COVER SHEET

2 1 1 3 4

S.E.C. Registration Number

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

(Company's Full Name)

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

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

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

PEDRO T. DABU JR

Contact Person

843-30-33 connecting all dept.

Company Telephone Number

DEFINITIVE INFORMATION STATEMENT

1 2 - 3 1	2 0 - I S	0 7	0 4
Month *Day*	Form Type	Month	Day

Fiscal Year

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

S T A M P S

SEC COVER SHEET PAGE .xls

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, July 4, 2014**
   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 11, 2014**

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	**2,786,497,901 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, 04 July 2014 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, 04 July 2014 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 stockholders' meeting;
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 June 03, 2014.

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 23, 2014. Proxies shall be validated by the Special Committee of Inspectors at the said office of the Corporation on June 27, 2014.

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, 04 July 2014 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, 11 June 2014. 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 2,786,497,901 with each share entitled to one (1) vote.

The Corporation's Filipino-Foreign equity ownership as of May 31, 2013 is as follows:

	No. Of Shares	**% Ownership**
Shares owned by Filipino	2,775,559,694	99.61%
Shares owned by Foreigners	10,938,207	0.39%
Total	**2,786,497,901**	**100.00%**

(b) *Record Date*. The record date, with respect to this solicitation, is June 3, 2014. Only stockholders of record as at the close of business on June 3, 2014 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 May 30, 2014 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	KORMASINC, INC. ** 7th Floor, LTA Bldg., 118 Perea St., Legazpi Village, Makati City Stockholder	Various beneficial owners	Filipino	2,376,528,137 r	85.29%
Common Shares	PCD NOMINEE CORPORATION (Filipino) G/F MSE Building, 6767 Ayala Avenue, Makati City Stockholder	Various beneficial owners [1]	Filipino	265,068,930 r	09.51%

[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.

Security of Ownership of Management. **The number of common shares beneficially owned by directors and executive officers as of May 31, 2014 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	0.00%
Common	Rogelio M. Sarmiento	87,554,741 92,510	(r) (indirect)	Filipino	3.15%
Common	Angelito M. Sarmiento	5000	(r)	Filipino	0.00%
Common	Benjamin I. Sarmiento Jr.	199	(r)	Filipino	0.00%
Common	Enrique G. Filamor	300	(r)	Filipino	0.00%
Common	Ricardo Manuel M. Sarmiento	500 490	(r) (indirect)	Filipino	0.00%
Common	Stephanie Nicole S. Garcia	500 3,859	(r) (indirect)	Filipino	0.00%
Common	Lorenzo Vito M. Sarmiento III	500	(r)	Filipino	0.00%
Common	Eduardo T. Rondain	500	(r)	Filipino	0.00%
Common	Manuel D. Escueta	1	(r)	Filipino	0.00%

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.

(e.) Description of any arrangement which may result in a change in control of the Corporation. On September 20, 2013, Kormasinc, Inc., upon approval of the Issuer, converted part of the debt of the Issuer in the amount of P2,376,528,137 into equity of the Issuer-Corporation and as such the Issuer-Corporation issued 2,376,258,137 common shares to Kormasinc, Inc upon receipt of the approval of the same by the Securities and Exchange Commission on October 16, 2013. Thus, as presented above, Kormasinc, Inc. now owns 85.29% of the outstanding shares of the Issuer.

Item 5. Directors And Executive Officers

All of the directors and officers named herein have served their respective offices since June 28, 2013 except for Mr. Manuel D. Escueta who was elected as independent director during the regular board meeting of Vitarich Corporation held on January 24, 2014. 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. However, one independent director resigned immediately because of his failure to get the clearance from his Head of Office. This coming organizational board meeting, the Board shall also elect the Members of the Risk and Governance 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.

Involvement of Members of the Board of Directors, etc. 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, or any nominee is 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.

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 11 June 2014 are the following:

Regular Directors:

1. Mr. Jose Vicente C. Bengzon III;
2. Mr. Rogelio M. Sarmiento;
3. Mr. Angelito M. Sarmiento;
4. Mr. Benjamin I. Sarmiento Jr.;
5. Mr. Ricardo Manuel M. Sarmiento;
6. Ms. Stephanie Nicole S. Garcia;
7. Mr. Lorenzo Vito M. Sarmiento, III.;
8. Mr. Joselito H. Sibayan;
9. Mr. Levi F. Diestro;

Independent Directors

10. Atty. Eduardo T. Rondain;
11. Mr. Manuel D. Escueta

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 2013-2014.

Jose Vicente C. Bengzon III, Filipino, 56 years old
Director (since 2007) / Chairman of the Board
Member - Audit Committee; Risk and Governance 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, 65 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, 37 years old
Director/ Chief Operating Officer / Executive Vice President
Member – Audit Committee; Compensation & Nomination Committee, and Risk and Governance Committee
Mr. Ricardo Manuel Sarmiento is the Executive Vice-President and Chief Operating Officer and President of Gromax, Inc. He leads the over-all operations of Vitarich Corporation and Gromax, Inc. 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, 34 years old
Director/ Chief Finance Officer / Treasurer
Member – Compensation & Nomination Committee, and Risk and Governance Committee
Ms. Garcia was elected director of the Corporation last June 29, 2012 and is the Chief Finance Officer and Treasurer of the Company. As such, she is in charge of the funds, assets, securities, receipts and disbursements of the Corporation. Prior to this, she is currently holding the position of Support Director of Vitarich Corporation since 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.

Angelito M. Sarmiento, Filipino, 67 years old, Director
Director (since 2009)
Member – Compensation & Nomination Committee
Mr. Angelito Sarmiento is President of Sarmiento Enterprises, Inc. and Chairman of the Board of First Sarmiento Property Holdings, Inc. He is also 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). Former Chairman of the National Food Authority (Sept 2001-Dec 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; and a former Mayor of City of San Jose del Monte Bulacan (2004-2007; Oct 2009 to June 30, 2010)

Benjamin I. Sarmiento Jr., Filipino, 45 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.*

Lorenzo Vito M. Sarmiento III, Filipino 40 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.

Joselito H. Sibayan, Filipino, 56 years old
Director (new nominee)
From 2005 to present, Mr. Sibayan has been the President & Chief Executive Officer of Mabuhay Capital Corporation, a financial advisory firm to a number of corporations and banks in the healthcare, education, agriculture, manufacturing, retail, natural resources, telecomm/media, property development, and energy/infrastructure sectors. Prior to this, he was the Vice-Chairman, Investment Banking, and Country Manager of Credit Suisse First Boston from 1998 to 2005. He was an Executive Director and Chief Representative of Natwest Markets Philippines from 1997 to 1998. He became the Director, Head of Internal Fixed Income Sales of Natwest Markets London, UK from 1995 to 1997. From 1993 to 1994, he was the Senior Vice President, Head - Internal Fixed Income Sales of Natwest Markets New York, USA. He was also the Director, Head of International Bond Sales of Deutsche Bank Capital Corporation from 1988 to 1993. He worked as an Associate, International Fixed Income of Merrill Lynch Capital Markets from 1987 to 1988. From 1980 to 1985, he was the Sales Manger of Burroughs Corporation. He is a graduate of De La Salle University, having obtained his Bachelor of Science in Chemical Engineering in 1980. He took his Master of Business Administration in Finance/International Business at the UCLA Graduate School of Management in Los Angeles, USA in 1987.

Levi F. Diestro, Filipino, 56 years old
Director (new nominee)
Mr. Diestro is presently the Vice-President Human Resource Division (Macom level) of Maynilad Water Services Inc. Prior to this, he was the Consultant (Human Resources, Purchasing, Facilities) of Bureau of Customs (Department of Finance) from January 2011 to September 2011. He became the Corporate Human Resource Director of Lina Group of Companies from August 2008 to December 2010. From January 2008 to July 2008, he was the Country HR Manager Philippine Site Intel - Numonyx Philippines Inc. (Global Company). He was also the Human Resource Manager of DHL Excel Supply Chain (Global Company) from May 2007 to January 2008. He worked as Human Resource Employee Relations and Services Manager of Analog Devices Inc. (Global Company) from October 2004 to January 2007. From September 1997 to October 2004, he was the Human Resource Senior Division Manager of Integrated Microelectronics Inc. (Global Company). He also worked at Philippine Auto Components Inc. - Denso Corp. Japan (Global Company), Motorola Philippines Inc. (Global Company), and Nippondenso Philippines Inc. (Global Company). He is a graduate of Colegio de San Juan de Letran, having obtained his Bachelor of Science in Psychology in 1980.

Atty. Eduardo T. Rondain, Filipino, 84 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; Executive Vice President, Member of the Board of Directors and Management Committee, PHILIPS Corporation 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.

Manuel D. Escueta
Independent Director
Chairman – Compensation & Nomination Committee and Risk & Governance Committee
Mr. Escueta was elected as an Independent Director of the Corporation on 24 January 2014. He worked as General Advertising Manager of P&G Asia (1973-2000), Vice President for Corporate Marketing & Communication of United Laboratories, Inc. (2001-2004), Head, President and CEO of Pascual Laboratories, Inc. - Consumer Health Division (2005-2012), and Chairman of Pascual Consumer HealthCare Corp (2012-2013). He is at present the President of Educhild Foundation, Inc and the Vice-Chairman of the Board of Trustees of Southridge PAREF School for Boys. He served as a Board of Director of Advertising Board of the Philippines (1980-1985, 1992-1995). He is a graduate of University of the Philippines, Diliman, Quezon City with a degree on Business Administration Major in Marketing in 1972. He was elected as director of the Corporation last January 24, 2014.

Other Executive Officers

Guillermo B. Miralles, Filipino, 49 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, 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, 61 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, 57 years old
Assistant Corporate Secretary
Atty. Dabu is also the Corporate Secretary of Gromax, Inc. He obtained his Bachelor of Arts (Cum Laude) and Bachelor of Laws (Cum Laude) from Manuel L. Quezon University. He took up his Master of Laws in Civil Law at the San Beda College-Manila. He is a professor of law and pre-bar lecturer in various universities and review centers. 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, 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 President, Executive Vice-President, Treasurer and the General Manager for Mindanao 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 & 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 participation.

The Corporation has a stock compensation plan for its officers and other executives. Under the plan, 20% of the annual gross pay of the Corporation's executives and officers is to be paid in shares of stock of the Corporation, which are purchased through the stock exchange. The Corporation's executives and officers' salaries under the stock compensation plan amounting to P4.4 million in 2013 and P3.9 million in 2012 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.

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, Compensation and Nomination, and Risk and Governance Committees 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 Corporation'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 & Others
Rogelio M. Sarmiento – CEO/President			
Ricardo Manuel M. Sarmiento – COO/Executive Vice President			
Stephanie Nicole S. Garcia – Treasurer/Chief Finance Officer			
Guillermo B. Miralles - General Manager- Vismin Operations			
Jose D.L. Angeles – Luzon Feed Sales & National Marketing Manager			
TO T A L (Estimated)	2014	6.5	-
	2013	4.8	-
	2012	4.6	-
ALL OTHER OFFICERS & DIRECTORS AS UNNAMED (Estimated)	2014	0.8	-
	2013	0.7	-
	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 is 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
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.

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.

Payable to Stockholder
During the year ended December 31, 2013, Kormasinc acquired the Corporation's restructured debt from creditors comprising of local banks and SPAV companies and entered into a memorandum of agreement with the Corporation for a debt to equity conversion on September 20, 2013. Pursuant to the agreement,₱2.4 billion of the restructured debt of ₱3.2 billion (including interest of ₱200.0 million) was converted at one peso (₱1.00) for every one (1) share of stock on the remaining available shares and on the increase in authorized capital stock from ₱0.5 billion to ₱3.5 billion. The SEC approved, on October 16, 2013, the debt to equity conversion and the Corporation's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Corporation.

Outstanding Group debt due to Kormasinc as at December 31, 2013 amounted to ₱837.9 million (including interest of ₱200.0 million). The terms of the payment of the loan are still subject to negotiation. Interest on the loan from the period September 2013 to December 2013 was waived by Kormasinc.

Due from related parties
The Group also grants unsecured, noninterest-bearing advances to its related parties for working capital requirements and capital expenditures. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

Due to related parties
Valle Verde 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.

The amounts due to related parties are generally payable on demand or through offsetting arrangements with the related parties. This is presented as part of trade payables.

Trade accounts
The Group also buys raw materials, hogs, and breeder flocks. The Group also sells animal feeds, raw materials, feed supplements and dressed chicken to related parties. Goods are sold to related parties on a cost-plus basis, allowing a margin of at least 10% for all years presented.

Advances to and from Officers and Employees
The Group grants unsecured, noninterest-bearing advances to its officers and employees subject to liquidation after a certain specified period. Certain officers also pay operating expenses in advance through credit cards on behalf of the Corporation. Shown below are the movements in the accounts.

***Resignation of Directors**.* Two of the Corporation's directors resigned. Mr. Tomas Lopez resigned as independent director effective July 26, 2013. On September 20, 2013, the Board accepted the resignation of Mr. Cesar Lugtu as director of Vitarich Corporation. On August 28, 2013, the nominees for the Independent Director seat of Vitarich Corporation, Mr. Eduardo S. Lazo and Mr. Wilfredo M. Angeles declined the position.

Item 7. Independent Public Accountants

For the year 2013, 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 year2011.

The accounting firm of Reyes Tacandong & Co. was appointed as the external auditors of the Corporation for the calendar year 2013 at the Corporation's annual stockholders meeting held last June 28, 2013.

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 Corporation to enable them to express an opinion on the fair presentation of the Corporation'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 the years 2013, 2012 and 2011, audit and audit-related fees amounted to P3.13 million, P2.50 million, and P2.50 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 Corporation.

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 Corporation's annual financial statements
    a. The Audit Committee ensures that the services of the external auditor conform with the provision of the Corporation'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 Corporation'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 Corporation 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 Corporation's 2013 Annual Report on SEC Form 17-A and 2013 Audited Financial Statements accompanying this Information Sheet.

Item 12. Mergers, Consolidation, Acquisitions and Similar Matters

Not Applicable

Item 13. Acquisition or Disposition of Property

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 ₱841.0 million and ₱954.1 million as at December 31, 2013 and 2012, respectively.

The Group sold through dacion en pago, as approved by the Court, portion of these assets.

As a result of the dacion en pago of these assets which were approved by the Court, revaluation reserve amounting to ₱24.7 million (net of tax) and nil were transferred to deficit in 2013 and 2012, respectively.

Item 14. Restatement of Accounts

Please refer to Notes 2, 3, and 4 of the Audited Consolidated Financial Statements of the Corporation – December 31, 2013.

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 July 04, 2014 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 July 04, 2014 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 stockholders' meeting;
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 28June 2013 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. Jose Vicente C. Bengzon III. The Corporate Secretary, Atty. Tadeo F. Hilado, certified that written notices of the annual meeting of the stockholders of the Corporation were sent to the stockholders of record as of 28 May 2013.

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders held on 29 June 2012 and the minutes of the special meetings of the stockholders held on 28 August 2012 and 15 October 2012 was dispensed with and the said minutes were approved. Thereafter, the operations of the Corporation for the year ending on 31 December 2012 were reported to the stockholders.

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:

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

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.

Acts and Resolutions of the Board of Directors and Officers of the Corporation from July 31, 2013 to March 15, 2014.

Date of Action	Description
July 19, 2013	<u>**RESOLUTION NO. 2013-08**</u> "**Resolved.** As it is hereby resolved, that the Corporation sells, as it hereby sells, its properties covered by T.C.T. nos. T-10666 and T-10667, including the improvements thereon, located at Barangay Bolisong, El Salvador, Misamis Oriental at such price and terms as its President/CEO may deem beneficial "**Resolved** further, that Mr. Rogelio M. Sarmiento, President/CEO, be, as he is hereby authorized, to execute and deliver the deed of absolute sale and any and all papers required to IMPLEMENT THIS RESOLUTION."
September 20, 2013	<u>**RESOLUTION NO. 2013-09**</u> "**RESOLVED**, that the Board of Directors of the Corporation, pursuant to the directive of the stockholders, hereby approves the conversion of part of its debts to Kormasinc, Inc. amounting to **P2,376,528,137** into equity of the Corporation at a ratio of 1:1 or 1 share of common stock for every P1.00 debt; that **P90,030,236** shall be applied as payment for the issuance of the 90,030,236 shares out of the existing unissued shares, while the amount of **P2,286,497,901.00** shall be applied as payment for the additional shares of stock which shall be issued out of the increase in the authorized capital stock upon approval of such increase by the Securities and Exchange Commission.

	"RESOLVED, FURTHER that either Mr. **Jose Vicente C. Bengzon, III,** Chairman of the Board or Mr. **Rogelio M. Sarmiento**, President/ Chief Executive Officer or **Ricardo Manuel M. Sarmiento,** Executive Vice-President/COO, be, as they are hereby, authorized to sign, execute and deliver any and all deeds, papers, instruments or documents which may be necessary to effect the foregoing resolution, including without limiting, the deed/s of assignment and memorandum of agreement with Kormasinc, Inc. to effect the debt-to-equity conversion; the notice of exemption and/or amendment of the registration statement, if any, to be filed with the SEC; and the additional listing agreement with the PSE." **<u>RESOLUTION NO. 2013-10</u>** "RESOLVED. AS IT IS HEREBY RESOLVED, that the Corporation sells, as it hereby sells, its land situated at the City of Mandaue covered by T.C.T. No. 25535 and TD No. 2006-017-00632 and the buildings/improvements constructed therein which are covered by TD Nos. 2006-017-03600 ; 2006-017-03580; 2006-017-03579 and 2006-017-03599 to Mr. Harold T. Go. RESOLVED FURTHER, that Mr. Ricardo Manuel M. Sarmiento and/or Ms. Stephanie Nicole M. Sarmiento-Garcia, be, as they are hereby, authorized to negotiate and conclude the sale with Mr. Harold T. Go for such price and under such terms and conditions as they may deem beneficial to the Corporation, provided that the proceeds of the sale shall be deposited directly to the account of Kormasinc, Inc., Vitarich's sole secured creditor under its Mortgage Trust Indenture that has security interest in the said property." **<u>RESOLUTION NO. 2013-11</u>** "**RESOLVED. AS IT IS HEREBY RESOLVED**, to authorize, as it hereby authorizes, Mr. Ricardo Manuel M. Sarmiento, Executive Vice-President-COO, and/or Ms. Stephanie Nicole M. Sarmiento-Garcia, Chief Finance Officer, to determine which of the assets of the Corporation, core or non-core, can be disposed of to raise operating capital and/or pay the Corporation's remaining debt, the list of the corporation's assets is hereto attached and made an integral part hereof. "**RESOLVED, FURTHER**, that Mr. Ricardo Manuel M. Sarmiento and/or Ms. Stephanie Nicole M. Sarmiento-Garcia, be, as they are hereby, authorized to conclude the sale of any of the said properties under such terms and conditions as they may deem beneficial to the corporation and to execute and deliver the Deed of Absolute Sale and any and all papers required to implement this resolution." **<u>RESOLUTION NO. 2013-12</u>** "**RESOLVED**, that **METROPOLITAN BANK & TRUST COMPANY** (hereinafter called **"METROBANK"**) be, and is hereby, designated a depository of the funds/monies of the CORPORATION and that the CORPORATION be, and is hereby, authorized to open savings, time, current and/or trust accounts with METROBANK, Head Office, and/or at Abangan Norte, Marilao Branch. "**RESOLVED, FURTHER**, that any two (2) of the following, one (1)principal and one(1)counter, be authorized (i) to sign, execute and/or deliver any and all documents in connection with the opening of the account(s); (ii) to withdraw the funds/monies of the CORPORATION by checks, receipts, drafts, bills of exchange, withdraw slips, orders for payment or otherwise, and (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment; enroll in Metrobank-direct corporate and/or other similar instruments in connection with the account(s):

	Position ***Principal*** ROGELIO M. SARMIENTO President/CEO RICARDO MANUEL M. SARMIENTO EVP/COO STEPHANIE NICOLE S. GARCIA CFO/Treasurer ***Counter*** ALICIA G. DANQUE Corplan Manager LORENA P. PESCADOR Quality & Productivity Mgr. "**RESOLVED, MOREOVER**, that METROBANK, its directors, officers, employees, agents or authorized representatives are each entitled or authorized to rely on these instructions as valid, binding, and effective upon the CORPORATION and that METROBANK, its directors, officers, employees, agents and authorized representative shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for the CORPORATION's sole and exclusive account. "**RESOLVED, FURTHERMORE**, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby confirmed, affirmed and ratified. Likewise all things/acts done and documents executed and entered into prior to this Resolution are hereby affirmed, confirmed and ratified. "**RESOLVED, FINALLY**, that all previous resolutions relating to the opening of accounts with the said bank are hereby modified accordingly." **RESOLUTION NO. 2013-13** "**RESOLVED**, as it is hereby resolved that the Corporation designate, as it hereby designates, its Qualify and Productivity Manager, Ms. Lorena M. Pescador, as counter check signatory of the Corporation's accounts at Banco de Oro, Marilao, Bulacan Branch in lieu of Mr. Guillermo S. Ravida; "**RESOLVED, FURTHER**, that the previous authority given to Mr. Guillermo S. Ravida, as counter check signatory is hereby withdrawn and revoked, and for this purpose amends Resolution No. 2011-07."
November, 22, 2014	**RESOLUTION NO. 2013-14** RESOLVED, that **METROPOLITAN BANK & TRUST COMPANY** (hereinafter called **"METROBANK"**) be, and is hereby, designated a depository of the funds/monies of the CORPORATION and that the CORPORATION be, and is hereby, authorized to open savings, time, current and/or trust accounts with METROBANK, Head Office, and/or at JARO, ILOILO Branch. RESOLVED, FURTHER, that any two (2) of the following, one (1)principal and one(1)counter, be authorized (i) to sign, execute and/or deliver any and all documents in connection with the opening of the account(s); (ii) to withdraw the funds/monies of the CORPORATION by checks, receipts, drafts, bills of exchange, withdraw slips, orders for payment or otherwise, and (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment; enroll in Metrobank-direct corporate and/or other similar instruments in connection with the account(s):

Position

Principal
STEPHANIE NICOLE S. GARCIA CFO/Treasurer
GUILLERMO B. MIRALLES Gen.Mgr.Vismin Operations

Counter
LYNNIE S. ABANIL Mgr. Technical Sales & Quality Assurance-Vismin

RESOLVED, MOREOVER, that METROBANK, its directors, officers, employees, agents or authorized representatives are each entitled or authorized to rely on these instructions as valid, binding, and effective upon the CORPORATION and that METROBANK, its directors, officers, employees, agents and authorized representative shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for the CORPORATION's sole and exclusive account.

