

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

Held on Friday, 26 June 2015, at 2:00 PM  
at Marilao, Bulacan

**PRESENT:**

	Number of Shares	Percentage
Total Shares Present	2,337,947,023	83.09%
Total Outstanding Shares	2,786,497,901	100.00%

**Also Present:**

MR. JOSE VINCENTE C BENGZON, III- Chairman of the Board  
MR. ROGELIO M. SARMIENTO-Vice-Chairman CEO President  
MR. BENJAMIN I. SARMIENTO, JR.- Director  
MR. ANGELITO M. SARMIENTO- Director  
ATTY. EDUARDO T. RONDAIN-Independent Director  
MR. RICARDO MANUEL M. SARMIENTO-Director-COO  
MS. STEPHANIE NICOLE S. GARCIA-Director-Treasurer-CFO  
MR. LORENZO VITO M. SARMIENTO, III-Director  
MR. MANUEL D. ESCUETA- Independent Director  
MR. LEVI F. DIESTRO-Director  
ATTY. JUAN ARTURO ILUMINADO C. DE CASTRO-Director

ATTY. TADEO F. HILADO-Corporate Secretary  
ATTY. PEDRO T. DABU, JR. -Ass't Corporate Secretary and  
Compliance Officer

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**I. CALL TO ORDER**

The Chairman of the Board, Mr. Jose Vicente C. Bengzon III, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Tadeo F. Hilado, recorded the minutes of the proceedings.

**II. CERTIFICATION OF NOTICE AND EXISTENCE OF A QUORUM**

The Corporate Secretary certified that written notices of the annual meeting of the stockholders of the Corporation were sent to all stockholders of record as of 25 May 2015.

The Corporate Secretary certified that a quorum existed for the transaction of business. Out of a total of 2,786,497,901 issued and outstanding shares, 2,337,947,023 shares or 83.9% of the outstanding capital stock were present in person or by proxy during the meeting.

**III. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON JULY 4, 2014**

Upon motion duly made and seconded, the reading of the minutes of the annual meeting of the stockholders of the Corporation held on 04 July 2014 was dispensed with and the said minutes were approved.

**IV. REPORT OF THE MANAGEMENT**

Mr. Ricardo Manuel M. Sarmiento, Executive Vice President and Chief Operating Officer, presented the President's report on the operations and financial statements of the Corporation for the year 2014. His report is as follows:

"In behalf of Vitarich Corporation, I would like to welcome everyone to our Annual General Meeting.

Our Annual Report, which was circulated today, highlighted key events in 2014. The message of our President and Chief Executive Officer explains very significant decisions made and the execution of those decisions which changed and will continue to change, the landscape of our business.

The most significant developments in 2014 were the sale of our Marilao property and the debt-to-equity conversion of our promissory notes. These moves, which have been in our planning boards for quite a while, generated the synergies that re-started the recovery of our company.

Luzon operations had a major makeover in its entire business model. As early as July, we commenced the transition of the manufacture of animal feeds to a tolling site in Valenzuela and our aqua feeds to another toll site in Guiguinto.

In November, our headquarters were moved to Barangay Sta. Rosa, Marilao.

Our other feedmilling and office facilities in Iloilo and Davao remain unchanged. They continue to service the respective demands for animal and aqua feeds, and animal health products in the Visayas and Mindanao areas.

Despite the very soft topline results, the company generated full year gross operating profit of P182 million, higher by 114% compared to 2013. This was the result of cost reduction program and reviewing customer and supplier terms to increase sales and to improve collection efficiencies. Likewise, there was better selling price of day-old-chicks and better cash margins.

Other operating income in 2014 was P72 million total, coming from rental income from hatcheries, dressing, and rendering plants. Total other income for the year declined versus previous years because fragmental income when we disposed of hatchery and, together with the sale of the old Marilao feedmill, we also had to give up our tolling business.

The sale of our Marilao plant and property resulted to accounting adjustments totaling P760 million as asset writedowns.

Because of all the savings and improved margins from operations, the Company made an operating profit of Php 24M in the last quarter of 2014. We took the heavy loss, as we knew we would, to enable the company to face 2015 with a better balance sheet, new working capital, and a new business model for Luzon.

The company continues to strive to deliver superior products through continuing improvements in its formulations and production processes. Vitarich will continue to preserve its reputation as a center of innovation



Towards this end, the company acquired a new formulation system called "Bestmix" from the Netherlands. The application is a cutting edge software and it is being used in leading companies in Europe and Asia.

