Confirmation and ratification of the acts of the Board of Directors and officers;
6. Election of directors;
7. Appointment of the external auditor;
8. Appointment of the stock and transfer agent;
9. Other matters; and
10. Adjournment

A brief summary of the Minutes of the Annual Meeting of Stockholders of the Corporation held on 26 June 2015 is as follows:

The Chairman of the Board, Mr. Jose Vicente C. Bengzon III, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Tadeo F. Hilado, recorded the minutes of the proceedings.

The Corporate Secretary certified that written notices of the annual meeting of the stockholders of the Corporation were sent to all stockholders of record as of 25 May 2015.

The Corporate Secretary certified that a quorum existed for the transaction of business. Out of a total of 2,786,497,901 issued and outstanding shares, 2,337,947,023 shares or 88.37% of the outstanding capital stock were present in person or by proxy during the meeting.

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders of the Corporation held on 04 July 2014 was dispensed with and the said minutes were approved.

Mr. Ricardo Manuel M. Sarmiento, Executive Vice President and Chief Executive Officer, presented the President's report on the operations and financial statements of the Corporation for the year 2014.

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

"RESOLVED, as it 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 are hereby, approved, confirmed, and ratified as if such acts were entered into or executed with the specific and special authorization of the stockholders duly convened and held."

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. Atty. Eduardo T. Rondain; and
2. Mr. Manuel D. Escueta.

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.

Aside from the two independent directors, the following were nominated as members of the Board of Directors of the Corporation for the ensuing year

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Angelito M. Sarmiento;
4. Mr. Benjamin I. Sarmiento, Jr.;
5. Mr. Levi F. Diestro;
6. Mr. Ricardo Manuel M. Sarmiento;

7. Ms. Stephanie Nicole S. Garcia;
8. Mr. Lorenzo Vito M. Sarmiento III; and
9. Mr. Juan Arturo Iluminado C. de Castro

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 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:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Angelito M. Sarmiento;
4. Mr. Benjamin I. Sarmiento, Jr.;
5. Mr. Levi F. Diestro;
6. Mr. Ricardo Manuel M. Sarmiento;
7. Ms. Stephanie Nicole S. Garcia;
8. Mr. Lorenzo Vito M. Sarmiento III;
9. Mr. Juan Arturo Iluminado C. de Castro
10. Atty. Eduardo T. Rondain; and
11. Mr. Manuel D. Escueta.

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

“RESOLVED, that the Corporation hereby 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.”

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

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

“There being no other business, and upon motion duly made and seconded, the meeting was adjourned.”

**Acts and Resolutions of the Board of Directors and Officers of the Corporation from July 2015 to March 2016.**

Date of Action	Description
July 24, 2015	<p style="text-align: center;"><b><u>RESOLUTION NO. 2015-19</u></b></p> <p><b>"RESOLVED</b> AS IT HEREBY RESOLVED, that the Corporation hereby names, constitutes, and appoints RONNILITO M. EUGENIO, as its true and lawful attorney-in-fact for and in its name, to perform all acts necessary or appropriate, to sign and execute the certificate of non-forum shopping and all other pleadings and documents in connection with the case entitled "VICTORY LINER, INC., v. VITARICH CORPORATION, SCC NO. 15-1572, pending before Metropolitan Trial Court of Caloocan City, Branch 86";</p> <p>RESOLVED, FURTHER, that Ronnilito M. Eugenio, be authorized, to represent the Corporation in the pre-trial conferences, mediation proceedings, judicial dispute resolution proceedings, preliminary investigation and trial of said cases with power to perform the following acts and things, namely:</p> <p>(a) To make, cause to be made, prepare, execute and or sign narrations of facts, affidavits, complaint affidavits as well as any other pleadings, documents necessary for or incidental to giving effects to the foregoing;</p> <p>(b) To negotiate, conclude, enter into and execute a compromise or amicable settlement of the case, if allowed by the rules;</p> <p>(c) To enter into stipulations or admissions of facts and of documents;</p> <p>(d) To agree on the simplification of the issues;</p> <p>(e) To limit the number of witnesses;</p> <p>(f) To do other things as are allowed by the rules on pre-trial conference;</p> <p>(g) To execute affidavit of desistance.</p> <p>HEREBY GIVING AND GRANTING unto said attorneys-in-fact full power and authority whatsoever requisite or necessary or proper to be done in or about the premises, as fully to all intents and purposes as the Corporation might or could lawfully do if personally present, and hereby ratifying and confirming all that said attorneys-in-fact shall do or cause to be done under and by virtue hereof."</p>
August 28, 2015	<p style="text-align: center;"><b><u>RESOLUTION NO. 2015-20</u></b></p> <p>"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorized, as it hereby authorizes, its SPECIAL ASSISTANT FOR FINANCE, MR. PEDRO (PETER) GONZALO B. SERENO or his representative to deal with the Board of Investment, to file the required reports and documents to renew the BOI registration of the Corporation and/ or to apply for a new one.</p> <p>"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation approve and ratify, as it hereby approves and ratifies, the sale of the Corporation's property consisting of 754 square meters covered by Transfer Certificate of Title No. 259753 in favor of Redigundina E. Relampagos in the amount of P220, 027.00;</p> <p>RESOLVED, FURTHER, that the authority of the Corporation's former Controller, MS. JULIETA M. HERRRA, in executing the Deed of Absolute Sale is hereby confirmed and ratified."</p> <p style="text-align: center;"><b><u>RESOLUTION NO. 2015-22</u></b></p>

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes **ERWIN E. TRAGICO**, C&C Officer for Cebu to sign the verification/certification on non forum shopping on collection and criminal cases being filed by the Corporation against its delinquent customers.

RESOLVED FURTHER that either **ERWIN E. TRAGICO** or **ATTY. DAX MATTHEW QUIJANO** is authorize to represent the Corporation in the pre-trial conferences, mediation proceedings, judicial dispute resolution proceedings, small claim proceedings, preliminary investigation and trial of cases filed by or against the Corporation with power to perform the following acts and things, namely:

- (a) To negotiate, conclude, enter into and execute a compromise or amicable settlement of the case, if allowed by the rules;
- (b) To enter into stipulations or admissions of facts and of documents;
- (c) To agree on the simplification of the issues;
- (d) To limit the number of witnesses;
- (e) To do other things as are allowed by the rules on pre-trial conference;
- (f) To execute affidavit of desistance.

HEREBY GIVING AND GRANTING unto said attorneys-in-fact full power and authority whatsoever requisite or necessary or proper to be done in or about the premises, as fully to all intents and purposes as the Corporation might or could lawfully do if personally present, and hereby ratifying and confirming all that said attorneys-in-fact shall do or cause to be done under and by virtue hereof."

**RESOLUTION NO. 2015-23**

"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes, **REY DELOSO**, C&C Officer for Visayas, to sign the verification/certification on non forum shopping on collection and criminal cases being filed by the Corporation against its delinquent customers.

RESOLVED FURTHER that either **REY DELOSO** or **ATTY. CAROL-V S. ESPINOSA** is authorize to represent the Corporation in the pre-trial conferences, mediation proceedings, judicial dispute resolution proceedings, small claim proceedings, preliminary investigation and trial of cases filed by or against the Corporation with power to perform the following acts and things, namely:

- (a) To negotiate, conclude, enter into and execute a compromise or amicable settlement of the case, if allowed by the rules;
- (b) To enter into stipulations or admissions of facts and of documents;
- (c) To agree on the simplification of the issues;
- (d) To limit the number of witnesses;
- (e) To do other things as are allowed by the rules on pre-trial conference;
- (f) To execute affidavit of desistance.

HEREBY GIVING AND GRANTING unto said attorneys-in-fact full power and authority whatsoever requisite or necessary or proper to be done in or about the premises, as fully to all intents and purposes as the Corporation might or could lawfully do if personally present, and hereby ratifying and confirming all that said attorneys-in-fact shall do or cause to be done under and by virtue hereof."

**RESOLUTION NO. 2015-24**

"BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation shall file a Petition for Cancellation of the 1967 mortgage annotated at Transfer Certificate of Title No. 04020414029050 (formerly T-14.397 (M) as co-petitioner of 8990 Housing Development Corporation;

	<p>RESOLVED FURTHER, that the Corporation's Executive Vice-President-COO, MR. RICARDO MANUEL M. SARMIENTO or the Corporation's Chief Finance Officer-MS. STEPHANIE NICOLE S. GARCIA, be authorized, as they are hereby authorized, to cause the filing of the Petition before any court/tribunal of competent jurisdiction with power to sign the verification and certification on non-forum shopping, verify the pleadings; and any affidavits in support thereof.</p> <p>HEREBY GIVING AND GRANTING to Mr. Ricardo Manuel M. Sarmiento or Stephanie Nicole S. Garcia full power to carry into effect the foregoing, including the authority to appear on the Corporation's behalf, as fully to all intents and purposes as the Corporation might or could lawfully do if personally present, and hereby ratifying and confirming all that Mr. Ricardo Manuel M. Sarmiento or Stephanie Nicole S. Garcia or their representatives shall lawfully do by virtue hereof."</p>
September 11, 2015	<p style="text-align: center;"><b>RESOLUTION NO. 2015-25</b></p> <p>"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation direct, as it hereby directs Management to undertake a feasibility reviews on the construction of a feedmill plant at Panacan, Davao City with an estimated cost of P198M and to report the same to the Board for action.</p> <p style="text-align: center;"><b>RESOLUTION NO. 2015-26</b></p> <p>"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes MR. RICARDO MANUEL M. SARMIENTO, Executive Vice President-Chief Operating Officer, to enter into a long term Toll Milling Contract for aqua feeds with the family of Mr. Wilson Tan or their nominated company under such terms and conditions as he may deem beneficial to the Corporation.</p> <p>RESOLVED FURTHER that Mr. Ricardo Manuel M. Sarmiento, be, as he is hereby authorized to execute the necessary agreement to implement this resolution.</p>
September 23, 2015	<p style="text-align: center;"><b>RESOLUTION NO. 2015-27</b></p> <p>"RESOLVED, as it is hereby resolved, that the Guidelines and Policies for Capital Expenditures be, as they are hereby, approved and adopted."</p>
October 27, 2015	<p style="text-align: center;"><b>RESOLUTION NO. 2015-28</b></p> <p>"RESOLVED AS IT HEREBY RESOLVED, that the Corporation hereby names, constitutes, and appoints MR. GUILLERMO B. MIRALLES-VP FOR VISMIN OPERATIONS, as its true and lawful attorney-in-fact for and in its name, to perform all acts necessary in connection with the case entitled "People of the Philippines vs. Renato Z. Tan", pending before Regional Trial Court of Cebu City, Branch 58;</p> <p>RESOLVED, FURTHER, that Mr. Guillermo B. Miralles be authorized to represent the Corporation in the pre-trial conferences, mediation proceedings and trial of the said case with power to perform the following acts and things, namely:</p> <ul style="list-style-type: none"> <li>(a) To execute judicial affidavits;</li> <li>(b) To negotiate and enter into an amicable settlement of the civil aspect of the case</li> <li>(c) To enter into stipulations or admissions of facts and of documents;</li> <li>(d) To agree on the simplification of the issues;</li> <li>(e) To limit the number of witnesses;</li> <li>(f) To do other things as are allowed by the rules on pre-trial conference;</li> <li>(g) To execute affidavit of desistance.</li> </ul> <p>HEREBY GIVING AND GRANTING unto said attorneys-in-fact full power and authority whatsoever requisite or necessary or proper to be done in or about the</p>

