



CIRCULAR FOR BROKERS NO. 4072-2004

The Philippine Stock Exchange, Inc.

<input checked="" type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: _____
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't Issuance	_____
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	_____

Posted September 14, 2004

Date : **September 14, 2004**
Company : **LMG CHEMICALS CORPORATION**

This is in reference to the news article "Chemical plant closed" published in the September 14, 2004 issue of the Philippine Daily Inquirer (Internet Edition). The article reported that "THE CHEMICAL plant suspected of leaking sulfuric acid that downed around 25 students in Pasig City over the weekend has been shut down. Mayor Vicente Eusebio revoked the permit of LMG Chemicals Corp., located inside the Chemphil Compound on Elisco Road, Barangay Kalawaan. The 'cease and desist order' said the plant was an 'imminent threat to life, health and property,' the mayor said in his letter to LMG Chemicals Corp. General Manager Jose Fernandez. Eusebio said he would not allow the plant to operate in his city again. The plant produces sulfuric acid, an ingredient used to make acid batteries and soap. x x x"

LMG Chemicals Corporation ("LMG"), in its letter to the Exchange dated September 14, 2004, stated that:

"We are providing you copies of the following documents which are all self-explanatory, to wit:

1. Cease and Desist Order issued by Pasig City Mayor Vicente P. Eusebio dated September 13, 2004 (Annex A);
2. A letter of the Environmental Management Bureau (NCR Region) dated September 13, 2004 (Annex B); and
3. Revocation of Permit issued by the Business Permit and License Office of Pasig City dated September 13, 2004 (Annex C)

On item (2) above, we wish to inform you that our representatives are now attending a technical conference at the office of the Environmental Management Bureau to discuss the matter. x x x"

For your information.

(Original Signed)
JURISITA M. QUINTOS
Senior Vice President - Operations Group

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Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408

City



of Pasig

Where People, Pride, and Progress make the difference.

City Environment and Natural Resources Office (CENRO)

MR. JOSE C. FERNANDEZ
General Manager
LMG Chemicals Corporation
Elisco Road., Brgy. Kalawaan
Pasig City

ANNEX " A "

CEASE AND DESIST ORDER

Pursuant to the provisions of Republic Act No. 7160, otherwise known as the Local Government Code of 1991 and Section 3.3 (c) Abatement of noise, odor and other forms of nuisance as defined by law under DENR Administrative Order No. 30-1992, City Ordinance No. 09-2003 for operating without effective anti-pollution devices and Section 37 of RA 8749 otherwise known as the Clean Air Act of 1999 which mandates the creation of City Environment and Natural Resources Office to implement the Clean Air Act, the *Sulfuric Acid Manufacturing Plant of LMG Chemicals Corporation* is hereby ordered **CLOSED** and all machineries/equipment which are identified as sources of odor pollution are ordered padlocked due to Imminent threat to life, health and property pose by the Sulphuric Acid Plant's continuous operation, to wit:

- 1.) Persistent sulphur acid-like odor complaint from Pasig City residents last September 9-10, 2004, which caused several residents/pupils dizziness/nausea, difficulty in breathing and vomiting. Further exposure to sulfur dioxide in high concentrations may also affect the upper respiratory tract and lungs of the residents. Minor fugitive emissions/leaks were also reported for the past three months. The City Government is constrained to act immediately to protect the health and safety of its constituents and the environment as well.
- 2.) Several violations committed by LMG Chemicals against the provisions of the standard procedure stated in the Memorandum of Agreement for the Creation of the Multi-Partite Monitoring Team. Said MOA states that MMT members should at all times witness major installations and repairs in the Sulphuric Acid Plant and inform MMT members of major plant shutdown. The scheduled replacement of Acid Circulating Pump was not properly communicated to MMT members by LMG as well as the leak in the heat exchanger.
- 3.) Sulfur dioxide Emission Monitoring from Sulfuric Acid Pump last September 9, 2004 exceeded the limit for three long hours which is a violation of RA 8749 or Clean Air Act of 1999.

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"Bawal ang Tamad at Corrupt sa Pasig Pribaryo muna bago Politika"

Furthermore, LMG Chemicals Corp. is hereby ordered to conduct a comprehensive pro-active Pollution Control Program including the need for installation of additional control devices and review the possible sources of leaks/fugitive emissions that are not included/addressed by the existing Environmental Management Plan, convene the Environmental Guarantee Fund Committee (MMT members) to evaluate the need to compensate victims for the series of chemical emission and payment of penalties for violation of Clean Air Act (RA 8749) and pertinent environmental ordinances.

WHEREFORE, LMG Chemicals Corporation is hereby ordered to immediately cease and desist from further operating its Sulphuric Acid Plant located at Chemphil Compound, Elisco Road, Brgy. Kalawaan, Pasig City.

SO ORDERED. Pasig City, 13 September 2004.


VICENTE P. EUSEBIO
City Mayor

CC: DENR Secretary Michael Defensor
LLDA General Manager Gasimiro Ynares III
City Administrator
City Legal Officer
All Sanggunian Bayan members
Records Office

"Ipagpatuloy ang pagkakaisa para sa Kaunlarang Finalamasa"



Republic of the Philippines
Department of Environmental and Natural Resources
ENVIRONMENTAL MANAGEMENT BUREAU
NATIONAL CAPITAL REGION

5th Floor #29 Hizon Bldg. Quezon Ave., Quezon City
Tel. Nos. 781-0482/83, 781-0484/85, 781-0471, 781-0497, 749-9828/29
Telefax. 781-0497, 781-0482, 781-0485

ANNEX " B

SEP 18 2004

The President/General Manager
LMG Chemical Corporation
Elisco Road, Kalawaan, Pasig City

Notice of Violation
NOV-409-167

Sir:

Notice is hereby served upon you that your establishment committed the following violations:

Act Constituting Violation

1. For discharging from any source whatsoever such quantities of air contaminants or other material which constitute nuisance to the schoolchildren of San Joaquin Elementary School; and
2. For failure to properly and consistently maintain and correctly operate air pollution control facility.

In view thereof, you are hereby directed to attend to a technical conference to discuss the issues. It is set on 14 September 2004, 10 AM at the 5th Floor Hizon Bldg., 29 Quezon Avenue, Quezon City.

Should you fail to appear on said conference, it is presumed that you are waiving your right to be heard and the case shall be resolved on the basis of evidence available on records.

Please be guided accordingly.

Very truly yours,


SIXTO E. TOLENTINO, JR.
Regional Director

cc:

- Michael T. Defensor, SEC, DENR
- Julian D. Amador, Director, EMB

City



of Pasig

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ANNEX " C "

September 13, 2004

LMG CHEMICALS CORPORATION
Elisco Road, Barangay Kalawaan
Pasig City

REVOCATION OF PERMIT

In view of the incident report furnished us by the City Action Line and the City Environment and Natural Resources Office (CENRO) finding your establishment violating the provisions of the Local Government Code (RA 7160), as provided for under Ordinance No. 25, series of 1992, the permit previously issued to your establishment is hereby ordered **REVOKED** and you are hereby ordered to **CEASE AND DESIST** immediately from further operating your business.

Non-compliance with this Order will force the City to take the necessary administrative and legal sanction against you. This Order shall take effect immediately and is issued without prejudice to any future actions as may be required by law or when new circumstances so warrant

Recommended by:

[Signature]
DIANETH L. VALENCIA
License Officer V
Chief, Business Permit and License Office

Noted by:

[Signature]
VICENTE P. EUSEBIO
City Mayor

Cc: City Administrator
City Legal Office
Ms. Magdalena Mejia
Records
File

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