RESOLVED, FURTHERMORE , that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby confirmed, affirmed and ratified. Likewise all things/acts done and documents executed and entered into prior to this Resolution are hereby affirmed, confirmed and ratified.

RESOLVED FINALLY, that all previous resolutions relating to the opening of accounts with the said bank are hereby modified accordingly.

RESOLUTION NO. 2013-15

RESOLVED, that **METROPOLITAN BANK & TRUST COMPANY** (hereinafter called **"METROBANK"**) be, and is hereby, designated a depository of the funds/monies of the CORPORATION and that the CORPORATION be, and is hereby, authorized to open savings, time, current and/or trust accounts with METROBANK, Head Office, and/or at R. MAGSAYSAY, DAVAO CITY; PIONEER GEN. SANTOS CITY AND LAPASAN, CAGAYAN DE ORO CITY BRANCHES.

RESOLVED, FURTHER, that any two (2) of the following, one (1)principal and one(1)counter, be authorized (i) to sign, execute and/or deliver any and all documents in connection with the opening of the account(s); (ii) to withdraw the funds/monies of the CORPORATION by checks, receipts, drafts, bills of exchange, withdraw slips, orders for payment or otherwise, and (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment; enroll in Metrobank-direct corporate and/or other similar instruments in connection with the account(s):

Position

Principal
STEPHANIE NICOLE S. GARCIA CFO/Treasurer
GUILLERMO B. MIRALLES Gen.Mgr.Vismin Operations

Counter
EDILBERTO A. MANUEL Feedmill Manager-Vismin

RESOLVED, MOREOVER, that METROBANK, its directors, officers, employees, agents or authorized representatives are each entitled or authorized to rely on these instructions as valid, binding, and effective upon the CORPORATION and that METROBANK, its directors, officers, employees, agents and authorized representative shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising

	from the above instructions shall be for the CORPORATION's sole and exclusive account. RESOLVED, FURTHERMORE , that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby confirmed, affirmed and ratified. Likewise all things/acts done and documents executed and entered into prior to this Resolution are hereby affirmed, confirmed and ratified. RESOLVED FINALLY, that all previous resolutions relating to the opening of accounts with the said bank are hereby modified accordingly. **RESOLUTION NO. 2013-16** RESOLVED, as it is hereby resolved, that the Company shall transact with BANCO DE ORO UNIBANK, INC., it's a subsidiaries and affiliates (singularly or collectively referred to as "the Bank") to obtain loan facilities and availment of banking products and services; RESOLVED, FURTHER, as it is herby resolved, that in this regard, the Company shall be authorized to do the following: 1. **OPEN AND MAINTAIN DEPOSITORY ACCOUNTS**. To open, maintain and manage in the name of the company, any number of savings/current/time and other accounts with the Bank or any of its branches, hereinafter to be referred to as "Depository Accounts", and in this regard, to: 1.a. deposit to and withdraw form the depositor Accounts, in whatever form and manner, and in such amount as the company may deem appropriate or necessary; 1.b. Close the Depository account and ask, demand, sue for, collect, and receive the proceeds of the Depositor Account in the name of the Company; 1.c. Receive, accept endorse and negotiate all checks, drafts or orders of payment payable to the Company or its order which may require the company's endorsement. 2. **AVAIL OF CREDIT FACILITIES.** To apply for , negotiate and obtain loans or other credit accommodations or facilities including but not limited to letters of credit, trust receipts,bills, purchases, foreign exchange settlement lines from time to time in amounts which may be required by the Company, which authority shall include renewals, extensions, receive availments, restructurings, amendments or conversions into other credit form or type, and in this regard, to: 2.a. execute, sign and deliver from time to time the relevant loan agreements, promissory note/s trust receipts and all other documents pertinent to the accommodations/facilities referred to above; 2.b. avail of products and services offered by the Bank's Transactional Banking group, such as collection and disbursement services, liquidity management, account services, retail products, and to be bound in accordance with and subject to the Bank's rules and regulations, terms and conditions governing the same; 3. **TRANSACT TRADE RECEIVABLES**. To negotiate for the sale of the Company's accounts receivables to various investors under the Bank's Trade Receivables Brokering/Receivables Brokering arrangements through BDO CAPITAL AND INVESTMENT CORPROATION (BCIC)

4. **FOREIGN EXCHANGE TRANSACTIONS**, to enter into foreign exchange dealings/transactions with the Bank, such as buying and selling of foreign exchange.

5. **ELECTRONIC BANKING SERVICES,** to register with and avail of the Electronic Banking Services of the Bank in connection with the foregoing transactions which may include balance inquiries, bills payments, funds transfers from and to the Depository accounts.

6. **TRANSACT WITH RELATED COMPANIES**. To transact with the Bank's other subsidiaries affiliates, and related companies, including but not limited to BDO Private Bank, Inc. BDO Financial Services Inc., BDO Insurance Brokers Inc. BDO Card Corporation, BDO Realty Corp.

7. **MORTGAGE, PLEDGE, ASSIGN COMPANY PROPERTY**, To mortgage, pledge, assign or otherwise encumber properties of the company, whether real or personal, as collaterals for credit accommodations extended by the Bank.
RESOLVED, FURTHER, that any two of the following officers of the Company.

	Position
Principal	
ROGELIO M. SARMIENTO	President/CEO
RICARDO MANUEL M. SARMIENTO	EVP/COO
STEPHANIE NICOLE S. GARCIA	Treasurer/CFO
Counter	
ALICIA G. DANQUE	Corplan Mgr.
LORENA M. PESCADOR	Quality & Productivity Mgr.

shall be authorized to enter into the above-specified arrangements with the Bank under such terms and conditions as the said individuals may deem necessary and to accordingly execute, sign deliver and/or perform any and all contracts, instruments, documents, or writings with or to the Bank that may be necessary for the implementation of the foregoing transactions.

RESOLVED, FURTHER, that the Company hereby ratifies and confirms all that the above named individuals may lawfully do or cause to be done by virtue of this authority given to them.

RESOLVED, FINALLY, that the foregoing Resolutions shall remain valid and subsisting unless otherwise revoked or amended in writing by the Company and duly served on the Bank.

RESOLUTION NO. 2013-17

RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation honors the postdated checks it issued where its former Productivity Manager, Gerardo S. Ravida, was a counter signatory to the said checks, copy of the list of the said checks is attached and forms part of this Resolution and for this purpose the drawee banks are hereby authorized to accept and honor the said checks.

RESOLUTION NO. 2013-18

RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation approved and ratified, as it hereby ratifies, the sale of its parcel of land located at Talon-Talon, Zamboanga City, consisting of 488 square meters and covered by Transfer Certificate of Title No. T-158.440 in favor of Mr. Manuel L. Salazar.

	RESOLVED FURTHER, that the authority of the then Chairman/President, Mr. Rogelio M. Sarmiento, to sign, execute and deliver the Deed of Absolute Sale dated December 7, 2009 and registered in the Notarial Registry of Atty. Glan Paolo Enriquez, as document no. 210 page no. 42, book no. XV and series of 2009 is hereby confirmed and ratified. **<u>RESOLUTION NO. 2013-19</u>** RESOLVED. AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes its Chairman of Board, Jose Vicente C. Bengzon, III, EVP-COO, Mr. Ricardo Manuel M. Sarmiento and/or TREASURER/CFO, Ms. Stephanie Nicole M. Sarmiento-Garcia to enter into an Agreement with Kormasinc, Inc. regarding the disposition of the Corporation's properties covered by the MTI, including those awarded/sold during the first and second bidding conducted by the Corporation some of which are not covered by the MTI, the list of which is attached and forms part of this resolution. RESOLVED FURTHER, that any of the above named officers, be, as they are hereby, authorized to execute and deliver any document to implement this resolution. **<u>RESOLUTION NO. 2013-20</u>** RESOLVED, AS IT IS HEREBY RESOLVED, that the Board hereby approved the recommendation of management to write off from the books of the Corporation its bad debts amounting to P592,901,585.00, as per attached Schedule. **<u>RESOLUTION NO. 2013-21</u>** RESOLVED, as it is hereby resolved, that the Corporation sell, as it hereby sells, three (3) Apo Golf and Country Club shares of the Corporation for such amount as the Treasurer/CFO may determine. RESOLVED FURTHER, that MS. STEPHANIE NICOLE M. SARMIENTO-GARCIA, Treasurer/CFO, be, as she is hereby authorized to execute and deliver the deed of sale and/or assignment and any and all papers required to implement this resolution.
January 24, 2014	**<u>RESOLUTION NO. 2014-01</u>** "RESOLVED, that **METROPOLITAN BANK & TRUST COMPANY** (hereinafter called **"METROBANK"**) be, and is hereby, designated a depository of the funds/monies of the CORPORATION and that the CORPORATION be, and is hereby, authorized to open savings, time, current and/or trust accounts with METROBANK, Head Office, and/or at **BACOLOD CITY BRANCH**. "RESOLVED, FURTHER, that any two (2) of the following, one (1)principal and one(1)counter, be authorized (i) to sign, execute and/or deliver any and all documents in connection with the opening of the account(s); (ii) to withdraw the funds/monies of the CORPORATION by checks, receipts, drafts, bills of exchange, withdraw slips, orders for payment or otherwise, and (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment; enroll in Metrobank-direct corporate and/or other similar instruments in connection with the account(s): **<u>Position</u>** *<u>Principal</u>* STEPHANIE NICOLE S. GARCIA — CFO/Treasurer GUILLERMO B. MIRALLES — Gen.Mgr.Vismin Operations

	Counter LYNNIE S. ABANIL Mgr. Technical Sales & Quality Assurance-Vismin "RESOLVED, MOREOVER, that METROBANK, its directors, officers, employees, agents or authorized representatives are each entitled or authorized to rely on these instructions as valid, binding, and effective upon the CORPORATION and that METROBANK, its directors, officers, employees, agents and authorized representative shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for the CORPORATION's sole and exclusive account. "RESOLVED, FURTHERMORE , that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in accordance with the foregoing authorities are hereby confirmed, affirmed and ratified. Likewise all things/acts done and documents executed and entered into prior to this Resolution are hereby affirmed, confirmed and ratified. "RESOLVED, FINALLY, that all previous resolutions relating to the opening of accounts with the said bank are hereby modified accordingly." **RESOLUTION NO. 2014-02** "RESOLVED, that **METROPOLITAN BANK & TRUST COMPANY** (hereinafter called **"METROBANK"**) be, and is hereby, designated a depository of the funds/monies of the CORPORATION and that the CORPORATION be, and is hereby, authorized to open savings, time, current and/or trust accounts with METROBANK, Head Office, and/or at MANDAUE CEBU CITY BRANCH. "RESOLVED, FURTHER, that any two (2) of the following, one (1) principal and one (1) counter, be authorized (i) to sign, execute and/or deliver any and all documents in connection with the opening of the account(s); (ii) to withdraw the funds/monies of the CORPORATION by checks, receipts, drafts, bills of exchange, withdraw slips, orders for payment or otherwise, and (iii) to sign, endorse, draw, accept, make, execute and/or deliver, for negotiation, payment, deposit or collection, checks, receipts, drafts, bills of exchange, orders for payment; enroll in Metrobank-direct corporate and/or other similar instruments in connection with the account(s): **Position** *Principal* STEPHANIE NICOLE S. GARCIA CFO/Treasurer GUILLERMO B. MIRALLES Gen.Mgr.Vismin Operations *Counter* LYNNIE S. ABANIL Mgr. Technical Sales & Quality Assurance-Vismin "RESOLVED, MOREOVER, that METROBANK, its directors, officers, employees, agents or authorized representatives are each entitled or authorized to rely on these instructions as valid, binding, and effective upon the CORPORATION and that METROBANK, its directors, officers, employees, agents and authorized representative shall not be liable for any act done or suffered by them in reliance of the above instructions, it being understood that any and all risks and costs arising from the above instructions shall be for the CORPORATION's sole and exclusive account. "RESOLVED, FURTHERMORE, that all things/acts done and documents executed and entered into by the aforementioned signatories pursuant to and in

	accordance with the foregoing authorities are hereby confirmed, affirmed and ratified. Likewise all things/acts done and documents executed and entered into prior to this Resolution are hereby affirmed, confirmed and ratified. "RESOLVED FINALLY, that all previous resolutions relating to the opening of accounts with the said bank are hereby modified accordingly."
February 21, 2014	**RESOLUTION NO. 2014-03** "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes, Mr. Guillermo B. Miralles-Gen. Mgr. for Mindanao to claim the insurance payment in connection with the vehicular accident of Darwin Algallar's assigned service vehicle-Nissan Ad Resort (XAE-502), and for this purpose, to submit document, receive payment, sign receipt, waiver, quitclaim or any document necessary or required by the insurance company to implement the foregoing resolution." **RESOLUTION NO. 2014-04** "RESOLVED, AS IT IS HEREBY RESOLVED, that the following Credit and Collection personnel of the Corporation: Raymond D. Apalacio – Visayas Rey C. Deloso – Negros Michael P. Tagaytayan – Cebu Christian M. Udtohan - Davao Justino H. Garsuta – Cotabato Lorelai S. Acuzar - Northern Mindanao be, as they are hereby authorized to file complaints in their respective area as indicated opposite their names against delinquent customers of the corporation or employees and for this purpose, to sign the verification and certification on non forum shopping." In relation to Board Resolution No. 2014-04, the Assistant Corporate Secretary clarified that the same will be needed for the filing of collection cases with the courts. There will be a separate Board resolution designating the authorized signatories of the Company with respect to the pre-trial stage of the cases filed in court. The Board discussed that the authorized representatives of the Company during the pre-trial would be authorized to enter into compromise agreements. The Board agreed that the authorized representatives who will represent the Company during the pre-trial stage and who will negotiate and execute compromise agreements must either be a lawyer or paralegal duly authorized by the Board. The Chairman instructed the Assistant Corporate Secretary to submit the list of lawyers and paralegals who will be appointed by the Board to represent the Company during the pre-trial stage of the cases filed in court, including the authority to negotiate and execute compromise agreements involving the Company.
March 21, 2014	**RESOLUTION NO. 2014-05** "RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation collect/demand the refund of its meter and bill deposits and advances from the Visayan Electric Corporation (VECO) and Cagayan Electric Power and Light

	Corporation, Inc. (CEPALCO) as a consequence of the disconnection/termination of their electric services with the Corporation. "RESOLVED, FURTHER, that MR. GUILLERMO B. MIRALLES-Gen. Mgr. for Mindanao and OIC for Visayas, be, as he is hereby, authorized to submit, sign, receive, execute and deliver waiver, quitclaim or any and all necessary documents relative to the said transaction with the abovenamed electric companies." **RESOLUTION NO. 2014-06** "RESOLVED AS IT IS HEREBY RESOLVED, that the Corporation collect/demand the refund of its meter and water deposits and advances, if there are any, from the Metro Cebu Water District (MCWD) and Cagayan de Oro Water District (COWD), as a consequence of the disconnection/termination of their water services/agreements with the Corporation. "RESOLVED, FURTHER, that MR. GUILLERMO B. MIRALLES-Gen. Mgr. for Mindanao and OIC for Visayas, be, as he is hereby, authorized to submit, sign, receive, execute and deliver waiver, quitclaim or any and all necessary documents relative to the said transaction with the abovenamed water companies." **RESOLUTION NO. 2014-07** "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes, its Chairman of the Board, MR. JOSE VICENTE C. BENGZON, III, to enter into an agreement with HMR Auction Services, Inc. for the auction of the Corporation's various assets as per attached list under such terms and conditions beneficial to the corporation; "RESOLVED, FURTHER, that Mr. Bengzon, be, as he is hereby authorized, to sign, execute and deliver the necessary agreements/documents to implement the foregoing resolution." **RESOLUTION NO. 2014-08** "RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation authorize, as it hereby authorizes, its TREASURER/CFO, MS. STEPHANIE NICOLE M. SARMIENTO-GARCIA, to sign and deliver the Bureau of Custom's Application Form for Accreditation of Importer in order that the Corporation may import raw and non-raw materials."

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:	Manuel D. Escueta
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 and regular members 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. Manuel D. Escueta 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 Annual Stockholders' Meeting to be held on July 4, 2014, 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 23, 2014 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 27, 2014.

(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.

The proxy form states:

"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 July 4, 2014, 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 stockholders' meeting;
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**

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 perso.

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 July 4, 2014.

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. Sarmlento**
> **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 11, 2014
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 Corporation is presently engaged in the production and distribution of various poultry products such as live and dressed chicken, day-old chicks and animal and aqua feeds, among others.
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.

On May 31, 2007, The Regional Trial Court of Malolos, Bulacan (Rehabilitation Court) approved the Company's proposed Rehabilitation Plan (Plan). The implementation of the Plan resulted mainly in the restructuring of Company debt aggregating P3.2 billion (at original amount) resulting to longer payment terms and the lowering of interest. During the year ended December 31, 2013, Kormasinc, Inc. (Kormasinc), acquired the debt from the Company creditors comprising of local banks and special purpose asset vehicle (SPAV) companies and entered into a memorandum of agreement with the Company for a debt to equity conversion on September 20, 2013. Pursuant to the agreement, P2.4 billion of the acquired remaining debt of P3.2 billion (including interest of P200.0 million) was converted at one peso (P1.00) for every one (1) share of stock on the remaining available shares and on the increase in authorized capital stock from P0.5 billion to P3.5 billion.

On March 30, 2012, the SEC approved the extension of its corporate life for another 50 years. The Company's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

On October 16, 2013, the SEC approved the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company.

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.

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: feed, farm, and food. It sells its feed products to various distributors, dealers and end-users nationwide. The Company's farm products are day old chicks (DOC). The food products composed of chicken and dory fish are sold to hotels, 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 44% of the total animal/aqua feeds sales volume, whereas the Visayas and Mindanao areas accounted for 56%.

Farm 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.

Food Products

Chicken products 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, 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 the main export products of Vietnam. Last 2010, it 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 chicken and feed 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, URC, Feedmix, Tateh, and Hocpo for the feed business. Key players in chicken business are San Miguel Corporation (Magnolia) and Bounty.

As of December 31, 2013, contributions to revenue of the Corporation's business groups were as follows: feeds 62%, foods 33% and farms at 5%.

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, nor 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, 2013 the Corporation and its subsidiaries have a total number of 505 employees composed of supervisors, managers, executives and rank and file, with 314 regulars and 191 contractuals. 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 maintains a partially funded, tax-qualified, noncontributory post-employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company's defined benefit pension plan is a final salary plan for all qualified employees.

The plan is according to Republic Act No. 7641, which mandates all private employers (with certain exceptions) to provide retirement benefits to employees who, upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years, have served at least five (5) years. The amount of retirement benefit was defined as at least one-half month salary for every year of service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Gromax Inc, 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 latest actuarial valuation of the plan is as at December 31, 2013.

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 violations and penalties.

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 Services (NMIS) 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 all applicable permits from the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR) – for its feedmill plant, dressing plant, rendering plant and hatcheries.

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

One facility of the Corporation, San Pablo Hatchery, was awarded a Blue Rating by the Laguna Lake Development Authority (LLDA) in its Public Disclosure Program for its compliances from 2010 to 2012.

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 implemented by the Environmental Management Bureau of the Department of Environment and Natural Resources and invest 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 adversely affect 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 that water being discharged by the plants are is 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 prevent/control 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 additional odor control equipment/devices were installed to control odor emissions from the plant.
6. Annual renewal of Permits from DENR-EMB is secured. Cost varies for each plant ranging from P1,000 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) for quality and feed safety management 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 adopted 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 November 20, 2013, the Governing Board of Certification International Philippines, Inc. has re-certified the Corporation's Feedmill Plant in Luzon as conforming to ISO 9001:2008 and HACCP systems under Certification Nos. CIP/3999Q/07/10/544 and CIP/3999H/07/10/544, respectively.

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 P3.02M in 2013, P2.4M in 2012, P0.6 M in 2011, and P0.9M 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.

<u>Foreign Currency Sensitivity</u>

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.

<u>Interest Rate Sensitivity</u>

As at December 31, 2013 and 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 Company has no borrowings that carry variable interest rates, which released the Company from any cash flow interest rate risk.