	<p>premises, as fully to all intents and purposes as the Corporation might or could lawfully do if personally present, and hereby ratifying and confirming all that said attorneys-in-fact shall do or cause to be done under and by virtue hereof.”</p>																		
<p>November 23, 2015</p>	<p style="text-align: center;"><b><u>RESOLUTION NO. 2015-29</u></b></p> <p>RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize as it hereby authorizes, MR. DANIEL D. RENOY, REGIONAL SALES MANAGER, to apply for a client profile registration with the system of Philippine Exporters Confederation (Philexport) and for this purpose, any of the following officers -</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">MR. JOSE VICENTE V. BENGZON, III</td> <td>Chairman of the Board</td> </tr> <tr> <td>MR. RICARDO MANUEL M. SARMIENTO</td> <td>EVP-COO</td> </tr> <tr> <td>MR. GUILLERMO B. MIRALLES</td> <td>VP-VISMIN OPERATIONS</td> </tr> </table> <p>is hereby authorized, to sign, execute and deliver whatever documents for the said purpose.”</p> <p style="text-align: center;"><b><u>RESOLUTION NO. 2015-30</u></b></p> <p>“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes MR. DANIEL D. RENOY, REGIONAL SALES MANAGER, to apply for a client profile registration system with the Philippine Exporters Confederation (Philexport) and for this purpose, any of the following officers –</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">MR. JOSE VICENTE V. BENGZON, III</td> <td>- Chairman of the Board</td> </tr> <tr> <td>MR. RICARDO MANUEL M. SARMIENTO</td> <td>- EVP-COO</td> </tr> <tr> <td>MR. GUILLERMO B. MIRALLES</td> <td>- VP- Vismin Operations</td> </tr> </table> <p>is authorized to sign, execute and deliver whatever documents necessary for the said purpose.”</p> <p style="text-align: center;"><b><u>RESOLUTION NO. 2015-31</u></b></p> <p>“RESOLVED, that the corporation is hereby authorized and apply for, negotiate, enter into, borrow and obtain a loan or credit line from <b>PLANTERS DEVELOPMENT BANK</b>, in the principal amount of <b>FIFTEEN MILLION PESOS (Php15,000,000.00)</b> Philippine Currency, To be secured by a Deed of Assignment over PDC.</p> <p>“RESOLVED further that any one (1) of the following officers listed below, whose specimen signature is indicated below are hereby authorized to apply for, negotiate and execute for and in behalf of the corporation such loan agreements, mortgage contract, promissory notes, disclosure statements, amortization and all other documents including but not limited to renewals, extensions, increase or decrease of loan and amendments necessary or convenient for the granting of said loan.”</p> <table border="0" style="width: 100%; margin-top: 20px;"> <thead> <tr> <th style="text-align: center;"><b><u>Specimen Signature</u></b></th> <th style="text-align: center;"><b><u>Position</u></b></th> </tr> </thead> <tbody> <tr> <td>RICARDO MANUEL M. SARMIENTO</td> <td>Executive Vice-President/COO</td> </tr> <tr> <td>STEPHANIE NICOLE S. GARCIA</td> <td>Treasurer/CFO</td> </tr> </tbody> </table>	MR. JOSE VICENTE V. BENGZON, III	Chairman of the Board	MR. RICARDO MANUEL M. SARMIENTO	EVP-COO	MR. GUILLERMO B. MIRALLES	VP-VISMIN OPERATIONS	MR. JOSE VICENTE V. BENGZON, III	- Chairman of the Board	MR. RICARDO MANUEL M. SARMIENTO	- EVP-COO	MR. GUILLERMO B. MIRALLES	- VP- Vismin Operations	<b><u>Specimen Signature</u></b>	<b><u>Position</u></b>	RICARDO MANUEL M. SARMIENTO	Executive Vice-President/COO	STEPHANIE NICOLE S. GARCIA	Treasurer/CFO
MR. JOSE VICENTE V. BENGZON, III	Chairman of the Board																		
MR. RICARDO MANUEL M. SARMIENTO	EVP-COO																		
MR. GUILLERMO B. MIRALLES	VP-VISMIN OPERATIONS																		
MR. JOSE VICENTE V. BENGZON, III	- Chairman of the Board																		
MR. RICARDO MANUEL M. SARMIENTO	- EVP-COO																		
MR. GUILLERMO B. MIRALLES	- VP- Vismin Operations																		
<b><u>Specimen Signature</u></b>	<b><u>Position</u></b>																		
RICARDO MANUEL M. SARMIENTO	Executive Vice-President/COO																		
STEPHANIE NICOLE S. GARCIA	Treasurer/CFO																		

	<p>PEDRO GONZALO B. SERENO <span style="float: right;">Special Assistant for Finance</span></p> <p>4. That the foregoing resolutions are valid and subsisting, the same not having been superseded by subsequent resolutions;</p> <p>5. That this certification has been issued to <b>PLANTERS DEVELOPMENT BANK</b> in compliance with their requirements;</p> <p>6. That this certification has been made to attest to the truth of the statements made herein:</p> <p style="text-align: center;"><b><u>RESOLUTION NO. 2015-32</u></b></p> <p>"RESOLVED, that the Corporation be as it is hereby authorized to open and maintain a deposit account with Planters Development Bank-Meycauayan Branch;</p> <p>"RESOLVED further that any one (1) of the following officers listed below, whose specimen signature is indicated below is hereby authorized to sign, endorse, negotiate, execute, and deliver in behalf of the Corporation, such application forms, agreements, specimen signature cards, deposit/withdrawal slips, checks, certificates of deposit and such other documents relative to the deposit account with Planters Development Bank, under such terms and conditions as the above officer/s of the Corporation may deem necessary or convenient.</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><b><u>Specimen Signature</u></b></th> <th style="text-align: left;"><b><u>Position</u></b></th> </tr> </thead> <tbody> <tr> <td>RICARDO MANUEL M. SARMIENTO</td> <td>Executive Vice-President/COO</td> </tr> <tr> <td>STEPHANIE NICOLE S. GARCIA</td> <td>Treasurer/CFO</td> </tr> <tr> <td>PEDRO (PETER) GONZALO B. SERENO</td> <td>Special Assistant for Finance</td> </tr> </tbody> </table> <p>4. That the foregoing resolutions are valid and subsisting, the same not having been superseded by subsequent resolutions;</p> <p>5. That this certification has been issued to <b>PLANTERS DEVELOPMENT BANK</b> in compliance with their requirements;</p> <p>6. That this certification has been made to attest to the truth of the statements made herein:</p>	<b><u>Specimen Signature</u></b>	<b><u>Position</u></b>	RICARDO MANUEL M. SARMIENTO	Executive Vice-President/COO	STEPHANIE NICOLE S. GARCIA	Treasurer/CFO	PEDRO (PETER) GONZALO B. SERENO	Special Assistant for Finance
<b><u>Specimen Signature</u></b>	<b><u>Position</u></b>								
RICARDO MANUEL M. SARMIENTO	Executive Vice-President/COO								
STEPHANIE NICOLE S. GARCIA	Treasurer/CFO								
PEDRO (PETER) GONZALO B. SERENO	Special Assistant for Finance								
<p><b>December 15, 2015</b></p>	<p style="text-align: center;"><b><u>RESOLUTION NO. 2015-33</u></b></p> <p>"RESOLVED, AS IT IS HEREBY RESOLVED that the Corporation, authorize, as it hereby authorizes MR. PEDRO (PETER) GONZALO B. SERENO-SPECIAL ASSISTANT FOR FINANCE to file, in behalf of the Corporation, a complaint (including petition in the appellate courts) against HMR AUCTION SERVICES, INC., AND/OR SAM POWELL, AND/OR FIVE C'S TRADING AND DEMOLITION SERVICES, AND/OR SONNY PALACIDO, MARLON MACATANGAY AND ROLANDO SIBMULAN for breach of contract and/or damages and for this purpose to sign the verification and certification on non forum shopping;</p> <p>RESOLVED, FURTHER THAT MESSERS. PEDRO (PETER) GONZALO B. SERENO, MARLOWE C. MEDIANTE, Credit &amp; Collection Manager, MS. ROSARIO M. ALMARIO-INTERNAL AUDITOR, OR ATTY. PEDRO T. DABU, JR., be authorized, as any one of them is hereby authorized to represent the Corporation in the pre-trial conferences,</p>								



	<p>mediation proceedings, judicial dispute resolution proceedings and trial of the said case with power to perform the following acts and things, namely:</p> <p>(a) To negotiate, conclude, enter into and execute a compromise or amicable settlement of the case.  (b) To enter into stipulations or admissions of facts and of documents;  (c) To agree on the simplification of the issues;  (d) To limit the number of witnesses;  (e) To do other things as are allowed by the rules on pre-trial conference;</p> <p>HEREBY GIVING AND GRANTING unto said attorneys-in-fact full power and authority whatsoever requisite or necessary or proper to be done in or about the premises, as fully to all intents and purposes as the Corporation might or could lawfully do if personally present, and hereby ratifying and confirming all that said attorneys-in-fact shall do or cause to be done under and by virtue hereof.”</p> <p style="text-align: center;"><b>RESOLUTION NO. 2015-34</b></p> <p>“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation, authorize, as it hereby authorizes MR. PEDRO (PETER) GONZALO B. SERENO-SPECIAL ASSISTANT FOR FINANCE to file, in behalf of the Corporation, a complaint (including petition in the appellate courts) against MAVENIER, INC., AND/OR ERNESTO JOSE S. BILAR for breach of contract and/or damages and for this purpose to sign the verification and certification on non forum shopping;</p> <p>RESOLVED, FURTHER THAT MESSERS. PEDRO (PETER) GONZALO B. SERENO, MARLOWE C. MEDIANTE, Credit &amp; Collection Manager, CESARITO I. TABLANTE, OR ATTY. PEDRO T. DABU, JR., be authorized, as any one of them is hereby authorized to represent the Corporation in the pre-trial conferences, mediation proceedings, judicial dispute resolution proceedings and trial of the said case with power to perform the following acts and things, namely:</p> <p>(a) To negotiate, conclude, enter into and execute a compromise or amicable settlement of the case.  (b) To enter into stipulations or admissions of facts and of documents;  (c) To agree on the simplification of the issues;  (d) To limit the number of witnesses;  (e) To do other things as are allowed by the rules on pre-trial conference;</p> <p>HEREBY GIVING AND GRANTING unto said attorneys-in-fact full power and authority whatsoever requisite or necessary or proper to be done in or about the premises, as fully to all intents and purposes as the Corporation might or could lawfully do if personally present, and hereby ratifying and confirming all that said attorneys-in-fact shall do or cause to be done under and by virtue hereof.”</p> <p style="text-align: center;"><b>RESOLUTION NO. 2015-35</b></p> <p>“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorized, as it hereby authorizes, Mr. Guillermo B. Miralles-Vice President for Vismin Operations, to avail of a credit line facility with Ritz Hotel-Davao and for this purpose to sign application form, agreement and other necessary documents.”</p>
<p><b>January 22, 2016</b></p>	<p style="text-align: center;"><b>RESOLUTION NO. 2016-01</b></p> <p>“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorized, as it hereby authorizes, MS. MARIAN A. DIONISIO, Accounting Manager, to execute the Waiver of the Defense of Prescription under the Statute of Limitation of the National</p>

