June 3, 2013

PHILIPPINE STOCK EXCHANGE
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 Definitive Information Statement (SEC Form 20-IS) for the Annual Stockholders Meeting of Vitarich Corporation.

Thank you.

Very truly yours,

VITARICH CORPORATION

Alicia G. Danque
Alternate Corporate Information Officer

Main Office: Abangan Sur, Mc Arthur Highway, Marilao, Bulacan 3019 Philippines
Tel. Nos.: (632) 843-3033 / (6344) 711-2829

60 YEARS OF SERVING THE FILIPINO FARMERS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [✔] Definitive Information Statement

2. Name of Registrant as specified in its **VITARICH CORPORATION**

3. **Bulacan, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **21134**

5. BIR Tax Identification Code **000-234-398-000**

6. **MacArthur Highway, Abangan Sur, Marilao, Bulacan** **3019**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 8433033**

8. Date, time and place of the meeting of security holders

   Date: **Friday, June 28, 2013**
   Time: **2:00 p.m.**
   Place: **Vitarich Compound, MacArthur Highway, Abangan Sur, Marilao, Bulacan**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 5, 2013**

10. ***In case of Proxy Solicitations***:

    Name of Person Filing the Statement/Solicitor: Management of the Corporation

    Address and Telephone No.: 843-30-33 local 102

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants)

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock	**409,969,764 shares**

12. Are any or all of registrant's securities listed on a Stock Exchange?
    Yes ✔ No _

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:
    Philippine Stock Exchange

VITARICH CORPORATION
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
Friday, 28 June 2013 at 2:00 P.M.
Vitarich Compound, MacArthur Highway, Abangan Sur
Marilao, Bulacan

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of VITARICH CORPORATION (the "Corporation") will be held on Friday, 28 June 2013 at 2:00 P.M. at the Vitarich Compound, MacArthur Highway, Abangan Sur, Marilao, Bulacan.

The Agenda for the meeting is as follows:

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

For the purpose of determining the stockholders entitled to notice of, and to vote at the meeting, the record date is May 28, 2013.

Proxies must be submitted to the Special Committee of Election Inspectors of the Corporation at the executive office of the Corporation located at Vitarich Compound, MacArthur Highway, Abangan Sur, Marilao, Bulacan on or before June 17, 2013. Proxies shall be validated by the Special Committee of Inspectors at the said office of the Corporation on June 21, 2013.

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

PEDRO T. DABU, JR.
Assistant Corporate Secretary

PART I.

A. GENERAL INFORMATION

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

(a) The Annual Meeting of the Stockholders of VITARICH CORPORATION (the "Corporation") will be held on Friday, 28 June 2013 at 2:00 P.M. at the Vitarich Compound, MacArthur Highway, Abangan Sur, Marilao, Bulacan

(b) This Information Statement and the accompanying Proxy Form shall be sent or given to security holders on Wednesday, 5 June 2013. Complete mailing address of the principal office of Vitarich Corporation: MacArthur Highway, Bo. Abangan Sur, Marilao, Bulacan

Item 2. Dissenter's Right of Appraisal

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

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

1. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code; and

3. In case of merger or consolidation."

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

(a) *Number of Shares Outstanding*. The Corporation's capital stock is composed of Common shares which are voting shares. The number of shares outstanding is 409,969,764 with each share entitled to one (1) vote.

The Company's Filipino-Foreign equity ownership as of April 30, 2013 is as follows:

	No. Of Shares	% Ownership
Shares owned by Filipino	396,997,557	96.84%
Shares owned by Foreigners	12,972,207	3.16%
Total	**409,969,764**	**100.00%**

(b) *Record Date*. The record date, with respect to this solicitation, is May 28, 2013. Only stockholders of record as at the close of business on May 28, 2013 are entitled to notice and vote at the meeting.

(c) *Cumulative Voting Rights*. At the election of directors, each stockholder may vote the shares registered in his name, either in person or by proxy, for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principles among as many candidates as he shall see fit: provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

(d) *Security Ownership of Certain Record and Beneficial Owners.* Owners of record of more than 5% of the Corporation's voting securities as of April 30, 2013 are as follows:

Title of Class	Name, Address of Record Owner & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares	Percent of Class
Common Shares	PCD Nominee Corporation ** 37/F The Enterprise Center, Ayala Avenue Cor. Makati Avenue Stockholder	Various beneficial owners [1]	Filipino	181,799,948 r	44.34%
Common Shares	Sarmiento Management Corp. 7/F Chateau Verde Building IV Valle Verde, Pasig City Stockholder A company controlled by the majority of the stockholders of the Issuer	Various beneficial owners [2]	Filipino	87,320,199 r	21.30%
Common Shares	Metropolitan Bank & Trust Company Metro Bank Plaza Sen. Gil J. Puyat Ave., Makati City	Various beneficial owners	Filipino	77,893,396 r	19.00%

[1] PCD Nominee Corporation, a wholly owned subsidiary of the Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Corporation's stock and transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares in their behalf or in behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. To the knowledge of the Issuer, none of the beneficial owners of the PCD Nominee Corporation own more than 5% of the issuer's voting securities.

[2] Mr. Lorenzo M. Sarmiento Jr., as President of Sarmiento Management Corp, votes on behalf of the Sarmiento Management Corporation. None of the beneficial owners of Sarmiento Management Corporation directly own more than 5% of the issuer's voting securities.

Security of Ownership of Management. The number of common shares beneficially owned by directors and executive officers as of April 30, 2013 is as follows:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	AMOUNT & NATURE OF BENEFICIAL OWNERSHIP		CITIZENSHIP	PERCENT OF CLASS
Common	Jose Vicente C. Bengzon III	10,000	(r)	Filipino	0.0024%
Common	Rogelio M. Sarmiento	1,595,320 92,510	(r) (indirect)	Filipino	0.3891% 0.0200%
Common	Cesar L. Lugtu	1	(r)	Filipino	0.0000%
Common	Angelito M. Sarmiento	5,000	(r)	Filipino	0.0012%
Common	Benjamin I. Sarmiento Jr.	199	(r)	Filipino	0.0000%
Common	Enrique G. Filamor	300	(r)	Filipino	0.0001%
Common	Ricardo Manuel M. Sarmiento	500	(r)	Filipino	0.0001%
Common	Stephanie Nicole S. Garcia	500	(r)	Filipino	0.0001%
Common	Lorenzo Vito M. Sarmiento III	500	(r)	Filipino	0.0001%
Common	Eduardo T. Rondain	500	(r)	Filipino	0.0001%
Common	Tomas B. Lopez Jr.	1	(r)	Filipino	0.0000%

Voting Trust Holders of 5% or more. The Corporation is not aware of any person holding more than 5% of the common shares of the Corporation under a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the Corporation and the Securities and Exchange Commission, as required under the Corporation Code. However, Metropolitan Bank & Trust Company (MBTC) which owns 77,893,396 shares or 19% has given Rogelio M. Sarmiento or Ricardo Manuel M. Sarmiento a right thru proxy forms to vote the shares during the annual and special stockholders' meetings. Metropolitan Bank & Trust Company did not specify the manner in which the grantees would vote on the shares.

(e.) Description of any arrangement which may result in a change in control of the Corporation. No change in control of the Corporation has occurred since the beginning of the last fiscal year.

Item 5. Directors And Executive Officers

All of the directors and officers named herein have served their respective offices since June 29, 2012. The directors of the Corporation are elected at the annual meeting of the stockholders of the Corporation to hold office until the next succeeding annual meeting of the stockholders and until the respective successors have been elected and qualified.

Officers are elected by the newly elected Board of Directors at the first meeting. The Board also elects during its first meeting the chairman and members of the Audit and Compensation & Nomination Committees. There are two (2) independent directors, one of whom is the Chairman of the Audit Committee and the other independent director heads the Compensation & Nomination Committee. Officers of the Corporation shall be subject to removal at any time by the Board of Directors, but all officers, unless removed, shall hold office until their successors are appointed. If any vacancy shall occur among the officers of the Corporation, such vacancy shall be filled by the Board of Directors.

None of the members of the Board of Directors, executive officers and nominees of the Corporation are involved in any criminal, bankruptcy, or insolvency investigation or proceeding for the past five (5) years.

Nominees. The nominees for the members of the Board of Directors and Executive Officers for the ensuing year as of the date of sending the Definitive Information Statement to security holders on 5 June 2013 are the following:

Regular Directors:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Cesar L. Lugtu;
4. Mr. Angelito M. Sarmiento;
5. Mr. Benjamin I. Sarmiento Jr.;
6. Mr. Enrique G. Filamor;
7. Mr. Ricardo Manuel M. Sarmiento;
8. Ms. Stephanie Nicole S. Garcia; and
9. Mr. Lorenzo Vito M. Sarmiento, III.

Independent Directors

10. Mr. Tomas B. Lopez, Jr.; and
11. Atty. Eduardo T. Rondain.

Atty. Eduardo T. Rondain, a Management Representative of Employers Confederation of the Philippines (ECOP), is not a government employee.

Mr. Wilfredo M. Angeles nominated the nominees for independent directors. Mr. Angeles is a stockholder of the Issuer, and is not related to the respective nominees.

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

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

Officers:

Rogelio M. Sarmiento	- CEO/President
Ricardo Manuel M. Sarmiento	- COO/Executive Vice President
Stephanie Nicole S. Garcia	- CFO/Treasurer
Guillermo B. Miralles	- Vice President, Vismin Operations
Atty. Tadeo F. Hilado-	- Corporate Secretary
Atty. Pedro T. Dabu Jr.	- Asst. Corporate Secretary/Compliance Officer/Corporate Information Officer

All nominees for directors and executive officers are Filipino citizens.

Following is a brief profile of the Corporation's Directors and Officers for the year 2012-2013.

Jose Vicente C. Bengzon III, Filipino, 55 years old
Director (since 2007) / Chairman of the Board
Member - Audit Committee
Mr. Bengzon is presently the Chief Operating Officer of DUMA Company, Director of South Luzon Tollways Corporation, Manila North Tollways Corporation and the Manila Toll Expressway System. He is a Director of Pres. Jose P. Laurel Rural Bank Inc. since 2010 and Philippine National Construction Corporation since 2011. He is also the President of UPCC Holdings Corporation since 2006. Prior to this, he was the Chief Privatization Officer of the Department of Finance. He was the President of Abarti Artworks Corporation from 2001-2004. He was also an Entrepreneur of Westborough Food Corporation from 1993-2001. He is a Certified Public Accountant and a graduate of De La Salle University having obtained his Bachelor of Science in Commerce and Bachelor of Arts degrees major in Economics in 1980 therefrom. He took his Master of Business Administration at the Kellogg School of Management at Northwestern University in 1988.

Rogelio M. Sarmiento, Filipino, 64 years old
Director (since 1980) / Vice Chairman, President & Chief Executive Officer
Mr. Sarmiento is presently the Vice Chairman/President/CEO of Vitarich Corporation. From 1968 to 1981, he was the President of L. S. Sarmiento & Co., Inc., Sarmiento Industries, Inc., Fortuna Mariculture Corporation, and Sarphil Corporation. Mr. Sarmiento obtained his Bachelor of Science in Business Administration degree from the University of San Francisco and his Master of Business Administration degree from the University of Sta. Clara in the United States of America. He was President of the Philippine Association of Feed Millers Inc. from 1990-1992 and Vice-President of the Philippine Chamber of Commerce from 1988 to 1989. Formerly a member of the Interim Batasang Pambansa, he concurrently served as Minister of State for Transportation and Communications. He also served as Deputy Director General of the National Economic and Development Authority. He was a member of the House of Representatives representing the First District of the Province of Davao del Norte from 1992 to 2001.

Ricardo Manuel M. Sarmiento, Filipino, 36 years old
Director/ Chief Operating Officer / Executive Vice President
Member – Audit Committee and Compensation & Nomination Committee
Mr. Ricardo Manuel Sarmiento is the Chief Operating Officer, Executive Vice President, and Sales and Marketing Director of Vitarich Corporation and President of Gromax, Inc. He leads the over-all operations of Gromax and handles the sales and marketing of Vitarich products using sales promotions, advertising, market research, and distribution. He holds a degree in Bachelor of Science in Tourism from the University of the Philippines in Diliman, Quezon City. He is a member of the Upsilon Sigma Phi. Mr. Sarmiento joined Vitarich in July 2005. He was elected as director of the Corporation last June 29, 2012.

Stephanie Nicole M. Sarmiento-Garcia, Filipino, 33 years old
Director/ Chief Finance Officer / Treasurer
Member – Compensation & Nomination Committee
Ms. Garcia was appointed Operations Support Director of Vitarich Corporation in March 2006. In this role, she directs and monitors compliance of the departments to the established production and quality parameters. She oversees efficient operations, allocates funds and negotiates contracts and prices as

well. Prior to Vitarich, Ms. Garcia worked as a Store Manager at *Le Pain Quotidien*, an international chain of café-style restaurants, specializing in bakery items. Early on, she held a front desk position at the *Ritz Carlton Hotel* in San Francisco. She holds a degree in International Hospitality Management from Glion Institute of Higher Education (formerly known as Glion Hotels School), a private, university-level Swiss hotel management school in Switzerland. Ms. Garcia joined Vitarich in October 2003. She was elected as director of the Corporation last June 29, 2012 and is the Chief Finance Officer and Treasurer of the Company.

Cesar L. Lugtu, Filipino, 58 years old
Director (since 2005)
Member – Audit Committee
Mr. Lugtu is presently the Senior Vice-President and Company Head- Special Accounts Management Company (SAMG) of the Metropolitan Bank & Trust Company. Prior to joining Metrobank in the year 2000, he held various positions at Solid Bank for 18 years, the latest being First Vice President/Division Head of its Special Account Management Division (1999-2000), Corporate Banking Company (CBG) from 1992-1999, and the Manila Banking Corporation for 3 years (1980-1982). He is a graduate of the De La Salle University and became a director of the Corporation in 2005.

Angelito M. Sarmiento, Filipino, 66 years old Director
Director (since 2009)
Member – Compensation & Nomination Committee
Mr. Angelito Sarmiento is currently a Director of Foundation for Resource Linkage & Development Inc (FRLD).; the organizer of yearly Agrilink event; Trustee, Bulacan State University; Former President of Vitarich Corporation (1983-1988); Former President of Vitarich Corporation's subsidiaries; previous member of the Board of Vitarich up to 1997. He is a former Congressman (1992-2001); former Chairman of the House Committee on Agriculture (1998-2001); and former Presidential Adviser on Agricultural Modernization (February 2001 to December 2003). His peers in Congress called him the Dean of Agribusiness. He is the author of RA 9013 (or the Philippine Quality Award Act of 2001); RA 8435 (or the Agriculture and Fisheries Modernization Act of 1997 or AFMA); former Co-chairman of the Oversight Committee on Agriculture and Fisheries Modernization; former NFA Chairman (Sept 2001-Dec 2004); and a former Mayor of City of San Jose del Monte Bulacan.

Benjamin I. Sarmiento Jr., Filipino, 44 years old
Director (since 1998)
Member – Audit Committee and Compensation & Nomination Committee
Mr. Benjamin Sarmiento is a graduate of the University of San Francisco with a degree of Bachelor of Arts in Economics. He is the Chief Executive Officer of Pacific Equity, Inc. from 1989 up to the present. He is also a Director of the following companies: M3 Ventures, International Inc. from 1991 up to the present, and Ultra-Seer, Inc., Hills Dales Marketing Inc., Specialized Products & Services, Inc., Escotek, Inc. and Diversified Industrial Technology, Inc. from 2002 up to the present. He is the Chief Executive Officer of Trabbycoco Genetics, Inc. He is also a director of Gromax, Inc. from 1995 up to the p*resent.*

Enrique G. Filamor, Filipino, 66 years old
Director
Member – Audit Committee
From October 2001 to present, Mr. Filamor has been Managing Partner of EGF Advisory Services, Inc., a financial advisory firm that specializes in debt restructuring and turn around of distressed companies and equity investments. He is a Director and the Treasurer of Tahanan Mutual Building and Loan Association, Inc. He also holds directorship in MediaQuest Holdings Inc., Media5 Marketing Corporation, Bancholders, Inc., Unilink Communications Corporation, The Philippine Home Cable Holdings Corporation, Superior Multi-Parañaque Homes, Inc., Superior Parañaque Homes, Inc., Nation Broadcasting Corporation and Studio5, Inc. He is a member of the Board of Trustees of the Beneficial Trust Fund created pursuant to the Benefit Plan of PLDT. Additionally, he is a TOYM awardee for international banking. He was elected as director of the Corporation last June 29, 2012.

Lorenzo Vito M. Sarmiento III, Filipino 39 years old
Director
Member – Compensation & Nomination Committee
Mr. Sarmiento is President of Davito Holdings Corporation and Medityre Corporation. He was President of Speed Space Systems, Chairman of Emphasys Process Corporation, Investor and co-founder of South Super Sports, Team Manager under contract with the Philippine Football Federation, Creative Director of Speed HKG, and Investor and co-founder of True Star Entertainment. He graduated in 1999 from the University of San Francisco, San Francisco CA USA, with a degree in Bachelor of Science in Business Administration with emphasis in Marketing and International Business. He took up special courses in International Studies at the American University in London, England and Network Engineering at Herald College, San Francisco CA USA. He was elected as director of the Corporation last June 29, 2012.

Tomas B. Lopez Jr., Filipino, 63 years old
Independent Director
Chairman – Compensation & Nomination Committee
Mr. Lopez was elected as an Independent Director of the Corporation on 28 February 2012. He is an incumbent Trustee of Home Development Mutual Fund (Pag-ibig) representing the government employees' sector. He is at present the President of the University of Makati; Adjunct Professor of Ateneo de Manila Graduate School of Business and SP Jain Center of Management of Singapore, Dubai and Sydney. He was the co-founder and director of Asian Center for Entrepreneurship and Management Education. He served as a member of the Board of Advisors for Microsoft Global Innovative Schools Program from 2005-2008. He was formerly the undersecretary (Deputy Minister) of the Philippine Department of Agriculture from 1986-1992. He also served in the boards of diverse businesses such as insurance, trading and banking. Prior to this, he had worked with Multi-Focus, Inc., Kanlaon Broadcasting System and Radio Mindanao Network as a writer, director of news and public affairs in television programs. He was also engaged as consultant in various government and private firms. He is a graduate of Ateneo de Manila University and obtained his master in management with distinction at the Asian Institute of Management. He was elected as director of the Corporation last June 29, 2012.

Atty. Eduardo T. Rondain, Filipino, 83 years old,
Independent Director
Chairman – Audit Committee
Atty. Rondain is a lawyer by profession, an expert in labor relations and human resource management. Atty. Rondain's past and present involvement includes the following: Vice Chairman of the Board and Chairman, Management Committee of CORD Chemicals, Inc.; Senior Adviser and Director, Employers Confederation of the Philippines (ECOP); Member and Director, ECOP Institute of Productivity and Competitiveness; Commissioner (representing Employers), DOLE Commission on Wages and Productivity; Employer Member, Tripartite Industrial Peace Council (Presidential appointee); Chairman of the Board, Planters Products Inc. (formerly ESSO Fertilizer); Executive Vice President, Member of the Board of Directors and Management Committee, PHILIPS Company of Companies; Director for Industrial Relations, Radio Electronics Headquarters; part-time faculty member, College of Business Administration, Solair, UP Manila; Full Professor, UP College of Business Administration MBA Program; teaching staff, Ateneo Business School, MBM, and seminar resource person, Economic Development Foundation, Personnel Management Association, De La Salle University and Jose Rizal College; Director, Non-Academic Personnel Services, UP Administration; Research-Instructor, then Assistant Professor, UP School of Labor and Industrial Relations; and Legal Assistant, Severino Law Office, Escolta, Manila. A graduate of Bachelor of Laws at the UP College of Law in 1955, he undertook graduate study in Labor and Industrial Relations at the University of Illinois in 1959 as a UP Fellow. He was elected as director of the Corporation last June 29, 2012.

Other Executive Officers

Guillermo B. Miralles, Filipino, 48 years old
General Manager, Vismin Operations
Mr. Miralles obtained his degree on Bachelor of Arts (AB – Classical) major in English and Philosophy from Queen of Apostles College Seminary, Tagum City in 1986. He joined the Corporation in 1994, and since then, he handled different positions in the Visayas and Mindanao operations prior to his appointment as General Manager for Vismin Operations in October 2003. Before joining Vitarich Corporation, he was connected with Virginia Foods, Inc. as its Sales Manager.

Atty. Tadeo F. Hilado, Filipino, 60 years old
Corporate Secretary
Atty. Hilado is a Senior Partner of the Angara Abello Concepcion Regala and Cruz Law Offices (ACCRALAW). He joined the said Firm in 1978 and became a Partner in 1987. He currently heads the firm's Corporate and Special Projects Department and is the secretary of the Partnership. He received his Bachelor of Arts degree from De La Salle University (summa cum laude) in 1973 and his Bachelor of Laws degree from the University of the Philippines in 1977. He obtained a Master of Laws degree from the University of Michigan in 1981 after which he worked for a year as a visiting lawyer in the U.S. law firm of Graham & James in San Francisco, California.

Atty. Pedro T. Dabu Jr., Filipino, 56 years old
Assistant Corporate Secretary
Atty. Dabu obtained his law degree from the Manuel L. Quezon University (cum laude) and is taking up his Master of Laws in Civil Law at the San Beda College. Prior to his appointment as Assistant Corporate Secretary and Compliance Officer of Vitarich Corporation in July 2007, he served as City Administrator of San Jose Del Monte, Bulacan. In 1993 to 2000, he was the Corporation's Legal Manager and concurrently Asst. Corporate Secretary and Corporate Secretary of Vitarich's subsidiaries.

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

Family Relationships. Mr. Rogelio M. Sarmiento is the father of Directors Ricardo Manuel M. Sarmiento and Stephanie Nicole S. Garcia.

Item 6. Compensation of Directors and Executive Officers

Terms and Conditions of Employment Contract, Compensation Plan. The Chairman, Vice-President, and Controller are regular employees of the Corporation and are similarly remunerated with a compensation package comprising of twelve (12) months basic pay. In addition, based on the Corporation's performance, they also receive mid-year and year-end gratuity pay which the Board extends to the managerial, supervisory, and rank and file employees of the Corporation.

The members of the Board of Directors (BOD) are elected for a term of one (1) year. They receive remuneration for twelve (12) months in directors' fees for every meeting of participation.

The Company has a stock compensation plan for its officers and other executives. Under the plan, 20% of the annual gross pay of the Company's executives and officers is to be paid in shares of stock of the Company, which are purchased through the stock exchange. The Company's executives and officers' salaries under the stock compensation plan amounting to ₱3.9 million in 2012 and ₱4.1 million in 2011 and 2010 were converted to cash.

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

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

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

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

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

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

NAME & PRINCIPAL POSITION	YEAR	SALARY	Bonus and Others
Rogelio M. Sarmiento – CEO/President			
Ricardo Manuel M. Sarmiento – COO/Executive Vice President			
Stephanie Nicole S. Garcia – CFO/Treasurer			
Guillermo B. Miralles - General Manager - Vismin Operations			
Jose D.L. Angeles - National Marketing Manager			
TO T A L (Estimated)	2013	6.6	-
	2012	4.6	-
	2011	3.2	-
ALL OTHER OFFICERS & DIRECTORS AS A COMPANY UNNAMED (Estimated)	2013	0.8	-
	2012	0.8	-
	2012	0.8	-

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

1. CEO/President - Rogelio M. Sarmiento
2. COO/Executive Vice President - Ricardo Manuel M. Sarmiento
3. CFO/Treasurer - Stephanie Nicole S. Garcia
4. General Manager - Vismin Operations - Guillermo B. Miralles
5. National Marketing Manager - Jose D.L. Angeles

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

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

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

Related Party Transactions

Transactions with Related Parties

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

These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

The Company grants unsecured, noninterest-bearing advances to its related parties for working capital requirements and capital expenditures. The Company also buys raw materials, hogs, and breeder flocks. The Company also sells animal feeds, raw materials, feed supplements and dressed chicken to these related parties. Total purchases from related parties amounted to ₱12.0 million in 2011 while total sales to related parties amounted to ₱128.2 million in 2012 and ₱47.0 million in 2011. There were no sales in 2010 and no purchases in 2012 and 2010 made to or from related parties. Goods are sold to related parties on a cost-plus basis, allowing a margin of at least 10%.

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

The amounts due from related parties are generally payable on demand or through offsetting arrangements with the related parties. (Please refer to Note 22 of the Audited Consolidated Financial Statements of the Corporation – December 31, 2012)

Resignation of Directors. There is no director who resigned or declined to stand for re-election because of any disagreement.

Item 7. Independent Public Accountants

For the year 2012, the Corporation's independent public accountant is the accounting firm of Reyes Tacandong & Co. The audit of the financial statements of the Corporation was handled and certified by the engagement partner, Mr. Emmanuel V. Clarino. In pursuant to SRC Rule 68.1 (Qualification and Reports of Independent Auditors), the Corporation engaged Reyes Tacandong & Co. for the examination of the Corporation's financial statements for the calendar year 2012.

The accounting firm of Reyes Tacandong & Co. was appointed as the external auditors of the Company for the calendar year 2012 at the Corporation's annual stockholders meeting held last June 29, 2012.

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

External Audit Fees and Services

The work of Reyes Tacandong & Co. consisted of an audit of the financial statements of the Company to enable them to express an opinion on the fair presentation of the Company's financial position, results of operations and cash flows in accordance with Philippine Financial Reporting Standards. In addition to their report, and as a value-added service, Reyes Tacandong & Co also reviewed the Corporation's computation of the annual income tax expense and likewise also the review of the unaudited quarterly consolidated statements of financial position of the Corporation and the related statements of comprehensive income, changes in equity and cash flows for the quarter ended in accordance with Philippine Standards on Review Engagements (PSRE) 2410, "Engagements to Review Financial Statements" issued by the Auditing Standards and Practices Council, as applicable to review engagements. For these services, Reyes Tacandong & Co. billed the Company the amount of P2.50 million inclusive of VAT and out of pocket expenses. For the years 2011, 2010 and 2009, audit and audit-related fees amounted to P2.50 million, P2.05 million, and P1.85 million exclusive of VAT and out of pocket expenses, respectively.

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

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

The audit committee's approval policies and procedures for the above services.

Upon the recommendation and approval of the audit committee, the appointment of the external auditor is being confirmed at the annual stockholders' meeting. On the other hand, the financial statements should be approved by the Board of Directors before its release.

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

1. Statutory audit of company's annual financial statements
    a. The Audit Committee ensures that the services of the external auditor conform with the provision of the company's manual of corporate governance specifically articles 2.3.4.1; 2.3.4.3 and 2.3.4.4
    b. The Audit Committee makes an assessment of the quality of prior year audit work services, scope, and deliverables and makes a determination of the reasonableness of the audit fee based on the proposed audit plan for the current year.
2. For other services other than annual F/S audit:
    a. The Audit Committee evaluates the necessity of the proposed services presented by Management taking into consideration the following:

        i. The effectiveness of company's internal control and risk management arrangement, systems and procedures, and management degree of compliance.
        ii. The effect and impact of new tax and accounting regulations and standards.
        iii. Cost benefit of the proposed undertaking

    b. The Audit Committee approves and ensures that other services provided by the external auditor shall not be in conflict with the functions of the external auditor for the annual audit of its financial statements.

