VITARICH

11 November 2011

PHILIPPINE STOCK EXCHANGE INC.
3RD Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention : **MS. JANET A. ENCARNACION**
Head - Disclosure Department

Gentlemen:

In compliance with SEC and PSE requirements, we are pleased to transmit herewith a copy of the Quarterly Report (SEC Form 17-Q) for the third quarter ended September 30, 2011.

Thank you.

Very truly yours,

JULIETA M. HERRERA
Controller

Main Office : Abangan Sur, McArthur Highway, Marilao, Bulacan
Tel. Nos. : (632) 843-3033 and (044) 711-2829 (Connecting All Depts.)
Fax No. : (632) 843-0297 loc. 400 ZIP CODE : 3019

COVER SHEET

2 1 1 3 4

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 connecting all dept.

Company Telephone Number

Last Friday of June

1 2 - 3 1

Month *Day*

Fiscal Year

1 7 - Q

Form Type

0 6

Month Day

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

S T A M P S

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, 2011**

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 INCOME
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2011 AND 2010
(IN THOUSANDS)

	UNAUDITED (JAN - SEPT)		UNAUDITED (JULY - SEPT)		AUDITED
	2011	2010	2011	2010	DEC 31, 2010
SALES OF GOODS	1,988,802	1,591,930	719,250	598,574	2,263,868
COST OF GOOD SOLD	1,787,554	1,406,169	649,666	555,743	2,094,722
GROSS PROFIT	201,248	185,761	69,584	42,831	169,146
OTHER OPERATING EXPENSES (INCOME)					
Operating Expenses	280,572	268,223	98,428	93,925	325,826
Other Operating Income	(85,673)	(57,686)	(32,602)	(25,405)	(149,873)
	194,899	210,537	65,826	68,520	175,953
OPERATING PROFIT (LOSS)	6,349	(24,776)	3,758	(25,689)	(6,807)
OTHER CHARGES (INCOME)					
Finance costs					284,165
Gain on sale of investment property and property and equipment - net					(31,792)
Finance income					(418)
	-	-	-	-	251,954
PROFIT (LOSS) BEFORE TAX	6,349	(24,776)	3,758	(25,689)	(258,761)
TAX EXPENSE (INCOME)					(54,272)
NET INCOME (LOSS)	6,349	(24,776)	3,758	(25,689)	(204,489)

EARNING / (LOSS) PER SHARE WERE COMPUTED AS FOLLOWS:

Profit (loss)	6,349	(24,776)	3,758	(25,689)	(204,489)
Divided by the weighted average number of outstanding shares	409,970	409,970	409,970	409,970	409,970
EARNING/ (LOSS) PER SHARE	0.015	(0.060)	0.009	(0.063)	(0.50)

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE PERIOD ENDED SEPTEMBER 30, 2011 AND THE YEAR ENDED DECEMBER 31, 2010
(IN THOUSANDS)

ASSETS	(Unaudited) SEPT 2011	(Audited) DEC. 2010
CURRENT ASSETS		
Cash	43,835	65,926
Trade & other receivables-net	791,994	714,495
Inventories - net	438,493	437,622
Due from related parties - net	102,694	102,203
Other current assets - net	26,661	14,364
Total Current assets	1,403,677	1,334,610
NON-CURRENT ASSETS		
Trade & Other Receivables - net	153,213	139,915
Property, plant and equipment - net	1,542,438	1,599,867
Investment property	718,286	712,707
Other Non-current Assets - net	32,453	29,492
Total Non - Current assets	2,446,390	2,481,981
TOTAL ASSETS	3,850,067	3,816,591

LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited) SEPT 2011	(Audited) DEC. 2010
CURRENT LIABILITIES		
Interest-bearing loans -net	78,165	78,165
Trade & other payables	965,195	939,744
Income Tax Payable	-	1,493
Total Current Liabilities	1,043,360	1,019,401
NON-CURRENT LIABILITIES		
Interest-bearing loans	1,992,387	1,992,387
Trade & other payables	248,151	248,151
Deferred tax liabilities - net	154,468	154,468
Retirement benefit obligation	108,037	105,669
Cash bond deposits	20,772	19,971
Total Non-Current Liabilities	2,523,814	2,520,646
Total Liabilities	3,567,174	3,540,048
EQUITY		
Capital stock	409,970	409,970
Additional Paid-in capital	913,740	913,740
Revaluation reserve on property	756,430	756,430
Retained earnings	(1,797,247)	(1,803,596)
Total Equity	282,893	276,544
TOTAL LIABILITIES & EQUITY	3,850,067	3,816,591