<u>Credit Risk</u>

Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets.

The Company 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 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.

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 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.

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, 2013, 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 approved in May 2007, there were incidents filed in the Rehabilitation Court. However, on February 21, 2014, the Rehabilitation Court issued an Order denying Metrobank's Omnibus Motion to defer the sale of the second set of non core assets, terminate proceedings and dismiss the Receiver.

The Corporation's claim against Philippine Charter Insurance Corporation amounting to P316M has will be litigated in a regular Regional Trial Court.

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.

Except for the insufficient disclosure on account receivables and late filing of the Annual Corporate Governance Report as found out by the Securities and Exchange Commission, 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

There were no matters submitted to a vote of security holders during the calendar year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

The Corporation'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:

	2012		**2013**		**2014**	
	High	**Low**	**High**	**Low**	**High**	**Low**
1st quarter	0.50	0.50	0.97	0.91	0.70	0.69
2nd quarter	0.65	0.62	0.77	0.75		
3rd quarter	0.92	0.85	0.73	0.70		
4th quarter	1.00	0.94	0.59	0.59		

The closing price of the Corporation's common shares as of the last trading date – December 27, 2013 was P0.59/ share.

As of **May 31, 2014**, the latest trading date prior to the completion of this report, sales price of the common stock was at P0.69/share.

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

Sales of Unregistered Securities

On September 20, 2013, Vitarich Corporation agreed to issue 2,376,528,137 common shares to Kormasinc, Inc. due to the conversion of the latter's credit of P2,376,528,137 into equity of the Corporation. Ninety million, thirty thousand, two hundred thirty six (90,030,236) came from the unissued shares of the Corporation, while 2,286,497,901 came from the increase of the authorized capital stock of the Corporation from P500M to P3.5B. On October 16,2013, the Securities and Exchange Commission approved the valuation of 90,030,236 shares and the increase in the authorized capital stock of the Corporation from P500M to P3.5B.

Holders

The Corporation has only one class of shares i.e., common shares. The total number of stockholders as of May 31, 2014 is 4,393 and the total number of shares outstanding on that date was 2,786,497,901.

Total public ownership shares as of May 31, 2014 were 11.57%. The Company's Filipino-Foreign equity ownership as of May 31, 2014 is as follows:

	No. Of Shares	% Ownership
Shares owned by Filipino	2,775,559,694	99.61%
Shares owned by Foreigners	10,938,207	0.39%
Total	**2,786,497,901**	**100.00%**

Listed below are the top 20 stockholders of the Corporation as of May 31, 2014:

Name of Stockholders	Number of Shares	Percent to Total Outstanding
KORMASINC, INC.	2,376,528,137	85.29%
PCD NOMINEE CORPORATION (FILIPINO)	265,068,930	9.51%
ROGELIO M. SARMIENTO	85,965,519	3.09%
PACIFIC EQUITY INC.	10,843,717	0.39%
SARPHIL CORPORATION	10,000,090	0.36%
PCD NOMINEE CORPORATION (NON-FILIPINO)	8,661,887	0.31%
GRELI S. LEGAZPI	2,390,000	0.09%
YAZAR CORPORATION	1,402,520	0.05%
MA. SOCORRO S. GATMAITAN	1,307,033	0.05%
MA. LOURDES S. CEBRERO	1,305,320	0.05%
MA. LUZ S. ROXAS	1,305,320	0.05%
MA. VICTORIA M. SARMIENTO	1,305,320	0.05%
JOSE M. SARMIENTO	1,305,320	0.05%
LORENZO M. SARMIENTO JR.	841,095	0.03%
GLICERIA M. SARMIENTO	690,000	0.02%
DELIA S. ATIZADO	527,860	0.02%
NELIA CRUZ	527,850	0.02%
ERNESTO B. LIM	302,000	0.01%
WHITE ELEPHANTS, INC.	250,000	0.01%
BARBARA ARLENE I. SARMIENTO	228,510	0.01%
Other Stockholders	15,741,473	0.56%
Total Shares Issued & Outstanding	**2,786,497,901**	**100.00%**

In 1995, the Corporation declared a cash dividend of P0.10 per share. But 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

In 2013, the creditor banks and the SPAV Companies transferred their interest in the restructured loan to Kormasinc, Inc. (Kormasinc), P2.4 B of which were converted into equity of the Corporation by Kormasinc, Inc. On October 16, 2013, the Securities and Exchange Commission (SEC) approved Company's filing for an increase in its authorized capital stock from ₱0.5 billion to ₱3.5 billion and the debt to equity conversion pursuant to a debt to equity agreement between Kormasinc, Inc and Vitarich Corporation on September 20, 2013.

The increase in its authorized capital stock and the debt-to-equity conversion resulted to an increase in equity to ₱1,298.3 million as at December 31, 2013 from ₱35.8 million as at December 31, 2012.

Results of Operations:

For the first quarter of 2014, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱ 613million, lower by 12% from₱700 million of same quarter last year. As of March 31, 2014, the Company generated sale of goods of ₱613 million, 12% lower from a year ago. Lower consolidated revenues were due to the softening demand of pork and chicken that resulted to decrease sales volume. Decline in chicken volume was a result of a 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 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 continue to be on the high side as compared to last year. This resulted to increased cost of commercial feeds.

The combined effect of lower sales revenues and higher direct costs resulted to lower gross profit. The Company generated gross profit of ₱28 million for the first quarter, 30% lower from a year ago. For the first quarter, gross profit went down by 30% as against last year's level as cost of goods sold increased in line with higher commodity prices.

For the three-months period, consolidated operating expenses increased by 27%. For the first quarter, consolidated operating expenses increased by 27% from ₱69 million from the previous quarter to ₱88 million.

Other operating income for the first quarter of 2014 decreased by 53% versus same period last year. Consolidated other operating income for the three-months period went down by 53% from last year.

Other charges decreased from ₱13 million to ₱7 million. This has also resulted to a consolidated net loss for the first quarter of ₱42 million as against last year's loss of ₱18 million. As of March 31, 2014, the Company generated a net loss of ₱42 million, declining from last year's loss of ₱18 million.

Corporate Action Plan:

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.

To augment its working capital and to pay its remaining secured obligation, the Corporation will pursue with vigor the sale of its assets that are no longer needed by its operation.

Financial Condition
Unaudited Balance Sheet as of March 31, 2014 vs. audited December 31, 2013

The Company's consolidated total assets as of March 31, 2014 stood at ₱3,529 million, slightly lower than December 31, 2013 level of ₱3,647 million. Total current assets decreased from ₱1,361 million as at December 31, 2013 to ₱1,310 million as at March 31, 2014.

Cash balance as of March 31, 2014 decreased to ₱31 million from ₱45 million as of December 31, 2013. The reduction in cash was attributed to net cash outflows used in operating activities.

Trade and other receivable account decreased by 1% as a result of increased collections as compared to revenue during the year.

Inventories went down by 11% due to the decrease purchases.

Other current assets account of ₱71 million was up by 49% as against ₱48 million in December 31, 2013 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 ₱1,732 million, lower by 3% as of December 31, 2013. Trade and other payables account decreased by 5% as against last year. Deferred tax liabilities decreased by 6%.

Stockholders' equity decreased from ₱1,332 million to ₱1,290 million, 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 2014	Unaudited Mar 2013
Revenue (₱ million)	613	700
Cost Contribution (₱ million)	585	660
Gross Profit Rate (%)	5%	6%
Operating Margin (₱ million)	(48.0)	(3.8)

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 ₱613 million, lower than the same period last year of ₱700 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.

4) Operating margin
This 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.

Plan of Operations

The Company's plans and programs for the year 2014 are the following:

1. Focus on IMPROVING Efficiency and INCREASING Productivity
    a. Strictly implement cost reduction and operational improvement programs on poultry and feed mill facilities
    b. Aggressively source unique, alternative and competitively priced raw materials
2. Back to the BASICS to become The PREFERRED brand
    a. CLEAR and improved performance and market positioning
    b. More RESPONSIVE technical services and business assistance
    c. CLOSER relationship with key accounts and customers
3. Improvement of margins thru optimum size distribution and efficient supply chain
    a. Develop more partnerships and tie-ups
    b. Deliver right and required sized-broiler to minimize inventory
    c. Develop value-added products that will eliminate falldowns
4. IMPROVE Financial Ratios
    a. Prioritize customers with good paying habits
    b. Promote early payment for better collection efficiencies
    c. Thorough assessment of old and new clients
    d. Offer shorter credit terms
5. Increase working capital thru:
    a. Sell non-core foreclosed assets
    b. Continuous leasing of investment properties (i.e. hatcheries, dressing plants, ice plants, rendering plants).

2013 RESULTS OF OPERATIONS AS COMPARED AGAINST 2012 AND 2011

Vitarich Corporation and its Subsidiaries generated a consolidated sale of goods of P2.8 billion as of December 31, 2013, lower by 9% over last year of P3.1 billion but 3% higher than 2011 level. Sale of goods per business segment follows:

Food Segment:
Sale of goods of food segment increased by P3%, from P910 million in 2012 to P935 million in 2013 due to better performance of the Dory business.

Feeds Segment:
Sale of goods of feeds segment decreased by P14%, from P1,997 million in 2012 to P1,717 million in 2013 due to lower volume of animal and aqua feeds. Hog depopulation, fish kill, and unavailable fingerlings were the reasons for lower feeds volume.

Farms Segment:
Sale of goods of farms segment decreased by P12%, from P152 million in 2012 to P134 million in 2013 due to lower selling price of day old chick (DOC).

The Company's cost of goods sold consists primarily of raw materials, manufacturing costs, and direct labor costs. Cost of goods sold of P2.7 billion decreased by 4% in 2013 from P2.8 billion in 2012 mainly due to lower sales volume but higher by 8% over 2011.

Vitarich gross profit for 2013 amounted to P85 million, lower by 67% and 56% as compared to 2012 and 2011, respectively. Decreased gross profit was mainly due to declined volume and lower selling price.

Operating expenses in 2013 of P445 million increased by 19% from P375 million in 2012 and by 14% as compared to 2011 primarily due to higher administrative, selling, and distribution expenses. Other operating income of P126 million declined by 14% over 2012 primarily due to lower income from tolling operations but higher by 17% as compared to 2011.

As a result of the above factors, the Company registered an operating loss of P234 million, lower by P266 million and P143 million over 2012 and 2011, respectively.

Other charges/(income) of P85 million decreased by 44% and 50% as compared to 2012 and 2011, respectively. The Company's other charges/(income) consisted of the following:

	Years Ended December 31		
	2013	2012	2011
OTHER CHARGES (INCOME)			
Gain on debt to equity conversion	**(689,193,160)**	–	–
Reversal of unamortized day-1 gain	**681,822,369**	–	–
Interest expense	**154,395,705**	193,284,039	190,082,768
Reversal of accrued interest	**(139,767,553)**	–	–
Loss (gain) on fair value changes of investment properties	**24,805,980**	(51,053,643)	(35,639,909)
Provision for probable losses	**18,238,838**	–	–
Impairment loss on:			
Property, plant and equipment	**17,487,630**	–	–
Project development cost	–	10,456,132	10,456,132
Due from related parties	**–**	90,000	3,950,463
Loss (gain) on sale of property, plant and equipment and investment properties	**17,300,399**	(39,000)	–
Interest income	**(274,249)**	(500,117)	(715,855)
	84,815,959	152,237,411	168,133,599

The Company recognized P689 million gain on debt to equity conversion in 2013. Reversal of unamortized day-1 gain of P681 million was booked in 2013. Interest Expense in 2013 amounted to P154 million; lower than last year's P193 million and 2011's P190 million. Reversal of accrued interest of P140 million was also recognized in 2013. Loss on fair value changes of investment properties of P25 million and provision of probable losses of P18 million were reported in 2013. Impairment loss property, plant, and equipment, project development cost, and due from related parties of P17 million in 2013 increased by 66% and 21% as compared to 2012 and 2011, respectively. The Company recognized a loss on sale of property, plant, and equipment amounting to P17 million in 2013. Interest income of P0.3 million went down by 45% over last years' P0.5 million and by 62% over 2011's P0.7 million. Income tax for the year amounted to P82 million.

For the year-end, the Company incurred a net loss of P400 million, 238% and 69% higher than the loss of P119 million in 2012 and P237 million in 2011, respectively.

Financial Condition

Total assets as of December 31, 2013 amounted to P3.6 billion, 9% lower than last year's P4.0 billion. Total current assets of P1.4 billion decreased by 11% from last year's P1.5 billion.

The Company's cash of P45 million was higher by 32% versus last year's P34 million. Trade and other receivables of P694 million decreased by 15% or P124 million from 2012's P818 million. This was mainly due to the collection effort of the Company. Due from related parties of P97 million decreased by 3% as compared from last year's P100 million. Inventories of P476 million went down by 13% from previous year's balance of P544 million due to lower feed volume, raw materials and feeds supplement inventory. Other current asset account increased by 70% from last year's P28 million to P48 million as of year-end.

Other non-current assets of P2,286 million declined by 8% from 2012's P2,485 million due to the prepayments to insurance and bond premiums and loss on sale of property, plant, and equipment and investment properties.

Trade and other payables account went down by 7% due to payment to raw material suppliers.

Payable to stockholder of P638 million was recognized as discussed in Note 1, during the year ended December 31, 2013. Kormasinc acquired the Company's restructured debt from creditors comprising of local banks and SPAV companies and entered into a memorandum of agreement with the Company for a debt to equity conversion on September 20, 2013. Pursuant to the agreement, P2.4 billion of the restructured debt of P3.2 billion (including interest of P200.0 million) was converted at one peso (P1.00) for every one (1) share of stock on the remaining available shares and on the increase in authorized capital stock from P0.5 billion to P3.5 billion. The SEC approved, on October 16, 2013, the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company.

Outstanding Group debt due to Kormasinc as at December 31, 2013 amounted to P837.9 million (including interest of P200.0 million). The terms of the payment of the loan are still subject to negotiation. Interest on the loan from the period September 2013 to December 2013 was waived by Kormasinc.

Summarized below are the outstanding accounts, arising from the foregoing transactions:

			2013		2012	
	Relationship	Nature of Transactions	Amount of Transactions	Outstanding Balances	Amount of Transactions	Outstanding Balances
Kormasinc	Parent Company	Restructured Debt	637,888,966	637,888,966	–	–
		Interest on restructured debt	199,985,490	199,985,490	–	–
				837,874,456		–

Income tax payable of P4.6 million decreased by 6% from P4.9 million in 2012.

Noncurrent liabilities of P521 million decreased by 80% from P2,666 million in 2012 due to restructured debt of P2,230 million.

Stockholders' equity as of the end of December 31, 2013 amounted to P1,332 million, significantly higher than 2012's P36 million as a result of the debt to equity conversion and the Company's increase in authorized capital stock.

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

	2013	2012
Revenue (Php billion)	2.79	3.06
Cost Contribution (Php billion)	2.70	2.80
Gross Profit Rate (%)	3%	9%
Operating Margin (Php billion)	-0.234	0.032

1) Sales Volume, Price, and Revenue Growth
Consolidated revenue, composed of feeds, day old chicks, chicken, and dory fish sales, amounted to P2.79 billion, 9% lowerthan the same period last year of P3.06 billion, driven, by decreased volume and lower 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

<u>Debt at Discounted Value</u>

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 of the 2013 Audited FS of Vitarich Corporation and Subsidiaries. Several of these creditor banks have transferred their interests in the loans to SPAV Companies. The debt was remeasured at fair value (subsequently at amortized cost) in 2007 based on the terms of the Plan using the prevailing effective interest rate of 9% at that time.

Kormasinc acquired the interest in the loans from all the creditor banks and SPAV Companies and entered into a debt to equity conversion of debts amounting to P2,376,528,138 at 1:1 or 1 share of common stock for every P1.00 debt. This was approved by the SEC on October 16, 2013.

The transfer of interest on the restructured loan to Kormasinc and the debt to equity conversion of the Company's loan to Kormasinc resulted to the reversal of the unamortized "day 1" gain on the loan amounting to P681.8 million as at September 20, 2013. However, the subsequent approval by the SEC of the debt to equity conversion resulted to a pro-forma accounting income of P689.2 million arising from the difference between the market value and the par value of the shares at which price the debt was converted to equity.

The summary of the restructured debt is presented below:

	2013	2012
Debt at original amount	**3,254,367,021**	3,254,367,021
Payments to date:		
Balance at beginning of year	**(177,838,883)**	(177,838,883)
Payments	**(62,111,043)**	–
Debt to equity conversion	**(2,376,528,138)**	–
Reclassification	**(637,888,966)**	–
Balance at end of year	**(3,254,367,030)**	(177,838,883)
	–	3,076,528,138
Unamortized discount at original amount	**1,596,973,858**	1,596,973,858
Accretion to date:		
Balance at beginning of year	**(823,021,856)**	(690,818,686)
Accretion	**(92,129,633)**	(132,203,170)
Reversal	**(681,822,369)**	–
Balance at end of year	**(1,596,973,858)**	(823,021,856)
	–	773,952,002
Discounted value	**–**	2,302,576,136
Current portion	**–**	(72,462,601)
Restructured debt - long term portion	**–**	2,230,113,535

Debt at Original Amount and Terms Under the Plan

As at December 31, 2013 and 2012, the outstanding balance of the debt (at original value) is due to the following:

	2013	2012
Creditor banks	**–**	1,546,458,088
SPAV companies	**–**	1,530,070,050
	–	3,076,528,138

Original debt scheduled payment and interest rate are summarized below:

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

Reversal of Accrued Interest
Accrued interest amounting to ₱139.8 million pertaining to the loans was reversed to other income in 2013 arising from the acquisition of the debt by Kormasinc.

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:

	2013	2012
Accretion of discount	**92,129,633**	132,203,170
Nominal interest payable to creditor banks/SPAVs	**62,266,072**	61,069,224
	154,395,705	193,272,394

Any event that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation- Under the Agreement between Vitarich Corporation and Kormasinc, Inc. dated 20 September 2013, the failure of Vitarich to sell the non core assets within twenty three (23) months from its execution and its failure to turnover the proceeds of sale are considered events of default.

2012 RESULTS OF OPERATIONS AS COMPARED AGAINST 2011 (As restated in the 2013 Financial Statements)

Vitarich Corporation and its Subsidiaries generated a consolidated sale of goods of P3.1 billion as of December 31, 2012, 13% growth over last year of P2.7 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 P2.8 billion increased by 12% in 2012 from P2.5 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 P261 million in 2012 improved by 36% from P192 million in 2011 and was 57% higher than 2010.

Operating expenses slightly decreased by 4% from P389 million in 2011 to P375 million in 2012 primarily due to higher selling and distribution costs. Other operating income raised 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 P32 million, a significant improvement from negative P91 million in 2011.

Interest Expense in 2012 amounted to P193.3 million, marginally higher than last year's P190.1 million and 2010's P186.5 million. Impairment loss on project development cost and due from related parties during the year dropped by 27% from P14 million in 2011 to P11 million in 2012. The Company recognized a fair value gain on investment property and gain on sale of property amounting to P51 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 P118.6 million, lower than the loss of P237.0 million in 2011 mainly because of accretion of discount on its loans of P132.2 million in 2012 and P127 million in 2011.

2011 RESULTS OF OPERATIONS AS COMPARED AGAINST 2010

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).

Item 7. FINANCIAL STATEMENTS
The Consolidated Audited Financial Statement of the Corporation for the year-ended December 31, 2013 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 21 of the Audited Consolidated Financial Statements of the Corporation – December 31, 2013).

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 10, 2013	Filing of the approved annual stockholders' meeting of Vitarich Corporation for the year 2013 set on June 28, 2013 (Friday) at 2:00 P.M., at the Vitarich Boardroom, Vitarich Compound, MacArthur Highway, Abangan Sur, Marilao, Bulacan.
June 28, 2013	Results of Vitarich Corporation Annual Stockholders' Meeting a. The Election of Board of Directors b. Appointment of External Auditors and Stock Transfer Agent c. The election of Officers and Board Committees
July 26, 2013	Certification of qualification of Atty. Eduardo Rondain as independent director of Vitarich Corporation and resignation of Mr. Tomas B. Lopez, Jr.
August 23, 2013	The date of the Board meeting of Vitarich Corporation set on August 22, 2013 rescheduled on August 28, 2013 due to inclement weather.
August 28, 2013	The nominees for the Independent Director seat of Vitarich, Mr. Eduardo Lazo and Mr. Wilfredo M. Angeles, declined the offer.
September 20,	Approval of the Board on the following resolutions:

2013	a. The Board of Directors of the Corporation pursuant to the directive of the stockholders approved the conversion of part of the debt to Kormasinc, Inc. b. The Board accepted the resignation of Director Cesar Lugtu and expressed its appreciation for his valuable services to the board. c. The Board appointed independent director Atty. Eduardo Rondain as the Chairman of the Compensation and Nomination Committee. d. Vitarich Corporation holds the press conference either on September 24 or September 25, 2013.
October 29, 2013	Approval of the Securities and Exchange Commission of the following: a. Certificate of Increase of Authorized Capital Stock from P500,000,000 consisting of 500,000,000 common shares with par value of P1.00 per share to P3,500,000,000 consisting of 3,500,000,000 common shares with par value of P1.00 per share. b. Certificate of Filing of the Amended Articles of Incorporation pertaining to the Article Seventh of the Amended Articles of Incorporation of Vitarich Corporation which increased the authorized capital stock from P500,000,000 consisting of 500,000,000 common shares with par value of P1.00 per share to P3,500,000,000 consisting of 3,500,000,000 common shares with par value of P1.00 per share. c. Certificate of Approval of Valuation of 90,030,236 shares. d. Approval of the conversion of the debt of the corporation in the amount P2,376,528,137 into equity of the corporation.
January 08, 2014	1. Filing of the certificate of attendance of the Members of the Board from January to December 2013. 2. Filing of the Manual of Corporate Governance.
January 24, 2014	The election of Mr. Manuel D. Escueta as Independent Director during the Regular Board Meeting Vitarich Corporation held on January 24, 2014.
February 19, 2014	The certification of qualification of Mr. Manuel D. Escueta as Independent Director of Vitarich Corporation.
March 21, 2014	Approval of the Board on the following resolutions: a. The Annual Shareholders' Meeting of the Company is moved to July 4, 2014, instead of the last Friday of June, due to absence of quorum on account of the unavailability of Kormasinc, Inc. representative. Record date for the stockholders who will be entitled to notice of the said meeting is on June 03, 2014. Appointed was the Special Committee of Election Inspectors composed of representatives of: • Vitarich Corporation • ACCRA Law • Reyes Tacandong & Co. • Stock Transfer Services, Inc. b. Creation of the Risk and Governance Committee which is composed of the following: Chairman: Manuel Escueta Members: Jose Vicente C. Bengzon III Ricardo Manuel M. Sarmiento Stephanie Nicole S. Garcia Enrique G. Filamor

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, 2014.