	<p>Internal Revenue Code for the corporation's tax issues with the BIR, which waiver shall be up to December 31, 2016."</p> <p style="text-align: center;"><b>RESOLUTION NO. 2016-02</b></p> <p>"RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation confirm, as it hereby confirms, the authority of MS.MARIAN A. DIONISIO in applying for abatement of surcharge of withholding taxes for 2012-2014.</p> <p>RESOLVED, FURTHER, that, MS. MARIAN A. DIONISIO, be, as she is hereby, authorized to execute and sign the necessary compromise agreement."</p> <p style="text-align: center;"><b>RESOLUTION NO. 2016-03</b></p> <p>"RESOLVED, that the Corporation is hereby authorized to apply for, negotiate, enter into, borrow and obtain a loan or credit line from <b>CHINA BANK, SAVINGS, INC.</b> in the principal amount of <b>FIFTEEN MILLION PESOS (Php15, 000,000.00)</b> Philippine Currency, to be secured by a Deed of Assignment over PDC.</p> <p>RESOLVED further that any one (1) of the following officers listed below, whose specimen signature is indicated below is hereby authorized to apply for, negotiate and execute for and in behalf of the corporation such loan agreements, mortgage contract, promissory notes, disclosure statements, amortization and all other documents including but not limited to renewals, extensions, increase or decrease of loan and amendments necessary or convenient for the granting of said loan:</p> <p>RICARDO MANUEL M. SARMIENTO                      Executive VP/COO</p> <p>STEPHANIE NICOLE S. GARCIA                      Treasurer/CFO</p> <p>PEDRO GONZALO B. SERENO                      Spl. Ass't. For Finance</p> <p>RESOLVED furthermore that Board Resolution No. 2015-31 approved on November 23, 2015 is hereby amended accordingly".</p>
<p><b>February 18, 2016</b></p>	<p style="text-align: center;"><b>RESOLUTION NO. 2016-03</b></p> <p>"RESOLVED, that the Corporation is hereby authorized to apply for, negotiate, enter into, borrow and obtain a loan or credit line from <b>CHINA BANK, SAVINGS, INC.</b> in the principal amount of <b>FIFTEEN MILLION PESOS (Php15, 000,000.00)</b> Philippine Currency, to be secured by a Deed of Assignment over PDC.</p> <p>RESOLVED further that any one (1) of the following officers listed below, whose specimen signature is indicated below is hereby authorized to apply for, negotiate and execute for and in behalf of the corporation such loan agreements, mortgage contract, promissory notes, disclosure statements, amortization and all other documents including but not limited to renewals, extensions, increase or decrease of loan and amendments necessary or convenient for the granting of said loan:</p> <p>RICARDO MANUEL M. SARMIENTO                      Executive VP/COO</p> <p>STEPHANIE NICOLE S. GARCIA                      Treasurer/CFO</p> <p>PEDRO GONZALO B. SERENO                      Spl. Ass't. For Finance</p> <p>RESOLVED furthermore that Board Resolution No. 2015-31 approved</p>

on November 23, 2015 is hereby amended accordingly”.

**RESOLUTION NO. 2016-04**

RESOLVED, AS IT IS HEREBY RESOLVED, that Resolution No. 2014-15 approved on July 4, 2014, be, as it is hereby amended, to read as follows:

“**RESOLVED**, as it is resolved, that VITARICH CORPORATION (the “Corporation”) be authorized to sell and dispose in favor of Communities Iloilo, Inc. (“CII”) three (3) parcels of land located at Brgy. San Jose, San Miguel, Iloilo City, with an aggregate area of THIRTY FIVE THOUSAND SIX HUNDRED THIRTY ONE (35,631) SQUARE METERS and presently covered by several transfer certificates of title, issued by the Registry of Deeds for the Province of Iloilo (hereinafter, the “Subject Properties”), which Subject Properties are more particularly described as follows:

No.	Lot No.	TCT No.	Area (sq. m.)
1	112	090-2016000160 (Formerly T-97587)	7,182
2	113	090-2016000161 (Formerly T-97581)	5,571
3	117	090-2016000162 (Formerly T-97593)	22,878
<b>TOTAL</b>			<b>35,631</b>

**RESOLVED, FURTHER**, that the Corporation authorizes its Executive Vice-President/COO, RICARDO MANUEL M. SARMIENTO and/or its Chief Finance Officer, STEPHANIE NICOLE M. SARMIENTO-GARCIA, whose signatures appear below, to sign, execute and deliver the Deed of Absolute Sale, and other documents necessary to implement the sale of the Properties. They are likewise authorized to execute and deliver in favor of CII the Sworn/Affidavit of No Improvement, Affidavit of Non-Tenancy, Special Power of Attorney for DAR conversion and other documents necessary and relating to the foregoing transaction, and, to receive or accept the check payable in the Corporation’s name, representing the payment/proceed of the sale of the Subject Properties:

RICARDO MANUEL M.SARMIENTO  
STEPHANIE NICOLE M. SARMIENTO-GARCIA

**RESOLUTION NO. 2016-05**

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes, Mr. JADE VALLES, a prospective buyer and occupant of the Corporation’s property situated at Poblacion, City of Cagayan de Oro City covered by T.C.T. No.T-191288 to apply for electric and water connection/services with the Cagayan Electric Power and Light Company, Inc. (CEPALCO) and Cagayan de Oro Water District, respectively, for installation in the said premises and for this purpose, to sign and execute the necessary documents.”

**RESOLUTION NO. 2016-06-A**

“**RESOLVED, AS IT IS HEREBY RESOLVED**, that the Corporation expresses its deep appreciation and sincerest thanks for the invaluable services of Atty. Pedro T. Dabu, Jr., both to the Sarmiento family and to the Corporation, and wishes him all success and fulfillment in his career in the Judiciary;

“**RESOLVED, FURTHER**, that the Corporation appoint, as it hereby appoints, Atty. Mary Christine C. Dabu-Pepito as the Corporation’s Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer;

**"RESOLVED, FINALLY,** that the Corporation authorize, as it hereby authorizes, Atty. Dabu-Pepito to sign, execute and deliver all the necessary documents, compliance reports and other requirements of the Philippine Stock Exchange and the Securities and Exchange Commission, as well as all other documents relative to her appointment as the Corporation's Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer."

**RESOLUTION NO. 2016-06-A**

**"RESOLVED, AS IT IS HEREBY RESOLVED,** that the Corporation expresses its deep appreciation and sincerest thanks for the invaluable services of Atty. Pedro T. Dabu, Jr., both to the Sarmiento family and to the Corporation, and wishes him all success and fulfillment in his career in the Judiciary;

**"RESOLVED, FURTHER,** that the Corporation appoint, as it hereby appoints, Atty. Mary Christine C. Dabu-Pepito as the Corporation's Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer;

**"RESOLVED, FINALLY,** that the Corporation authorize, as it hereby authorizes, Atty. Dabu-Pepito to sign, execute and deliver all the necessary documents, compliance reports and other requirements of the Philippine Stock Exchange and the Securities and Exchange Commission, as well as all other documents relative to her appointment as the Corporation's Assistant Corporate Secretary, Compliance Officer and Corporate Information Officer."

3. The foregoing resolution is valid and subsisting, the same not having been superseded by subsequent resolutions.
4. This certification was been made to attest to the truth of the foregoing statements.

**RESOLUTION NO. 2016-07**

**"RESOLVED,** that ASIA UNITED BANK and/or any of its branches, be as it hereby is designated depository bank of this Corporation and the officers, employees and agents of the Corporation be and hereby are and each of them hereby is, authorized to deposit any of its funds in said Bank, and said Bank is hereby authorized to pay, encash or otherwise honor and charge to this Corporation any and all checks, bills of exchange, orders or other instruments for the payment of money or withdrawal of funds, including those which may cause overdraft, when signed, made, drawn, accepted or endorsed on behalf of or in the name of this Corporation by any one (1) of the following officers:

**NAME POSITION SIGNATURE**

1. MR. RICARDO MANUEL M. SARMIENTO -COO/EVP
2. MS. STEPHANIE NICOLE S. GARCIA -CFO/Treasurer
3. MR. PETER GONZALO B. SERENO -Special Assistant for Finance
4. ALICIA G. DANQUE -CORPLAN MANAGER

**"RESOLVED FURTHER,** that the following officers be as he/she/they are hereby authorized to apply, negotiate for and obtain credit facilities with Asia United Bank in such amount as the Corporation may deem necessary under such terms and conditions as may be approved by said Bank, including the renewal, extension and/or increases thereof and to make and deliver notes, drafts, acceptances, waivers (including, but not limited to the secrecy of bank deposits), agreements and any other obligation of this Corporation, in the form satisfactory to said Bank and as security therefore, to assign, mortgage, pledge, or otherwise encumber corporate assets,

securities, receivables, deposits, contract rights and equipment now held or may be held by and belonging to this Corporation and acceptable to the Bank by any one (1) of the following officers:

NAME POSITION SIGNATURE

1. MR. RICARDO MANUEL M. SARMIENTO -COO/EVP
2. MS. STEPHANIE NICOLE S. GARCIA -CFO/Treasurer
3. MR. PETER GONZALO B. SERENO -Special Assistant for Finance
4. ALICIA G. DANQUE -CORPLAN MANAGER

“RESOLVED FURTHER, that the following officers of the Corporation and whose signature appears herein:

NAME POSITION SIGNATURE

1. MR. RICARDO MANUEL M. SARMIENTO -COO/EVP
2. MS. STEPHANIE NICOLE S. GARCIA -CFO/Treasurer
3. MR. PETER GONZALO B. SERENO -Special Assistant for Finance
4. ALICIA G. DANQUE -CORPLAN MANAGER

is /are hereby authorized to apply for and access the Corporation’s account through the Bank’s electronic banking services such as internet banking and mobile banking systems in as far as the following transactions are concerned, thereby waiving the dual signature requirement for Corporate Account:

1. Account History Inquiry
2. Account Balance Inquiry”

“RESOLVED FINALLY, that all foregoing authorities shall remain in full force and effect unless revoked by a subsequent certification from the Corporate Secretary, duly notarized and actually received by the Bank at its office wherein the account/s of the Corporation is/are then maintained, setting forth a resolution to that effect, certified to have been adopted by the Board of Directors of the Corporation, provided that such subsequent certification shall not be effective with respect to any exercise of any of the foregoing authorities granted herein prior to the receipt thereof, nor with respect to any checks or other instruments for the payment of money or withdrawal of funds dated prior to the date of such certification but presented to the Bank after receipt of the same. Further, the Bank is hereby authorized at all times to rely upon the latest certification received by it when so certified by the Corporate Secretary of the Corporation. The Corporation shall hold the Bank free and harmless from any liability or claim arising from the Bank’s reliance on said written notice of certification.”

