



APC GROUP INC.

19 June 2013

**PHILIPPINE STOCK EXCHANGE, INC.**

Listing and Disclosure Department  
4<sup>th</sup> Floor, The Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City

Attention: **Ms. Janet A. Encarnacion**  
**Head, Disclosure Department**

Gentlemen:

This is in reply to your letter dated today in connection with the news article entitled “SM Group invests \$300M in geothermal project” that was published in the 19 June 2013 issue of the Philippine Star. The article reported in part that:

“MANILA, Philippines – APC Group, Inc. expects to start commercial operations of a \$300-million geothermal power project in the Cordilleras by 2018, ushering the entry of the SM Group into the energy production business.

APC Group, a subsidiary of SM Group’s leisure and gaming unit Belle Corp., targets to achieve a generation capacity of as much as 300 megawatts (MW) in the long run, company executives said.

‘We will focus on the completion of the financial restructuring program and the exploration of our geothermal resources’, said APC Group president Frederic DyBuncio.

‘If all goes well, the company may start producing electricity by 2018. Future revenue streams will be coming from the geothermal power projects,’ said Chief Finance Officer Bernardo D. Lim.

The most advanced project of APC Group is in Kalinga province, which was already subjected to geophysical and geotechnical surveys.

‘By third quarter of 2014, we are going to drill exploration wells. If the exploration wells will prove the existence of a commercial source, we will start the construction of a power plant,’ Lim said.



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APC Group will invest \$300 million to put up the 100-MW power plant, which is a joint venture with Chevron Geothermal Philippines Holdings, Inc.”

We are confirming the veracity of the above news article with respect to APC’s restructuring program. We also confirm the report on the company’s geothermal projects in Kalinga, Mt. Province (Mainit-Sadanga) and Benguet (Buguias-Tinoc), as well as the proposed cement plant project in Cebu. We would like to note, however, that the reduction of par value of the shares as approved by the stockholders is from One Peso (P1.00) to Thirty Five Centavos (P0.35), and not the 25 centavos from P1.00 as reported in the article.

We would also like to clarify that we have no knowledge or information as to the SM Group’s alleged plan to consolidate all its energy-related assets into APC following the company’s restructuring program.

We trust that the foregoing is in order.

Very truly yours,

**EDMUNDO L. TAN**  
Corporate Secretary