

**VITARICH CORPORATION
MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS**

Held on Friday, 24 June 2011, at 2:00 PM
At Marilao, Bulacan

PRESENT:

	Number of Shares	Percentage
Total Shares Present		
Total Outstanding Shares	409,969,764	100.00%

I. CALL TO ORDER

The Chairman of the meeting, Mr. Rogelio M. Sarmiento, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Tadeo F. Hilado, recorded the minutes of the proceedings.

II. PROOF / CERTIFICATION OF NOTICE OF MEETING

The Corporate Secretary certified that written notices of the annual meeting of the stockholders of the Corporation were sent to the stockholders of record as of 24 May 2011.

The Corporate Secretary certified that a quorum existed for the transaction of business. Out of a total of 409,969,764 issued and outstanding shares, 236,734,611, or 57.74% of the outstanding capital stock, were present in person or by proxy during the meeting.

III. APPROVAL OF THE MINUTES OF THE STOCKHOLDERS' MEETING HELD ON 25 JUNE 2010

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders of the Corporation held on 25 June 2010 was dispensed with and the said minutes were approved.

IV. REPORT OF THE MANAGEMENT

The Chairman presented his report on the result of the operations of the Corporation for the year 2010. Quoted below is the report made by the Chairman:

“ A volatile behavior of commodities had its impact on Vitarich Corporation's performance. Moreover, natural calamities further aggravated the difficulty of operating under this environment.

Typhoon Ondoy hit us end of September 2009 and, until now, the Company still feels the effects of the damage. While it has repaired a lot of its machineries and equipment the Company is still experiencing hiccups in its feedmilling equipment from time to time. It is with regret that, after 18 months since we filed our insurance claim, we have not received any proceeds.

The weather still plays havoc in livestock production. Pig population remains low, while poultry suffered low prices toward the end of the year.

The cost of oil impacts on our raw material cost and our operating expenses. We see increases in freight and power, thus, increasing our processing cost and our selling expenses in bringing our products to the consumers. Worldwide, the cost of food is expected to increase.

The series of natural calamities resulted to lower feed sales volume of 1.38 million bags, of which 955 thousand bags were animal and 434 thousand bags were aqua feeds.

As a result of all these, the Company ended the year 2010 with consolidated revenues at P2.3 billion, 14% lower as compared to last year.

On the other hand, the 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. With plans and programs geared toward improving efficiency, reducing cost and enhancing product quality, and augmented by improved selling prices, the Company managed to post a gross profit of P169.1 million at year-end.

However, operating costs went up by almost 9% from last year on account of power and fuel costs as well as increase in repairs and maintenance costs relative to damages from the past year's typhoons.

For 2010, interest expense of P95 million and amortization of discount in excess of face value of P98 million due to revised computation of one day gain were recognized. As against 2009, no interest expense was recorded as per our Rehab plan. On the other hand, there was an amortization of One Day Gain of P177M. In total, the non cash charge imposed for 2010 was

higher by P16M. This is in accordance with the new accounting rules.

However, there was gain on sale of investment property and property equipment which amounted to P32 million as the Company sold through dacion en pago certain non-core assets, for a total bid amount of P185 million, thus reducing the Company's outstanding interest-bearing obligation by P168 million.

As a result, the Company posted a net loss of P204.5 million.

How about 2011?

I shall start with the industry outlook.

For hog - This market segment is expected to grow by 3% next year coming from efficiency improvements in breed and technology as well as a slight expansion among large farms. The backyard sector of this industry will fall behind in terms of growth due to limitation in inputs like piglets.

The broiler market shall continue to grow with an expected another double digit growth of 17% next year. San Miguel and Bounty Foods will take the lead supported by their strong marketing and supply chain initiatives. They shall pursue expansion despite threat of chicken importations which is also expected to persist.

For layers, the table egg industry will also grow by 2% at almost the same growth as our population and shall enjoy good, stable farmgate prices. The duck sector shall be affected by low production and lower population levels due to uncorrected inbreeding problems that hound this market.

The ruminants segment, on the other hand, shall also grow - given increasing support from government and strong interest among private individuals and companies in carabao, dairy cattle and goats raising.

The aquaculture industry is expected to grow by at least 12%, barring any major weather disturbance or calamity hitting the growers basically due to dwindling supply of sea-caught fishes.

The bangus sector's growth is expected to be fueled by the support and requirements of big processors who are continuously developing and aggressively marketing various bangus value-added product lines geared both for local and export markets.

Tilapia, with almost one cropping period lost last year as an effect of extended very low farmgate prices during the first half of last year, shall definitely recover in 2011 but not totally, as

major culture areas such as Taal Lake continue to be affected by environmental issues and zoning regulations that will limit feed volume.