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.
7. Risk and Governance Committee has been created

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 2013.

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 Annual Meeting of the Stockholders of the Corporation to be held at **Vitarich Compound, McArthur Highway, Abangan Sur, Marilao, Bulacan** on **Friday, July 04, 2014** 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 stockholders' meeting			
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 DISCRETION	

________________________________, at ___________________________________.

_________________________   _____________________________

Printed Name of Stockholder   Signature of Authorized Signatory

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

COVER SHEET

2 1 1 3 4

S.E.C. Registration Number

VITARICH CORPORATION

(Company's Full Name)

MAC ARTHUR HIGHWAY ABANGAN SUR

MARILAO BULACAN

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

Stephanie Nicole S. Garcia

Contact Person

8433033

Company Telephone Number

1 2 - 3 1

Month *Day*

Fiscal Year

1 7 - L

Form Type

0 7 0 4

Month Day

Secondary License Type. If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

~9149520.xls

VITARICH

15 May 2014

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

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

Subject: Request for extension to submit Quarterly Report for Period Ended 31 March 2014.

Madam:

Vitarich Corporation would like to request for extension of deadline to submit its Quarterly Report for period ended 31 March 2014.

The Company will not be able to file the above-mentioned report on its deadline of 15 May 2014 because our Audit Committee wants to review the Financial Statements.

The Company undertakes to submit the report within five (5) calendar days after the prescribed deadline or upon submission of the report to the Securities and Exchange Commission, whichever is earlier. The Company understands that failure to comply with the undertaking may result to the imposition of application penalty/ies and/or sanction/s.

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 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, 2014**

Date of this report **May 14, 2014**

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.

Registrant - **VITARICH CORPORATION**

By:

STEPHANIE NICOLE S. GARCIA
Treasurer/Chief Finance Officer

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

Date May 14, 2014

COVER SHEET

0 0 0 0 0 2 1 1 3 4

SEC Registration Number

VITARICH CORPORATION AND SUBSIDIARIES (A Subsidiary of Kormasinc, Inc.)

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	1 7 - Q	0 6	2 8
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

	₱637.9 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

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

I.C.T.D. RECORDS AND MANAGEMENT DIVISION
MAY 19 2014
BY: RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS
SEC

1. For the quarterly period ended **March 31, 2014**

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	**2,786,497,901**

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 [✔]

Vitarich Corporation and Subsidiaries

Unaudited Interim Consolidated Financial Statements
As at and for the three months ended March 31, 2014
(With Comparative Figures for 2013)

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, 2014 (with comparative figures as of December 31, 2013 and for the period ended March 31, 2013) 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 19, 2014

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 applicable)

March 31, 2014

Period Ended Date

(Secondary License Type and File Number)

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

During 2013, the creditor banks and the SPAV Companies transferred their interest in the restructured loan to Kormasinc, Inc. (Kormasinc). On October 16, 2013, the Securities and Exchange Commission (SEC) approved the debt to equity conversion of the loans aggregating ₱2.4 billion to Kormasinc pursuant to a debt to equity agreement between Kormasinc and the Company on September 20, 2013 and the Company's filing for an increase in authorized capital stock from ₱0.5 billion to ₱3.5 billion.

The Board of Directors and Stockholders have approved the increase in authorized capital stock on various dates from ₱0.5 billion to ₱3.5 billion: (1) 1.0 billion shares of stock with a par value of ₱1.00 for a total of ₱1.0 billion on May 27, 2010; (2) 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 (3) 3.5 billion shares of stock with a par value of ₱1.00 for a total of ₱3.5 billion on August 28, 2012.

On September 20, 2013, the BOD approved the conversion of part of the Company's debts to Kormasinc amounting to ₱2,376,528,137 into equity at a ratio of 1:1 or 1 share of common stock for every ₱1.00 debt in which ₱90,030,236 shall be applied as payment for the issuance of the 90,030,236 shares out of the existing unissued shares, while ₱2,286,497,901 shall be applied as payment for the additional shares of stock which shall be issued out of the increase in the authorized capital stock. On October 16, 2013, the SEC approved the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company.

The increase in authorized capital stock and the debt-to-equity conversion resulted to an increase in equity to ₱1,298.3 million as at December 31, 2014 from ₱35.8 million as at December 31, 2012.

Results of Operations:

For the first quarter of 2014, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱613 million, lower by 12% from ₱700 million of same quarter last year. As of March 31, 2014, the Company generated sale of goods of ₱613 million, 12% lower from a year ago. Lower consolidated revenues were due to the softening demand of pork and chicken that resulted to decrease sales volume. Decline in chicken volume was a result of a 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 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 continue to be on the high side as compared to last year. This resulted to increased cost of commercial feeds.

The combined effect of lower sales revenues and higher direct costs resulted to lower gross profit. The Company generated gross profit of ₱28 million for the first quarter, 30% lower from a year ago. For the first quarter, gross profit went down by 30% as against last year's level as cost of goods sold increased in line with higher commodity prices.

For the three-months period, consolidated operating expenses increased by 27%. For the first quarter, consolidated operating expenses increased by 27% from ₱69 million from the previous quarter to ₱88 million.

Other operating income for the first quarter of 2014 decreased by 53% versus same period last year. Consolidated other operating income for the three-months period went down by 53% from last year.

Other charges decreased from ₱13 million to ₱7 million. This has also resulted to a consolidated net loss for the first quarter of ₱42 million as against last year's loss of ₱18 million. As of March 31, 2014, the Company generated a net loss of ₱42 million, declining from last year's loss of ₱18 million.

Corporate Action Plan:

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.

In 2013, 2011 and 2010, the Court approved the disposal of the Group's non-core assets and the assignment of insurance proceeds to settle ₱333.8 million of the restructured debt: dacion en pago of investment properties and property, plant and equipment of ₱254.8 million and assignment to creditors of ₱79.0 million of its receivable from an insurance company as partial settlement. These decisions are for execution in accordance with the Rules of Procedures on Corporate Rehabilitation. The Group still has non-core assets aggregating ₱804.3 million which are also available for disposal.

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.

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 March 31, 2014 vs. audited December 31, 2013

The Company's consolidated total assets as of March 31, 2014 stood at ₱3,529 million, slightly lower than December 31, 2013 level of ₱3,647 million. Total current assets decreased from ₱1,361 million as at December 31, 2013 to ₱1,310 million as at March 31, 2014.

Cash balance as of March 31, 2014 decreased to ₱ 31 million from ₱ 45 million as of December 31, 2013. The reduction in cash was attributed to net cash outflows used in operating activities.

Trade and other receivable account decreased by 1% as a result of increased collections as compared to revenue during the year.

Inventories went down by 11% due to the decrease purchases.

Other current assets account of ₱ 71 million was up by 49% as against ₱ 48 million in December 31, 2013 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 ₱1,732 million, lower by 3% as of December 31, 2013. Trade and other payables account decreased by 5% as against last year. Deferred tax liabilities decreased by 6%.

Stockholders' equity decreased from ₱1,332 million to ₱1,290 million, 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 2014	Unaudited Mar 2013
Revenue (₱ million)	613	700
Cost Contribution (₱ million)	585	660
Gross Profit Rate (%)	5%	6%
Operating Margin (₱ million)	(48.0)	(3.8)

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 ₱613 million, lower than the same period last year of ₱700 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.

4) Operating margin

This 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.

VITARICH CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

FOR THE PERIOD ENDED MARCH 31, 2014 AND THE YEAR ENDED DECEMBER 31, 2013

(In Thousand Pesos)

	March 2014 (Unaudited)	December 2013 (Audited)
ASSETS		
Current Assets		
Cash	**₱31,136**	₱45,327
Trade and other receivables	**686,148**	694,618
Due from related parties	**96,588**	96,917
Inventories	**425,566**	476,068
Other current assets	**70,985**	47,673
Total Current Assets	**1,310,423**	1,360,603
Noncurrent Assets		
Property, plant and equipment	**1,481,655**	1,544,403
Investment properties	**734,576**	739,168
Other noncurrent assets	**2,594**	2,639
Total Noncurrent Assets	**2,218,825**	2,286,210
	₱3,529,248	₱3,646,813
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱1,088,897**	₱1,150,542
Payable to stockholder	**637,889**	637,889
Income tax payable	**5,667**	4,642
Total Current Liabilities	**1,732,453**	1,793,073
Noncurrent Liabilities		
Trade and other payables	**168,144**	168,144
Net deferred tax liabilities	**223,725**	237,814
Retirement benefit obligation	**95,696**	93,830
Cash bond deposits	**19,051**	21,756
Total Noncurrent Liabilities	**506,616**	521,544
Equity		
Capital stock	**2,786,498**	2,786,498
Additional paid-in capital	**224,547**	224,547
Deficit	**(2,497,736)**	(2,488,593)
Other comprehensive income	**776,870**	809,744
Total Equity	**1,290,179**	1,332,196
	₱3,529,248	₱3,646,813

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED MARCH 31, 2014, MARCH 31, 2013 AND DECEMBER 31, 2013

(In Thousand Pesos)

	UNAUDITED		AUDITED
	JAN-MAR 2014	JAN-MAR 2013	DEC 2013
SALE OF GOODS	**₱613,390**	₱699,625	₱2,785,476
COST OF GOODS SOLD	**585,477**	659,746	2,700,340
GROSS PROFIT	**27,913**	39,879	85,136
OTHER OPERATING EXPENSES (INCOME)			
Operating expenses	**87,847**	69,096	444,996
Operating income	**(11,953)**	(25,448)	(125,538)
	75,894	43,648	319,458
OPERATING LOSS	**(47,981)**	(3,769)	(234,322)
OTHER CHARGES (INCOME)			
Loss on sale of property, plant and equipment and investment properties	**5,449**	–	17,300
Provision for probable losses	**1,636**	–	18,239
Interest expense	**283**	46,839	154,396
Finance income	**(268)**	(39)	(274)
Gain on debt to equity conversion	–	–	(689,193)
Reversal of "day one" gain	–	–	681,822
Reversal of accrued interest	–	–	(139,768)
Loss (gain) on fair value changes of investment properties	–	–	24,806
Impairment loss on:			
Property, plant and equipment	–	–	17,488
Trade and other receivables	–	861	–
Reversal of long outstanding payables	–	(35,000)	–
	7,100	12,661	84,816
LOSS BEFORE INCOME TAX	**(55,081)**	(16,430)	(319,138)
INCOME TAX EXPENSE (BENEFIT)	**(13,064)**	1,214	81,833
NET LOSS	**(42,017)**	(17,644)	(400,971)
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss:			
Revaluation increase on property, plant and equipment - net of tax	–	–	9,904
Actuarial gains (losses) - net of tax	–	–	101
		–	10,005
TOTAL COMPREHENSIVE LOSS	**(₱42,017)**	(₱17,644)	(₱390,966)
LOSS PER SHARE - BASIC AND DILUTED	**(₱0.04)**	(₱0.04)	(₱0.40)

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED MARCH 31, 2014 and 2013

(In Thousand Pesos)

	MARCH 2014	MARCH 2013	AUDITED 2013
CAPITAL STOCK	**₱2,786,498**	₱409,970	₱2,786,498
ADDITIONAL PAID-IN CAPITAL	**224,547**	913,740	224,547
OTHER COMPREHENSIVE INCOME			
Balance at beginning of year/quarter	**809,744**	823,381	831,909
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	**(2,571)**	(2,688)	(7,515)
Transfer to deficit of revaluation reserve realized through disposal, net of tax	**(30,303)**	–	(24,655)
Total comprehensive loss for the year:			
Additional revaluation reserve on property, plant and equipment, net of tax	**–**	–	9,904
Unrealized actuarial losses, net of tax	**–**	–	101
Prior period adjustment	**–**	8,527	–
Balance at end of year/quarter	**776,870**	829,220	809,744
RETAINED EARNINGS			
Balance at beginning of year/quarter	**(2,488,593)**	(2,119,792)	(2,119,792)
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	**2,571**	2,688	7,515
Transfer to deficit of revaluation reserve realized through disposal, net of tax	**30,303**	–	24,655
Net loss	**(42,017)**	(17,644)	(400,971)
Balance at end of year/quarter	**(2,497,736)**	(2,134,748)	(2,488,593)
TOTAL EQUITY	**₱1,290,179**	₱18,182	₱1,332,196

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED MARCH 31, 2014, MARCH 31, 2013 AND DECEMBER 31, 2013

(In Thousand Pesos)

	UNAUDITED		AUDITED
	MAR 2014	**MAR 2013**	**DEC 2013**
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	**(₱55,081)**	(₱16,429)	(₱319,138)
Adjustments for:			
Depreciation and amortization	**12,192**	16,884	70,501
Gain on sale of property, plant and equipment and investment properties	**5,449**	2,582	17,300
Retirement benefit cost	**1,867**	–	11,863
Provision for probable losses	**1,636**	–	18,239
Finance cost	**283**	46,839	154,396
Finance income	**(268)**	(39)	(274)
Reversal of accrued interest	**–**	–	(139,768)
Reversal of unamortized day-1 gain	**–**	–	681,822
Gain on debt to equity conversion	**–**	–	(689,193)
Loss (gain) on fair value changes of investment properties	**–**	–	24,806
Impairment loss on property, plant and equipment	**–**	–	17,488
Operating profit (loss) before working capital changes	**(33,922)**	49,837	(151,958)
Decrease (increase) in:			
Trade and other receivables	**8,475**	3,943	123,723
Due from related parties	**329**	165	3,023
Inventories	**50,502**	59,215	68,303
Other current assets	**(23,311)**	(8,991)	(20,463)
Other noncurrent assets	**45**	40	(5)
Increase (decrease) in:			
Trade and other payables	**(66,281)**	(100,608)	(11,550)
Cash bond deposits	**(2,706)**	1,262	2,870
Cash generated from used for operations	**(66,869)**	4,863	13,943
Interest received	**262**	37	274
Interest paid	**(283)**	(31)	(1,372)
Retirement benefits paid	**–**	(3,061)	(7,555)
Cash paid for income taxes	**–**	–	(6,875)
Net cash provided by (used in) operating activities	**(66,890)**	1,808	(1,585)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	**(613)**	(7,492)	(21,106)
Acquisitions of investment property	**–**	255	(10,498)
Proceeds from disposal of investment properties	**4,592**	–	38,895
Proceeds from sale of property, plant and equipment	**48,721**	–	5,400
Net cash provided by (used in) investing activities	**52,700**	(7,237)	12,691
NET INCREASE (DECREASE) IN CASH	**(14,190)**	(5,429)	11,106
CASH AT BEGINNING OF PERIOD	**45,326**	34,221	34,220
CASH AT END OF PERIOD	**₱31,136**	₱28,792	₱45,326

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED MARCH 31, 2014

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 resulting into deficit of ₱2,498 million and ₱2,489 million as at March 31, 2014 and December 31, 2013, respectively, 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 2013, 2011 and 2010, the Court approved the disposal of the Group's non-core assets and the assignment of insurance proceeds to settle ₱333.8 million of the restructured debt: dacion en pago of investment properties and property, plant and equipment of ₱254.8 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. The Group still has non-core assets aggregating ₱804.3 million which are also available for disposal.

During 2013, the creditor banks and the SPAV Companies transferred their interest in the restructured loan to Kormasinc, Inc. (Kormasinc). On October 16, 2013, the SEC approved the debt to equity conversion of the loans aggregating ₱2.4 billion to Kormasinc pursuant to a debt to equity agreement between Kormasinc and the Company on September 20, 2013 and the Company's filing for an increase in authorized capital stock from ₱500 million to ₱3.5 billion.

The increase in authorized capital stock and the debt-to-equity conversion resulted to an increase in equity to ₱1,298.3 million as at December 31, 2013 from ₱35.8 million as at December 31, 2012.

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, 2013.

The unaudited interim consolidated financial statements of the Group for the three (3) months ended March 31, 2014 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

Adoption of New and Revised PFRS

The Group opted for an early application of PAS 19, Employee Benefits (Amendment) effective for annual period beginning or as at January 1, 2013 as allowed by the standard.

The Group adopted the following new and revised PFRS, which became effective as at January 1, 2013. These are summarized below.

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

- 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 has 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 in 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.

- 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.

- 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 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 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*

The adoption of the foregoing new and revised PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

<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, 2013 and have not been applied in preparing the consolidated financial statements are summarized below.

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

- 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. The amendments clarify (1) the meaning of "currently has a legally enforceable right of set-off"; and (2) 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, *Financial Instruments: Recognition and Measurement*, 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 consolidated financial statements. Additional disclosures will be included in the consolidated financial statements, as applicable.

4. Trade and Other Receivables

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

	Unaudited Mar 2014	Audited Dec 2013
Trade Receivables	**₱675,104**	₱665,586
Insurance Claims Receivable	**215,644**	215,394
Non Trade Receivables	**235,575**	252,299
Advances to Officers and Employees	**8,071**	6,089
Other Receivables	**43,994**	45,166
	1,178,388	1,184,534
Allowance for Impairment	**(492,240)**	(489,916)
	₱686,148	₱694,618

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 MARCH 31, 2014 – Unaudited (in thousand Pesos)						
	TOTAL	**CURRENT**	**1-30**	**31-60**	**61-90**	**91-120**	**OVER 120**
Feeds	₱390,575	₱146,986	₱22,172	₱10,522	₱8,062	₱1,283	₱201,550
Farms	59,388	311	2,219	8	9	–	56,841
Foods	185,144	43,858	31,860	8,078	–	–	101,348
Total Trade Receivables	**635,107**	**191,155**	**56,251**	**18,608**	**8,071**	**1,283**	**359,739**
Advances to Officers and Employees	8,071	8,071	–	–	–	–	–
Other Receivables	535,210	34,903	2,555	4	–	–	497,748
Total Trade and Nontrade Receivables	**1,178,388**	**234,129**	**58,806**	**18,612**	**8,071**	**1,283**	**857,487**
Less: Allowance for Impairment	492,240						492,240
NET RECEIVABLES	**₱686,148**	**₱234,129**	**₱58,806**	**₱18,612**	**₱8,071**	**₱1,283**	**₱365,247**

5. Inventories

The details of inventories at the end of the period of March 31, 2014 and the year-ended December 31, 2013 are shown below (*in thousand Pesos*):

	Unaudited Mar 2014	Audited Dec 2013
At Cost:		
Finished goods	**₱30,452**	₱68,218
Materials in-transit	**–**	2,988
Supplies and animal health products	**6,460**	23,810
At NRV:		
Raw materials and feeds supplement	**154,129**	162,255
Factory stocks and supplies	**107,493**	87,560
Livestock	**127,032**	131,237
	₱425,566	₱476,068

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

	Unaudited Mar 2014	Audited Dec 2013
Raw materials and feeds supplement	**₱155,016**	₱163,116
Factory stocks and supplies	**204,232**	184,298
Livestock	**138,823**	131,593
	₱498,071	₱479,007

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

	Unaudited Mar 2014	Audited Dec 2013
Balance at beginning of year	**(₱97,955)**	₱60,769
Reversal	**–**	–
Impairment loss	**(12,323)**	37,186
Balance at end of year	**(₱110,278)**	₱97,955

6. Other Current and Noncurrent Assets

Other Current Assets (*in thousand Pesos*):

	Unaudited Mar 2014	Audited Dec 2013
Current:		
Input VAT	**₱50,760**	₱42,037
Prepayments	**20,225**	5,636
	₱70,985	₱47,673

Other Noncurrent Assets (*in thousand Pesos*):

	Unaudited Mar 2013	Audited Dec 2013
Noncurrent:		
Project development costs	**₱–**	₱31,368
Deposits	**2,544**	2,589
Other assets	**50**	53,327
	2,594	87,284
Allowance for impairment:		
Other assets	**–**	53,277
Project development costs	**–**	31,368
	2,594	84,645
	₱2,594	₱2,639

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)*:

	March 31, 2014 (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	**₱1,051,015**	**₱769,515**	**₱291,460**	**₱32,007**	**₱83,575**	**₱3,916**	**₱116,691**	**₱2,348,179**
Additions		**614**						**614**
Disposals	**(42,443)**	**–**	**(4,907)**	**(854)**	**(2,062)**	**–**	**(2,590)**	**(52,856)**
Balance at end of year	**1,008,572**	**770,129**	**286,553**	**31,153**	**81,513**	**3,916**	**114,101**	**2,295,937**
Accumulated Depreciation and Impairment								
Balance at beginning of year	**–**	**475,086**	**121,498**	**18,010**	**79,011**	**3,677**	**106,495**	**803,777**
Additions		**13,763**	**2,078**	**109**	**585**		**1,104**	**17,639**
Disposals	**–**		**(2,225)**	**(582)**	**(1,827)**		**(2,500)**	**(7,134)**
Balance at end of year	**–**	**488,849**	**121,351**	**17,537**	**77,769**	**3,677**	**105,099**	**814,282**
Net carrying amount, MARCH 31, 2014	**₱1,008,572**	**₱281,280**	**₱165,202**	**₱13,616**	**₱3,744**	**₱239**	**₱9,002**	**₱1,481,655**

	2013 (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	₱1,085,393	₱755,276	₱288,703	₱30,529	₱81,837	₱3,916	₱111,936	₱2,357,590
Additions	–	11,857	3,074	–	1,420	–	4,755	21,106
Additional revaluation reserve	1,806	10,864	(317)	1,478	318	–	–	14,149
Disposals	(36,184)	(8,482)	–	–				(44,666)
Balance at end of year	1,051,015	769,515	291,460	32,007	83,575	3,916	116,691	2,348,179
Accumulated Depreciation and Impairment								
Balance at beginning of year	–	416,390	109,015	16,174	77,347	3,424	98,973	721,323
Additions	–	46,744	12,483	1,835	1,663	253	7,523	70,501
Disposals	–	(5,536)	–	–	–	–	–	(5,536)
Impairment	–	17,488	–	–	–	–	–	17,488
Balance at end of year	–	475,086	121,498	18,009	79,010	3,677	106,496	803,776
Net carrying amount, December 31, 2013	₱1,051,015	₱294,429	₱169,962	₱13,998	₱4,565	₱239	₱10,195	₱1,544,403

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

	March 31, 2014 (Unaudited)							
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost, MARCH 31, 2014	**₱33,563**	**₱709,536**	**₱207,189**	**₱15,797**	**₱78,987**	**₱3,917**	**₱114,101**	**₱1,163,090**
Accumulated depreciation and impairment	**–**	**469,301**	**114,100**	**13,945**	**77,275**	**3,677**	**108,995**	**787,293**
Net carrying amount	**₱33,563**	**₱240,235**	**₱93,089**	**₱1,852**	**₱1,712**	**₱240**	**₱5,106**	**₱375,797**

	2013 (Audited)							
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost, December 31, 2013	₱34,657	₱713,840	₱210,709	₱16,252	₱80,893	₱3,917	₱116,691	₱1,176,959
Accumulated depreciation and impairment	–	463,904	112,108	13,549	77,275	3,677	106,495	777,008
Net carrying amount	₱34,657	₱249,936	₱98,601	₱2,703	₱3,618	₱240	₱10,196	₱399,951

<u>Fair Value Measurement</u>
The Group's property, plant and equipment (except for transportation equipment) were appraised by an independent firm of appraisers on September 30, 2013.

Description of valuation techniques used and key inputs to valuation on property, plant and equipment follows:

	Valuation Technique	Significant unobservable Inputs	Range (weighted average)
Land	Sales Comparison Approach	Selling price per square meter	₱4,030/ sq. m.
Machinery and Equipment	Cost of Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining useful life
Buildings	Cost of Reproduction Approach	Replacement cost less accrued depreciation	5 - 10 years remaining useful life
Land Improvements	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Office Furniture, Fixtures and Equipment	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Leasehold Improvements	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life

<u>Assets Held for Disposal</u>
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 ₱841.0 million and ₱954.1 million as at December 31, 2013 and 2012, respectively. The Group sold through dacion en pago, as approved by the Court, portion of these assets.

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. 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 Mar 2014	Audited Dec 2013
Balance at beginning of year	**₱739,168**	₱846,424
Fair value gain	–	(24,806)
Additions	–	10,498
Disposals	**(4,592)**	(92,948)
Balance at end of year	**₱734,576**	₱739,168

9. Trade & Other Payables

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

	Unaudited Mar 2014	Audited Dec 2013
Trade & non-trade payables	**₱730,947**	₱873,570
Accrued interest	**209,267**	208,986
Accrued expenses	**152,928**	109,178
Provisions	**27,072**	44,052
Customers' deposits	**45,265**	32,149
Other payables	**91,562**	50,751
	1,257,041	1,318,686
Less non-current portion	**168,144**	168,144
Current portion	**₱1,088,897**	₱1,150,542

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.

In 2013, Kormasinc acquired the interest in the loans from all the creditor banks and SPAV Companies and entered into a debt to equity conversion of debts amounting to ₱2,376,528,138 at 1:1 or 1 share of common stock for every 1.00 debt. This was approved by the SEC on October 16, 2013.

The transfer of interest on the restructured loan to Kormasinc and the debt to equity conversion of the Company's loan to Kormasinc resulted to the reversal of the unamortized "day 1" gain on the loan amounting to ₱681.8 million as at September 20, 2013. However, the subsequent approval by the SEC of the debt to equity conversion resulted to a pro-forma accounting income of ₱689.2 million arising from the difference between the market value and the par value of the shares at which price the debt was converted to equity.

The debt to equity conversion was approved by the SEC on October 16, 2013.

A summary of the restructured debt at discounted value is presented below *(in thousand pesos):*

	Unaudited Mar 2014	Audited Dec 2013
Debt at original amount	**₱3,254,367**	₱3,254,367
Payments to date:		
Balance at beginning of year	**(3,254,367)**	(177,839)
Payments	**–**	(62,111)
Debt to equity conversion	**–**	(2,376,528)
Reclassification	**–**	(637,889)
Balance at end of year	**(3,254,367)**	(3,254,367)
	–	–
Unamortized discount at original amount	**1,596,974**	1,596,974
Accretion to date:		
Balance at beginning of year	**(1,596,974)**	(823,022)
Accretion	**–**	(92,130)
Reversal	**–**	(681,822)
Balance at end of year	**(1,596,974)**	(1,596,974)
	–	–
Discounted value	**–**	–
Current maturing portion	**–**	–
Restructured debt - long term portion	**₱–**	₱–

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 Mar 2014	Audited Dec 2013
Creditor banks	**₱–**	₱–
SPAV companies	**–**	–
	₱–	₱–

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

Reversal of Accrued Interest

Accrued interest amounting to ₱139.8 million pertaining to the loans was reversed to other income in 2013 arising from the acquisition of the debt by Kormasinc.

Interest Expense

The breakdown of this account is as follows:

	Unaudited Mar 2014	Audited Dec 2013
Accretion of discount	**₱–**	₱92,130
Nominal interest payable to creditor banks/SPAVs	**283**	62,266
	₱283	₱154,396

11. Cash Bond Deposits

Cash bond deposits amounting to ₱19.1 million and ₱21.8 million as at March 31, 2014 and December 31, 2013, 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 Company has authorized capital stock of 3.5 billion shares at ₱1 par value equivalent to ₱3.5 billion as at March 31, 2014 and December 31, 2013, respectively. Movements of the shares are as follows:

	2013	2012
Authorized:		
Balance at beginning of year	**500,000,000**	500,000,000
Increase in shares	**–**	3,000,000
Balance at end of year	**500,000,000**	3,500,000,000
Issued and outstanding		
Balance at beginning of year	**2,786,497,902**	409,969,764
Debt to equity conversion	**–**	2,376,528,138
Balance at end of year	**2,786,497,902**	2,786,497,902

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

On September 20, 2013, the BOD approved the conversion of part of the Company's debts to Kormasinc amounting to ₱2,376,528,138 into equity at a ratio of 1:1 or 1 share of common stock for every ₱1.00 debt in which ₱90,030,237 shall be applied as payment for the issuance of the 90,030,236 shares out of the existing unissued shares, while ₱2,286,497,901 shall be applied as payment for the additional shares of stock which shall be issued out of the increase in the authorized capital stock. The increase in authorized capital stock and the debt-to-equity conversion were approved by the SEC on October 16, 2013.

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
Oct. 16, 2013	3,000,000,000	2,286,497,901
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 following summarizes the information on the Company's issued and outstanding shares as at December 31, 2013:

	Number of shares issued and outstanding	Percentage of shares
	2,376,528,137	85.29%
Listed shares:		
Owned by public	408,257,586	14.65%
Owned by directors and officers	1,712,179	0.06%
Total	2,786,497,902	

Of the total shares owned by the public, 10,938,207 shares are foreign-owned.

The total number of shareholders of the Company is 4,414 and 4,632 as at December 31, 2013 and 2012, respectively.

Additional Paid-in Capital

The approval by the SEC of the debt to equity conversion resulted to a pro-forma accounting income of ₱689.2 million arising from the difference between the market value and the par value of the shares at which price the debt was converted to equity.

Movements in the additional paid-in capital (APIC) are as follows:

	2013	2012
Balance at beginning of year	**₱224,546,509**	₱913,739,669
Gain on debt to equity conversion	–	(689,193,160)
Balance at end of year	**₱224,546,509**	₱224,546,509

13. Loss Per Share

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

	Unaudited Mar 2014	Audited Dec 2013
Net loss for the year	**₱42,017**	₱400,971
Divided by the weighted average number of outstanding shares	**1,004,102**	1,004,102
Loss per share - basic and diluted	**₱0.04**	₱0.40

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 March 31, 2014, and certain asset and liability information regarding business segments at March 31, 2014.

As at March 31, 2014 – Unaudited (in thousand Pesos)

	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Net Sales						
External Sales	221,969	338,485	52,936	–	–	613,390
Inter-segment sales	–	–	–	–	–	–
	221,969	338,485	52,936	–	–	613,390
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold	209,400	323,370	52,707	–	–	585,477
Depreciation	4	15,811	37	4,373	–	20,225
Operating expenses	6,582	39,964	700	20,376	–	67,622
Other operating (income) loss	(2,843)	(6,664)	(2,446)	–	–	(11,953)
	213,143	372,481	50,998	24,749	–	661,371
RESULTS						
Segment Results	8,826	(33,996)	1,938	(24,749)	–	(47,981)
Other charges -net						(7,100)
Income/(Loss) before tax						(55,081)
Tax Expense						13,064
Net Income/(Loss)						**(42,017)**

OTHER INFORMATION						
Segment assets	562,543	1,907,540	372,997	797,719	(111,551)	**3,529,248**
Segment liabilities	871,750	632,510	2,906	1,380,580	(648,677)	2,239,069
Restructured debt	–	–	–	–	–	–
Consolidated Total Liabilities	871,750	632,510	2,906	1,380,580	(648,677)	2,239,069

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 March 31, 2014, 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 Mar 2014	Audited Dec 2013
Current / Liquidity Ratio	0.76	0.76
Current assets	1,310,423	1,360,603
Current Liabilities	1,732,453	1,793,073
Solvency Ratio	(0.01)	(0.14)
Net income (loss) before depreciation	(24,378)	(330,470)
Total Liabilities	2,239,069	2,314,617
Debt-to-Equity Ratio	1.74	1.74
Total liabilities	2,239,069	2,314,617
Total Equity	1,290,179	1,332,196
Asset-to-Equity Ratio	2.74	2.74
Total assets	3,529,248	3,646,813
Total equity	1,290,179	1,332,196
Interest rate coverage Ratio	(195.63)	0.62
Pretax income (loss) before interest	(55,364)	517,080
Interest expense	283	836,218
Profitability Ratio	(0.03)	(0.30)
Net loss	(42,017)	(400,971)
Total equity	1,290,179	1,332,196

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 Agreement between Vitarich Corporation and Kormasinc, Inc. dated 20 September 2013, the failure of Vitarich to sell the non core assets within twenty three (23) months from its execution and its failure to turnover the proceeds of sale are considered events of default.

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.

VITARICH

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYER SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 15 2014
RECEIVED
PATRICIA Q. PANALIGAN

April 4, 2014

STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **VITARICH CORPORATION and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2013 and 2012, 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, 2013 and 2012, 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

15 APR 2014

ISSUED ON

DOC. NO. 194
PAGE NO. 40
BOOK NO. 120
SERIES NO. 2014

NENITA D. C. TUAZON
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
ROLL NO. 47194
IBP LIFE NO. 591042 5/19/200
PTR NO. 0468745 1/2/14
TIN NO. 170-907-664

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

Vitarich Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2013 and 2012

With independent auditors' report provided by

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

COVER SHEET

0 0 0 0 0 2 1 1 3 4

SEC Registration Number

VITARICH CORPORATION AND SUBSIDIARIES (A Subsidiary of Kormasinc, Inc.)

Company's Full Name

Bo. Abangan Sur, McArthur Highway, Marilao, Bulacan

Business Address: No. Street City/Town/Province

Ms. Stephanie Nicole S. Garcia

Contact Person

843-3033

Company Telephone Number

1 2 *Month* **3 1** *Day*

(Fiscal Year)

A A C F S

(Form Type)

0 6 *Month* **2 8** *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CRMD

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total Amount of Borrowings

4,414

Total Number of Stockholders

₱637.9 million

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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City 1200 Philippines
www.reyestacandong.com
Phone: +632 982 9100
Fax : +632 982 9111
BOA/PRC Accreditation No. 4782
November 12, 2012, valid until December 31, 2015
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Vitarich Corporation and Subsidiaries (a subsidiary of Kormasinc, Inc.), which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2013, 2012 and 2011, 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 consolidated 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, 2013 and 2012, and their financial performance and their cash flows for the years ended December 31, 2013, 2012 and 2011 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

As discussed in Note 1 to consolidated financial statements, the Group has incurred losses resulting into a deficit of ₱2,488.6 million and ₱2,119.8 million as at December 31, 2013 and 2012, respectively, mainly because of operational difficulties and interest expense on its restructured debt. The Company, however, has substantially reduced its restructured debt to ₱837.9 million as at December 31, 2013 as a result of a debt to equity conversion. The conversion was pursuant to a memorandum of agreement entered into by the Company with Kormasinc, Inc. which acquired all the restructured debt from Company creditors during the year. The Company's equity increased from ₱35.8 million in 2012 to ₱1,332.2 million in 2013. Moreover, the Company has continued to implement the programs provided for under the Rehabilitation Plan to increase sales and improve operating results.

We have performed the necessary audit procedures to assess the viability of the programs provided under the plan. The ability, however, of the Group to continue as a going concern depends on the successful implementation of these programs.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 123-503-505-000
BOA Accreditation No. 4782; Valid until December 31, 2015
SEC Accreditation No. 1021-AR-1 Group A
Valid until November 11, 2016
BIR Accreditation No. 08-005144-5-2013
Valid until November 26, 2016
PTR No. 4232804
Issued January 2, 2014, Makati City

February 21, 2014
Makati City, Metro Manila

VITARICH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Kormasinc, Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2013**	2012
ASSETS			
Current Assets			
Cash		**₱45,326,805**	₱34,220,945
Trade and other receivables	7	**694,618,300**	818,341,678
Due from related parties	21	**96,916,517**	99,939,967
Inventories	8	**476,067,851**	544,371,271
Other current assets	9	**47,673,347**	28,072,846
Total Current Assets		**1,360,602,820**	1,524,946,707
Noncurrent Assets			
Property, plant and equipment	10	**1,544,402,787**	1,636,266,932
Investment properties	11	**739,168,253**	846,423,891
Other noncurrent assets	9	**2,638,885**	2,633,885
Total Noncurrent Assets		**2,286,209,925**	2,485,324,708
		₱3,646,812,745	₱4,010,271,415
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱1,150,541,801**	₱1,231,099,446
Payable to stockholder	21	**637,888,966**	–
Income tax payable		**4,641,912**	4,952,104
Current portion of restructured debt	13	**–**	72,462,601
Total Current Liabilities		**1,793,072,679**	1,308,514,151
Noncurrent Liabilities			
Trade and other payables	12	**168,143,713**	168,143,713
Cash bond deposits	14	**21,756,746**	18,887,008
Net retirement liability	18	**93,829,555**	89,665,924
Restructured debt - net of current portion	13	**–**	2,230,113,535
Net deferred tax liabilities	20	**237,814,351**	159,120,643
Total Noncurrent Liabilities		**521,544,365**	2,665,930,823
Equity			
Capital stock	22	**2,786,497,902**	409,969,764
Additional paid-in capital	22	**224,546,509**	913,739,669
Other comprehensive income	22	**809,744,553**	831,908,562
Deficit		**(2,488,593,263)**	(2,119,791,554)
Total Equity		**1,332,195,701**	35,826,441
		₱3,646,812,745	₱4,010,271,415

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Kormasinc, Inc.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 **2013**	2012	2011
SALE OF GOODS		**₱2,785,475,889**	₱3,060,183,497	₱2,697,846,832
COST OF GOODS SOLD	15	**2,700,339,589**	2,799,551,346	2,506,175,806
GROSS PROFIT		**85,136,300**	260,632,151	191,671,026
Operating expenses	17	**444,996,492**	375,239,610	389,229,975
Other operating income	16	**(125,538,345)**	(146,373,190)	(106,863,456)
		319,458,147	228,866,420	282,366,519
OPERATING PROFIT (LOSS)		**(234,321,847)**	31,765,731	(90,695,493)
OTHER CHARGES (INCOME)				
Gain on debt to equity conversion	13	**(689,193,160)**	–	–
Reversal of unamortized day-1 gain	13	**681,822,369**	–	–
Interest expense	13	**154,395,705**	193,284,039	190,082,768
Reversal of accrued interest	13	**(139,767,553)**	–	–
Loss (gain) on fair value changes of investment properties	11	**24,805,980**	(51,053,643)	(35,639,909)
Provision for probable losses	12	**18,238,838**	–	–
Impairment loss on:				
Property, plant and equipment	10	**17,487,630**	–	–
Project development cost	9	–	10,456,132	10,456,132
Due from related parties	21	**–**	90,000	3,950,463
Loss (gain) on sale of property, plant and equipment and investment properties	10	**17,300,399**	(39,000)	–
Interest income		**(274,249)**	(500,117)	(715,855)
		84,815,959	152,237,411	168,133,599
LOSS BEFORE INCOME TAX		**(319,137,806)**	(120,471,680)	(258,829,092)
INCOME TAX BENEFIT (EXPENSE)	20	**(81,833,044)**	1,862,590	21,782,409
NET LOSS		**(400,970,850)**	(118,609,090)	(237,046,683)
OTHER COMPREHENSIVE INCOME				
Items not to be reclassified to profit or loss:				
Revaluation increase on property, plant and equipment - net of tax	23	**9,904,226**	24,987,425	58,217,247
Actuarial gains (losses) - net of tax	18	**100,906**	(13,943,551)	2,710,282
		10,005,132	11,043,874	60,927,529
TOTAL COMPREHENSIVE LOSS		**(₱390,965,718)**	(₱107,565,216)	(₱176,119,154)
LOSS PER SHARE - BASIC AND DILUTED	24	**₱0.40**	₱0.29	₱0.58

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Kormasinc, Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31				
	Note	Capital Stock	Additional Paid-in Capital	Deficit	Other Comprehensive Income	Total
Balance at January 1, 2013		**₱409,969,764**	**₱913,739,669**	**(₱2,119,791,554)**	**₱831,908,562**	**₱35,826,441**
Debt to equity conversion	22	**2,376,528,138**	**(689,193,160)**	**–**	**–**	**1,687,334,978**
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	23	**–**	**–**	**7,514,624**	**(7,514,624)**	**–**
Transfer to deficit of revaluation reserve realized through disposal, net of tax	23	**–**	**–**	**24,654,517**	**(24,654,517)**	**–**
Total comprehensive loss for the year:						
Net loss		**–**	**–**	**(400,970,850)**	**–**	**(400,970,850)**
Additional revaluation reserve on property, plant and equipment, net of tax	23	**–**	**–**	**–**	**9,904,226**	**9,904,226**
Unrealized actuarial losses, net of tax	18	**–**	**–**	**–**	**100,906**	**100,906**
		2,376,528,138	**(689,193,160)**	**(368,801,709)**	**(22,164,009)**	**1,296,369,260**
Balance at December 31, 2013		**₱2,786,497,902**	**₱224,546,509**	**(₱2,488,593,263)**	**₱809,744,553**	**₱1,332,195,701**
Balance at January 1, 2012		₱409,969,764	₱913,739,669	(₱2,009,120,466)	₱828,802,690	₱143,391,657
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	23	–	–	7,938,002	(7,938,002)	–
Total comprehensive loss for the year:						
Net loss		–	–	(118,609,090)	–	(118,609,090)
Additional revaluation reserve on property, plant and equipment, net of tax	23	–	–	–	24,987,425	24,987,425
Unrealized actuarial losses, net of tax	18	–	–	–	(13,943,551)	(13,943,551)
		–	–	(110,671,088)	3,105,872	(107,565,216)
Balance at December 31, 2012		₱409,969,764	₱913,739,669	(₱2,119,791,554)	₱831,908,562	₱35,826,441
Balance at January 1, 2011		₱409,969,764	₱913,739,669	(₱1,780,389,998)	₱776,191,376	₱319,510,811
Transfer to deficit of revaluation reserve absorbed through depreciation, net of tax	23	–	–	8,316,215	(8,316,215)	–
Total comprehensive loss for the year:						
Net loss		–	–	(237,046,683)	–	(237,046,683)
Additional revaluation reserve on property, plant and equipment, net of tax	23	–	–	–	58,217,247	58,217,247
Unrealized actuarial losses, net of tax	18	–	–	–	2,710,282	2,710,282
		–	–	(228,730,468)	52,611,314	(176,119,154)
Balance at December 31, 2011		₱409,969,764	₱913,739,669	(₱2,009,120,466)	₱828,802,690	₱143,391,657

