COVER SHEET

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S.E.C. Registration Number

V I T A R I C H   C O R P O R A T I O N

(Company's Full Name)

M A C A R T H U R   H I G H W A Y   A B A N G A N   S U R

M A R I L A O   B U L A C A N

(Business Address: No. Street City / Town / Province)

TERESITA RIMANDO

Contact Person

843-30-33

Company Telephone Number

1 2 - 3 1

Month Day

Fiscal Year

1 7 - - Q

FORM TYPE

Last Friday

0 6

Month Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC Form 17-Q

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

1. For the quarterly period ended **SEPTEMBER 30, 2010**

2. Commission Identification Number **21134**

3. BIR Tax Identification No. **- 000-234-398**

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

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

(SEC Use Only)
6. Industry Classification Code

7. **MC ARTHUR HIGHWAY, ABANGAN SUR, , MARILAO, BULACAN 3019**
   Address of principal office Postal Code

8. **843-30-33; 843-02-37 to47 Connecting all departments**
   Registrant's telephone number, including area code

9. **N/A**
Former name, address and/or former fiscal year if changed since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock - Shares outstanding	**409,969,764**

11. Are any or all the securities listed in the Philippine Stock Exchange?

Yes (**x**) No ( )

12. Check whether the registrant:

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

Yes [**x**] No [ ]

(b) has been subject to such filing requirements for the past 90 days.
Yes [ ] No [**x**]

VITARICH

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

VITARICH CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2010 AND 2009
(IN THOUSANDS)

	2010	2009	2010	2009	AUDITED
	JAN - SEPT	JAN- SEPT	JULY-SEPT	JULY-SEPT	DEC 31, 2009
SALES OF GOODS	1,591,930	2,052,540	598,574	692,451	2,630,743
COST OF GOOD SOLD	1,406,169	1,816,580	555,743	598,492	2,434,353
GROSS PROFIT	185,761	235,960	42,831	93,959	196,390
OTHER OPERATING EXPENSES (INCOME)					
Operating Expenses	268,223	268,490	93,925	90,294	299,625
Other Operating Income	(57,686)	(43,077)	(25,405)	(12,235)	(114,828)
	210,537	225,413	68,520	78,059	184,797
OPERATING PROFIT (LOSS)	(24,776)	10,547	(25,689)	15,900	11,593
OTHER CHARGES (INCOME)					
Finance costs					227,784
Fair value loss(gain) from investment property					19,666
Impairment loss on intangible asset					10,456
Gain on sale of investment property and property and equipment - net					(130)
Finance income					(38)
	-	-	-	-	257,738
PROFIT (LOSS) BEFORE TAX	(24,776)	10,547	(25,689)	15,900	(246,145)
TAX EXPENSE (INCOME)					(19,858)
PROFIT (LOSS) FOR THE YEAR	(24,776)	10,547	(25,689)	15,900	(226,287)
OTHER COMPREHENSIVE INCOME					
Additional revaluation increment on property,plant & equipment					73,413
Tax expense					(22,024)
	-	-	-	-	51,389
TOTAL COMPREHENSIVE INCOME (LOSS)	(24,776)	10,547	(25,689)	15,900	(174,898)
EARNING / (LOSS) PER SHARE WERE COMPUTED AS FOLLOWS:					
Profit (loss)	(24,776)	10,547	(25,689)	15,900	(226,287)
Divided by the weighted average number of outstanding shares	409,970	409,970	409,970	409,970	409,970
EARNING/ (LOSS) PER SHARE	(0.060)	0.026	(0.063)	0.039	(0.55)

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2010 AND THE YEAR ENDED DECEMBER 31, 2009
(IN THOUSANDS)

ASSETS

	SEPT 2010	(audited) DEC. 2009
CURRENT ASSETS		
Cash	30,985	56,482
Trade & other receivables-net	704,626	715,550
Inventories - net	503,634	486,705
Due from related parties - net	101,630	102,906
Other current assets	35,280	12,322
Total Current assets	1,376,155	1,373,965
NON-CURRENT ASSETS		
Trade & Other Receivables - net	234,138	190,622
Property, plant and equipment - net	1,733,120	1,749,778
Investment property	706,278	706,278
Other Non-current Assets - net	36,718	30,359
Total Non - Current assets	2,710,254	2,677,037
TOTAL ASSETS	4,086,409	4,051,001

LIABILITIES AND STOCKHOLDERS' EQUITY

	SEPT 2010	(audited) DEC. 2009
CURRENT LIABILITIES		
Interest-bearing loans -net	32,876	32,876
Trade & other payables	923,936	865,802
Income Tax Payable	-	2,085
Total Current Liabilities	956,812	900,762
NON-CURRENT LIABILITIES		
Interest-bearing loans	1,993,955	1,993,955
Trade & other payables	227,617	227,617
Deferred tax liabilities - net	214,164	214,164
Retirement benefit obligation	104,096	97,795
Cash bond deposits	19,899	22,065
Total Non-Current Liabilities	2,559,731	2,555,596
Total Liabilities	3,516,542	3,456,358
EQUITY		
Capital stock	409,970	409,970
Additional Paid-in capital	913,740	913,740
Revaluation reserve on property	824,682	824,682
Retained earnings	(1,578,525)	(1,553,748)
Total Equity	569,867	594,643
TOTAL LIABILITIES & EQUITY	4,086,409	4,051,001