The recent entry of Dory or Pangasius into the local aquaculture scene will definitely continue to create interest and improve awareness. However, the continued influx of cheap fillet from Vietnam shall serve as the limiting factor in the sustained growth of this industry.

For competitive outlook –

2011 shall again be a difficult and challenging year as each industry player is expected to come up with more aggressive sales and marketing programs to get more volume.

Players with inputs supply like piglets and day-old chicks shall use this advantage through lock-up programs to secure feed usage. With the reduced output of said inputs from large farms and breeders, the backyard farmer will definitely appreciate feed suppliers with input support.

As we are all expecting good farmgate prices this year, the growers or raisers will expect fast growth and this is where the importance of a high performance feeds that will give them the opportunity to market their animals and fish the fastest will come into play in their decision on what feeds to patronize.

Better or even superior services plus provision of some perks and creative forms of incentives will strengthen any feed player's hold on its customers whose bargaining power in an intense competitive situation suddenly and tremendously goes up.

Lastly, the entry of foreign players like Charoen Phokpand into the country, who are expected to bring with them their latest technology and market savvy, shall make the Philippine feeds industry more challenging and exciting.”

Upon motion duly made, the Chairman's report on the operations of the Corporation was noted.

V. **CONFIRMATION AND RATIFICATION OF THE ACTS OF DIRECTORS AND OFFICERS**

Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders:

“RESOLVED, as it is hereby resolved, that each and every legal act, proceeding, contract or deed performed,

entered into or executed by the Corporation's Board of Directors and Officers, as appearing in the minutes of the meetings of the Board of Directors and other records of the Corporation be, as they hereby are, approved, confirmed and ratified as if such acts were entered into or executed with the specific and special authorization of the stockholders in a meeting duly convoked and held."

VI. ELECTION OF DIRECTORS

The Chairman informed the body of the mandatory requirement of electing independent directors. As a public company, the Corporation is required to have at least two (2) independent directors. Pursuant to SEC Regulations, a Nomination Committee was created to screen the qualifications and prepare a final list of all candidates for independent and regular directors. Such final list was made available to all stockholders through the distribution of the Definitive Information Statement, which stated that the candidates nominated by the Nomination Committee for independent directors of the Corporation are:

1. Jose Vicente C. Bengzon III; and
2. Manuel Q. Lim.

Pursuant to SEC regulations, only the said nominees whose names appear on the said final list of candidates shall be eligible for election as independent directors of the Corporation.

The following were nominated as members of the Board of Directors of the Corporation for the ensuing year:

Rogelio M. Sarmiento;
Lorenzo M. Sarmiento, Jr.;
Angelito M. Sarmiento;
Benjamin I. Sarmiento Jr.;
Ma. Socorro S. Gatmaitan;
Ma. Luz S. Roxas-Lopez;
Ma. Victoria M. Sarmiento;
Jose M. Sarmiento;

Cesar L. Lugtu;
Jose Vicente C. Bengzon III¹; and
Manuel Q. Lim.¹

Upon motion duly made and seconded, the nominations were declared closed. The Secretary, as instructed by the Chairman, cast all the votes of all stockholders in favor of the above nominees, allotting to each of them an equal number of the votes cast. Thereafter, the following were declared elected as members of the Board of Directors of the Corporation to serve as such until their successors are duly elected and qualified:

Rogelio M. Sarmiento;
Lorenzo M. Sarmiento, Jr.;
Angelito M. Sarmiento;
Benjamin I. Sarmiento, Jr.;
Ma. Socorro S. Gatmaitan;
Ma. Luz S. Roxas-Lopez;
Ma. Victoria M. Sarmiento;
Jose M. Sarmiento;
Cesar L. Lugtu;
Jose Vicente C. Bengzon III; and
Manuel Q. Lim.

VII. APPOINTMENT OF EXTERNAL AUDITORS

Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders:

“RESOLVED, that the Corporation appoints REYES TACANDONG AND COMPANY as its external auditor for the ensuing year and to serve as such until its successor shall have been appointed and qualified.”

VIII. APPOINTMENT OF THE CORPORATION'S STOCK AND TRANSFER AGENT

Upon motion duly made and seconded, the following resolution was unanimously approved by the stockholders:

¹ Independent Directors.

"RESOLVED, that the Corporation appoints STOCK TRANSFER SERVICES, INC. as the Corporation's stock and transfer agent for the ensuing year and to serve as such until its successor shall have been appointed and qualified."

IX. ADJOURNMENT

There being no other business to discuss, and upon motion duly made and seconded, the meeting was adjourned at 2:30 p.m.

ATTEST:

ROGELIO M. SARMIENTO
Chairman of the Meeting

TADEO F. HILADO
Secretary of the Meeting