



THE WEALTH VAULT

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16 Aug 2010

MORNING NOTES

PSEi performance

PSEi Index 13 Aug 2010:	3,469.52	- 13.50
Value T/O, net	Php 1,860 million	
52-week High	3,539.29	
Low	2,693.13	
Foreign Buying:	Php 1,128 million	
Foreign Selling:	Php 1,081 million	

Regional performance

Dow Jones	: 10,303.15	- 16.80
FTSE 100	: 5,275.44	+ 9.38
Nikkei 225	: 9,253.46	+ 40.87

Trading snapshot

Index Movers	Points
Ayala Land	-5.33
SM Investments	-2.26
Megaworld Corp.	-1.22
ABS-CBN	-1.18
Globe Telecom	-1.04

Index Out-performers	Up
San Miguel Corp. B	2.79%
Metro Pacific Investments	1.37%
Lepanto Consolidated B	1.22%
Philex Mining Co.	0.49%
Alliance Global	0.49%

Index Under-performers	Down
Filinvest Land	2.73%
GMA Network	2.38%
Megaworld Corp.	2.34%
ABS-CBN	2.24%
Ayala Land	1.98%

Calendar

Aug 16	PSE/ URC Results Briefings
Aug 16	Philreality ASM
Aug 16	Jun '10 OF Remittances
Aug 18	The Phil. Mid-year Econ 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

Dismal outlooks from retailers outweigh consumer-related data

U.S. stocks continued their slide on Friday (Aug 13) as disappointing outlooks from retailers Nordstrom Inc (-7.2%) and J.C. Penney (-4.7%) outweighed a rebound in July retail sales and overall Consumer Price Index. Consumer sentiment also stabilized this month after a sharp drop in July. Other data showed that business inventories rose slightly more than expected in June. Bank of America Corp (+1.3%) limited selling pressure in the Dow. Nvidia Corp (+4.8%) and Rambus Inc (+3.8%) rallied after Rambus granted patent licenses to Nvidia, seen as a move towards ending a lengthy legal battle. This week, retailers will remain in focus, as Wal-Mart, Gap and Target are scheduled to report their quarterly results. Technology bellwether Hewlett-Packard will likewise report results. Industrial production, housing and inflation data will come under scrutiny as well.

Metrobank 1H profit rises 36% YoY (MBT; P59.65)

Metropolitan Bank & Trust Co. (Metrobank) posted 1H 2010 net income of P4.2B (+36% YoY) on gains from its lending business and higher non-interest income. Net-interest income stood at P13.1B, while non-interest income expanded by 43% to P10.3B on higher fee-based income, strong customer flows in treasury and investment activities, and better performances by key subsidiaries. Operating costs grew by 9% to P13.7B, mainly driven by the 8% growth in manpower-related expenses. Assets expanded by 7% to P831.2B. Deposit liabilities rose 6% to P588.3B, while net loans and receivables increased by 9% to P369.7B. Asset quality continues to improve with a P4.5B reduction year-on-year in gross NPLs, bringing the NPL ratio further down to 3.2% from 4.8% last year. The bank set aside provisions for credit and impairment of P3.8B for the first six months, or P0.6B higher from a year ago. Its Tier 1 ratio increased to 11% and total CAR was at 15.5% as of end-June 2010.

JG Summit 1H 2010 earnings at P7.75B (JGS; P17.90)

JG Summit's net income for 2Q 2010 amounted to P3.34B bringing net profit for the 1H 2010 to P7.75B (+114.6% YoY). Major subsidiaries contributed to the significant growth in the bottomline. Core earnings showed a 108.9% YoY growth to P11.09B while EBITDA reached P18.70B (+42.9% YoY). Consolidated revenues increased 14.8% YoY to P60.76B, driven by the continued improvement in sales and revenues of the foods, airline, real estate, and telecoms businesses. Only petrochemicals showed a decline in sales by 23.9% to P1.61B. Meanwhile, consolidated operating expenses increased moderately by 6.1% YoY. Financing costs and other charges dropped 10.4% to P2.95B mainly due to lower foreign exchange rates used to translate dollar-denominated debt. Mark-to-market gain recognized during 1H 2010 amounted to P790.93M, a slight increase from last year's P782.20M as capital markets continued to recover.

