VITARICH

August 15, 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 Quarterly Report (SEC Form 17-Q) for the second quarter ended June 30, 2013.

Thank you.

Very truly yours,

VITARICH CORPORATION

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

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

60 YEARS OF SERVING THE

COVER SHEET

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SEC Registration Number

V I T A R I C H   C O R P O R A T I O N   A N D   S U B S I D I A R I E S

Company's Full Name

B o .   A b a n g a n   S u r ,   M c A r t h u r   H i g h w a y ,   M a r i l a o ,   B u l a c a n

Business Address: No. Street City/Town/Province

Stephanie Nicole S. Garcia

Contact Person

843-3033

Company Telephone Number

1 2	3 1	1 7 - Q	0 6	2 1
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

4,443	**₱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

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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 **JUNE 30, 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)

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

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

N/A
9. 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 June 30, 2013 (with comparative figures as of December 31, 2012 and for the period ended June 30, 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: August 15, 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 departments

(Telephone Number)

(Year Ending)

(month & day)

Quarterly Consolidated

Unaudited Financial Statements

Form Type

Amendment Designation (If applcable)

June 30, 2013

Period Ended Date

(Secondary License Type and File Number)

Vitarich Corporation and Subsidiaries

Unaudited Interim Consolidated Financial Statements
As at and for the six months ended June 30, 2013
(With Comparative Figures for 2012)

With independent auditors' report provided by

REYES TACANDONG & CO.

FIRM PRINCIPLES. WISE SOLUTIONS.

VITARICH CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2013
(With Comparative Figures for 2012)
(in thousands)

	June 2013 (Unaudited)	December 2012 (Audited)
ASSETS		
Current Assets		
Cash	**₱21,989**	₱34,221
Trade and other receivables	**904,680**	818,342
Due from related parties - net	**97,841**	99,940
Inventories	**448,329**	544,371
Other current assets	**45,293**	28,073
Total Current Assets	**1,518,132**	1,524,947
Noncurrent Assets		
Property, plant and equipment	**1,576,702**	1,636,268
Investment properties	**830,839**	846,424
Other noncurrent assets	**2,544**	2,633
Total Noncurrent Assets	**2,410,085**	2,485,325
	₱3,928,217	₱4,010,271
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱1,180,701**	₱1,231,098
Current portion of restructured debt	**72,463**	72,463
Income tax payable	**3,566**	4,952
Total Current Liabilities	**1,256,730**	1,308,513
Noncurrent Liabilities		
Restructured debt - net of current portion	**2,232,181**	2,230,113
Trade and other payables	**168,144**	168,144
Deferred tax liabilities - net	**139,326**	159,121
Retirement benefit obligation	**90,007**	89,666
Cash bond deposits	**20,639**	18,888
Total Noncurrent Liabilities	**2,650,297**	2,665,931
Equity		
Capital stock	**409,970**	409,970
Additional paid-in capital	**913,740**	913,740
Revaluation reserve	**795,287**	823,381
Deficit	**(2,106,335)**	(2,119,792)
Accumulated unrealized actuarial gains	**8,528**	8,528
Total Equity	**21,190**	35,827
	₱3,928,217	₱4,010,271

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2013
(With Comparative Figures for 2012)
(in thousands)

