COMPANY NAME

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

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

Marilao–San Jose Road, Sta. Rosa I, Marilao, Bulacan

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
agdanque@vitarich.com	(044) 843-3033	(0918) 848 2800

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,158	Last Friday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Stephanie Nicole S. Garcia	nsgarcia@vitarich.com	(044) 843-3033	(0918) 8482258

CONTACT PERSON'S ADDRESS

Marilao–San Jose Road, Sta. Rosa I, Marilao, Bulacan

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2018**

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

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

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

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

7. Address of issuer's principal office Postal Code

   MARILAO-SAN JOSE ROAD, STA. ROSA I, MARILAO, BULACAN **3019**

8. Issuer's telephone number, including area code

   843-3033 connecting to all departments

9. Former name, former address and former fiscal year, if changed since last report

   N/A

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	**3,054,334,014**

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 [✓]

Annex A

SEC Number 21134
File Number

VITARICH CORPORATION AND SUBSIDIARIES

(Company's Full Name)

Marilao- San Jose Road, Sta. Rosa I, Marilao, Bulacan

(Company's Address)

843-30-33 connecting to all departments

(Telephone Number)

(Year Ending)
(Month & day)

Quarterly Consolidated
Unaudited Financial Statements

Form Type

Amendment Designation (If Applicable)

June 30, 2018

Period Ended Date

(Secondary License Type and File Number)

PART I – FINANCIAL INFORMATION

Item 1 - Financial Statements

The unaudited financial statements of Vitarich Corporation and its subsidiaries as at and for the period ended June 30, 2018 (with comparative figures as of December 31, 2017) and for the period ended June 30, 2017 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 if 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
EVP, Corporate Management Services
Director/ Treasurer

ATTY. MARY CHRISTINE DABU-PEPITO
Assistant Corporate Secretary, Corporate
Information Officer and Compliance Officer

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

Vitarich Corporation was incorporated on July 31, 1962 to engage primarily in manufacturing and selling of feeds and livestock. 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 Company's increase in authorized capital to P3.5 billion and the conversion of Company debts amounting to P2.4 billion to Kormasinc, Inc. (Kormasinc) into equity at 1 share of common stock for every P1.00 debt. Of the converted debt, P90.0 million was applied as payment for 90,030,236 shares from unissued shares and P2.3 billion was applied as payment for additional shares from the increase in authorized capital.

With the debt to equity conversion and significant improvement in the Company's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Company's exit from Corporate Rehabilitation on September 16, 2016.

On June 30, 2017, the Company's stockholders approved the Company's plan to undergo an Quasi-reorganization. The Company will reduce the par value of the Company share and the existing additional paid-in capital and outstanding revaluation surplus will be applied to eliminate the Company deficit of P2.2 billion as at December 31, 2017.

On July 26, 2017, the BOD and Stockholders of PFCI approved the shortening of the corporate life of PFCI until March 31, 2019. PFCI which has ceased operations since 2005, was placed under the liquidation process. The Company deconsolidated PFCI and recognized a gain of P28.2 million on deconsolidation.

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of P407.1 million to Kormasinc at P1.52 a share increasing Kormasinc's ownership interest from 69.20% to 71.90%.

On May 31, 2018, the Security and Exchange Commission approved the shortening of the corporate life of Gromax Inc. until November 10, 2019. Gromax Inc. which has ceased operations since 2015. The Company deconsolidated Gromax Inc. and recognized a loss of P22.5 million on deconsolidation in June 2018.

On July 11, 2018, the SEC approved the Change in Par Value which resulted to Decrease of Capital Stock of the Company from P3.5billion divided into 3.5 billion shares with par value of P1.00 each to P1.33 billion divided inot 3.5 billion shares with the par value of P.38 each.

On July 18, 2018, the company received the Certificate of Approval of Equity Restructuring to wipe out deficit as of December 31, 2017 in the amount of P2,256,037,517.00 against the Additional Paid in Capital of P2,257,508,376.68

The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

Results of Operations:

For the second quarter of 2018, Vitarich Corporation and its subsidiaries generated consolidated sale of goods of ₱3,962 million, higher by 28% from ₱3,106 million of same quarter last year due to increased volume of all product lines.

Vitarich's cost of goods consists of raw material and packaging costs, manufacturing costs, and direct labor costs grew by 32% due to higher raw material prices, particularly corn, wheat and soya.

The Company generated gross profit of ₱378 million for the second quarter, 2% lower from a year ago due to higher raw material prices.

For the second quarter, consolidated operating expenses is at ₱281 million, 2% higher against second quarter of the previous year.

Other operating income for the second quarter of 2018 has increased by 454% against the other operating income for the same period last year.

The Company achieved an operating profit of ₱109 million, almost same versus same period of last year driven by the strong performance of all operations. This was achieved despite higher feed costs due to the increase in prices of key raw materials.

Other charges amounted to ₱38.4 million in the second quarter of 2018. This has resulted to a consolidated net income before tax for the second quarter of ₱70.7 million as against last year's net income of ₱97.5 million.

Corporate Action Plan:

For Feeds, the Company will continue to deliver **superior products through continuing improvements in its formulations and production processes**. The Company has plans to venture into piglet production to support its hog feeds. The Company aims to reposition its animal and aqua feed lines.

For Foods & Farms, Vitarich will expand the poultry business by increasing its breeder capacity. The Company will also increase its food market base by developing chicken value-added products and expanding its distribution channels by way of penetrating hotel, restaurant, and institution (or HRI) accounts, and tapping selected supermarket for its fresh dressed chicken.

Subsidiaries:

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

Effective April 1, 2015 the operations of Gromax, manufacturing animal health and nutritional feeds, was reintegrated into the Company. Specialty feeds supplement the product offering of animal feeds produced by the company. Pursuant to the reintegration, Gromax transferred all its employees to the Company. Retirement benefits accruing to these employees were transferred accordingly.

