

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

Held on Friday, 24 June 2016 at 2:00 PM
at Marilao, Bulacan

PRESENT:

	Number of Shares	Percentage
Total Shares Present	2,076,657,855	74.53%
Total Outstanding Shares	2,786,497,901	100.00%

ALSO PRESENT:

MR. JOSE VINCENTE C BENGZON, III	- Chairman of the Board
MR. ROGELIO M. SARMIENTO	- Vice-Chairman/President/CEO
MR. BENJAMIN I. SARMIENTO, JR.	- Director
MR. JOSE M. SARMIENTO	- Director
MR. RICARDO MANUEL M. SARMIENTO	- Director/EVP/COO
MS. STEPHANIE NICOLE S. GARCIA	- Director/Treasurer/CFO
MR. LORENZO VITO M. SARMIENTO, III	- Director
MR. MANUEL D. ESCUETA	- Independent Director
MR. LEVI F. DIESTRO	- Director
ATTY. JUAN ARTURO ILUMINADO C. DE CASTRO	- Director
ATTY. TADEO F. HILADO	- Corporate Secretary
ATTY. MARY CHRISTINE DABU-PEPITO	- Ass't. Corporate Secretary and Compliance Officer

I. CALL TO ORDER

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.

II. CERTIFICATION OF NOTICE AND EXISTENCE OF A QUORUM

The Corporate Secretary certified that written notices of the annual general meeting of the stockholders were sent to all stockholders of record as of 24 May 2016.

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, 2,076,657,855 shares or 74.53% of the outstanding capital stock and entitled to vote were present in person or by proxy during the meeting.

III. APPROVAL OF THE MINUTES OF THE ANNUAL GENERAL MEETING OF THE STOCKHOLDERS HELD ON JUNE 26, 2015

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders of the Corporation held on 26 June 2015 was dispensed with and the said minutes were approved.

IV. REPORT OF THE MANAGEMENT

Mr. Ricardo Manuel M. Sarmiento, Executive Vice President and Chief Operating Officer, presented the President's report on the operations and financial statements of the Corporation for the year 2015. His report is as follows:

“Good afternoon ladies and gentlemen! In behalf of Vitarich Corporation, I would like to welcome everyone to this year's Annual General Meeting. I have the honor of presenting today our general report on the operations of Vitarich for 2015.

In 2015, Vitarich generated a total sales turnover of P3.4B. This figure represents 46% sales growth over our previous year turnover of P2.4B. This growth was delivered by chicken and feeds tie-up businesses. The sales numbers, particularly for Luzon, validates the turn-around of the company as a result of key decisions made in 2014.

Sales of goods from our food business increased to P1.2B in 2015, delivering 54% jump from previous year. This significant contribution of our Foods Group was largely driven by our poultry business - the sale of live and dressed chicken sourced from our contract growing partners. We were also favored with higher than expected prices of chicken, especially during the second half of the year and also because of superior farm efficiencies of our contract growers and farm partners resulting in good harvests and lower costs.

Sales of goods of Feeds Group increased by P614M or 42% from P1.445B registered in 2014 to P2.059B in 2015 due to increasing sales from current and new customers. The improvement in our Feeds sales can be attributed to the shift to tolling operations, with it generating better cost efficiencies, in 2015. The capability to source and pay for the right quality of raw materials resulted in a better suite of product offerings, enabling our feeds sales group better channel distribution and penetration.

Sales of goods of DOC's farms increased by P37M or 29% from P127M in 2014 to P164M in 2015. This turnover was a result of our livestock group availing of their DOC supplies to commercial farms.

Vitarich's gross profit in 2015 amounted to P507M, ahead by P325M or a 178% increase over previous year. It is also noteworthy that profitability was sustained in all 12 months of the year. Increased gross profit was mainly due to higher topline results, better selling prices of foods and farm products, superior farm efficiencies, improved feed production and lower cost of raw materials.

Prices of raw materials was a significant factor behind the positive cash margins and the over-all good trading results that were generated in the full year of 2015. The company benefitted significantly from the relatively low price of major raw materials like soybean meal and yellow corn. Price stability was generally felt throughout the year although there were fluctuations, mostly caused by volatility of exchange rates. Overall, the purchasing team enjoyed better negotiating position to buy and pay on time the right materials and the right specifications that were needed for our product ranges of feeds. There were challenges with local supply and prices of local

corn and rice bran due to typhoons and supply situations. Our better bargaining position served the company well to hurdle these abnormal supply chain events.