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2010 AND 2009

	JAN-SEPT 2010	JAN-SEPT 2009	AUDITED DEC 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	(24,776)	10,547	(246,146)
Adjustments to reconcile net income to net cash			
Interest expense			172,598
Depreciation & amortization	79,903	74,152	81,407
Fair value (loss) from investment property			19,666
Impairment loss on intangible assets			10,456
Interest income			(38)
Loss (gain) on sale of investment property and property and equipment - net			(130)
Sub-Total	55,127	84,699	37,813
Net Changes in Working Capital			
Decrease (increase) in:			
Trade & other receivables	(32,592)	(2,271)	(55,282)
Inventories	(16,929)	(19,188)	40,546
Other Current Assets	(22,958)	(19,853)	(743)
Net Due from related parties	1,276	(715)	6,271
Other non-current assets	(6,359)	9,397	220
Increase (decrease) in:			
Trade & other payables	58,134	(62,208)	(17,237)
Cash bond deposits & other liabilities	(2,167)	1,463	89
Retirement Benefit Obligation	6,301	5,848	675
Total Changes in Working Capital	39,833	(2,828)	12,353
Interest paid			
Interest received			38
Cash paid for income taxes	(2,085)	(1,688)	(1,740)
Net Cash Provided by Operating Activities	37,748	(4,516)	10,650
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of investment property			(15,636)
Net acquisitions of property and equipment	(63,245)	(23,184)	(14,264)
Proceeds from sale of property and equipment			130
Net cash Used in Investing Activities	(63,245)	(23,184)	(29,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of interest-bearing loans			
Net Cash Provided by (Used in) Financing Activities	-	-	-
NET INCREASE(DECREASE) IN CASH	(25,497)	(27,700)	(19,120)
CASH AT BEGINNING OF YEAR	56,482	75,602	75,602
CASH AT END OF PERIOD	30,985	47,902	56,482

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2010 AND 2009

	SEPT 2010	SEPT 2009	AUDITED DEC 31, 2009
CAPITAL STOCK	409,970	409,970	409,970
ADDITIONAL PAID-IN CAPITAL	913,740	913,740	913,740
REVALUATION RESERVE ON PROPERTY			
Balance, beginning of year	824,682	777,106	777,106
Transfer to deficit of revaluation reserve	-	-	
absorbed through depreciation			(3,813)
Additional revaluation increment on			-
property, plant and equipment			51,389
Balance, end of quarter	824,682	777,106	824,682
RETAINED EARNINGS			
Balance, beginning of year	(1,553,749)	(1,331,274)	(1,331,274)
Transfer to deficit of revaluation reserve			
absorbed through depreciation			3,813
Total comprehensive income for the year			
Net income (loss)	(24,776)	10,547	(226,288)
Balance, end of quarter	(1,578,525)	(1,320,727)	(1,553,748)
TOTAL EQUITY	569,867	780,089	594,643

VITARICH CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2010
(in thousands)

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

(a) The Food segment is engaged in the growing, production and distribution of chicken broilers, either as live or dressed . Its products are distributed to wet markets and supermarkets.

(b) The Feeds segment caters to the feed requirement of the poultry growers industry. It is engaged in the manufacture and distribution of animal and aqua feeds, animal health and nutritional products, and feed supplements.

(c) The Farms segment is involved in the production of day-old chicks and pullets.

(d) The Corporate and Others segment includes general and corporate income and expense items which are not specifically identifiable to a particular segment.

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

The following table presents revenue and profit information regarding business segments for the third quarter ended September 30, 2010, and certain asset and liability information regarding business segments at September 30, 2010.
(in thousand pesos)

	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
TOTAL REVENUES						
Net Sales						
External Sales	132,109	442,234	24,231			598,574
Inter-segment sales		10,189			(10,189)	-
	132,109	452,423	24,231	-	(10,189)	598,574
RESULTS						
Segment Results	(15,322)	17,483	(1,606)	(26,244)		(25,689)
Interest Expense						-
Minority Interest						
Income (Loss) before taxes						(25,689)
Income taxes						
Net Income (Loss)						(25,689)
OTHER INFORMATION						
Segment assets	1,261,303	2,033,125	562,774	289,998	(60,792)	4,086,408
Investment in and advances to subsidiaries and associates						-
Consolidated total assets	1,261,303	2,033,125	562,774	289,998		4,086,408
Segment liabilities	683,446	661,213	8,876	720,545	(584,369)	1,489,711
Interest-bearing loans				2,026,831		2,026,831
Consolidated total liabilities	683,446	661,213	8,876	2,747,376		3,516,542
OTHER SEGMENT INFORMATION:						
Depreciation & amortization charged to operations	12	13,319	37	1,458		14,826