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011 AND 2010

	(Unaudited) JAN-SEPT 2011	JAN-SEPT 2010	AUDITED DEC 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax	6,349	(24,776)	(258,761)
Adjustments to reconcile net income to net cash			
Interest expense			192,640
Impairment loss on trade & other receivables			91,520
Depreciation & amortization	58,054	79,903	69,056
Gain on sale of property, plant and equipment-net and investment property			(31,792)
Impairment loss on property and equipment			1,507
Interest income			(418)
Sub-Total	64,403	55,127	63,751
Net Changes in Working Capital			
Decrease (increase) in:			
Trade & other receivables	(90,797)	(32,592)	(39,759)
Inventories	(871)	(16,929)	47,204
Other Current Assets	(12,297)	(22,958)	(7,087)
Net Due from related parties	(491)	1,276	703
Other non-current assets	(2,961)	(6,359)	867
Increase (decrease) in:			
Trade & other payables	25,451	58,134	17,872
Cash bond deposits & other liabilities	801	(2,167)	(2,094)
Retirement Benefit Obligation	2,368	6,301	7,873
Total Changes in Working Capital	(14,394)	39,833	89,331
Interest paid			
Interest received			418
Cash paid for income taxes	(1,493)	(2,085)	(2,239)
Net Cash Provided by Operating Activities	(15,887)	37,748	87,510
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of investment property	(5,579)		(15,386)
Net acquisitions of property and equipment	(625)	(63,245)	(62,680)
Proceeds from sale of property and equipment			-
Net cash Used in Investing Activities	(6,204)	(63,245)	(78,066)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of interest-bearing loans			
Net Cash Provided by (Used in) Financing Activities	-	-	-
NET INCREASE(DECREASE) IN CASH	(22,091)	(25,497)	9,444
CASH AT BEGINNING OF YEAR	65,926	56,482	56,482
CASH AT END OF PERIOD	43,835	30,985	65,926

VITARICH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2011 AND 2010

	(Unaudited)		
	SEPT 2011	SEPT 2010	AUDITED DEC 31, 2010
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	756,430	824,682	824,682
Transfer to deficit of revaluation reserve absorbed through depreciation	-	-	(2,925)
Transfer to deficit of revaluation reserve realized through sale			(65,328)
Balance, end of quarter	756,430	824,682	756,430
RETAINED EARNINGS			
Balance, beginning of year	(1,803,596)	(1,553,749)	(1,553,748)
Prior period adjustments			(113,610)
As restated	(1,803,596)	(1,553,749)	(1,667,359)
Transfer to deficit of revaluation reserve absorbed through depreciation			2,925
Transfer to deficit of revaluation reserve realized through sale			65,328
Net income (loss)	6,349	(24,776)	(204,489)
Balance, end of quarter	(1,797,247)	(1,578,525)	(1,803,596)
TOTAL EQUITY	282,893	569,867	276,544

VITARICH CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2011
(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.

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

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, 2011, and certain asset and liability information regarding business segments at September 30, 2011.
(in thousand pesos)

	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
TOTAL REVENUES						
Net Sales						
External Sales	233,546	472,816	12,888			719,250
Inter-segment sales		9,195			(9,195)	-
	233,546	482,011	12,888	-	(9,195)	719,250
RESULTS						
Segment Results	(4,410)	36,253	1,282	(29,367)		3,758
Interest Expense						-
Minority Interest						
Income (Loss) before taxes						3,758
Income taxes						
Net Income (Loss)						3,758
OTHER INFORMATION						
Segment assets	1,184,146	1,939,101	518,854	295,651	(87,685)	3,850,067
Investment in and advances to subsidiaries and associates						-
Consolidated total assets	1,184,146	1,939,101	518,854	295,651		3,850,067
Segment liabilities	690,260	629,882	11,073	777,164	(611,757)	1,496,622
Interest-bearing loans				2,070,552		2,070,552
Consolidated total liabilities	690,260	629,882	11,073	2,847,716		3,567,174