KPI's from raw materials and finished feeds inventory stockholdings were introduced and enforced in 2015. These helped reduce over-all stockholding costs and resulted in quicker stock inventory turn-around. It also forced accountability by people in handling this critical area of operations. Energy, protein and bulk materials were kept within 7 to 14 days inventory. Achievement of these KPI's started to be met during second half of the year. Inventory and over-all logistics management were key areas of restructuring and improvement in 2015.

Operating expenses in 2015 of P421M increased by 12% from P377M in 2014 due to higher administrative expenses and selling and distribution costs. As can be expected, the 46% expansion of our turn-over from previous year required a similar expansion of our back-end operations, thus, incurring increase in the overhead and operating expenses.

Other operating income in 2015 of P38M declined by 48% versus previous year as a result of our disposal of our hatchery properties which were previously generating tolling revenues. Similarly, with the sale of our main Marilao feed mill complex, the tolling revenue from the same came to an end.

The company registered operating income of P123M in 2015, P246M or 200% higher compared to 2014 operating loss of P123M. The key influencing factors were higher sales volumes and lower costs.

Following our 2015 external audit, we took up charges amounting to P115M. These charges consist of the following:

- a. P95M loss on sale of our hatchery properties;
- b. taking up P4M provision for impairment, mainly input tax charges; and
- c. P15M docket fees on an insurance claim lodged previously

Net of these adjustments, the company incurred a net income of P8.6M, a turn-around from previous year's losses.

The management of account receivables was a key focus point in 2015. Month-on-month, we measured days receivables as a key performance indicator. By persisting with strict collection policies and adhering to agreed payment terms, the company filtered out of its customer base delinquent accounts which drain working capital. We did initially suffer backlash in the form of lower and cancelled orders from customers used to stretching their payment dates arbitrarily. However, by consistently implementing our policies, we were able to sustain a good base of complying customers who pay us per our agreements. Our collection policies also brought about culture or mindset change in the business, particularly in the sales groups.

In 2015, the guiding principle was to pay creditors and all government obligations on time. Throughout 2015, it is noteworthy

that the company funded its growth, discharged a large portion of its legacy statutory debt and acquired operational tools internally without any new money nor external borrowing and loans. The expansion of the company's capitalization does not allow it to relax on the cost controls that it has set in its policies. The prudence and governance of its cash flows will remain and will even be further streamlined.

The company filed a Petition for Corporate Rehabilitation in 2006. Programs were instituted under a 15-year rehabilitation plan. Nine years later in November 2015 or 6 years ahead of schedule, the company filed for a successful exit out of corporate rehabilitation. The company anticipates that its application, which is currently pending in the rehabilitation courts in Marilao, will be favorably considered by the courts and official exit from corporate rehabilitation will be formally announced soon. We had complied with all of the court's documentary requirements and submissions to ask for final and formal exit from corporate rehabilitation.

One of the company's core values stipulates that its employees are its most important asset. Along this line, the company launched Lifetime Profitable Partnership or LPP as a centerpiece program that espouses core values aimed at building relationships and growing business within its corporate culture. This will be an ongoing program that will also encompass the company's customers and suppliers in its scope.

We have lined up several programs for 2016 that will help us achieve our targets.

For our poultry operations, we will sustain the high efficiency and productivity of our poultry farms. We will continuously evaluate the improvement of our contract to buy partnership to ensure good quality day old chicks production output. We will strengthen technical service assistance to both contract growers and contract to buy partners by deploying only technically equipped field personnel. We will deal with hands on growers to equip farm facilities for productive partnership. We will give priority to good performing growers as a gesture of recognition for their achievements.

For foods, given our strategy to ensure increased profitability, we need to sustain good margins through: developing additional HRI clients with stable and good profit margins; establishing more business partnerships with reputable supermarkets for consistent sales volume supply; expanding distribution base outside the following areas: Davao, Gen. San., Cagayan De Oro, Kidapawan, Surigao, Bukidnon and in Iloilo, we will reach out to Roxas and Bacolod. We will tap established Halal trade clients. We will regularly monitor dressing plant compliance on general manufacturing practices to assure attainment of right efficiency and good meat recovery. We will develop value added products to increase revenue and eliminate fall downs. Our Dory line is undergoing business review.

For our feeds group, we shall significantly increase our volume in profit by developing the following: by establishing stronger partnerships with current and new customers who want to grow their business and progress and join us in our LPP program; by increasing Vitarich distribution and end-user base in high potential markets

particularly in Luzon; by undertaking aggressive product value promotions, extensive distribution coverage, aggressive farm selling and delivery of the highest customer sales and technical services.