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

Item 8. Compensation Plan

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

Not Applicable

Item 10. Modification or Exchange of Securities

Not Applicable

Item 11. Financial and other Information

The information required under item 11 (a) of SEC Form20-IS are contained in the Company's 2012 Annual Report on SEC Form 17-A and 2012 Audited Financial Statements accompanying this Information Sheet.

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

Not Applicable

Item 13. Acquisition or Disposition of Property

On September 14, 2012, the Company bidded out non-core assets to Kormasinc, Inc., a creditor, resulting to a dacion en pago for P70.1 million. The bid, however, is still pending approval of the Rehabilitation Court.

a) Kormasinc, Inc. bidded in reduction of debt, for the following properties:

	Bid Amount
Land and Commercial Bldg located at Guadalupe Makati City covered by TCT No. 216546	P12,127,200.00
Land with an area of 20,645 sq.m., Iponan, Cagayan De Oro City, (T-123898, T-123897, T-123896, T-123895)	14,478,768.00
Land, with an area of 63,389 sq.m. Brgy. Glamang, Polomolok, South Cotabato, (T-71235)	38,034,000.00
Agricultural Land, 9,140 sq. m. Lipa Batangas (TCT No. T-146441)	5,484,000.00

b) Ferdinand B. Ignacio submitted a bid for P8,000,000.00 on the **Land and Commercial Bldg located at Guadalupe Makati City covered by TCT No. 216546**.

c) Mr. Fed Termulo submitted a bid for P358,888.00 on the **lot covered by TCT No. T36488 (M)**.

Item 14. Restatement of Accounts

Please refer to Notes 2, 3, and 4 of the Audited Consolidated Financial Statements of the Corporation – December 31, 2012.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Appointment of the Stock Transfer Agent

Stock Transfer Service, Inc. (STSI) is recommended for re-appointment at the annual stockholders' meeting scheduled on June 28, 2013 as the Corporation's stock transfer agent for the ensuing year.

The following are included in the Agenda of the Annual Meeting of Stockholders of the Corporation scheduled on June 28, 2013 for the approval of the stockholders:

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

A brief summary of the Minutes of the Annual Meeting of Stockholders of the Corporation held on 29 June 2012 is as follows:

A quorum being present, the meeting was called to order and presided over by the Chairman of the Board of the Corporation, Mr. Rogelio M. Sarmiento. The Assistant Corporate Secretary, Atty. Pedro T. Dabu, Jr., certified that written notices of the annual meeting of the stockholders of the Corporation were sent to the stockholders of record as of 29 May 2012.

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders held on 24 June 2011 was dispensed with and the said minutes were approved. Thereafter, the Chairman of the Corporation reported on the operations of the Corporation for the year ending on 31 December 2011.

Upon motion duly made and seconded, the stockholders confirmed and ratified the acts of the directors and officers of the Corporation since the last annual stockholders' meeting.

Then, the following were duly elected as members of the Board of Directors of the Corporation:

Rogelio M. Sarmiento;
Jose Vicente C. Bengzon III;
Cesar L. Lugtu;
Angelito M. Sarmiento;
Benjamin I. Sarmiento Jr.;
Enrique G. Filamor;
Ricardo Manuel M. Sarmiento;
Stephanie Nicole S. Garcia;
Lorenzo Vito M. Sarmiento III;
Tomas B. Lopez, Jr.; and
Atty. Eduardo T. Rondain.

Thereafter, upon motion duly made and seconded, the stockholders approved the appointment of Reyes Tacandong & Company as the Corporation's external auditor for the ensuing year and to serve as such until its successor shall have been appointed and qualified. Then, upon motion duly made and seconded, the stockholders approved the appointment of Stock Transfer Services, inc. as the Corporation's stock transfer agent for the ensuing year and to serve as such until its successor shall have been appointed and qualified.

Thereafter, the stockholders approved the proposed amendments of Article IV of the by-laws of the Corporation with respect to the functions of the officers of the Corporation.

Acts and Resolutions of the Board of Directors and Officers of the Corporation from July 31, 2012 to March 15, 2013.

Date of Action	**Description**
Tuesday, 31 July 2012	The Corporation authorized either Atty. Pedro T. Dabu, Jr. or Atty. Nenita Dela Cruz-Tuazon to represent the Corporation in the mediation proceedings of the case entitled "Barclays Bank PLC & Deutche Bank AG London vs. Hon. Judge Manalastas, etc. et al., C.A.G.R. SP No. 120665" with power to offer, negotiate, accept, decide and enter into a compromise agreement.
Tuesday, 28 August 2012	The Board authorized that the capital stock of the Corporation be increased by another P2B or from P1.5B to P3.5B. The Board approved the issuance of the new common shares totaling Two Billion common shares (2,000,000,000) to the Corporation's creditors in conversion of the debts of the Corporation, or in cash, subject to such terms and conditions as determined by the Board of Directors and the approval of the Securities and Exchange Commission and the Rehabilitation Court, if applicable. Resolved further, that the shares shall be listed with the Philippine Stock Exchange subject to the approval of the stockholders. The Board approved that a Special Stockholders Meeting be held on October 15,

	2012 at 9:00 a.m. for the purpose of taking up the resolutions approved by the Board and that the President and/or Secretary of the Corporation are hereby instructed to take the steps required for the calling of a special stockholders' meeting. Resolved further, that the stockholders on record as of September 11, 2012 be entitled to vote at the said Special Stockholders Meeting. Resolved furthermore, that the Proxy Validation Committee be reactivated to validate the proxies pursuant to the Corporation's By-Laws.
Tuesday, 25 September 2012	The Corporation appoints and designates, its Executive Vice President/Chief Operating Officer, Mr. Ricardo Manuel M. Sarmiento as alternate signatory in real estate mortgage agreements, deeds of sale and deeds of *dacion*, covering properties offered as collaterals or payment by the customers of the Corporation. Resolved further, that Mr. Ricardo Manuel M. Sarmiento be appointed as alternate signatory in petitions for foreclosure of mortgage and the consequent affidavits of consolidation and other related instruments/ documents. In so doing, Mr. Ricardo Manuel M. Sarmiento can execute the verification and certification on non-forum shopping. Resolved finally, that any real estate mortgage, deed of sale, deed of *dacion*, petition for foreclosure or affidavit of consolidation executed by Mr. Ricardo Manuel M. Sarmiento before this resolution are hereby confirmed and ratified by the Board.
Monday, 15 October 2012	No resolutions were passed.
Tuesday, 13 November 2012	The Board approved and adopted the Resolution No. 12-17, appointing Atty. Dax Matthew Quijano as the Corporation's true and lawful attorney-in-fact to represent the Corporation in the pre-trial, mediation proceedings and trial of the case entitled VITARICH CORPORATION VS. AQUILINA SABI, Civil Case No. MAN-5900, REGIONAL TRIAL COURT BRANCH 55, MANDAUE CITY OF CEBU, to act for and in its name and to do and perform the following acts and things: (a) to negotiate, conclude, enter into and execute a compromise or amicable settlement of the case, if allowed by the rules; (b) to enter into stipulations or admissions of facts and of documents; (c) to agree on the simplification of the issues; (d) to limit the number of witnesses; and (e) to do other things as are allowed by the rules on pre-trial conference and trial proceedings. It was explained that while Atty. Quijano is authorized to enter into a compromise or amicable settlement of the case and other acts on behalf of the Corporation, as a matter of understanding with him, he will not sign a compromise agreement amicable settlement without the approval of the management.
Tuesday, 11 December 2012	No resolutions were passed.

Friday, 18 January 2013	No resolutions were passed.
Friday, 15 February 2013	The Corporation authorized the closure of its two (2) bank accounts: to wit: (1) Philippine National Bank, Valenzuela Branch under Current Account No. 0498-830167-7 and (2) Banco de Oro, Marilao Branch under Current Account No. 005800047813. Resolved further, that the Corporation's Chief Financial Officer, MS. STEPHANIE NICOLE M. SARMIENTO-GARCIA, is hereby authorized to sign execute and deliver, in behalf of the Corporation, such documents as may be required for the purpose, and to receive the balance thereof from the said banks and to transmit the same to the coffers of the Corporation for use in its operations.
Friday, 15 March 2013	The Corporation authorized the acquisition of motor vehicles needed by the Corporation in the conduct of its business and disposition of various motor vehicles. Resolved further, that the Corporation's Chief Financial Officer, MS. STEPHANIE NICOLE M. SARMIENTO-GARCIA, is hereby authorized to sign, execute and deliver, in behalf of the Corporation, all documents and deeds as may be required to implement the foregoing resolution. Resolved finally, that the previous authority given to MS. JULIETA M. HERRERA, is hereby withdrawn and revoked. Resolved, that the Corporation authorized, either its Chief Financial Officer - Ms. Stephanie Nicole M. Sarmiento-Garcia or its Corplan Manager - Alicia G. Danque, to execute the verification of all pleadings including the monthly reports being filed with the Rehabilitation Court. Resolved, that the Corporation authorized, the release of its 2012 Audited Financial Statements as presented by the corporation's external auditor.

Item 16. Matters Not Required to be Submitted

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

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

Not Applicable

Item 18. Other Proposed Action

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

Item 19. Voting Procedures

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

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

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

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

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

Chairman:	Tomas B. Lopez, Jr.
Members:	Stephanie Nicole S. Garcia
	Lorenzo Vito M. Sarmiento, III
	Benjamin I. Sarmiento
	Ricardo Manuel M. Sarmiento
	Angelito M. Sarmiento
	Ruby P. Macario (non-voting member)

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

PART II.

INFORMATION REQUIRED IN A PROXY FORM

Item 1. ***Identification***

This proxy is being solicited by the Corporation. The Vice Chairman of the Board of Directors and the President of the Corporation or in his absence, the Chairman of the Board of the Corporation, or in his absence, the presiding officer of the meeting will vote the proxies at the Special Stockholders' Meeting to be held on June 28, 2013, at 2:00 pm at Vitarich Corporation Compound, MacArthur Highway, Abangan Sur, Marilao, Bulacan.

Item 2. ***Instruction***

(a) The proxy form must be completed, signed and dated by the stockholder and received by the Corporation on or before June 17, 2013 at the following address:

Vitarich Corporation
Vitarich Corporation Compound
MacArthur Highway, Abangan Sur
Marilao, Bulacan

(b) In case of a corporate stockholder, the proxy must be accompanied by a corporate secretary's certificate quoting the board resolution authorizing the relevant corporate officer to execute the proxy for the corporate stockholder.

(c) Validation of proxies will be done by the Special Committee of Election Inspectors on June 21, 2013.

(d) The manner in which this proxy shall be accomplished as well as the validation hereof shall be governed by the provisions of Rule 20, Section 11(b) of the SRC IRR.

(e) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on the matters in (1) and (2) below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote "FOR" the items below.

Item 3. **Revocability of Proxy**

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

Item 4. **Persons Making the Solicitation**

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

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

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

No director, officer or associate of any of the foregoing has any substantial interest, direct or indirect, by security holdings or otherwise, on the matter to be acted upon at the Annual Stockholders' Meeting to be held on June 28, 2013.

The undersigned hereby appoints Rogelio M. Sarmiento, the Vice Chairman of the Board of Directors and the President of the Corporation, as his/her/its proxy with full power of substitution and delegation or in his absence, the Chairman of the Board of the Corporation, or in his absence, the presiding officer of the meeting, as the proxy of the undersigned, to represent and vote all of the shares of common stock of the undersigned at the Annual Stockholders' Meeting of the Corporation to be held on June 28, 2013, at 2:00 pm and at any and all adjournments or postponements thereof, for the matters to be taken up in the meeting are as follows:

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

_______________   ______________________________

Date of Proxy   **Signature over Printed Name**

Undertaking

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

Mr. Rogelio M. Sarmiento
President / CEO
Vitarich Corporation
Vitarich Corporation Compound
Bo. Abangan Sur, MacArthur Highway
Marilao, Bulacan

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

SIGNATURES

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

VITARICH CORPORATION
Issuer

June 3, 2013
Date

PEDRO T. DABU, JR.
Assistant Corporate Secretary
Compliance Officer/Corporate Information Officer

MANAGEMENT REPORT

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

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

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

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

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

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

The Company is presently engaged in the production and distribution of 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 Corporation has operating offices in some parts of Luzon, in Iloilo and in Davao, and various satellite offices in some parts of Southern Philippines.

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

The registered principal place of business of the Company and its subsidiaries (collectively referred to hereinafter as the Company) is located at Bo. Abangan Sur, McArthur Highway, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

SUBSIDIARIES

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

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.

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

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

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 said Company.

For the year 2012, Gromax posted a net loss of ₱2.2 million while as of March 31, 2013, Gromax yielded positive results as it registered total sales revenue of ₱36.7 million with a net income of ₱1.0 million.

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

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

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

On October 1, 1998, the Board of Directors of PFCI approved the conversion into equity of the advances of Vitarich Corporation to PFCI amounting to 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 Board of Directors of PFCI approved the proposed conversion in 1998.

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

In connection with such legal action, in 2001, PFCI recognized as claims receivable, as of December 31, 2001, certain losses arising from the closure of certain Texas Chicken restaurants and legal fees incurred relating to the case filed against AFC. Losses recognized as claims receivable include, among others, the loss on write-off of leasehold and building improvements relating to the closed stores. The total amount recognized as claims receivable (presented as part of Other Non-current Assets account in the 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 believed that this case would be settled in favor of the PFCI and TMA.

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

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

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

BUSINESS OF ISSUER

Business Segments and Product Distribution

The Company has three primary products: feeds, poultry, and pangasius (dory). It sells its feed products to various distributors, dealers and end-users nationwide. The Company's poultry products are day old chicks (DOC) and live and dressed chicken. Its dressed chicken products are sold to hotel, restaurants, institutional clients, and supermarkets as well as to wet markets.

Feed Products:

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

The Corporation's customer base consists of dealers and end-users nationwide. These clients are given credit terms from 30 days to 90 days while other customers are on cash basis. The Luzon area accounted for 47% of the total animal/aqua feeds sales volume, whereas the Vismin areas accounted for 53%.

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

Broilers are sold either as live or dressed. Live broilers are directly purchased by middlemen at the farmgate, who, in turn, supply these to wet markets where these are sold to the general public on an unbranded basis.

Dressed chickens are delivered to supermarkets, hotels and restaurants, and fast food chains. Dressed chickens are likewise sold to institutional clients.

Pangasius (Dory) Products:
Pangasius, commonly known as dory fish, originated from the Mekong River in Vietnam. Pangasius is a genus of catfishes of the family Pangasiidae. This fish is now one of main export products of Vietnam. Last 2010, they already exported up to 5000 metric tons ($ 9.8 Million) here in the Philippines.

Vitarich is one of the pioneers that locally culture Pangasius and this extends to breeding, growing, processing up to marketing.

Dory Fish or Pangasius is now considered as one of the fast growing and durable fish relative to tilapia and milkfish. Its fillet part is in high demand mostly in fine dining restaurants and food chains as well. Its neutral and almost bland taste easily absorbs spices and flavors to the delight of customers.

Live, gutted, and chilled were the original appearance of the fish that the market had been accustomed to. However, in the course of its development, value added products have been launched by Vitarich such as sausage, franks, dory balls, dory rolls, siomai, shanghai, skinless longaniza and embutido. Not only do these products add new flavor and twist to the traditional forms that the palate had been used to, they also provide healthy alternatives to the high-cholesterol products that abound the market.

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

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

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

As of December 31, 2012, contributions to gross sales of the Corporation's business groups were as follows: feeds 63%, poultry 36% and dory at 1%.

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

Sources of Raw Materials
The raw material components of feeds represent the most significant cost component of the Company's operations. Major raw materials of the feed business of the Company are corn, wheat, soya, and rice bran. The Company purchases these materials locally from traders. There are also times that the Company imports these materials from Australia, North and South America, India, and Pakistan. It is also continuously undertaking programs to substitute traditional grains with materials considered as by-products. High cost of major raw materials such as wheat, corn, oil and soybean meal makes it imperative for the Company to source alternative (and non-traditional) raw materials such as food by-products and other protein sources.

The registrant is not dependent on, or has any major existing supply contract, with one or a limited number of its suppliers for the purchase of essential raw materials.

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

Manpower Complement
As of December 31, 2012 the Corporation and its subsidiaries have a total number of 507 employees composed of supervisors, managers, executives and rank and file, with 315 regulars and 192 contractors. The Corporation has a collective bargaining agreement with the union representing the Corporation's rank and file employees.

The Federation of Free Workers - Vitarich Corporation Employees / Workers Union Chapter (FFW – VEWU) is the duly authorized collective bargaining agent that represents all rank and file employees of the Corporation. On August 5, 2010, the Corporation signed a five-year Collective Bargaining Agreement (CBA) with the said bargaining agent, which CBA shall be in effect from August 1, 2010 to July 31, 2015.

There are no issues pertaining to labor unrest**.**

Pension Costs
The Company has a funded, noncontributory retirement plan, administered by trustees, covering its permanent local employees. Pension costs are actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The cost of defined retirement benefits is actuarially determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits obligation in the future with respect to services rendered in the current year. As at January 1, 2012, the Company opted to early adopt the amendments to PAS 19 which allows the Company to present unrecognized actuarial gains and loss as part of other comprehensive income under the equity section of the statement of financial position. The amendment to PAS 19 eliminated the corridor mechanism whereby cumulative actuarial gains and losses in excess of the 10% of the present value of the defined benefit obligation or fair value of plan assets whichever is higher are amortized over the expected average remaining working lives of the employees and recognized as part of retirement benefits. With the adoption of amendments to PAS 19, all unrecognized actuarial gains and losses are now recognized in other comprehensive income.

Past service costs are recognized immediately in profit or loss, unless the changes to the retirement plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortized over the remaining working lives of employees.

The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement obligation.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Government Regulations and Approval

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

Aside from compliance with the environmental laws, the Corporation also needs government approval for its principal products and services from the Bureau of Animal Industry (BAI) and the National Meat Inspection Commission (NMIC) for the registration of its feedmill, accreditation of chemical laboratory, accreditation of meat plant, cold storage, respectively, that will all ensure that only safe and wholesome products reach the consumers. The Corporation is also required to secure the accreditation of the Department of Environment and Natural Resources (DENR) – for its dressing plant and rendering plant.

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

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

Cost and Effects of Compliance with Environmental Laws

The Company generally complies with all environmental laws and regulations and invests appropriately to ensure compliance.

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

1. Ambient air testing of the surrounding areas of the plant, i.e., NESW, which incurred P5,000 together with noise monitoring in the said stations. With favorable results, the plant is in compliance with the Standards of the Clean Air Act of the Philippines. This ensures emissions such as particulate matter coming from the plant do not effect the environment.
2. Stack emission testing of boilers to ensure that the gases being emitted during operation of the boilers are within the Standards of the Clean Act of the Philippines. Testing cost amounted to P25,000 and with this testing it had monitored that emissions from the boilers are within the standards.
3. Regular monitoring of the final discharge of wastewater from dressing plant and hatcheries to ensure water being discharge by the plants are in compliance with the Standards of the Clean Water Act. Quarterly monitoring as required by the law cost P2,000 or more per effluent sample depending on the parameters being required per plant.
4. Regular repair and maintenance of facilities and pollution control facilities attached to ensure good operating conditions and thereby prevents/controls pollution coming from the plant.
5. Replacement of major equipment of the plant such as that of the rendering plant. A new cooker was purchased and for installation to control odor emissions from the plant.
6. Annual renewal of Permits from DENR-EMB is secured. Cost varies for each plant ranging from ₱1,000 to ₱10,000.

Trademarks, Royalty and Patents

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

	Date Registered
• Vitarich and Devices	November 11, 2010
• Aqua V-Tech and Logo	January 20, 2011
• Gromax Incorporated and design	July 07,2011
• Cook's Golden Dory all fresh all natural and device	December 22, 2011

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

Certification

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

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

On June 19, 2010, the Governing Board of Certification International Philippines, Inc. has certified the Corporation Feedmill Plant in Luzon conforming to ISO 9001:2008 under Certification No. CIP/3999Q/07/10/544.

At present, the Corporation is continuously complying and maintaining the requirements of the standards for Luzon, Iloilo and Davao Feed Mill Plants.

Research and Development

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

- ✓ Product Quality
- ✓ Research and Development
- ✓ Animal Nutrition.

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

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

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

The Chemical Laboratory is located in the Vitarich Marilao Feed Mill compound, which handles most of the laboratory services needed for feed processing, from raw material analyses to finished products tests. The Diagnostic Laboratory, located in Vitarich Dressing Plant compound in Sta. Rosa I, Marilao, Bulacan, handles all the laboratory support related to feed and food safety as well as the surveillance, prevention, and diagnosis of diseases to ensure health maintenance of livestock.

To ensure that its edge in the reliability and accuracy of its analysis is kept, equipment are continuously upgraded, i.e. the LECO protein analyzer, Inductively Coupled Plasma (ICP) mineral analyzer, Gas Chromatograph (GC) Free Fatty Acid analyzer, Near Infrared System (NIRS) for the simultaneous determination of various nutrients, and the Ankom Fiber analyzer. The Diagnostic Laboratory also acquired additional capabilities, particularly for swine serological tests.

Both laboratories currently service external customers for a whole variety of laboratory and field technical needs.

For research and development activities, the Corporation spent ₱2.4M in 2012, ₱0.6 M in 2011, and ₱0.9M in 2010.

On May 26, 2008, Precisione International Research and Diagnostic Laboratory Inc. was formed with the aim of providing laboratory and quality testing facilities to the Company and other commercial establishments.

Financial Risk Management

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

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

Foreign Currency Sensitivity

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

Interest Rate Sensitivity

As at December 31, 2012, the Company has no significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Plan allowed the Company to defer the payment of its loans and their related interest charges and certain trade payables for a period of three years from the date of approval of the Plan.

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

Credit Risk

Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements.

The Company continuously monitors defaults of counterparties, identified either individually or by Company, 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 Company's policy is to deal only with creditworthy counterparties.

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

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

Liquidity Risk

The Company's petition for corporate rehabilitation, which resulted in the eventual approval of the Plan, has significantly assisted in addressing the liquidity issue of the Company as the Plan provides for deferment of borrowing repayments for a period of three years. Nevertheless, the Company 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 Company maintains cash to meet its liquidity requirements for up to 30-day periods.

Price Risk

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

Item 2. PROPERTIES

The Corporation operates and/or leases numerous production facilities, which include feed mills, dressing plants, and hatcheries, most of which are owned by the Corporation. As of December 31, 2012, these facilities include the following.

	Condition	Remarks
Feed Mill		
Bulacan	Good	Owned/Mortgaged
Iloilo	Good	Owned/Mortgaged
Davao	Good	Owned/Mortgaged
Dressing Plant		
Marilao	Good	Owned/Mortgaged/Leased to third party
Iloilo	Good	Toll
Davao	Good	Owned/Mortgaged/Leased to third party
Hatchery		
Bulacan	Good	Owned/Mortgaged/Leased to third party
Laguna	Good	Owned/Mortgaged/Leased to third party
Tarlac	Good	Owned/Mortgaged/Leased to third party
Cebu	Good	Owned/Mortgaged
Iloilo	Good	Toll
Davao	Good	Toll

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

Item 3. LEGAL PROCEEDINGS
Although the rehabilitation plan was already approved, there are still incidents pending in Court.

On February 18, 2011, the Rehabilitation Court issued an Order directing Philippine Charter Insurance Corporation to pay Vitarich the amount of P150M as partial payment on its insurance claim of P316M. This matter is still pending with the Supreme Court.

On February 18, 2011, the Rehabilitation Court issued an Order pronouncing that the Corporation should continue the rehabilitation plan and can do all financial plans available to a corporation undergoing rehabilitation.

There have been no violations or possible violation of laws or regulations in any jurisdiction whose effects should be considered for disclosure in financial statements.

There have been no communications from regulatory agencies or government representatives concerning investigations or allegations on noncompliance with laws or regulations in any jurisdiction, or deficiencies in financial reporting practices or other matters that could have material effect on the financial statements.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
On August 28, 2012 and October 15, 2012, the Corporation in special stockholders meeting called for the purpose, submitted to its stockholders for approval the decision of the Board of Directors to increase the authorized capital stock from P1B to P1.5B and from P1.5B to P3.5B, respectively. The Stockholders representing at least 2/3 of the outstanding capital stock approved the increase as well as the amendment of the Articles of Incorporation to reflect the approved authorized capital stock.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS
The registrant's common equity is principally traded in the Philippine Stock Exchange (PSE). The high and low sales prices for every quarter ended are indicated in the table below:

	2011		2012		2013	
	High	Low	High	Low	High	Low
1st quarter	0.35	0.35	0.50	0.50	0.97	0.91
2nd quarter	0.32	0.32	0.77	0.62		
3rd quarter	0.41	0.41	0.92	0.85		
4th quarter	0.44	0.44	1.00	0.94		

The closing price of the Corporation's common shares as of the last trading date – December 28, 2012 was P0.49/ share.

As of May 17, 2013, the latest trading date prior to the completion of this report, sales price of the common stock was at P0.93/share.

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

Sales of Unregistered Securities
In the past three (3) years, there has been no sale of unregistered security nor has there been a request for exemption from the registrations of such security.

Holders
The Corporation has only one class of shares i.e., common shares. The total number of stockholders as of April 30, 2013 is 4,470 and the total number of shares outstanding on that date was 409,969,764.

Total public ownership shares as of March 31, 2013 were 51.59%.

The Company's Filipino-Foreign equity ownership as of April 30, 2013 is as follows:

	No. Of Shares	**% Ownership**
Shares owned by Filipino	396,997,557	96.84%
Shares owned by Foreigners	12,972,207	3.16%
Total	**409,969,764**	**100.00%**

Listed below are the top 20 stockholders of the Corporation as of April 30, 2013:

Name of Stockholders	**Number of Shares**	**Percent to Total Outstanding**
1 PCD Nominee Corporation (Filipino)	181,799,948	44.34%
2 Sarmiento Management Corp.	87,320,199	21.30%
3 Metropolitan Bank And Trust Company	77,893,396	19.00%
4 Pacific Equity Inc.	10,843,717	2.65%
5 PCD Nominee Corporation (Non-Filipino)	10,695,887	2.61%
6 Sarphil Corporation	10,000,090	2.44%
7 Greli S. Legaspi	2,390,000	0.58%
8 Rogelio M. Sarmiento	1,595,320	0.39%
9 Yazar Corporation	1,402,520	0.34%
10 Ma. Socorro S. Gatmaitan	1,307,033	0.32%
11 Ma. Lourdes S. Cebrero	1,305,320	0.32%
12 Ma. Luz S. Roxas	1,305,320	0.32%
13 Ma. Victoria M. Sarmiento	1,305,320	0.32%
14. Jose M. Sarmiento	1,305,320	0.32%
15 Lorenzo M. Sarmiento, Jr.	841,095	0.21%
16 Gliceria M. Sarmiento	690,000	0.17%
17 Delia S. Atizado	527,860	0.13%
18 Nelia Cruz	527,850	0.13%
19 Ernesto B. Lim	302,000	0.07%
20 White Elephants, Inc.	250,000	0.06%
Other Stockholders	16,361,569	3.99%
Total Shares Issued & Outstanding	**409,969,764**	**100.00%**

In 1995, the Corporation declared a cash dividend of P0.10 per share. For the years 1996 up to 2012, the Corporation did not declare any dividend because of the losses suffered by the Corporation.