VITARICH CORPORATION
AGING OF RECEIVABLE
AS OF SEPTEMBER 2011

TRADE RECEIVABLES

	TOTAL	CURRENT	1-30	31-60	61-90	91-120	OVER 120
FEEDS	308,235	273,633	21,501	3,197	1,603	906	7,394
FARMS	11,698	4,914	25	-	-	-	6,758
FOODS	229,510	40,642	4,748	637	998	380	182,105
TOTAL	549,443	319,190	26,274	3,834	2,601	1,286	196,257
Less: Allowance for Bad Debts	198,532	1,683	1,622	1,245	1,486	1,286	191,209
NET TRADE RECEIVABLES	**350,910**	**317,506**	**24,652**	**2,589**	**1,115**	**(0)**	**5,048**
OTHER RECEIVABLES	531,478	89,175	-	-	-	-	442,304
Less: Allowance for Bad Debts	90,395	-	-	-	-	-	90,395
NET NON-TRADE RECEIVABLES	**441,084**	**89,175**	**-**	**-**	**-**	**-**	**351,909**
NET RECEIVABLES	**791,994**	**406,681**	**24,652**	**2,589**	**1,115**	**(0)**	**356,957**

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 2011.

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:

	Unaudited Sept, 2011	Audited 2010
Current:		
Trade receivables	P 549,443	P 513,286
Advances to officers and employees	7,076	6,960
Others	524,402	474,163

	1,080,921	994,409
Allowance for impairment	(288,927)	(279,913)
	P 791,994	P 714,495

Non-current		
Trade receivables	P 576,499	P 563,201
Allowance for impairment	(423,286)	(423,286)
	P 153,213	P 139,915

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, 2011 and the year-ended December 31, 2010 are shown below:

	Unaudited Sept, 2011	**Audited 2010**
Feeds:		
Finished Goods	49,355	P 61,942
Raw materials and feeds supplements	155,206	139,902
Livestock	103,689	90,473
Factory stocks and supplies	154,026	163,397
Supplies & animal health products	29,230	32,949
Materials in transit	--	1,406
	491,506	490,069
Less: allowance for obsolescence & decline in value	(53,013)	(52,447)
	P 438,493	P 437,622

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 P975.0 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 the aforementioned assets. The approval was obtained in February 2010, after which, some of those assets amounting P191.6 million were published for public bidding.

The sale of non-core property, plant and equipment and investment property was formally approved by the Court on an order issued on March 1, 2011. However, in the opinion of the Company and its legal counsel, the sale of assets to Kormansinc was consummated and became binding on November 30, 2010 when the Company, through its BOD, approved the sale of the assets through dacion en pago to Kormansinc. Hence, the Company recognized the sale on November 30, 2010 in the Groups's 2010 consolidated financial statements.

Trade & Other Payables

This account consists of:

	Unaudited Sept, 2011	Audited 2010
Trade & non-trade payables	P 820,338	P 790,800
Accrued interest	224,741	224,741
Accrued expenses	74,303	54,606
Provisions	25,812	25,812
Customers' deposits	52,451	60,042
Others	15,700	31,894
	P1,213,345	P1,187,895
Less non-current portion	248,151	248,151
Current portion	P 965,194	P 939,744

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:

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.

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

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

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 2011, 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, 2011 and December 2010, 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 P503.0 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 Philippines.

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 on going for the amendment of the terms and conditions of the Second Amendment, 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 Agreement.

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.

<u>Excess of the Face Value over the Fair Value of Interest-bearing Loans</u>

The Second Amendment and also the Amendment to the Second Amendment agreement 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 agreement 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 P97.7 million, P176.7 million and P162.1 million as of December 31, 2010, 2009 and 2008, respectively, as restated (see Note 22.2), are recognized as part of Finance Costs for the years then ended (see Note 12.7).

