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MOODY'S CITES HIGHER COSTS, VOLATILITY AS RISKS TO REGIONAL INTEGRATION

BY BIANCA CUARESMA

THE anticipated integration of banks in a few years presents particular danger to Asian banks as the regionalization of the industry was seen to change the risk profile of the various lenders, including risks associated with higher costs and volatility, the credit risk watcher Moody's Investor Service said.

In a presentation only recently released, Moody's said while the regional expansion of Asian banks brings diversification benefits, it could also expose the industry to greater uncertainties to their respective growth strategies.

"Regional expansion for Asian banks is typically accompanied by greater complexity in operations, different regulatory environments and varying operating conditions," Moody's Assistant Vice President Simon Chen particularly said.

Moody's said the earnings contribution from regional markets may not be proportioned with the loan mix of the banks, especially when the greater portion of income is sourced from the more volatile external markets than their home economy.

The Association of Southeast Asian Nations (Asean) is preparing for the regional integration of its banking systems and the integration of its markets set for 2015.

Bangko Sentral ng Pilipinas officials earlier said the Asean Banking Integration Framework

will likely push through in 2018 to 2020.

Against this backdrop, the Philippines only recently opened its doors to the entry and operations of foreign banks as President Aquino recently signed into law amendments to the Foreign Bank Entry Liberalization Act, effectively lifting all restrictions to foreign bank ownership, entry and operations in the country.

Chen said the proper implementation of the regional banking integration is crucial for the move to be credit positive or credit negative for those lenders wishing to expand their market footprint in other jurisdictions.

"As such, whether regional expansion is credit positive or credit negative for banks in the region depends on execution," Chen said.

"The true test to the regional strategy for banks will come when the economic cycle turns and the idiosyncratic risks in each of the markets become more apparent," Chen said.

Likewise, Moody's said that scale is an important "differentiating factor" when banks enter a new market, as bigger banks tend to have much better retail funding franchises that are key profit centers for these banks.

Bankers Association of the Philippines President Lorenzo Tan earlier said the complete liberalization of foreign bank entry in the country will spur more mergers and acquisitions as banks will be pressured to achieve scale.

LRWC acquires gaming firm for P620 million

BY RODERICK L. ABAD

LEISURE & Resorts World Corp. (LRWC) is entering the online gaming business with its acquisition of Total Gamezone Xtreme Inc. (TGXI) for P620 million. The investment holding company disclosed on Wednesday its purchase of 100 percent of equity held by Premiere Horizon Alliance Corp. (PHAC) in wholly owned subsidiary TGXI.

This transaction involved the sale of 2.18 million shares at a par value of P284.40 a piece, payable over three months.

On July 21 the three parties, together with the Philippine Amusement and Gaming Corp. (Pagcor) e-Games Stations (PEGS) operator Digiwave Solutions Inc. (DSI), signed an asset and share purchase agreement. As per the deal, PHAC transferred all its rights, title and interest in TGXI, subject to Pagcor approval and issuance of proper local government permits and licenses to fully consummate its undertaking, along with DSI, to deliver, assign and transfer of 45 operating PEGS to TGXI.

Under the agreement, all government-related permits and licenses should be transferred to TGXI on or before October 15.

LRWC initially paid PHAC the amount of P320 million upon execution of the ASPA and Deed of Absolute Sale of Shares (DASS) for the trans-

fer 1.25 million shares, representing 57-percent ownership of TGXI.

On or before August 15, an additional P100 million will be paid for Pagcor's Certificate to Operate (CTO) and Authority to Operate (ATO), as well as local permits and licenses are expected to be delivered.

Another P100 million shall be paid not earlier than September 15 upon delivery of the Certificate Authorizing Registration for the transfer of shares representing 57-percent ownership of TGXI.

The balance of P100 million will then be paid on or prior to October 15 once Pagcor's CTO and ATO, along with permits and licenses of PEGS, which have not yet been submitted, are delivered; and upon execution of DASS to transfer the remaining 930,000 shares or 43-percent ownership of TGXI to LRWC.

With the acquisition deal, the latter expects the former to increase the company's net income by 2015. LRWC posted a combined net income of P100.6 million from January to March 2014 realizing an increase of P46.2 million or 84.8 percent from the P54.5-million consolidated net income during the first quarter of 2013.

PHAC—a holding firm with interests in entertainment, gaming, tourism, mining, and real-estate industries, among others—plans to use the proceeds of the share sale on new projects.

Belle Corp. completes disposal of gambling assets to Sinophil

BELLE Corp. on Wednesday said it has completed the disposal of its gambling assets to affiliate Sinophil Corp.