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

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

RESULTS OF OPERATIONS – FIRST QUARTER 2013
For the first quarter of 2013, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱700 million, slightly lower from ₱714 million of same quarter last year. Sales of feed products were up by 4% against last year despite the stiff competition from local and foreign feed competitors. The dory business of the Company sustained its growth momentum with revenues increasing by 150% from last year stemming from improved demand of consumers. Increasing feed and dory sales was achieved due to sustained marketing activities that resulted to opening of new dealers, distributors, and customers. The increased revenue of feed products was also driven by improved feed selling prices. On the other hand, revenues from DOC, chicken, and animal health products were lower than last year by 11%, 6%, and 19%, respectively. The decreased revenues of the poultry business were intentional due to challenges confronting the poultry industry. The Company will continue with its aggressive marketing campaigns, to further expand its sales and distribution network, strengthen market visibility of Company products, and likewise find and identify its niche in the market. Similarly, the Company will continue to pursue improvement of margins through optimum size distribution and efficient supply chain and enhancing efficiency and productivity.

Gross profit for the quarter declined to ₱39.9 million in the first quarter of 2013 from ₱66.9 million in the previous year caused primarily by depressed chicken prices and lower sales of animal health business.

Consolidated operating expenses considerably went down by 27% from ₱94.5 million as at March 2012 to ₱69.1 million as at March 2013. The uninterrupted controls on expenditures and permanent implementation of expense reduction programs dropped the level of operating expenses. However, other operating income went down by 11% from ₱28.6 million to ₱25.4 million this quarter.

Confronted with the combined effects of poor performance of the poultry industry and lower sales of animal health products, consolidated net income for the first quarter amounted to negative ₱17.6 million.

As the Company is under corporate rehabilitation, it will continue to focus on its core business and strive to improve operations. Likewise, the Company will also continuously institute the programs adopted by the management pursuant to the rehabilitation plan such as the following:

- Corporate branding and image rebuilding;
- Launching of new products in the market;
- Expanding sales and distribution networks;
- 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.

Financial Condition
Unaudited Balance Sheet as of March 31, 2013 vs. audited December 31, 2012

The Company's consolidated total assets as of March 31, 2013 stood at ₱3.94 billion, slightly lower than December 31, 2012 level of ₱4.01 billion.

Total current assets decreased from ₱1.52 billion as at December 31, 2012 to ₱1.46 billion as at March 31, 2013.

Cash balance as of March 31, 2013 declined to ₱28.8 million from ₱34.2 million as of December 31, 2012. The reduction in cash was attributed to net cash outflows used in operating activities particularly for working capital requirements.

Trade and other receivable account slightly went down as a result of strict implementation of accounts receivable collection. In addition, due from related parties' account also decreased.

Inventories went down by 11% due to the decrease in finished goods inventory, supplies and animal health products, and raw materials and food supplements.

Other current assets account of ₱36.8 million was up by 31% as against ₱28.1 million in December 31, 2012. While other non-current assets maintained at ₱2.6 million.

Total current liabilities for the period ended amounted to ₱1.22 billion, lower by 6% as of December 31, 2012.

Trade and other payables account went down by 7% as against last year, mainly due to lower payable to suppliers relative to lower inventories. On the other hand, income tax payable increased by 35% from ₱4.9 million to ₱6.7 million.

Stockholders' equity decreased from ₱35.8 million to ₱18.2 million, basically due to net loss posted as of the first quarter period.

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

	Unaudited Mar 2013	Unaudited Mar 2012
Revenue (₱ million)	700	714
Cost Contribution (₱ million)	660	647
Gross Profit Rate (%)	6%	9%
Operating Margin (₱ million)	-3.8	1.0

1) Sales Volume, Price, and Revenue Growth
Consolidated revenue composed of feeds, day old chicks, chicken, animal health products, and dory fish sales amounted to ₱700 million, slightly lower than the same period last year of ₱714 million, mainly because of lower sales volume of all product lines despite improved selling prices.

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.

Plan of Operations

The Company's plans and programs for the year 2013 are the following:

1. Find niche in the market by doing the following:
    a. Development of customized and innovative products
    b. Development of big dealers and distributors
    c. Development of additional customer base
2. Improve margins thru optimum size distribution and efficient supply chain. The Company will implement the following programs:
    a. Production of big birds to minimize falldowns
    b. Develop of more partnerships and tie-ups
3. Enhance efficiency and productivity thru:
    a. Continuous development of non-conventional raw materials and sourcing of competitively-priced ingredients
    b. Recruitment of contract grower and contract breeders with tunnel vent facilities
4. Improve financial ratios thru:
    a. Continuous implementation of cash-on-delivery, cash-before-delivery, and on-time payments
    b. Continuous collection of legal account receivables with a target of P43 million this year
5. Increase working capital thru:
    a. Sell non-core foreclosed assets of P174.5 million
    b. Continuous leasing of investment properties (i.e. hatcheries, dressing plants, ice plants, rendering plants).

2012 RESULTS OF OPERATIONS AS COMPARED AGAINST 2011 AND 2010

Vitarich Corporation and its Subsidiaries generated a consolidated sale of goods of ₱3.1 billion as of December 31, 2012, 13% growth over last year of ₱2.7 billion and substantially higher than 2010 level. Sales growth was driven by increased sales volume and better selling prices. Among product lines, the bulk of generated sales came from the sale of feeds amounting to P1.8 billion. The Company has continued to undertake Market and Account Development programs to expand sales and distribution network. As a result, new customers, dealers, and distributors were expanded and opened.

Cost of goods sold of ₱2.8 billion increased by 12% in 2012 from ₱2.5 billion in 2011. The increase was mainly due to high raw materials costs and higher sales. Prices of these raw materials increased extremely due to short supply in the world market. The drought in the U.S. adversely affected the feed industry. It had its effect on the Company due to its dependence on imported grains. The Company used new alternative ingredients that cushioned the effects of the very high raw material prices.

In spite of tremendously high raw material prices that hit the industry, the increased volume and better selling prices resulted to higher gross profit. Gross profit of ₱261 million in 2012 improved by 36% from ₱192 million in 2011 and was 57% higher than 2010.

Administrative and operating expenses slightly increased by 0.5% from ₱291 million in 2011 to ₱292 million in 2012 primarily due to higher selling and distribution costs. Other operating income rose by 37% primarily due to higher other income from tolling operations.

As a result of increased volume and better selling prices, the Company registered an operating profit of ₱115 million, a significant increase by ₱107 million from ₱8 million in 2011.

Interest Expense in 2012 amounted to ₱193.3 million, marginally higher than last year's ₱190.1 million and 2010's ₱186.5 million. Impairment loss on trade and other receivables, project development cost, and due from related parties during the year dropped by 17% from ₱113 million in 2011 to ₱93 million in 2012. The Company recognized a fair value gain on investment property and gain on sale of property amounting to ₱51 million as a result of revalued investment property at fair values as determined by an independent firm of appraisers.

For the year-end, the Company incurred a net loss of ₱118 million, lower than the loss of ₱237 million in 2011 mainly because of accretion of discount on its loans of ₱132.2 million in 2012 and ₱127 million in 2011.

Financial Condition

Total assets as of December 31, 2012 amounted to ₱4.02 billion, 5% higher than last year's ₱3.84 billion, and 6% higher from 2010's ₱3.78 billion. Total current assets increased by 9% from last year's ₱1.4 billion.

Trade and other receivables of ₱818 million increased by ₱6 million from 2011's ₱813 million. This was mainly due to increased in sales.

Due from related parties account increased by 2% as compared from last year's ₱98 million.

Inventories account went up by 20% from previous year's balance due to increase in raw materials and feeds supplement inventory account balance at year-end.

Other current asset account had almost doubled from last year's ₱15 million, resulting to ₱28 million as of year-end.

As of year ended 2012, cash balance was at ₱34 million versus last year's ₱42 million

Other non-current assets declined to ₱3 million from 2011's ₱13 million due to the impairment loss recognized on project development cost.

Trade and other payables account went up by 12% due to increased trade payables account arising from purchases of raw materials related to the normal course of business. Likewise, accrued interest account for the year increased from ₱234 million to ₱295 million.

Stockholders' equity as of the end of December 31, 2012 amounted to ₱36 million, lower than 2011's ₱143 million as a result of losses incurred during the year.

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

	2012	2011
Revenue (₱ billion)	3.06	2.70
Cost Contribution (₱ billion)	2.80	2.51
Gross Profit Rate (%)	9%	7%
Operating Margin (₱ billion)	0.11	0.01

2) Sales Volume, Price, and Revenue Growth

Consolidated revenue composed of feeds, day old chicks, chicken, and dory fish sales amounted to P3.1 billion, 13% higher than the same period last year of P2.7 billion driven, by increased volume and better selling prices.

2) Cost Contribution

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

3) Gross Profit Rate

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

4) Operating Margin

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

5) Plant Capacity Utilization
This determines total usage of the plant capacity. The higher the plant utilization, the better the productivity, which translates to better margin.

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

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

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

Any known trend, or any demand, commitment, event or uncertainty that will result in or that are reasonably likely to result to registrant's liquidity increasing or decreasing in any material way - The following affect the Corporation's financial conditions and results of operations:

Restructured Debt
Debt at Discounted Value - The debt was originally obtained from local creditor banks and was restructured pursuant to the Plan approved by the Court on May 31, 2007 as discussed in Note 1. Several of these creditor banks have transferred their interest in the loans to SPAV Companies. A summary of the restructured debt at discounted value is presented below:

	2012	2011	2010
Debt at original amount	**₱3,254,367,021**	₱3,254,367,021	₱3,254,367,021
Payments to date:			
Balance at beginning of year	**(177,838,883)**	(177,838,883)	**–**
Payments	**–**	–	(177,838,883)
Balance at end of year	**(177,838,883)**	(177,838,883)	(177,838,883)
	3,076,528,138	3,076,528,138	3,076,528,138
Unamortized discount at original amount	**1,596,973,858**	1,596,973,858	1,596,973,858
Accretion to date:			
Balance at beginning of year	**690,818,686**	563,697,898	415,135,966
Accretion	**132,203,170**	127,120,788	148,561,932
Balance at end of year	**823,021,856**	690,818,686	563,697,898
	773,952,002	906,155,172	1,033,275,960
Discounted value	**2,302,576,136**	2,170,372,966	2,043,252,178
Current maturing portion	**(72,462,601)**	(30,946,243)	(10,188,064)
Restructured debt - long term portion	**₱2,230,113,535**	₱2,139,426,723	₱2,033,064,114

The debt as at May 31, 2007 was remeasured at fair value (subsequently at amortized cost) based on the terms of the plan using the prevailing effective interest rate of 9% at that time.

The computation of the amortized cost of the loans, however, was revised in 2010 because of changes in the assumptions used. The terms of payment of the debt are on an annual basis, contrary to the previous assumption used, that is on a quarterly basis. This was affirmed by a Court order dated February 18, 2011. Moreover, as discussed in Note 10, the Company's sale of its non-core assets through dacion en pago in 2010 reduced the principal amount of the debt. The remeasurement resulted in a prior period adjustment in 2010 decreasing the original amount of the discount and increasing the deficit as at January 1, 2010 by ₱113.6 million.

In 2011, the restructured debt was revalued to recognize the accrued interest based on the Plan resulting in a decrease in deficit amounting to ₱67.9 million as at January 1, 2011.

Debt at Original Amount and Terms Under the Plan

As at December 31, 2012, 2011 and 2010, the outstanding balance of the debt (at original value) is due to the following:

	2012	2011	2010
Creditor banks	**₱1,546,458,088**	₱1,546,458,088	₱1,546,458,088
SPAV companies	**1,530,070,050**	1,530,070,050	1,530,070,050
	₱3,076,528,138	₱3,076,528,138	₱3,076,528,138

The Plan provides, among others, for the following:

(a) a modified debt restructuring scheme for a period not exceeding 15 years;

(b) payment of interest to all the Company's creditors on the following basis:

- (i) Years 1 to 3 - at 1% per annum
- (ii) Years 4 to 6 - at 2% per annum
- (iii) Years 7 to 9 - at 3% per annum
- (iv) Years 10 to 15 - at 4% per annum

(c) implementation of certain programs as indicated in the Receiver's Report; and

Based on the Plan, the debt scheduling payment is summarized below:

	Principal	Interest	Accretion of Discount
Within 1 to 3 years	₱–	₱–	₱488,979,047
Within 4 to 6 years	251,829,694	187,292,955	390,846,002
Within 7 to 9 years	432,736,704	260,066,196	358,242,338
Within 10 to 15 years	2,569,800,623	521,154,604	358,906,471
	₱3,254,367,021	₱968,513,755	₱1,596,973,858

Compliance with Restructured Debt

Matured obligation, based on the debt scheduling payment, aggregated ₱165.1 million in 2012 and ₱76.8 million in 2011. This includes interest of ₱129.7 million in 2012 and ₱65.0 million in 2011.

The Company had paid a total of ₱263.7 million, which is more than the matured obligations. This was reported by the Court appointed Receiver, in his Quarterly Report to the Rehabilitation Court. The payments consist of ₱ 184.7 million through a dacion en pago of non-core assets to Kormasinc, Inc. in 2010 (see Note 10) and ₱79.0 million assignment of insurance proceeds to the creditors in 2011. On September 14, 2012, the Company bidded out non-core assets to Kormasinc Inc., a creditor. The resulting dacion en pago for P70.1 million. Being a creditor, Kormasinc payment will be in reduction of restructured debt of P70.1 million. The bid, however, is still pending approval of the Court. In total, the Company had paid a total of ₱333.8 million.

The dacion en pago of the non-core assets which was offered by the Company as an equivalent compliance with the restructured debt annual schedule of payment, and the assignment of the insurance proceeds were approved by the Court. Although subject to appeal by creditor banks, these modes of payment are executory pursuant to the rules on corporate rehabilitation unless nullified by the higher Court.

The creditor banks have filed a motion for the termination of the rehabilitation proceedings arising from the Company's failure to achieve the goals set in the Plan. The Court of Appeals has ruled the case in favor of the Company. However, an appeal by the creditor banks is pending decision before the Supreme Court. The management and its legal counsel believe that the case will be ruled in its favor.

Any event that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation - A default in the payment of the annual payment set forth in the rehabilitation plan may trigger contingent financial obligation. But this is subject to the decision of the Rehabilitation Court.

2011 RESULTS OF OPERATIONS AS COMPARED AGAINST 2010 and 2009

The consolidated sales revenue of Vitarich Corporation and its subsidiaries rose by 19% to P2.7 billion for the year ended 2011 as compared to P2.3 billion of 2010 and was slightly higher than 2009 level. Revenue growth was on account of increased sales volume of all product lines particularly dressed chicken products wherein the Company had entered into major distribution with one of the leading fast food chains in the country. The improvement was also driven by the modest increase in selling prices and sustained marketing activities of the Company. Such includes corporate branding and image building programs under which were promotional activities and visibility campaigns. This was able to expand the Company's sales and distribution network. Likewise, the Company will continue to focus on instituting measures to boost revenues and further expand its customer base. Furthermore, in order to continuously push revenue growth, steps are underway for product/brand awareness and intensification of marketing programs.

Correspondingly, cost of goods manufactured and sold increased by 19% with the growth in consolidated sales revenues and the continued effects of major raw materials price increase as well as product mix. The volatile and erratic behavior of commodities and changes in market and weather conditions had their impact on the Company's performance. 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.

Gross profit improved by almost 16% as compared with year 2010 as a result of higher revenue contribution but was slightly lower versus 2009.

Consolidated operating expenses declined to P286 million from P329 million in 2010, primarily due to lower employee benefit expense, advertising and promotional expenses and other miscellaneous expenses. This was also due to continuous implementation of cost reduction measures and prudent spending.

Moreover, other operating income dropped by 29% and 7% as compared to 2010 and 2009, respectively. This was on account of lower revenue recognized from toll milling and toll hatching.

On a full year basis, the Company registered an operating profit of P12.2 million, a reversal of last year's operating loss of P13.8 million and better as compared to P6.4 million operating profit in 2009.

Finance costs in 2011 amounted to P190.1 million, slightly higher than P186.5 million and P171.1 million in 2010 and 2009, respectively.

Impairment loss on trade and other receivables during the year amounted to P98.2 million, higher as compared to P91.5 million in 2010 and P55.2 million in 2009. An impairment loss was also recognized on the project development cost of the Company's aqua feeds and aqua culture projects, which amounted to P10.5 million in 2011 and P10.5 million in 2009.

In 2011, the Company recognized a fair value gain on investment property amounting to P35.6 million as a result of revalued investment property at fair values as determined by an independent firm of appraisers.

For the year-end, the Company incurred a net loss of P233.8 million, higher than last year's loss of P207.1 million and P230.0 million for 2009, mainly because of operational difficulties and financing cost on its loans. Total comprehensive loss for the year 2011 was posted at P175.5 million as against P207.1 million and P178.6 million comprehensive losses in 2010 and 2009, respectively. (As may be noted on page 15, losses were mainly due to accretion of discount of P127 million in 2011, P148 million in 2010, and P171 million in 2009).

As the Company is under corporate rehabilitation (as discussed more fully on Note 13 of the Notes to Consolidated Financial Statements), it will continue to focus on its core business and strive to improve operations. Likewise, the Company will also continuously institute the programs adopted by the management pursuant to the rehabilitation plan such as the following:

- corporate branding and image rebuilding;
- launching of new products in the market;
- expanding sales and distribution networks;
- 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.

Financial Condition

Total resources as of December 31, 2011 amounted to P3.84 billion, 2% higher than last year of P3.78 billion, but 4% lower as compared to 2009. Total current assets of P1.4 billion slightly decreased from 2010 level and was likewise lower by almost 7% from 2009.

Trade and other receivables account of P812.6 million declined as against P818.3 million and P874.6 million in 2010 and 2009, respectively. This was mainly due to the allowance for impairment losses recognized during the year on trade and other receivables account.

Due from related parties account dropped by almost 5% as compared to both years 2010 and 2009.

Inventories account went up by 3% from previous year balance due to increase in raw materials and feeds supplement inventory account balance at year-end. However, as compared with 2009, inventories decreased by 7%.

Other current asset account had likewise increased from P10.5 million to P14.9 million as of year-end.

Cash balance declined to P42.3 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.

Other non-current assets of P20.5 million decreased from last year's balance of P29.4 million due to the impairment loss recognized on project development cost.

Trade and other payables account went up by almost 13% on account of increased trade payables account arising from purchases of raw materials related to the normal course of business. This was due to the Company's decision to impose strict measures on cash disbursement to reserve cash for operations. Likewise, accrued interest account for the year increased from P173.8 million to P233.8 million.

Stockholders' equity as of the end of December 31, 2011 amounted to P124.2 million, lower as against last year's balance of P299.7 million as a result of losses incurred during the year.

2010 RESULTS OF OPERATIONS AS COMPARED AGAINST 2009 and 2008

Vitarich Corporation and its subsidiaries ended the year 2010 with consolidated revenues reaching P2.3 billion, 14% & 18 % lower as compared to 2009 and 2008 respectively. Cost of goods sold correspondingly declined with the decrease in consolidated sales revenue. 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 oversupply of chicken, due to lower demand during the year. Feeds sales volume was also slightly lower for the year ended as compared to last year due to the effect of a series of natural calamities that hit the country.

Volatile market condition continued to have its impact on the Company's financial results and reflected a much different capital market environment. The Company also continued to be affected by the high cost of major raw materials such as wheat, corn, oil and soybean. The effect of limited supply continued felt in terms of business performance. The poor market condition was aggravated by the spiraling increase in costs which squeezed the Company's profit margins. With this, the Company continues to concentrate in trimming down production costs, with improved productivity and better feed formulations. Alternative sourcing of raw materials and negotiations to reduce cost were done to lower cost structure. Nevertheless, the improved selling price and cost saving programs augmented this. Hence, the Company still managed to post a gross profit of P169.1 million for the year ended, 14% lower as compared to last year but 39% higher than year 2008.

Operating costs went up by almost 9% from last year on account of higher administrative expenses and selling and distribution costs. These include increased in repairs and maintenance costs, advertising & promotional expenses as well as communications, light and water expenses. The Company is continuing its cost containment initiatives.

As the Company's business activities are carried out in competitive environment competing in terms of geographic distribution, market reach, market share, quality, diversity of products, and pricing, among other factors, the Company focused on the implementation and enhancement of its various programs in order to respond to the preferences of its customers. Various marketing activities were also been conducted continuously to support corporate branding and image building program. Such included aggressive marketing campaigns to further expand its sales and distribution network and strengthen market visibility of the Company's products. This also included the adoption of new business development programs and technological advancement that would enhance quality of products and services. The Company will continually focus its efforts to expand its performance along with its current product lines. The various initiatives will further bolster the Company's path to recovery. Notwithstanding the financial and economic global outlook, the Company expects sales volume to surge, as it implements programs to enhance production output despite the diversity of products that it intends to generate. The Company will also continue to take action to mitigate the impact of volatile economic and market factors.

For 2010, the Company posted a net loss of P207 million, higher than last year's loss of P179.0 million. The net loss for the year was to a large extent the result of recorded finance costs which amounted to P186 million. These include amortization of the excess of face value over the fair value of the interest-bearing loans of P148 million. However, there was gain on sale of investment property and property equipment which amounted to P31.8 million as the Company sold, through dacion en pago executed on November 30, 2010, certain non-core assets to Kormasinc, for a total bid amount of P184.7 million which reduced the Company's outstanding interest-bearing obligation to Kormasinc by P167.6 million. The total carrying value of the assets amounted to P152.9 million, composed of property, plant and equipment and investment property with a carrying value of P143.9 million and P9.0 million respectively. Accordingly, in 2010, the Company recognized a total gain of P31.8 million on sale of non-core assets (P30.0 million on property, plant and equipment and P1.8 million on investment property). Such sale also resulted in the transfer of Revaluation Reserve on Property related to non-core assets sold to Retained Earnings amounting to P32.9 million. (As may be noted on page 15, losses were mainly due to accretion of discount of P148 million in 2010 and P171 million in 2009).

As the Company is under corporate rehabilitation, it will continue to focus on the plans and programs for its core business and strive to improve operations.

Financial Condition
Consolidated Assets as of December 31, 2010 stood at P3.8 billion from P4.1 billion in 2009. Total current assets decreased by 3% from P1.4 billion to P1.3 billion primarily due to 10% decreased in inventory account. Trade & other receivables almost maintained their level from last year's balance. However, other current assets increased by 19% due to prepaid interest account paid for the settlement of its outstanding interest-bearing loan to Kormasinc.

Cash ending balance amounted to P65.9 million, higher as against last year of P56.5 million. Cash generated during the year was able to sustain the Company's funding requirements.

Trade and other payables went up by 9% basically due to increase in the accrual of interest from P139.8 million to P224.7 million. Trade payable account also increased by 4% as well as accrued expenses by 13% from last year level.

Stockholders' equity as of the end of December 31, 2010 amounted to P248.5 million, lower as against last year's balance P481.0 million as a result of losses incurred during the year.

Item 7. FINANCIAL STATEMENTS
The Consolidated Audited Financial Statement of the Corporation for the year-ended December 31, 2012 including the applicable schedules listed in the accompanying index to financial statements and supplementary schedules are filed as part of this form 17-A.

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

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

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

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

Related Party Transactions
(Please refer to Note 22 of the Audited Consolidated Financial Statements of the Corporation – December 31, 2012).

PART IV – EXHIBITS AND SCHEDULES

Item 13. EXHIBITS AND REPORTS ON SEC FORM 17-C

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

(b) Reports on SEC Form 17-C

The following are the items reported under SEC Form 17-C (during the last 6 months)

Date of Report	R E M A R K S
May 29, 2012	The Board of Directors has approved the amendments to the Corporation's By-Laws.
June 04, 2012	In a special board meeting held June 01, 2012, the Board approved to increase the authorized capital stock from P500 million to P1.5 billion. This matter shall be submitted to the stockholders for their approval during the annual stockholders meeting on June 29, 2012. Likewise, forty four (44) finance staff availed the early retirement program of the company. The accounting function shall be outsourced from KPSO.
June 29, 2012	a. The stockholders approved the amendments on the Article IV and section 9, Article 2

	of the Corporation's By-Laws. b. Election of Directors and Officers c. Special Stockholders Meeting to be held on August 28, 2012 at 9:00am.
August 28, 2012	Board approved resolutions during the August 28, 2012 board meeting: a. Increase of authorized capital stock from P1.5 billion to P3.5 billion b. Issuance of shares arising from the increase in the authorized capital stock and listing thereof with the Philippine Stock Exchange. c. Special Stockholders Meeting to be held on October 15, 2012 at 9:00am
October 02, 2012	Company's Audit Committee has adopted an Audit Charter last year and based on its self-rated assessment, it has substantially complied with the guidelines set forth as per SEC Memorandum Circular No. 4 on the performance of Audit Committee.
October 16, 2012	Approved resolutions during the stockholders' meeting held on October 15, 2012: a. Increase in the authorized capital stock from P1.5 billion to P3.5 billion, and for this purpose, Article Seventh of the Corporation's Articles of Incorporation is amended. b. Issuance of shares arising from the increase in the authorized capital stock and listing thereof with the Philippine Stock Exchange.
December 12, 2012	Retirement of Julieta Herrera, Controller, from the Company effective December 21, 2012.
January 10, 2013	Retirement of Teresita Rimando, one of the authorized users of Odisy, from the Company effective January 31, 2013.
January 11, 2013	Filing of the Compliance Officer's Sworn Certification on the compliance of the Company of the provisions of the Manual on Corporate Governance
January 11, 2013	Filing of Certification for Board of Directors Attendance for the year 2012

PART V – CORPORATE GOVERNANCE

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

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

The Company has substantially complied with the provisions of its Manual on Corporate Governance. As required by the Commission, a Certification of Compliance with the Manual was submitted in January 10, 2013.

Measures being undertaken to fully comply with the Adopted Leading Practices on Good Corporate Governance
The following are some of the measures undertaken by the "Corporation to ensure that full compliance with the leading practices on good governance are observed:

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

Deviation from the Corporation's Manual of Corporate Governance
The Corporation substantially complied with the Corporate Governance Guidelines for Companies Listed on the Philippine Stock Exchange ("Guidelines") for the year 2012.

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

Any plan to improve corporate governance of the company
The Company will continue monitoring compliance with its Manual on Corporate Governance to ensure full compliance thereto.