On May 31, 2018, the Security and Exchange Commission approved the shortening of the corporate life of Gromax Inc. until November 10, 2019. Gromax Inc. which has ceased operations since 2015. The Company deconsolidated Gromax Inc. and recognized a loss of P22.5 million on deconsolidation in June 2018.

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

The franchise agreement 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 ₱165 million to be applied to its unpaid subscriptions and for additional shares of stock of PFCI. Out of the ₱165 million advances to be converted into equity, ₱25 million was applied to Vitarich's unpaid subscription while the remaining ₱140 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 ₱140 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 ₱23.2 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 ₱100 million. Management believed that this case would be settled in favor of 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, PFCI discontinued operations of its Texas Manok's Restaurants. Accordingly, it terminated all its employees and provided full valuation allowances on all its remaining assets.

On July 26, 2017, the BOD and Stockholders of PFCI approved the shortening of the corporate life of PFCI until March 31, 2019. PFCI which has ceased operations since 2005, was placed under the liquidation process. The Company deconsolidated PFCI and recognized a gain of P28.2 million on deconsolidation.

Financial Condition

Unaudited balance sheet as at June 30, 2018 vs. audited December 31, 2017

The Company's consolidated total assets as at June 30, 2018 stood at ₱3,225 million, 2% higher than December 31, 2017 level of ₱3,156 million. Total current assets is the same from ₱2,023 million as at December 31, 2017 to ₱2,023 million as at June 30, 2018.

Cash balance decreased to ₱283 million as June 30, 2018 from ₱323 million as at December 31, 2017. The decrease in cash was attributed to net cash outflows provided by operating activities.

Trade and other receivables account decreased by 11% as a result of improved collection efficiency.

Inventories amounting to ₱617 million as at June 30, 2018 increased from ₱508 million as at December 31, 2017.

Other current assets account of ₱55 million as at June 30, 2018 was slightly decreased as compared to ₱55.5 million as at December 31, 2017. Other non-current assets increased by ₱2.5million as compared to its balance as at December 31, 2017.

Total current liabilities as at June 30, 2018 amounted to ₱1,547 million, lower by 2% as compared to its balance as at December 31, 2017.

Stockholders' equity increased from ₱1,399 million to ₱1,485 million, due to net income posted for the second quarter of 2018.

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

	Unaudited Jun 2018	Unaudited Jun 2017
Revenue (₱ million)	₱3,962	₱3,106
Cost Contribution (₱ million)	3,584	2,723
Gross Profit Rate (%)	10%	12%
Operating Income (₱ million)	109	109

1) Sales Volume, Price, and Revenue Growth

   Consolidated revenue composed of feeds, day old chicks, chicken and animal health products sales amounted to ₱3,962 million, higher than the same period last year of ₱3,106 million, mainly because of higher sales volume of chicken and animal feeds.

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

AS AT JUNE 30, 2018 AND DECEMBER 31, 2017

(In Thousand Pesos)

	Note	June 2018 (Unaudited)	December 2017 (Audited)
ASSETS			
Current Assets			
Cash	5	**₱282,887**	₱323,006
Trade and other receivables	6	**1,012,433**	1,136,433
Due from related parties	15	**55,847**	-
Inventories	7	**616,951**	507,674
Other current assets	8	**54,977**	55,486
Total Current Assets		**2,023,095**	2,022,599
Noncurrent Assets			
Property, plant and equipment	9	**639,668**	573,263
Investment properties	10	**539,024**	540,175
Other noncurrent assets	8	**22,870**	20,354
Total Noncurrent Assets		**1,201,562**	1,133,792
		₱3,224,657	₱3,156,391
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**₱1,334,193**	₱1,387,606
Loans payable	12	**200,800**	170,370
Current portion of finance lease liabilities	19	**12,279**	20,666
Total Current Liabilities		**1,547,272**	1,578,642
Noncurrent Liabilities			
Cash bond deposits	13	**34,656**	31,503
Finance lease liabilities - net of current portion	19	**41,004**	25,033
Net retirement liability		**81,309**	84,532
Net deferred tax liabilities		**35,517**	37,205
Total Noncurrent Liabilities		**192,486**	178,273
Equity			
Capital stock	16	**3,054,334**	3,054,334
Additional paid-in capital	16	**363,821**	363,821
Deficit	16	**(2,203,960)**	(2,289,383)
Other comprehensive income		**270,704**	270,704
Total Equity		**1,484,899**	1,399,476
		₱3,224,657	₱3,156,391

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(With Comparative Figures for 2017)
(In Thousand Pesos)

	UNAUDITED		UNAUDITED	
	JAN-JUN 2018	**JAN-JUN 2017**	**APR-JUN 2018**	**APR-JUN 2017**
SALE OF GOODS	**₱3,962,387**	₱3,106,416	₱2,003,551	₱1,548,775
COST OF GOODS SOLD	**3,584,541**	2,722,571	1,827,338	1,359,929
GROSS PROFIT	**377,846**	383,845	176,213	188,846
OTHER OPERATING EXPENSES (INCOME)				
Operating expenses	**281,131**	276,668	136,888	132,510
Operating income	**(12,397)**	(2,236)	(5,175)	(1,198)
	268,734	274,432	131,713	131,312
OPERATING PROFIT	**109,112**	109,413	44,500	57,534
OTHER INCOME (CHARGES)				
Interest expense	**(16,088)**	(12,715)	(8,316)	(6,034)
Interest income	**226**	799	(202)	304
Loss on deconsolidation of a subsidiary	**(22,512)**	–	(22,512)	–
	(38,374)	(11,916)	(31,030)	(5,730)
INCOME BEFORE INCOME TAX	**70,738**	97,497	13,470	51,804
INCOME TAX EXPENSE (Note 14)	**(18,660)**	(4,195)	(13,132)	(2,004)
NET INCOME	**52,078**	93,302	338	49,800
OTHER COMPREHENSIVE INCOME	**–**	–	–	–
TOTAL COMPREHENSIVE INCOME	**₱52,078**	₱93,302	₱338	₱49,800
INCOME PER SHARE - BASIC AND DILUTED (Note 17)	**₱0.02**	₱0.03	₱0.00	₱0.02