The two firms, both controlled by the Sy family, have signed a definitive agreement for Sinophil—currently a dormant company with assets such as several undeveloped properties—to become a gambling unit.

Belle, on the other hand, will focus on real-estate development and other allied businesses. “Sinophil is converted from a longtime practically dormant holding company into a potentially significant player in what appears to be a very vi-

brant and profitable Philippine gaming industry,” the company said. “This transformation of Sinophil benefits not only the principal shareholders, but the minority/independent shareholders as well,” it said.

Belle, which owns 50.42 percent of Sinophil, will transfer its 100-percent ownership in Premium Leisure Amusements Inc. (PLAI) and its 34.5-percent stake in Pacific Online Systems Corp. to Sinophil.

PLAI is part of the consortium that holds a license from the Philippine Amusement and Gaming Corp. for City of Dreams Manila to be operated by Melco Crown Philippines. Pacific Online, on the other hand, holds the exclusive license to distribute equipment for lotto operations in the Visayas and Mindanao.

For this transaction, Sinophil acquired 50,000 Belle common shares at P10.84 billion. “The two methods used in determining the amount of consideration were the market approach and the income approach. The former involved analyzing and comparing comparable transactions, while the latter utilized the DCF [discounted cash flow] method in determining the value,” it said.

The selling price will be fully paid for by Sinophil in cash. Belle will retain direct ownership of the land and building of City of Dreams Manila, a \$1.2-billion casino project in Entertainment City in Parañaque from which it will continue to receive rental income, the company said.

It will also retain direct ownership and continue to develop other assets, such as properties in the Tagaytay

Highlands and Midlands complexes, including surrounding residential and leisure assets of over 800 hectares of currently undeveloped land.

Belle will also take over Sinophil’s nongaming assets, including membership shares in Tagaytay Midlands Golf Club Inc., a parcel of land located within the Aseana Business Park at the Manila Bay Reclamation Area, several parcels of land in The Parks at Saratoga Hills within the Tagaytay Midlands Complex and undeveloped land located within Tanauan, Batangas. Sinophil said it returned to profitability during the first two quarters of the year after the reversal of the impairment loss of its stake in Hong Kong’s Legends International Resorts (HK) Ltd.

The company said its net income grew P1.21 billion for the period, a reversal from the P5.56-million net loss reported last year. “The higher net income in 2014 resulted from the net reversal of a provision of impairment of its investment in Legend International Resorts amounting to P1.219 billion,” the company said.

VG Cabuag

Concepcion Industrial sees 15% income growth

CONCEPCION Industrial Corp., a company known for its brands of refrigerators and air-conditioning units, expects to end the year with at least a 15-percent growth rate, though emerging figures for the first half of the year are much higher.

The company said first-half results showed that Concepcion Industrial's net income grew by 45 percent on sales of 28-percent increase.

"What we tell investors is we always give a guidance of 15-percent growth for the year. And that is a number that we are very comfortable in giving, on the low-side," President Raul Joseph Concepcion said.

"The indications that we wanted to say is business is doing well and continues to do so," he said.

Concepcion explained, however, that unlike other businesses, the company's first-quarter net income figures, which increased by 32 percent, involved some front-loading while it was also affected by the peso-dollar exchange rate.

"So you have to balance all of these changes. And we signal to our investors basically that we will return 15-percent increase in earnings shares as a guidance [for the year]," he said, adding that a high growth rate during the first half is not sustainable. The company, which for most of its history relies on revenues from air-conditioning and refrigeration units, is aiming at capturing at least 5 percent of the consumer segment of the country's

P52 billion white goods market—or home appliances—in the next two years.

The company is looking with great promise its investments in the building and industrial solutions that will also allow it to generate recurring income from allied services. Concepcion enjoys a 36.7-percent market share in the market for air-conditioners and another 26 percent in the refrigeration market, which comprises nearly over a fourth of the P52 billion market for the consumer appliances market.

"It requires a lot of investments. We're investing in the front-end. After-sales support, everything dealing with front-end," Concepcion said, referring to its thrust on conquering the white goods market. The company is set to launch more products for its consumer segment after its series of product launches in May and June, as part of its partnership with Midea Electric Trading (Singapore) Co. Pte. Ltd.

The company imports the products in China, where Midea manufactures its products, and sells these in the Philippines.

Concepcion Industrial said its net income increased by 32 percent during the first quarter of the year, to P128.2 million from last year's P97.1 million. Sales reached P2.2 billion for the period, or a growth of 39 percent from last year.