VITARICH CORPORATION
AGING OF RECEIVABLE
AS OF SEPTEMBER 2010

TRADE RECEIVABLES

	TOTAL	CURRENT	1-30	31-60	61-90	91-120	OVER 120
FEEDS	292,737	252,323	23,533	2,393	2,242	1,866	10,381
FARMS	12,428	5,082	158	(1)	-	-	7,190
FOODS	206,315	19,634	306	203	(1)	-	186,173
TOTAL	511,481	277,039	23,997	2,595	2,241	1,866	203,744
Less: Allowance for Bad Debts	198,393	331	433	674	672	335	195,948
NET TRADE RECEIVABLES	**313,088**	**276,708**	**23,564**	**1,921**	**1,569**	**1,531**	**7,796**
OTHER RECEIVABLES	471,607	122,937	-	17,734	-	-	330,936
Less: Allowance for Bad Debts	80,069	-	-	-	-	-	80,069
NET NON-TRADE RECEIVABLES	**391,538**	**122,937**	**-**	**17,734**	**-**	**-**	**250,867**
NET RECEIVABLES	**704,626**	**399,645**	**23,564**	**19,655**	**1,569**	**1,531**	**258,663**

VITARICH CORPORATION & SUBSIDIARIES
SELECTED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

There has been no changes in the presentation and treatment of the accounts and these has been previously reported. Any changes made from the previous report represents the transaction covering the third quarter of 2010.

Vitarich Corporation (the Company or parent company) was registered with the Securities and Exchange Commission (SEC) on July 31, 1962. Its shares of stock are registered with the Philippine Stock Exchange. The Company holds 100% interests in Gromax, Inc. (Gromax) and Philippines' Favorite Chicken, Inc. (PFCI), which are both domestic corporations. PFCI ceased commercial operations in 2005

The Company is presently engaged in the manufacture and distribution of various poultry products such as live and dressed chicken, day-old chicks, animal and aqua feeds, while Gromax is engaged in the manufacture and distribution of animal health and nutritional products.

The consolidated financial statements comprise the accounts of Vitarich Corporation, the parent company, and its wholly owned subsidiaries, PFCI and Gromax, after the elimination of material intercompany transactions.

The accounting policies and methods of computation have been consistently applied by the Company and its subsidiaries in the preparation of interim financial statement as compared with the most recent annual audited financial statements.

The consolidated financial statements have been prepared in accordance with PFRS. PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board.

Trade and Other Receivables

Trade receivables are usually due within 30 to 90 days and do not bear any interest.

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

Other receivables comprised mainly of unsecured, noninterest-bearing advances to suppliers and other third parties, insurance claims receivables arising form claims for typhoon and other damages and outstanding receivables arising from incidental income of the Group such as tolling and rentals.

The non-current portion of Trade Receivables pertains to receivables that are long-outstanding and have already been referred to the Group's lawyers for collection. These accounts are the subject of the foreclosure proceedings on the land collaterals from the customers.

The current and non-current portions of trade and other receivables are composed of the following:

	Sept, 2010	Audited 2009
Current:		
Trade receivables	P 511,481	P 577,820
Advances to officers and employees	8,019	8,779
Others	463,588	397,969

	983,088	984,568
Allowance for impairment	(278,462)	(269,019)
	P 704,626	P 715,549

Non-current		
Trade receivables	P 581,460	P 537,944
Allowance for impairment	(347,322)	(347,322)
	P 234,138	P 190,622

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location are accounted for as follows:

> *Finished feeds, factory stocks and supplies and other livestock inventories* – first in, first out method. Finished goods include the cost of raw materials, direct labor and a proportion of manufacturing overheads based on normal operating capacity.
>
> *Raw materials, animal health products and feeds supplements* – weighted average method. All costs directly attributable to acquisition such as the purchase price, import duties and other taxes that are not subsequently recoverable from taxing authorities are included as part of costs of these inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion of production and the estimated costs necessary to make the sale. Net realizable value of raw materials is the current replacement cost.