P R O X Y

KNOW ALL MEN BY THESE PRESENTS:

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

1. Constitutes and appoints **ROGELIO M. SARMIENTO** or in his absence, or if there is no proxy specifically designated in the foregoing space, the CHAIRMAN OF THE BOARD OF THE CORPORATION, or in his absence, the PRESIDENT OF THE CORPORATION, or in his absence, the CHAIRMAN OF THE MEETING, as his duly constituted proxy with full power of substitution and appointment, to vote, for and in his behalf, all of the ________ shares of the capital stock of the Corporation registered in the name of the undersigned stockholder in the books of the Corporation, at the Special Meeting of the Stockholders of the Corporation to be held at **Vitarich Compound, McArthur Highway, Abangan Sur, Marilao, Bulacan** on **Friday, June 28, 2013** at **2:00 in the afternoon** and at any adjournment (s) or postponement (s) thereof, as follows:

SUBJECT	FOR	AGAINST	ABSTAIN
1. Approval of the minutes of the previous annual and special stockholders' meetings			
2. Confirmation and ratification of the acts of the Board of Directors and officers;			
3. Election of directors			
4. Appointment of the external auditor;			
5. Appointment of the stock and transfer agent			

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

2. Revokes any proxy or proxies, or similar authorization, heretofore given to any other person or persons, and the power and authority herein granted shall continue to exist until the same shall have been expressly revoked in writing by the undersigned stockholder or by the latter's personal attendance at the stockholders' meeting; and

3. Declares that his/her personal attendance or execution of a subsequent specific proxy for any particular stockholders' meeting shall suspend this proxy but only for purposes of such particular meeting.

FULL DICRETION	

________________________________, at __________________________________.

_________________________ Printed Name of Stockholder

_____________________________ Signature of Authorized Signatory

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

CERTIFICATION OF INDEPENDENT DIRECTORS

I, TOMAS B. LOPEZ JR., Filipino, of legal age and a resident of JP Rizal St. Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of VITARICH CORPORATION

2. In addition to my serving as an independent director of the Corporation, I am also affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Home Development Mutual Fund	Trustee	2011 - present
University of Makati	President	2000 - present
Seair	Board of Director	1999 - present
Monarch Insurance	Board of Director	2003 - present
Sportlife	Board of Director	2003 - present
Agrinurture	Board of Director	2013 - present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director of the Corporation under the Securities Regulation Code.

5. I shall inform the corporate secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 17 2013 day of ______ at MARILAO, BULACAN.

TOMAS B. LOPEZ JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY 17 2013 2013, at MARILAO, BULACAN, affiant who is personally known to me and exhibited his TIN No. 113 395 935

Doc. No. 133;
Page No. 28;
Book No. 110;
Series of 2013.

NENITA D.C. TUAZON
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
ROLL [illegible] 7194
IBP LIFE [illegible] 5/19/09
PTR NO. [illegible] 1/2/13
TIN NO. 170-907-66[illegible]

CERTIFICATION OF INDEPENDENT DIRECTORS

I, EDUARDO T. RONDAIN, Filipino, of legal age and a resident of #8 Paraluman St., Isidora Village, Bgy. Holy Spirit, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of VITARICH CORPORATION

2. In addition to my serving as an independent director of the Corporation, I am also affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Meralco Foundation	Management Consultant	1989 - present
South Supermarket	Management Consultant	1984 - present
Employers Confederation of the Philippines (ECOP)	Sr. Adviser & Director	1968 - present

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director of the Corporation under the Securities Regulation Code.

5. I shall inform the corporate secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this ________ day of ___________ at MARILAO, BULACAN

EDUARDO T. RONDAIN
Affiant

SUBSCRIBED AND SWORN to before me this MAY 17 2013 2013, at MARILAO, BULACAN, affiant who is personally known to me and exhibited his SSS No. 0309 80992 2.

Doc. No. 134;
Page No. 28;
Book No. 110;
Series of 2013.

NENITA D.C. TUAZON
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
ROLL NO. 47194
IBP LIFE NO.591042 5/9/03
PTR NO.0423232 1/2/13
TIN NO. 170-907-664

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-L

NOTIFICATION OF INABILITY TO FILE ALL OR ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

Form 17-A [ ]   Form 17-Q [✔]

Period-Ended Date of required filing **May 15, 2013**

Date of this report **May 14, 2013**

Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates: ....

1. SEC Identification Number **21134** 2. BIR Tax Identification No. **000-234-398-000**

3. **Vitarich Corporation**
   Exact name of issuer as specified in its charter

4. **Bulacan**
   Province, country or other jurisdiction of incorporation

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

6. **Mac Arthur Highway, Abangan Sur, Marilao, Bulacan** **3019**
   Address of principal office Postal Code

7. **8433033 connecting all departments**
   Issuer's telephone number, including area code

8. **NA**
   Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

   Yes [✔]   No [ ]

   If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

   Philippine Stock Exchange (PSE) - **Common Stock**
   ....

Part I - Representations

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [✔]

(b) The subject annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth day following the prescribed due date. [ ]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [ ]

Part II - Narrative

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed.) **We are requesting for a five day extension because we are still in the process of consolidating the Financial Statements of the Company and its subsidiaries..**

Part III - Other Information

(a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification

Stephanie Nicole S. Garcia - Chief Finance Officer
Vitarich Corporation - Mac Arthur Highway, Abangan Sur, Marilao, Bulacan 3019
Tel No. 8433033 loc 101

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes [✔] No [ ] Reports: ....

(c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes [ ] No [ ]

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

SIGNATURE

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VITARICH CORPORATION
Registrant's full name as contained in charter

STEPHANIE NICOLE S. GARCIA
Chief Finance Officer

ALICIA G. DANQUE
Alternate Corporate Information Officer

Date May 14, 2013

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 **MARCH 31, 2013**

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

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

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

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

7. **MAC ARTHUR HIGHWAY, ABANGAN SUR, MARILAO, BULACAN**   **3019**
   Address of issuer's principal office   Postal Code

8. **843-30-33 connecting all departments**
   Issuer's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock	**409,969,764**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [✔]   No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange, Inc.   **Common**

12. Indicate by check mark whether the registrant:

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

    Yes [✔]   No [ ]

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

    Yes [ ]   No [✔]

PART I - FINANCIAL INFORMATION

Item 1 – Financial Statements

The unaudited financial statements of Vitarich Corporation and its subsidiaries as at and for the period ended March 31, 2013 (with comparative figures as of December 31, 2012 and for the period ended March 31, 2012) and Selected Notes to Consolidated Financial Statements are filed as part of this form 17-Q as Annex "A".

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

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

PART II - OTHER INFORMATION

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

SIGNATURES

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

Registrant - **VITARICH CORPORATION**

By:

STEPHANIE NICOLE S. GARCIA
Treasurer/Chief Finance Officer

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

Date: May 17, 2013

Annex A

SEC Number 21134

File Number

VITARICH CORPORATION AND SUBSIDIARIES

(Company's Full Name)

MacArthur Highway, Abangan Sur, Marilao Bulacan

(Company's Address)

843-30-33 connecting all department

(Telephone Number)

(Year Ending)
(month & day)

Quarterly Consolidated
Unaudited Financial Statements

Form Type

Amendment Designation (If applcable)

March 31, 2013

Period Ended Date

(Secondary License Type and File Number)

VITARICH CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION
FOR THE FIRST QUARTER ENDED MARCH 31, 2013

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

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

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

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

The following table presents revenue and profit information regarding business segments for the first quarter ended March 31, 2013, and certain asset and liability information regarding business segments at March 31, 2013.

As at March 31, 2013 – Unaudited (in thousand Pesos)

	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Net Sales						
External Sales	₱216,847	₱458,693	₱24,086			₱699,625
Inter-segment sales						-
	216,847	458,693	24,086	-	-	699,625
RESULTS						
Segment Results	(2,128)	14,652	7,011	(35,964)		(16,429)
Other charges -net						-
Income/(Loss) before tax						(16,429)
Tax Expense						(1,215)
Net Income/(Loss)						**(17,644)**
OTHER INFORMATION						
Segment assets	₱1,048,428	₱2,315,065	₱531,541	₱134,405	₱(88,909)	**₱3,940,530**
Segment liabilities	₱297,569	₱397,081	₱4,038	₱262,651	₱626,034	₱1,587,373
Interest Bearing Loans				2,334,975		2,334,975
Consolidated Total Liabilities	₱297,569	₱397,081	₱4,038	₱2,597,626		**₱3,922,348**

AGING OF RECEIVABLES

	As at March 31, 2013 – Unaudited (in thousand Pesos)						
	TOTAL	**CURRENT**	**1-30**	**31-60**	**61-90**	**91-120**	**OVER 120**
Feeds	856,652	185,603	29,233	10,786	12,179	7,832	611,018
Farms	54,280	15,593	2,469	1,526	12	0	34,680
Foods	292,931	30,678	7,691	797	133	474	253,158
Total Trade Receivables	**1,203,863**	**231,874**	**39,393**	**13,109**	**12,324**	**8,306**	**898,856**
Advances to Officers and Employees	6,618	5,829					788
Other Receivables	473,204	99,646	-	803	137	-	372,618
Total Trade and Nontrade Receivables	**1,683,685**	**337,350**	**39,393**	**13,912**	**12,462**	**8,306**	**1,272,263**
Less: Allowance for Impairments	869,284						869,284
NET RECEIVABLES	**814,401**	**337,350**	**39,393**	**13,912**	**12,462**	**8,306**	**402,978**

FINANCIAL RATIOS

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

	Unaudited Mar 2013	Unaudited Mar 2012	Audited Dec 2012
Current / Liquidity Ratio	1.20	1.27	1.17
Current assets	1,464,893	1,421,164	1,524,947
Current Liabilities	1,224,041	1,123,199	1,308,514
Solvency Ratio	0.00	(0.01)	(0.01)
Net income (loss) before depreciation	455	(26,994)	(55,214)
Total Liabilities	3,922,348	3,710,569	3,974,445
Debt-to-Equity Ratio	215.73	47.40	110.94
Total liabilities	3,922,348	3,710,569	3,974,445
Total Equity	18,182	78,288	35,826
Asset-to-Equity Ratio	216.73	49.00	111.94
Total assets	3,940,530	3,835,792	4,010,271
Total equity	18,182	78,288	35,826
Interest rate coverage Ratio	0.65	-	0.38
Pretax loss before interest	30,410	1,018	72,812
Interest expense	46,839	-	193,284
Profitability Ratio	(0.90)	(0.59)	(3.36)
Net income (loss)	(16,429)	(45,918)	(120,471)
Total equity	18,182	78,288	35,826

VITARICH CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2013

General Information and Status of Operations

Corporate Information

Vitarich Corporation (the Company or Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July31, 1962. On March 30, 2012, the SEC approved the extension of its corporate life for another 50 years. Its shares of stock are registered with the Philippine Stock Exchange on February 8, 1995. The Company has 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 production and distribution of 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 registered principal place of business of the Company and its subsidiaries (collectively referred to hereinafter as the Company) is located at Bo. Abangan Sur, McArthur Highway, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

Status of Operations

The Company has successfully improved its operations resulting in operating profit of ₱114.6 million in 2012 and ₱7.5 million in 2011 from an operating loss of ₱13.8 million in 2010. Although, the Company was able to increase its sales to ₱3.1 billion in 2012 and ₱2.7 billion in 2011 from ₱2.3 billion in 2010, the Company has incurred losses of ₱118.6 million in 2012, ₱237.0 million in 2011, and ₱207.1 million in 2010, mainly because of operational difficulties and interest expense on its loans (i.e. accretion of discount of ₱132 million in 2012, ₱127 million in 2011, and ₱148 million in 2010).

To address these situations, the Company implemented the following programs:

- corporate branding and image rebuilding;
- launching of new products in the market;
- expanding sales and distribution networks;
- 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.

In 2011 and 2010, the Court approved the disposal of the Company's non-core assets and the assignment of insurance proceeds to settle ₱263.7 million of the restructured debt: dacion en pago of investment properties and property and equipment for ₱184.7 million; and assignment to creditors of ₱79.0 million of its receivable from an insurance company as partial settlement. These are executory in accordance with the Rules of Procedures on Corporate Rehabilitation although subject to appeal by creditor banks. The Company still has non-core assets aggregating ₱954.1 million which the Court has also approved for disposal through dacion en pago to settle the Company's restructured debt.

The ability of the Company to continue as a going concern depends largely on the successful implementation of its Plan and programs. The consolidated financial statements do not include any adjustments on the recoverability and classification of the assets or the amounts and classification of the liabilities arising from these uncertainties.

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

The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2012.

The unaudited interim consolidated financial statements of the Group for the three months ended March 31, 2013 have been prepared in accordance with PAS 34 *Interim Financial Reporting* and in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC.

This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

Summary of Significant Changes in PFRS
The Company adopted new and revised PFRS effective January 1, 2012. These are summarized below:

- PFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition and Transfer of Financial Assets Disclosure Requirements – The amended standard requires additional disclosure on financial assets that have been transferred but not derecognized and an entity's continuing involvement in the derecognized assets. This disclosure is required to enable the user of the financial statements to evaluate any remaining risks on the transferred assets.

- PAS 12 Income Taxes - Deferred Taxes: Recovery of Underlying Assets (Amended) – The amendment clarifies that the deferred tax on investment properties measured using the fair value model in PAS 40 should be determined considering that the carrying value the investment properties will be recovered through a sale transaction. Deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 should also be measured by determining the recoverability of the non-depreciable assets in a sale transaction.

The new and revised PFRS has no significant impact on the amounts and disclosures in the financial statements.

The Company opted for an early application of PAS 19 – Employee Benefits (Amendment). The amendment to PAS 19 which is effective for annual period beginning or as at January 1, 2013 includes numerous changes ranging from the fundamental such as removing the corridor mechanism in the recognition of actuarial gains or losses and the concept of expected returns on plan assets to simple clarifications and re-wording.

The effects of the early adoption of amendments to PAS 19 increased the total comprehensive loss by ₱0.6 million for the year ended December 31, 2011 and decreased the total comprehensive loss by ₱5.9 million for the year ended December 31, 2010.

New and Revised PFRS Not Yet Adopted
Relevant new and revised PFRS which are not yet effective for the year ended December31, 2012 and have not been applied in preparing the consolidated financial statements are summarized below:

Effective for annual periods beginning on or after July 1, 2012:

- PAS 1, Financial Statement Presentation, Presentation of Items of Other Comprehensive Income – The amendment changed the presentation of items in Other Comprehensive Income (OCI). Items that could be reclassified to profit or loss at a future point in time should be presented separately from items that cannot be reclassified.

Effective for annual periods beginning on or after January 1, 2013:

- PAS 27, Separate Financial Statements (as revised in 2011) – As a consequence of the new PFRS 10 and PFRS 12, PAS 27 is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PAS 28, Investments in Associates and Joint Ventures (as revised in 2011) – This standard prescribes the application of the equity method to investments in joint ventures and associates.

- PFRS 7, Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments) – The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- PFRS 10, Consolidated Financial Statements – The standard replaces the portion of PAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. It establishes a single control model that applies to all entities including special purpose entities. Management will have to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.

- PFRS 12, Disclosure of Interests with Other Entities – The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- Amendments to PFRS 10, PFRS 11 and PFRS 12: Transition Guidance – The amendments provide additional transition relief in PFRS 10, PFRS 11 Joint Arrangements and PFRS 12 Disclosure of Interests in Other Entities, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.

- PFRS 13, Fair Value Measurement – The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.
- Improvements to PFRS

  The omnibus amendments to PFRS were issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards.

  - PAS 1, Presentation of Financial Statements
  - PAS 16, Property Plant and Equipment
  - PAS 32, Financial Instrument: Presentation
  - PAS 34, Interim Financial Reporting

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

- Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities – The amendments provide an exception from the requirements of consolidation to investment entities and instead require these entities to present their investments in subsidiaries as a net investment that is measured at fair value. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

- Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities – The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32, Financial Instruments: Presentation. The amendments clarify (a) the meaning of 'currently has a legally enforceable right of set-off'; and (b) that some gross settlement systems may be considered equivalent to net settlement. Effective for annual periods beginning on or after January 1, 2015:

- PFRS 9, Financial Instruments: Classification and Measurement – This standard is the first phase in replacing PAS 39 and applies to classification and measurement of financial assets as defined in PAS 39.

Under prevailing circumstances, except for PFRS 13, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the consolidated financial statements.

Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Consolidation

Subsidiaries – Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. In assessing control, the existence and effect of potential voting rights that are currently exercisable or convertible are considered. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Company obtains control, and continue to be consolidated until the date such control ceases.

Transactions Eliminated on Consolidation – All intraCompany balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries – The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

Financial Assets and Liabilities

Date of Recognition. Financial instruments are recognized in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition. Financial assets and financial liabilities are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of financial instruments, except for financial instruments classified at fair value through profit or loss (FVPL).

Classification of Financial Instruments. The Company classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The Company does not have financial instruments classified as financial assets or financial liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in consolidated statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

The Company's cash in banks, trade and other receivables, and due from related parties are classified under this category.

Other Financial Liabilities. Other financial liabilities at amortized cost pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain obligations to deliver cash or another financial asset to the holder as to settle the obligation other than by the exchange of fixed amount of cash or another financial asset for a fixed number of own equity.

The Company's trade and other payables, restructured debt, and cash bond deposits are classified under this category.

Trade and Other Receivables

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

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

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

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

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

The trade and other receivables are composed of the following:

In thousand Pesos	Unaudited Mar-13	Audited Dec-12
Trade Receivables	1,203,863	1,222,212
Insurance Claims Receivable	215,394	215,394
Non Trade Receivables	198,922	192,482
Advances to Officers and Employees	6,618	7,550
Other Receivables	58,888	48,383
	1,683,685	1,686,021
Allowance for Impairment	(869,284)	(867,679)
	814,401	818,342

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 Goods, 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 and Feeds Supplements, Supplies and Animal Health Products - 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 March 31, 2013 and the year-ended December 31, 2012 are shown below:

In thousand Pesos	Unaudited Mar 2013	Audited Dec 2012
At Cost:		
Finished goods	79,148	56,622
Materials in-transit	-	23,953
Supplies and animal health Products	1,773	18,069
At NRV:		
Raw materials and feeds supplement	169,215	239,296
Factory stocks and supplies	113,238	108,818
Livestock	121,783	97,613
	485,156	**544,371**

Property, Plant and Equipment
Property, plant and equipment (except for transportation equipment which are stated at cost less accumulated depreciation and any impairment in value and land which is stated at appraised value less any impairment losses) 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.

Subsequent to initial recognition at cost, property, plant and equipment (except for transportation equipment) are carried at appraised values, 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" account presented under the equity section of the consolidated statements 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 statements of comprehensive income. Annually, an amount from the Revaluation Reserve 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 (except for land). The depreciation and amortization periods for property, plant and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Machinery and equipment	10 to 20
Buildings	20
Leasehold and land improvements	2 to 5
Office furniture, fixtures and equipment	3 to 10
Transportation equipment	4 to 5

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 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 the consolidated statements of comprehensive income in the year the item is derecognized.

Investment Properties

Investment properties, accounted for under the fair value model, are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at acquisition cost, including transaction costs. Subsequently, investment properties are stated at fair value as determined by independent appraisers on an annual basis. The carrying amounts recognized in the consolidated statements of financial position reflect the prevailing market conditions at the end of each reporting period.

Any gain or loss resulting from either a change in the fair value or the sale of an investment properties is immediately recognized in the statements of comprehensive income as gain (loss) on fair value changes on investment properties and gain (loss) on sale of investment properties, respectively, in the consolidated statements of comprehensive income.

No depreciation charges are recognized on investment properties accounted for under the fair value method. Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

Rental income and operating expenses from investment properties is reported as part of Other Operating Income and Selling and Distribution Costs, respectively, in the consolidated statements of comprehensive income.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Trade & Other Payables
This account consists of:

In thousand Pesos	Unaudited Mar 2013	Audited Dec 2012
Trade & non-trade payables	868,310	956,997
Accrued interest	274,281	294,872
Accrued expenses	78,824	89,921
Provisions	27,072	25,813
Customers' deposits	26,733	22,543
Other payables	37,823	9,098
	1,313,043	1,399,243
Less non-current portion	168,144	168,144
Current portion	**1,144,899**	**1,231,099**

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

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

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

Provision pertains to PFCI obligations which include an estimated liability of P10.4 million from a legal case for non-payment of rentals. PFCI ceased operations in 2005. The case is pending decision before the Court of Appeals.

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

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

Revenue Recognition
Revenue is recognized to the extent that the economic benefits will flow to the Company and the amount of the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. 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 and the amount of revenue can be measured reliably.

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.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statements of comprehensive income upon consumption of goods, utilization of the services or at the date these are incurred. Interest expenses are reported on an accrual basis and are recognized using the effective interest method.

Issuances, Repurchases, and Repayments of Debt and Equity Securities
There were no issuances, repurchases, and repayments of debt and equity securities made for the second quarter of the year.

Dividends
There are no dividends paid for common shares in the current interim period.

Cash Bond Deposits
Cash bond deposits amounting to ₱18.9 million, ₱22.6 million, and ₱20.0 million as at December 31, 2012, 2011 and 2010, respectively, substantially consist of surety bond deposits obtained from contract growers, contract breeders, customers and salesmen.

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

Equity
Capital Stock. The Company is authorized to issue 500 million common shares of stock with a par value of ₱1.00 per share, of which 409,969,764 common shares are issued and outstanding as at December 31, 2012 and 2011 or a total of ₱410.0 million.

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

The stockholders also approved the increase in authorized capital stock either in cash or for the conversion of debt to equity during the annual stockholders' meeting on June 25, 2010 for the initial increase of 500 million shares and during the special stockholders' meeting on August 28, 2012 and October 15, 2012 for additional increase of 500 million shares and 2 billion shares, respectively. These increases are still pending submission of the necessary documents for the approval of the SEC.

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

Date of SEC Approval	Authorized Shares	No. of Shares Issued
February 9, 1989	200,000,000	109,969,764
August 11, 1986	200,000,000	200,000,000
December 5, 1982	33,000,000	33,000,000
December 5, 1977	45,000,000	45,000,000
October 31, 1974	7,000,000	7,000,000
May 2, 1973	10,000,000	10,000,000
October 2, 1972	5,000,000	5,000,000

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

As of March 31, 2013, of the 409,969,764 shares issued, outstanding and listed with the PSE, 211,499,167 shares or 51.59% are owned by the public, including 12,972,207 foreign-owned shares.

The Company's foreign equity ownership as of April 30, 2013 is as follows:

	No. Of Shares	% Ownership
Shares owned by Filipino	396,997,557	96.84%
Shares owned by Foreigners	12,972,207	3.16%
Total	**409,969,764**	**100.00%**

The total number of shareholders of the Group is 4,479 and 4,516 as at March 31, 2013 and December 31, 2012, respectively.

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.

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

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

Restructured Debt

Debt at Discounted Value - The debt was originally obtained from local creditor banks and was restructured pursuant to the Plan approved by the Court on May 31, 2007. Several of these creditor banks have transferred their interest in the loans to SPAV Companies. A summary of the restructured debt at discounted value is presented below:

	Unaudited March 31, 2012	2012	2011
Debt at original amount	₱3,254,367,021	₱3,254,367,021	₱3,254,367,021
Payments to date:			
Balance at beginning of year	(177,838,883)	(177,838,883)	(177,838,883)
Payments	–	–	–
Balance at end of year	(177,838,883)	(177,838,883)	(177,838,883)
	3,076,528,138	3,076,528,138	3,076,528,138
Unamortized discount at original amount	1,596,973,858	1,596,973,858	1,596,973,858
Accretion to date:			
Balance at beginning of year	823,021,856	690,818,686	563,697,898
Accretion	32,398,843	132,203,170	127,120,788
Balance at end of year	855,420,699	823,021,856	690,818,686
	741,553,159	773,952,002	906,155,172
Discounted value	2,334,974,979	2,302,576,136	2,170,372,966
Current maturing portion	(72,462,601)	(72,462,601)	(30,946,243)
Restructured debt - long term portion	₱2,262,512,378	₱2,230,113,535	₱2,139,426,723

The debt as at May 31, 2007 was remeasured at fair value (subsequently at amortized cost) based on the terms of the plan using the prevailing effective interest rate of 9% at that time.

The computation of the amortized cost of the loans, however, was revised in 2010 because of changes in the assumptions used. The terms of payment of the debt are on an annual basis, contrary to the previous assumption used, that is on a quarterly basis. This was affirmed by a Court order dated February 18, 2011. Moreover, the Company's sale of its non-core assets through dacion en pago in 2010 reduced the principal amount of the debt. The remeasurement resulted in a prior period adjustment in 2010 decreasing the original amount of the discount and increasing the deficit as at January 1, 2010 by ₱113.6 million.

In 2011, the restructured debt was revalued to recognize the accrued interest based on the Plan resulting in a decrease in deficit amounting to ₱67.9 million as at January 1, 2011.

Debt at Original Amount and Terms Under the Plan
The outstanding balance of the debt (at original value) is due to the following:

	Unaudited March 31, 2013	2012	2011
Creditor banks	**₱1,546,458,088**	₱1,546,458,088	₱1,546,458,088
SPAV companies	**1,530,070,050**	1,530,070,050	1,530,070,050
	₱3,076,528,138	₱3,076,528,138	₱3,076,528,138

The Plan provides, among others, for the following:

(a) a modified debt restructuring scheme for a period not exceeding 15 years;

(b) payment of interest to all the Company's creditors on the following basis:
- (i) Years 1 to 3 - at 1% per annum
- (ii) Years 4 to 6 - at 2% per annum
- (iii) Years 7 to 9 - at 3% per annum
- (iv) Years 10 to 15 - at 4% per annum

(c) implementation of certain programs as indicated in the Receiver's Report; and

Based on the Plan, the debt scheduling payment is summarized below:

	Principal	Interest	Accretion of Discount
Within 1 to 3 years	₱–	₱–	₱488,979,047
Within 4 to 6 years	251,829,694	187,292,955	390,846,002
Within 7 to 9 years	432,736,704	260,066,196	358,242,338
Within 10 to 15 years	2,569,800,623	521,154,604	358,906,471
	₱3,254,367,021	₱968,513,755	₱1,596,973,858

Compliance with Restructured Debt
Matured obligation, based on the debt scheduling payment, aggregated ₱165.1 million in 2012 and ₱76.8 million in 2011. This includes interest of ₱129.7 million in 2012 and ₱65.0 million in 2011.

The Company had paid a total of ₱263.7 million, which is more than the matured obligations. This was reported by the Court appointed Receiver, in his Quarterly Report to the Rehabilitation Court. The payments consist of ₱184.7 million through a dacion en pago of non-core assets to Kormasinc, Inc. in 2010 and ₱79.0 million assignment of insurance proceeds to the creditors in 2011. On September 14, 2012, the Company bidded out non-core assets to Kormasinc Inc., a creditor. The resulting dacion en pago for P70.1 million. Being a creditor, Kormasinc payment will be in reduction of restructured debt of P70.1 million. The bid, however, is still pending approval of the Court. In total, the Company had paid a total of ₱333.8 million.

The dacion en pago of the non-core assets which was offered by the Company as an equivalent compliance with the restructured debt annual schedule of payment, and the assignment of the insurance proceeds were approved by the Court. Although subject to appeal by creditor banks, these modes of payment are executory pursuant to the rules on corporate rehabilitation unless nullified by the higher Court.

The creditor banks have filed a motion for the termination of the rehabilitation proceedings arising from the Company's failure to achieve the goals set in the Plan. The Court of Appeals has ruled the case in favor of the Company. However, an appeal by the creditor banks is pending decision before the Supreme Court. The management and its legal counsel believe that the case will be ruled in its favor.