We see stability in our key raw material pricing for the rest of the year, with the exception of US soybean meal, which is forecasted to increase in the last quarter of this year. We are planning to continue to import some of our major raw material requirements such as corn, distiller's dried grains with solubles and soybean meal or whichever provides good savings and meets our strategic criteria for buying. We are doing three months advance positioning of local raw materials with our traders. We also plan to continue the importation of Methionine MHA as we see big savings contribution to animal feeds.

The company will source funding for its planned growth and working capital requirements estimated at P200M. These projects include:

- a. The Davao Animal Toll Feed Mill - ground breaking was held last June 8 and construction is targeted for completion in May 2017, on a proposed tolling arrangement;
- b. Davao Aqua Toll Feed Mill, which will be in operation in July 2016, also on a tolling arrangement; and
- c. A new Luzon Animal Feed Mill. With most of our CTB-tie up partner farms located in the Northern Luzon, we are looking at securing our own feed mill plant.

Our 2015 annual report is a good report card to all of you who have stayed in Vitarich.

At this juncture, I would like to give a snapshot review of our 2016 year-to-date status of our operation. We geared for growth and profitability when we started the new year. As of end of May, our sales were tracking well ahead of the same period last year. Most of the growth was coming from our chicken and contract to buy feeds tie-up program. Our flagship feed business is facing challenges in the market but is showing noticeable improvement from their previous year position. On the profitability side, we are showing better results compared to the same period last year. The higher rate of profit was due to lesser level of expenses and better contribution margins compared to the first 5 months of 2015.

As the leadership team of Vitarich, the good results of 2015 have given us fair ground to pursue better results this year. Our 2016 year-to-date results are encouraging as benchmarked versus our performance levels of last year. We continue to calibrate our annual plan versus our capabilities, our limitations and market developments. We are doing this to ensure we will not stray away from the fundamental guidelines we have set, namely manage growth and sustain profitability, which should be down to increasing shareholder value. I, therefore, look forward to meeting you again next year to report similarly good news for everyone. Once again, thank you for your presence today. I take this opportunity to express our sincerest gratitude for your continued confidence and support to Vitarich. I wish everyone a good afternoon."

After Mr. Sarmiento's report, Ms. Enedina Diesta, one of the shareholders, inquired if there is a particular department to monitor the programs presented by Mr. Sarmiento and if there is a regular report on the progress or development of the said programs.

Mr. Sarmiento answered in the affirmative, assuring Ms. Diesta and the rest of the shareholders that there is at least one department for each program and that the management does its best to monitor the programs and see that these are executed properly.

There being no other questions and upon motion duly made and seconded, Mr. Sarmiento's report was noted.

V. CONFIRMATION AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL MEETING

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

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

VI. APPROVAL OF THE PROPOSED AMENDMENT TO ARTICLE III OF THE AMENDED ARTICLES OF INCORPORATION

The Chairman informed the body that during the regular meeting of the Board of Directors held on May 10, 2016, the proposed amendment of the Articles of Incorporation to reflect the change in the principal office of the corporation was approved by at least a majority of the Board of Directors and was embodied in Resolution No. 2016-22. Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders:

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation change, as it hereby changes, its principal address from MacArthur Highway, Brgy. Abangan Sur, Marilao, Bulacan to Vitarich Compound, Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan;

“RESOLVED, FURTHER, that in view of such change, Article III of the Amended Articles of Incorporation be, as it is hereby amended further, to read as follows:

THIRD: That the principal office of the Corporation is to be established or located at Vitarich Compound, Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan.”

VII. ELECTION OF DIRECTORS

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

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

Upon motion duly made and seconded, the nominations were declared closed. The Secretary, as instructed by the Chairman, casted 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. Benjamin I. Sarmiento, Jr.;
4. Mr. Jose M. Sarmiento;
5. Mr. Ricardo Manuel M. Sarmiento;
6. Ms. Stephanie Nicole S. Garcia;
7. Mr. Lorenzo Vito M. Sarmiento III;
8. Mr. Levi F. Diestro
9. Atty. Juan Arturo Iluminado C. de Castro
10. Atty. Eduardo T. Rondain; and
11. Mr. Manuel D. Escueta.

VIII. APPOINTMENT OF THE EXTERNAL AUDITORS

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.”

IX. APPOINTMENT OF THE STOCK AND TRANSFER AGENT

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 for the ensuing year and to serve as such until its successors shall have been appointed and qualified.”

X. ADJOURNMENT

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

ATTESTED BY:

JOSE VICENTE C. BENGZON III
Chairman of the Board

TADEO F. HILADO
Corporate Secretary