	January - June 2013 (Unaudited)	January - June 2012 (Unaudited)	**April - June 2013 (Unaudited)**	April - June 2012 (Unaudited)
SALE OF GOODS	**₱1,386,740**	₱1,472,443	**₱687,115**	₱758,173
COST OF GOODS SOLD	**1,325,118**	1,323,475	**665,372**	676,133
GROSS PROFIT	**61,622**	148,968	**21,743**	82,040
OTHER OPERATING EXPENSES (INCOME)				
OPERATING EXPENSES	**140,218**	180,790	**71,122**	86,260
OPERATING INCOME	**(54,951)**	(56,877)	**(29,503)**	(28,257)
	85,267	123,913	**41,619**	58,003
OPERATING PROFIT (LOSS)	**(23,645)**	25,055	**(19,876)**	24,037
OTHER CHARGES (INCOME)				
Reversal of long outstanding payables	**(82,768)**	–	**(47,768)**	–
Finance costs	**98,015**	94,662	**51,176**	47,726
Impairment loss on:				
Trade and other receivables	**4,071**	10,136	**3,210**	10,136
Project development cost	–	5,228	–	5,228
Inventories	**6,005**	–	**6,005**	–
Gain on sale of investment property and property and equipment	**(18,869)**	–	**(18,869)**	–
Finance income	**(62)**	–	**(23)**	–
	6,392	110,026	**(6,269)**	63,090
PROFIT (LOSS) BEFORE INCOME TAX	**(30,037)**	(84,971)	**(13,607)**	(39,053)
TAX BENEFIT (EXPENSE)	**15,400**	(185)	**16,616**	(185)
NET INCOME (LOSS)	**(14,637)**	(85,156)	**3,009**	(39,238)
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱14,637)**	(₱85,156)	**₱3,009**	(₱39,238)
INCOME (LOSS) PER SHARE - BASIC AND DILUTED	**(₱0.04)**	(₱0.21)	**₱0.02**	(₱0.10)

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2013
(With Comparative Figures for 2012)
(in thousands)

	Capital Stock	Additional Paid-in Capital	Revaluation Reserve	Accumulated Unrealized Actuarial Gain	Deficit	Total
Balance at January 1, 2013 (Audited)	**₱409,970**	**₱913,740**	**₱823,381**	**₱8,528**	**(₱2,119,792)**	**₱35,827**
Transfer to deficit of revaluation reserve absorbed through depreciation, net of tax	–	–	**(3,763)**	–	**3,763**	–
Transfer to deficit of revaluation reserve absorbed through disposal, net of tax			**(24,331)**		**24,331**	–
Net loss for the period	–	–	–	–	**(14,637)**	**(14,637)**
	–	–	**(28,094)**	–	**13,457**	**(14,637)**
Balance at June 30, 2013 (Unaudited)	**₱409,970**	**₱913,740**	**₱795,287**	**₱8,528**	**(2,106,335)**	**₱21,190**
Balance at January 1, 2012 (Audited)	₱409,970	₱913,740	₱806,331	₱–	(₱2,005,835)	₱124,206
Transfer to deficit of revaluation reserve absorbed through depreciation, net of tax	–	–	(3,855)	–	5,507	1,652
Net loss for the period	–	–	–	–	(85,156)	(85,156)
	–	–	(3,855)	–	(79,649)	(83,504)
Balance at June 30, 2012 (Unaudited)	₱409,970	₱913,740	₱802,476	₱–	(₱2,085,484)	₱40,702

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013
(With Comparative Figures for 2012)
(in thousands)

	January - June 2013 (Unaudited)	January - June 2012 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(₱30,037)**	(₱84,971)
Adjustments for:		
Finance cost	**98,015**	94,662
Depreciation and amortization	**35,710**	38,217
Gain on sale of property, plant and equipment and investment properties	**(18,869)**	–
Impairment loss on project development cost	–	5,228
Retirement benefits	**341**	–
Finance income	**(62)**	–
Operating profit before working capital changes	**85,098**	53,136
Decrease (increase) in:		
Trade and other receivables	**(85,956)**	(40,998)
Due from related parties	**2,099**	293
Inventories	**96,042**	18,422
Other current assets	**(17,717)**	(5,353)
Other noncurrent assets	**90**	(17,211)
Increase (decrease) in:		
Trade and other payables	**(75,807)**	(13,620)
Cash bond deposits	**1,752**	42
Retirement benefit	–	5,165
Cash generated from (used for) operations	**5,601**	(124)
Interest received	**40**	–
Interest paid	**(415)**	–
Retirement benefits paid	–	(4,112)
Cash paid for income taxes	**(5,283)**	(185)
Net cash used in operating activities	**(56)**	(4,421)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	**(12,331)**	(16,358)
Acquisitions of investment property	–	(3,780)
Proceeds from disposal of investment properties	**155**	–
Net cash used in investing activities	**(12,176)**	(20,138)
NET DECREASE IN CASH	**(12,232)**	(24,559)
CASH AT BEGINNING OF PERIOD	**34,221**	42,282
CASH AT END OF PERIOD	**₱21,989**	₱17,723

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED JUNE 30, 2013

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.