The company likewise upgraded its Quality Assurance systems and established new nationwide standards to improve its product competitiveness.

The feedmill plants in Visayas and Mindanao are certified under ISO 22000, that is inclusive of the feed safety management system like Hazard Analysis and Critical Control Points (or HACCP).

We have state-of-the-art laboratory capabilities for physical and chemical analysis of ingredients and finished products. The company remains as the first and only feed company in the Philippines capable of analyzing the anti-nutritional factor (or TIA) in soya products. We have dedicated research and development facility for hogs and broilers. There are planned expenditures to upgrade our equipment and acquire newer analytical set ups to expand our capabilities.

The most significant and most expensive investment by the company in 2014 is on enterprise reporting system. During the last quarter of the year, the company approved a full re-implementation of its Oracle operating system. This will be fully rolled out in 2015 on a nationwide basis and is expected to deliver process efficiencies and quicker decision-making processes. As a matter of update, our oracle project is going "live" on August 1, nationwide.

Our feeds group will continue to focus on growth via several fronts. Product re-launches and new packaging will herald our resurgence in the feeds market. Conscious of the pressures faced by our customers, the company started bridging customers with financial institutions for their funding requirements.

Our hogs line of feeds will grow on the strength of performance in the field. The same can be said of our aqua feeds which have bested competitors in recent actual field trials. Superior performance will be complemented by technical service support offered to farmers and distributors.

Poultry operation expanded its distribution channels by way of penetrating hotel, restaurant, and institution (HRI) accounts, mostly in Greater Manila area, and tapping selected supermarket for its fresh dressed chicken. Visayas and Mindanao expanded its distribution to

Cotabato, Surigao, Cagayan de Oro for Mindanao and Roxas City, in addition to opening of HRI accounts.

Work started during the year to secure a Halal Certificate and be able to serve the expanding market in United Arab Emirates (UAE). The opening up of Visayas and Mindanao Foods operations was likewise commenced during the year.

Foods Business Development during the year included re-launching of Cook's processed foods and the Golden Dory product range. As an alternative to Contract Growing operations, a Contract to Buy – Broiler Business model was established in Luzon to give opportunity for both the company and the business partner to grow economically in terms of profit. The plan is to continue to replicate this business model as part of expansion plan of broiler business of the company in its Luzon operations. Competent and technically equipped personnel front-liners handle the operation and assist contract growers in their day-to-day operational needs and update them on the latest trend in broiler production.

Gromax is the company's flagship for dairy feeds and animal health products. Its dairy line is recognized by big dairy producers due to its outstanding performance and improvement in average milk production by almost 50%. A preferred brand by a breeding company from New Zealand that supplies stocks in Southeast Asia, it was able to export its ruminant concentrates to Vietnam and China. Gromax has a growing animal health product business and poultry layer basemix. Its growing Panabong business is supported by an increase in its volume under the Titan brand. The company is first in the industry in introducing a complete feed for gamefowls.

The debt was substantially reduced from P3.1 Billion in 2012 to Php 470 million in 2014. The much reduced debt burden in 2015 will enable us to have a fresh start and implement our plans and programs profitably.

In behalf of the leadership team in Vitarich, I thank all our investors, business partners and our employees. We made difficult decisions and shouldered the painful consequences in 2014. The fruits of our perseverance, our faith in the business, and our trust in each other are beginning to show. We are not there yet but we are confident that we will be."

**V. CONFIRMATION AND RATIFICATION OF ALL ACTS OF THE BOARD OF DIRECTORS AND OFFICERS SINCE THE LAST ANNUAL MEETING**

Upon motion duly made 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 are hereby, 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 convened 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. Atty. Eduardo T. Rondain; and
2. Mr. Manuel D. Escueta.

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.

Aside from the two independent directors, the following were nominated as members of the Board of Directors of the Corporation for the ensuing year

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

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 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:

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

8. Mr. Levi F. Diestro
9. Atty. Juan Arturo Iluminado C. de Castro
10. Atty. Eduardo T. Rondain; and
11. Mr. Manuel D. Escueta.

**VII. APPOINTMENT OF THE EXTERNAL AUDITORS**

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

“RESOLVED, that the Corporation hereby 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 STOCK AND TRANSFER AGENT**

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

“RESOLVED, that the Corporation hereby appoints STOCK TRANSFER SERVICES, INC. as its stock and transfer agent ensuing year and to serve as such until its successors 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.

ATTEST:

  
**JOSE VICENTE C. BENGZON III**  
Chairman of the Board

  
**TADEO F. HILADO**  
Corporate Secretary