The details of inventories at the end of the period of September 30, 2010 and the year-ended December 31, 2009 are shown below:

		Audited
Feeds:	**Sept, 2010**	**2009**
Finished Goods	68,111	P 80,549
Raw materials and feeds supplements	150,779	160,709
Livestock	122,522	96,096
Factory stocks and supplies	168,029	165,176
Supplies & animal health products	47,196	30,515
Materials in transit	--	6,662
	556,637	539,707
Less: allowance for obsolescence & decline in value	(53,002)	(53,002)
	P 503,635	P 486,705

Property, Plant and Equipment

Property, plant and equipment (except for transportation equipment which are stated at cost less accumulated depreciation, amortization and any impairment in value) are stated at appraised values as determined by an independent firm of appraisers less accumulated depreciation and amortization, and any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for major additions, improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation, amortization and any impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Subsequent to initial recognition at cost, property, plant and equipment (except for transportation equipment) are carried at revalued amounts, as determined by independent appraisers, less any subsequent accumulated depreciation, amortization and any accumulated impairment losses. Fair market value is determined based on appraisals made by external professional valuers by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation reserve is credited to Revaluation Reserve on Property account presented under the equity section of the consolidated statement of financial position. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in the consolidated profit or loss. Annually, an amount from the Revaluation Reserve on Property is transferred to Deficit for the depreciation relating to the revaluation reserve, net of related taxes. Upon disposal, any revaluation reserve relating to the particular asset sold is transferred to Deficit. Revaluations are performed with sufficient regularity ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets. The depreciation and amortization periods for property, plant and equipment, based on the above policies, are as follows:

Buildings	20 years
Machinery and equipment	10 to 20 years
Office furniture, fixtures and equipment	3 to 10 years
Transportation equipment	4 to 5 years
Leasehold and land improvements	2 to 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount .

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in consolidated profit or loss in the year the item is derecognized.

NON-CURRENT ASSETS FOR FUTURE DISPOSAL

In July 2009, the BOD approved the disposal of several non-core property, plant and equipment and investment property with a combined carrying value of P975 million. These property, plant and equipment and investment property are included in the assets used as collaterals for the Company's restructured long-term debt . Consequently, in December 2009, the Company filed a petition to the Court for the approval of the disposal of aforementioned assets. The approval was obtained in February 2010, after which, some of those assets amounting to P191.6 million were published for public bidding. The Rehab Court ordered a rebidding of these assets.

The non-current assets held for future disposal still form part of the balances of the related accounts, i.e., Property, Plant and Equipment and Investment Property accounts, as of December 31, 2009, pending approval of the Court which was obtained in February 2010.

Trade & Other Payables

This account consists of:

	Sept, 2010	Audited 2009
Trade & non-trade payables	P 829,656	P 770,131
Accrued interest	139,768	139,768
Accrued expenses	61,539	48,166
Provisions	25,813	25,812
Customers' deposits	53,777	69,248
Others	40,999	40,293
	P1,151,552	P1,093,418
Less non-current portion	227,616	227,616
Current portion	P 923,936	P 865,802

Non-trade payables primarily consist of liabilities arising from purchases of goods, other than raw materials, and various services giving rise to expenses such as trucking fees, utilities, security services and inspection fees, among others.

Provisions pertain to obligations incurred by PFCI on the closure of Texas Manok's chain of restaurants. It included the estimated liability amounting to P10.4 million relating to a legal case, where PFCI is a defendant, arising from non-payment of rentals in connection with the lease of a parcel of land from a third party during the period starting from February 2000 until the time it vacated the leased property. On May 17, 2004, a court rendered an unfavourable decision against PFCI and ordered the payment of the unpaid rentals including interest. PFCI subsequently appealed the decision before the Court of Appeals and is waiting for the final decision on the case.

Other payables consist of short-term customer deposits, SSS, Pag-ibig and Philhealth premiums payable and withholding taxes payable, among others.

The items included in the non-current portion of Trade and Other Payables, which are outstanding as of the date of the Company's filing of petition for corporate rehabilitation, were held for payment following the Court-directed Stay Order .Following the approval of the Company's Rehabilitation Plan in 2007, these payables are to be held for payment in the same manner as the interest-bearing loans. However, the actual terms and conditions with regard to these liabilities are yet to be released by the Court. In the absence of clear payment terms and conditions, the Company recorded these financial liabilities at nominal values while presenting the same as non-current liabilities.

Revenue and Cost Recognition

Revenue comprises revenue from the sale of goods and the rendering of services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT) and trade discounts.

Revenue is recognized to the extent that the revenue can be reliably measured, it is probable that the economic benefits will flow to the Group, and the costs incurred or to be incurred can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

1.1.1 *Sale of goods* – Revenue is recognized when the risk and rewards of ownership of the goods have passed to the buyer. This is generally when the customer has taken undisputed delivery of goods.

1.1.2 *Tolling* – Revenue is recognized when the performance of contractually agreed tasks have been substantially rendered.

1.1.3 *Rental* – Revenue from operating leases is recognized on a straight-line basis over the lease term.

1.1.4 *Interest* – Income is recognized as the interest accrues taking into account the effective yield on the assets. When a receivable is discounted, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as finance income.

Costs and expenses are recognized in the consolidated profit or loss upon consumption of goods, utilization of the services or at the date they are incurred. Finance costs are reported on an accrual basis and are recognized using the effective interest rate.

Issuances, repurchases, and repayments of debt & equity securites;

There were no issuances, repurchases, and repayments of debt and equity securities made for the third quarter of the year.