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017 AND THE YEAR ENDED DECEMBER 31, 2017

(In Thousand Pesos)

	UNAUDITED		
	2018 JUN	**2017 JUN**	**AUDITED 2017**
CAPITAL STOCK (Note 16)	**₱3,054,334**	₱2,786,498	₱3,054,334
ADDITIONAL PAID-IN CAPITAL (Note 16)	**363,821**	224,547	363,821
OTHER COMPREHENSIVE INCOME			
Balance at beginning of year/quarter	**270,704**	276,012	276,012
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	**–**	(3,543)	(5,308)
Balance at end of year/quarter	**270,704**	272,469	270,704
DEFICIT (Note 16)			
Balance at beginning of year/quarter	**(2,256,038)**	(2,417,045)	(2,417,045)
Transfer to deficit of revaluation reserve realized through depreciation, net of tax	**–**	3,543	5,308
Net income	**52,078**	93,302	122,354
Balance at end of year/quarter	**(2,203,960)**	(2,320,200)	(2,289,383)
TOTAL EQUITY	**₱1,484,899**	₱963,314	₱1,399,476

See accompanying Notes to Consolidated Financial Statements.

VITARICH CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017 AND THE YEAR ENDED DECEMBER 31, 2017

(In Thousand Pesos)

		UNAUDITED		AUDITED
	Note	**JUN 2018**	JUN 2017	**DEC 2017**
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		**₱70,738**	₱97,497	₱151,418
Adjustments for:				
Depreciation and amortization	**9**	**28,261**	22,688	43,589
Interest expense		**16,088**	12,715	23,841
Impairment loss on:				
Trade and other receivables		**1,906**	3,302	–
Interest income		**(226)**	(799)	(1,754)
Retirement benefits cost		–	2,849	–
Loss (Gain) on deconsolidation of a subsidiary	**4**	**22,512**	–	(28,196)
Impairment on investment of a subsidiary		**33,345**	–	–
Operating profit before working capital changes		**172,624**	138,252	188,898
Decrease (increase) in:				
Trade and other receivables		**114,641**	21,379	48,039
Due from related parties		**(55,847)**	–	–
Inventories		**(109,277)**	54,209	(26,089)
Other current assets		**331**	2,403	(11,053)
Other noncurrent assets		**(2,516)**	–	(3,008)
Increase (decrease) in:				
Trade and other payables		**(53,413)**	(32,757)	(81,325)
Net retirement liability		**(3,223)**	–	2,377
Cash bond deposits		**3,325**	5,410	8,142
Net cash generated from (used for) operations		**66,645**	188,896	125,981
Interest paid		**(16,088)**	(12,715)	(23,841)
Interest received		**226**	799	1,754
Income taxes paid		**(20,348)**	(7,862)	–
Net cash generated (used in) operating activities		**30,435**	169,118	103,894
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment	**9**	**(97,039)**	(28,712)	(67,363)
Investment properties	**10**	**(2,889)**	(434)	(434)
Proceeds from disposal of sale of property and equipment	**9**	**9,957**	–	–
Impairment on investment of a subsidiary		**(15,053)**	–	–
Proceeds from disposal of investment properties	**10**	**4,040**	–	–
Net cash used in investing activities		**(100,984)**	(29,146)	(67,797)
CASH FLOWS FROM A FINANCING ACTIVITY				
Net availment of loans	**12**	268,183	63,849	170,370
Payment of loans	**12**	**(237,753)**	–	–
NET INCREASE (DECREASE) IN CASH		**(40,119)**	203,821	206,466
CASH AT BEGINNING OF PERIOD/YEAR	**5**	**323,006**	116,540	**116,540**
CASH AT END OF PERIOD/YEAR		**₱282,887**	₱320,361	₱323,006
NONCASH FINANCIAL INFORMATION				
Reclassification of property, plant and equipment to investment properties		**₱–**	**₱–**	₱-
Acquisition of property, plant and equipment through finance lease (Note 19)	**11**	**7,584**	12,383	29,057
Unpaid acquisition of investment property		**–**	–	44,525
Debt to equity conversion		**–**	–	407,111

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2018

1. Corporate Information and Status of Operations

Vitarich Corporation (singly and collectively referred to as the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 31, 1962 to engage primarily in manufacturing and selling of feeds and livestock. 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:

		Percentage	
	Line of Business	**2018**	**2017**
Gromax, Inc. (Gromax)*	Manufacturing	–	**100.00**
Philippines Favorite Chicken, Inc. (PFCI)**	Distributor	–	–

**Ceased operations in 2015 and deconsolidated in 2018.*
***Ceased operations in 2005 and deconsolidated in 2017.*

On October 16, 2013, the SEC approved the Company's increase in authorized capital stock to ₱3.5 billion and the conversion of Company debts amounting to ₱2.4 billion to Kormasinc, Inc. (Kormasinc) into equity at 1 share of common stock for every ₱1.00 debt. Of the converted debt, ₱90.0 million was applied as payment for 90,030,236 shares from unissued shares and ₱2.3 billion was applied as payment for additional shares from the increase in authorized capital.

With the debt to equity conversion and significant improvement in the Company's operations, the Regional Trial Court of Malolos, Bulacan (the Rehabilitation Court) approved the Company's exit from Corporate Rehabilitation on September 16, 2016.