Unit Concepcion Carrier Air-conditioning Co.'s sales expanded by 58 percent, while Concepcion Durables Inc.'s sales grew by 11 percent during the period. *VG Cabuag*

BusinessMirror

B2-2 Thursday, July 24, 2014



Republic of the Philippines
Department of Finance
Securities and Exchange Commission
SEC Building, EDSA, Greenhills, Mandaluyong City

Corporate Governance and Finance Department

IN MATTER OF:

REGINA CAPITAL BALANCED FUND, INC. Registration of Securities

-Registrant-

NOTICE

Notice is hereby given that on June 27, 2014, a sworn Registration Statement was filed with the Securities and Exchange Commission on behalf of **REGINA CAPITAL BALANCED FUND, INC.** for the registration of up to Two Hundred Million (200,000,000) common shares with a par value of One Peso (Php1.00) or an aggregate of Two Hundred Million Pesos (Php200,000,000.00), representing its entire authorized capital stock.

According to the papers/documents presented, the following persons are the key officers/directors of the corporation:

NAME	CITIZENSHIP	POSITION
Mr. Victor Alfonso A. Limlingan, Jr.	Filipino	Chairman
Mr. Luis Gerardo A. Limlingan	Filipino	Director/President
Ms. Marita Regina L. Laquindanum	Filipino	Director/Treasurer
Mr. Edgardo T. Velasco	Filipino	Independent Director
Mr. Jose Claro S. Tesoro	Filipino	Independent Director
Mr. Noel A. Laman	Filipino	Corporate Secretary
Ms. Ma. Pilar M. Pilares-Gutierrez	Filipino	Assistant Corporate Secretary

The said Registration Statement and other papers/documents attached thereto are open to inspection by interested parties during business hours and copies thereof, photostatic or otherwise, shall be furnished to any party upon request at such fees as the Commission may prescribe. The Registration Statement may also be downloaded from www.reginacapital.com.


JUSTINA T. CALLANGAN
Director

BAM July 24 & 28, 2014

Lucio Co buys into PBCom

By Jenniffer B. Austria

RETAIL tycoon Lucio Co is buying a 37.7-percent stake in Philippine Bank of Communications for P6 billion, making him the largest shareholder in the recently rehabilitated bank, as he expands his business empire to the financial sector.

PBCom said its board of directors, in a special meeting on July 23, accepted the offer of Co's Union Equities Inc. to subscribe to 181.08 million newly issued common shares at P33 apiece.

The price represented a huge 48.4-percent discount to the

bank's closing price of P64 on Wednesday. The subscription, subject to Bangko Sentral's approval, will increase PBCom's issued shares to 480.65 million and give Union Equities Inc. a 37.7-percent stake, making Co the largest shareholder.

PBCom chairman Eric Recto,

prior to the transaction, was the bank's biggest shareholder with 22.38-percent stake as of end-June. He was followed by Roberto Ongpin's ISM Communications Corp., with 21.38 percent and Ralph Nubla Jr., with 17.28 percent.

There will be "no change in management," Recto wrote in a mobile-phone text message, adding that Co's subscription would involve new shares.

Co, who owns Puregold Price Club Inc., is following Henry Sy, the nation's richest man, and John Gokongwei, who built their own banks on the strength of their retail ventures.

"Lucio Co is bringing more to the table in this transaction and PBCom stands as the party that

will benefit more from his entry," Astro del Castillo, managing director at First Grade Finance Inc., said by phone.

PBCom reported a net income of P1.63 billion in 2013, up by 66 percent from 2012. This translated to return on equity of 38 percent. The bank's total assets reached P62.6 billion as of end-December.

"In the past 18 months, we have made significant investments to build our core banking businesses, expand our branch distribution network and make strategic acquisitions. Likewise, we have invested heavily in our people and IT infrastructure. We are in a period of growth and expansion, and we need to fortify our capital base to help us achieve our growth

targets," Recto said.

Recto said there were many synergies between PBCom and Co's businesses. "Their retail network is a strong complement to our expansion efforts, and their focus on the small business segment is well-aligned with our thrust to grow SME Banking," he said.

PBCom now has 72 branches and recently announced the acquisition of Rural Bank of Nagcarlan and Banco Dipolog Inc., which have a combined branch network of 19 locations.

PBCom president and chief executive Nina Aguas said the expansion was a part of the bank's response to recent developments in the banking space.

With Bloomberg

George Ty's firm cleared to sell ₱12-b bonds

THE Securities and Exchange Commission approved the planned P12-billion bond offering of GT Capital Holdings Inc., the investment company of tycoon George Ty.

Documents filed with the SEC showed GT Capital would issue P12 billion worth of bonds, including P2 billion to cover oversubscription, with tenors of five, seven and 10 years.