Dividends

In 1995, the Corporation declared cash dividend of P0.10/share. For 1996 up to third quarter of 2010, the Corporation did not declare any dividend because of the losses suffered by it.

Cash Bond Deposits

Cash bond deposits substantially consist of interest-bearing surety bond deposits obtained from contract growers, contract breeders, customers and salesmen.

The carrying amounts of the cash bond deposits are regarded as its amortized value since timing of the refund of the deposits could not be reasonably estimated.

Equity

Capital stock is determined using the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Revaluation reserve on property pertains to appreciation in value of assets due to the revaluation at appraised values of property, plant and equipment.

Deficit includes all current and prior period results as reported in the consolidated income statement.

The share capital of the Company consists only of common stock. 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.

As of September 30, 2010 and December 2009, capital stock consists of:
(in thousands pesos)

	Shares	Amount
Authorized – 500 million shares, P 1 par value		
Issued and outstanding	409,969,764	P 409,970

Earnings(Loss) Per Share (EPS)

Basic earnings (loss) per share is determined by dividing net profit (loss) by the weighted average number of issued and outstanding shares subscribed and issued during the year after retroactive effect for any stock dividend, stock split or reverse stock split during the current year, if any.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares to assume conversion of dilutive potential shares.

Currently, the Group does not have dilutive potential shares, hence, diluted earnings (loss) per share is equal to the basic earnings per share.

INTEREST-BEARING LOANS

Omnibus Agreement

On July 1, 1998, the Company entered into an Omnibus Agreement with various local creditor banks where its existing debt amounting to P3.176 billion was restructured into a Revolving Credit Line in the amount of P503 million, a 7-year Term Loan amounting to P1.668 billion and 10-year Convertible Notes amounting to P1.005 billion.

First Amendment to Omnibus Agreement – 2001

On November 14, 2001, the Omnibus Agreement was amended (First Amendment) by restructuring the Convertible Notes amounting to P1.005 billion as follows:
(a) P500 million was made part of the existing Revolving Credit Line Facility in addition to the existing Revolving Credit Line Facility; and, (b) P505 million, together with the accrued interest of P150 million, was converted into a term loan (Term Loan 2) to mature on September 30, 2007.

The interest rates under the Omnibus Agreement and First Amendment were still at market rates as the loans bear the interest rates of the original loans prior to their restructuring.

Second Amendment to Omnibus Agreement – 2004

On March 19, 2004, the Omnibus Agreement was further amended (Second Amendment) where the existing debt was reclassified into Serviceable Debt and Non-Serviceable Debt. The Second Amendment took effect retroactively on January 2, 2003 upon fulfillment of all conditions precedent as stated in the agreement. Under this agreement, the Company's P3.198 billion loans were classified into two major components, as follows:

a. Serviceable Debt - P1.040 billion; and,
b. Non-serviceable Debt - P2.158 billion.

The Second Amendment provides for a re-examination of the terms and conditions of the Second Amendment six months before January 1, 2006, with the end in view of entering into another Amendment to the Omnibus Agreement which takes into account the prevailing financial condition of the Company and economic environment in the country.

Amendment to the Second Amendment Agreement – 2006

Based on the Company's assessment of its financial capability, as well as the prospects of the poultry and feed mills industry in the Philippines, the Company renegotiated for another amendment to the Second Amendment. The proposed amendment calls for a more permanent restructuring agreement and therefore the rescheduling of the repayment of the debt over a longer period subject to acceleration in case the Company's financial condition significantly improves.

While the renegotiations were going on for the amendment of the terms and conditions of the Second Amendment Agreement, several creditor banks transferred their respective rights, titles and interests over the loan obligations of the Company (amounting to P1.458 billion) to various asset management companies or Special Purpose Asset Vehicle (SPAV) companies (collectively referred to as assignees). While the Company and the SPAV were resolving some pending issues, on March 30, 2006, the Company and certain local creditor banks (holding loan balance of P1.810 billion) agreed to enter into an Amendment to the Second Amendment Agreement.

Under this Amendment, the principal obligation to the local creditor banks is divided into three equal tranches as follows:

(a) Tranche 1 Debt – P603 million
(b) Tranche 2 Debt – P603 million
(c) Tranche 3 Debt – P603 million

The Amendment to the Second Amendment Agreement with the local creditor banks was not signed by all the local creditor banks. The creditor banks which did not sign were given the option to be a party to the said Agreement through an Accession Agreement where such creditor banks are deemed, for all intent and purposes, to be original parties to the Amendment to the Second Amendment.

As mentioned in the earlier paragraphs of this Note, several creditor banks transferred their respective rights, titles and interests over the loan obligation of the Company (amounting to P1.458 billion) to various assignees. These assignees have not yet entered into any amendment agreement with the Company. However, the remaining local creditor banks stipulated in a Supplemental Agreement to the Amendment to the Second Amendment Agreement that the Company will not grant more favorable terms to the assignees of the other creditor banks without the written consent of the former. Improvements on the terms or conditions given to the assignees of the other creditors without such written consent will automatically be granted to the local creditor banks or will result in an event of default.