Interest Expense

The breakdown of this account is as follows:

In thousand Pesos	Unaudited Mar 2013	Audited Dec 2012
Interest expense on restructured debt:		
Accretion of discount	₱32,399	₱132,203
Nominal interest payable to creditor banks/SPAVs	14,408	61,069
	46,807	193,272
Others	32	12
	₱46,839	₱193,284

Risk Management Objectives and Policies

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

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

- Foreign Currency Sensitivity
- Interest Rate Sensitivity
- Credit Risk
- Liquidity Risk
- Price Risk

Foreign Currency Sensitivity

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

Interest Rate Sensitivity

As at March 31, 2013, the Company has no significant floating rate financial assets or liabilities. The Company's operating cash flows are substantially independent of changes in market interest rates.

The Plan allowed the Company to defer the payment of its loans and their related interest charges and certain trade payables for a period of three years from the date of approval of the Plan.

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

Credit Risk

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

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

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

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

<u>Liquidity Risk</u>
The Company's petition for corporate rehabilitation, which resulted in the eventual approval of the Plan, has significantly assisted in addressing the liquidity issue of the Company as the Plan provides for deferment of borrowing repayments for a period of three years. Nevertheless, the Company 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 Company maintains cash to meet its liquidity requirements for up to 30-day periods.

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

OTHER MATTERS

- There were no contingent assets nor liabilities 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 event 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.

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

Annex "B"

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the first quarter of 2013, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱700 million, slightly lower from ₱714 million of same quarter last year. Sales of feed products were up by 4% against last year despite the stiff competition from local and foreign feed competitors. The dory business of the Company sustained its growth momentum with revenues increasing by 150% from last year stemming from improved demand of consumers. Increasing feed and dory sales was achieved due to sustained marketing activities that resulted to opening of new dealers, distributors, and customers. The increased revenue of feed products was also driven by improved feed selling prices. On the other hand, revenues from DOC, chicken, and animal health products were lower than last year by 11%, 6%, and 19%, respectively. The decreased revenues of the poultry business were intentional due to challenges confronting the poultry industry. The Company will continue with its aggressive marketing campaigns, to further expand its sales and distribution network, strengthen market visibility of Company products, and likewise find and identify its niche in the market. Similarly, the Company will continue to pursue improvement of margins through optimum size distribution and efficient supply chain and enhancing efficiency and productivity.

Gross profit for the quarter declined to ₱39.9 million in the first quarter of 2013 from ₱66.9 million in the previous year caused primarily by depressed chicken prices and lower sales of animal health business.

Consolidated operating expenses considerably went down by 27% from ₱94.5 million as at March 2012 to ₱69.1 million as at March 2013. The uninterrupted controls on expenditures and permanent implementation of expense reduction programs dropped the level of operating expenses. However, other operating income went down by 11% from ₱28.6 million to ₱25.4 million this quarter.

Confronted with the combined effects of poor performance of the poultry industry and lower sales of animal health products, consolidated net income for the first quarter amounted to negative ₱17.6 million.

As the Company is under corporate rehabilitation, it will continue to focus on its core business and strive to improve operations. Likewise, the Company will also continuously institute the programs adopted by the management pursuant to the rehabilitation plan such as the following:

- Corporate branding and image rebuilding;
- Launching of new products in the market;
- Expanding sales and distribution networks;
- 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.

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.

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

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

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 said Company.

Gromax yielded positive results as of March 2013 as it registered total sales revenue of ₱36.7 million with a net income of ₱1.0 million.

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

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

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

On October 1, 1998, the Board of Directors of PFCI approved the conversion into equity of the advances of Vitarich Corporation to PFCI amounting to 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 Board of Directors of PFCI approved the proposed conversion in 1998.

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

In connection with such legal action, in 2001, PFCI recognized as claims receivable, as of December 31, 2001, certain losses arising from the closure of certain Texas Chicken restaurants and legal fees incurred relating to the case filed against AFC. Losses recognized as claims receivable include, among others, the loss on write-off of leasehold and building improvements relating to the closed stores. The total amount recognized as claims receivable (presented as part of Other Non-current Assets account in the 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 believed that this case would be settled in favor of the PFCI and TMA.

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

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

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

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

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

Financial Condition

Unaudited Balance Sheet as of March 31, 2013 vs. audited December 31, 2012

The Company's consolidated total assets as of March 31, 2013 stood at ₱3.94 billion, slightly lower than December 31, 2012 level of ₱4.01 billion.

Total current assets decreased from ₱1.52 billion as at December 31, 2012 to ₱1.46 billion as at March 31, 2013.

Cash balance as of March 31, 2013 declined to ₱28.8 million from ₱34.2 million as of December 31, 2012. The reduction in cash was attributed to net cash outflows used in operating activities particularly for working capital requirements.

Trade and other receivable account slightly went down as a result of strict implementation of accounts receivable collection. In addition, due from related parties' account also decreased.

Inventories went down by 11% due to the decrease in finished goods inventory, supplies and animal health products, and raw materials and food supplements.

Other current assets account of ₱36.8 million was up by 31% as against ₱28.1 million in December 31, 2012. While other non-current assets maintained at ₱2.6 million.

Total current liabilities for the period ended amounted to ₱1.22 billion, lower by 6% as of December 31, 2012.

Trade and other payables account went down by 7% as against last year, mainly due to lower payable to suppliers relative to lower inventories. On the other hand, income tax payable increased by 35% from ₱4.9 million to ₱6.7 million.

Stockholders' equity decreased from ₱35.8 million to ₱18.2 million, basically due to net loss posted as of the first quarter period.

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

	Unaudited Mar 2013	Unaudited Mar 2012
Revenue (₱ million)	700	714
Cost Contribution (₱ million)	660	647
Gross Profit Rate (%)	6%	9%
Operating Margin (₱ million)	-3.8	1.0

1) Sales Volume, Price, and Revenue Growth
Consolidated revenue composed of feeds, day old chicks, chicken, animal health products, and dory fish sales amounted to ₱700 million, slightly lower than the same period last year of ₱714 million, mainly because of lower sales volume of all product lines despite improved selling prices.

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.

VITARICH

April 15, 2013

STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of VITARICH CORPORATION (the Company) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012 and 2011, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the period December 31, 2012 and 2011, have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

JOSE VICENTE C. BENGZON III
Chairman

ROGELIO M. SARMIENTO
President

STEPHANIE NICOLE S. GARCIA
Treasurer/Chief Finance Officer

Main Office: Abangan Sur, Mc. Arthur Highway, Marilao, Bulacan, Philippines
Tel. Nos.: (632) 843-30-33 and (044) 711-28-29 (Connecting All Depts.)
Fax Nos.: (632) 843-02-97 ZIP CODE: 3019

SUBSCRIBED AND SWORN TO BEFORE ME this 15th day of April 2013, hereat Marilao, Bulacan. Affiants satisfactorily provent to me their identities by presenting their valid IDs and that they are the same persons who personally signed before me the foregoing Financial Statements.

NENITA D.C. TUAZON
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
ROLL NO. [illegible]7194
IBP LIFE NO. [illegible] 5/19/08
PTR NO. [illegible] 1/2/13
TIN NO. [illegible]-664

Doc. No. 130;
Page No. 24;
Book No. 169;
Series of 2013.

Vitarich Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2012 and 2011

With independent auditors' report provided by

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

COVER SHEET

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SEC Registration Number

VITARICH CORPORATION AND SUBSIDIARIES

Company's Full Name

Bo. Abangan Sur, McArthur Highway, Marilao, Bulacan

Business Address: No. Street City/Town/Province

Stephanie Nicole S. Garcia

Contact Person

843-3033

Company Telephone Number

1 2	3 1	A A C F S	0 6	2 9
Month	*Day*	(Form Type)	*Month*	*Day*

(Fiscal Year) (Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CRMD

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

4,516	**₱3,076.5 million**	**₱–**
Total Number of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Please use black ink for scanning purposes

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BOA/PRC Accreditation No. 4782
November 12, 2012, valid until December 31, 2015
SEC Accreditation No. 0207-F (Group A)
August 26, 2010, valid until August 25, 2013

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Vitarich Corporation and Subsidiaries
Bo. Abangan Sur, McArthur Highway
Marilao, Bulacan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Vitarich Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vitarich Corporation and Subsidiaries as at December 31, 2012 and 2011, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of a Matter

As discussed in Note 1 to consolidated financial statements, the Group has incurred losses of ₱118.6 million in 2012, ₱237.0 million in 2011, and ₱207.1 million in 2010, mainly because of operational difficulties and interest expense on its loans. These conditions raise substantial doubt about the Group's ability to continue as a going concern. To address these conditions, the Group implemented a corporate rehabilitation plan and adopted programs to increase revenue and decrease operating costs. Over the past two years, the Group has been able to generate operating profit of ₱114.6 million in 2012 and ₱7.5 million in 2011 from an operating loss of ₱13.8 million in 2010. Moreover, the Group has been able to reduce its restructured debt by ₱263.7 million through a dacion en pago of non-core assets and the assignment of insurance proceeds with the approval of the Rehabilitation Court as discussed in Note 13.

We have performed the necessary audit procedures to evaluate the plan and programs. The ability, however, of the Group to continue as a going concern depends on the successful implementation of its plan and programs.

Other Matters

The consolidated financial statements of Vitarich Corporation and Subsidiaries as at and for the year ended December 31, 2010 were audited by another auditor whose report dated April 26, 2011, expressed a qualified opinion on those statements because of their inability to determine whether any adjustments might have been necessary with respect to recorded or unrecorded amounts relating to trade and other receivables (about ₱6.9 million) and trade and other payables (about ₱11.0 million) due to the unavailability of certain supporting documents.

REYES TACANDONG & CO.

Emmanuel V. Clarino

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 123-503-505-000
SEC Accreditation No. 1021-A
Group A; Valid until September 8, 2013
BOA Accreditation No. 4782; Valid until December 31, 2015
BIR Accreditation No. 08-005144-5-2010; Valid until November 5, 2013
PTR No. 3670312
Issued January 2, 2013, Makati City

March 12, 2013
Makati City, Metro Manila

REYES TACANDONG & CO.
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SEC Accreditation No. 0207-F (Group A)
August 26, 2010, valid until August 25, 2013

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vitarich Corporation and Subsidiaries
Bo. Abangan Sur, McArthur Highway
Marilao, Bulacan

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vitarich Corporation (the Company) and Subsidiaries as at December 31, 2012 included in this Form 17-A and have issued our report thereon dated March 12, 2013. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68 Part II and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state, in all material respects the financial data required to be set forth therein in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
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PTR No. 3670312
Issued January 2, 2013, Makati City

March 12, 2013
Makati City, Metro Manila

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31		
	Note	**2012**	2011 (As Restated - Note 23)	2010 (As Restated - Note 23)
ASSETS				
Current Assets				
Cash		**₱34,220,945**	₱42,281,860	₱65,925,992
Trade and other receivables - net	7	**818,341,678**	812,635,657	818,302,854
Due from related parties - net	22	**99,939,967**	97,603,792	102,704,292
Inventories - net	8	**544,371,271**	451,983,359	437,632,549
Other current assets - net	9	**28,072,846**	14,953,809	10,520,313
Total Current Assets		**1,524,946,707**	1,419,458,477	1,435,086,000
Noncurrent Assets				
Property, plant and equipment - net	10	**1,636,266,932**	1,634,453,216	1,601,439,426
Investment properties - at fair value	11	**846,423,891**	772,927,529	718,117,539
Other noncurrent assets	9	**2,633,885**	13,487,408	22,508,697
Total Noncurrent Assets		**2,485,324,708**	2,420,868,153	2,342,065,662
		₱4,010,271,415	₱3,840,326,630	₱3,777,151,662
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	12	**₱1,231,099,446**	₱1,097,129,945	₱955,988,363
Current portion of restructured debt	13	**72,462,601**	30,946,243	10,188,064
Income tax payable		**4,952,104**	570,460	1,492,606
Total Current Liabilities		**1,308,514,151**	1,128,646,648	967,669,033
Noncurrent Liabilities				
Restructured debt - net of current portion	13	**2,230,113,535**	2,139,426,723	2,033,064,114
Trade and other payables	12	**168,143,713**	168,822,359	194,829,728
Deferred tax liabilities - net	21	**159,120,643**	163,678,235	164,668,508
Retirement benefit liability	19	**89,665,924**	73,749,345	77,438,126
Cash bond deposits	14	**18,887,008**	22,611,663	19,971,342
Total Noncurrent Liabilities		**2,665,930,823**	2,568,288,325	2,489,971,818
Equity				
Capital stock	23	**409,969,764**	409,969,764	409,969,764
Additional paid-in capital		**913,739,669**	913,739,669	913,739,669
Revaluation reserve	24	**823,380,510**	806,331,087	756,430,055
Deficit		**(2,119,791,554)**	(2,009,120,466)	(1,780,389,998)
Accumulated unrealized actuarial gains		**8,528,052**	22,471,603	19,761,321
Total Equity		**35,826,441**	143,391,657	319,510,811
		₱4,010,271,415	₱3,840,326,630	₱3,777,151,662

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2012**	2011 (As Restated – Note 23)	2010 (As Restated – Note 23)
SALE OF GOODS	22	**₱3,060,183,497**	₱2,697,846,832	₱2,263,867,724
COST OF GOODS SOLD	15	**2,799,551,346**	2,506,175,806	2,098,304,720
GROSS PROFIT		**260,632,151**	191,671,026	165,563,004
OPERATING EXPENSES (INCOME)				
Administrative expenses	17	**126,283,239**	166,391,763	186,925,880
Selling and distribution expenses	17	**166,089,099**	124,601,771	142,351,410
Other operating income	16	**(146,373,190)**	(106,863,456)	(149,872,736)
		145,999,148	184,130,078	179,404,554
OPERATING PROFIT (LOSS)		**114,633,003**	7,540,948	(13,841,550)
OTHER CHARGES (INCOME)				
Interest expense	18	**193,284,039**	190,082,768	186,532,871
Impairment loss on:				
Trade and other receivables	7	**82,867,272**	98,236,441	91,519,642
Project development cost	9	**10,456,132**	10,456,132	–
Due from related parties	22	**90,000**	3,950,463	–
Gain on fair value changes of investment properties	11	**(51,053,643)**	(35,639,909)	–
Interest income		**(500,117)**	(715,855)	(418,059)
Gain on sale of property and equipment and investment properties	10, 11	**(39,000)**	–	(31,792,206)
		235,104,683	266,370,040	245,842,248
LOSS BEFORE INCOME TAX		**(120,471,680)**	(258,829,092)	(259,683,798)
INCOME TAX BENEFIT	21	**1,862,590**	21,782,409	52,540,885
NET LOSS		**(118,609,090)**	(237,046,683)	(207,142,913)
OTHER COMPREHENSIVE INCOME				
Revaluation increase on property, plant and equipment - net of tax	24	**24,987,425**	58,217,247	–
Unrealized actuarial gains (losses) - net of tax		**(13,943,551)**	2,710,282	5,933,192
		11,043,874	60,927,529	5,933,192
TOTAL COMPREHENSIVE LOSS		**(₱107,565,216)**	(₱176,119,154)	(₱201,209,721)
LOSS PER SHARE - BASIC AND DILUTED	25	**₱0.29**	₱0.58	₱0.51

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

					Years Ended December 31		
	Note	Capital Stock	Additional Paid-in Capital	Revaluation Reserve	Deficit (As Restated - Note 23)	Accumulated Unrealized Actuarial Gains (Losses) (As Restated - Note 23)	Total
Balance at January 1, 2012							
As previously reported		₱409,969,764	₱913,739,669	₱806,331,087	(₱2,005,835,490)	₱–	₱124,205,030
Prior period adjustment	23	–	–	–	(3,284,976)	22,471,603	19,186,627
As restated		409,969,764	913,739,669	806,331,087	(2,009,120,466)	22,471,603	143,391,657
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	24	–	–	(7,938,002)	7,938,002	–	–
Total comprehensive loss for the year:							
Net loss for the year		–	–	–	(118,609,090)	–	(118,609,090)
Additional revaluation reserve on property, plant and equipment, net of tax	24	–	–	24,987,425	–	–	24,987,425
Unrealized actuarial losses, net of tax		–	–	–	–	(13,943,551)	(13,943,551)
		–	–	17,049,423	(110,671,088)	(13,943,551)	(107,565,216)
Balance at December 31, 2012		₱409,969,764	₱913,739,669	₱823,380,510	(₱2,119,791,554)	₱8,528,052	₱35,826,441
Balance at January 1, 2011							
As previously reported		₱409,969,764	₱913,739,669	₱756,430,055	(₱1,780,389,998)	₱–	₱299,749,490
Prior period adjustment	23	–	–	–	–	19,761,321	19,761,321
As restated		409,969,764	913,739,669	756,430,055	(1,780,389,998)	19,761,321	319,510,811
Transfer to deficit of revaluation reserve absorbed through depreciation, net of tax	24	–	–	(8,316,215)	8,316,215	–	–
Total comprehensive loss for the year:							
Net loss for the year		–	–	–	(237,046,683)	–	(237,046,683)
Additional revaluation reserve on property, plant and equipment, net of tax	24	–	–	58,217,247	–	–	58,217,247
Unrealized actuarial losses, net of tax					–	2,710,282	2,710,282
		–	–	49,901,032	(228,730,468)	2,710,282	(176,119,154)
Balance at December 31, 2011		₱409,969,764	₱913,739,669	₱806,331,087	(₱2,009,120,466)	₱22,471,603	₱143,391,657
Balance at January 1, 2010							
As previously reported		₱409,969,764	₱913,739,669	₱824,682,288	(₱1,641,499,318)	₱–	₱506,892,403
Prior period adjustment	23	–	–	–	–	13,828,129	13,828,129
As restated		409,969,764	913,739,669	824,682,288	(1,641,499,318)	13,828,129	520,720,532
Transfer to deficit of revaluation reserve realized through sale, net of tax	24	–	–	(65,327,531)	65,327,531	–	–
Transfer to deficit of revaluation reserve absorbed through depreciation, net of tax	24	–	–	(2,924,702)	2,924,702	–	–
Total comprehensive loss for the year:							
Net loss for the year		–	–	–	(207,142,913)	–	(207,142,913)
Unrealized Actuarial losses, net of tax					–	5,933,192	5,933,192
		–	–	(68,252,233)	(138,890,680)	5,933,192	(201,209,721)
Balance at December 31, 2011		₱409,969,764	₱913,739,669	₱756,430,055	(₱1,780,389,998)	₱19,761,321	₱319,510,811

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2012**	2011 (As Restated - Note 23)	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(₱120,471,680)**	(₱258,829,092)	(₱259,683,798)
Adjustments for:				
Interest expense	18	**193,284,039**	190,082,768	186,532,871
Depreciation	10	**65,257,253**	60,713,520	69,056,047
Impairment loss on project development costs	9	**10,456,132**	10,456,132	–
Retirement benefit cost	19	**9,724,793**	9,558,891	12,484,410
Gain on fair value changes of investment properties	11	**(51,053,643)**	(35,639,909)	–
Recovery of written-off accounts	11	**(13,823,403)**	–	–
Interest income		**(500,117)**	(715,855)	(418,059)
Gain on sale of property, plant and equipment and investment properties	10,11	**(39,000)**	–	(31,792,206)
Impairment loss on property, plant and equipment	10	–	–	1,507,133
Operating income (loss) before working capital changes		**92,834,374**	(24,373,545)	(22,313,602)
Decrease (increase) in:				
Trade and other receivables		**(2,599,588)**	5,898,115	54,394,217
Due from related parties		**(2,336,175)**	5,100,500	202,010
Inventories		**(92,387,912)**	(14,350,810)	49,072,151
Other current assets		**(14,647,026)**	(4,433,496)	(3,726,871)
Other noncurrent assets		**(1,655,173)**	(1,434,843)	866,922
Increase (decrease) in:				
Trade and other payables		**72,221,631**	52,248,278	21,322,874
Cash bond deposits		**(3,724,655)**	2,640,321	(2,093,825)
Net cash generated from operations		**47,705,476**	21,294,520	97,723,876
Interest received		**177,761**	484,933	418,059
Retirement benefits paid	19	**(13,727,572)**	(9,375,840)	(4,611,248)
Income tax paid		**(1,502,470)**	(6,241,806)	(6,015,588)
Interest paid	18	**(11,645)**	(76,045)	(5,250)
Net cash provided by operating activities		**32,641,550**	6,085,762	87,509,849

(Forward)

		Years Ended December 31		
	Note	**2012**	2011 (As Restated - Note 23)	2010
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	10	**(₱31,374,649)**	(₱31,328,733)	(₱62,680,305)
Acquisitions of investment properties	11	**(11,380,316)**	(10,792)	(15,385,584)
Proceeds from sale of investment properties		**2,052,500**	1,609,631	–
Net cash used in investing activities		**(40,702,465)**	(29,729,894)	(78,065,889)
NET (DECREASE) INCREASE IN CASH		**(8,060,915)**	(23,644,132)	9,443,960
CASH AT BEGINNING OF YEAR		**42,281,860**	65,925,992	56,482,032
CASH AT END OF YEAR		**₱34,220,945**	₱42,281,860	₱65,925,992

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General Information and Status of Operations

Corporate Information

Vitarich Corporation (the Company or Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 31, 1962. On March 30, 2012, the SEC approved the extension of its corporate life for another 50 years. Its shares of stock are registered with the Philippine Stock Exchange on February 8, 1995. The Company has 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 production and distribution of 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 registered principal place of business of the Company and its subsidiaries (collectively referred to hereinafter as the Group) is located at Bo. Abangan Sur, McArthur Highway, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

The consolidated financial statements of the Group were authorized for issue by the Group's Board of Directors (BOD) on March 12, 2013.

Status of Operations

The Group has incurred losses of ₱118.6 million in 2012, ₱237.0 million in 2011, and ₱207.1 million in 2010, mainly because of operational difficulties and interest expense on its loans. These conditions raise substantial doubt about the Group's ability to continue as a going concern.

To address these conditions, the Group filed a petition for a corporate rehabilitation with the Regional Trial Court of Malolos, Bulacan (the Court). The Court appointed a rehabilitation receiver for the Group and approved the Group's rehabilitation plan (Plan) on May 31, 2007. The Plan provides, among others, for a longer payment term at lower interest rates as discussed in Note 13 and the implementation of programs to improve operations.

Pursuant to this Plan, Management has adopted the following programs:

i corporate branding and image rebuilding;
ii launching of new products in the market;
iii expanding sales and distribution networks;
iv strengthening business ties with trading partners, local and abroad; and,
v continuously improving product quality including rehabilitation and standardization of certain plants to qualify for international standardization and accreditations.

The Group was able to increase its sales to ₱3.1 billion in 2012 and ₱2.7 billion in 2011 from ₱2.3 billion in 2010 as a result of the implementation of some of these programs. Moreover, it has successfully improved its operations resulting in operating profit of ₱114.6 million in 2012 and ₱7.5 million in 2011 from an operating loss of ₱13.8 million in 2010.

In 2011 and 2010, the Court approved the disposal of the Group's non-core assets and the assignment of insurance proceeds to settle ₱263.7 million of the restructured debt: dacion en pago of investment properties and property and equipment for ₱184.7 million, (see Note 10), and; assignment to creditors of ₱79.0 million of its receivable from an insurance company as partial settlement (see Note 13). These are executory in accordance with the Rules of Procedures on Corporate Rehabilitation although subject to appeal by creditor banks (see Note 13). The Group still has non-core assets aggregating ₱954.1 million (see Note 10) which the Court has also approved for disposal through dacion en pago to settle the Group's restructured debt.

The ability of the Group to continue as a going concern depends largely on the successful implementation of its Plan and programs. The consolidated financial statements do not include any adjustments on the recoverability and classification of the assets or the amounts and classification of the liabilities arising from these uncertainties.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

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

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

3. Summary of Significant Changes in PFRS

Adoption of New and Revised PFRS

The Group adopted new and revised PFRS effective January 1, 2012. These are summarized below:

- *PFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition and Transfer of Financial Assets Disclosure Requirements* – The amended standard requires additional disclosure on financial assets that have been transferred but not derecognized and an entity's continuing involvement in the derecognized assets. This disclosure is required to enable the user of the financial statements to evaluate any remaining risks on the transferred assets.

- *PAS 12 Income Taxes - Deferred Taxes: Recovery of Underlying Assets (Amended)* – The amendment clarifies that the deferred tax on investment properties measured using the fair value model in PAS 40 should be determined considering that the carrying value the investment properties will be recovered through a sale transaction. Deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 should also be measured by determining the recoverability of the non-depreciable assets in a sale transaction.

The new and revised PFRS has no significant impact on the amounts and disclosures in the financial statements.

The Group opted for an early application of *PAS 19 – Employee Benefits (Amendment)*. The amendment to PAS 19 which is effective for annual period beginning or as at January 1, 2013 includes numerous changes ranging from the fundamental such as removing the corridor mechanism in the recognition of actuarial gains or losses and the concept of expected returns on plan assets to simple clarifications and re-wording.

The effects of the early adoption of amendments to PAS 19 increased the total comprehensive loss by ₱0.6 million for the year ended December 31, 2011 and decreased the total comprehensive loss by ₱5.9 million for the year ended December 31, 2010 (see Note 23).

<u>New and Revised PFRS Not Yet Adopted</u>
Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2012 and have not been applied in preparing the consolidated financial statements are summarized below:

Effective for annual periods beginning on or after July 1, 2012:

- *PAS 1, Financial Statement Presentation, Presentation of Items of Other Comprehensive Income* – The amendment changed the presentation of items in Other Comprehensive Income (OCI). Items that could be reclassified to profit or loss at a future point in time should be presented separately from items that cannot be reclassified.

Effective for annual periods beginning on or after January 1, 2013:

- *PAS 27, Separate Financial Statements (as revised in 2011)* – As a consequence of the new PFRS 10 and PFRS 12, PAS 27 is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- *PAS 28, Investments in Associates and Joint Ventures (as revised in 2011)* – This standard prescribes the application of the equity method to investments in joint ventures and associates.

- *PFRS 7, Financial Instruments Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments)* – The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- *PFRS 10, Consolidated Financial Statements* – The standard replaces the portion of PAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements and SIC-12 Consolidation - Special Purpose Entities. It establishes a single control model that applies to all entities including special purpose entities. Management will have to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.

- *PFRS 12, Disclosure of Interests with Other Entities* – The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- *Amendments to PFRS 10, PFRS 11 and PFRS 12 : Transition Guidance* – The amendments provide additional transition relief in PFRS 10, PFRS 11 *Joint Arrangements* and PFRS 12 *Disclosure of Interests in Other Entities*, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.

- *PFRS 13, Fair Value Measurement* – The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

- Improvements to PFRS

  The omnibus amendments to PFRS were issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards.

  - *PAS 1, Presentation of Financial Statements*
  - *PAS 16, Property Plant and Equipment*
  - *PAS 32, Financial Instrument : Presentation*
  - *PAS 34, Interim Financial Reporting*

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

- *Amendments to PFRS 10, PFRS 12 and PAS 27 : Investment Entities* – The amendments provide an exception from the requirements of consolidation to investment entities and instead require these entities to present their investments in subsidiaries as a net investment that is measured at fair value. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

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

Effective for annual periods beginning on or after January 1, 2015:

- *PFRS 9, Financial Instruments : Classification and Measurement* – This standard is the first phase in replacing PAS 39 and applies to classification and measurement of financial assets as defined in PAS 39.

