



## CONCRETE AGGREGATES CORPORATION

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October 4, 2007

### THE PHILIPPINE STOCK EXCHANGE, INC.

4/F Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City, Metro Manila

Attention: **Atty. Pete M. Malabanan**  
Disclosure Department Head

Gentlemen:

This is in response to your letter dated October 4, 2007, requesting us to clarify and confirm the veracity of certain news articles published today as follows:

1. "Concrete Aggregates allots P100 million for capex" published in *BusinessWorld*, which reported in part that:

LISTED CONSTRUCTION company Concrete Aggregates Corp. has earmarked P100 million as capital expenditure for next year. Company General Manager Emmanuel A. Rapadas said that the amount would be used to acquire equipment and upgrade existing plants.... "The P100 million would be for the acquisition of quarrying equipment and upgrading of our four existing plants in Angono, Rizal", he said on the sidelines of the company's special stockholders' meeting. Mr. Rapadas added that upgrading would help increase the company's four plants' capacity by 30%. "We've already spent P75 million this year for the upgrade. When we complete upgrading, production will go up to 160,000 cubic meter from our current actual volume of 100,000 cubic meter. He also said the company was projecting a net income of P70 million to P75 million this year, on the back of infrastructure spending by the government. "[This] is a complete reversal of the P33-million net loss from last year, since the construction business continues to grow because of the real estate and BPO phenomenon," said Mr. Rapadas. Concrete Aggregates is also eyeing to bag more projects in

the Central Visayas and from projects in South Luzon Expressway and Northern Luzon Railways Corp... About P100 million, Mr. Rapadas said, would be used to terminate bank loans. "We are aiming to reduce the P150-million debt level to P50 million by yearend, so hopefully we'll be zero-debt by second quarter next year", he said. The remaining proceeds would go to its capital expenditure program for next year and "probably cash dividends in the future", Mr. Rapadas said.

Clarification and response:

We would like to point out that Concrete Aggregates Corporation (CAC) has not yet "earmarked P100 million as capital expenditure for next year (2008)", but merely is in the business planning stages for the year 2008. There are plans to earmark P100 million as capital expenditure for 2008, but this amount is not final. Once the plans and budgets are finalized, these will still have to be submitted to the board of directors for final approval.

The approximate aggregate amount of P75 million spent by CAC for this year was made through several transactions, and was done in the ordinary course of its business, to ensure that its plants and facilities are properly maintained and remain in an optimum state in terms of operating capacity.

The statement on a "net income projection of P70 to P75 million" was made merely as an off-hand estimate based on a query by the news reporter, the actual amount of which will depend on the company's performance for the remainder of 2007.

The P33-million net loss in 2006 was disclosed in the audited financial statement for 2006, and this amount is not significant when compared to the consolidated total assets of the company.

As in any business, CAC is looking for more opportunities and the Central Visayas, South Luzon Expressway and North Luzon Railways Corp. projects are just some of the projects that the company is eyeing.

Finally, the company's debt level of P150 million is a carryover of funding acquired prior to 2005, and a portion of around P33 million was obtained in 2007 as part of the company's operating requirements.

2. Meanwhile, it was published in part in the *Manila Standard Today* that "Ortigas & Co. set to develop P12-b housing project in QC",

ORTIGAS & Co. Partnership Ltd. plans to spend P12 billion to transform a 12.74-hectare property in Bagumbayan, Quezon City into a residential complex, targeting the upper and middle-income markets.... The company acquired the 12.74-hectare property group from its subsidiary, Concrete Aggregates Corp., for P1.13 billion. It paid P150 million as down payment, with the balance to be paid over the next 10 years at 6 per cent interest per annum....


Clarification and response:

We would like to clarify that CAC's stockholders approved the sale of the company's 12.74-hectare property located in Longos, Bagumbayan, Quezon City in a special meeting held yesterday, 3 October 2007. This approval was disclosed to the Philippine Stock Exchange on the same date.

The transaction is not yet final and no down payment of P150 million has been paid by Ortigas and Company, Limited Partnership to CAC. The implementing terms and agreement are still to be finalized and executed. Once the agreement is signed by the parties and the corresponding payments are made, the necessary disclosure will be made to the Philippine Stock Exchange.

We hope that the foregoing clarifies the news articles published in the *BusinessWorld* and *Manila Standard Today*.

Very truly yours,

  
**Michael David I. Abundo III**  
Corporate Information Officer