On July 26, 2017, the BOD and Stockholders of PFCI approved the shortening of the corporate life of PFCI until March 31, 2019. PFCI which has ceased operations since 2005, was placed under the liquidation process. The Company deconsolidated PFCI and recognized a gain of ₱28.2 million on deconsolidation.

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share increasing Kormasinc's ownership interest from 69.20% to 71.90%.

On May 31, 2018, the Security and Exchange Commission approved the shortening of the corporate life of Gromax Inc. until November 10, 2019. Gromax Inc. which has ceased operations since 2015. The Company deconsolidated Gromax Inc. and recognized a loss of P22.5 million on deconsolidation in June 2018.

On July 11, 2018, the SEC approved the Change in Par Value which resulted to Decrease of Capital Stock of the Company from P3.5billion divided into 3.5 billion shares with par value of P1.00 each to P1.33 billion divided inot 3.5 billion shares with the par value of P.38 each.

On July 18, 2018, the company received the Certificate of Approval of Equity Restructuring to wipe out deficit as of December 31, 2017 in the amount of P2,256,037,517.00 against the Additional Paid in Capital of P2,257,508,376.68.

The registered principal place of business of the Company is located at Marilao-San Jose Road, Sta. Rosa I, Marilao, Bulacan. The Company has operating offices in Luzon, Iloilo and Davao, and maintains satellite offices in Southern Philippines.

<u>Status of Operations</u>

The Company has significantly increased sales for the period ended June 30, 2018 to ₱3,962.4 million from ₱3,106.4 million for the period ended June 30, 2017 resulting from intensive marketing, introduction of more food products, improved formulation technology for its feeds products and tolling operational partnerships.

The Company is focusing towards establishing operational partnerships, strengthening its core products by improving quality standards, continuing its cost reduction program and revisiting customer and supplier terms to increase sales and to improve operating results. As a result of the implementation of these programs, the Company generated operating income of ₱109.1 million in the second quarter of 2018.

With these corporate initiatives, the Company has continued to generate the necessary cash flow to sustain its operations and settle its remaining liabilities.

2. Basis of Preparation and Statement of Compliance

The unaudited interim consolidated financial statements of the Company 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 Company's functional and presentation 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 Company's annual consolidated financial statements as at December 31, 2017.

The unaudited interim consolidated financial statements of the Company for the six (6) months ended June 30, 2018 have been prepared in accordance with Philippine Accounting Standards (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, PAS, Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

3. Summary of Changes in PFRS

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

- Amendment to PFRS 12, *Disclosures of Interests in Other Entities – Clarification of the Scope of the Standard* – The amendment is part of the Annual Improvements to PFRS 2014-2016 Cycle and clarifies that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

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

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2017 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2018 -

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39*, Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

  For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

  For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

  For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

  The derecognition provisions are carried over almost unchanged from PAS 39.

- Amendments to PFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions* – The amendments clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, the accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and condition of a share-based payment that changes the classification of the transaction from cash-settled to equity settled.

- PFRS 15, *Revenue from Contract with Customers* – The new standard replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue* and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.).

- Amendment to PFRS 15, *Revenue from Contract with Customers* - Clarification to PFRS 15 – The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

- Amendments to PAS 40, *Investment Property - Transfers of Investment Property* – The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of change in use. A mere change in management's intentions for the use of the property does not provide evidence of a change in use.

Effective for annual periods beginning on or after January 1, 2019 -

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

- Philippine Interpretation IFRIC 23, *Uncertainty Over Income Tax Treatments* – The interpretation provides requirements in addition to those set in PAS 12, *Income Taxes* by specifying how to determine the accounting tax position when there is uncertainty over tax treatments. It requires an entity to (a) determine whether uncertain tax positions are assessed separately or as a group, and (b) assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. Otherwise, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company except for PFRS 9 and PFRS 16.

The Company anticipates that the application of PFRS 9 and 16 might have a significant effect on amounts reported in respect of the Company's financial assets and financial liabilities and leases. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Additional disclosures will be included in the consolidated financial statements, as applicable.

4. Deconsolidation of a Subsidiary

On May 31, 2018, the Security and Exchange Commission approved the shortening of the corporate life of Gromax Inc. until November 10, 2019. Gromax Inc. which has ceased operations since 2015. The Company deconsolidated Gromax Inc. and recognized a loss of P22.5 million on deconsolidation in June 2018.

The related accounts of Gromax Inc. as at May 31, 2018 (the date the control is lost) have been excluded in the consolidated financial statements of the Company.

The details of the carrying amounts of assets and liabilities of Gromax Inc. deconsolidated are as follows *(in thousands)*:

	Amount
Current assets	**₱36,191**
Allowance for impairment losses	**(13,507)**
Cash bond deposits	**(172)**
Net asset	**₱22,512**
Remaining investment	**-**
Loss on deconsolidation of a subsidiary	**₱22,512**

5. Cash

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

	Unaudited Jun 2018	Audited Dec 2017
Cash on hand	**₱1,897**	₱1,515
Cash in banks	**280,990**	321,491
	₱282,887	₱323,006

Cash in banks earn interest at prevailing bank deposit interest rates at 0.2% to 0.3% in 2018 and 2017. Interest income on cash in banks amounted to ₱0.2 million and ₱0.8 million in June 2018 and June 2017, respectively.

6. Trade and Other Receivables

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

	Unaudited Jun 2018	Audited Dec 2017
Trade	**₱809,937**	₱913,915
Nontrade	**189,870**	208,262
Insurance claims receivable	**141,665**	157,513
Advances to:		
Suppliers	**112,879**	107,910
Officers and employees	**8,078**	9,506
Others	**2,126**	3,050
	1,264,555	1,400,156
Less allowance for impairment losses	**(252,122)**	(263,723)
	₱1,012,433	₱1,136,433

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

Nontrade receivables comprise mainly of receivables arising from incidental income of the Company such as tolling, rentals, hatching, hauling and laboratory analysis charges. These are settled within 30-60 days and are noninterest-bearing.