GT Capital president Carmelo Bautista said in a text message the bonds would be offered to investors from July 25 to July 31. Proceeds from the bond sale will be used to partially finance the company's P50-billion capital spending

this year.

The company hired First Metro Investments Corp., BDO Capital and Investments Corp., BPI Capital Corp. and China Banking Corp. as lead underwriters.

Documents showed of the P12 billion proceeds, up to P8 billion would be allocated for the expansion of real estate unit Federal Land Inc. and P3.6 billion for debt repayment.

Under the plan, Federal Land will spend up to P6.2 billion for two condominium projects in Central Park for Veritown Fort, including Central Park West and Madison Park West.

Some P1.78 billion would be

allotted for residential projects in Metropolitan Park projects, namely Palm Beach Villas and Six Senses.

GT Capital said Federal Land planned to continue to diversify its products for the middle-income and high-end markets. It will also continue to develop master-planned communities and launch commercial and retail projects to increase recurring income, it said.

Philippine Rating Services Corp. earlier assigned the highest rating of 'PRS Aaa' to GT Capital's proposed P12-billion bond offering.

Obligations rated PRS Aaa are of the highest quality with minimal credit risk.

Aside from Federal Land, GT Capital's investment current portfolio consists of directly-held interests in Metropolitan Bank & Trust Company; Global Business Power Corp.; Toyota Motor Philippines; AXA Life Insurance Corp.; Charter Ping An Corp.; and Toyota Manila Bay Corp. and Toyota Cubao Inc.

GT Capital registered a 56-percent decline in net income to P1.73 billion in the first quarter from P3.96 billion a year ago. Consolidated revenues, however, grew 40 percent to P31.1 billion from P22.2 billion, on higher vehicle and real estate sales.

Jennifer B. Austria

metrobank notes

METROPOLITAN Bank & Trust Co., the country's second-largest lender, closed the offering period for its new series of Basel III-compliant Tier 2 notes worth up to P6.5 billion ahead of schedule as investors swarmed the offering.

Metrobank said in a disclosure to the stock exchange the early closure on the very first day of the issuance period was due to "strong demand from institutional and retail investors [that] already exceeded the allowable issue size."

"The offer period was originally scheduled for July 22 to 28. However, at the end of the first day of the offering, the order book was more than two times oversubscribed, prompting the bank to close the offer period early," the bank said.

Metrobank set the issue size for the series 2 offer at P6.5 billion to complete its P22.5-billion Tier 2 note program.

Metrobank earlier received Bangko Sentral ng Pilipinas approval to issue up to \$500 million or around P22.5 billion in Tier 2 notes. **Julito G. Rada**

PH shares up on global leads, URC acquisition

SHARES rebounded on Wednesday following positive global leads and the optimism brought by Universal Robina Corp.'s (URC) acquisition of a leading snack food manufacturer in New Zealand.

The Philippine Stock Exchange index (PSEi) rose 0.33 percent or 22.98 points to end at 6,892.92, while the broader All Shares index added 0.24 percent or 9.90 points to 4,125.69.

Joyce Anne Ramos, equity analyst at AB Capital Securities, Inc., said in a text message that the local market relied mostly on foreign market gains in the absence of "domestic market-moving news."

"We just followed overseas market leads. Bullish sentiment about URC's acquisition of NZFHL also contributed to the rebound," Ramos said.

In line with URC's aim to become a major regional player in the snack food business, the local firm took over NZ Snack Food Holdings Limited (NZFHL) priced at 700 million New Zealand dollars. NZFHL holds Griffin's Foods Limited, which is the leading snack food firm in New Zealand. Griffin's has built strong market in Asia and has growing presence in Australia.

URC's shares gained P7.50 to close at P165.50 apiece, a 4.75-percent increase on the day's trade which contributed 16.98 points to the benchmark stocks' climb, Ramos said.

All but one of the sectoral indices ended higher, with only financials slipping, ending 0.35 percent or 5.80 points lower to close at 1,645.82. Industrials improved by 1.49 percent or 155.29 points to 6,175.63; holding firms inched up 0.15 percent or 9.06 points to 6,184.69; and services were up minimally by 0.18 percent or 3.71 points to 2,093.04. Mining and oil advanced

142.11 points or 0.86 percent to 16,758.64, while property gained 3.41 points or 0.13 percent to close at 2,600.28.

Heavily-traded shares included Philippine Long Distance Telephone Company, which remained unchanged at P3,038. Besides URC, gainers on the day included Alliance Global Group Inc., up by 0.93 percent or P0.25 to P27 each; Philex Mining Corp. by 3.96 percent or P0.48 to P12.60; Nickel Asia Corp by 2.75 percent or P0.95 to P35.50; SM Investments Corp. by 0.64 percent or P5 to P782; and Cosco Capital Inc. by 2.24 percent or P0.22 to P10.02.