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Kormasinc, Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(319,137,806)**	(₱120,471,680)	(₱258,829,092)
Adjustments for:				
Gain on debt to equity conversion	13	**(689,193,160)**	–	–
Reversal of unamortized day-1 gain	13	**681,822,369**	–	–
Interest expense	13	**154,395,705**	193,284,039	190,082,768
Reversal of accrued interest	13	**(139,767,553)**	–	–
Depreciation	10	**70,500,900**	65,257,253	60,713,520
Loss (gain) on fair value changes of investment properties	11	**24,805,980**	(51,053,643)	(35,639,909)
Provision for probable losses	12	**18,238,838**	–	–
Impairment loss on property, plant and equipment	10	**17,487,630**	–	–
Loss (gain) on sale of property, plant and equipment and investment properties	10	**17,300,399**	(39,000)	–
Retirement benefit cost	18	**11,862,566**	9,724,793	9,558,891
Interest income		**(274,249)**	(500,117)	(715,855)
Impairment loss on project development costs	9	**–**	10,456,132	10,456,132
Recovery of written-off accounts		**–**	(13,823,403)	–
Operating income (loss) before working capital changes		**(151,958,381)**	92,834,374	(24,373,545)
Decrease (increase) in:				
Trade and other receivables		**123,723,378**	(2,599,588)	5,898,115
Inventories		**68,303,420**	(92,387,912)	(14,350,810)
Due from related parties		**3,023,450**	(2,336,175)	5,100,500
Other current assets		**(20,462,524)**	(14,647,026)	(4,433,496)
Other noncurrent assets		**(5,000)**	(1,655,173)	(1,434,843)
Increase (decrease) in:				
Trade and other payables		**(11,550,960)**	72,221,631	52,248,278
Cash bond deposits		**2,869,738**	(3,724,655)	2,640,321
Net cash generated from operations		**13,943,121**	47,705,476	21,294,520
Retirement benefits paid	18	**(7,554,783)**	(13,727,572)	(9,375,840)
Income tax paid		**(6,875,420)**	(1,502,470)	(6,241,806)
Interest paid		**(1,372,220)**	(11,645)	(76,045)
Interest received		**274,249**	177,761	484,933
Net cash flows from (used in) operating activities		**(1,585,053)**	32,641,550	6,085,762

(Forward)

	Note	Years Ended December 31 **2013**	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property, plant and equipment	10	**(₱21,105,945)**	(₱31,374,649)	(₱31,328,733)
Investment properties	11	**(10,498,011)**	(11,380,316)	(10,792)
Proceeds from sale of:				
Property, plant and equipment		**5,399,995**	–	–
Investment properties		**38,894,874**	2,052,500	1,609,631
Net cash provided by (used in) investing activities		**12,690,913**	(40,702,465)	(29,729,894)
NET INCREASE (DECREASE) IN CASH		**11,105,860**	(8,060,915)	(23,644,132)
CASH AT BEGINNING OF YEAR		**34,220,945**	42,281,860	65,925,992
CASH AT END OF YEAR		**₱45,326,805**	₱34,220,945	₱42,281,860

NONCASH FINANCIAL INFORMATION				
Transfer of restructured debt to stockholder	13	**₱3,014,417,104**	₱–	₱–
Debt to equity conversion	13	**(2,376,528,138)**	–	–
Dacion en pago of property, plant and equipment and investment properties offset to restructured debt and interest payable	10	**70,482,856**	–	–

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information and Status of Operations**

Corporate Information
Vitarich Corporation (the 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. The Company's shares of stock were registered with the Philippine Stock Exchange on February 8, 1995.

The subsidiaries of the Company are as follows:

	Line of Business	Percentage of Ownership
Gromax, Inc. (Gromax)	Manufacturing	100.00
Philippines Favorite Chicken, Inc. (PFCI)*	Distributor	100.00

**Ceased its operations in 2005.*

The Company is under a Corporate Rehabilitation Plan (Plan) approved by the Regional Trial Court of Malolos, Bulacan (Rehabilitation Court) on May 31, 2007. The implementation of the Plan resulted mainly in the restructuring of Company debt aggregating ₱3.2 billion (at original amount) resulting to longer payment terms and the lowering of interest. During the year ended December 31, 2013, Kormasinc, Inc. (Kormasinc), acquired the debt from the Company creditors comprising of local banks and special purpose asset vehicle (SPAV) companies and entered into a memorandum of agreement with the Company for a debt to equity conversion on September 20, 2013. Pursuant to the agreement, ₱2.4 billion of the acquired remaining debt of ₱3.2 billion (including interest of ₱200.0 million) was converted at one peso (₱1.00) for every one (1) share of stock on the remaining available shares and on the increase in authorized capital stock from ₱0.5 billion to ₱3.5 billion.

On October 16, 2013, the SEC approved the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company (see Notes 13 and 22).

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 accompanying consolidated financial statements of the Group as at and for the years ended December 31, 2013 were approved and authorized for issue by the Group's Board of Directors (BOD) on February 21, 2014.

Status of Operations
The Company has incurred losses resulting into a deficit of ₱2,488.6 million and ₱2,119.8 million as at December 31, 2013 and 2012, respectively, mainly because of operational difficulties and interest expense on its restructured loans.

The Company, however, has substantially reduced the restructured debt to ₱837.9 million as at December 31, 2013 as a result of the debt to equity conversion previously discussed. The Company equity increased from ₱35.8 million as at December 31, 2012 to ₱1,332.2 million as at December 31, 2013. Moreover, the Company has continued to implement the programs provided for under the Plan to improve its operating results:

- 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,
- product quality including rehabilitation and standardization of certain plants to qualify for international standardization and accreditations.

The Group increased sales to ₱2.8 billion in 2013, ₱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.

The ability, however of the Company to continue as a going concern depends on the successful implementation of these programs.

2. Basis of Preparation and Statement of Compliance

The accompanying 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 and presentational currency. All values represent absolute amounts except when otherwise stated.

The accompanying 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), and 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 opted for an early application of PAS 19, Employee Benefits (Amendment) effective for annual period beginning or as at January 1, 2013 as allowed by the standard.

The Group adopted the following new and revised PFRS, which became effective as at January 1, 2013. These are summarized below.

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

- 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 has 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 in 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.

- 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.

- 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 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 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*

The adoption of the foregoing new and revised PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

New and Revised PFRS Not Yet Adopted
Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2013 and have not been applied in preparing the consolidated financial statements are summarized below.

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

- 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. The amendments clarify (1) the meaning of "currently has a legally enforceable right of set-off"; and (2) 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, *Financial Instruments: Recognition and Measurement*, 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 consolidated financial statements. Additional disclosures will be included in the consolidated financial statements, as applicable.

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 Company. The consolidated financial statements include the accounts of the Company and its subsidiaries. In assessing control, the Company considers if it is exposed, or has right, to variable returns from its investment with the subsidiary and if it has the ability to affect those returns.

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. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statements of income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling equity ownership (i.e., acquisition of noncontrolling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

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 Company.

Financial Instruments

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the market place.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities.

"Day 1" Differences. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deemed the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

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, payable to a stockholder and cash bond deposits are classified under this category.

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

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.

<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.

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.

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 Asset
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 is 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 or lease term, whichever is shorter
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 property is immediately recognized in profit or loss.

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 expenses," 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.

Fair Value Measurement
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 5, Significant Judgments, Accounting Estimates and Assumptions
  Revaluation of Investment Properties and Property, Plant and Equipment
- Note 10, Property, Plant and Equipment
- Note 11, Investment Properties
- Note 27, Financial Instruments

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 resources 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.

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Capital Stock

Capital 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 capital 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 benefits 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 on a straight line basis 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.

Foreign Currency Transactions
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.

Related Party Transactions

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.

Impairment of Nonfinancial Assets

Nonfinancial assets consisting of 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 Company has a funded, noncontributory retirement plan, administered by trustees, covering their permanent local employees. Costs of retirement benefits 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 Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Company recognizes restructuring-related costs

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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 liabilities are to be settled directly. The present value of the defined benefit liability 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 liability.

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 Taxes

Current tax. Current 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 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 when material. Non-adjusting subsequent events are disclosed in the notes to the financial statements when material.

Segment Reporting
Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

5. Significant Judgments, Accounting 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 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, 2013 and 2012 amounted to ₱31.4 million (see Note 9). The allowance for impairment losses as at December 31, 2013 and 2012 amounted to ₱31.4 million (provision for impairment of ₱10.5 million was made in 2012 and 2011) (see Note 9).

Estimates and Assumptions

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.

Allowance for Impairment Losses 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 ₱694.6 million and ₱818.3 million as at December 31, 2013 and 2012, respectively. Allowance for impairment of receivables as at December 31, 2013 and 2012 amounted to ₱489.9 million and ₱867.7 million, respectively (see Note 7).

Determination of 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, 2013 and 2012 amounted to ₱476.1 million and ₱544.4 million, respectively (see Note 8). Allowance for inventory obsolescence as at December 31, 2013 and 2012 amounted to ₱98.0 million and ₱60.8 million, respectively (see Note 8).

Revaluation of Investment Properties and Property, Plant and Equipment. Management uses valuation technique where active market quotes are not available to determine the fair value of financial instruments and nonfinancial assets. This includes developing estimates and assumptions consistent with how market participants would price the instruments. Estimated fair value may vary from the actual price that would be achieved in an arm's length transaction at the reporting date.

In determining the appraised values of the investment properties and property, plant and equipment, the Group hires an independent firm of appraisers at each reporting date. 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 investment properties and property, plant and equipment (except both for land) was arrived at using the Cost of Reproduction Approach. Under this approach, the most significant inputs are estimates 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 which is an unobservable input.

The value of the land was arrived at using the Sale Comparison 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 which are the most significant unobservable inputs on the valuation. Although this input is subjective, management considers that the overall valuation would not be materially affected by reasonable and possible alternative assumptions.

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.

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. On September 30, 2013, 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 ₱14.1 million before tax effect (see Notes 10 and 23).

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, 2013 and 2012 amounted to ₱1,544.4 million and ₱1,636.3 million, respectively (see Note 10).

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, 2013 and 2012 amounted to ₱1,544.4 million and ₱1,636.3 million, respectively (see Note 10).

The carrying value of investment properties as at December 31, 2013 and 2012 amounted to ₱739.2 million and ₱846.4 million, respectively (see Note 11).

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 ₱180.7 million and ₱276.0 million as at December 31, 2013 and 2012, respectively (see Note 20).

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 18 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 are recognized as part of equity. 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 present value of defined benefit obligation amounted to ₱96.9 million and ₱92.6 million as at December 31, 2013 and 2012, respectively, while fair value of plan assets amounted to ₱3.1 million and ₱2.9 million as at December 31, 2013 and 2012, respectively (see Note 18).

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):

	2013					
	Food	**Feeds**	**Farms**	**Total Segments**	**Corporate and Eliminating Accounts**	**Consolidated**
REVENUES						
Sale of goods	**₱934,770**	**₱1,717,072**	**₱133,634**	**₱2,785,476**	**₱–**	**₱2,785,476**
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold excluding depreciation	**945,950**	**1,611,103**	**145,484**	**2,702,537**	**(2,197)**	**2,700,340**
Depreciation	**262**	**65,866**	**483**	**66,611**	**3,890**	**70,501**
Operating expenses	**26,757**	**133,617**	**3,640**	**164,014**	**210,481**	**374,495**
Other operating income	**(32,397)**	**(78,228)**	**(20,110)**	**(130,735)**	**5,197**	**(125,538)**
	940,572	**1,732,358**	**129,497**	**2,802,427**	**217,372**	**3,019,798**
SEGMENT OPERATING PROFIT (LOSS)	**(₱5,802)**	**(₱15,286)**	**₱4,137**	**(₱16,951)**	**(₱217,372)**	**(234,322)**

	2013					
	Food	**Feeds**	**Farms**	**Total Segments**	**Corporate and Eliminating Accounts**	**Consolidated**
Other charges - net						**(84,816)**
Loss before tax						**(319,138)**
Tax expense						**81,833**
Loss for the year						**(₱400,971)**
ASSETS AND LIABILITIES						
Segment assets	**₱686,070**	**₱ 2,121,840**	**₱454,410**	**₱3,262,320**	**₱384,493**	**₱3,646,813**
Segment liabilities	**885,328**	**649,943**	**3,059**	**1,538,330**	**776,287**	**2,314,617**
Restructured debt	**–**	**–**	**–**	**–**	**–**	**–**
Total liabilities	**₱885,328**	**₱649,943**	**₱3,059**	**₱1,538,330**	**₱776,287**	**₱2,314,617**
OTHER INFORMATION						
Capital expenditures	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Non-cash expenses other than depreciation and impairment losses	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

	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

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	2013	2012
Trade receivables		**₱665,586,298**	₱1,222,211,653
Nontrade receivables		**252,299,017**	192,481,631
Insurance claims receivable	13	**215,394,398**	215,394,398
Advances to officers and employees	21	**6,088,656**	7,549,850
Others		**45,166,293**	48,383,126
		1,184,534,662	1,686,020,658
Allowance for impairment losses		**(489,916,362)**	(867,678,980)
		₱694,618,300	₱818,341,678

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 21).

Other receivables comprise mainly of unsecured, noninterest-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 still 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 losses account are shown below:

	Note	2013	2012
Balance at beginning of year		**₱867,678,980**	₱798,235,123
Provision for impairment loss	17	**59,821,284**	82,867,272
Write-off		**(437,583,902)**	(2,111,005)
Recovery	16	**–**	(11,312,410)
Balance at end of year		**₱489,916,362**	₱867,678,980

8. Inventories

This account consists of:

	2013	2012
At cost:		
Finished goods	**₱68,218,504**	₱56,621,979
Supplies and animal health products	**23,809,571**	18,069,088
Materials in-transit	**2,987,728**	23,952,847
At NRV:		
Raw materials and feeds supplement	**162,255,045**	239,296,487
Livestock	**131,237,397**	97,613,103
Factory stocks and supplies	**87,559,606**	108,817,767
	₱476,067,851	₱544,371,271

Cost of inventories valued at NRV is shown below:

	2013	2012
Raw materials and feeds supplement	**₱163,116,001**	₱240,157,443
Factory stocks and supplies	**184,298,136**	168,370,297
Livestock	**131,593,029**	97,968,735
	₱479,007,166	₱506,496,475

Movements in the allowance for obsolescence and decline in value account are shown below:

	Note	2013	2012
Balance at beginning of year		**₱60,769,118**	₱60,871,831
Reversal	16	**–**	(373,008)
Impairment loss	17	**37,186,000**	270,295
Balance at end of year		**₱97,955,118**	₱60,769,118

9. Other Assets

Other Current Assets

	2013	2012
Input VAT	**₱43,439,817**	₱26,385,853
Prepayments	**5,635,632**	3,089,095
	49,075,449	29,474,948
	(1,402,102)	(1,402,102)
	₱47,673,347	₱28,072,846

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

<u>Other Noncurrent Assets</u>

	2013	2012
Project development costs	**₱31,368,396**	₱31,368,396
Security Deposits	**2,588,884**	2,633,885
Others	**53,326,939**	53,276,938
	87,284,219	87,279,219
Allowance for impairment losses:		
Other assets	**(53,276,938)**	(53,276,938)
Project development costs	**(31,368,396)**	(31,368,396)
	(84,645,334)	84,645,334
	₱2,638,885	₱2,633,885

Project development costs represent expenses incurred on the Group's aqua feeds and aqua culture projects. Based on management's evaluation, this will no longer be recoverable. Accordingly, an impairment loss was provided in full on the project.

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

Movement in the allowance for impairment of project development costs is shown below:

	2013	2012
Balance at beginning of year	**₱31,368,396**	₱20,912,264
Impairment loss	**–**	10,456,132
Balance at end of year	**₱31,368,396**	₱31,368,396

10. Property, Plant and Equipment

The composition and movements of this account are presented below:

		2013							
		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		**₱1,085,393,166**	**₱755,276,095**	**₱288,703,095**	**₱30,528,712**	**₱81,836,837**	**₱3,916,454**	**₱111,935,960**	**₱2,357,590,319**
Additions		**–**	**11,857,178**	**3,073,913**	**–**	**1,419,723**	**–**	**4,755,131**	**21,105,945**
Additional revaluation reserve	24	**1,805,900**	**10,863,629**	**(316,890)**	**1,477,793**	**318,463**	**–**	**–**	**14,148,895**
Disposals		**(36,184,020)**	**(8,482,280)**	**–**	**–**	**–**	**–**	**–**	**(44,666,300)**
Balance at end of year		**1,051,015,046**	**769,514,622**	**291,460,118**	**32,006,505**	**83,575,023**	**3,916,454**	**116,691,091**	**2,348,178,859**
Accumulated Depreciation and Impairment									
Balance at beginning of year		**–**	**416,390,187**	**109,014,628**	**16,174,193**	**77,347,439**	**3,424,371**	**98,972,569**	**721,323,387**
Additions	17	**–**	**46,743,592**	**12,483,093**	**1,835,481**	**1,663,496**	**252,715**	**7,522,523**	**70,500,900**
Disposals		**–**	**(5,535,845)**	**–**	**–**	**–**	**–**	**–**	**(5,535,845)**
Impairment		**–**	**17,487,630**	**–**	**–**	**–**	**–**	**–**	**17,487,630**
Balance at end of year		**–**	**475,085,564**	**121,497,721**	**18,009,674**	**79,010,935**	**3,677,086**	**106,495,092**	**803,776,072**
Net carrying amount		**₱1,051,015,046**	**₱294,429,058**	**₱169,962,397**	**₱13,996,831**	**₱4,564,088**	**₱239,368**	**₱10,195,999**	**₱1,544,402,787**

		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		₱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

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

	2013							
	Land	**Machinery and Equipment**	**Buildings**	**Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Leasehold Improvements**	**Transportation Equipment**	**Total**
Cost at year end	**₱34,656,778**	**₱713,840,132**	**₱210,709,340**	**₱16,252,754**	**₱80,893,070**	**₱3,916,804**	**₱116,691,090**	**₱1,176,959,968**
Accumulated depreciation and impairment	**–**	**463,904,142**	**112,107,725**	**13,548,679**	**77,275,309**	**3,677,084**	**106,495,091**	**777,008,030**
Net carrying amount	**₱34,656,778**	**₱249,935,990**	**₱98,601,615**	**₱2,704,075**	**₱3,617,761**	**₱239,720**	**₱10,195,999**	**₱399,951,938**

	2012							
	Land	Machinery and Equipment	Buildings	Land Improvements	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost at year end	₱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	–	417,162,312	104,723,357	13,152,221	75,964,005	3,424,370	98,972,569	713,398,834
Net carrying amount	₱36,024,584	₱301,004,158	₱102,912,071	₱3,100,533	₱3,512,241	₱492,084	₱12,963,391	₱460,009,062

As at December 31, 2013, fully depreciated property, plant and equipment with gross carrying value of ₱243.1 million are still in use.

Loss (gain) on sale of property, plant and equipment and investment properties amounted to ₱17.3 million and (₱0.04 million) in 2013 and 2012, respectively.

Fair Value Measurement

The Group's property, plant and equipment (except for transportation equipment) were appraised by an independent firm of appraisers on September 30, 2013 (see Note 23). The fair value measurement for property, plant and equipment has been categorized as level 3 (significant unobservable inputs).

Description of valuation techniques used and key inputs to valuation on property, plant and equipment follows:

	Valuation Technique	Significant unobservable Inputs	Range (weighted average)
Land	Sales Comparison Approach	Selling price per square meter	₱4,030/ sq. m.
Machinery and Equipment	Cost of Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining useful life
Buildings	Cost of Reproduction Approach	Replacement cost less accrued depreciation	5 - 10 years remaining useful life
Land Improvements	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Office Furniture, Fixtures and Equipment	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Leasehold Improvements	Cost of Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life

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 ₱841.0 million and ₱954.1 million as at December 31, 2013 and 2012, respectively. The Group sold through dacion en pago, as approved by the Court, portion of these assets.

Details of assets held for disposal follows:

Property, plant and equipment at net carrying value:

	Note	**2013**	2012
Balance at beginning of year		**₱127,418,670**	₱116,498,850
Fair value gain (loss)		**(1,311,490)**	10,919,820
Dacion en pago	13	**(11,410,020)**	–
Balance at end of year		**₱114,697,160**	₱127,418,670

Investment properties at net carrying value:

	Note	**2013**	2012
Balance at beginning of year		**₱826,710,257**	₱746,198,751
Additions		**–**	31,213,090
Fair value gain (loss)	11	**(14,393,553)**	49,298,416
Dacion en pago	13	**(86,052,795)**	–
Balance at end of year		**₱726,263,909**	₱826,710,257

As a result of the dacion en pago of these assets which were approved by the Court, revaluation reserve amounting to ₱24.7 million (net of tax) and nil were transferred to deficit in 2013 and 2012, respectively (see Notes 13 and 23).