The Company has an outstanding claim for settlement for typhoon damages from Charter Ping An Insurance Corporation. Pursuant to the Insurance Code, the Company is entitled to interest on its claim at a rate twice the ceiling prescribed by the Monetary Board beginning March 12, 2010, 90 days from the date the Company has filed the claim. On August 17, 2016, the Company received ₱58.9 million as partial settlement. The Company, however, has continued to legally pursue the remaining outstanding balance of ₱157.5 million as at March 31, 2016. Management and its legal counsel believe that the ongoing litigation on the remaining claims will not result in any significant adverse impact on the Company's financial condition and results of operations.

Advances to suppliers pertain to advance payments on purchases of goods and services to be purchased in the Company's normal course of business. These goods and services are expected to be delivered within a year.

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

Other receivables comprise mainly of unsecured and non-interest bearing short term deposits and claims from Philippine Social Security System.

AGING OF RECEIVABLES

	As at June 30, 2018 – Unaudited (in thousand Pesos)						
	TOTAL	**CURRENT**	**1-30**	**31-60**	**61-90**	**91-120**	**OVER 120**
Feeds	₱646,276	₱425,516	₱37,816	₱9,924	₱4,659	₱2,577	₱165,784
Foods	134,931	75,384	42,470	4,582	665	393	11,437
Farms	28,730	8,632	16,042	4,052	3	0	–
Total Trade Receivables	**809,937**	**509,532**	**96,328**	**18,558**	**5,327**	**2,970**	**177,221**
Nontrade	189,870	78,228	11,012	6,229	18,485	11,806	64,110
Insurance claims receivable	141,665	–	–	–	–	–	141,665
Advances	120,957	120,957	–	–	–	–	–
Due from related parties	–	–	–	–	–	–	–
Others	2,126	2,126	–	–	–	–	–
Total Trade and Nontrade Receivables	**454,618**	**201,311**	**11,012**	**6,229**	**18,485**	**11,806**	**205,775**
Less: Allowance for Impairment	252,122	–	–	–	–	–	252,122
NET RECEIVABLES	**₱1,012,433**	**₱710,843**	**₱107,340**	**₱24,787**	**₱23,812**	**₱14,776**	**₱130,874**

7. Inventories

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

	Unaudited Jun 2018	Audited Dec 2017
Livestock	**₱105,237**	₱88,790
Raw materials and feeds supplement	**257,382**	220,082
Finished goods	**186,319**	140,678
Factory stocks and supplies	**34,791**	694
Supplies and animal health products	**33,222**	57,430
	616,951	₱507,674

As at June 30, 2018 and December 31, 2017, inventories are stated at cost.

8. Other Current and Noncurrent Assets

Other Current Assets (*in thousand Pesos*):

	Unaudited Jun 2018	Audited Dec 2017
Creditable withholding tax	**₱29,880**	₱41,406
Input value-added tax	**1,833**	3,557
Prepayments	**23,264**	13,615
	54,977	58,578
Allowance for impairment losses	**-**	(3,092)
	₱54,977	₱55,486

Other Noncurrent Assets (*in thousand Pesos*):

	Unaudited Jun 2018	Audited Dec 2017
Project development costs	**₱31,368**	₱31,368
Security deposits	**10,379**	12,037
Computer software	**12,491**	8,317
Others	**-**	67
	54,238	51,789
Allowance for impairment:		
Project development costs	**31,368**	31,368
Others	**-**	67
	31,368	31,435
	₱22,870	₱20,354

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

Project development costs represent expenses incurred on the Company's aqua feeds and aqua culture projects. Based on management's evaluation, these costs may no longer be recoverable. Accordingly, the project development cost was provided with full valuation allowance.

Computer software pertains to additions and improvements on the Company's accounting system.

9. Property, Plant and Equipment

Movements in this account are as follows *(in thousand Pesos)*:

	June 30, 2018 (Unaudited)							
	At Appraised Values					At Cost		
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	**₱325,134**	**₱216,899**	**₱104,678**	**₱15,368**	**₱39,372**	**₱200,317**	**₱18,076**	**₱919,844**
Additions	**4,619**	**17,579**	**9,179**	**–**	**8,177**	**31,136**	**33,933**	**104,623**
Disposal						**(9,957)**		**(9,957)**
Reclassification	**(1,501)**	**992**	**(425)**	**1,501**	**432**	**(120,514)**	**(536)**	**(118,147)**
Balance at end of year	**328,252**	**235,470**	**113,432**	**16,869**	**47,981**	**100,982**	**51,473**	**894,459**
Accumulated Depreciation and Impairment								
Balance at beginning of year	**–**	**134,454**	**36,188**	**11,047**	**26,365**	**138,527**	**–**	**346,581**
Depreciation and amortization	**–**	**11,280**	**3,590**	**556**	**4,352**	**8,483**	**–**	**28,261**
Disposal						**(6,729)**		**(6,729)**
Reclassification	**–**	**17**	**–**	**–**	**(2,494)**	**(110,845)**	**–**	**(113,322)**
Balance at end of year	**–**	**145,751**	**39,778**	**11,603**	**28,223**	**29,436**	**–**	**254,791**
Carrying amount	**₱328,252**	**₱89,719**	**₱73,654**	**₱5,266**	**₱19,758**	**₱71,546**	**₱51,473**	**₱639,668**