Excess of the Face Value over the Fair Value of Interest-bearing Loans

The Second Amendment and also the Amendment to the Second Amendment of the Omnibus Agreement include provisions under which portions of the interest-bearing loans are not subject to interest for a certain period of time. The remaining portion of the loans carried interest at 9.0%. The computation of the amortized cost of the loans based on the future cash flows commenced from the Second Amendment and concluded at the end of the repayment term of the Amendment to the Second Amendment Agreement. The absence of interest on portions of the loans for certain period of time brought the nominal interest rate to about 3.5% overall for the total restructured loans of P3.268 billion.

The use of 3.5% effective interest rate indicates that the fair value of the Company's interest-bearing loans is below the amount that would have been contractually payable by the Company. To compute for the fair value of the interest-bearing loans, the Company used 9.0% discount rate determined by reference to the renegotiated interest rate of the financial instrument as indicated in the Second Amendment and the Amendment to the Second Amendment Agreement (the loan agreements existing as of the transition date to PFRS). The difference between the amount of interest-bearing loans and its fair value at the date of Amendment to the Second Amendment amounted to P1.2 billion, recognized as excess of face value over the fair value of interest-bearing loans at Company's transition to PFRS. Subsequently, these loans are measured at amortized cost using effective interest method. This amount, net of impairment losses and valuation allowances, recognized as a result of the change in the Company's credit risk was accounted for as an adjustment to the beginning deficit as of January 1, 2005 reducing the deficit balance by P777.5 million as of that date.

The excess of the face value over the fair value of the interest-bearing loans at the initial date of recognition is being amortized over the terms of the loans. Such amortizations which increased the carrying value of interest-bearing loans by P172.6 million, P157.9 million and P137.1 million as of December 31, 2009, 2008 and 2007, respectively, are recognized as part of Finance Costs for the years then ended (see Note 12.6).

Corporate Rehabilitation – 2006

On September 15, 2006, the Company filed a petition for corporate rehabilitation before the Court and proposed several strategies in order to effect a viable rehabilitation such that within the proposed period, the Company will not only be able to pay-off its liabilities to creditors but at the termination of the rehabilitation will have an ample supply of cash to support its operations.

On September 19, 2006, the Court has issued a Stay Order pending the approval of the petition for corporate rehabilitation.

Based on such Court-directed Stay Order, the Company suspended payments of its interest-bearing loans and trade payables and stopped accruing interest on such loans or recognizing the interest following the effective interest method starting on the month-end immediately preceding the date of issuance of the stay order. The Company's management believed that the Court's order to stay the enforcement of claims included the non-recognition of interest expense from the date of the issuance of the stay order, including the amortization of the excess of the face value over the fair value of the interest-bearing loans. The Company's position was based on the opinion of its legal counsel that the stay order also covers the non-accrual of interest. The accrued interest as well as amortization of excess of face value over the fair value of the interest-bearing loans not recognized amounted to P72.6 million in 2006.

On February 14, 2007, the Court gave due course to the petition for corporate rehabilitation where it referred the petition to a rehabilitation receiver for evaluation. On April 27, 2007, the Court-appointed rehabilitation receiver submitted its recommendation with regard to the Company's proposed rehabilitation plans and in its order dated May 7, 2007, the Court gave the Company, its creditors and other interested parties 15 days from the publication of the said order, to comment on the Receiver's Report. The Court received no comment on the Receiver's Report.

<u>Court Approval of the Rehabilitation Plan</u>

On May 31, 2007, the Court acted favorably on the petition of the Company and issued its decision for the approval of the rehabilitation plan (approved rehabilitation plan) of the Company as submitted by the Court-appointed receiver. The approved rehabilitation plan of the Company provides, among others, the following salient points:

- A modified debt restructuring scheme for a period not exceeding 15 years (which the Company's management believes should take effect immediately on the date of Court's approval of the rehabilitation plan).

- Payment of interest to all the Company's creditors on the following basis:

    (i) Years 1 to 3 – at 1% per annum to be accrued on Year 4,
    (ii) Years 4 to 6 – at 2% per annum,
    (iii) Years 7 to 9 – at 3% per annum, and,
    (iv) Year 10 to 15 – at 4% per annum.

- Implementation of certain programs as indicated in the Receiver's Report, particularly the change in the feeds distribution system by adopting the Farmers Enterprise System.

- Implementation of the rehabilitation plan will be reviewed on the 5th year to determine whether the effects of the Farmers Enterprise System are favorable and whether at that time, the finances of the Company could already sustain payments of increased interest rates from Year 6 onwards.