3. I FURTHER CERTIFY that the above-mentioned persons designated as officers of this Corporation have been duly elected in accordance with the By-Laws and now hold the position opposite their respective names and that the signatures appearing therewith are his/her/their authentic official signature/s.

**RESOLUTION NO. 2016-08**

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes, MR. JOHN JOEL A. CRUZ-LEGAL ASSISTANT to process the request for Continue Processing to file Entry with the Bureau of Customs, Port of Manila;

RESOLVED FURTHER, that the above-named officer, whose signature appears below is hereby further authorized to represent the Corporation with the powers to

	<p>sign and/or otherwise execute papers and/or documents necessary for the accomplishment of the foregoing authority.”</p> <p>3. The aforementioned resolutions are true and correct copy of its original in my possession and custody as such Corporate Secretary, and that the same have not been revoked, amended or modified up to the present.</p> <p style="text-align: center;"><b>RESOLUTION NO. 2016-09</b>  <b>“RESOLVED, AS IT IS HEREBY RESOLVED,</b> that  Resolution No. 2015-07 be amended to read as follows:</p> <p style="text-align: center;"><b>“RESOLVED, AS IT IS HEREBY RESOLVED,</b> that the Corporation authorize, as it hereby authorizes, its Credit and Collection Manager, Mr. Marlowe C. Mediante, to file and sign complaints, affidavits, petitions, answers, counter-affidavits, counter-claims, cross-claims; and to sign verification and certification against forum shopping in cases filed by or against the Corporation;</p> <p style="text-align: center;"><b>RESOLVED, FURTHER,</b> that the Corporation authorize, as it hereby authorizes, either Atty. Mary Christine C. Dabu-Pepito, Atty. Carmencita C. Dabu, Atty. Nenita H. Dela Cruz-Tuazon or Marlowe C. Mediante to act as the representative of the Corporation in all stages of the preliminary/pre-trial conference, including mediation and judicial dispute resolution proceedings, preliminary investigations and trial of cases filed by or against the Corporation; to enter into an amicable settlement, to submit to alternative modes of dispute resolution and to enter into stipulations or admissions of facts and of documents, and to perform such powers as specified in the Rules of Court.”</p> <p>3. The foregoing resolution is valid and subsisting, the same not having been superseded by subsequent resolutions.</p> <p>4. This certification was been made to attest to the truth of the foregoing statements.</p>
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**Item 16. Matters Not Required to be submitted**

Proof of transmittal to stockholders of the required notice of the meeting will not be submitted for approval by the stockholders.

**Item 17. Amendment of Articles of incorporation and By-Laws**

Not Applicable

**Item 18. Other Proposed Action**

No action on any matter, other than those stated in the agenda for the meeting is proposed to be taken.

**Item 19. Voting Procedures**

**Section 5, Article I of the Amended By-Laws of the Corporation reads:**

**"Section 5.** At every meeting of the stockholders of the Corporation, every stockholder entitled to vote shall be entitled to one vote for such share of stock standing in his name in the books of the Corporation, provided however, that in case of election of directors, every stockholder entitled to vote shall be entitled to cumulate his votes in accordance with the provisions of law in such case. Every stockholder entitled to vote at any meeting of the stockholders may so vote by proxy provided that the

proxy shall have been appointed in writing by the stockholder himself, or by his duly authorized attorney. The instrument authorizing a proxy to act shall be filed with the Secretary of the Corporation not later than ten (10) days, and shall be validated not later than five (5) days, prior to the scheduled stockholders' meeting. Unless otherwise provided by law, at any meeting of stockholders the presence of the holders on record of a majority of the stock of the Corporation then issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business, and in the absence of quorum, the stockholders attending or represented at the time and place at which such meeting shall have been called, or the officer entitled to preside over such meeting may adjourn such meeting. When a meeting of stockholders is adjourned to another time and place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which adjournment is taken. At the reconvened meeting, any business which might be transacted on the adjourned meeting may be taken up. (As amended on 25 March 1998.)"

The ratification of the acts of the Board of Directors and the Corporation's officers and the approval of the minutes of the Stockholders' Meeting requires the affirmative vote of a majority of the stockholders present and constituting a quorum during the Stockholders' Meeting of the Corporation.

For purposes of electing the members of the Board of Directors, the stockholders entitled to vote personally or by proxy, may adopt the cumulative method of voting the shares recorded in their names. The votes shall be counted by raising of hands or viva voce. Should there be a demand by a stockholder, the votes shall be counted and tallied after they are cast. This shall be done by representatives from the auditing firm of Reyes Tacandong & Co. who shall be available to entertain clarifications from the stockholders relating to the counting of votes.

Pursuant to SEC Memorandum Circular No.12 Series of 2002, the Corporation has created the Nomination Committee composed of the following:

Chairman:	Manuel D. Escueta
Members:	Stephanie Nicole S. Garcia
	Lorenzo Vito M. Sarmiento, III
	Benjamin I. Sarmiento
	Ricardo Manuel M. Sarmiento
	Levi F. Diestro
	Ruby P. Macario (non-voting member)

who pre-screened and short-listed the nominees for the two (2) independent directors and regular members of the Board of Directors. The guidelines for nomination and the qualifications of the nominees have been set by the Committee. The Nomination Committee selected Messrs. Mr. Manuel D. Escueta and Atty. Eduardo T. Rondain as the two (2) nominees for independent directors.

**PART II.**

INFORMATION REQUIRED IN A PROXY FORM

Item 1. **Identification**

This proxy is being solicited by the Corporation. The Vice Chairman of the Board of Directors and the President of the Corporation or in his absence, the Chairman of the Board of the Corporation, or in his absence, the presiding officer of the meeting will vote the proxies at the Annual General Meeting to be held on June 24, 2016, at 2:00 pm at at 7RS Restaurant, Rosalie's Building, Patubig, Marilao, Bulacan.

Item 2. **Instruction**

- (a) The proxy form must be completed, signed and dated by the stockholder and received by the Corporation on or before June 17, 2016 at the following address:

**Vitarich Corporation**  
Vitarich Corporation  
Marilao-San Jose Road, Sta. Rosa I  
Marilao, Bulacan

- (b) In case of a corporate stockholder, the proxy must be accompanied by a corporate secretary's certificate quoting the board resolution authorizing the relevant corporate officer to execute the proxy for the corporate stockholder.
- (c) Validation of proxies will be done by the Special Committee of Election Inspectors on June 17, 2016.
- (d) The manner in which this proxy shall be accomplished as well as the validation hereof shall be governed by the provisions of Rule 20, Section 11(b) of the SRC IRR.
- (e) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on the matters in (1) and (2) below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote "FOR" the items below.



The proxy form states:

"The undersigned hereby appoints Rogelio M. Sarmiento, the Vice Chairman of the Board of Directors and the President of the Corporation, as his/her/its proxy with full power of substitution and delegation or in his absence, the Chairman of the Board of the Corporation, or in his absence, the presiding officer of the meeting, as the proxy of the undersigned, to represent and vote all of the shares of common stock of the undersigned at the Annual Stockholders' Meeting of the Corporation to be held on June 24, 2016, at 2:00 pm and at any and all adjournments or postponements thereof, for the matters to be taken up in the meeting are as follows:

1. Call to order;
2. Certification of notice to the stockholders and the presence of a quorum to do business;
3. Approval of the minutes of the previous annual meeting;
4. Report of the Chairman or President on the operations and financial statements of the Corporation;
5. Confirmation and ratification of the acts of the Board of Directors and officers;
6. Election of directors;
7. Appointment of the external auditor;
8. Appointment of the stock and transfer agent;
9. Other matters; and
10. Adjournment

---

**Date of Proxy**

---

**Signature over Printed Name**

**Item 3. Revocability of Proxy**

Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting or by attending the meeting in person.

**Item 4. Persons Making the Solicitation**

The solicitation is being made by the Management of the Corporation. No director of the Corporation has informed the Corporation in writing that he intends to oppose an action intended to be taken up by the Management of the Corporation at the Annual Stockholders' Meeting.

Solicitation of proxies shall be made through the use of mail or personal delivery. The Corporation will shoulder the cost of solicitation involving reproduction and mailing of this proxy in an estimated amount of P50,000.00 more or less.

**Item 5. Interest of Certain Persons in Matters to be Acted Upon**

No director, officer or associate of any of the foregoing has any substantial interest, direct or indirect, by security holdings or otherwise, on the matter to be acted upon at the Annual General Meeting to be held on June 24, 2016.

**Undertaking**

The Corporation undertakes to provide, without charge to each security holder, on the written request of any such person, a copy of the Corporation's annual report on SEC Form 17-A. Such written request shall be addressed to:

**Mr. Rogelio M. Sarmiento**  
**President / CEO**  
**Vitarich Corporation**  
**Marilao-San Jose Road, Sta. Rosa I, Marilao-Bulacan**

At the discretion of the management of the Corporation, a charge may be made for reasonable expenses incurred to reproduce the exhibits to such report.

**SIGNATURES**

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

**VITARICH CORPORATION**  
Issuer

May 17, 2016  
Date



**Atty. Mary Christine Dabu-Pepito**  
Assistant Corporate Secretary  
Compliance Officer/Corporate Information Officer

## MANAGEMENT REPORT

### PART I - BUSINESS AND GENERAL INFORMATION

#### Item 1. BUSINESS

Vitarich Corporation was incorporated and organized in 1962. The brothers Feliciano, Lorenzo and Pablo Sarmiento established the forerunner of Vitarich in 1950, when they founded Philippine American Milling Co. Inc. (PAMCO). PAMCO eventually moved from its original location to a more modern feed plant in Marilao, Bulacan. This move marked the beginning of Vitarich's fully integrated operations and the trade name "Vitarich" was subsequently adopted.

In 1962, after PAMCO acquired additional machinery and equipment to increase capacity, the Corporation was registered with the Securities and Exchange Commission (SEC) under the name "Vitarich Feedmill, Inc." The Corporation entered the poultry business and built an experimental poultry farm. In the years that followed, the Corporation entered into agreements with U.S. companies Cobb International and Babcock Poultry Farms for the exclusive franchise and distributorship of Cobb broiler and Babcock layer breeds respectively in the Philippines. The Corporation's corporate life has been extended for another fifty years starting on July 31, 2012.

By the early 1970s, the Corporation further expanded its operations and extended its vertical integration by acquiring dressing plants and cold storage facilities. In 1981, the Corporation expanded outside Luzon by setting up the Davao satellite feedmill. The following year, the Corporation increased its feedmilling capacity in Marilao, Bulacan and at the same time, started operating its Cagayan De Oro feedmill and hatchery. Subsequent areas of expansion in the Visayas included the cities of Iloilo and Bacolod.

In 1988, the Corporation entered into a joint venture agreement with Cobb-Vantress, Inc. (CVI) (formerly Cobb International Inc.) and formed Breeder Master Inc. (BMI) (formerly Phil-American Poultry Breeders, Inc.) to engage in the production of day-old parent stocks. CVI is 100% owned by Tyson Foods, Inc., the world's largest chicken Company. BMI, which is currently known as Cobb Vantress Philippines, Inc., is a domestic corporation, which was 80% owned by Vitarich and 20% owned by CVI.

