



August 28, 2012

DISCLOSURE DEPARTMENT

The Philippine Stock Exchange
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **MS. JANET A. ENCARNACION**
Head

GREETINGS:

This is in Reply to your letter dated August 28, 2012 requesting us to clarify the Inquirer Article written by Ms. Doris Dumlao on August 27, 2012, the said Article is written in verbatim as follows:

PUREGOLD EXPECTS 71% HIKE IN NET PROFIT TO P2.63B

“Retailer Puregold Price Club, Inc. is expected to post a net profit of about P2.63 billion this year – 71 percent higher year-on-year, due to rosier sales prospects.

Based on Puregold’s revised 2012 guidance, the company said consolidated net sales could grow by 50 percent from the P39 billion level in 2011, while net margin this year was seen at 4.5 percent.

As a result, consolidated revenues could hit P58.5 billion this year.

“We say that net profit margin is 4.5 percent so you can take it from there,” said Puregold president Leonardo Dayao.

Puregold’s projected 4.5 percent margin may translate to a net profit of P2.63 billion for 2012, higher than last year’s P1.54 billion.

In the first semester, Puregold’s net profit went up by 32 percent year-on-year to P1.03 billion as new acquisitions and store openings helped boost sales. Last June, the group acquired the six-store S&R Membership chain and 19 Parco supermarkets, contributing 15.1 percent to the total increase in the group’s net sales.

For the six-month period ending in June, Puregold jacked up its net sales by 34.4 percent to P23.27 billion. The opening of new stores in 2011 accounted for 68.2 percent of the total increase in net sales.

Excluding newly acquired S&R and Parco, the company has 109 stores in operation, including 66 hypermarkets, 32 supermarkets and 11 discounters, of which nine stores were opened in the first half of 2012.

“The full profitability of S&R can’t be felt yet in 2012,” Puregold investor relations chief Jimmy Perez said in a briefing last week.

He noted that since S&R operator Kareila Management became a subsidiary in June, only seven months of results (June to December) could be consolidated into the company’s books this year. S&R may chalk up P1 billion in net profit this year.

Of Puregold’s first-half net profits, 91.3 percent were contributed by flagship Puregold, 7.4 percent by S&R and the remainder by Parco.

Asked about Puregold’s sales turnover per square meter during the investors briefing, Perez said for the old 62 stores the company had in 2010, sales per square meter in the first half amounted to P102,000 for the hypermarkets, P129,000 for the supermarkets and P92,000 for the “extra” stores.

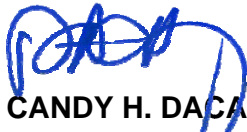
Puregold hypermarkets cater to resellers and retail market, while its supermarkets lend to retail consumer.”

We confirm the revised guidelines of PGOLD of 4.5% net margin and a growth of 50% consolidated net sales as the Company’s forecasted topline for the year 2012.

Ms. Dumlao’s Article stating a net profit of P2.63 Billion for 2012 or 71% higher year on year is based on Ms. Dumlao’s own computation derived from PGOLD’s revised guidelines.

Thank you, and we hope we made PGOLD’s side clear on this matter.

Very truly yours,



ATTY. CANDY H. DACANAY-DATUON
Corporate Information Officer