Status and Plan of Operations

The Group has incurred losses of ₱118.6 million in 2012 and ₱237.0 million in 2011, 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:

- 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 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; 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 Group still has non-core assets aggregating ₱954.1 million 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 condensed interim 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

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 six (6) months ended June 30, 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.

3. Summary of Significant Accounting Policies

The accounting policies, judgments, estimates and assumptions adopted in the preparation of the unaudited interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements as at December 31, 2012, except for the adoption of new standards and interpretations as at January 1, 2013 noted 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 1, *Government Loans (Amendment)* – This amendment requires first-time adopters to apply the requirements of PAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to PFRS. The exception will give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest.

- 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 11*, Joint Arrangements - PFRS 11 replaces PAS 31, Interests in Joint Ventures and SIC-13, Jointly-controlled Entities - Non-monetary Contributions by Venturers* – The standard removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, joint venture entities that meet the definition of a joint venture must be accounted for using the equity method.

- 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. The Group has duly met the PFRS 13 requirements yet they have had no significant effect on the presentation of its asset and capital structure, financial position, or results of operations, nor have the remaining accounting rules and regulations to be applied for the first time in fiscal 2013 on the Group's asset and capital structure, financial position, or results of operations as presented in this semiannual financial report.

- 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, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the interim consolidated financial statements.

4. Trade and Other Receivables

The trade and other receivables are composed of the following (*in thousand Pesos*):

	Unaudited June 2013	Audited Dec 2013
Trade Receivables	**₱1,187,805**	₱1,222,212
Insurance Claims Receivable	**215,394**	215,394
Non Trade Receivables	**327,298**	192,482
Advances to Officers and Employees	**8,144**	7,550
Other Receivables	**37,789**	48,383
	1,776,430	1,686,021
Allowance for Impairment	**(871,750)**	(867,679)
	₱904,680	₱818,342

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.

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.

AGING OF RECEIVABLES

	As at June 30, 2013 – Unaudited (in thousand Pesos)						
	TOTAL	**CURRENT**	**1-30**	**31-60**	**61-90**	**91-120**	**OVER 120**
Feeds	₱695,837	₱181,858	₱38,495	₱16,996	₱13,916	₱10,270	₱434,302
Farms	53,496	1,105	3,230	125			49,036
Foods	294,974	32,589	15,645	881	238	237	245,384
Total Trade Receivables	**1,044,307**	**215,552**	**57,370**	**18,002**	**14,154**	**10,507**	**728,722**
Advances to Officers and Employees	6,979	6,979	–	–	–	–	–
Other Receivables	725,144	107,482	23,039	905	–	3,131	590,587
Total Trade and Nontrade Receivables	**1,776,430**	**330,013**	**80,409**	**18,907**	**14,154**	**13,638**	**1,319,309**
Less: Allowance for Impairments	871,750	–	–	–	–		871,750
NET RECEIVABLES	**₱904,680**	**₱330,013**	**₱80,409**	**₱18,907**	**₱14,154**	**₱13,638**	**₱447,559**

5. Inventories

The details of inventories at the end of the period of June 30, 2013 and the year-ended December 31, 2012 are shown below (*in thousand Pesos*):

	Unaudited June 2013	Audited Dec 2012
At Cost:		
Finished goods	**₱58,549**	₱56,622
Materials in-transit	–	23,953
Supplies and animal health Products	**14,487**	18,069
At NRV:		
Raw materials and feeds supplement	**127,708**	239,296
Factory stocks and supplies	**96,805**	108,818
Livestock	**150,780**	97,613
	₱448,329	₱544,371

Cost of inventories valued at NRV is shown below (*in thousand Pesos*):