Under prevailing circumstances, except for PFRS 13, the adoption of the foregoing new and revised PFRS, is not expected to have any material effect on the consolidated financial statements.

4. **Summary of Significant Accounting Policies**

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Consolidation

Subsidiaries – Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. In assessing control, the existence and effect of potential voting rights that are currently exercisable or convertible are considered. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Transactions Eliminated on Consolidation – All intragroup balances, transactions, income and expenses and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries – The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company.

Financial Assets and Liabilities

Date of Recognition. Financial instruments are recognized in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition. Financial assets and financial liabilities are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of financial instruments, except for financial instruments classified at fair value through profit or loss (FVPL).

Classification of Financial Instruments. The Group classifies its financial assets into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets, and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The Group does not have financial instruments classified as financial assets or financial liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in consolidated statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

The Group's cash in banks, trade and other receivables, and due from related parties are classified under this category.

Other Financial Liabilities. Other financial liabilities at amortized cost pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain obligations to deliver cash or another financial asset to the holder as to settle the obligation other than by the exchange of fixed amount of cash or another financial asset for a fixed number of own equity.

The Group's trade and other payables, restructured debt, and cash bond deposits are classified under this category.

<u>Derecognition of Financial Assets and Liabilities</u>

Financial Assets. A financial asset (or, when applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a. the right to receive cash flows from the asset has expired;

b. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

c. the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in consolidated statements of comprehensive income.

Impairment of Financial Assets Carried at Amortized Cost

The Group assesses at each reporting date whether there is objective evidence that a financial or group of financial assets is impaired. Objective evidence includes observable data that comes to the attention of the Group about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization. If there is objective evidence that an impairment loss on financial assets carried at amortized cost (e.g., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the consolidated statements of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the consolidated statements of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

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 Goods, 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 and Feeds Supplements, Supplies and Animal Health Products - 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.

Other Current Assets
This account consists of the excess of input VAT over output VAT, advances, refundable rental deposits and prepayments.

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Property, Plant and Equipment
Property, plant and equipment (except for transportation equipment which are stated at cost less accumulated depreciation and any impairment in value and land which is stated at appraised value less any impairment losses) 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.

Subsequent to initial recognition at cost, property, plant and equipment (except for transportation equipment) are carried at appraised values, 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" account presented under the equity section of the consolidated statements 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 statements of comprehensive income. Annually, an amount from the Revaluation Reserve 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 (except for land). The depreciation and amortization periods for property, plant and equipment, based on the above policies, are as follows:

Asset Type	Number of Years
Machinery and equipment	10 to 20
Buildings	20
Leasehold and land improvements	2 to 5
Office furniture, fixtures and equipment	3 to 10
Transportation equipment	4 to 5

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 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 the consolidated statements of comprehensive income in the year the item is derecognized.

Investment Properties

Investment properties, accounted for under the fair value model, are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties is measured initially at acquisition cost, including transaction costs. Subsequently, investment properties is stated at fair value as determined by independent appraisers on an annual basis. The carrying amounts recognized in the consolidated statements of financial position reflect the prevailing market conditions at the end of each reporting period.

Any gain or loss resulting from either a change in the fair value or the sale of an investment properties is immediately recognized in the statements of comprehensive income as gain (loss) on fair value changes on investment properties and gain (loss) on sale of investment properties, respectively, in the consolidated statements of comprehensive income.

No depreciation charges are recognized on investment properties accounted for under the fair value method.

Investment properties is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

Rental income and operating expenses from investment properties is reported as part of Other Operating Income and Selling and Distribution Costs, respectively, in the consolidated statements of comprehensive income.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Project Development Costs

Project development costs represent capitalized development costs which are accounted for under the cost model. The cost of the asset is the amount of cash paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or production.

Costs associated with research activities are recognized as expense in profit or loss in the consolidated statements of comprehensive income as these are incurred. Costs that are directly attributable to the development phase of the Group's aqua feeds and aqua culture projects are recognized as project development cost provided they meet the following recognition requirements:

a. there is a demonstration of technical feasibility of the prospective product for internal use or sale;

b. the intangible asset will generate probable economic benefits through internal use or sale;

c. sufficient technical, financial and other resources are available for completion; and,

d. the intangible asset can be reliably measured.

All other development costs are expensed as incurred.

Financial Liabilities

Financial liabilities, which include restructured debt, trade and other payables, and cash bond deposits, are recognized when the Group becomes a party to the contractual agreements of the instrument.

All interest-related charges are recognized as an expense and included under "Interest expense" account in the consolidated statements of comprehensive income.

Restructured debt is raised for support of long-term funding of operations. It is initially recognized at proceeds received, net of direct issue costs. The amortized cost of a financial liability is the amount at which the financial liability is measured at initial recognition minus the principal repayments plus or minus the cumulative accretion using the effective interest method of any difference between that initial amount and the maturity amount. Interest expense, including premiums payable on settlement or redemption and direct issue costs, is charged to profit or loss on an accrual basis using the effective interest method. Interest expense is added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables and cash bond deposits are recognized initially at their nominal values and subsequently measured at amortized cost less settlement payments, except when the timing of payment or refund cannot be reasonably estimated.

A substantial modification to the terms of a financial liability is accounted for as an extinguishment of the existing liability and the recognition of a new or modified liability at its fair value. A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Financial liabilities are derecognized from the consolidated statements of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Capital Stock
Common stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are recognized in equity as deduction from proceeds, net of tax. Unpaid subscriptions are recognized as a reduction of subscribed common shares.

Deficit
Deficit represents the accumulated net income or losses, net of any dividend declaration.

Earnings (Loss) per Share
Earnings per share (EPS) is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Revenue Recognition
Revenue is recognized to the extent that the economic benefits will flow to the Group and the amount of the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. 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 and the amount of revenue can be measured reliably.

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.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statements of comprehensive income upon consumption of goods, utilization of the services or at the date these are incurred. Interest expenses are reported on an accrual basis and are recognized using the effective interest method.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Company as a Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

<u>Foreign Currency Transactions</u>
The Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statements of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

<u>Related Party Transactions</u>
Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities.

<u>Impairment of Nonfinancial Assets</u>
Nonfinancial assets consisting of investment in subsidiaries, property, plant and equipment, and investment properties and project development cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely

independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statements of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Retirement Benefits

The Group has a funded, noncontributory retirement plan, administered by trustees, covering their permanent local employees. Costs of retirement benefit are actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The cost of defined retirement benefits is actuarially determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits obligation in the future with respect to services rendered in the current year. As at January 1, 2012, the Group opted to early adopt the amendments to PAS 19 which allows the Group to present accumulated unrealized actuarial gains and loss as separate item under the equity section of the consolidated statements of financial position. The amendment to PAS 19 eliminated the corridor mechanism whereby cumulative actuarial gains and losses in excess of the 10% of the present value of the defined benefit obligation or fair value of plan assets whichever is higher are amortized over the expected average remaining working lives of the employees and recognized as part of retirement benefits. With the adoption of amendments to PAS 19, all unrealized actuarial gains and losses are now recognized in other comprehensive income.

Past service costs are recognized immediately in profit or loss, unless the changes to the retirement plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortized over the remaining working lives of employees.

The defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement obligation.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the consolidated statements of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax. Current income tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Deferred tax. Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and carry forward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, excess MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statements of financial position.

Events After the Reporting Date

The Group identifies subsequent events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the financial statements. Non-adjusting subsequent events are disclosed in the notes to the financial statements when material.

Segment Reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

5. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgment
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Legal Contingencies. The estimate of the probable costs for the resolution of possible claims have been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results.

There are on-going litigations filed against the Parent Company and its subsidiaries that would have a material adverse impact on the Group's financial condition and results of operations.

Leases. The Group has operating lease agreements as lessor and lessee. As a lessor, the Group determined that significant risks and rewards of ownership of the leased properties are retained with the Group. As a lessee, the Group determined that significant risks and rewards of ownership of the leased properties are retained by the lessor.

Capitalization of Development Costs. Careful judgment by management is applied when deciding whether the recognition requirements for development costs relating to the Group's aqua feeds and aqua culture projects, in contrast with research, have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the information available at the end of each reporting period. In addition, all internal activities related to the research and developments of new products are continuously monitored by the Group's management. As at December 31, 2008, the Group had already stopped developing the aqua feeds and aqua culture projects.

The accumulated capitalized development costs as at December 31, 2012, 2011 and 2010 amounted to ₱31.4 million. The allowance for impairment losses as at December 31, 2012 and 2011 amounted to ₱31.4 million and ₱20.9 million, respectively (provision for impairment of ₱10.5 million was made in 2012 and 2011) (see Note 9).

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Net Realizable Values (NRV) of Inventories. The Group in determining the NRV of inventories, considers any adjustments for obsolescence, which is generally 100% allowance on inventories that are damaged or a certain percentage if their selling prices have declined. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. Inventories are affected by price changes in critical ingredients which are imported and in different market segments of agri-business relating to poultry breeding, feeds and animal health products. An increase in allowance for inventory obsolescence and market decline would increase recorded operating expense and decrease current assets.

Inventories carried at lower of costs or NRV as at December 31, 2012 and 2011 amounted to ₱544.4 million and ₱452.0 million, respectively (₱437.6 million as at December 31, 2010) (see Note 8).

Revaluation of Property, Plant and Equipment. In determining the appraised values of the property, plant and equipment carried at appraised values, the Group hired an independent firm of appraisers specializing in valuation of such properties. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) utility and market value of the land; (b) cost of reproduction new of the replaceable property; (c) current prices for similar used property in the second hand market; (d) age, condition, past maintenance, and present and prospective serviceability in comparison with new assets of like kind; (e) accumulated depreciation; and, (f) recent trend and development in the industry concerned.

The value of the property, plant and equipment (except for land) was arrived at using the Cost Approach. Under this approach, an estimate is made of the current cost of reproduction of the replaceable property in accordance with the current market prices for materials, labor, manufactured equipment, contractor's overhead and profit and fees, but without prior provision for overtime or bonuses for labor and premiums for materials. Adjustments are then made to reflect depreciation resulting from physical deterioration and obsolescence to arrive at a reasonable valuation.

The value of the land was arrived at using the Market Approach. Under this approach, the value of the land is based on the sales and listings of comparable properties registered within the vicinity. This approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property to those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on factors such as location, size and shape of the land, and time element.

Fair market value is defined as the highest price in terms of money which a property will bring if exposed for sale in the open market, allowing reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used.

The appraiser also considered the concept of value in use which is based on the highest and most profitable continuous use or that which may reasonably be expected to produce the greatest net return over a given period of time.

In January 2011, an appraisal was made on Gromax's furniture, fixtures and equipment as at December 31, 2010 by an independent firm of appraisers. The appraisal indicated that the assets were impaired and, accordingly, resulted in the recognition of impairment loss on property and equipment of ₱1.5 million under operating expenses in the 2010 consolidated statements of comprehensive income. On December 31, 2011, all of the Group's property, plant and equipment (except for transportation equipment) were re-appraised by an independent firm of appraisers resulting in an additional revaluation reserve of ₱83.2 million before tax effect. On December 31, 2012, the Group's land was re-appraised by an independent firm of appraisers resulting in an additional revaluation reserve of ₱35.7 million before tax effect (see Notes 10 and 24).

Estimating Useful Lives of Property, Plant and Equipment. The Group reviews annually the estimated useful lives of property, plant and equipment based on expected asset's utilization, market demands and future technological development consistent with the Group's pursuit of constant modernization of the equipment fleet to ensure the availability, reliability and cost-efficiency of the equipment. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property, plant and equipment.

The carrying amount of property, plant and equipment as at December 31, 2012 and 2011 amounted to ₱1,636.3 million and ₱1,634.5 million, respectively (₱1,601.4 million as at December 31, 2010) (see Note 10).

Allowance for Impairment of Trade and Other Receivables. Allowance is made for specific accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status, average age of accounts, collection experience, and historical loss experience.

The carrying value of trade and other receivables amounted to ₱818.3 million and ₱812.6 million as at December 31, 2012 and 2011, respectively (₱818.3 million as at December 31, 2010). Allowance for impairment of receivables as at December 31, 2012 and 2011 amounted to ₱867.7 million and ₱798.2 million, respectively (₱703.2 million as at December 31, 2010) (see Note 7).

Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Group's past results and future expectations on revenues and expenses.

Deferred tax assets recognized in the books of the Group amounted to ₱276.0 million and ₱248.8 million as at December 31, 2012 and 2011, respectively (₱215.8 million as at December 31, 2010) (see Note 21).

Impairment of Nonfinancial Assets. The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired.

In assessing whether there is any indication that an asset may be impaired, the Group considers the external and internal sources of information. External sources of information includes but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Group, whether it had taken place during the period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information includes evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Group whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

The carrying value of property, plant and equipment as at December 31, 2012 and 2011 amounted to ₱1,636.3 million and ₱1,634.5 million, respectively (₱1,601.4 million as at December 31, 2010) (see Note 10).

The carrying value of investment properties as at December 31, 2012 and 2011 amounted to ₱846.4 million and ₱772.9 million, respectively (₱718.1 million as at December 31, 2010) (see Note 11).

Retirement Benefits. The determination of the Group's obligation and cost for post-employment benefit is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 19 and include, among others, discount rates, expected return on plan assets and expected rates of increase in salaries. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in the Group's actual experience of significant changes in the assumptions may materially affect the pension and other retirement benefit obligation.

The estimated retirement benefit liability amounted to ₱89.7 million and ₱73.7 million as at December 31, 2012 and 2011, respectively (₱77.4 million as at December 31, 2010) while fair value of plan assets amounted to ₱2.9 million and ₱2.6 million as at December 31 2012 and 2011, respectively (₱2.5 million as at December 31, 2010) (see Note 19).

6. **Segment Reporting**

Business Segments

For management purposes, the Group is 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.

The industry segments where the Group operates are as follows:

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
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. 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.

Intersegment Transactions
Segment revenues, expenses and performance include sales and purchases between business segments and between geographical segments. Such sales and purchases are eliminated in consolidation. The Group generally accounts for intersegment sales and transfers at cost.

Segment Financial Information
The segment financial information is presented as follows (in thousands):

	2012					
	Food	**Feeds**	**Farms**	**Total Segments**	**Corporate and Eliminating Accounts**	**Consolidated**
REVENUES						
Sale of goods	**₱910,407**	**₱1,997,251**	**₱152,525**	**₱3,060,183**	**₱–**	**₱3,060,183**
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold excluding depreciation	**905,892**	**1,694,567**	**152,239**	**2,752,698**	**(18,404)**	**2,734,294**
Depreciation	**3,140**	**53,280**	**2,759**	**59,179**	**6,078**	**65,257**
Operating expenses	**30,122**	**237,855**	**2,765**	**270,742**	**21,630**	**292,372**
Other operating income	**(24,888)**	**(76,559)**	**(18,028)**	**(119,475)**	**(26,898)**	**(146,373)**
	914,266	**1,909,143**	**139,735**	**2,963,144**	**(17,594)**	**2,945,550**
SEGMENT OPERATING PROFIT (LOSS)	**(₱3,859)**	**₱88,108**	**₱12,790**	**₱97,039**	**₱17,594**	**114,633**
Other charges - net						**(235,105)**
Loss before tax						**(120,472)**
Tax benefit						**1,863**
Loss for the year						**(₱118,609)**
ASSETS AND LIABILITIES						
Segment assets	**₱780,874**	**₱3,067,611**	**₱228,702**	**₱4,077,187**	**(₱66,916)**	**₱4,010,271**
Segment liabilities	**(₱43,005)**	**₱684,105**	**₱33,476**	**₱674,576**	**₱838,173**	**₱1,512,749**
Restructured debt				**–**	**2,302,576**	**2,302,576**
Total liabilities	**(₱43,005)**	**₱684,105**	**₱33,476**	**₱674,576**	**₱3,140,749**	**₱3,815,325**
OTHER INFORMATION						
Capital expenditures	**₱–**	**₱2,417**	**₱–**	**₱2,417**	**₱28,958**	**₱31,375**
Non-cash expenses other than depreciation and impairment losses	**₱40,063**	**₱28,742**	**₱12,175**	**₱80,980**	**₱1,887**	**₱82,867**

	2011 (As Restated - Note 23)					
	Food	Feeds	Farms	Total Segments	Corporate and Eliminating Accounts	Consolidated
REVENUES						
Sale of goods	₱793,866	₱1,805,571	₱98,410	₱2,697,847	₱–	₱2,697,847
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold excluding depreciation	755,315	1,630,733	81,702	2,467,750	(2,640)	2,465,110
Depreciation	2,921	49,570	2,567	55,058	5,655	60,713
Operating expenses	6,891	113,616	3,157	123,664	147,683	271,347
Other operating income	(25,134)	(48,882)	(12,326)	(86,342)	(20,522)	(106,864)
	739,993	1,745,037	75,100	2,560,130	130,176	2,690,306
SEGMENT OPERATING PROFIT (LOSS)	₱53,873	₱60,534	₱23,310	₱137,717	(₱130,176)	7,541
Other charges - net						(266,370)
Loss before tax						(258,829)
Tax benefit						21,782
Loss for the year						(₱237,047)
ASSETS AND LIABILITIES						
Segment assets	₱747,783	₱2,937,614	₱219,010	₱3,904,407	(₱64,080)	₱3,840,327
Segment liabilities	(₱37,674)	₱599,295	₱29,326	₱590,947	₱771,937	₱1,362,884
Restructured debt	–	–	–	–	2,170,373	2,170,373
Total liabilities	(₱37,674)	₱599,295	₱29,326	₱590,947	₱2,942,310	₱3,533,257
OTHER INFORMATION						
Capital expenditures	₱–	₱2,413	₱–	₱2,413	₱28,916	₱31,329
Non-cash expenses other than depreciation and impairment losses	₱47,493	₱34,073	₱14,433	₱95,999	₱2,237	₱98,236

	2010 (As Restated - Note 23)					
	Food	Feeds	Farms	Total Segments	Corporate and Eliminating Accounts	Consolidated
REVENUES						
Sale of goods	₱495,617	₱1,652,685	₱115,566	₱2,263,868	₱–	₱2,263,868
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold excluding depreciation	457,659	1,466,002	117,187	2,040,848	(1,269)	2,039,579
Depreciation	16,832	39,579	4,567	60,978	8,078	69,056
Operating expenses	44,597	140,441	1,917	186,955	131,993	318,948
Other operating income	(1,116)	(118,089)	(21,467)	(140,672)	(9,202)	(149,874)
	517,972	1,527,933	102,204	2,148,109	129,600	2,277,709
SEGMENT OPERATING PROFIT (LOSS)	(₱22,355)	₱124,752	₱13,362	₱115,759	(₱129,600)	(13,841)
Other charges – net						(245,842)
Loss before tax						(259,683)
Tax benefit						52,541
Loss for the year						(₱207,142)
ASSETS AND LIABILITIES						
Segment assets	₱1,266,484	₱1,889,142	₱254,052	₱3,409,678	₱367,474	₱3,777,152
Segment liabilities	₱593,126	₱601,579	₱21,768	₱1,216,473	₱33,247	₱1,249,720
Restructured debt	–	–	–	–	2,043,252	2,043,252
Total liabilities	₱593,126	₱601,579	₱21,768	₱1,216,473	₱2,076,499	₱3,292,972
OTHER INFORMATION						
Capital expenditures	₱–	₱1,441	₱–	₱1,441	₱61,239	₱62,680
Non-cash expenses other than depreciation and impairment losses	₱860	₱76,789	₱–	₱77,649	₱13,871	₱91,520

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

7. Trade and Other Receivables

This account consists of:

	Note	**2012**	2011	2010
Trade receivables		**₱1,222,211,653**	₱1,153,367,702	₱1,079,434,676
Insurance claims receivable	13	**215,394,398**	213,822,483	196,725,727
Nontrade receivables		**192,481,631**	183,809,517	192,028,077
Advances to officers and employees	22	**7,549,850**	6,668,407	6,463,792
Other receivables		**48,383,126**	53,202,671	46,849,752
		1,686,020,658	1,610,870,780	1,521,502,024
Allowance for impairment		**(867,678,980)**	(798,235,123)	(703,199,170)
		₱818,341,678	₱812,635,657	₱818,302,854

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

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

Advances to officers and employees are unsecured, noninterest-bearing and subject to liquidation for a specified period of time of about one year (see Note 22).

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

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

Movements in the allowance for impairment account are shown below:

	Note	**2012**	2011	2010
Balance at beginning of year		**₱798,235,123**	₱703,199,170	₱616,340,506
Impairment loss during the year		**82,867,272**	98,236,441	91,519,642
Receivables written-off		**(2,111,005)**	–	(4,363,747)
Recovery of receivables previously provided with allowance	16	**(11,312,410)**	(3,200,488)	(297,231)
Balance at end of year		**₱867,678,980**	₱798,235,123	₱703,199,170

8. **Inventories**

The details of inventories are shown below:

	2012	2011	2010
At cost:			
Finished goods	**₱56,621,979**	₱59,049,915	₱61,941,575
Materials in-transit	**23,952,847**	1,868,471	1,406,452
Supplies and animal health Products	**18,069,088**	23,927,890	32,949,422
At NRV:			
Raw materials and feeds supplement	**239,296,487**	162,344,823	139,040,620
Factory stocks and supplies	**108,817,767**	104,150,939	113,407,672
Livestock	**97,613,103**	100,641,321	88,886,808
	₱544,371,271	₱451,983,359	₱437,632,549

Cost of inventories valued at NRV is shown below:

	2012	2011	2010
Raw materials and feeds supplement	**₱240,157,443**	₱163,205,779	₱139,901,576
Factory stocks and supplies	**168,370,297**	163,703,467	163,407,673
Livestock	**97,968,735**	101,099,668	90,472,980
	₱506,496,475	₱428,008,914	₱393,782,229

Movements in the allowance for obsolescence and decline in value account are shown below:

	Note	2012	2011	2010
Balance at beginning of year		**₱60,871,831**	₱52,447,129	₱53,001,865
Reversal	16	**(373,008)**	(1,500,837)	(554,736)
Impairment loss	17	**270,295**	9,925,539	–
Balance at end of year		**₱60,769,118**	₱60,871,831	₱52,447,129

9. **Other Current and Noncurrent Assets**

Other Current Assets

	2012	2011	2010
Current:			
Input VAT	**₱24,983,751**	₱9,386,200	2,932,816
Prepayments	**3,089,095**	5,567,609	4,747,382
Prepaid interest	**–**	–	2,840,115
	₱28,072,846	₱14,953,809	₱10,520,313

Other Noncurrent Assets

	2012	2011	2010
Noncurrent:			
Project development costs	**₱31,368,396**	₱31,368,396	₱31,368,396
Deposits	**2,633,885**	3,031,276	1,596,433
Other assets	**53,276,938**	53,276,938	53,276,938
	87,279,219	87,676,610	86,241,767
Allowance for impairment:			
Other assets	**53,276,938**	53,276,938	53,276,938
Project development costs	**31,368,396**	20,912,264	10,456,132
	84,645,334	74,189,202	63,733,070
	₱2,633,885	₱13,487,408	₱22,508,697

Prepayments mainly pertain to insurance and bond premiums, among others.

Prepaid interest pertains to interest from January to June 2011. This is part of the settlement of outstanding debt to Kormasinc Inc. (Kormasinc), a Special Purpose Asset Vehicle (SPAV) (see Note 13).

Creditable withholding tax applied against income tax due in 2012, 2011 and 2010 amounted to ₱1.5 million, ₱3.8 million, and ₱3.7 million, respectively.

Other assets mainly pertain to the impaired assets of PFCI with full valuation allowance.

Project development costs represent expenses incurred on the Group's aqua feeds and aqua culture projects. Based on management's evaluation, impairment loss amounting to ₱10.5 million each in 2012 and 2011 was recognized on the project.

Movement in the allowance for impairment of project development costs is shown below:

	2012	2011	2010
Balance at beginning of year	**₱20,912,264**	₱10,456,132	₱10,456,132
Impairment loss during the year	**10,456,132**	10,456,132	–
Balance at end of year	**₱31,368,396**	₱20,912,264	₱10,456,132

10. **Property, Plant and Equipment**

The composition and movements of this account are presented below:

		2012							
		At Appraised Values					At Cost		
	Note	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost									
Balance at beginning of year		₱1,049,259,887	₱730,108,342	₱286,839,847	₱30,528,712	₱80,366,288	₱3,797,954	₱109,618,319	₱2,290,519,349
Additions		436,958	25,167,753	1,863,248		1,470,549	118,500	2,317,641	31,374,649
Additional revaluation reserve	24	35,696,321	–	–	–	–	–	–	35,696,321
Balance at end of year		1,085,393,166	755,276,095	288,703,095	30,528,712	81,836,837	3,916,454	111,935,960	2,357,590,319
Accumulated Depreciation and Impairment									
Balance at beginning of year		–	375,671,646	95,346,977	14,338,712	76,025,470	2,839,902	91,843,427	656,066,134
Additions	17	–	40,718,541	13,667,651	1,835,481	1,321,969	584,469	7,129,142	65,257,253
Balance at end of year		–	416,390,187	109,014,628	16,174,193	77,347,439	3,424,371	98,972,569	721,323,387
Net carrying amount, December 31, 2012		₱1,085,393,166	₱338,885,908	₱179,688,467	₱14,354,519	₱4,489,398	₱492,083	₱12,963,391	₱1,636,266,932

		2011							
		At Appraised Values					At Cost		
	Note	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost									
Balance at beginning of year		₱969,196,189	₱714,128,744	₱301,253,245	₱25,085,710	₱80,215,621	₱3,477,954	₱103,434,577	₱2,196,792,040
Additions		–	17,871,861	5,496,486	–	1,456,644	320,000	6,183,742	31,328,733
Additional revaluation reserve	24	100,832,618	(1,892,263)	(19,909,884)	5,443,002	(1,305,977)	–	–	83,167,496
Reclassification	11	(20,768,920)	–	–	–	–	–	–	(20,768,920)
Balance at end of year		1,049,259,887	730,108,342	286,839,847	30,528,712	80,366,288	3,797,954	109,618,319	2,290,519,349
Accumulated Depreciation and Impairment									
Balance at beginning of year		–	342,758,278	82,518,005	11,625,695	74,619,244	2,244,569	81,586,823	595,352,614
Additions	17	–	32,913,368	12,828,972	2,713,017	1,406,226	595,333	10,256,604	60,713,520
Balance at end of year		–	375,671,646	95,346,977	14,338,712	76,025,470	2,839,902	91,843,427	656,066,134
Net carrying amount, December 31, 2011		₱1,049,259,887	₱354,436,696	₱191,492,870	₱16,190,000	₱4,340,818	₱958,052	₱17,774,892	₱1,634,453,215

	2010							
	At Appraised Values					At Cost		
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost								
Balance at beginning of year	₱1,106,867,600	₱715,525,571	₱315,934,792	₱24,186,024	₱81,622,754	₱3,370,552	₱92,370,837	₱2,339,878,130
Additions	–	45,184,642	–	3,565,179	3,211,356	107,402	10,611,726	62,680,305
Disposals	(137,671,411)	(48,007,544)	(14,681,547)	(2,665,493)	(4,618,489)	–	–	(207,644,484)
Reclassification	–	1,426,075	–	–	–	–	452,014	1,878,089
Balance at end of year	969,196,189	714,128,744	301,253,245	25,085,710	80,215,621	3,477,954	103,434,577	2,196,792,040
Accumulated depreciation and impairment								
Balance at beginning of year	–	343,113,735	83,782,792	12,248,024	75,301,616	1,732,600	72,348,670	588,527,437
Additions	–	43,358,120	12,151,973	1,420,835	2,374,997	511,969	9,238,153	69,056,047
Provisions	–	1,145,028	–	–	362,105	–	–	1,507,133
Disposal	–	(44,858,605)	(13,416,760)	(2,043,164)	(3,419,474)	–	–	(63,738,003)
Balance at end of year	–	342,758,278	82,518,005	11,625,695	74,619,244	2,244,569	81,586,823	595,352,614
Net carrying amount, December 31, 2010	₱969,196,189	₱371,370,466	₱218,735,240	₱13,460,015	₱5,596,377	₱1,233,385	₱21,847,754	₱1,601,439,426

If the property, plant and equipment were measured at cost model, the carrying amounts would be as follows:

	2012							
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost, December 31, 2012	**₱36,024,584**	**₱718,166,470**	**₱207,635,428**	**₱16,252,754**	**₱79,476,246**	**₱3,916,454**	**₱111,935,960**	**₱1,173,407,896**
Accumulated depreciation and impairment	**–**	**409,975,239**	**104,723,357**	**13,152,221**	**75,964,005**	**3,424,370**	**98,972,569**	**706,211,761**
Net carrying amount	**₱36,024,584**	**₱308,191,231**	**₱102,912,071**	**₱3,100,533**	**₱3,512,241**	**₱492,084**	**₱12,963,391**	**₱467,196,135**

	2011							
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost, December 31, 2011	₱35,587,626	₱693,294,669	₱205,772,180	₱16,252,754	₱78,150,608	₱3,797,954	₱109,618,319	₱1,142,474,110
Accumulated depreciation and impairment	–	374,569,242	96,672,502	12,755,763	75,561,319	2,839,902	91,843,427	654,242,155
Net carrying amount	₱35,587,626	₱318,725,427	₱109,099,678	₱3,496,991	₱2,589,289	₱958,052	₱17,774,892	₱488,231,955

	2010							
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost, December 31, 2010	₱56,356,546	₱675,422,808	₱201,260,564	₱16,252,754	₱76,693,964	₱3,477,954	₱103,434,577	₱1,132,899,167
Accumulated depreciation and impairment	–	344,921,056	90,020,802	11,872,968	74,762,725	2,244,569	81,586,823	605,408,943
Net carrying amount	₱56,356,546	₱330,501,752	₱111,239,762	₱4,379,786	₱1,931,239	₱1,233,385	₱21,847,754	₱527,490,224

As at December 31, 2012, fully depreciated property, plant and equipment with gross carrying amount of ₱239.7 million are still in use.