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Robinsons Land posts 11% YoY rise in 9-month profits (RLC; P14.22)

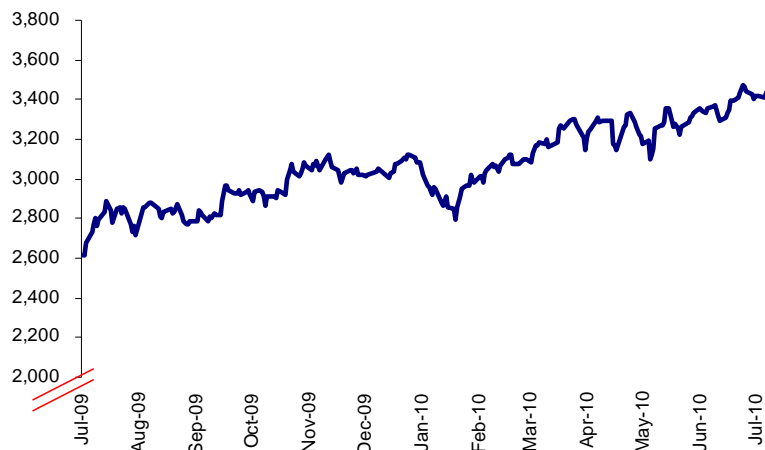
- Net income attributable to equity holders for the nine months ended June 30, 2010 amounted to P2,588.1M (+11% YoY), for an EPS of P0.95. EBITDA and EBIT rose by 12% and 11% to P4,839.2M and P3,425.2M, respectively. Combined real estate and hotel revenues was up by 6% YoY to P7,947.1M. Commercial Centers contributed 51% or P4.3B (+40% YoY) to gross revenues, Residential accounted for 28% or P2,331M (-27% YoY); Office Buildings contributed 10% or P846.8M (+15% YoY); and Hotels contributed 10% or P865.6M (+10% YoY). Interest income rose by 28% YoY to P371.3M due primarily to interest earned from money market placements of proceeds of a bond offering. Debt to equity ratio was at 0.56:1, cash stood at P9.0B and net book value was at P9.72 per share as of June 30, 2010.

Ayala Corp. 1H net income rises by 9% YoY to P4.4B (AC; P324.80)

- Ayala Corporation's net income grew by 21% YoY to P2.3B in 2Q 2010, driven mainly by the robust performance of its real estate and banking units. This pushed Ayala's consolidated net income in 1H 2010 to P4.4B (+9% YoY). Equity earnings in 1H rose by 15% to P5.7B with equity earnings from Ayala Land and BPI up by 31% and 14%, respectively. This cushioned the impact of a 29% decline in equity earnings from Globe Telecom. Equity earnings from AC Capital units also improved significantly reaching P915M from P77M in the same period last year. Livelt realized a revaluation gain of P2.3B during the period which helped offset the impact of the P1.7B impairment provisions undertaken by AG Holdings for its real estate assets in North America.

FLI net income jumps 31% in 1H 2010 (FLI; P1.07)

- Filinvest Land, Inc. (FLI) reported that its net income for 1H 2010 jumped to P998M (+31% YoY). Booked revenues from Real Estate Sales reached P2.208B (+ 41% YoY), while rental revenues amounted to P653M (+11% YoY). Total revenues increased by 30% YoY to P3.229B, with real estate sales accounting for 68%; recurring rental income from BPO offices and mall leasing operations, 20%; and the balance coming from interest and other income. Total residential sales reservations generated in 1H 2010 was up 28% YoY at P4.75B. As of end-June 2010, FLI's total assets reached P59.8B. Leverage stayed low with debt-to-equity ratio at 0.32:1 and net debt-to-equity ratio of 0.25:1.

PSEi : 1-Year Price Chart

Source: Philippine Stock Exchange