In 2002, the Corporation decided to dispose of its investment in BMI and agreed to pay its liabilities to BMI by returning all of its shares of stocks to BMI. Thus, on February 12, 2003, the Corporation entered into a Memorandum of Agreement (MOA) with BMI and CVI, the minority shareholder of BMI. Under the MOA, the capital investment of Vitarich in BMI will be returned in payment of Vitarich outstanding liability to BMI. This will leave CVI as the sole shareholder of BMI.

The Corporation is presently engaged in the production and distribution of various poultry products such as live and dressed chicken, day-old chicks and animal and aqua feeds, among others.

The Corporation has operating offices in some parts of Luzon, in Iloilo and in Davao, and various satellite offices in some parts of Southern Philippines.

As an integral poultry producer, the Corporation oversees every aspect of the poultry production process from breeding and hatching to processing to sales.

On May 31, 2007, The Regional Trial Court of Malolos, Bulacan (Rehabilitation Court) approved the Company's proposed Rehabilitation Plan (Plan). The implementation of the Plan resulted mainly in the restructuring of Company debt aggregating P3.2 billion (at original amount) resulting to longer payment terms and the lowering of interest.

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.

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, 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. The proceeds were used to further reduce outstanding liabilities and generate needed working capital.

As at November 5, 2015, the Company filed with the Rehabilitation Court a motion to exit the Plan. Management believes that the motion for successful exit in the Plan will be granted by the Rehabilitation Court.

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

## **SUBSIDIARIES**

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

Effective April 1, 2015, the operations of Gromax, manufacturing animal health and nutritional feeds, was reintegrated into the Company. Specialty feeds supplement the product offering of animal feeds produced by the Company. Pursuant to the reintegration, Gromax transferred all its employees to the Company. Retirement benefits accruing to these employees were transferred accordingly.

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.

## **BUSINESS OF ISSUER**

### **Business Segments and Product Distribution**

The Company has three primary products: feed, farm, and food. It sells its feed products to various distributors, dealers and end-users nationwide. The Company's farm products are day old chicks (DOC). The food products composed of chicken and dory fish are sold to hotels, restaurants, institutional clients, and supermarkets as well as to wet markets.

**Feed Products:**

Vitarich Corporation is engaged in the formulation, production, storage and marketing of various animal and aqua feeds. The feeds are produced in various forms such as mash, pellet, crumble and extruded. The feeds product line consists of broiler feeds, layer feeds, hog feeds and aqua feeds.

The Corporation's customer base consists of dealers and end-users nationwide. These clients are given credit terms from 30 days to 90 days while other customers are on cash basis. The Luzon area accounted for 44% of the total animal and aqua feeds sales volume, whereas the Visayas and Mindanao areas accounted for 46%.

**Farm Products:**

The Corporation's day old chicks (DOCs) production is sold nationwide to commercial end-users or supplied to contract growers. The Corporation's customers are dealers and end-users for Cobb DOCs. A substantial number of these customers has been dealing with the Corporation for the past 10 to 15 years.

**Food Products**

Chicken products are sold either as live or dressed. Live broilers are directly purchased by middlemen at the farmgate, who, in turn, supply these to wet markets where these are sold to the general public on an unbranded basis. Dressed chickens are delivered to supermarkets, hotels and restaurants, and fast food chains. Dressed chickens are likewise sold to institutional clients.

Pangasius, commonly known as dory fish, originated from the Mekong River in Vietnam. Pangasius is a genus of catfishes of the family Pangasiidae. This fish is now one of the main export products of Vietnam. Vitarich is one of the pioneers that locally culture Pangasius and this extends to breeding, growing, processing up to marketing. Dory Fish or Pangasius is now considered as one of the fast growing and durable fish relative to tilapia and milkfish. Its fillet part is in high demand mostly in fine dining restaurants and food chains as well. Its neutral and almost bland taste easily absorbs spices and flavors to the delight of customers. Live, gutted, and chilled were the original appearance of the fish that the market had been accustomed to. However, in the course of its development, value added products have been launched by Vitarich such as sausage, franks, dory balls, dory rolls, siomai, shanghai, skinless longaniza and embutido. Not only do these products add new flavor and twist to the traditional forms that the palate had been used to, they also provide healthy alternatives to the high-cholesterol products that abound the market.

Apart from these products, Vitarich is also offering technical assistance and marketing support for customers who are interested in Pangasius farming. With the vision to continue being the pioneer, innovator, and agribusiness partner, Vitarich ensures providing consistent quality products and services that guarantee customer satisfaction.

**Competition**

Although the Corporation is focused on the chicken and feed industry, it faces competition from several sources by virtue of its integrated operations. The Corporation intends to strengthen its competition by establishing objectives and strategic plans to effectively compete with other integrators not only for consumers of its products but also for production resources such as contract growers. The Corporation competes based on product performance.

Principal competitors of the Company are San Miguel Corporation (B-Meg), UNAHCO, URC, Feedmix, Tateh, and Hocpo for the feed business. Key players in chicken business are San Miguel Corporation (Magnolia) and Bounty.

Given its vision to serve its customers with effective technical and marketing support, the Company allotted resources to the research and development of production process improvements and product value enhancement.

**Sources of Raw Materials**

The raw material components of feeds represent the most significant cost component of the Company's operations. Major raw materials of the feed business of the Company are corn, wheat, soya, and rice bran. The Company purchases these materials locally from traders. There are also times that the Company imports these materials from Australia, North and South America, India, and Pakistan. It is also continuously undertaking

programs to substitute traditional grains with materials considered as by-products. High cost of major raw materials such as wheat, corn, oil and soybean meal makes it imperative for the Company to source alternative (and non-traditional) raw materials such as food by-products and other protein sources.

The registrant is not dependent on, nor has any major existing supply contract, with one or a limited number of its suppliers for the purchase of essential raw materials.

### **Customers**

The Company has various customers from all product lines and is not dependent on a single or few customers. The loss of one or two of its customers does not have any adverse material effect on its operations. No customer of the Corporation accounted for 20% of its sale. The Corporation has existing sales contracts with business partners and customers in the normal and regular business transactions.

### **Trademarks, Royalty and Patents**

Devices and logo being used by the Company are registered with the Intellectual Property Office to wit:

	<b>Date Registered</b>
• Vitarich and Devices	November 11, 2010
• Aqua V-Tech and Logo	January 20, 2011
• Gromax Incorporated and design	July 07, 2011
• Cook's Golden Dory all fresh all natural and device	January 14, 2015

The registration is renewable for another ten (10) years. The Company does not hold any other patent, trademark, franchise, concession or royalty agreement.

### **Certification**

Since 1999, the Corporation's Marilao – Feed Mill plant has been consistently complying and maintaining the certification with the ISO 9001 Quality Management System (QMS) through passing the rigid periodic surveillance audits by Certification International (CI). Such system enabled the Corporation to establish procedures that cover all key processes in the business, monitoring process to ensure that they are effective, keeping adequate records, checking output for defects with appropriate corrective actions, regularly reviewing individual processes and the quality system itself for effectiveness, thus facilitating continual improvement.

In 2007, the Corporation's commitment toward consistent product quality and safety was further strengthened when the three Company-owned feed mill facilities in Luzon, Visayas and Mindanao were certified with the International Organization for Standardization (ISO) for quality and feed safety management systems such as the ISO 9001: 2000 for Quality Management System (QMS) integrated with Hazard Analysis and Critical Control Points (HACCP) for the Luzon feed mill plant and ISO 22000:2005 Food Safety Management System (FSMS) for the Visayas and Mindanao feed mill plants. The Corporation has adopted and implemented preventive approaches to product safety that address physical, chemical and biological hazards in various aspects of feeds manufacturing along with the process and product inspection

On November 20, 2013, the Governing Board of Certification International Philippines, Inc. has re-certified the Corporation's Feedmill Plant in Luzon as conforming to ISO 9001:2008 and HACCP systems under Certification Nos. CIP/3999Q/07/10/544 and CIP/3999H/07/10/544, respectively.

At present, the Corporation is continuously complying and maintaining the requirements of the standards for Iloilo and Davao Feed Mill Plants. However, the Company disposed off its feed mill plant located in Marilao Bulacan in 2014 to further reduce the debt and to generate necessary working capital.

### **Government Regulations and Approval**

Compliance with environmental laws enhances good community and industry relationship and provides assurance to employees of their health and safety, thereby freeing Vitarich from violations and penalties.

Aside from compliance with the environmental laws, the Corporation also needs government approval for its principal products and services from the Bureau of Animal Industry (BAI) and the National Meat Inspection

Services (NMIS) for the registration of its feedmill, accreditation of chemical laboratory, accreditation of meat plant, cold storage, respectively, that will all ensure that only safe and wholesome products reach the consumers. The Corporation is also required to secure all applicable permits from the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR) – for its feedmill plant, dressing plant, rendering plant and hatcheries.

The Corporation and its subsidiaries have obtained all necessary permits, licenses and government approvals to manufacture and sell their products.

The Corporation and its subsidiaries have no knowledge of recent or impending legislation, the implementation of which can result in a material adverse effect on the Corporation and its subsidiaries' business or financial condition.

### **Research and Development**

The Company's research and development are centrally organized under the Research and Development Department to focus on the following core activities:

- Product Quality
- Research and Development
- Animal Nutrition

A Research and Development Manager directs these activities, which generally include the following:

- Animal nutrition
- Diagnostic laboratory services
- Feeds and feeds quality control
- Poultry genetic research
- New product development
- Technical extension services for contract breeders, growers and sales clients

In January 2001, the renovated Research Center of the Corporation was inaugurated. This upgraded the chemical laboratory capability and further improved the analysis procedure. Duration for analyzing was shortened through the acquisition of modern laboratory equipment.

The Chemical Laboratory handles most of the laboratory services needed for feed processing, from raw material analyses to finished products tests. The Diagnostic Laboratory handles all the laboratory support related to feed and food safety as well as the surveillance, prevention, and diagnosis of diseases to ensure health maintenance of livestock.

To ensure that its edge in the reliability and accuracy of its analysis is kept, equipment are continuously upgraded, i.e. the LECO protein analyzer, Atomic Absorption Analyzer for macro and trace minerals including heavy metals, Gas Chromatograph (GC) analyzer for Fatty Acid analysis and flavors, Near Infrared System (NIRS) for the simultaneous determination of various nutrients, the Ankom Fiber analyzer, Active water analyzer and UV Vis equipment for some mineral and enzyme analysis. The Diagnostic Laboratory also acquired additional capabilities, particularly for swine serological tests.

For research and development activities, the Corporation spent P3.13M in 2015, P3.68M in 2014 and P3.02M in 2013.

### **Cost and Effects of Compliance with Environmental Laws**

The Company generally complies with all environmental laws and regulations implemented by the Environmental Management Bureau of the Department of Environment and Natural Resources and invest appropriately to ensure compliance.

To ensure that its facilities are compliant with existing environmental laws, the Company implemented the following activities:

1. Ambient air testing of the surrounding areas of the plant, i.e., NESW, which incurred P5,000 together with noise monitoring in the said stations. With favorable results, the plant is in compliance with the Standards of the Clean Air Act of the Philippines. This ensures emissions such as particulate matter coming from the plant do not adversely affect the environment.



