



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 05 Aug 2010:	3,521.10	+ 17.61
Value T/O, net	Php 3,960 million	
52-week High	3,526.42	
Low	2,693.13	
Foreign Buying:	Php 1,772 million	
Foreign Selling:	Php 966 million	

### Regional performance

Dow Jones	: 10,674.98	- 5.45
FTSE 100	: 5,365.78	- 20.38
Nikkei 225	: 9,653.93	+ 164.58

### Trading snapshot

Index Movers	Points
Ayala Land	+5.69
PLDT	+3.80
San Miguel Corp.	-2.78
Megaworld Corp.	+2.74
SM Investments	+2.36

Index Out-performers	Up
Filinvest Land	6.48%
Megaworld Corp.	5.59%
Metro Pacific Investments	2.92%
ABS-CBN	2.61%
Universal Robina	2.53%

Index Under-performers	Down
San Miguel Corp. B	6.80%
Security Bank	2.37%
Jollibee Foods Corp.	1.09%
Metrobank	0.98%
Banco de Oro	0.82%

### Calendar

Aug 06	MEDCO, United Paragon ASM
Aug 06	AEV/ AP/ ALI 2Q Results Briefings
Aug 06	Jun '10 Dep. Corp., KB Loans
Aug 09	Manila Water 2Q Results Briefing

Anita L. Panaligan  
**Wealth Securities, Inc.**  
2103 East Tower, PSE Center, Exchange Road,  
Ortigas Center, Pasig City 1600  
Telephone: 02.634.5038  
Facsimile: 02.634.5043

## HEADLINES

### Jobless claims, retail sales data weigh on Wall Street

- U.S. stocks slid on Thursday (Aug 5) as initial jobless claims rose to 479,000 – the highest since early April – and weaker-than-expected July retail sales (+2.9%) raised caution ahead of the monthly payrolls report. Retailers JC Penney Co Inc (-7.7%) and Aeropostale (-5.7%) tumbled. The Morgan Stanley Healthcare Payor index dropped 0.9%, after Molina Healthcare's (-10.7%) dismal results overshadowed Cigna Corp's (+5.6%) higher-than-expected 2Q profit and improved full-year forecast. Grain companies Archer Daniels Midland and Bunge rose over 5% on expectations that their wheat exports will be boosted, following reports of the worst drought in 130 years in Russia. But meat companies like Tyson Foods fell as higher prices for grains will likely trim profit margins.

### July 2010 inflation at 3.9%

- The country's annual headline inflation rate in July remained at its June figure of 3.9%. Higher annual growth rates posted in food, beverages and tobacco, housing and repairs and services were offset by the slower increments in fuel, light and water and miscellaneous items. Inflation a year ago was 0.2%. Excluding selected food and energy items, core inflation picked up to 3.9% in July from 3.8% in June.

### Philex 1H 2010 core net income rises 4% to P984M (PX; P10.20)

- Philex Mining Corporation's core net income rose 3.8% YoY to P983.9M (20.04 centavos per share) in 1H 2010, as income from oil production and higher metal prices offset lower ore grades at its Padcal gold and copper mine. Reported net income slipped 14.3% YoY to P965M (19.84 centavos). Earnings in the earlier period benefited from a non-recurring gain of P330M from currency hedging transactions. EBITDA before extraordinary and nonrecurring items rose 13% to P1.831B. Chairman and CEO Manuel Pangilinan said that management is confident that 2H 2010 will be boosted by higher metal prices and better-quality ore, as well as greater contribution from energy operations. He added that the Silangan Project is driving full steam ahead, with the development phase expected to start next year. Philex also declared an interim dividend of 5 centavos per share, with record date of Aug 18 and payable on Sep 13.

### ICTSI posts 83% rise in 1H 2010 net income (ICT; P34.20)

- International Container Terminal Service, Inc. posted 1H 2010 revenue from port operations of US\$246.9M (+31% YoY) and EBITDA of US\$118.7M (+49% YoY). Net income attributable to equity holders reached US\$42.4M (+83% YoY), mainly due to improved revenues on higher volumes, favorable volume mix, and the arrastre tariff increase at the Manila terminal, coupled with a modest increase in cash operating expense, and lower effective tax rate. The six key terminals accounted for 91% of consolidated revenue. Yield per TEU increased by 3% YoY to US\$123 from US\$119 mainly due to a favorable mix of containers handled. Capex amounted to US\$48.7M mainly resulting from TSSA's acquisition of equipment, CGSA's civil works and MICT's spending on Berth 6. For the full year 2010, the total estimated consolidated capital expenditures is approximately US\$123M.