Revaluation
The latest appraisal of the Group's property, plant and equipment (except for transportation equipment) by an independent firm of appraisers was in December 2011 except for land, which was re-appraised in December 2012 (see Note 24).

Collateral
Property, plant and equipment with carrying value (at revalued amount) of ₱1.5 billion and ₱1.6 billion as at December 31, 2012 and 2011, respectively (₱1.6 billion as at December 31, 2010) were used as collaterals for the Group's restructured debt (see Note 13).

Assets Held for Disposal
On January 29, 2010, the Court approved the disposal of several of the Group's non-core assets to comply with the restructured debt scheduling payment. The net carrying value of the assets held for disposal aggregated ₱954.1 million in 2012, ₱862.7 million in 2011, and ₱721.3 million in 2010. These comprise of property, plant and equipment of ₱127.4 million in 2012, ₱116.5 million in 2011, and ₱127.9 million in 2010 and investment properties of ₱826.7 million in 2012, ₱746.2 million in 2011 and ₱638.2 million in 2010 (see Note 11).

The Group sold through dacion en pago in November 2010, portion of these assets with a net carrying value of ₱152.9 million to settle loans aggregating ₱184.7 million (principal loan of ₱177.9 million and accrued interest of ₱6.8 million) to Kormasinc, Inc. at a net gain of ₱31.8 million. The assets sold comprise of property, plant and equipment with a net carrying value of ₱143.9 million and investment properties with a carrying value of ₱9.0 million at the selling price of ₱173.9 million and ₱10.8 million, respectively. As a result of the sale of some of these assets in 2010, revaluation reserve amounting to ₱65.3 million was transferred to deficit (see Note 24).

On September 14, 2012, the Group successfully bidded out non-core assets with a net carrying value of ₱68.6 million to Kormasinc Inc. comprising of property, plant and equipment with a net carrying value of ₱41.0 million and investment properties with a net carrying value of ₱27.6 million. Being a creditor, Kormasinc payment will be in reduction of restructured debt of ₱70.1 million. The bid, however, is still pending approval of the Court.

11. Investment Properties

Investment properties comprise of the Group's hatchery buildings, dressing and rendering plants that are held to earn rentals (see Note 26) and parcels of land foreclosed by the Group to settle customers' liabilities. These foreclosed parcels of land are being held for capital appreciation only.

Movements in this account are summarized below:

	Note	**2012**	2011	2010
Balance at beginning of year		**₱772,927,529**	₱718,117,539	₱711,688,430
Additions		**25,203,719**	10,792	15,385,584
Fair value gain		**51,053,643**	35,639,909	–
Reclassification	10	–	20,768,920	–
Disposals		**(2,761,000)**	(1,609,631)	(8,956,475)
Balance at end of year		**₱846,423,891**	₱772,927,529	₱718,117,539

Revaluation

Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The Group recognized fair value gain on investment properties amounting to ₱51.0 million in 2012 and ₱35.6 million in 2011 presented as "Fair value gain from investment properties" in the consolidated statements of comprehensive income.

The cumulative gain on fair value changes as at December 31, 2012 and 2011 amounted to ₱274.2 million and ₱223.1 million, respectively.

Collateral

Investment properties with fair values totaling ₱652.3 million in 2012, ₱615.1 million in 2011, and ₱638.2 million in 2010 were used as collaterals for the Group's restructured debt (see Note 13).

Assets Held for Disposal

The net carrying value of investment properties held for disposal amounted to ₱826.7 million in 2012, ₱746.2 million in 2011 and ₱593.4 million in 2010 (see Note 10).

12. Trade and Other Payables

This account consists of:

	Note	**2012**	2011	2010
Trade payables	22	**₱682,812,026**	₱645,410,066	₱564,799,314
Accrued interest	13	**294,872,125**	233,802,901	173,757,081
Nontrade payables	22	**274,184,829**	210,751,848	224,739,842
Accrued expenses		**89,920,853**	93,509,296	84,621,688
Provision		**25,812,642**	25,812,643	25,812,643
Customer's deposit		**22,543,039**	50,684,301	60,042,090
Others	22	**9,097,645**	5,981,249	17,045,433
		1,399,243,159	1,265,952,304	1,150,818,091
Less noncurrent portion		**168,143,713**	168,822,359	194,829,728
Current portion		**₱1,231,099,446**	₱1,097,129,945	₱955,988,363

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

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

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

Provision pertains to PFCI obligations which include an estimated liability of ₱10.4 million from a legal case for non-payment of rentals. PFCI ceased operations in 2005 as discussed in Note 1. The case is pending decision before the Court of Appeals.

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

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

13. Restructured Debt

Debt at Discounted Value

The debt was originally obtained from local creditor banks and was restructured pursuant to the Plan approved by the Court on May 31, 2007 as discussed in Note 1. Several of these creditor banks have transferred their interests in the loans to SPAV Companies. A summary of the restructured debt at discounted value is presented below:

	2012	2011	2010
Debt at original amount	**₱3,254,367,021**	₱3,254,367,021	₱3,254,367,021
Payments to date:			
Balance at beginning of year	**(177,838,883)**	(177,838,883)	**–**
Payments	**–**	–	(177,838,883)
Balance at end of year	**(177,838,883)**	(177,838,883)	(177,838,883)
	3,076,528,138	3,076,528,138	3,076,528,138
Unamortized discount at original amount	**1,596,973,858**	1,596,973,858	1,596,973,858
Accretion to date:			
Balance at beginning of year	**690,818,686**	563,697,898	415,135,966
Accretion	**132,203,170**	127,120,788	148,561,932
Balance at end of year	**823,021,856**	690,818,686	563,697,898
	773,952,002	906,155,172	1,033,275,960
Discounted value	**2,302,576,136**	2,170,372,966	2,043,252,178
Current maturing portion	**(72,462,601)**	(30,946,243)	(10,188,064)
Restructured debt - long term portion	**₱2,230,113,535**	₱2,139,426,723	₱2,033,064,114

The debt as at May 31, 2007 was remeasured at fair value (subsequently at amortized cost) based on the terms of the Plan using the prevailing effective interest rate of 9% at that time.

The computation of the amortized cost of the loans was revised in 2010 to reflect the terms of payment on an annual basis, as affirmed by a Court Order dated February 18, 2011, that was previously applied by management on a quarterly basis. Moreover, as discussed in Note 10, the Group's sale of its non-core assets through dacion en pago in 2010 reduced the principal amount of the debt. The remeasurement resulted in a prior period adjustment in 2010 decreasing the original amount of the discount and increasing the deficit as at January 1, 2010 by ₱113.6 million.

In 2011, the restructured debt was revalued to recognize the accrued interest based on the Plan resulting in a decrease in deficit amounting to ₱67.9 million as at January 1, 2011.

Debt at Original Amount and Terms Under the Plan

As at December 31, 2012, 2011 and 2010, the outstanding balance of the debt (at original value) is due to the following:

	2012	2011	2010
Creditor banks	**₱1,546,458,088**	₱1,546,458,088	₱1,546,458,088
SPAV companies	**1,530,070,050**	1,530,070,050	1,530,070,050
	₱3,076,528,138	₱3,076,528,138	₱3,076,528,138

The Plan provides, among others, for the following:

a. a modified debt restructuring scheme for a period not exceeding 15 years;

b. payment of interest to all the Group's creditors on the following basis:

    i. Years 1 to 3 - at 1% per annum
    ii. Years 4 to 6 - at 2% per annum
    iii. Years 7 to 9 - at 3% per annum
    iv. Years 10 to 15 - at 4% per annum

c. implementation of certain programs as indicated in the Receiver's Report.

d. debt scheduling payment as summarized below:

	Principal	Interest	Accretion of Discount
Within 1 to 3 years	₱–	₱–	₱488,979,047
Within 4 to 6 years	251,829,694	187,292,955	390,846,002
Within 7 to 9 years	432,736,704	260,066,196	358,242,338
Within 10 to 15 years	2,569,800,623	521,154,604	358,906,471
	₱3,254,367,021	₱968,513,755	₱1,596,973,858

Compliance with the Plan

Matured obligation based on the debt scheduling payment aggregated ₱165.1 million in 2012 and ₱76.8 million in 2011. This includes interest of ₱129.7 million in 2012 and ₱65.0 million in 2011.

The Group had paid a total of ₱263.7 million as at December 31, 2012, which is more than the matured obligations. This was reported by the Court-appointed Receiver, in his Quarterly Report to the Rehabilitation Court. The payments consist of ₱184.7 milllion through a dacion en pago of non-core assets to Kormasinc, Inc. in 2010 (see Note 10) and ₱79.0 million assignment of insurance proceeds to the creditors in 2011.

The dacion en pago of the non-core assets which was offered by the Group as an equivalent compliance with the restructured debt annual schedule of payment, and the assignment of the insurance proceeds were approved by the Court. Although subject to appeal by creditor banks, these modes of payment are executory pursuant to the rules on corporate rehabilitation unless nullified by the higher Courts.

On September 14, 2012, the Group bidded out non-core assets to Kormasinc Inc., a creditor. The resulting dacion en pago for ₱70.1 million, however, is still pending approval of the Court (see Note 10).

The creditor banks have filed a motion for the termination of the rehabilitation proceedings arising from the Group's failure to achieve the goals set in the Plan. The case, however, is pending decision before the Court of Appeals. Management and its legal counsel, however, believe that the case will be ruled in its favor.

Interest Expense

Interest expense computed on the restructured debt shown as part of total interest expense in the consolidated statements of comprehensive income is as follows (see Note 18):

	2012	2011	2010
Accretion of discount	**₱132,203,170**	₱127,120,788	₱148,561,932
Nominal interest payable to creditor banks/SPAVs	**61,069,224**	62,885,935	37,965,689
	₱193,272,394	₱190,006,723	₱186,527,621

14. Cash Bond Deposits

Cash bond deposits amounting to ₱18.9 million, ₱22.6 million, and ₱20.0 million as at December 31, 2012, 2011 and 2010, respectively, substantially consist of surety bond deposits obtained from contract growers, contract breeders, customers and salesmen.

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

15. **Cost of Goods Sold**

The details of cost of goods sold are shown below:

	Note	**2012**	2011	2010
Inventories at beginning of year	8	**₱451,983,359**	₱437,632,549	₱486,704,700
Purchases and cost of goods manufactured		**2,891,939,258**	2,520,526,616	2,049,232,569
		3,343,922,617	2,958,159,165	2,535,937,269
Inventories at end of year	8	**544,371,271**	451,983,359	437,632,549
	17	**₱2,799,551,346**	₱2,506,175,806	₱2,098,304,720

16. **Other Operating Income**

Presented below are the details of this account:

	Note	**2012**	2011	2010
Rentals	26	**₱58,884,902**	₱49,766,872	₱38,061,893
Revenue from toll milling and toll hatching		**47,931,354**	40,167,512	85,514,798
Recovery of written-off accounts	11	**13,823,403**	–	–
Recovery of receivables previously provided with allowance	7	**11,312,410**	3,200,488	297,231
Sale of scrap materials		**9,067,300**	10,731,145	12,009,940
Others		**5,353,821**	2,997,439	13,988,874
		₱146,373,190	₱106,863,456	₱149,872,736

Other income includes, among others, sale of experimental fatteners and laboratory analysis charges.

17. **Cost and Expenses**

Cost and expenses are classified in the consolidated statements of comprehensive income as follows:

	Note	**2012**	2011 (As Restated - Note 23)	2010
Cost of goods sold	15	**₱2,799,551,346**	₱2,506,175,806	₱2,098,304,720
Administrative expenses		**126,283,239**	166,391,763	186,925,880
Selling and distribution expenses		**166,089,099**	124,601,771	142,351,410
		₱3,091,923,684	₱2,797,169,340	₱2,427,582,010

The details of cost and expenses by nature are shown below:

	Note	2012	2011 (As Restated - Note 23)	2010
Raw materials and other consumables		**₱2,536,863,444**	₱2,211,526,379	₱1,828,994,345
Communications, light and water		**83,479,149**	82,098,913	83,905,874
Transportation, travel, freight and handling		**90,700,906**	97,538,664	87,871,688
Employee benefits	19	**104,645,211**	108,304,220	155,641,712
Repairs and maintenance		**45,908,593**	58,188,976	41,468,256
Depreciation	10	**65,257,253**	60,713,520	69,056,047
Supplies		**34,555,846**	51,339,534	48,374,170
Outside services		**41,483,658**	30,387,530	18,884,142
Commissions		**12,524,978**	10,414,288	7,577,260
Taxes and licenses		**12,281,923**	9,507,135	10,298,510
Representation and entertainment		**11,305,838**	6,615,568	2,474,480
Advertising and promotions		**5,816,447**	4,568,277	10,173,027
Insurance		**4,550,843**	4,148,445	4,491,798
Rentals		**3,633,499**	18,062,753	12,074,985
Impairment loss on inventories	8	**270,295**	9,925,539	–
Impairment loss on property, plant and equipment	10	–	–	1,507,133
Others		**38,645,801**	33,829,599	44,788,583
		₱3,091,923,684	₱2,797,169,340	₱2,427,582,010

Employee benefits comprise of the following:

	Note	2012	2011 (As Restated - Note 23)	2010
Short-term employee benefits		**₱91,029,848**	₱94,596,451	₱139,037,775
Retirement benefits	19	**9,724,793**	9,558,891	12,484,410
Share-based payments	20	**3,890,570**	4,148,878	4,119,527
		₱104,645,211	₱108,304,220	₱155,641,712

Allocation of Depreciation

The amount of depreciation is allocated as follows (see Note 10):

	2012	2011	2010
Cost of goods sold	**₱35,256,651**	₱41,065,595	₱58,725,703
Administrative expenses	**21,482,300**	12,336,774	7,600,174
Selling and distribution expenses	**8,518,302**	7,311,151	2,730,170
	₱65,257,253	₱60,713,520	₱69,056,047

Other expenses include, among others, association dues, contributions and donations, seminar and training costs and inspections fees.

18. **Interest Expense**

The breakdown of this account is as follows:

	Note	2012	2011	2010
Interest expense on restructured debt:	13			
Accretion of discount		**₱132,203,170**	₱127,120,788	₱148,561,932
Nominal interest payable to creditor banks/SPAVs		**61,069,224**	62,885,935	37,965,689
		193,272,394	190,006,723	186,527,621
Others		**11,645**	76,045	5,250
		₱193,284,039	₱190,082,768	₱186,532,871

19. **Retirement Benefits**

The Group maintains a partially funded, tax-qualified, noncontributory post-employment defined benefit plan that is being administered by a trustee covering all of its regular full-time employees.

Gromax, has no formal retirement plan. The retirement benefit obligation of Gromax is accrued using the projected unit method as computed by an independent actuary covering all regular full-time employees.

Actuarial valuations are made periodically to update the retirement benefit obligation and the amount of contributions.

The amounts of retirement benefit obligation recognized in the consolidated statements of financial position are determined as follows:

	2012	2011 (As Restated - Note 23)	2010 (As Restated - Note 23)
Present value of the obligation	**₱92,575,257**	₱76,341,213	₱79,917,595
Fair value of plan assets	**(2,909,333)**	(2,591,868)	(2,479,469)
	₱89,665,924	₱73,749,345	₱77,438,126

The movements in the present value of retirement benefit obligation are as follows:

	2012	2011 (As Restated - Note 23)	2010 (As Restated - Note 23)
Balance at beginning of year	**₱76,341,213**	₱79,917,595	₱80,187,867
Actuarial loss (gain)	**20,078,201**	(3,959,030)	(8,845,980)
Current service costs	**5,201,154**	5,827,849	5,904,818
Interest costs	**4,682,261**	6,427,809	7,282,138
Benefits paid	**(13,727,572)**	(9,375,840)	(4,611,248)
Curtailment gain	**–**	(2,497,170)	–
Balance at end of year	**₱92,575,257**	₱76,341,213	₱79,917,595

The movements in the fair value of plan assets are presented below:

	2012	2011 (As Restated - Note 23)	2010
Balance at beginning of year	**₱2,591,868**	₱2,479,469	₱2,146,914
Expected return on plan assets	**158,622**	199,597	128,815
Actuarial gain (loss)	**158,843**	(87,198)	203,740
Balance at end of year	**₱2,909,333**	₱2,591,868	₱2,479,469

Plan assets consist of the following:

	2012	2011	2010
Government securities	**₱1,172,170**	₱1,314,236	₱786,828
Time deposits	**1,036,595**	673,188	957,403
Equity securities	**583,030**	495,998	628,890
Direct loans	**117,538**	108,446	106,348
	₱2,909,333	₱2,591,868	₱2,479,469

Actual returns on plan assets amounted to ₱0.3 million, ₱0.1 million and ₱0.3 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The amounts of retirement benefit recognized in the consolidated statements of comprehensive income are as follows (see Note 17):

	2012	2011 (As Restated - Note 23)	2010
Current service costs	**₱5,201,154**	₱5,827,849	₱5,904,818
Interest costs	**4,682,261**	6,427,809	7,282,138
Expected return on plan assets	**(158,622)**	(199,597)	(128,815)
Net actuarial losses (gains) recognized during the year	–	–	(573,731)
Effect of curtailment gain	–	(2,497,170)	–
	₱9,724,793	₱9,558,891	₱12,484,410

The amount of retirement benefit is allocated as follows (see Note 17):

	2012	2011 (As Restated - Note 23)	2010
Cost of goods sold	**₱5,318,140**	₱5,227,415	₱6,827,276
Administrative expenses	**2,917,112**	2,867,346	3,744,904
Selling and distribution costs	**1,489,541**	1,464,130	1,912,230
	₱9,724,793	₱9,558,891	₱12,484,410

Presented below are the historical information related to the experience adjustments arising on plan assets and liabilities (in thousands of Philippine Peso):

	2012	2011	2010	2009	2008
Present value of the obligation	**₱92,575**	₱76,341	₱79,918	₱80,188	₱51,833
Fair value of the plan assets	**(2,909)**	(2,592)	(2,479)	(2,147)	(1,616)
Deficit on the plan	**₱89,666**	₱73,749	₱77,439	₱78,041	₱50,217
Experience adjustments arising on plan liabilities	**₱–**	(₱16,587)	(₱8,976)	(₱9,898)	(₱14,433)
Experience adjustments arising on plan assets	**₱–**	(₱36)	₱204	₱434	(₱542)

For the determination of retirement benefit obligation, the following actuarial assumptions were used:

	2012	2011	2010
Discount rates	**6%**	6%	8%
Expected rate of salary increase	**7%**	7%	7%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working life of an employee retiring at the age of 60 is 39 years for male and 37 years for females.

Presently, the contribution to be paid to the retirement plan in 2013 cannot reasonably be determined. The latest actuarial valuation of the plan is as at December 31, 2012.

20. **Stock Compensation Plan**

The Group has a stock compensation plan for its officers and other executives. Under the plan, 20% of the annual gross pay of the Group's executives and officers is to be paid in shares of stock of the Group, which are purchased through the stock exchange. The Group's executives and officers' salaries under the stock compensation plan amounting to ₱3.9 million in 2012 and ₱4.1 million in 2011 and 2010 were converted to cash.

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

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

21. **Taxes**

Current and Deferred Income Tax

The components of tax benefit as reported in the consolidated statements of comprehensive income are as follows:

	2012	2011 (As Restated – Note 23)	2010
Reported in Consolidated Profit and Loss			
Current income tax expense:			
MCIT at 2%	**₱7,412,103**	₱5,309,307	₱5,412,327
Final taxes at 7.5% and 20%	**15,987**	10,355	11,363
	7,428,090	5,319,662	5,423,690
Deferred income tax benefit relating to origination and reversal of temporary differences	**(₱9,290,680)**	(₱27,102,071)	(₱57,964,575)
	(₱1,862,590)	(₱21,782,409)	(₱52,540,885)
Reported in Consolidated Other Comprehensive Income			
Deferred income tax expense related to additional revaluation reserve on property, plant and equipment	**₱10,708,895**	₱24,950,249	₱–
Deferred tax expense (benefit) related to accumulated unrealized actuarial loss (gain)	**(5,975,807)**	1,161,550	2,542,797
	₱4,733,088	₱26,111,799	₱2,542,797

The reconciliation of tax on pretax loss computed at the applicable statutory rates to tax benefit reported in consolidated statements of comprehensive income is as follows:

	2012	2011	2010
Tax on pretax loss at 30%	**₱36,141,504**	₱77,648,728	₱77,905,139
Adjustment for income subjected to lower income tax rates	**134,049**	204,399	114,052
Tax effects of:			
Non-deductible expenses	**(39,776,154)**	(39,431,208)	(31,440,990)
Other deductible expenses	**8,194,624**	8,021,044	8,441,626
Application of NOLCO	**3,364,919**	1,230,819	1,890,841
Unrecognized deferred tax asset:			
MCIT	**(7,412,103)**	(4,659,028)	(5,412,327)
NOLCO	**(522,121)**	(21,866,325)	(28,170,492)
Non-taxable income	**1,737,872**	633,980	1,215,520
Deferred tax assets written-off	**–**	–	27,997,516
	₱1,862,590	₱21,782,409	₱52,540,885

The components of the recognized net deferred tax assets and liabilities as at December 31 are as follows:

	Consolidated Statements of Financial Position			Consolidated Statements of Comprehensive Income (Profit or Loss)		
	2012	2011	2010	**2012**	2011	2010
Deferred tax assets:						
Allowance for impairment losses on:						
Trade and other receivables	**₱221,035,479**	₱200,202,321	₱171,691,535	**(₱20,833,158)**	(₱28,510,786)	(₱26,057,599)
Inventories	**18,210,535**	18,241,350	15,713,935	**30,816**	(2,527,415)	166,427
Product development cost	**9,410,519**	6,273,679	3,136,840	**(3,136,840)**	(3,136,839)	–
Investment properties	–	1,533,577	1,533,577	**1,533,577**	–	–
Property, plant and equipment	**452,140**	452,140	452,140	–	–	(452,140)
Retirement benefit obligation	**26,899,776**	22,124,804	23,231,438	**1,200,834**	(54,915)	(2,361,948)
	276,008,449	248,827,871	215,759,465	**(21,204,771)**	(34,229,955)	(28,705,260)
Deferred tax liabilities:						
Revaluation reserve on property, plant and equipment	**(352,877,360)**	(345,570,466)	(324,184,309)	**(3,402,001)**	(3,564,092)	(29,250,961)
Changes in fair value of investment properties	**(82,251,732)**	(66,935,640)	(56,243,664)	**15,316,092**	10,691,976	–
Regular depreciation of generator assets	--	–	–	--	–	(8,354)
	(435,129,092)	(412,506,106)	(380,427,973)	**11,914,091**	7,127,884	(29,259,315)
Deferred income tax benefit				**(₱9,290,680)**	(₱27,102,071)	(₱57,964,575)
Net deferred tax liabilities	**(₱159,120,643)**	(₱163,678,235)	(₱164,668,508)			

The details of NOLCO and MCIT, which can be claimed as deduction from future taxable income and from RCIT due, respectively, within three years from the year the NOLCO and MCIT was incurred, is shown below.

Year	NOLCO	MCIT	Valid Until
2012	₱1,830,404	₱7,412,103	2015
2011	72,962,751	4,659,028	2014
2010	93,956,641	5,412,327	2013
	₱168,749,796	₱17,483,458	

The Group's MCIT incurred in 2009 amounting to ₱5.1 million expired in 2012. Out of the ₱14.7 million NOLCO incurred in 2009, ₱11.2 was applied against taxable income and ₱3.5 million expired in 2012.

The amount of NOLCO, MCIT and other deductible temporary differences as at the end of 2012, 2011 and 2010 for which the related deferred tax assets have not been recognized are shown below.

	2012		2011		2010	
	Amount	**Tax Effect**	Amount	Tax Effect	Amount	Tax Effect
NOLCO	**₱168,749,796**	**₱50,624,939**	₱181,686,726	₱54,506,018	₱188,065,701	₱56,419,710
MCIT	**17,483,458**	**17,483,458**	15,198,125	15,198,125	14,865,619	14,865,619
Allowance for impairment losses:						
Trade and other receivables	**130,894,053**	**39,268,216**	130,894,053	39,268,216	130,894,053	39,268,216
Non-recoverable input VAT	**1,402,102**	**420,631**	1,402,102	420,631	1,402,102	420,631
Inventory obsolescence	**67,337**	**20,201**	67,337	20,201	67,337	20,201
Other assets	**53,276,938**	**15,983,081**	53,498,349	16,049,505	53,498,349	16,049,505
Property and equipment	**49,442,316**	**14,832,695**	49,442,316	14,832,695	49,442,316	14,832,695
Provision for losses on litigation	**25,812,642**	**7,743,793**	25,812,642	7,743,793	25,812,642	7,743,793
	₱447,128,642	**₱146,377,014**	₱458,001,650	₱148,039,184	₱464,048,119	₱149,620,370

Some of the deferred tax assets that have not been recognized are related to PFCI's operations. As discussed in Note 1, PFCI discontinued its operations, hence, the above deferred tax assets were no longer recognized.