	2017 (Audited)							
	At Appraised Values					At Cost		
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Transportation equipment	Construction in Progress	Total
Cost								
Balance at beginning of year	₱325,134	₱197,517	₱89,309	₱14,768	₱78,139	₱167,784	₱215	₱872,866
Additions	–	19,463	15,369	600	10,379	32,533	18,076	96,420
Effect of deconsolidation	–	(296)	–	–	(49,146)	–	–	(49,442)
Reclassifications	–	215	–	–	–	–	(215)	–
Balance at end of year	325,134	216,899	104,678	15,368	39,372	200,317	18,076	919,844
Accumulated Depreciation and Impairment								
Balance at beginning of year	–	120,742	30,375	10,050	69,744	125,329	–	356,240
Depreciation and amortization	–	14,008	5,813	997	5,767	13,198	–	39,783
Effect of deconsolidation	–	(296)	–	–	(49,146)	–	–	(49,442)
Reclassifications	–	–	–	–	–	–	–	–
Balance at end of year	–	134,454	36,188	11,047	26,365	138,527	–	346,581
Carrying amount	₱325,134	₱82,445	₱68,490	₱4,321	₱13,007	₱61,790	₱18,076	₱573,263

In 2016, property, plant, and equipment with a net book value of ₱37.5 million were reclassified to investment properties. Corresponding revaluation reserve and deferred tax liabilities of the reclassified property, plant and equipment amounted to ₱17.7 million and ₱5.3 million, respectively.

If the property, plant and equipment were measured at cost model, the carrying amounts would be as follows *(in thousand Pesos)*:

	June 30, 2018 (Unaudited)							
	Land	**Machinery and Equipment**	**Buildings**	**Leasehold and Land Improvements**	**Office Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost	**₱18,929**	**₱193,271**	**₱88,681**	**₱14,213**	**₱43,897**	**₱100,982**	**₱52,009**	**₱511,982**
Accumulated Depreciation and Impairment	**2,200**	**131,875**	**32,609**	**8,947**	**26,966**	**29,436**	**–**	**232,033**
Carrying amount	**₱16,729**	**₱61,396**	**₱56,072**	**₱5,266**	**₱16,931**	**₱71,546**	**₱52,009**	**₱279,949**

	December 31, 2017 (Audited)							
	Land	Machinery and Equipment	Buildings	Leasehold and Land Improvements	Office Furniture, Fixtures and Equipment	Transportation Equipment	Construction in Progress	Total
Cost	₱15,811	₱174,700	₱79,927	₱12,712	₱35,288	₱200,317	₱18,076	₱536,831
Accumulated Depreciation and Impairment	2,200	120,578	29,018	8,391	22,614	138,526	–	321,327
Carrying amount	₱13,611	₱54,122	₱50,909	₱4,321	₱12,674	₱61,791	₱18,076	₱215,504

Fair Value Measurement

The Company's property, plant and equipment (except for transportation equipment) were appraised by an independent firm of appraisers. The latest appraisal report is at December 31, 2016. 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	Remaining useful life
Machinery and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	3 - 5 years remaining useful life
Buildings	Cost Reproduction Approach	Replacement cost less accrued depreciation	5 - 10 years remaining useful life
Land Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Office Furniture, Fixtures and Equipment	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life
Leasehold Improvements	Cost Reproduction Approach	Replacement cost less accrued depreciation	2 - 4 years remaining useful life

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, architectural features and etc.

Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

10. Investment Properties

Investment properties comprise of the Company's hatchery buildings, dressing and rendering plants that are held to earn rentals and parcels of land foreclosed by the Company 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 Jun 2018	Audited Dec 2017
Balance at beginning of year	**₱540,175**	₱495,216
Additions	**2,889**	44,959
Disposal	**(4,040)**	-
Balance at end of year	**₱539,024**	₱540,175

Fair Value Measurement
Investment properties are revalued periodically at fair values as determined by an independent firm of appraisers. The latest appraisal report is at December 31, 2017. The fair value measurement for investment properties has been categorized as level 3 (significant unobservable inputs).

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

	Valuation Technique	Significant unobservable inputs	Remaining useful life
Building	Cost of Reproduction Approach	Replacement cost less accumulated depreciation	5 - 10 years remaining useful life

The significant unobservable inputs to fair valuation are as follows:

Price per square meter: estimated value prevailing in the real estate market depending on the location, area, shape and time element.

Value adjustments: adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, architectural features and etc.

Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

11. Trade and Other Payables

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

	Unaudited Jun 2018	Audited Dec 2017
Trade	**₱1,073,916**	₱1,118,159
Accrued expenses	**103,507**	64,479
Nontrade	**40,802**	88,760
Customers' deposits	**101,941**	95,527
Other	**14,027**	20,681
	₱1,334,193	₱1,387,606

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.

Accrued expenses are normally settled within one year. Accrued expenses mainly pertain to salaries and wages, freight and handling, outside services, rebates, taxes and licenses, commission, plant and office supplies.

Nontrade payables are 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 within one year.

Customers' deposits are amounts received from animal and aqua feeds' customers. These serve as collateral for any unpaid balances.

Other payables consist of advances from officers and employees, social security premiums payable and other statutory liabilities. These are normally settled within a year.

12. Loans Payable

In 2017, the Company obtained peso-denominated short-term loans from local banks to finance its working capital requirements. The short-term loans bear interest rate at 5.25% per annum.

Interest expense amounted to ₱6.9 million and ₱0.0 million as at June 2018 and 2017, respectively.

Changes in liabilities arising from financing activities presented in statements of cash flows pertain to the following:

	Amounts
Beginning balance	**₱170,370**
Availments of loans	**268,183**
Payments of loans	(237,753)
	₱200,800

13. Cash Bond Deposits

Cash bond deposits amounting to ₱34.6 million and ₱31.5 million as at June 30, 2018 and December 31, 2017, 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.