	Unaudited June 2013	Audited Dec 2012
Raw materials and feeds supplement	**₱128568**	₱240,157
Factory stocks and supplies	**162,313**	168,370
Livestock	**151,186**	97,969
	₱442,067	₱506,496

Movements in the allowance for obsolescence and decline in value account are shown below (*in thousand Pesos*):

	Unaudited June 2013	Audited Dec 2012
Balance at beginning of year	**₱60,769**	**₱60,872**
Reversal	–	**(373)**
Impairment loss	**6,005**	**270**
Balance at end of year	**₱66,774**	**₱60,769**

6. Other Current and Noncurrent Assets

Other Current Assets (*in thousand Pesos*):

	Unaudited June 2013	Audited Dec 2012
Current:		
Input VAT	**₱39,726**	₱24,984
Prepayments	**5,567**	3,089
	₱45,293	₱28,073

Other Noncurrent Assets (*in thousand Pesos*):

	Unaudited June 2013	Audited Dec 2012
Noncurrent:		
Project development costs	**₱31,368**	₱31,368
Deposits	**2,544**	2,633
Other assets	**53,277**	53,277
	87,189	87,278
Allowance for impairment:		
Other assets	**53,277**	53,277
Project development costs	**31,368**	31,368
	84,645	84,645
	₱2,544	₱2,633

Prepayments mainly pertain to insurance and bond premiums, among others.

Other assets mainly pertain to the impaired assets of PFCI with full valuation allowance.

7. Property, Plant and Equipment

The composition and movements of this account are presented below *(in thousands)*:

	June 30, 2013 (Unaudited)							
	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	**₱1,085,393**	**₱755,276**	**₱288,703**	**₱30,528**	**₱81,837**	**₱3,916**	**₱111,936**	**₱2,357,589**
Additions	–	**7,862**	**921**	**504**	**158**	–	**2,886**	**12,331**
Disposals	**(36,184)**	–	–	–	–	–	–	**(36,184)**
Balance at end of year	**1,049,209**	**763,138**	**289,624**	**31,031**	**81,995**	**3,917**	**114,822**	**2,333,736**
Accumulated Depreciation and Impairment								
Balance at beginning of year	–	416,391	**109,015**	**16,174**	**77,347**	**3,424**	**98,973**	**721,324**
Additions	–	**23,081**	**6,138**	**917**	**808**	**150**	**4,616**	**35,710**
Balance at end of year	**–**	**439,472**	**115,153**	**17,091**	**78,155**	**3,574**	**103,589**	**757,034**
Net carrying amount, June 30, 2013	**₱1,049,209**	**₱323,666**	**₱174,471**	**₱13,941**	**₱3,840**	**₱342**	**₱11,233**	**₱1,576,702**

	2012 (Audited)							
	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	₱1,049,260	₱730,108	₱286,840	₱30,528	₱80,366	₱3,797	₱109,618	₱2,290,517
Additions	437	25,168	1,863	–	1,471	119	2,318	31,376
Additional revaluation reserve	35,696	–	–	–	–	–	–	35,696
Balance at end of year	1,085,393	755,276	288,703	30,528	81,837	3,916	111,936	2,357,589
Accumulated Depreciation and Impairment								
Balance at beginning of year	–	375,672	95,347	14,339	76,025	2,840	91,843	656,066
Additions	–	40,719	13,668	1,835	1,321	584	7,128	65,254
Balance at end of year	–	416,391	109,015	16,174	77,346	3,424	98,971	721,321
Net carrying amount, December 31, 2012	₱1,085,393	₱338,885	₱179,688	₱14,355	₱4,490	₱493	₱12,964	₱1,636,268

If the property, plant and equipment were measured at cost model, the carrying amounts would be as follows:

	June 30, 2013 (Unaudited)							
	Land	**Machinery and Equipment**	**Buildings**	**Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Transportation Equipment**	**Total**
Cost, June 30, 2013	**₱35,588**	**₱705,225**	**₱207,635**	**₱16,253**	**₱27,986**	**₱–**	**₱103,016**	**₱1,095,703**
Disposals	**(1,425)**							
Accumulated depreciation and impairment	**–**	**395,164**	**104,368**	**13,152**	**24,241**	–	**90,832**	**627,757**
Net carrying amount	**₱34,163**	**₱310,061**	**₱103,267**	**₱3,101**	**₱3,745**	**₱0**	**₱12,184**	**₱467,946**