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 and remained unrecognized until the remeasurement of the amortized cost of interest-bearing loans in 2010 (see Note 12.6).

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.

Court Approval on May 31, 2007 of the Rehabilitation Plan

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) 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);

(b) 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) Years 10 to 15 – at 4% per annum;

(c) 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;

(d) 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;

(e) also on the Year 5, 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, 2010, 2009 and 2008, the loans (at face value) are due to the following:

	2010	2009	2008
Creditor banks	**P 1,546,458,088**	P 1,554,215,097	P1,554,215,097
SPAV companies	**1,540,294,464**	1,700,151,924	1,700,151,924
	P 3,086,752,552	P 3,254,367,021	P3,254,367,021

Revised Amortized Cost of Interest-bearing Loan as of May 31, 2007

The Approved Rehabilitation Plan has effectively resulted in the restructuring of the terms of the loans under the Amendment to the Second Amendment Agreement 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 loans amounted to P1.610 billion as of the date of approval of the rehabilitation plan

Adjustment in 2007 of Existing Amortized Cost

On the other hand, the amortized cost of interest-bearing loans under the Amendment to the Second Amendment agreement was adjusted to recognize the amortization of the excess of face value over the fair value of the interest-bearing loans not accrued 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. In 2010, the Company retrospectively recognized those previously unrecorded amounts (see Note 22.2).

Income Recognized in 2007 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 the Court's approval of rehabilitation plan. This income was the result of the longer loan repayment period and of the further decrease in the effective interest rate.

Corporate Rehabilitation – 2010

Motion for Modification of Approved Rehabilitation Plan and Creditors' Motion to Terminate Rehabilitation Proceedings

In July 8, 2010, the Company filed a motion for modification of the Approved Rehabilitation Plan dated May 31, 2007. The proposed modification consisted of two categories. The first category pertains to the payment of the loans through the basic and essential rehabilitation plan with sources which are as follows:

(a) P21.0 million which was ordered to be returned to the Company by the Court;

(b) the proceeds from sale through dacion en pago of the non-core assets of the Company;

(c) the proceeds from the sale in cash or through offsetting of non-moving accounts receivables of the Company of P100.0 million; and,

(d) the disposition of other non-core assets of the Company projected to raise at least P1.200 billion.

The second category consisted of payment through sources such as the following:

(a) Moringa Oleifera Plan;
(b) the P300.0 million insurance claim;
(c) the deferred "white knight" plan;
(d) the debt to equity conversion; and,
(e) the eventual conversion of the Marilao Plant into a mixed-use residential/commercial development.

As of December 31, 2010, the approval of the motion for the modification of the Approved Rehabilitation Plan is still pending. However, on February 18, 2011, the Court denied the Company's petition on the ground that the nature of the proposed Moringa Oleifera Plan does not inspire belief in its soundness as an investment proposition, considering that it is in dire financial strait and that it is in no position to infuse its resources in such an investment.

On the other hand, the Company's creditors filed the same motions on August 18, 2010, August 27, 2010 and September 1, 2010, respectively. On October 26, 2010, a creditor bank filed a manifestation adopting a motion to terminate proceedings filed by another creditor bank. The creditors argued that the Company is in default of its obligations due to them, referring to the first payment of the loans for the year, which they argue, is due to them in June 2010, as well as on the ground that the Company was not able to achieve the desired targets set forth in the Approved Rehabilitation Plan, dated May 31, 2007 (see Note 12.5).

As of December 31, 2010, the Court has no decision yet on the motions filed by the Company's creditor banks. However, also on February 18, 2011, the Court decided in favor of the Company, denying the motion of the creditors to terminate the rehabilitation proceedings, agreeing to the Receiver's stand that the Company is not in default in its obligation as the Approved Rehabilitation Plan states that the payment is due in Year 4 which starts in June 1, 2010, and that when the law speaks of years, it shall be understood that years are of 365 days each; thus, in so saying, the Company has until the end of Year 4, which falls on May 31, 2011, to perform its obligation to the creditors. The Receiver also argued that the Company was doing good until 'Ondoy' destroyed the Company's finished products, raw material inventories, buildings, plants, machineries and equipments. The Court also stated that the call for termination of the rehabilitation proceedings is premature, and that the Court finds it just and in accordance with the Approved Rehabilitation Plan to give the Company the opportunity to comply with its payment obligation in accordance with the schedule specified in the Approved Rehabilitation Plan.