14. Provision for (Benefit from) Income Tax

The components of provision for (benefit from) income tax as reported in the consolidated statements of comprehensive income are as follows *(in thousands)*:

	Unaudited Jun 2018	Unaudited Jun 2017
Reported in Profit and Loss		
Current income tax expense		
RCIT at 30%	**₱31,979**	₱42,282
MCIT at 2%	**₱-**	₱-
Deferred income tax expense relating to origination and reversal of temporary differences	**13,319**	38,087
	₱18,660	₱4,195

The reconciliation of tax on pretax income (loss) computed at the applicable statutory rates to tax expense (benefit) reported in the consolidated statement of comprehensive income is as follows *(in thousands)*:

	Unaudited Jun 2018	Unaudited Jun 2017
Income (benefit from) tax at statutory tax rate	**₱21,221**	₱29,381
Tax effects of:		
Nondeductible expenses	**2,384**	9,280
Nontaxable loss on deconsolidation	**6,754**	
Interest income already subjected to final tax	**(68)**	(45)
Change in unrecognized deferred tax assets	**(11,631)**	(34,421)
	₱18,660	₱4,195

15. Related Parties

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

Due from Related Parties

The Company also grants unsecured, noninterest-bearing advances to its related parties for working capital requirements. 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 *(in thousands)*.

		Unaudited Jun 2018		Audited Dec 2017	
	Nature of Transactions	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Gromax Inc.	Working capital advances	**(₱61)**	**₱55,847**	₱-	₱-

Advances to Officers and Employees

The Company also grants unsecured, noninterest-bearing advances to its officers subject to liquidation after a certain specified period.

Shown below are the movement in the account *(in thousands)*.

		Unaudited Jun 2018		Audited Dec 2017	
	Note	**Amount of Transactions**	**Outstanding Balances**	Amount of Transactions	Outstanding Balances
Advances to officers and employees	6	**(₱1,428)**	**₱8,078**	₱3,472	₱9,506

16. Equity

Capital Stock

The Company has authorized capital stock of 3.5 billion shares at ₱1 par value equivalent to ₱3.5 billion. Movements of the shares are as follows *(in thousands)*:

	2018	2017
Authorized	**3,500,000**	3,500,000
Issued and outstanding	**3,054,334**	3,054,334

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
Dec.22, 2017	3,000,000,000	267,836,113
Oct. 16, 2013	3,000,000,000	2,286,497,901
Feb. 9, 1989	200,000,000	200,000,000
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

On December 22, 2017, the SEC approved the debt to equity conversion of the remaining payable of ₱407.1 million to Kormasinc at ₱1.52 a share. Consequently, Kormasinc's ownership interest increased from 69.20% to 71.90%. Excess over par value of ₱139.3 million was recognized as APIC.

On July 11, 2018, the SEC approved the Change in Par Value which resulted to Decrease of Capital Stock of the Company from P3.5billion divided into 3.5 billion shares with par value of P1.00 each to P1.33 billion divided inot 3.5 billion shares with the par value of P.38 each.

On July 18, 2018, the company received the Certificate of Approval of Equity Restructuring to wipe out deficit as of December 31, 2017 in the amount of P2,256,037,517.00 against the Additional Paid in Capital of P2,257,508,376.68.

The following summarizes the information on the Company's issued and outstanding shares:

	Number of shares issued and outstanding	Percentage of shares
Issued and outstanding	3,054,334	100.00%
Listed shares:		
Owned by related parties	1,928,340	69.20%
Owned by public	788,940	28.31%
Owned by directors and officers	69,218	2.49%
Total	2,786,498	

Of the total shares owned by the public, 283.1 million shares are foreign-owned.

The total number of shareholders of the Company is 4,158 and 4,186 as at June 30, 2018 and December 31, 2017, respectively.

17. Earnings Per Share

Basic and diluted earnings per share were computed as follows *(in thousand Pesos)*:

	Unaudited Jun 2018	Audited Dec 2017
Net income for the period	**₱52,078**	₱122,354
Divided by the weighted average number of outstanding shares	**3,054,334**	2,793,836
Earnings per share - basic and diluted	**₱0.02**	₱0.04

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

18. 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 and pullets.

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

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

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

The following table presents revenue and profit information regarding business segments for the second quarter ended June 30, 2018, and certain asset and liability information regarding business segments at June 30, 2018.

	As at June 30, 2018 - Unaudited (in thousand Pesos)					
	Foods	Feeds	Farms	Corporate & Others	Eliminations	Consolidated
REVENUES						
Net Sales	₱1,745,783	₱1,902,151	₱314,453	–	–	**₱3,962,387**
COST AND OTHER OPERATING EXPENSES						
Cost of goods sold	1,523,412	1,744,780	300,013	–	–	**3,568,205**
Depreciation	1,676	21,609	121	4,855	–	**28,261**
Operating expenses	38,192	93,660	–	137,354	–	**269,206**
Other operating income	–	(3,167)	–	(9,230)	–	**(12,397)**
	1,563,280	1,856,882	300,134	132,979		**3,853,275**
RESULTS						
Segment Results	₱182,503	₱45,269	₱14,319	(₱132,979)	–	**₱109,112**
Other charges -net						**(38,374)**
Income before tax						**70,738**
Tax expense						**(18,660)**
Net income						**₱52,078**
OTHER INFORMATION						
Segment assets	₱402,771	₱873,053	₱318,985	₱1,629,848	–	**₱3,224,657**
Segment liabilities	₱697,898	₱121,623	₱7,596	₱912,641	–	**₱1,739,758**

Currently, the Company's operation is only in the Philippines, hence it has no geographical segment. The Company, however, has manufacturing plants in different regions of the country.

19. Finance Lease Agreements

The Company entered into finance lease arrangements for the acquisition of Company vehicles. The arrangements bear annual interest rate ranging from 2% to 4% and are payable in 60 equal monthly installments.

As at June 30, 2018, details of the account are as follows *(in thousands)*:

	Unaudited Jun 2018	Audited Dec 2017
Current portion	**₱12,279**	₱20,666
Noncurrent portion	**41,004**	₱25,033
	₱53,283	₱45,699

Interest expense charged to operations from finance lease liability amounted to ₱2.4 million and ₱ 0.8 million in June 2018 and June 2017, respectively.

