



Industries, Inc.

65 Industria St., Bagumbayan
Quezon City, Metro Manila
1110 Philippines

P.O. Box 446, Greenhills
Metro Manila
1502 Philippines

Tel.: (632) 635 0680
Fax: (632) 635 0703
(632) 635 0696

E-mail : info@dnl.com.ph
Website : www.dnl.com.ph

11 July 2013

PHILIPPINE STOCK EXCHANGE, INC.
Disclosure Department,
Issuer Regulation Division
3/F Philippine Stock Exchange, Inc.
Ayala Triangle, Ayala Avenue
Makati City 1226

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

We are submitting the Company's Press Statement in connection with the upgrade of D&L Industries subsidiary D&L Polymers and Colours (DLPC) to Pioneering Status from Non-Pioneering Status by the Philippine Economic Zone Authority (PEZA) and the consequent extension of its Income Tax Holiday to 2016.

This report is made in compliance with the Revised Disclosure Rules.

Thank You.

Very truly yours,

Alvin D. Lao
EVP & Chief Finance Officer



In photo (seated, from left): D&L Industries Chairman Leon Lao; PEZA Director General Lilia De Lima; DLPC Managing Director Lester Lao; (standing, from left): DLPC Marketing Director John Siy; D&L Industries Investor Relations Officer Nikka Maloles; DLPC Plant Manager Virgilio Ang

D&L Industries granted Pioneering Status by the Philippine Economic Zone Authority

- *Philippine Economic Zone Authority (PEZA) awards D&L Polymer and Colours (DLPC) project Pioneering Status*
- *Pioneering status, plus a one (1) year bonus, extends DLPC's Income Tax Holiday until 2016. DLPC will continue to pay 0% instead of the 30% standard corporate income tax rate for the next three (3) years*
- *Specialty polymers and colour compounds are primarily used in automotive wiring. DLPC is the leading Automotive Wiring Compounder and the only non-Japanese company to supply the Japanese global wire harness industry in the Philippines..*

July 11, 2013 – D&L Industries announced that the Philippine Economic Zone Authority (PEZA), the government's primary agency for the promotion of investments in export-oriented manufacturing and service industries, upgraded its subsidiary, D&L Polymer & Colours (DLPC), to Pioneering Status from Non-Pioneering Status. Including a one (1) year bonus for meeting

PEZA's minimum net foreign exchange earnings (NFEE) requirement, DLPC's Income Tax Holiday (ITH) entitlement was extended by three more years to 2016.

Beginning its commercial operations in 2009, when it was initially granted Non-Pioneering Status, DLPC has been fully exempted from paying corporate income tax. Since then, DLPC's facility in Carmelray Industrial Park I in Canlubang, Laguna has made further progress in manufacturing, in particular, of specialty polymers and colour compounds for export.

As an industry pioneer, DLPC was the first in the Philippines to produce such compounds on a commercial scale. These specialty raw materials, also called engineered polymers, are tailor made to each customer's specifications. They are primarily used in the manufacturing of insulation for automotive wirings and accessories. DLPC is the leading Automotive Wiring Compounder and the only non-Japanese company to supply the Japanese global wire harness industry in the Philippines.

Hence, after review and evaluation, DLPC merited an upgrade from Non-Pioneering to Pioneering by PEZA, extending the former's ITH from four (4) years to six (6) years. The agreement was signed last July 2, 2013 by DLPC officers, led by Chairman Leon Lao and Managing Director Lester Lao, and PEZA Director General Lilia De Lima. At the same time, DLPC's NFEE for the first three years of its operations exceeded US\$4 million, or eight times more than PEZA's US\$500,000 minimum requirement, qualifying DLPC for an additional year of ITH.

With one (1) bonus year of ITH and Pioneering Status, DLPC will continue to enjoy paying 0% corporate income tax rate until 2016. Beyond 2016, DLPC will be paying an income tax of 5% on gross income in lieu of all national and local taxes, imposts or fees. This will still be substantially lower than the standard corporate taxes.

The ITH is expected to have an impact on the after-tax profitability of D&L Industries, which effectively owns 100% of DLPC.

"We are grateful to PEZA for its untiring support of investments into the country. PEZA, under the leadership of Director General Lilia de Lima, has done an exceptional job encouraging investments in the Philippines," said DLPC Managing Director Lester A. Lao.

"This upgrade to Pioneering Status is an affirmation of the innovativeness of Filipino companies. We, for our part, will continue to trudge on this pioneering path. With the ITH, we intend to plough resources back into beefing up DLPC's manufacturing and R&D capabilities, especially with new businesses coming in."

Last week, DLPC announced a partnership with NatureWorks for the modification and compounding of starch-based Ingeo™ resins. Last January, DLPC also tied up with Showa Denko for the compounding of Bionolle Starcla™ resin. Both products are raw materials for biopolymers, or bioplastics. Products made of Ingeo™ and Bionolle Starcla™ are compostable and biodegradable, respectively.

D&L Polymers and Colours provides local and international plastics industries with custom-designed and formulated dry colorants, color masterbatches and additives, and engineered polymers for a wide range of applications. Established in 2006, it is located in an export-processing zone and is fully compliant with international management systems (IMS) standards in quality, environment, occupational health, and safety. It is accredited by UL, an independent global non-profit product safety testing and certification organization, as color compounder for several UL-registered plastic resins companies. For more information, please visit www.dlpc.com.ph

D&L Industries is a Filipino company engaged in product customization and specialization for the food, plastics, and aerosol industries. The company's principal business activities include manufacturing of customized food ingredients, specialty raw materials for plastics, and oleochemicals for personal and home care use. Established in 1963, D&L has the largest market share in each of the industries it serves, as well as longstanding customer relationships with the Philippines' leading consumer and chemical companies. It was listed in the Philippine Stock Exchange on December 2012. For more information, please visit www.dnl.com.ph