- Also on the 5th year, the creditors may be given the option to avail of Receiver's Payment and Capital Note so that 50% of the debt will be paid on a graduated scale as set out under the rehabilitation plan , without interest, but payment may be accelerated so that the debt can be paid in 5 years at the rate of 20% per year, and the remaining 50% thereof may be converted into 40% of the outstanding capital stock of the Company.

The approved rehabilitation plan covers the liabilities previously transferred to the SPAV companies, i.e., such loans are to be treated in the same manner as the original creditors and repayment of the obligation assigned to them are to be in accordance with the repayment scheme under the approved rehabilitation plan.

As of December 31, 2009, 2008 and 2007, the loans (at face value) are due to the following:

Creditor banks	P	1,554,215,097
SPAV companies		1,700,151,924
	P	3,254,367,021

New Amortized Cost of Interest-bearing Loan

The approved rehabilitation plan has effectively resulted in the restructuring of the terms of the loans under the Amendment to the Second Amendment as the approved rehabilitation plan includes extension of payment terms to 15 years and the reduction in interest rates. Consequently, the interest-bearing loans were remeasured at fair value (subsequently at amortized cost) using as a basis the terms of the approved rehabilitation plan effective immediately on the date of Court's approval of the rehabilitation plan, which is on May 31, 2007. The new amortized cost of the loan amounted to P1.61 billion as of the date of approval of the rehabilitation plan.

Adjustment of Existing Amortized Cost

On the other hand, the amortized cost of interest-bearing loans under the Amendment to the Second Amendment was adjusted to recognize the amortization of the excess of face value over the fair value of the interest-bearing loans not recorded in 2006 and the amortization of the excess of face value over the fair value of the interest-bearing loans from January 1, 2007 up until the effective date of the approved rehabilitation plan under the Other (Income) Charges caption in the 2007 consolidated statement of comprehensive income. The Company retrospectively adjusted its 2006 consolidated financial statements for those previously unrecorded amounts .

Income Arising from the Approval of the Rehabilitation Plan

The difference between the amortized cost of interest-bearing loans under the approved rehabilitation plan and the terms under the Amendment to the Second Amendment computed as at May 31, 2007 (date of approval of the rehabilitation plan) amounting to P859.7 million was recognized as Income Arising from Court's Approval of Rehabilitation Plan. This account is shown separately in the 2007 consolidated statement of comprehensive income. This income was the result of the longer loan repayment period and of the further decrease in the effective interest rate.

Interest Expense on Interest-bearing Loans
(in thousand pesos)

Interest expense computed on interest-bearing loans shown in profit or loss in the statements of comprehensive income is broken down as follows:

	Sept **2010**	Audited **2009**
Amortization of excess of face value over the fair value of the interest-bearing loans	P -	P 172,598
Nominal interest payable to creditor banks	-	
	P -	P172,598

Other Matters

- There were no contingent asset or liability since the last annual balance sheet date.
- There were no material commitments for capital expenditures.
- There were no material off-balance sheet transactions, arrangements, obligations

(including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation

Under the Second Amendment dated March 19, 2003, entered into by the Corporation with the creditor banks, if the Corporation defaults in its obligation under it, it shall be considered as an event of default under the Omnibus Agreement, and will result to an adverse financial liability of the Corporation.

However, with the approval of the Rehabilitation Plan, all the terms of the Second Amendment shall be subject to the decision of the Rehabilitation Court.

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

Third quarter consolidated sales revenue of Vitarich Corporation and its subsidiaries reached Php598.6 million, down by 14% over last year's sales of Php692.5 million. As of September, total sales amounted to Php1.6 billion, lower by 22% than the same period last year. The decline in sales performance was brought about by lower chicken prices and the continuing influx of cheap imported chicken into the domestic market. This was also negatively affected by chicken oversupply as demand during the quarter was lower as compared to previous quarters. Animal and aqua feeds sales volume was also slightly lower for the quarter and as compared to the same period last year due to the effect of the recent natural calamities. Nevertheless, this was augmented by the opening of new accounts, reactivation of old accounts and new markets for special feeds. Volatile market conditions continued to affect the Company's financial results and reflected a much different capital market environment. The Company also continues to be hobbled by the high cost of major raw materials such as wheat, corn, oil and soybean. Thus, the spiraling increase in costs squeezed profit margins. As a result, the Company reported a net loss of Php25.7 million for the current quarter, a reversal of last year's income of PhP15.9 million. Year to date, the Company registered a net loss of Php 24.8 million versus last year's net income of Php10.5 million.

Consolidated operating expenses for the nine-month period slightly decreased as against the same period last year. The Company is continuing its cost containment initiatives to further reduce expenses.

On the other hand, other income for the third quarter of 2010 grew by almost Php13.2 million to Php25.4 million from the same period last year of P12.2 million.

As the Company's business activities are carried out in an environment competing in terms of geographic distribution, market reach, market share, quality, diversity of products, and pricing, among other factors, the Company will focus on the implementation and enhancement of its various programs in order to respond to the preferences of its customers. This also includes the adoption of new business development programs and technological advancement that will enhance quality of products and services. The various initiatives will further bolster the Company's path to recovery.