<u>Revised Amortized Cost of Interest-bearing Loans in 2010</u>

Based on the opinion provided by the Company's legal counsel dated April 18, 2011, the terms of payment of the Company's existing debt is on an annual basis, contrary to the previous assumptions used, that is on a quarterly basis. This was further affirmed in the Rehabilitation Court's order dated February 18, 2011, which denied the motion to terminate the rehabilitation proceedings filed by some creditors.

Furthermore, as mentioned in Note 11, the Company's sale of its non-core assets through dacion en pago in 2010 reduced the principal amount of its interest-bearing loan payable to Kormansinc. The Company and its legal counsel believe that the remaining principal of the Company's loan obligation to Kormansinc will be settled annually within the remaining term of the loan.

Based on the revised computation applying the aforementioned factors, the new amortized cost of the interest-bearing loans at the beginning of 2010 amounted to P2.140 billion. The Company revised the computation of the existing amortization of its interest-bearing loans based on the opinion provided by the Company's legal counsel, which resulted in a prior period adjustment to decrease the previously recognized excess of face value over the fair value of the loans in June 2007 and increase the amortization of the excess of face value over the fair value of the interest-bearing loan from June 1, 2007 to December 31, 2009 amounting to P113.6 million.

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:

	Unaudited **Sept 2011**	Audited **2010**
Amortization of excess of face value over the fair value of the interest-bearing loans	P -	P 97,725
Nominal interest payable to creditor banks	-	94,914
	P -	P192,639

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.

RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Foreign Currency Sensitivity

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

Interest Rate Sensitivity

As of September 30, 2011, the Group has no significant floating rate financial assets or liabilities. The Group's operating cash flows are substantially independent of changes in market interest rates.

The Court's Approved Rehabilitation Plan allowed the Group to defer the payment of its interest-bearing loans and their related interest charges and certain trade payables for a period of three years from the date of approval of the rehabilitation plan .

The Group has no borrowings that carry variable interest rates which released the Group to 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 as shown on the face of the consolidated statements of financial position

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

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

The Group's management considers that trade and other receivables that are not impaired or past due for each reporting periods are of good credit quality.

Liquidity Risk

The Group's petition for corporate rehabilitation, which resulted in the eventual approval of its rehabilitation plan, has significantly assisted in addressing the liquidity issue of the Group as the rehabilitation plan provides for deferment of borrowing repayments for a period of three years. Nevertheless, the Group manages its liquidity profile to be able to service its long-term debt as they will fall due in the near future by maintaining sufficient cash from operations.

The Group maintains cash to meet its liquidity requirements for up to 30-day periods.

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

The consolidated sales revenue of Vitarich Corporation and its subsidiaries rose by 20% to P719.2 million for the third quarter of the year as compared to P598.6 million for the same period last year. As of September, total sales revenue reached P1.9 billion, 24.9% higher than last year. Revenue growth was on account of increased sales volume of dressed chicken products. Feed sales volume was also slightly higher as compared with last year. The improvement was also driven by the modest increase in selling prices. Feeds business dominated the sales mix at 64% while poultry and dory business contributed 36%. Commercial feeds operations performed relatively well as feeds business was steadily improving its margins and its turnover as well. Cost of goods manufactured and sold consequently increased with the increase in sales revenues. The volatile and erratic behavior of commodities and changes in market and weather conditions had its impact on the company's performance. Likewise, the series of natural calamities further aggravated the business environment. High cost of major raw materials such as wheat, corn, oil and soybean meal made it imperative for the company to source alternative (and non-traditional) raw materials. These will substitute traditional grains with materials considered as by-products in order to counter the unstoppable increase in prices of commodities and minimize as well the cost impact. The company achieved breakthroughs in the use of better raw materials at much lower costs. Various plans and programs are geared toward improving efficiency, reducing cost and enhancing product quality. Overall, the company still managed to post a gross profit of P201.2 million as of the quarter ended better than last year level. As of September, the company posted a modest consolidated net income of P6.3 million, a marked improvement from last year's net losses of P24.8 million.