2. Stack emission testing of boilers to ensure that the gases being emitted during operation of the boilers are within the Standards of the Clean Act of the Philippines. Testing cost amounted to P25,000 and with this testing it had monitored that emissions from the boilers are within the standards.
3. Regular monitoring of the final discharge of wastewater from dressing plant and hatcheries to ensure that water being discharged by the plants is in compliance with the Standards of the Clean Water Act. Quarterly monitoring as required by the law cost P2,000 or more per effluent sample depending on the parameters being required per plant.
4. Regular repair and maintenance of facilities and pollution control facilities attached to ensure good operating conditions and thereby prevent/control pollution coming from the plant.
5. Replacement of major equipment of the plant such as that of the rendering plant. A new cooker was purchased and additional odor control equipment/devices were installed to control odor emissions from the plant.
6. Annual renewal of Permits from DENR-EMB is secured. Cost varies for each plant ranging from P1,000 to 10,000.

### **Manpower Complement**

As of December 31, 2015 the Corporation and its subsidiaries have a total number of 644 employees composed of supervisors, managers, executives and rank and file, with 352 regulars and 292 contractual. The Corporation has a collective bargaining agreement with the union representing the Corporation's rank and file employees.

The Federation of Free Workers - Vitarich Corporation Employees / Workers Union Chapter (FFW – VEWU) is the duly authorized collective bargaining agent that represents all rank and file employees of the Corporation. On November 25, 2015, the Corporations signed a five-year Collective Bargaining Agreement that took effect on August 1, 2015 to July 31, 2020.

There are no issues pertaining to labor unrest.

### **Pension Costs/Retirement Benefits**

The Company maintains a partially funded, tax-qualified, noncontributory post-employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank, which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company's retirement benefits are based on years of service and one and one-fourth month's salary for every year of continuous service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement liability and the amount of contributions. The latest actuarial valuation of the plan is as at December 31, 2015.

Pursuant to the reintegration of the Gromax's business to the Company, effective April 1, 2015, Gromax transferred its employees to the Company. Retirement benefits accruing to these employees were transferred to the Company, accordingly.

### **Financial Risk Management**

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

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

#### Foreign Currency Sensitivity

To a certain extent, the Company 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 Company 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.

#### Interest Rate Sensitivity

As at December 31, 2015 and 2014, the Company has no significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Company has no borrowings that carry variable interest rates, which released the Company from any cash flow interest rate risk.

#### Credit Risk

Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets.

The Company 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 Company's policy is to deal only with creditworthy counterparties.

The Company's trade and other receivables are not exposed to a concentration of credit risk as the Company 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 Company requires collateral, generally land and real estate, from its customers.

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

The Company's basis in grading its neither past due nor impaired financial assets is as follows:

High grade:	ratings given to counterparties with strong to very strong capacity to meet its obligations.
Standard grade:	ratings given to counterparties with average capacity to meet its obligations.

#### Liquidity Risk

The Company manages its liquidity profile to be able to service its long-term debt as these fall due by maintaining sufficient cash from operations. The Company 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 Company is exposed to commodity price risk as the raw materials of its main products are subject to price swings. The Company's management actively seeks means to minimize exposure to such risk.

## **Item 2. PROPERTIES**

The Corporation operates and/or leases numerous production facilities, which include feed mills, dressing plants, and hatcheries. As of December 31, 2015, these facilities include the following.

	<b>Condition</b>	<b>Remarks</b>
<b>Feed Mill</b>		
Iloilo	Good	Owned/Mortgaged
Davao	Good	Owned/Mortgaged
<b>Dressing Plant</b>		
Marilao	Good	Owned/Mortgaged/Leased to third party
Iloilo	Good	Toll
Davao	Good	Owned/Mortgaged/Leased to third party
<b>Hatchery</b>		
Bulacan	Good	Toll
Iloilo	Good	Toll
Davao	Good	Toll

As the Corporation is focused on its corporate rehabilitation program, acquisition of major properties that require substantial capital investment is currently put on hold. Thus, the Corporation is taking a cautious stance at this time to invest, considering the present economic conditions in acquiring capital equipment. The Corporation will only consider any project, which is critical to its continued operations and likewise that which will generate substantial cost savings and higher return of investment.

### **Item 3. LEGAL PROCEEDINGS**

The insurance claim of Vitarich Corporation against Charter Ping An Insurance Corporation, formerly Philippine Charter Insurance Corporation, for P316 million plus 24% interest per annum from March 2010.

Vitarich Corporation filed with the Rehabilitation Court a motion to declare the rehabilitation of the Company successful.

### **Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There were no matters submitted to a vote of security holders during the calendar year covered by this report.

## **PART II – OPERATIONAL AND FINANCIAL INFORMATION**

### **Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS**

The registrant's common equity is principally traded in the Philippine Stock Exchange (PSE). The high and low sales prices for every quarter ended are indicated in the table below:

	<b>2014</b>		<b>2015</b>	
	<b>High</b>	<b>High</b>	<b>High</b>	<b>Low</b>
1st quarter	0.73	0.71	0.70	0.68
2nd quarter	0.85	0.75	0.79	0.75
3rd quarter	1.18	1.08	0.68	0.65
4th quarter	0.86	0.80	0.60	0.60

The closing price of the Corporation's common shares as of the last trading date – December 29, 2015 was P0.60 per share.

As of April 29, 2016, the latest trading date prior to the completion of this annual report, sales price of the common stock was at P0.88 / share.

There are no securities to be issued in connection with an acquisition, business combination or other reorganization.

### **Sales of Unregistered Securities**

On September 20, 2013, Vitarich Corporation agreed to issue 2,376,528,137 common shares to Kormasinc, Inc. due to the conversion of the latter's credit of P2,376,528,137 into equity of the Corporation. Ninety million, thirty thousand, two hundred thirty six (90,030,236) came from the unissued shares of the Corporation, while 2,286,497,901 came from the increase of the authorized capital stock of the Corporation from P500M to P3.5B. On October 16, 2013, the Securities and Exchange Commission approved the valuation of 90,030,236 shares and the increase in the authorized capital stock of the Corporation from P500M to P3.5B.

### **Holders**

The Corporation has only one class of shares i.e., common shares. The total number of stockholders as of April 30, 2016 is 4,295 and the total number of shares outstanding on that date was 2,786,497,901.

Total public ownership shares as of April 30, 2016 were 25.57%. The Company's Filipino-Foreign equity ownership as of April 30, 2016 is as follows:

	<b><u>No. Of Shares</u></b>	<b><u>% Ownership</u></b>
Shares owned by Filipino	2,524,564,552	91.00%
Shares owned by Foreigners	261,933,349	9.00%
<b>Total</b>	<b>2,786,497,901</b>	<b>100.00%</b>

### **Listed below are the top 20 stockholders of the Corporation as of April 30, 2016:**

<b><u>Name of Stockholders</u></b>	<b><u>Number of Shares</u></b>	<b><u>Percent to Total Outstanding</u></b>
PCD NOMINEE CORPORATION (FILIPINO)	2,487,143,534	89.26%
PCD NOMINEE CORPORATION (NON-FILIPINO)	259,790,029	9.32%
PACIFIC EQUITY INC.	10,843,717	0.39%
GRELI S. LEGASPI	2,390,000	0.09%
YAZAR CORPORATION	1,402,520	0.05%
MA. SOCORRO S. GATMAITAN	1,307,033	0.05%
MA. LOURDES S. CEBRERO	1,305,320	0.05%
MA. LUZ S. ROXAS	1,305,320	0.05%
JOSE M. SARMIENTO	1,305,320	0.05%
MA. VICTORIA M. SARMIENTO	1,305,320	0.05%
LORENZO M. SARMIENTO, JR.	841,095	0.03%
GLICERIA M. SARMIENTO	690,000	0.02%
DELIA S. ATIZADO	527,860	0.02%
NELIA CRUZ	527,850	0.02%
ERNESTO B. LIM	302,000	0.01%
ROGELIO M. SARMIENTO	290,000	0.01%
BARBARA ARLENE I. SARMIENTO	228,510	0.01%
BETINA ANGELINA I. SARMIENTO	228,510	0.01%

PACIFIC EQUITY, INC	226,500	0.01%
NORBERTO T. HOFELENA	220,778	0.01%
Other Stockholders	14,316,685	0.51%
<b>Total Shares Issued &amp; Outstanding</b>	<b>2,786,497,901</b>	<b>100%</b>

In 1995, the Corporation declared a cash dividend of P0.10 per share. But for the years 1996 up to 2014, the Corporation did not declare any dividend because of the losses suffered by the Corporation.

#### **Description of Vitarich Shares**

Securities of the Corporation consist entirely of common stock with par value of P1.00 per share. All shares are equally eligible to receive dividends and repayment of capital and each share is entitled to one vote at the shareholders' meeting of the Company.

#### **Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

Vitarich Corporation and its Subsidiaries generated a consolidated sale of goods of P3.4 billion as of December 31, 2015, 46% sales growth over previous year of P2.4 billion. Sale of goods per business segment follows:

- Food Segment:

Sale of goods of food segment increased by P428 million or 54%, from P794 million registered in 2014 to P1,222 million registered in 2015 due to increased turnover of poultry volume.

- Feeds Segment:

Sale of goods of feeds segment increased by P614 million or 30%, from P1,445 million registered in 2014 to P2,059 million registered in 2015 due to increasing sales from current and new customers.

- Farms Segment:

Sale of goods of farms segment increased by P37 million or 23%, from P127 million registered in 2014 to P164 million registered in 2015 due to better supply of day old chick (DOC) volume.

The Company's cost of goods sold consists primarily of raw materials and packaging costs, manufacturing costs, and direct labor costs. Cost of goods sold increased by P754 million or 35%, to P2.9 billion in 2015 from P2.2 billion in 2014 due to increase in sales volume.

**Vitarich gross profit for 2015 amounted to P507 million, ahead by P325 million or 178% from P182 million in 2014. Increased gross profit was mainly due to higher sales volume, better selling prices of foods and farm products, perfected farm efficiencies, improved feed production, and lower cost of raw materials.**

Operating expenses in 2015 of P421 million increased by 12% from P377 million in 2014 due to higher administrative expenses and selling and distribution expenses. Other operating income in 2015 of P38 million declined by 38% in 2014 primarily due to lower income from tolling operations related to the sale of hatchery properties.

**As a result of the above factors, the Company registered an operating income of P123 million in 2015, P246 million or 200% higher compared to 2014 operating loss of P123 million.**

**For the year, the Company incurred a net income of P8.6 million, 101% higher than the loss of P577.8 million in 2014.**

**Results of Operations:**

For the first quarter of 2016, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱ 1,166 million, higher by 70% from ₱685 million of same quarter last year. Higher consolidated revenues were due to the higher volume of animal and aqua feeds.

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

Raw material prices are improved compared last year due to cash on delivery (COD) buying. Major raw material prices continue to improve in the Company's favor. Soybean meal and yellow corn prices also remained stable during the 1<sup>st</sup> quarter but supply is becoming tight since harvest season was completed. The Company has positioned its requirements through forward booking.