	2012 (Audited)							
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost, December 31, 2012	₱36,025	₱718,166	₱207,635	₱16,253	₱79,476	₱3,916	₱111,936	₱1,173,407
Accumulated depreciation and impairment	–	409,975	104,723	13,152	75,964	3,424	98,973	706,211
Net carrying amount	₱36,025	₱308,191	₱102,912	₱3,101	₱3,512	₱492	₱12,963	₱467,196

<u>Revaluation</u>

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.

<u>Collateral</u>

Property, plant and equipment with carrying value (at revalued amount) of ₱1.5 billion as at December 31, 2012 were used as collaterals for the Group's restructured debt.

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. These comprise of property, plant and equipment of ₱127.4 million in 2012 and investment properties of ₱826.7 million in 2012.

The Group sold through dacion en pago in June 2013 and November 2010, portion of these assets with a net carrying value of ₱51.3 million and ₱152.9 million, respectively, to settle loans aggregating ₱70.1 million and ₱184.7 million to Kormasinc, Inc. at a net gain of ₱18.8 million and ₱31.8 million, respectively. The assets sold comprise of (1) property, plant and equipment with a net carrying value of ₱36.2 million and ₱143.9 million at the selling price of and ₱52.5 million and ₱173.9 million; and (2) investment properties with a carrying value of ₱15.1 million and ₱9.0 million at the selling price of ₱17.6 million and ₱10.8 million, respectively. As a result of the sale of some of these assets in 2013 and 2010, revaluation reserve amounting to ₱24.3 million and ₱65.3 million was transferred to deficit.

8. Investment Properties

Investment properties comprise of the Group's hatchery buildings, dressing and rendering plants that are held to earn rentals 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 *(in thousand pesos):*

	Unaudited June 2013	Audited Dec 2012
Balance at beginning of year	**₱846,424**	₱772,928
Additions	–	25,203
Fair value gain	–	51,054
Reclassification	–	–
Disposals	**(15,585)**	(2,761)
Balance at end of year	**₱830,839**	₱846,424

9. Trade & Other Payables

This account consists of (*in thousand Pesos*):

	Unaudited June 2013	Audited Dec 2012
Trade & non-trade payables	**₱944,155**	₱956,997
Accrued interest	**237,512**	294,872
Accrued expenses	**102,916**	89,921
Provisions	**25,813**	25,813
Customers' deposits	**26,406**	22,543
Other payables	**12,043**	9,096
	1,348,845	1,399,242
Less non-current portion	**168,144**	168,144
Current portion	**₱1,180,701**	₱1,231,098

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. 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.

10. 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 *(in thousand pesos):*

	Unaudited June 2013	Audited Dec 2012
Debt at original amount	**₱3,254,367**	₱3,254,367
Payments to date:		
Balance at beginning of year	**(177,839)**	(177,839)
Payments	**(63,333)**	–
Balance at end of year	**(241,172)**	(177,839)
	3,013,195	3,076,528
Unamortized discount at original amount	**1,596,974**	1,596,974
Accretion to date:		
Balance at beginning of year	**823,022**	690,819
Accretion	**65,401**	132,203
Balance at end of year	**888,423**	823,022
	708,551	773,952
Discounted value	**2,304,644**	2,302,576
Current maturing portion	**(72,463)**	(72,463)
Restructured debt - long term portion	**₱2,232,181**	₱2,230,113

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 June 2013	Audited Dec 2012
Creditor banks	**₱1,546,458**	₱1,546,458
SPAV companies	**1,466,737**	1,530,070
	₱3,013,195	₱3,076,528

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
Within 4 to 6 years	251,830	187,293	390,846
Within 7 to 9 years	432,737	260,066	358,242
Within 10 to 15 years	2,569,801	521,155	358,906
	₱3,254,368	₱968,514	₱1,596,973

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.