11. **Investment Properties**

Investment properties comprise of the Group's hatchery buildings, dressing and rendering plants that are held to earn rentals (see Note 25) 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	**2013**	2012
Balance at beginning of year		**₱846,423,891**	₱772,927,529
Fair value gain (loss)		**(24,805,980)**	51,053,643
Additions		**10,498,011**	25,203,719
Disposals	13	**(92,947,669)**	(2,761,000)
Balance at end of year		**₱739,168,253**	₱846,423,891

Fair Value Measurement

Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The latest appraisal report was prepared on December 30, 2013. The Group recognized fair value loss on investment properties amounting to ₱24.8 million in 2013 and fair value gain of ₱51.0 million in 2012 presented as "loss/gain on fair value changes of investment properties" in the consolidated statements of comprehensive income. The fair value measurement for investment properties has been categorized as level 3 (significant unobservable inputs).

The cumulative gain on fair value changes as at December 31, 2013 and 2012 amounted to ₱249.4 million and ₱274.2 million, respectively.

Description of valuation techniques used and key inputs to valuation on investment properties follows:

	Valuation Technique	Significant unobservable Inputs	Range (weighted average)
Land	Sales Comparison Approach	Selling price per square meters	₱523 sq. m.
Building	Cost of Reproduction Approach	Replacement cost less accrued depreciation	5 - 10 years remaining useful life

Assets Held for Disposal

The net carrying value of investment properties held for disposal amounted to ₱726.3 million as at December 31, 2013 and ₱826.7 million as at December 31, 2012 (see Note 10).

12. **Trade and Other Payables**

This account consists of:

	Note	**2013**	2012
Trade payables	21	**₱873,570,242**	₱956,996,855
Accrued interest	13	**208,985,490**	294,872,125
Accrued expenses		**109,178,073**	89,920,853
Provisions		**44,051,480**	25,812,642
Customer's deposit		**32,149,101**	22,543,039
Others	21	**50,751,128**	9,097,645
		1,318,685,514	1,399,243,159
Noncurrent portion		**(168,143,713)**	(168,143,713)
Current portion		**₱1,150,541,801**	₱1,231,099,446

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. This also include 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, salaries and other services, among others that are normally settled throughout the year.

Provisions include PFCI obligations for 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. Included in the provision for probable losses in 2013 is a provision of ₱18.2 million to cover a probable claim from a third party. Pursuant to PFRS, the Company is allowed not to disclose information that may jeopardize the Group's position on the claim.

Other payables consist of advances from officers and employees, 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. The debt was remeasured at fair value (subsequently at amortized cost) in 2007 based on the terms of the Plan using the prevailing effective interest rate of 9% at that time.

As discussed in Notes 1 and 22, in 2013, Kormasinc acquired the interest in the loans from all the creditor banks and SPAV Companies and entered into a debt to equity conversion of debts amounting to ₱2,376,528,138 at 1:1 or 1 share of common stock for every 1.00 debt. This was approved by the SEC on October 16, 2013 (see Note 22).

The transfer of interest on the restructured loan to Kormasinc and the debt to equity conversion of the Company's loan to Kormasinc resulted to the reversal of the unamortized "day 1" gain on the loan amounting to ₱681.8 million as at September 20, 2013. However, the subsequent approval by the SEC of the debt to equity conversion resulted to a pro-forma accounting income of ₱689.2 million arising from the difference between the market value and the par value of the shares at which price the debt was converted to equity.

The summary of the restructured debt is presented below:

	Note	**2013**	2012
Debt at original amount		**₱3,254,367,021**	₱3,254,367,021
Payments to date:			
Balance at beginning of year		**(177,838,883)**	(177,838,883)
Payments		**(62,111,043)**	–
Debt to equity conversion	22	**(2,376,528,138)**	–
Reclassification	21	**(637,888,966)**	–
Balance at end of year		**(3,254,367,030)**	(177,838,883)
		–	3,076,528,138
Unamortized discount at original amount		**1,596,973,858**	1,596,973,858
Accretion to date:			
Balance at beginning of year		**(823,021,856)**	(690,818,686)
Accretion		**(92,129,633)**	(132,203,170)
Reversal		**(681,822,369)**	–
Balance at end of year		**(1,596,973,858)**	(823,021,856)
		–	773,952,002
Discounted value		**–**	2,302,576,136
Current portion		**–**	(72,462,601)
Restructured debt - long term portion		**₱–**	₱2,230,113,535

Debt at Original Amount and Terms Under the Plan

As at December 31, 2013 and 2012, the outstanding balance of the debt (at original value) is due to the following:

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

Original debt scheduled payment and interest rate are summarized below:

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

Reversal of Accrued Interest
Accrued interest amounting to ₱139.8 million pertaining to the loans was reversed to other income in 2013 arising from the acquisition of the debt by Kormasinc.

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:

	2013	2012
Accretion of discount	**₱92,129,633**	₱132,203,170
Nominal interest payable to creditor banks/SPAVs	**62,266,072**	61,069,224
	₱154,395,705	₱193,272,394

14. Cash Bond Deposits

Cash bond deposits amounting to ₱21.8 million and ₱18.9 million as at December 31, 2013 and 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.

15. Cost of Goods Sold

Movements in this account follow:

	Note	**2013**	2012	2011
Inventories at beginning of year	8	**₱544,371,271**	₱451,983,359	₱437,632,549
Purchases and cost of goods manufactured		**2,632,036,169**	2,891,939,258	2,520,526,616
		3,176,407,440	3,343,922,617	2,958,159,165
Inventories at end of year	8	**476,067,851**	544,371,271	451,983,359
	17	**₱2,700,339,589**	₱2,799,551,346	₱2,506,175,806

16. Other Operating Income

Presented below are the details of this account:

	Note	**2013**	2012	2011
Revenue from toll milling and toll hatching		**₱51,093,658**	₱58,884,902	₱40,167,512
Rentals	25	**47,303,780**	47,931,354	49,766,872
Sale of scrap materials		**17,967,767**	9,067,300	10,731,145
Recovery of written-off accounts		**–**	13,823,403	–
Recovery of receivables previously provided with allowance	7	**–**	11,312,410	3,200,488
Others		**9,173,140**	5,353,821	2,997,439
		₱125,538,345	₱146,373,190	₱106,863,456

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	**2013**	2012	2011
Cost of goods sold	15	**₱2,700,339,589**	₱2,799,551,346	₱2,506,175,806
Administrative expenses		**255,037,385**	209,150,511	264,628,204
Selling and distribution expenses		**189,959,107**	166,089,099	124,601,771
		₱3,145,336,081	₱3,174,790,956	₱2,895,405,781

The details of cost and expenses by nature are shown below:

	Note	**2013**	2012	2011
Raw materials and other consumables		**₱2,672,640,584**	₱2,536,863,444	₱2,211,526,379
Transportation, travel, freight and handling		**92,552,159**	90,700,906	97,538,664
Employee benefits	18	**74,236,515**	104,645,211	108,304,220
Depreciation	10	**70,500,900**	65,257,253	60,713,520
Impairment loss on receivables	7	**59,821,284**	82,867,272	98,236,441
Professional fees		**38,807,430**	41,483,658	30,387,530
Impairment loss on inventories	8	**37,186,000**	270,295	9,925,539
Taxes and licenses		**30,995,482**	12,281,923	9,507,135
Communications, light and water		**10,671,919**	83,479,149	82,098,913
Representation and entertainment		**7,251,373**	11,305,838	6,615,568
Commissions		**7,156,535**	12,524,978	10,414,288
Supplies		**5,740,055**	34,555,846	51,339,534
Rentals		**4,936,452**	3,633,499	18,062,753
Advertising and promotions		**4,630,702**	5,816,447	4,568,277
Insurance		**4,107,313**	4,550,843	4,148,445
Repairs and maintenance		**1,670,519**	45,908,593	58,188,976
Others		**22,430,859**	38,645,801	33,829,599
		₱3,145,336,081	₱3,174,790,956	₱2,895,405,781

Allocation of Depreciation
The amount of depreciation is allocated as follows (see Note 10):

	2013	2012	2011
Cost of goods sold	**₱14,881,329**	₱35,256,651	₱41,065,595
Administrative expenses	**31,876,813**	21,482,300	12,336,774
Selling and distribution expenses	**23,742,758**	8,518,302	7,311,151
	₱70,500,900	₱65,257,253	₱60,713,520

Other expenses include, among others, association dues, contributions and donations, seminar and training costs and inspections fees.

18. **Retirement Benefits**

The Group maintains a partially funded, tax-qualified, noncontributory post-employment defined benefit plan covering all of its regular full-time employees. The defined benefit plan is being administered by a trustee bank which is responsible for the administration of the plan assets and for the definition of the investment strategy. The Group's defined benefit pension plan is a final salary plan for all qualified employees.

The plan is mandated by Republic Act No. 7641, which mandates all private employers (with certain exceptions) to provide retirement benefits to employees who, upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years, have served at least five (5) years. The amount of retirement benefit was defined as at least one-half month salary for every year of service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

Gromax, has no formal retirement plan. The retirement benefit liability 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 liability and the amount of contributions. The latest actuarial valuation of the plan is as at December 31, 2013.

The amounts of retirement benefit recognized in the consolidated statements of comprehensive income are as follows:

	2013	2012
Current service costs	**₱6,789,033**	₱5,201,154
Interest expense	**5,238,201**	4,682,261
Interest income	**(164,668)**	(158,622)
	₱11,862,566	₱9,724,793

The amounts of net retirement liability recognized in the consolidated statements of financial position are determined as follows:

	2013	2012
Present value of the obligation	**₱96,888,738**	₱92,575,257
Fair value of plan assets	**(3,059,183)**	(2,909,333)
	₱93,829,555	₱89,665,924

The movements in the present value of retirement liability are as follows:

	2013	2012
Balance at beginning of year	**₱92,575,257**	₱76,341,213
Current service costs	**6,789,033**	5,201,154
Actuarial loss (gain)	**(158,970)**	20,078,201
Benefits paid	**(7,554,783)**	(13,727,572)
Interest expense	**5,238,201**	4,682,261
Balance at end of year	**₱96,888,738**	₱92,575,257

The movements in the fair value of plan assets are presented below:

	2013	2012
Balance at beginning of year	**₱2,909,333**	₱2,591,868
Interest income	**164,668**	158,622
Actuarial gain (loss)	**(14,818)**	158,843
Balance at end of year	**₱3,059,183**	₱2,909,333

Plan assets consist of the following:

	2013	2012
Government securities	**₱1,116,908**	₱1,172,170
Time deposits	**960,583**	1,036,595
Equity securities	**862,078**	583,030
Direct loans	**119,614**	117,538
	₱3,059,183	₱2,909,333

Actual returns on plan assets amounted to ₱0.1 million and ₱0.3 million for the years ended December 31, 2013 and 2012, respectively.

The amount of retirement benefit is allocated as follows (see Note 17):

	2013	2012
Cost of goods sold	**₱10,182,382**	₱5,318,140
Administrative expenses	**962,951**	2,917,112
Selling and distribution costs	**717,233**	1,489,541
	₱11,862,566	₱9,724,793

The accumulative actuarial gains (losses) recognized in other comprehensive income as at December 31 follows:

	Accumulated Actuarial gain (loss)	Deferred Tax (Note 20)	Net
Balance as at January 1, 2013	**₱12,182,931**	**₱3,654,879**	**₱8,528,052**
Actuarial gain	**144,152**	**43,246**	**100,906**
Balance as at December 31, 2013	**₱12,327,083**	**₱3,698,125**	**₱8,628,958**
Balance as at January 1, 2012	₱32,102,290	₱9,630,687	₱22,471,603
Actuarial loss	(19,919,359)	(5,975,808)	(13,943,551)
Balance as at December 31, 2012	₱12,182,931	₱3,654,879	₱8,528,052

Presented below are the historical information related to the experience adjustments arising on plan assets and liabilities *(amounts in thousands)*:

	2013	2012	2011	2010	2009
Present value of the liability	**₱96,889**	₱92,575	₱76,341	₱79,918	₱80,188
Fair value of the plan assets	**(3,059)**	(2,909)	(2,592)	(2,479)	(2,147)
Deficit on the plan	**₱93,830**	₱89,666	₱73,749	₱77,439	₱78,041
Experience adjustments arising on plan liabilities	**₱159**	(₱20,078)	(₱16,587)	(₱8,976)	(₱9,898)
Experience adjustments arising on plan assets	**₱15**	(₱159)	(₱36)	₱204	₱434

For the determination of retirement liability, the following actuarial assumptions were used:

	2013	2012
Discount rates	**5%**	6%
Expected rate of salary increase	**7%**	7%
Average remaining working life of an employee retiring at the age of 60:		
Male	**20**	21
Female	**24**	23

A quantitative sensitivity analysis for significant assumption as at December 31, 2013 is shown below *(amounts in thousands)*:

	2013					
Assumptions	**Discount Rate**		**Future Salary Increase Rate**		**Future pension cost increase**	
Sensitivity Level	**14% Increase**	**16% Decrease**	**15% Increase**	**13% Decrease**	**11% Increase**	**0% Decrease**
Impact on the net defined benefit liability	**(₱12,132)**	**₱14,539**	**₱13,134**	**(₱11,287)**	**₱8,626**	**₱–**

	2012					
Assumptions	Discount Rate		Future Salary Increase Rate		Future pension cost increase	
Sensitivity Level	12% Increase	15% Decrease	13% Increase	12% Decrease	8% Increase	0% Decrease
Impact on the net defined benefit liability	(₱10,396)	₱12,396	₱11,287	(₱9,735)	₱6,762	₱–

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit liability as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

19. 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 ₱4.4 million in 2013 and ₱3.9 million in 2012 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.

20. Taxes

Current and Deferred Tax

The components of tax benefit as reported in the consolidated statements of comprehensive income are as follows:

	2013	2012	2011
Reported in Consolidated Profit and Loss			
Current tax expense:			
MCIT at 2%	**₱7,427,251**	₱7,412,103	₱5,309,307
Final taxes at 7.5% and 20%	**–**	15,987	10,355
	7,427,251	7,428,090	5,319,662
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	**74,405,793**	(9,290,680)	(27,102,071)
Income tax expense (benefit)	**₱81,833,044**	(₱1,862,590)	(₱21,782,409)

	2013	2012	2011
Reported in Consolidated Other Comprehensive Income			
Deferred tax expense related to additional revaluation reserve on property, plant and equipment	**₱4,244,669**	₱10,708,896	₱24,950,249
Deferred tax expense (benefit) related to accumulated unrealized actuarial gain (loss)	**43,246**	(5,975,807)	1,161,550
	₱4,287,915	₱4,733,089	₱26,111,799

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:

	2013	2012	2011
Income tax at statutory tax rate	**₱95,741,342**	₱36,141,504	₱77,648,728
Adjustment for income subjected to lower income tax rates	**82,276**	134,049	204,399
Tax effects of:			
Nondeductible expenses	**(237,691,069)**	(39,776,154)	(39,431,208)
Other deductible expenses	**214,949,914**	8,194,624	8,021,044
Application of NOLCO	**–**	3,364,919	1,230,819
Expiry of unrecognized deferred tax asset on:			
MCIT	**(5,412,327)**	(7,412,103)	(4,659,028)
NOLCO	**(28,170,492)**	(522,121)	(21,866,325)
Nontaxable income	**–**	1,737,872	633,980
Change in unrecognized deferred tax assets	**(121,332,688)**	–	–
	(₱81,833,044)	₱1,862,590	₱21,782,409

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)		
	2013	2012	**2013**	2012	2011
Deferred tax assets:					
Allowance for impairment losses on:					
Trade and other receivables	**₱107,706,693**	₱221,035,479	**(₱113,328,786)**	(₱20,833,158)	(₱28,510,786)
Retirement benefit liability	**28,148,866**	26,899,776	**1,292,336**	1,200,834	(54,915)
Inventories	**29,366,335**	18,210,535	**11,155,800**	30,816	(2,527,415)
Product development cost	**9,410,519**	9,410,519	**–**	(3,136,840)	(3,136,839)
Investment properties	**–**	–	**–**	1,533,577	–
Property, plant and equipment	**5,698,429**	452,140	**5,246,289**	–	–
	180,330,842	276,008,449	**(95,634,361)**	(21,204,771)	(34,229,955)
Deferred tax liabilities:					
Revaluation reserve on property, plant and equipment	**(343,335,254)**	(352,877,360)	**13,786,775**	(3,402,001)	(3,564,092)
Changes in fair value of investment properties	**(74,809,939)**	(82,251,732)	**7,441,793**	15,316,092	10,691,976
	(418,145,193)	(435,129,092)	**21,228,568**	11,914,091	7,127,884
Deferred income tax expense (benefit)			**(₱74,405,793)**	(₱9,290,680)	(₱27,102,071)
Net deferred tax liabilities	**(₱237,814,351)**	(₱159,120,643)			

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.

NOLCO

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2013	₱–	₱491,682,526	₱–	₱491,682,526	2016
2012	1,830,404	–	–	1,830,404	2015
2011	72,962,751	–	–	72,962,751	2014
2010	93,956,641	–	(93,956,641)	–	2013
	₱168,749,796	₱491,682,526	(₱93,956,641)	₱566,475,681	

MCIT

Year	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2013	₱–	₱7,427,250	₱–	₱7,427,250	2016
2012	7,412,103	–	–	7,412,103	2015
2011	4,659,028	–	–	4,659,028	2014
2010	5,412,327	–	(5,412,327)	–	2013
	₱17,483,458	₱7,427,250	(₱5,412,327)	₱19,498,381	

The amount of NOLCO, MCIT and other deductible temporary differences as at the end of 2013, and 2012 for which the related deferred tax assets have not been recognized are shown below.

	2013		2012	
	Amount	**Tax Effect**	Amount	Tax Effect
NOLCO	**₱566,475,681**	**₱169,942,704**	₱168,749,796	₱50,624,939
MCIT	**19,498,381**	**19,498,381**	17,483,458	17,483,458
Allowance for impairment losses on:				
Trade and other receivables	**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
Inventory obsolescence	**67,337**	**20,201**	67,337	20,201
Other assets	**53,276,938**	**15,983,081**	53,276,938	15,983,081
Property, plant and equipment	**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
	₱846,869,450	**₱267,709,702**	₱447,128,642	₱146,377,014

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.

21. **Related Party Transactions**

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.

Payable to Stockholder

As discussed in Note 1, during the year ended December 31, 2013, Kormasinc acquired the Company's restructured debt from creditors comprising of local banks and SPAV companies and entered into a memorandum of agreement with the Company for a debt to equity conversion on September 20, 2013. Pursuant to the agreement, ₱2.4 billion of the restructured debt of ₱3.2 billion (including interest of ₱200.0 million) was converted at one peso (₱1.00) for every one (1) share of stock on the remaining available shares and on the increase in authorized capital stock from ₱0.5 billion to ₱3.5 billion. The SEC approved, on October 16, 2013, the debt to equity conversion and the Company's increase in authorized capital stock. Consequently, Kormasinc acquired 85.29% ownership of the Company.

Outstanding Group debt due to Kormasinc as at December 31, 2013 amounted to ₱837.9 million (including interest of ₱200.0 million). The terms of the payment of the loan are still subject to negotiation. Interest on the loan from the period September 2013 to December 2013 was waived by Kormasinc.

Summarized below are the outstanding accounts, arising from the foregoing transactions:

			2013		2012	
	Relationship	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Kormasinc	Parent Company	Restructured Debt	**₱637,888,966**	**₱637,888,966**	₱–	₱–
		Interest on restructured debt	**199,985,490**	**199,985,490**	–	–
				₱837,874,456		₱–

Due from related parties

The Group also grants unsecured, noninterest-bearing advances to its related parties for working capital requirements and capital expenditures. These are payable on demand, hence, are classified under current assets in the consolidated statements of financial position.

Summarized below are the outstanding accounts, arising from these transactions (see Note 26).

			2013		2012	
	Relationship	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Due from related parties:						
Luz Farms, Inc. (LFI)	Common Stockholders	Working capital advances	**₱–**	**₱105,521,211**	₱–	₱105,521,211
Texas Manok ATBP. Inc.	Common Stockholders	Working capital advances	**–**	**3,910,000**	90,000	3,910,000

(Forward)

	Relationship	Nature of Transactions	**2013** Amount of Transactions	**2013** Outstanding Balances	2012 Amount of Transactions	2012 Outstanding Balances
Precisione International Research and Diagnostic Lab Inc.	Common Stockholders	Working capital advances	**(₱1,116,102)**	**(₱4,563,920)**	₱836,954	(₱3,174,076)
Others	Common Stockholders	Working capital advances	**(1,631,826)**	**3,231,881**	1,499,221	4,865,487
				108,099,174		111,122,624
Allowance for impairment losses				**(11,182,657)**		(11,182,657)
				₱96,916,517		₱99,939,967

Due to related parties

Valle Verde 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.

The amounts due to related parties are generally payable on demand or through offsetting arrangements with the related parties. This is presented as part of trade payables.

Summarized below are the outstanding accounts, arising from the following transactions:

	Relationship	Nature of Transactions	**2013** Amount of Transactions	**2013** Outstanding Balances	2012 Amount of Transactions	2012 Outstanding Balances
Valle Verde Service Center, Inc.	Common Stockholders	Working capital advances	**₱280,364,124**	**₱75,979,322**	₱339,463,137	₱42,121,272

Trade accounts

The Group also buys raw materials, hogs, and breeder flocks. The Group also sells animal feeds, raw materials, feed supplements and dressed chicken to related parties. Goods are sold to related parties on a cost-plus basis, allowing a margin of at least 10% for all years presented.

