



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 11 Aug 2010:	3,522.72	- 3.09
Value T/O, net	Php 4,505 million	
52-week High	3,539.29	
Low	2,693.13	
Foreign Buying:	Php 2,091 million	
Foreign Selling:	Php 1,777 million	

### Regional performance

Dow Jones	: 10,378.83	- 265.42
FTSE 100	: 5,245.21	- 131.20
Nikkei 225	: 9,292.85	- 258.20

### Trading snapshot

Index Movers	Points
Aboitiz Equity	-3.52
Aboitiz Power	-2.71
Energy Dev't Corp.	+2.67
Manila Electric Co.	-1.84
First Phil. Holdings	+1.46

Index Out-performers	Up
First Phil. Holdings	2.73%
ABS-CBN	2.67%
GMA Network	2.26%
Security Bank	2.04%
Energy Dev't Corp.	1.78%

Index Under-performers	Down
Aboitiz Power	2.74%
Aboitiz Equity	2.22%
Globe Telecom	1.83%
Alliance Global	1.38%
Manila Electric Co.	1.35%

### Calendar

Aug 12	GMA7/ VLL/ SMC 2Q Res. Briefings
Aug 12	Highlights Monetary Policy Issues
Aug 13	VLL/ AC 2Q Results Briefings
Aug 14	Waterfront Philippines ASM

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## HEADLINES

### Wall Street tumbles on growing recovery concerns

Stocks erased the year's gains on Wednesday (Aug 11) as investors fled to safer assets following the Federal Reserve's bleaker assessment of the economy a day ago. Soft factory data in China added to the worries about a global slowdown. 3M Co (-3.5%) was the biggest drag on the Dow. Walt Disney Co (-3%) fell despite reporting better-than-expected 3Q earnings and revenue late on Tuesday. On Nasdaq, Cisco Systems Inc (-2%) fell during the session, then slumped further in extended trading by 7.9% after reporting weaker-than-expected revenues. Cree Inc (-13%) fell a day after it gave a revenue outlook for the current quarter below analyst estimates. Among the few gainers was Macy's (+5.9%), which reported 2Q earnings that beat expectations and forecast strong full-year same-store sales growth.

### Security Bank 1H net income rises by 30% (SECB; P72.45)

Security Bank Corp. reported that its net profit in the first six months of the year reached P1.8B (+30% YoY). Revenues grew 11% YoY on the back of improved margins and as non-interest income rose by 33% to P1.4B and a 107.9% growth in foreign exchange and trading gains to P773.7M. The bank registered a return on equity of 19.4% and return on assets of 2.6%. Its non-performing loan ratio was only 1.4%. Capital adequacy ratio is at 18.4%

### Megaworld's 1H net income at P 2.24B (MEG; P1.78)

Megaworld Corporation (MEG) posted a 1H 2010 net income of P2.24B (+12% YoY) owing primarily to the continued strength of its real estate sales and rental income. Consolidated revenues amounted to P9.29B (+6% YoY), with real estate sales contributing P6.10B. Rental income from its BPO office and retail developments grew to P1.28B (+36% YoY). The company currently has 6 ongoing projects within Metro Manila and several residential developments within the Makati Central Business District. The company remains in a net cash position, with cash and cash equivalents totaling P20.85B as of end-June 2010.

### Alliance Global 1H 2010 profits rise to P4.83B (AGI; P6.43)

Alliance Global Group, Inc. (AGI) posted a consolidated net income of P4.83B (+36% YoY) for 1H 2010. Net income attributable to shareholders rose 43% YoY to P3.69B. EBITDA amounted to P6.3B (+21 YoY). Consolidated revenues increased by 22% YoY to P21.26B, driven primarily by Megaworld Corporation (MEG), which accounted for 46% of revenues, owing to increased sales from residential projects, and an increase in revenue from its BPO office rentals. AGI's consumer business contributed 44% of revenues, primarily through Emperador Distillers and Golden Arches Development Corporation. Travellers International Hotel Group, Inc., contributed equity earnings of P595M. Travellers International is the developer and operator of Resorts World Manila (RWM), which opened in August of 2009. Travellers International will likewise develop Resorts World Bayshore City, to be located within the 90-hectare Bagong Nayong Pilipino Entertainment City Manila.

## Please Read!

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**Alaska records P532-M 2Q net income (AMC; P12.30)**

- Alaska Milk Corp.'s (AMC) 2Q net income was up by 25% YoY to P532M, bringing 1H income to P1.056B (+70% YoY). Net sales for 2Q climbed by 6% to P2.85B as sales volumes across core milk products posted higher growth rates. Cost of sales and operating expenses for 2Q grew at a slower pace of 1% YoY to P2.21B on account of stable raw material prices and continuing improvements in operating efficiencies. AMC is looking at doubling sales to P20B by 2014 from the 2009 level. The company is refocusing on its milk business after dropping a distribution deal with Kellogg's cereals early this year.

**Nymex Crude 1-Yr Price Chart**



Source: Bloomberg