As of December 31, 2012, 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.

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.

On September 14, 2012, the Company bidded out non-core assets to Kormasinc Inc., a creditor. The resulting dacion en pago for ₱70.1 million. Being a creditor, Kormasinc payment will be in reduction of restructured debt of ₱70.1 million. The bid was approved by the Court on June 10, 2013. In total, the Company had paid a total of ₱333.8 million.

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:

	Unaudited June 2013	Audited Dec 2012
Accretion of discount	**₱65,401**	₱132,203
Nominal interest payable to creditor banks/SPAVs	**32,199**	61,069
Others	**415**	–
	₱98,015	₱193,272

11. Cash Bond Deposits

Cash bond deposits amounting to ₱20.6 million and ₱18.9 million as at June 30, 2013 and December 31, 2012 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.

12. 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 June 30, 2013 and December 31, 2012 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
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.

The Group's public ownership as of June 30, 2013 and December 31, 2012 are as follows:

	Unaudited June 2013	Audited Dec 2012
Number of Issued & Outstanding Shares	409,969,764	409,969,764
Number of Stockholders	4,443	4,516
Number of Shares owning at least one board lot each	3,409	3,473

The Group's foreign equity ownership as of June 30, 2013 is as follows:

	No. Of Shares	**% Ownership**
Shares owned by Filipino	399,031,557	97.33%
Shares owned by Foreigners	10,938,207	2.67%
Total	**409,969,764**	**100.00%**

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.

13. Loss Per Share

Basic and diluted loss per share were computed as follows *(in thousand pesos)*:

	Unaudited June 2013	Unaudited June 2012
Loss for the year	**(₱14,637)**	(₱85,156)
Divided by the weighted average number of outstanding shares	**409,969**	409,969
Loss per share - basic and diluted	**(₱0.04)**	(₱0.21)

Diluted loss per share is equal to the basic loss per share since the Group does not have potential dilutive shares.

14. Segment Information

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 second quarter ended June 30, 2013, and certain asset and liability information regarding business segments at June 30, 2013.

As at June 30, 2013 – Unaudited (in thousand Pesos)

	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Net Sales						
External Sales	438,022	890,906	57,812	–	–	1,386,740
Inter-segment sales	–	–	–	–	–	–
	438,022	890,906	57,812	–	–	1,386,740
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold	447,048	826,988	52,120	–	(1,038)	1,325,118
Operating expenses	15,908	73,173	2,027	47,610	1,500	140,218
Other operating (income) loss	(16,306)	(32,165)	(9,019)	–	2,539	(54,951)
	446,650	867,996	45,128	47,610	3,001	1,410,385
RESULTS						
Segment Results	(8,628)	22,910	12,684	(47,610)	(3,001)	(23,645)
Other charges -net						(6,392)
Income/(Loss) before tax						(30,037)
Tax Expense						15,400
Net Income/(Loss)						**(14,637)**
OTHER INFORMATION						
Segment assets	919,074	2,262,273	696,667	147,289	(97,086)	**3,928,217**
Segment liabilities	697,159	930,302	9,461	608,561	(643,100)	1,602,383

Restructured debt	–	–	–	2,304,644	–	2,304,644
Consolidated Total Liabilities	697,159	930,302	9,461	2,913,205	(643,100)	3,907,027

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.

15. 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:

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

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.

As at June 30, 2013, 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.

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 condensed interim consolidated statements of financial position.

The Group continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The 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.

Liquidity Risk

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.

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.