22. Related Party Transactions

Transactions with Related Parties

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

These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

The Group grants unsecured, noninterest-bearing advances to its related parties for working capital requirements and capital expenditures. The Group also buys raw materials, hogs, and breeder flocks. The Group also sells animal feeds, raw materials, feed supplements and dressed chicken to these related parties. Total purchases from related parties amounted to ₱12.0 million in 2011 while total sales to related parties amounted to ₱128.2 million in 2012 and ₱47.0 million in 2011. There were no sales in 2010 and no purchases in 2012 and 2010 made to or from related parties. Goods are sold to related parties on a cost-plus basis, allowing a margin of at least 10% for all years presented.

Summarized below are the net outstanding receivables, arising from these transactions (see Note 26).

	Movements in 2012		
	2011	Net Addition (Settlement)	**2012**
Due from related parties:			
Luz Farms, Inc. (LFI)	₱94,628,715	₱–	**₱94,628,715**
Sarmiento Management Corp.	10,892,498	–	**10,892,498**
Texas Manok ATBP. Inc.	3,820,000	90,000	**₱3,910,000**
Precisione International Research and Diagnostic Lab Inc.	(4,011,030)	836,954	**(3,174,076)**
Others	3,366,266	1,499,221	**4,865,487**
	108,696,449	2,426,175	**111,122,624**
Allowance for impairment losses	(11,092,657)	(90,000)	**(11,182,657)**
	₱97,603,792	₱2,336,175	**₱99,939,967**

	Movements in 2011		
	2010	Net Addition (Settlement)	2011
Due from related parties:			
Luz Farms, Inc. (LFI)	₱94,208,395	₱420,320	₱94,628,715
Sarmiento Management Corp.	11,082,912	(190,414)	10,892,498
Texas Manok ATBP. Inc.	3,745,000	75,000	3,820,000
Precisione International Research and Diagnostic Lab Inc.	(2,563,902)	(1,447,128)	(4,011,030)
Others	3,374,081	(7,815)	3,366,266
	109,846,486	(1,150,037)	108,696,449
Allowance for impairment losses	(7,142,194)	(3,950,463)	(11,092,657)
	₱102,704,292	(₱5,100,500)	₱97,603,792

	Movements in 2010		
	2009	Net Addition (Settlement)	2010
Due from related parties:			
Luz Farms, Inc. (LFI)	₱94,873,762	(₱665,367)	₱94,208,395
Sarmiento Management Corp.	11,082,912	–	11,082,912
Texas Manok ATBP. Inc.	3,745,000	–	3,745,000
Precisione International Research and Diagnostic Lab Inc.	(2,169,986)	(393,916)	(2,563,902)
Others	2,516,808	857,273	3,374,081
	110,048,496	(202,010)	109,846,486
Allowance for impairment losses	(7,142,194)	–	(7,142,194)
	₱102,906,302	(₱202,010)	₱102,704,292

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

Outstanding balances and movements in these accounts are presented below (see Note 12):

	Movements in 2012		
	2011	Net Addition (Settlement)	**2012**
Trade payables	₱10,192,394	(₱8,840,955)	**₱1,351,439**
Non-trade payables	26,448,959	18,164,109	**44,613,068**
Other payables	18,768,983	(12,676,584)	**6,092,399**
	₱55,410,336	(₱3,353,430)	**₱52,056,906**

	Movements in 2011		
	2010	Net Addition (Settlement)	2011
Trade payables	₱42,887,124	(₱32,694,730)	₱10,192,394
Non-trade payables	11,520,442	14,928,517	26,448,959
Other payables	39,176,532	(20,407,549)	18,768,983
	₱93,584,098	(₱38,173,762)	₱55,410,336

	Movements in 2010		
	2009	Net Addition (Settlement)	2010
Trade payables	₱54,845,436	(₱11,958,312)	₱42,887,124
Non-trade payables	4,253,719	7,266,723	11,520,442
Other payables	38,414,806	761,726	39,176,532
	₱97,513,961	(₱3,929,863)	₱93,584,098

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

<u>Advances to Officers and Employees</u>
The Group also grants unsecured, noninterest-bearing advances to its officers and employees subject to liquidation after a certain specified period (see Note 7). Shown below are the movements in this account.

	Movements in 2012		
	2011	Net Settlement	**2012**
Advances to officers and employees	₱6,668,407	₱881,443	**₱7,549,850**

	Movements in 2011		
	2010	Net Settlement	2011
Advances to officers and employees	₱6,463,792	₱204,615	₱6,668,407

	Movements in 2010		
	2009	Net Settlement	2010
Advances to officers and employees	₱8,778,829	(₱2,315,037)	₱6,463,792

Compensation of Key Management Personnel
The compensation includes the following:

	Note	**2012**	2011	2010
Short-term employee benefits		**₱32,354,540**	₱28,442,113	₱25,280,384
Compensation paid in share of stock/equivalent value in cash	20	**3,890,570**	4,148,878	4,119,527
Retirement benefits		**1,828,765**	1,433,898	1,557,628
Other benefits		**18,912,615**	13,149,655	15,144,121
		₱56,986,490	₱47,174,544	₱46,101,660

23. **Equity**

Capital Stock
The Group is authorized to issue 500 million common shares of stock with a par value of ₱1.00 per share, of which 409,969,764 common shares are issued and outstanding as at December 31, 2012 and 2011 or a total of ₱410.0 million.

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

The stockholders also approved the increase in authorized capital stock either in cash or for the conversion of debt to equity during the annual stockholders meeting on June 25, 2010 for the initial increase of 500 million shares and during the special stockholders meeting on August 28, 2012 and October 15, 2012 for additional increase of 500 million shares and 2 billion shares, respectively. These increases are still pending submission of the necessary documents for the approval of the SEC.

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

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

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

Of the 409,969,764 shares issued, outstanding and listed with the PSE, 210,429,040 shares or 51% are owned by the public, including 11,393,550 foreign-owned shares.

The total number of shareholders of the Group is 4,516 and 4,632 as at December 31, 2012 and 2011, respectively.

Prior Period Adjustments

As a result of the early adoption of amendments to PAS 19, the Group restated its 2011 and 2010 consolidated financial statements to reflect the following:

a. Recognition of accumulated unrealized actuarial gains in 2011 and 2010 amounting to ₱22.8 million, net of tax and ₱19.7 million, net of tax; and

b. Additional retirement benefit expense amounting to ₱4.7 million and the related provision for deferred income tax as a result of reverting to other comprehensive income the amount of recognized actuarial gain charged to profit or loss for the year ended December 31, 2011.

The effects of the prior period adjustments on the consolidated financial statements are summarized as follows:

	2011		
	As Previously Reported	Effects of Prior Period Adjustments	As Restated
Deferred tax liability	(₱155,455,395)	(₱8,222,840)	(₱163,678,235)
Retirement benefit liability	(101,158,813)	27,409,468	(73,749,345)
Accumulated unrealized actuarial gains	–	(22,471,603)	(22,471,603)
Deficit	2,005,835,490	3,284,976	2,009,120,466
Retirement benefit expense	4,866,068	4,692,823	9,558,891
Income tax benefit	(20,374,562)	(1,407,847)	(21,782,409)
Unrealized actuarial gains, net of tax	–	(2,710,282)	(2,710,282)

	2010		
	As Previously Reported	Effects of Prior Period Adjustments	As Restated
Deferred tax liability	(₱156,199,370)	(₱8,469,138)	(₱164,668,508)
Retirement benefit liability	(105,668,585)	28,230,459	(77,438,126)
Accumulated unrealized actuarial gains, December 31, 2010	–	(19,761,321)	(19,761,321)
Accumulated unrealized actuarial gains, January 1, 2010	–	(13,828,129)	(13,828,129)
Unrealized actuarial gains, net of tax	–	(5,933,192)	5,933,192

24. **Revaluation Reserve on Property, Plant and Equipment**

The reconciliation of revaluation reserve on property, plant and equipment is as follows:

	Revaluation Reserve (Note 10)	Deferred Tax (Note 21)	Net
Balance as at January 1, 2012	**₱1,151,901,553**	**(₱345,570,466)**	**₱806,331,087**
Additional revaluation reserve	**35,696,321**	**(10,708,896)**	**24,987,425**
Transfer to deficit of revaluation reserve on property absorbed through depreciation	**(11,340,004)**	**3,402,002**	**(7,938,002)**
Balance as at December 31, 2012	**₱1,176,257,870**	**(₱352,877,360)**	**₱823,380,510**
Balance as at January 1, 2011	₱1,080,614,364	(₱324,184,309)	₱756,430,055
Additional revaluation reserve	83,167,496	(24,950,249)	58,217,247
Transfer to deficit of revaluation reserve on property absorbed through depreciation	(11,880,307)	3,564,092	(8,316,215)
Balance as at December 31, 2011	₱1,151,901,553	(₱345,570,466)	₱806,331,087
Balance as at January 1, 2010	₱1,178,117,554	(₱353,435,266)	₱824,682,288
Transfer to deficit of revaluation reserve absorbed through sale	(93,325,044)	27,997,513	(65,327,531)
Transfer to deficit of revaluation reserve on property absorbed through depreciation	(4,178,146)	1,253,444	(2,924,702)
Balance as at December 31, 2010	₱1,080,614,364	(₱324,184,309)	₱756,430,055

25. **Loss Per Share**

Basic and diluted loss per share were computed as follows:

	2012	2011	2010
Net loss for the year	**₱118,609,090**	₱237,046,683	₱207,142,913
Divided by the weighted average number of outstanding shares	**409,969,764**	409,969,764	409,969,764
Loss per share - basic and diluted	**₱0.29**	₱0.58	₱0.51

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

26. **Significant Agreements**

Distributorship Agreement
The Group has an existing distributorship agreement with LFI, a related party under common control. Under the agreement, the Group will act as a distributor of LFI swine breeders during the term of the agreement.

In consideration for the appointment of the Group as a distributor, the products produced by LFI are sold to the Group at prices agreed upon by the parties. The Group applies the value of the products obtained from LFI as payments for its receivables from LFI. The receivables of the Group from LFI pertain to sale of feeds (see Note 22).

Operating Lease Agreement - Company as Lessor
The Group is a party under cancellable leases covering certain hatcheries and plants (i.e., dressing and rendering), which have remaining lease terms of between three to ten years. All leases include a clause to enable upward revision of rental charges on an annual basis based on prevailing market conditions.

The future minimum rentals receivable under these cancellable operating leases are as follows as at December 31:

	2012	2011	2010
Within one year	**₱16,388,390**	₱13,796,390	₱13,862,884
Within one year but not more than five years	**39,772,575**	36,532,675	49,393,168
More than five years	**–**	3,352,290	10,192,500
	₱56,160,965	₱53,681,355	₱73,448,552

Total rental from these operating leases amounted to ₱58.9 million in 2012, ₱49.8 million in 2011 and ₱38.1 million in 2010, and are shown as part of “Other operating income” account in the consolidated statements of comprehensive income (see Note 16). Contingent rent recognized in 2012, 2011, and 2010 amounted to ₱9.2 million, ₱9.0 million, and ₱6.9 million respectively, which is based on 25% of net income before taxes in excess of ₱0.2 million (inclusive of the basic rent) of the lessee.

27. **Commitments and Contingencies**

Legal Claims
There are outstanding warranty and legal claims against the Group. The Group has accrued liability on those items where the Court has definitely ruled against the Group and where the amount can be reliably estimated. The Group and its legal counsel believe that the other pending claims will be settled favorably and will not result to a material loss or impairment, if any. None of these contingencies are discussed in the consolidated financial statements in detail so as not to seriously prejudice the Group’s position in the related disputes.

Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the accompanying consolidated financial statements. Management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements, taken as a whole.

28. Financial Instruments

The carrying amounts and fair values of the categories of assets and liabilities presented in the consolidated statements of financial position are shown below:

	2012		2011		2010	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets						
Loans and receivables:						
Cash in bank	**₱31,988,688**	**₱31,988,688**	₱40,319,582	₱40,319,582	₱64,364,905	₱64,364,905
Trade and other receivables*	**803,022,430**	**803,022,430**	757,900,236	757,900,236	766,584,589	766,584,589
Due from related parties - net	**99,939,967**	**99,939,967**	97,603,792	97,603,792	102,704,292	102,704,292
	₱934,951,085	**₱934,951,085**	₱895,823,610	₱895,823,610	₱933,653,786	₱933,653,786
Financial Liabilities						
Financial liabilities at amortized cost:						
Restructured debt	**₱2,302,576,136**	**₱3,133,948,425**	₱2,170,372,966	₱2,821,370,850	₱2,043,252,178	₱2,697,670,601
Trade and other payables**	**1,419,051,075**	**1,419,051,075**	1,262,670,024	1,262,670,024	1,135,082,396	1,135,082,396
Cash bond deposits	**18,887,008**	**18,887,008**	22,611,663	22,611,663	19,971,342	19,971,342
	₱3,740,514,219	**₱4,571,886,508**	₱3,455,654,653	₱4,106,652,537	₱3,198,305,916	₱3,852,724,339

**excluding advances to suppliers, advances to officers and employees, and advances to contract growers and breeders*
***excluding statutory liabilities*

Loans and Receivables and Financial Liabilities (Except Restructured Debt). Due to the short-term nature of transactions, the fair value of loans and receivables and financial liabilities approximate the carrying values as at the reporting date.

Restructured Debt. The fair value was based on the discounted value of future cash flows using the prevailing interest rates that is specific to the terms of the restructured debt as at the reporting date.

29. 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 at December 31, 2012, 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 Plan allowed the Group to defer the payment of its loans and their related interest charges and certain trade payables for a period of three years from the date of approval of the Plan (see also Notes 1 and 13).

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

Credit Risk

Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements) as summarized below.

	2012	2011	2010
Cash in banks	**₱31,988,688**	₱40,319,582	₱64,364,905
Trade and other receivables	**803,022,430**	757,900,236	766,584,589
Due from related parties	**99,939,967**	97,603,792	102,704,292
	₱934,951,085	₱895,823,610	₱933,653,786

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 and real estate, from its customers.

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

The tables below show the credit quality of the Company's financial assets:

	2012					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Total	Past Due but not Impaired	Impaired	Total
Cash in banks	**₱31,988,688**	**₱–**	**₱31,988,688**	**₱–**	**₱–**	**₱31,988,688**
Trade and other receivables	**189,576,727**	**–**	**189,576,727**	**613,445,703**	**867,678,980**	**1,670,701,410**
Due from related parties	**99,939,967**	**–**	**99,939,967**	**–**	**11,182,657**	**111,122,624**
	₱321,505,382	**₱–**	**₱321,505,382**	**₱613,445,703**	**₱878,861,637**	**₱1,813,812,722**

	2011					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Total	Past Due but not Impaired	Impaired	Total
Cash in banks	₱40,319,582	₱–	₱40,319,582	₱–	₱–	₱40,319,582
Trade and other receivables	171,704,493	–	171,704,493	586,195,743	798,235,123	1,556,135,359
Due from related parties	97,603,792	–	97,603,792	–	11,092,657	108,696,449
	₱309,627,867	₱–	₱309,627,867	₱586,195,743	₱809,327,780	₱1,705,151,390

	2010					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Total	Past Due but not Impaired	Impaired	Total
Cash in banks	₱64,364,905	₱–	₱64,364,905	₱–	₱–	₱64,364,905
Trade and other receivables	164,693,932	–	164,693,932	601,890,657	703,199,170	1,469,783,759
Due from related parties	102,704,292	–	102,704,292	–	7,142,194	109,846,486
	₱331,763,129	₱–	₱331,763,129	₱601,890,657	₱710,341,364	₱1,643,995,150

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

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

Standard grade: ratings given to counterparties with average capacity to meet its obligations

<u>Liquidity Risk</u>

The Group's petition for corporate rehabilitation, which resulted in the eventual approval of the Plan, has significantly assisted in addressing the liquidity issue of the Group as the 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.

As at December 31, 2012, the Group's financial liabilities have contractual maturities which are presented below:

	Current		Noncurrent	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Restructured debt	₱73,990,811	₱–	₱656,554,108	₱2,345,983,218
Trade and other payables	1,171,983,667	–	53,009,753	168,143,713
Interest payable	180,476,679	–	362,851,620	418,369,180
	₱1,426,451,157	₱–	₱1,072,415,481	₱2,932,496,111

As at December 31, 2011, the Group's financial liabilities have contractual maturities which are presented below:

	Current		Noncurrent	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Restructured debt	₱31,710,348	₱–	₱475,017,167	₱2,569,800,623
Trade and other payables	1,214,586,673	–	62,514,649	168,822,359
Interest payable	119,583,624	–	320,959,252	521,154,604
	₱1,365,880,645	₱–	₱858,491,068	₱3,259,777,586

As at December 31, 2010, the Group's financial liabilities have contractual maturities which are presented below:

	Current		Noncurrent	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Restructured debt	₱10,570,116	₱–	₱317,103,475	₱2,748,854,546
Trade and other payables	880,210,578	–	60,042,090	194,829,728
Interest payable	58,267,764	–	299,814,426	603,615,290
	₱949,048,458	₱–	₱676,959,991	₱3,547,299,564

The above contractual maturities reflect the gross cash flows, which differ from the carrying values of the liabilities at amortized cost as at the end of the reporting periods.

Price Risk

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

30. **Capital Management Objectives, Policies and Procedures**

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and significantly improve its operations.

As shown below, the Group has been carrying significant liabilities in the past several years. The Group has negotiated with its creditors and has restructured these liabilities. The Group has even filed for corporate rehabilitation, which has been approved by the Court. The liabilities and equity are shown below.

	2012	2011	2010
Total liabilities	**₱3,974,444,974**	₱3,696,934,973	₱3,457,640,851
Total equity	**35,826,441**	143,391,657	319,510,811

VITARICH CORPORATION AND SUBSIDIARIES

FINANCIAL RATIOS

DECEMBER 31, 2012

Below is a schedule showing financial soundness indicators in the years 2012, 2011 and 2010.

	2012	2011	2010
Current/Liquidity Ratio	**1.17**	1.26	1.48
Current assets	**₱1,524,946,707**	₱1,419,458,477	₱1,435,086,000
Current liabilities	**1,308,514,151**	1,128,646,648	967,669,033
Solvency Ratio	**(0.01)**	(0.05)	(0.04)
Net loss before depreciation	**(53,351,837)**	(176,333,163)	(138,086,866)
Total liabilities	**3,974,444,974**	3,696,934,973	3,457,640,851
Debt-to-equity Ratio	**110.94**	25.78	10.82
Total liabilities	**3,974,444,974**	3,696,934,973	3,457,640,851
Total equity	**35,826,441**	143,391,657	319,510,811
Asset-to-equity Ratio	**111.94**	26.78	11.82
Total assets	**4,010,271,415**	3,840,326,630	3,777,151,662
Total equity	**35,826,441**	143,391,657	319,510,811
Interest rate coverage Ratio	**0.38**	(0.36)	(0.39)
Pretax income (loss) before interest	**72,812,359**	(68,746,324)	(73,150,927)
Interest expense	**193,284,039**	190,082,768	186,532,871
Profitability Ratio	**(3.31)**	(1.65)	(0.65)
Net loss	**(118,609,090)**	(237,046,683)	(207,142,913)
Total equity	**35,826,441**	143,391,657	319,510,811

VITARICH CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2012

Philippine Financial Reporting Standards (PFRSs)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards *[superseded by PFRS 1 (Revised)]*	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments		✓	
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
PFRS 8	Operating Segments	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1	Presentation of Financial Statements *[superseded by PAS 1 (Revised)]*	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
PAS 2	Inventories	✓		
PAS 7	Cash Flow Statements	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
PAS 14	Segment Reporting *[superseded by PFRS 8]*	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23	Borrowing Costs *[superseded by PAS 23 (Revised)]*	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24	Related Party Disclosures *[superseded by PAS 24 (Revised)]*	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Consolidated and Separate Financial Statements *[superseded by PAS 27 (revised)]*	✓		
PAS 27 (Revised)	Consolidated and Separate Financial Statements	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 28	Investments in Associates			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions *[superseded by PFRS 7]*			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment properties	✓		
PAS 41	Agriculture			✓

PHILIPPINE INTERPRETATIONS - IFRIC

No.	Title	Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC–1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
Philippine Interpretation IFRIC–2	Members' Share in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC–4	Determining whether an Arrangement contains a Lease			✓
Philippine Interpretation IFRIC–5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC–6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC–7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC–9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
Philippine Interpretation IFRIC–10	Interim Financial Reporting and Impairment	✓		
Philippine Interpretation IFRIC–12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC–13	Customer Loyalty Programmes			✓
Philippine Interpretation IFRIC–14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendment to Philippine Interpretation IFRIC-14, Prepayments of a Minimum Funding Requirement		✓	
Philippine Interpretation IFRIC–16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC–17	Distributions of Non-cash Assets to Owners			✓

No.	Title	Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC–18	Transfers of Assets from Customers			✓
Philippine Interpretation IFRIC–19	Extinguishing Financial Liabilities with Equity Instruments			✓

PHILIPPINE INTERPRETATIONS - SIC

No.	Title	Adopted	Not Adopted	Not Applicable
Philippine Interpretation SIC–7	Introduction of the Euro			✓
Philippine Interpretation SIC–10	Government Assistance - No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC–12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
Philippine Interpretation SIC–13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
Philippine Interpretation SIC–15	Operating Leases - Incentives			✓
Philippine Interpretation SIC–21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓
Philippine Interpretation SIC–25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC–27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
Philippine Interpretation SIC–29	Disclosure - Service Concession Arrangements			✓
Philippine Interpretation SIC–31	Revenue - Barter Transactions Involving Advertising Services			✓
Philippine Interpretation SIC–32	Intangible Assets - Web Site Costs			✓

VITARICH CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF SRC RULE 68 AS AMENDED
DECEMBER 31, 2012

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VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2012

Name and Designation of Debtor	*Balance at beginning of*	*Additions*	*Deductions*		*Ending Balance*		*Balance at end of period*
			Collected	*Written Off*	*Current*	*Noncurrent*	
Advances to Officers and Employees:							
Aaron Cruz - Technical Associate Vet	₱ 226,929	₱ -	(₱ 65,170)	₱ -	161,759	₱ -	₱ 161,759
Ronald Danque - BDT Food Sales and Operation Manager	79,697	347,006	-	-	426,703	-	426,703
Ruby Macario - Luzon Executive Assistant	272,500	-	(1,050)	-	271,450	-	271,450
Reynaldo Ortega - Poultry and Livestock Manager	304,287	-	(35,750)	-	268,537	-	268,537
Alex Magua - District Sales Manager	-	170,000	-	-	170,000	-	170,000
Felix Tadius - Regional Sales Manager - CDO	-	260,575	-	-	260,575	-	260,575
Danilo Tubo - District Sales Manager	10,484	191,469	-	-	201,953	-	201,953
Manolo Inting - Sales Manager - Min	-	140,680	-	-	140,680	-	140,680
Oliver John Lupiba - Account Specialist	-	302,114	-	-	302,114	-	302,114
Ronald Gabriela - Regional Sales Manager	98,070	22,000	-	-	120,070	-	120,070
Others*	5,676,440	-	(450,431)	-	5,226,009	-	5,226,009
	₱ 6,668,407	₱ 1,433,844	(₱ 552,401)	₱ -	₱ 7,549,850	₱ -	₱ 7,549,850

*Represent advances to officers and employees with balances less than ₱100,000.

Note: All of the above receivables are current.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE C- AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2012

			Deductions			*Ending Balance*		
Nameand designation of debtor	***Balance at beginning of period***	***Additions***	***Amounts colllected***	***Provided with allowance for write-off***	***Amounts written off***	***Current***	***Not Current***	***Balance at end of period***
Amounts Due from Related Parties								
Gromax, Inc	₱ 37,716,321	₱ 4,997,997	₱ -	₱ -	₱ -	₱ 4,997,997	₱ -	₱ 4,997,997
Philippine Favorite Chicken, Inc	-	90,000	-	(90,000)	-	-	-	-
	₱ 37,716,321	₱ 5,087,997	₱ -	(₱ 90,000)	₱ -	₱ -	₱ -	₱ 4,997,997

*PFCI stopped operations in 2005. Account was provided with allowance.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2012

			Deduction			
Description	***Beginning balance***	***Additions at cost***	***Charged to cost and expenses***	***Charged to other accounts***	***Other changes additions (deductions)***	***Ending balance***
Intangible Asset	₱ 10,456,132	-	₱ -	₱ -	(₱ 10,456,132) *	₱ -

* Pertains to impairment loss recognized in 2012.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2012

Title of issue and type of obligation	*Amount authorized by indenture*	*Amount shown under caption"Current portion of long-term debt" in related balance sheet*	*Amount shown under caption"Long-Term Debt" in related statements of financial position (at face amount)*
Loans*	₱ -	₱ 72,462,601	₱ 3,004,065,537

* The present value of the loans as of December 31, 2012 amounted to ₱3,133,948,425 which was computed at the effective interest rate of 9% over a period of 15 years.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE F - RECEIVABLE FROM RELATED PARTIES
DECEMBER 31, 2012

			Deductions		*Ending Balance*		
Name and Designation of Debtor	***Balance at beginning of period***	***Additions***	***Collected***	***Written Off***	***Current***	***Noncurrent***	***Balance at end of period***
Amounts Due from Related Parties							
Sarmiento Foundation Inc.	₱ 98,962	₱ 1,653,120	₱ -	₱ -	₱ 1,752,082	₱ -	₱ 1,752,082
SELF	546,699	(217,387)	-	-	329,312	-	329,312
L.S.Sarmiento and Co., Inc.	733,687	63,488	-	-	797,175	-	797,175
Luz Farms, Inc. (LFI)	94,628,715	-	-	-	94,628,715	-	94,628,715
Sarmiento Management Corp. (SARMAN)	10,892,498	-	-	-	10,892,498	-	10,892,498
Texas Manok ATBP. Inc.	3,820,000	90,000	-	-	3,910,000	-	3,910,000
Precisione International Research & Diagnostic La	(4,011,030)	836,954	-	-	(3,174,076)	-	(3,174,076)
First Sarmiento Property Holdings Inc.	1,983,918	-	-	-	1,983,918	-	1,983,918
	₱ 108,693,449	₱ 2,426,175	₱ -	₱ -	₱ 111,119,624	₱ -	₱ 111,119,624

Note: All of the above receivables are current.

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2012

				Number of shares held by		
Title of Issue	***Number of shares authorized***	***Number of shares issued and outstanding as shown under the related statement of financial position caption***	***Number of shares reserved for options, warrants, conversion and other rights***	***Related parties***	***Directors, officers and employees***	***Others***
Common stock - ₱1 par value per share Authorized - 500,000,000 shares	500,000,000	409,969,764	-	211,615,956	7,989,622	190,364,186

Ownership Structure

(as at December 31, 2012)