Given the difficult economic environment, the Company continues to tighten its operations, maintaining only those areas that are profitable, and consequently rightsizing its organization. The Company will concentrate on the resources that it has and will ensure that it is able to provide products with consistent quality and performance. Measures are now being undertaken to minimize losses.

The Company has been on corporate rehabilitation since 2007, and the management is continuously instituting certain measures to address these conditions such as the following:

- adopting a program for corporate branding and image rebuilding;
- launching of new products in the market;
- expanding the Company's sales and distribution networks by conducting series of seminars in various areas related to new product lines, providing ample advertisements relative to existing product lines and implementing various programs;
- strengthening business ties with trading partners, local and abroad; and,
- continuously improving product quality including rehabilitation and standardization of certain plants to qualify for international standardization and accreditations.

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 Texas 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, 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 allowed 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 was 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 P165 million to be applied to its unpaid subscriptions and for additional shares of stock of PFCI. Out of the P165 million advances to be converted into equity, P25 million was applied to Vitarich's unpaid subscription while the remaining P140 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 P140 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 proposed conversion was approved by the Board of Directors of PFCI 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 consolidated balance sheets) totaled P23.2 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 P100 million. Management believes that this case will 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's previously issued writ of attachment.

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

On March 04, 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.

In light of these circumstances, the ability of PFCI to continue as a going concern, the recoverability of its assets and its ability to pay its debts as they mature are dependent to a large extent on its ability to secure and establish another profitable business operation.

Although the Board of Directors (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.

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.

The registered office of Gromax is located at the Vitarich compound, Abangan Sur, Marilao, Bulacan. The registered office of its parent company is also the same with the registered office of the company.

Gromax is presently 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.

Aside from catering to its internal breeders and growers, it had expanded its animal health products to include hog and dairy products from cattle, goats and carabaos.

Gromax yielded positive results for the nine months period as it registered a total sales revenue of Php131.0 million, 33% higher as compared to the same period last year.

Financial Condition
Unaudited Balance Sheet as of September 30, 2010 vs. Audited December 31, 2009

The Company's consolidated total assets as at quarter-end stood at Php4.0 billion which was almost within December 2009 level. Consolidated current assets slightly decrease primarily due to the decrease of trade and other receivables and due from related accounts. However, inventories increased by almost 3.5% due to increase in volume of chicken and livestock. Other current assets account went up to Php39.6 million at the quarter ended from Php12.3 million of last year.

Cash balance declined to Php30.9 million from Php56.5 million as of end 2009. The reduction in cash was attributed to net cash outflows used in operating activities particularly for working capital requirements.

Trade and other payables account went up by Php58.1 million or 3.7% to Php923.9 million during the year as compared to year end due to Company's decision to impose strict measures on cash disbursement to reserve cash for operations.

Stockholders' equity as of September, 2010 was posted at P569.9 million, lower than Php594.6 million of 2009 basically due to the effect of the net losses as of the third quarter of the year.

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

1) Sales Volume, Price and Revenue Growth
Actual sales volume for feeds business decreased by almost 18% from the previous year's volume. Likewise, foods division sales volume dropped by 33% as against the previous year level.

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.

5 Key Performance Indicators

Sales Revenue	September 2010			September 2009		
	Volume	Price	Revenue (000) omitted	Volume	Price	Revenue (000) omitted
Feeds						
Animal	700	1,026.50	718.7	813	1,054.44	856.7
Aqua	298	1,120.98	333.6	407	1,140.17	463.9
Poultry						
DOC	3,540	20.19	71.5	5,660	22.31	126.3
Hogs	.4	4,906.3	1.8	.5	2,943.54	1.4
Foods	3,565	88.17	314.3	5,289	86.53	457.6

Cost Contribution	September 2010	September 2009
Feeds	(000 omitted in peso)	(000 omitted in peso)
Animal	614.4	739.9
Aqua	290.6	403.7
Poultry		
DOC	70.5	96.9
Hogs	1.3	1.4
Foods	312.8	449.5

Gross Profit Rate	September 2010	September 2009
Feeds		
Animal	15%	14%
Aqua	13%	13%
Poultry		
DOC	1%	23%
Hogs	26%	0%
Foods	0%	2%

Operating Margin	September 2010	September 2009
Feeds	(000 omitted in peso)	(000 omitted in peso)
Animal	39.0	54.1
Aqua	(1.1)	2.5
Poultry		
DOC	8.5	32.7
Hogs	0.4	(1.8)
Foods	(2.2)	(6.2)

SIGNATURES

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

Registrant - **VITARICH CORPORATION**

By:

ROGELIO M. SARMIENTO
Chairman / CEO

JULIETA M. HERRERA
Controller

Nov. 12, 2010

VitaSEC17Q-3rdQ2010