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

**The Company generated gross profit of ₱154 million for the first quarter, 128% higher from a year ago due to improved efficiency of its poultry operations; production cost efficiency, improved inventory management and innovations within the Company and its products. The technological investments have allowed the Company to increase nutrient specifications embedded in the formula that lead to increased efficiency in the chickens. Vitarich feeds are customized based on the breed because each variety of chicken has its own dietary specifications.**

For the first quarter, consolidated operating expenses increased by 84% from ₱69 million from the first quarter of the previous year to ₱126 million.

Other operating income for the first quarter of 2016 decreased by 47% against the other operating income for the same period last year.

**The Company achieved an operating profit of ₱39.4 million or increase of 84% versus same period of last year as a result of positive results of its operations.**

Other income amounted to ₱0.1 million in 2016 and other charges amounted to ₱101 million in 2015. This has also resulted to a consolidated net income for the first quarter of ₱38 million as against last year's loss of ₱63 million.

**Corporate Action Plan:**

Despite the turbulent external environment that continues to beset it, notably a global increase in prices of ingredients used in feed manufacturing, the Company has demonstrated its agility and tenacity to maintain its leadership. As in the past, it has always managed to survive, get back to its feet and grow in new related endeavors that continue to be profitable notwithstanding price upheavals. It continues to be pioneering because of its strong leadership in cutting-edge feed technology, as now demonstrated in the nationwide program to develop the pangasius industry.

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 Company expects a turnaround in its operations in 2016. Relatively debt free and with sufficient working capital, the Company is now focused on growing its business. The Company has lined up the following programs that will help achieve its revenue and net income targets for 2016:

1. Expanding the poultry business by increasing breeder capacity;
2. Significantly increasing volume base by repositioning of animal and aqua feed lines;
3. Increasing food market base by developing chicken and dory value-added products;
4. Helping their 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.

## Financial Condition

Unaudited balance sheet as at March 31, 2016 vs. audited December 31, 2015

The Company's consolidated total assets as of March 31, 2016 stood at ₱2,543 million, slightly higher than December 31, 2015 level of ₱2,373 million. Total current assets increased from ₱1,483 million as at December 31, 2015 to ₱1,643 million as at March 31, 2016.

Cash balance increased to ₱212 million as at March 31, 2016 from ₱185 million as at December 31, 2015. The increase in cash was attributed to net cash inflows provided by operating activities.

Trade and other receivables account increased by 4% as a result of increase in sales.

Inventories increased by 31% due to the increase in purchases.

Other current assets account of ₱72 million as of March 31, 2016 decreased by 4% as compared to ₱75 million as of December 31, 2015 due to decrease in input VAT and CWT for the first quarter. Other non-current assets decreased by ₱2.2 million due to the decrease in security deposit and amortization of intangible asset.

Total current liabilities for the period ended March 31, 2016 amounted to ₱1,475 million, higher by 10% as compared to its balance as of December 31, 2015.

Stockholders' equity increased from ₱764 million to ₱802 million, due to net income posted as of the first quarter of 2016.

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

	Unaudited Mar 2016	Unaudited Mar 2015
Revenue (₱ million)	₱1,166	₱685
Cost Contribution (₱ million)	1,011	618
Gross Profit Rate (%)	13%	10%
Operating Income (Loss) (₱ million)	39.4	21.5

#### 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 ₱1,166 million, higher than the same period last year of ₱685 million, mainly because of higher sales volume of animal and aqua feeds.

#### 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.



## **2015 RESULTS OF OPERATIONS AS COMPARED AGAINST 2014 AND 2013**

Vitarich Corporation and its Subsidiaries generated a consolidated sale of goods of P3.4 billion as of December 31, 2015 higher by 46% and 24% over last year of P2.4 billion and P2.8 billion in 2013. Sale of goods per business segment follows:

### Food Segment:

Sale of goods of food segment increased by 54%, from P794 million registered in 2014 to P1,222 million registered in 2015 due to increased turnover of poultry volume.

### Feeds Segment:

Sale of goods of feeds segment increased by P614 million or 30%, from P1,445 million registered in 2014 to P2,059 million registered in 2015 due to increasing sales from current and new customers.

### Farms Segment:

Sale of goods of farms segment increased by 37 million or 23%, from P127 million registered in 2014 to P164 million registered in 2015 due to better supply of day old chick (DOC) volume.

The Company's cost of goods sold consists primarily of raw materials and packaging costs, manufacturing costs, manufacturing costs and direct labor costs. Cost of goods sold increased by P754 million or 35%, to P2.9 billion in 2015 from 2.2 billion in 2014 due to increase in sales volume.

Vitarich gross profit for 2015 amounted to P507 million, ahead by P325 million or 178% from P182 million in 2014. Increased gross profit was mainly due to higher sales volume, better selling prices of foods and farm products, perfected farm efficiencies, improved feed production, and lower cost of raw materials.

Operating expenses in 2015 of P421 million increased by 12% from P377 million in 2014 due to higher administrative expenses and selling and distribution expenses. Other operating income in 2015 of P38 million declined by 38% in 2014 primarily due to lower income from tolling operations related to the sale of hatchery properties.

As a result of the above factors, the Company registered an operating income of P123 million in 2015, P246 million or 200% higher compared to 2014 operating loss of P123 million.

Other charges of P122 million in 2015 is 18% and 813% lower compared to 2014 and 2013, respectively. The Company's other income/(charges) consisted of the following:

	<b>Years Ended December 31</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>OTHER INCOME (CHARGES)</b>			
Loss on sale of property, plant and equipment.			
investment properties and others	<b>(94,613,100)</b>	(629,318,641)	(17,300,399)
Legal fees	<b>(14,672,209)</b>	-	-
Impairment loss on:			
Other Current assets	<b>(3,095,532)</b>	-	-
Due from related parties	-	(3,051,516)	-
Property, plant and equipment	-	-	(17,487,630)
Gain (loss) on fair value changes of investment properties	<b>(1,685,952)</b>	(5,433,617)	(24,805,980)
Interest expense	<b>(220,535)</b>	-	(154,395,705)
Interest income	<b>170,676</b>	534,082	274,249
Loss on discounting of receivables	-	(49,189,508)	-

Provision for probable losses	-	(2,992,128)	(18,238,838)
Gain on debt to equity conversion	-	-	689,193,160
Reversal of unamortized day-1 gain	-	-	(681,822,369)
			)
Reversal of accrued interest	-	-	139,767,553
Others	(11,826,135)	-	-
	<b>(122,570,883)</b>	(689,451,328)	(84,815,959)

The Company recognized loss on sale of property, plant and equipment, investment properties and others amounted to P94.61 million and P629.32million in 2014 and 2013, respectively.

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 P49.2 million. Proceeds were used to offset portion of the Company's payable to Kormasinc. Loss on the discounting amounted to P49.2 million.

Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The Company recognized fair value loss on investment properties amounting to P1.7 million in 2015 and P5.4 million in 2014 and fair value gain amounting to P24.9 million in 2013.

The Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Impairment losses on due from related parties amounted to P3 million in 2015 and P0.1 million in 2014 and 2013, respectively.

Provision for probable losses decreased to P3 million in 2014, 84% lower compared 2013. Interest income amounted to P170, 676 in 2015 and P534, 082 in 2014.

For the year-end, the Company incurred a net income (loss) of P7, 175,811 for 2015, (578,213,353) for 2014 and (400,970,850) for 2013.

### **Financial Condition**

Total assets as of December 31, 2015 amounted to P2.37 billion, the same as last year's level.

The Company's cash of P185 million was lower by 23% versus last year's P242 million due to continuous update of payables. Trade and other receivables of P890 million increased by 10% versus last year's P809 million due to increase in sales. Inventories of P333 million went up by 24% from previous year's balance of P269 million due to higher raw materials and livestock inventories. Other current assets of P75 million increased by 36% versus last year due to usage of VAT input tax last year.

Investment properties of P428 million decreased by 30% versus last year due to the disposal of noncore investment properties. Net deferred tax asset increased by 265% due to recognition of deferred income tax expense (benefit) relating to origination and reversal of temporary differences. Other noncurrent assets increased by 878% due to the upgrade of the Company's IT infrastructure.

Payable to stockholder of P407 million decreased by 13% due to payments out of proceeds from sale of investments properties.

The transfer of interest in 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 P681.8 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 P689.2 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:

	Relationship	Nature of Transactions	2015		2014	
			Amount of Transactions	Outstanding Balances	Amount of Transactions	Outstanding Balances
Kormasinc	Parent Company	Restructured debt acquired	<b>((P63,272,000)</b>	<b>175,027,457</b>	(P399,589,509)	₱ 237,299,457
		Trade payables acquired	-	<b>32,097,944</b>	32,097,944	32,097,944
		Interest on restructured debt	-	<b>199,985,490</b>	-	199,985,490
				<b>₱ 407,110,891</b>		<b>₱ 470,382,891</b>

The terms of the payment of the loan are still subject to negotiation. Interest on the loan from the period September 2013 to December 2015 was waived by Kormasinc. Proceeds from the disposal of several core and noncore assets amounting to P63.3 million and P350.4 million in 2015 and 2014, respectively, were applied against the outstanding debt.

*Reversal of Accrued Interest.* Accrued interest amounting to P139.8 million pertaining to the restructured debt was reversed to other income in 2013 arising from the acquisition of the debt by Kormasinc.

*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 P49.2 million. Proceeds were used to offset portion of the Company's payable to Kormasinc. Loss on the discounting amounted to P49.2 million.

*Trade Payables acquired by Kormasinc.* In 2014, Group trade payables aggregating P32.1 million were acquired by Kormasinc from suppliers.

*Interest Expense.* Interest expense computed on the restructured debt shown as part of total interest expense in the 2015 and 2014 consolidated statements of comprehensive income is as follows:

	2015	2014
Accretion of discount	-	-
Nominal interest payable to creditor banks/SPAVs	-	-
Others	220,535	-
	<b>P220,535</b>	<b>₱-</b>

Income tax payable of P30,111 decreased by 99% from P4.6 million in 2013 due to the application of creditable withholding taxes.

Noncurrent liabilities of P263 million increased by 2% from P257 million in 2014.

Stockholders' equity as of the end of December 31, 2015 amounted to P764 million, higher than 2014's P754 million.

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

2015	2014
------	------

Revenue (Php billion)	3.45	2.37
Cost Contribution (Php billion)	2.94	2.18
Gross Profit Rate (%)	17%	8%
Operating Margin (Php billion)	123.2	-0.123

5) Sales Volume, Price, and Revenue Growth

Consolidated revenue, composed of feeds, day old chicks, chicken, and dory fish sales, amounted to P3.45 billion, 46% higher than the same period last year of P2.37 billion, driven, by increased in sales volume.

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

Operating margin 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.

5) Plant Capacity Utilization

This determines total usage of the plant capacity. The higher the plant utilization, the better the productivity, which translates to better margin.

**All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period** - Not applicable.

**Any material commitment for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described** - Not applicable.

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

**Any known trend, or any demand, commitment, event or uncertainty that will result in or that are reasonably likely to result to registrant's liquidity increasing or decreasing in any material way** - None

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

**2013 RESULTS OF OPERATIONS AS COMPARED AGAINST 2012 AND 2011**

Vitarich Corporation and its Subsidiaries generated a consolidated sale of goods of P2.8 billion as of December 31, 2013, lower by 9% over last year of P3.1 billion but 3% higher than 2011 level. Sale of goods per business segment follows:

Food Segment:

Sale of goods of food segment increased by 3%, from P910 million in 2012 to P935 million in 2013 due to better performance of the Dory business.