VITARICH CORPORATION AND SUBSIDIARIES

FINANCIAL RATIOS

(In thousand Pesos)

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

	Unaudited Jun-13	Audited Dec-12
Current / Liquidity Ratio	1.21	1.17
Current assets	1,518,132	1,524,947
Current Liabilities	1,256,730	1,308,514
Solvency Ratio	0.00	(0.01)
Net income (loss) before depreciation	5,673	(55,214)
Total Liabilities	3,907,027	3,974,445
Debt-to-Equity Ratio	184.38	110.94
Total liabilities	3,907,027	3,974,445
Total Equity	21,190	35,826
Asset-to-Equity Ratio	185.38	111.94
Total assets	3,928,217	4,010,271
Total equity	21,190	35,826
Interest rate coverage Ratio	1.06	0.38
Pretax loss before interest	103,688	72,812
Interest expense	98,015	193,284
Profitability Ratio	(1.42)	(3.36)
Net income (loss)	(30,037)	(120,471)
Total equity	21,190	35,826

OTHER MATTERS

- There were no contingent assets nor liabilities since the last annual statement of financial position.
- 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 Group 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 Group, 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"

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the second quarter of 2013, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱687 million, lower by 9% from ₱758 million of same quarter last year. As of June, the Company generated sale of goods of ₱1,387 million, 6% lower from a year ago. Lower consolidated revenues were due the softening demand of pork and chicken that resulted to decrease sales volume. Decline in chicken volume was a result of deliberate reduction of poultry volume due to continuous challenges confronting the poultry industry. Drop in feeds volume was a consequence of the unceasing hog depopulation and the fish kill incidences in Luzon.

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

Raw material prices continued to be on the high side as compared last year. This caused to a high direct cost that resulted in increased cost of hog and broiler.

The combined effect of lower sales revenues and higher direct costs resulted to lower gross profit. Gross profit declined to ₱21.7 million in the second quarter of 2013 from ₱82.0 million in the same quarter year. For the first semester, gross profit went down by 59% as against last year's level as cost of goods sold had increased in line with higher commodity prices.

The uninterrupted controls on expenditures and permanent implementation of expense reduction programs continuously dropped the level of operating expenses. For the second quarter, consolidated operating expenses of ₱71.1 million went down by 18% from ₱86.3 million. For the six-months period, consolidated operating expenses declined by 22%.

Other operating income for the second quarter of 2013 improved by 4% versus same period last year. However, as of June 2013, It went down by 3% mainly due to lower volume of contract growing feeds which is a result of lower broiler placement.

For the second quarter period, the Company recognized allowance for bad debts amounted to ₱3.2 million or as of June of ₱4.1 million.

Consolidated net income for the second quarter went up to ₱3.0 million as against last year's loss of ₱ 39.2 million. As of June 2013, the Company generated a net loss of ₱14.6 million, lower than last year's loss of P85.2 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.

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 condensed interim 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 June 30, 2013 vs. audited December 31, 2012

The Company's consolidated total assets as of June 30, 2013 stood at ₱3,928 million, slightly lower than December 31, 2012 level of ₱4,010 million. Total current assets decreased from ₱1.525 million as at December 31, 2012 to ₱1,518 million as at June 30, 2013.

Cash balance as of June 30, 2013 declined to ₱22.0 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 increased by 11% as a result of increased tolling and rental income.

Inventories went down by 18% due to the decrease purchases.

Other current assets account of ₱45.3 million was up by 61% as against ₱28.1 million in December 31, 2012 due to increased input VAT and prepayment accounts. While other non-current assets maintained at ₱2.6 million.

Total current liabilities for the period ended amounted to ₱1,257 million, lower by 4% as of December 31, 2012.

Trade and other payables account went down by 4% as against last year, mainly due to decreased accrued interest. In addition, income tax payable and deferred tax liabilities decreased by 28% and 12% respectively.

Stockholders' equity decreased from ₱35.8 million to ₱21.2 million, due to net loss posted as of the second quarter period.

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

	Unaudited June 2013	Unaudited June 2012
Revenue (₱ million)	1,387	1,472
Cost Contribution (₱ million)	1,325	1,323
Gross Profit Rate (%)	4%	10%
Operating Margin (₱ million)	-24	25

1) Sales Volume, Price, and Revenue Growth
Consolidated revenue composed of feeds, day old chicks, chicken, animal health products, and dory fish sales amounted to ₱1,387 million, slightly lower than the same period last year of ₱1,472 million, mainly because of lower sales volume of all product lines.

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.

4Operating 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.