Outstanding balances and movements in these accounts are presented below:

	2013 Amount of Transactions	**2013** Outstanding Balances	2012 Amount of Transactions	2012 Outstanding Balances
Precisione International Research and Diagnostic Lab Inc.	**₱1,389,844**	**₱1,389,844**	₱–	₱–
Valle Verde Service Center, Inc.	**198,489,302**	**21,655,646**	229,807,660	17,210,317
		₱23,045,490		₱17,210,317

Advances to and from Officers and Employees

The Group grants unsecured, noninterest-bearing advances to its officers and employees subject to liquidation after a certain specified period (see Note 7). Certain officers also pay operating expenses in advance through credit cards on behalf of the Company (see Note 12). Shown below are the movements in the accounts.

	Amount of Transactions		Outstanding Balances	
	2013	2012	**2013**	2012
Advances from officers and employees	**₱4,637,182**	₱–	**₱2,898,897**	₱–
Advances to officers and employees	**(176,610)**	881,443	**6,088,656**	7,549,850

Compensation of Key Management Personnel

The compensation includes the following:

	Note	**2013**	2012	2011
Short-term employee benefits		**₱29,555,418**	₱32,354,540	₱28,442,113
Compensation paid in share of stock/equivalent value in cash	19	**4,379,978**	3,890,570	4,148,878
Retirement benefits		**2,471,562**	1,828,765	1,433,898
Others		**14,988,066**	18,912,615	13,149,655
		₱51,395,024	₱56,986,490	₱47,174,544

22. **Equity**

Capital Stock

The Company has authorized capital stock of 3.5 billion shares at ₱1 par value equivalent to ₱3.5 billion as at December 31, 2013 and 500 million shares at ₱1 par value equivalent to ₱500 million as at December 31, 2012. Movements of the shares are as follows:

	2013	2012
Authorized:		
Balance at beginning of year	**500,000,000**	500,000,000
Increase in shares	**3,000,000,000**	–
Balance at end of year	**3,500,000,000**	500,000,000
Issued and outstanding		
Balance at beginning of year	**409,969,764**	409,969,764
Debt to equity conversion	**2,376,528,138**	–
Balance at end of year	**2,786,497,902**	409,969,764

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

On September 20, 2013, the BOD approved the conversion of part of the Company's debts to Kormasinc amounting to ₱2,376,528,138 into equity at a ratio of 1:1 or 1 share of common stock for every ₱1.00 debt in which ₱90,030,237 shall be applied as payment for the issuance of the 90,030,236 shares out of the existing unissued shares, while ₱2,286,497,901 shall be applied as payment for the additional shares of stock which shall be issued out of the increase in the authorized capital stock. The increase in authorized capital stock and the debt-to-equity conversion were approved by the SEC on October 16, 2013.

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
Oct. 16, 2013	3,000,000,000	2,286,497,901
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 following summarizes the information on the Company's issued and outstanding shares as at December 31, 2013:

	Number of shares issued and outstanding	Percentage of shares
	2,376,528,137	85.29%
Listed shares:		
Owned by public	408,257,586	14.65%
Owned by directors and officers	1,712,179	0.06%
Total	2,786,497,902	

Of the total shares owned by the public, 10,938,207 shares are foreign-owned.

The total number of shareholders of the Company is 4,414 and 4,632 as at December 31, 2013 and 2012, respectively.

Additional Paid-in Capital

The approval by the SEC of the debt to equity conversion resulted to a pro-forma accounting income of ₱689.2 million arising from the difference between the market value and the par value of the shares at which price the debt was converted to equity.

Movements in the additional paid-in capital (APIC) are as follows:

	2013	2012
Balance at beginning of year	**₱913,739,669**	₱913,739,669
Gain on debt to equity conversion	**(689,193,160)**	–
Balance at end of year	**₱224,546,509**	₱913,739,669

Other Comprehensive Income

The components and movements of the other comprehensive income not to be reclassified to profit or loss are presented below:

	Revaluation Reserve (see Note 10)	Accumulated Actuarial Gains (Losses) (see Note 18)	Total
Balance at January 1, 2013	**₱823,380,510**	**₱8,528,052**	**₱831,908,562**
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	**(7,514,624)**	**–**	**(7,514,624)**
Transfer to deficit of revaluation reserve realized through disposal, net of tax	**(24,654,517)**	**–**	**(24,654,517)**
Additional revaluation reserve on property, plant and equipment, net of tax	**9,904,226**	**–**	**9,904,226**
Unrealized actuarial losses, net of tax	**–**	**100,906**	**100,906**
Balance at December 31, 2013	**₱801,115,595**	**₱8,628,958**	**₱809,744,553**
Balance at January 1, 2012	₱806,331,087	₱22,471,603	₱828,802,690
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	(7,938,002)	–	(7,938,002)
Additional revaluation reserve on property, plant and equipment, net of tax	24,987,425	–	24,987,425
Unrealized actuarial losses, net of tax	–	(13,943,551)	(13,943,551)
	₱823,380,510	₱8,528,052	₱831,908,562

23. **Revaluation Reserve**

The reconciliation of revaluation reserve on property, plant and equipment is as follows:

	Revaluation Reserve (see Note 10)	Deferred Tax (see Note 20)	Net
Balance as at January 1, 2013	**₱1,176,257,870**	**(₱352,877,360)**	**₱823,380,510**
Additional revaluation reserve	**14,148,895**	**(4,244,669)**	**9,904,226**
Transfer to deficit of revaluation reserve on property realized through depreciation and disposal	**(45,955,916)**	**13,786,775**	**(32,169,141)**
Balance as at December 31, 2013	**₱1,144,450,849**	**(₱343,335,254)**	**₱801,115,595**

(Forward)

	Revaluation Reserve (see Note 10)	Deferred Tax (see Note 20)	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 realized through depreciation and disposal	(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

24. Loss Per Share

Basic and diluted loss per share were computed as follows:

	2013	2012	2011
Net loss for the year	**₱400,970,850**	₱118,609,090	₱237,046,683
Divided by the weighted average number of outstanding shares	**1,004,101,799**	409,969,764	409,969,764
Loss per share - basic and diluted	**₱0.40**	₱0.29	₱0.58

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

25. 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 21).

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:

	2013	2012
Within one year	**₱16,388,390**	₱16,388,390
Within one year but not more than five years	**39,772,575**	39,772,575
More than five years	**–**	–
	₱56,160,965	₱56,160,965

Total rental from these operating leases amounted to ₱47.3 million in 2013, ₱47.9 million in 2012, and ₱49.8 million in 2011, and are shown as part of "Other operating income" account in the consolidated statements of comprehensive income (see Note 16). Contingent rent recognized in 2013, 2012 and 2011 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.

26. 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.

27. Financial Instruments

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the consolidated statements of financial position are shown below:

	2013		2012	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Loans and receivables:				
Cash in banks*	**₱41,592,589**	**₱41,592,589**	₱31,988,688	₱31,988,688
Trade and other receivables**	**663,272,078**	**663,272,078**	803,022,430	803,022,430
Due from related parties	**96,916,517**	**96,916,517**	99,939,967	99,939,967
	₱801,781,184	**₱801,781,184**	₱934,951,085	₱934,951,085

	2013		2012	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Liabilities				
Trade and other payables***	**₱1,144,417,062**	**₱1,144,417,062**	₱1,419,051,075	₱1,419,051,075
Payable to a stockholder	**637,888,966**	**637,888,966**	–	–
Cash bond deposits	**21,756,744**	**21,756,744**	18,887,008	18,887,008
Restructured debt	**–**	**–**	2,302,576,136	3,133,948,425
	₱1,804,062,772	**₱1,804,062,772**	₱3,740,514,219	₱4,571,886,508

* *Excluding cash on hand amounting to ₱3.7 million and ₱2.2 million in 2013 and 2012, respectively.*
***Excluding advances to contract growers and breeders, advances to suppliers and advances to officers and employees, and amounting to ₱16.2 million, ₱9.1 million and ₱6.1 million in 2013, respectively and ₱16.8 million, ₱11.9 million and ₱6.1 million in 2012, respectively.*
****Excluding statutory liabilities amounting to ₱11.7 million and ₱6.2 million in 2013 and 2012, respectively.*

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 at amortized cost 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 are specific to the terms of the restructured debt as at the reporting date as discussed Note 13. The fair value measurement for the restructured debt has been categorized as level 3 (significant unobservable inputs).

28. **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, 2013 and 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 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.

	2013	2012
Cash in banks	**₱41,592,589**	₱31,988,688
Trade and other receivables	**663,272,078**	803,022,430
Due from related parties	**96,916,517**	99,939,967
	₱801,781,184	₱934,951,085

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:

	2013					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Total**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in banks	**₱41,592,589**	**₱–**	**₱41,592,589**	**₱–**	**₱–**	**₱41,592,589**
Trade and other receivables	**197,008,420**	**–**	**197,008,420**	**466,263,658**	**489,916,362**	**1,153,188,440**
Due from related parties	**96,916,517**	**–**	**96,916,517**	**–**	**11,182,657**	**108,099,174**
	₱335,517,526	**₱–**	**₱335,517,526**	**₱466,263,658**	**₱501,099,019**	**₱1,302,880,203**

	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

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

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.

As at December 31, 2013 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**
Payable to stockholder	**₱637,888,966**	**₱–**	**₱–**	**₱–**
Trade and other payables (excluding accrued interest)	**789,708,157**	**186,565,192**	**–**	**168,143,713**
Interest payable	**208,985,490**	**–**	**–**	**–**
	₱1,636,582,613	**₱186,565,192**	**₱–**	**₱168,143,713**

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	1,250,907,362	–	–	168,143,713
Interest payable	180,476,679	–	362,851,620	418,369,180
	₱1,505,374,852	₱–	₱1,019,405,728	₱2,932,496,111

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.

29. 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.

	2013	2012
Total liabilities	**₱2,314,617,042**	₱3,974,444,974
Total equity	**1,332,195,701**	35,826,441

VITARICH CORPORATION AND SUBSIDIARIES

(A Subsidiary of Kormasinc, Inc.)

FINANCIAL RATIOS

DECEMBER 31, 2013

Below is a schedule showing financial soundness indicators in the years 2013, 2012 and 2011.

	2013	2012	2011
Current/Liquidity Ratio	**0.76**	1.17	1.26
Current assets	**1,360,602,820**	₱1,524,946,707	₱1,419,458,477
Current liabilities	**1,793,072,679**	1,308,514,151	1,128,646,648
Solvency Ratio	**(0.14)**	(0.01)	(0.05)
Net loss before depreciation	**(330,469,950)**	(53,351,837)	(176,333,163)
Total liabilities	**2,314,617,044**	3,974,444,974	3,696,934,973
Debt-to-equity Ratio	**1.74**	110.94	25.78
Total liabilities	**2,314,617,045**	3,974,444,974	3,696,934,973
Total equity	**1,332,195,701**	35,826,441	143,391,657
Asset-to-equity Ratio	**2.74**	111.94	26.78
Total assets	**3,646,812,745**	4,010,271,415	3,840,326,630
Total equity	**1,332,195,701**	35,826,441	143,391,657
Interest rate coverage Ratio	**0.62**	0.38	(0.36)
Pretax income (loss) before interest	**517,080,268**	72,812,359	(68,746,324)
Interest expense	**836,218,074**	193,284,039	190,082,768
Profitability Ratio	**(0.30)**	(3.31)	(1.65)
Net loss	**(400,970,850)**	(118,609,090)	(237,046,683)
Total equity	**1,332,195,701**	35,826,441	143,391,657

VITARICH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Kormasinc, Inc.)

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2013

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
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			✓
	Amendments to PFRS 7: Offsetting Financial Assets and Financial Liabilities			✓
PFRS 8	Operating Segments	✓		
PFRS 10	Consolidated Financial Statements	✓		

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
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 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
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 28	Investments in Associates			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
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			✓
Philippine Interpretation IFRIC–18	Transfers of Assets from Customers			✓

No.	Title	Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC–19	Extinguishing Financial Liabilities with Equity Instruments	✓		
Philippine Interpretation IFRIC–20	Stripping Costs in the Production Phase of a Surface Mine			✓

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, 2013

Table of Contents

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES and PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
December 31, 2013

			Deductions		Ending Balance		
Name and Designation of Debtor	Balance at beginning of Period	Additions	Collected	Written Off	Current	Noncurrent	Balance at end of period
Advances to Officers and Employees:							
Aaron Cruz - Technical Associate Vet	₱161,759	₱–	(₱59,544)	₱–	₱102,215	₱–	**₱102,215**
Ruby Macario - Luzon Executive Assistant	271,450	1,050	–	–	272,500	–	**272,500**
Ronald Danque - BDT Food Sales and Operation Manager	426,703	–	(426,703)	–	–	–	**–**
Reynaldo Ortega - Poultry and Livestock Manager	268,537	750	–	–	269,287	–	**269,287**
Alex Magua - District Sales Manager	170,000	–	(45,393)	–	124,607	–	**124,607**
Manolo Inting - Sales Manager - Mindanao	140,680	4,000	(27,820)	–	116,860	–	**116,860**
Oliver John Lupiba - Account Specialist	302,114	–	(302,114)	–	–	–	**–**
Felix Tadius - Regional Sales Manager - CDO	260,575	–	(260,575)	–	–	–	**–**
Danilo Tubo - District Sales Manger	201,953	4,019	(201,953)	–	4,019	–	**4,019**
Ronald Gabriela - Regional Sales Manager	120,070	–	–	–	120,070	–	**120,070**
Others*	5,226,009	8,472,955	(8,619,866)	–	5,079,096	–	**5,079,096**
	₱7,549,850	**₱8,482,774**	**(₱9,943,968)**	**₱–**	**₱6,088,656**	**₱–**	**₱6,088,656**

*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, 2013

			Deductions			Ending Balance		
Related Party	Balance at beginning of period	Additions	Collections	Write Off	Amounts written off	Current	Noncurrent	Balance at end of period
Amounts Due from Related Parties								
Gromax, Inc.	**₱42,714,318**	**₱5,854,862**	**₱–**	**₱–**	**₱–**	**₱48,569,180**	**₱–**	**₱48,569,180**
Philippine Favorite Chicken, Inc.	–	–	–	–	–	–	–	–
	₱42,714,318	**₱5,854,862**	**₱–**	**₱–**	**₱–**	**₱48,569,180**	**₱–**	**₱48,569,180**

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE F - RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES
December 31, 2013

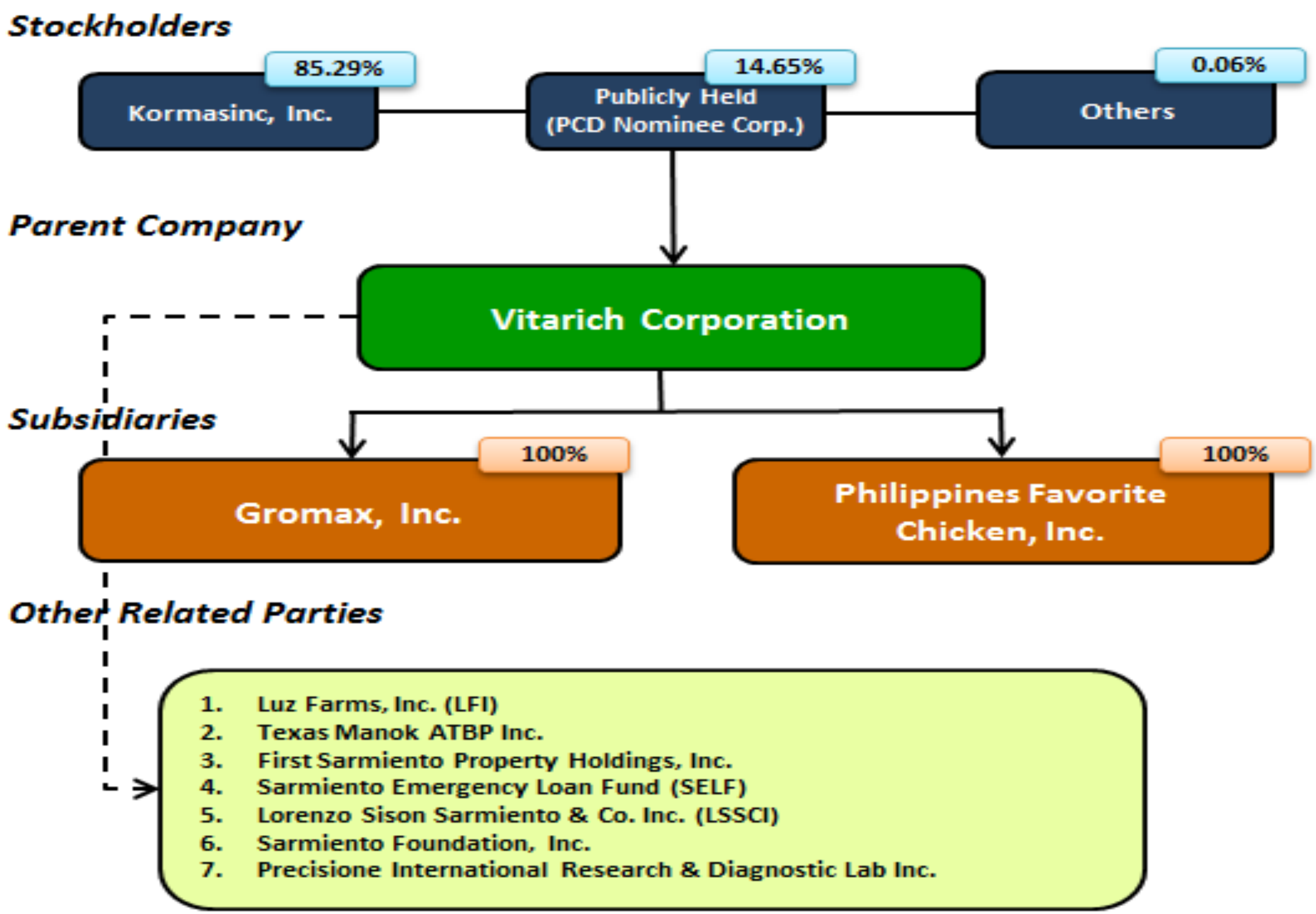
			Deductions		Ending Balance		
Related Party	Balance at beginning of period	Additions	Collections	Write Off	Current	Noncurrent	Balance at end of period
Luz Farms, Inc. (LFI)	₱105,521,211	₱-	₱-	₱-	₱-	₱-	₱105,521,211
Texas Manok ATBP., Inc.	3,910,000	-	-	-	-	-	3,910,000
Precisione International Research & Diagnostic Laboratory	(3,174,076)	(1,389,844)	-	-	-	-	(4,563,920)
First Sarmiento Property Holdings, Inc.	1,983,918	-	-	-	-	-	1,983,918
Sarmiento Foundation, Inc.	1,752,082	-	(1,653,120)	-	-	-	98,962
LS Sarmiento and Co., Inc.	797,175	-	-	-	-	-	797,175
SELF	329,312	41,237	(18,723)	-	-	-	351,826
	₱111,119,624	**(₱1,348,607)**	**(₱1,671,843)**	**₱-**	**₱-**	**₱-**	**₱108,099,174**

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCKHOLDER
December 31, 2013

				Number of shares held by		
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption	Number of shares reserved for options, warrants, conversion & other rights	Related parties	Directors, officers and employees	Public
Common stock - 1 par value per share						
Authorized - 500,000,000 shares	3,500,000,000	2,786,497,902	–	2,376,528,137	1,712,179	408,257,586

Ownership Structure

(as at December 31, 2013)



REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City 1200 Philippines
www.reyestacandong.com
Phone: +632 982 9100
Fax : +632 982 9111
BOA/PRC Accreditation No. 4782
November 12, 2012, valid until December 31, 2015
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULE OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Vitarich Corporation (a subsidiary of Kormasinc, Inc.) (the Company) as at and for the year ended December 31, 2013 and have issued our report thereon dated February 21, 2014. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedule of retained earnings available for dividend declaration as at December 31, 2013 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with the Securities Regulation Code Rule 68, as amended, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 123-503-505-000
BOA Accreditation No. 4782; Valid until December 31, 2015
SEC Accreditation No. 1021-AR-1 Group A
Valid until November 11, 2016
BIR Accreditation No. 08-005144-5-2013
Valid until November 26, 2016
PTR No. 4232804
Issued January 2, 2014, Makati City

February 21, 2014
Makati City, Metro Manila

VITARICH CORPORATION

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2013

Deficit at beginning of year	(₱2,279,820,570)
Adjustment:	
Deferred tax liability at beginning of year	163,738,726
Deficit at beginning of year, as adjusted	(2,116,081,844)
Add (less):	
Net loss closed to retained earnings during the year	(392,191,374)
Fair value adjustment on investment properties	24,805,980
Deficit at end of year	(2,483,467,238)
Less movement in deferred tax liability	77,054,635
Deficit at end of year, as adjusted	(₱2,406,412,603)

Reconciliation:	
Deficit at end of year as shown in the financial statements	(₱2,397,839,501)
Add deferred tax liability at end of year	240,793,361
Less accumulated fair value adjustment on investment properties	(249,366,463)
Deficit at end of year, as adjusted	(₱2,406,412,603)