Feeds Segment:

Sale of goods of feeds segment decreased by 14%, from P1,997 million in 2012 to P1,717 million in 2013 due to lower volume of animal and aqua feeds. Hog depopulation, fish kill, and unavailable fingerlings were the reasons for lower feeds volume.

Farms Segment:

Sale of goods of farms segment decreased by 12%, from P152 million in 2012 to P134 million in 2013 due to lower selling price of day old chick (DOC).

The Company's cost of goods sold consists primarily of raw materials, manufacturing costs, and direct labor costs. Cost of goods sold of P2.7 billion decreased by 4% in 2013 from P2.8 billion in 2012 mainly due to lower sales volume but higher by 8% over 2011.

Vitarich gross profit for 2013 amounted to P85 million, lower by 67% and 56% as compared to 2012 and 2011, respectively. Decreased gross profit was mainly due to declined volume and lower selling price.

Operating expenses in 2013 of P445 million increased by 19% from P375 million in 2012 and by 14% as compared to 2011 primarily due to higher administrative, selling, and distribution expenses. Other operating income of P126 million declined by 14% over 2012 primarily due to lower income from tolling operations but higher by 17% as compared to 2011.

As a result of the above factors, the Company registered an operating loss of P234 million, lower by P266 million and P143 million over 2012 and 2011, respectively.

Other charges/(income) of P85 million decreased by 44% and 50% as compared to 2012 and 2011, respectively. The Company's other charges/(income) consisted of the following:

	<b>Years Ended December 31</b>		
	<b>2013</b>	2012	2011
<b>OTHER CHARGES (INCOME)</b>			
Gain on debt to equity conversion	<b>(689,193,160)</b>	–	–
Reversal of unamortized day-1 gain	<b>681,822,369</b>	–	–
Interest expense	<b>154,395,705</b>	193,284,039	190,082,768
Reversal of accrued interest	<b>(139,767,553)</b>	–	–
Loss (gain) on fair value changes of investment properties	<b>24,805,980</b>	(51,053,643)	(35,639,909)
Provision for probable losses	<b>18,238,838</b>	–	–
Impairment loss on:			
Property, plant and equipment	<b>17,487,630</b>	–	–
Project development cost	–	10,456,132	10,456,132
Due from related parties	–	90,000	3,950,463
Loss (gain) on sale of property, plant and equipment and investment properties	<b>17,300,399</b>	(39,000)	–
Interest income	<b>(274,249)</b>	(500,117)	(715,855)
	<b>84,815,959</b>	152,237,411	168,133,599

The Company recognized P689 million gain on debt to equity conversion in 2013. Reversal of unamortized day-1 gain of P681 million was booked in 2013. Interest Expense in 2013 amounted to P154 million; lower than last year's P193 million and 2011's P190 million. Reversal of accrued interest of P140 million was also recognized in

2013. Loss on fair value changes of investment properties of P25 million and provision of probable losses of P18 million were reported in 2013. Impairment loss property, plant, and equipment, project development cost, and due from related parties of P17 million in 2013 increased by 66% and 21% as compared to 2012 and 2011, respectively. The Company recognized a loss on sale of property, plant, and equipment amounting to P17 million in 2013. Interest income of P0.3 million went down by 45% over last years' P0.5 million and by 62% over 2011's P0.7 million. Income tax for the year amounted to P82 million.

For the year-end, the Company incurred a net loss of P400 million, 238% and 69% higher than the loss of P119 million in 2012 and P237 million in 2011, respectively.

#### **Item 7. FINANCIAL STATEMENTS**

The Consolidated Audited Financial Statement of the Corporation for the year-ended December 31, 2015 including the applicable schedules listed in the accompanying index to financial statements and supplementary schedules are filed as part of this form 17-A.

#### **Significant Employees**

There are no persons other than the Directors and Executive Officers expected to make a significant contribution to the business of the Corporation.

#### **Involvement in Certain Legal Proceedings**

The registrant has no knowledge of any event during the past five (5) years up to the latest filing date in which any of its director or executive officer being involved in any criminal or bankruptcy proceedings or subject of any order or judgment of any court or quasi-judicial agency, whether local or foreign effecting his involvement in business, securities, commodities or banking activities.

#### **Certain Relationship and Related Transactions.**

There was no transaction or proposed transaction for the last two (2) years to which the Corporation was or is to be made a party wherein any of the following were involved:

- a. any director / executive director;
- b. any nominee for election as director;
- c. any security holder of certain record, beneficial owner or member of management; and
- d. any member of the immediate family of (a), (b) or (c).

#### **Related Party Transactions**

(Please refer to Note 21 of the Audited Consolidated Financial Statements of the Corporation – December 31, 2015).

### **PART IV – EXHIBITS AND SCHEDULES**

#### **EXHIBITS AND REPORTS ON SEC FORM 17-C**

(a) Exhibits

The exhibits, as indicated in the Index to Exhibits are either not applicable to the Corporation or require no answer.

(b) Reports on SEC Form 17-C

The following are the items reported under SEC Form 17-C

### **PART V – CORPORATE GOVERNANCE**

<b>Date of Report</b>	<b>REMARKS</b>
March 18, 2015	Reintegration of Gromax's business into the core business of Vitarich Corporation
March 31, 2015	Board Approved Vitarich Corporation 2014 Audited FS
April 30, 2015	Vitarich Corporation Notice Annual General Meeting
May 11, 2015	Amended Notice of Annual General Meeting
June 26, 2015	Vitarich Corporation's Results of Annual General Meeting
June 24, 2015	Advisement Letter to SEC for Posting Minutes of AGM of Vitarich Corporation
July 24, 2015	Certification of Independent Director Atty. Rondain
July 24, 2015	Certification of Independent Director Mr. Escueta
September 4, 2015	RTC order for Vitarich to pay docket fee on its complaint against Charter Ping An Insurance Corporation
September 21, 2015	Vitarich Corporation's special report and manifestation for its Rehabilitation Exit
October 2, 2015	Demise of Company's Director, Mr. Angelito M. Sarmiento
November 5, 2015	Vitarich Corporation petition for successful exit from Corporate Rehabilitation
November 5, 2015	Amended SEC Form 17-C for Vitarich petition to court to exit from Corporate rehabilitation
February 2, 2016	Change in Company's Officer: Expiration of Probationary employment of Mr. Ramon C. Jimenez
February 29, 2016	Vitarich Corporation and De La Salle Araneta University (DLSAU) Educational Partnership
March 21, 2016	Approval of 2015 Audited FS
March 21, 2016	Change in Company's Officer: Resignation of Atty. Pedro T. Dabu, Jr. and Appointment of Atty. Mary Christine Dabu-Pepito as Asst. Corporate Secretary, Compliance Officer and Corporate Information Officer of Vitarich Corporation
April 18, 2016	Agreement of Vitarich Corporation and Kormasinc, Inc.
April 18, 2016	Notice of Vitarich Annual General Meeting
April 18, 2016	Election of Mr. Jose M. Sarmiento as Company's Director
April 28, 2016	Vitarich letter reply to PSE regarding Vitarich and Kormasinc, Inc Agreement

On September 2, 2002, the Corporation submitted to the Securities and Exchange Commission its Manual of Corporate Governance in accordance with SEC Memorandum Circular No. 2 Series of 2002 dated April 4, 2002. Thereafter, a Compliance Officer was appointed to monitor compliance with the said Manual.

#### **Evaluation System to Measure Compliance with Manual to Corporate Governance**

There is no particular system presently being applied to measure the Corporation's compliance with the provisions of its Manual on Good Corporate Governance.

The Company has substantially complied with the provisions of its Manual on Corporate Governance. As required by the Commission, a Certification of Compliance with the Manual was submitted in January 10, 2014.

**Measures being undertaken to fully comply with the Adopted Leading Practices on Good Corporate Governance**

The following are some of the measures undertaken by the Corporation to ensure that full compliance with the leading practices on good governance are observed:

1. Compliance Officer has been designated to monitor compliance with the provisions on requirements of the Corporation's Manual on Corporate Governance;
2. The Corporation has designated an audit committee, and a compensation & nomination committee;
3. The Corporation has elected two independent directors to its Board;
4. The nomination committee pre-screens and shortlists all candidates nominated to become directors in accordance with the qualification and disqualification set up and established;
5. During the scheduled meetings of the Board of Directors, the attendance of each director is monitored and recorded; and
6. The directors & officers were provided copies of the Manual of the Corporate Governance of the Corporation for their information, guidance and compliance.
7. Risk and Governance Committee has been created

**Deviation from the Corporation's Manual of Corporate Governance**

The Corporation substantially complied with the Corporate Governance Guidelines for Companies Listed on the Philippine Stock Exchange ("Guidelines") for the year 2015.

There is no deviation of any kind from the registrant's Manual of Corporate Governance nor was there any disclosure of the name and position of the person/s involved and sanction/s imposed on any individual.

**Any plan to improve corporate governance of the company**

The Company will continue monitoring compliance with its Manual on Corporate Governance to ensure full compliance thereto.



**P R O X Y**

**KNOW ALL MEN BY THESE PRESENTS:**

The undersigned stockholder of **VITARICH CORPORATION** the ("Corporation"), hereby:

1. Constitutes and appoints **ROGELIO M. SARMIENTO** or in his absence, or if there is no proxy specifically designated in the foregoing space, the CHAIRMAN OF THE BOARD OF THE CORPORATION, or in his absence, the PRESIDENT OF THE CORPORATION, or in his absence, the CHAIRMAN OF THE MEETING, as his duly constituted proxy with full power of substitution and appointment, to vote, for and in his behalf, all of the \_\_\_\_\_ shares of the capital stock of the Corporation registered in the name of the undersigned stockholder in the books of the Corporation, at the Annual Meeting of the Stockholders of the Corporation to be held at **7RS Restaurant, Rosalie's Building, Patubig, Marilao, Bulacan** on **Friday, June 24, 2016** at **2:00 in the afternoon** and at any adjournment (s) or postponement (s) thereof, as follows:

SUBJECT	FOR	AGAINST	ABSTAIN
1. Approval of the minutes of the previous annual stockholders' meeting			
2. Confirmation and ratification of the acts of the Board of Directors and Officers;			
3. Election of Directors			
4. Appointment of the External Auditor;			
5. Appointment of the Stock and Transfer Agent			

❖ Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote "FOR" the items above.

2. Revokes any proxy or proxies, or similar authorization, heretofore given to any other person or persons, and the power and authority herein granted shall continue to exist until the same shall have been expressly revoked in writing by the undersigned stockholder or by the latter's personal attendance at the stockholders' meeting; and
3. Declares that his/her personal attendance or execution of a subsequent specific proxy for any particular stockholders' meeting shall suspend this proxy but only for purposes of such particular meeting.

FULL DISCRETION	
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\_\_\_\_\_, at \_\_\_\_\_.

\_\_\_\_\_  
Printed Name of Stockholder

\_\_\_\_\_  
Signature of Authorized Signatory

(Partnerships, Corporations and Associations must attach certified resolutions thereof designating Proxy/Representative and Authorized Signatories)