20. Risk Management Objectives and Policies

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

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

Foreign Currency Sensitivity

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.

Credit Risk

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

The Company continuously monitors defaults of counterparties, identified either individually or by 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.

Liquidity Risk

The Company manages its liquidity profile to be able to service its long-term debt as these fall due by maintaining sufficient cash from operations. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

Price Risk

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

VITARICH CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
(In thousand Pesos)

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

	Unaudited Jun 2018	Audited Dec 2017
Current / Liquidity Ratio	1.31	1.28
Current assets	2,023,095	2,022,599
Current liabilities	1,547,272	1,578,642
Solvency Ratio	0.05	0.09
Net income before depreciation	80,339	165,943
Total liabilities	1,739,758	1,756,915
Debt-to-Equity Ratio	1.17	1.26
Total liabilities	1,739,758	1,756,915
Total equity	1,484,899	1,399,476
Asset-to-Equity Ratio	2.17	2.26
Total assets	3,224,657	3,156,391
Total equity	1,484,899	1,399,476
Interest rate coverage Ratio	5.40	7.35
Pretax income before interest	86,826	175,259
Interest expense	16,088	23,841
Profitability Ratio	0.04	0.09
Net income	52,078	122,354
Total equity	1,484,899	1,399,477

OTHER MATTERS

- There are outstanding warranty and legal claims against The Company. The Company has accrued liability on those items where the Court has definitely ruled against the Company and where the amount can be reliably estimated. The Company 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 Company's position in the related disputes.

- There were no material commitments for capital expenditures.

- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of The Company with unconsolidated entities or other persons created during the reporting period.

Any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation - None

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 CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

JUNE 30, 2018

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓

Philippine Financial Reporting Standards (PFRSs)

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			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
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			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to 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: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PFRS 12: Clarification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12: Recovery of Underlying Assets			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 12: Recognition of Deferred Tax: Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Property Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✓		
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue	✓		
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	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendment to PAS 38: Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
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: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3, Business Combination and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

Philippine Interpretations - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

VITARICH CORPORATION

SUPPLEMENTARY SCHEDULE OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

JUNE 30, 2018

(In Thousand Pesos)

		Amount
Deficit as shown in the financial statements at beginning of year		(₱2,256,037)
Balance at beginning of year of:		
Cumulative gain on fair value changes of investment properties		(128,679)
Net deferred tax assets that flow through profit or loss		(70,631)
Cumulative revaluation reserve transferred to deficit, net of tax		20,256
Deficit as adjusted to available for dividend declaration at beginning of year		(2,435,091)
Net income actually incurred during the year:		
Net income closed to deficit	52,078	
Movement of deferred tax assets recognized in profit or loss	870	
Depreciation of revaluation reserve, net of tax	-	52,948
Total deficit available for dividend declaration at end of year		(₱2,382,143)

Reconciliation:

	Amount
Deficit as shown in the financial statements at end of year	(₱2,203,960)
Balance at end of year of:	
Cumulative gain on fair value changes of investment properties	(128,679)
Net deferred tax assets that flow through profit or loss	(69,760)
Cumulative revaluation reserve transferred to deficit, net of tax	20,256
Depreciation of revaluation reserve recognized in profit or loss	-
Total deficit available for dividend declaration at end of year	(₱2,382,143)

VITARICH CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF SRC RULE 68, AS AMENDED
JUNE 30, 2018

Table of Contents

Schedule	*Description*	*Page*
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Intangible Assets - Other Assets	2
E	Long-Term Debt	N/A
F	Indebtedness to Related Parties	3
G	Guarantees of Securities of Other Issuers	N/A
H	Capital Stock	4

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES and PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
June 30, 2018
(In Thousand Pesos)

			Deductions		Ending Balance		
Name and Designation of Debtor	**Balance at beginning of Year**	**Additions**	**Collected**	**Written Off**	**Current**	**Noncurrent**	**Balance at end of year**
Advances to Officers and Employees:							
Mailyn Acero, Sales Manager	₱729	₱–	₱–	₱–	₱729	₱–	₱729
Roel Galang, Sales Manager	492	–	–	–	492	–	492
Rey D. Ortega, Vice President and General Manager	399	169	215	–	353	–	353
Jonemar Espiritu, Sales Manager	87	5	15	–	77	–	77
Alfredo Espiritu Jr., District Sales Manager	82	–	39	–	43	–	43
Teddy Mendoza, Credit and Collection Officer	87	–	12	–	75	–	75
Brina Bandoja, Manager	141	–	16		125		125
Willard Endaya, Manager	235	6	65		176		176
Others*	7,254	2,385	3,631	–	6,008	–	6,008
	₱9,506	**₱2,565**	**₱3,993**	**₱–**	**₱8,078**	**₱–**	**₱8,078**

*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 D – INTANGIBLE ASSETS – OTHER ASSETS
June 30, 2018
(In Thousand Pesos)

Description	Beginning balance	Additions	Charged to cost and expense	Charged to other accounts	Other changes Additions (deductions	Balance at end of period
Computer software	₱8,317	₱4,282	₱108	₱–	₱–	₱12,491

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE F - RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES
June 30, 2018
(In Thousand Pesos)

			Deductions			Ending Balance		
Related Party	Balance at beginning of period	Additions	Collections (Payments)	Discounting	Write Off	Current	Noncurrent	Balance at end of period
Gromax, Inc.*	₱55,908	₱–	(₱61)	₱–	₱–	₱55,847	₱–	₱55,847

**Ceased operations in 2015 and deconsolidated in 2018*

VITARICH CORPORATION AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCKHOLDER
June 30, 2018
(In Thousands)

				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 - 3,500,000,000 shares	3,500,000	3,054,334	–	2,196,176	69,218	788,940

VITARICH CORPORATION AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE GROUP

June 30, 2018