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**SM 1H 2010 net income up 15% to P8.5B (SM; P455.00)**

- SM Investments Corporation (SM) realized a 15% growth in net income of P8.5B for 1H2010 from P7.4B during the same period in 2009. Consolidated revenues increased 15% to P85.0B as compared to P74.0B in 2009. EBITDA for the period reached P18.4B, for an EBITDA margin of 22%. Among SM's core businesses, retail operations contributed the most to the company's net income, accounting for 35% of the total. This was followed by banks and shopping malls with 28% and 24%, respectively. SM's real estate business accounted for 13%.

**AP core net income up 334% in 2Q, 590% for 1H 2010 (AP; P19.80)**

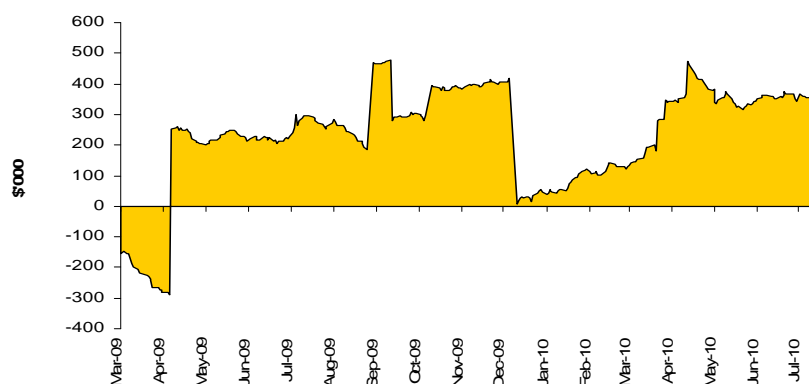
- Aboitiz Power Corporation (AP) recorded a consolidated net income of P5.3B (+334% YoY) for 2Q 2010, inclusive of a P560M non-recurring loss due to the revaluation of dollar-denominated loans and placements on a consolidated basis. AP's core net income of 2010 to P5.8B (+325% YoY). For 1H 2010, AP's bottomline performance recorded a 696% YoY increase, from P1.6B to P12.7B (EPS of P1.73) including a non-recurring loss of P156M. Adjusting for this one-off, the Company recorded a 590% YoY growth in its core net income, from P1.9B to P12.9B.

**China Bank 1H income up 8.6% to P2.11B (CHIB; P409.00)**

- China Banking Corporation registered a P2.11B (+8.64% YoY) net income for 1H 2010, translating to a return on equity of 14.67% and return on assets of 1.82%. EVP and COO Ricardo R. Chua said that the bank's net income is on track to grow by 10% this year. Net interest revenues improved by 8.04% to P4.23B, as lower interest revenues on loans was offset by lower interest expense driven by the growth in low-cost CASA deposits. Gross loans grew 11.34%, fuelled by lending to corporate and commercial accounts. Trading gains were up 7.98% while gains from sale of acquired assets grew to P119M (+138% YoY). Total capital funds stood at P28.65B. Tier 1 capital adequacy ratio (CAR) is 13.39% and total CAR is 13.9%.

**IMI Grows by 11% in First Half of 2010 (IMI; P11.20)**

- Integrated Micro-Electronics Inc. (IMI) ended the first half of 2010 with revenues of US\$188.8M (+11% YoY), as the electronics industry continued to rebound following the global financial crisis. However, net income after tax of US\$4.7M is lower than the 2009 amount of US\$6M, which included a nonrecurring insurance gain. Operations in China and Singapore posted US\$116.3M (+19% YoY) accounting for 62% of IMI's total revenues. The Philippine operations recorded US\$72.4M in revenues, a flat growth from 2009. Sequentially, IMI's revenues in 2Q 2010 of US\$98.3M grew 9% from the US\$90.5M in 1Q.

**Foreign Buying-Selling : 12-month period**

Source: Bloomberg