On the other hand, consolidated operating expenses went up by almost 5% as against last year's level on account of variable product related cost. The increase was significantly due to higher freight & handling cost and gasoline & transportation expenses.

Given the difficult economic environment, the company continues to tighten and rightsize its operations. Similarly, the company is still continuing its cost control initiatives.

As the Company is under corporate rehabilitation, management is continuously instituting certain measures to address these conditions such as the following:

adopting a program for corporate branding and image rebuilding;

launching 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 by virtual integration; and,

continuously improving product quality including rehabilitation and standardization of certain plants to also qualify for international standardization and accreditations.

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.

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.

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.

As of September, Gromax yielded positive results as it registered total sales revenue of P 131.8 M, slightly higher as against last year's revenue of P 131.0M.

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, 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 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.

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 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 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.

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

Financial Condition
Unaudited Balance Sheet as of September 30, 2011 vs. Audited December 31, 2010

The Company's consolidated total assets as of September 30, 2011 stood at P3.8 billion, slightly higher than December 2010 level. Total current assets grew by 5%, from P1.33 billion to P1.40 billion primarily due to the increase of trade & other receivables account by almost 11%. This was mainly due to increase in sales volume of dressed chicken products for the year. Other current assets account have likewise increased from P14.4 million to P26.7 million as of the period ended. However, inventories and due from related parties account almost maintained their last year level.

Cash balance declined to P43.8 million from P65.9 million as of end-2010. The reduction in cash was attributed to net cash outflows used in operating activities particularly for working capital requirements.

Non-current trade & other receivables account grew by almost 10% due to long-outstanding trade receivable accounts classified and transferred to legal. These have already been referred to the company's lawyer for collection and or subject for foreclosure proceedings on the land collaterals.

Trade and other payables account went up by P25.4 million or 3% to P965.2 million for the period ended Sept 2011 as compared to year end trade & payable accounts. This was due to the company's decision to impose strict measures on cash disbursement to reserve cash for operations.

Stockholders' equity increased from P 276.5 million to P282.9 million, basically due to net income posted as of the third quarter ended.

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 increased by almost 10% from previous year's volume. Likewise, average selling price improved as compared to last year. Food sales volume as of Sept 2011 was 6,401.9 MT, higher as against last year's 3,564.7 MT.

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.

Sales Revenue	September 2011			September 2010		
	Volume	Price	Revenue (000) omitted	Volume	Price	Revenue (000) omitted
Feeds						
Animal	739.1	1,079.05	797.6	700	1,026.50	718.7
Aqua	361.8	1,135.82	411.0	298	1,120.98	333.6
Poultry						
DOC	3,135.2	20..02	62.8	3,540	20.19	71.5
Hogs	0.9	4,909.26	4.0	.5	4,906.3	1.8
Foods	6,401.9	89.78	574.8	3,565	88.17	314.3

Cost Contribution	September 2011	September 2010
Feeds	(000 omitted in peso)	(000 omitted in peso)
Animal	682.2	614.4
Aqua	353.9	290.6
Poultry		
DOC	69.2	70.5
Hogs	3.6	1.3
Foods	578.9	312.8

Gross Profit Rate	September 2011	September 2010
Feeds		
Animal	14%	15%
Aqua	14%	13%
Poultry		
DOC	-10%	1%
Hogs	10%	26%
Foods	-1%	0%

Operating Margin	September 2011	September 2010
Feeds	(000 omitted in peso)	(000 omitted in peso)
Animal	64.6	39.0
Aqua	10.9	(1.1)
Poultry		
DOC	2.9	8.5
Hogs	0.4	0.4
Foods	(2.9)	(2.2)

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:

JULIETA M. HERRERA
Controller

TERESITA C. RIMANDO
Alternate Corporate Information Officer

Date: Nov. 11, 2011

VitaSEC17Q-3rdQ2011