Shares that registered losses, on the other hand, were Metropolitan Bank and Trust Company, down 1.45 percent or P1.30 to P88.50; BDO Unibank, which slipped 0.05 percent or P0.05 to P90.95; and Ayala Corp., which shed 0.61 percent or P4 to close at P657. Volume traded was at 960.6 million shares, valued at P6.7 billion. Gainers just outnumbered losers, 82 to 80, while 65 shares did not move.

"Sideways movement of the market might persist as participants are still looking for catalysts to push the market up. The PSEi [Philippine Stock Exchange index] will most likely rely on global sentiment for direction in the coming days," AB Capital's Ramos said.

Ramos noted that immediate support and resistance levels are at 6,815 and 6,900, respectively, while support and resistance for the next few days are at 6,765 and 6,940.

On Tuesday, the PSEi was down 4.94 points or 0.07 percent at 6,869.94, while the All Shares index also slipped 4.20 points or 0.10 percent to 4,115.79.

KRISTYN NIKA M. LAZO

Moody's warns of growth risks as Asian banks expand

REGIONAL expansion among Asian banks, which has accelerated over the past five years, brings diversification benefits but may also present greater uncertainty to banks' growth strategies, according to global ratings agency Moody's Investors Service.

In its report, "Regionalization of Asian Banks: Will Diversification Benefits Offset Changing Risk Profiles?" Moody's noted three factors that support the expansion of Asian banks in the region: higher growth potential in Asia compared with the rest of the world; continued momentum of intra-regional trade; and a reduction in the lending market share of Western banks in Asia since the global financial crisis.

Banks in the Association of Southeast Asian (Asean) region have particularly benefited from fairly robust operating conditions in the region, and recorded good growth and profitability, it said.

As a result of their regional expansion, Asian banks have increased the proportion of overseas loans in their loan mix. Consequently, the income mix of Asian banks has become more diversified, with greater proportions of income generated by sources outside the banks' domestic markets, the report explained.

According to the Moody's report, scale is a differentiating factor when a bank enters a new market, as the bigger banks tend to have

much better retail funding franchises that are key profit centers for these banks.

The report acknowledged that while acquisitions have proven to provide banks with the quickest access into their target markets, particularly in Indonesia, Thailand, and Hong Kong, the process of integrating the acquired bank into the acquirers' operations and realizing any cost cutting and revenue synergies is often long and challenging.

"Regional expansion for Asian banks is typically accompanied by greater complexity in operations, different regulatory environments, and varying operating conditions," Simon Chen, a Moody's Assistant Vice President said in a statement on Tuesday.

"As such, whether regional expansion is credit positive or credit negative for banks in the region depends on execution," Chen added.

The Moody's report suggested the true test to the regional strategy for banks will come when the economic cycle turns and the idiosyncratic risks in each of the markets become more apparent.

In the meantime, the report said that regional strengths have helped banks build up sustainable competitive positions in niche segments.

This includes segments like trade finance and the cross-selling of treasury products to corporations, it said.

MAYVELIN U. CARABALLO

Lucio Co buys 37.7% of PBCom

BY MADELAINE B. MIRAFLORE REPORTER

GROCERY and logistics magnate Lucio Co made his first venture into the banking business by acquiring shares in Philippine Bank of Communications (PBCom) that will give him as much as a 37.67 percent stake in the post-issuance capital stock of the bank.

PBCom's board of directors at Wednesday's meeting approved the offer of Co, through his delegated entity Union Equities Inc., to buy as much as P5.9-billion worth of PBCom shares.

Co is acquiring 181.08 million common shares in the listed commercial bank at a discount price

of P33 per share. PBCom shares were trading at about P65 apiece on Wednesday. Trading in the shares was halted following the disclosure.

"The subscription of the shares will be effective upon the execution of the subscription agreement and will be subject to the

applicable regulatory approvals," PBCom told the local bourse.

Earlier acquisitions

In April, PBCom agreed to buy out a rural bank with more than 10 branches across the Visayas-Mindanao region, a transaction that will support the listed bank's expansion in rural areas.

Formerly led by tycoon Roberto Ongpin, PBCom previously said it has signed a deal with the controlling stockholders of Banco Dipolog Inc. (BDI) regarding its purchase and acquisition of no less than 90 percent of the outstanding common stock of the latter.

Founded in 1957, BDI was the first bank to open in Dipolog. BDI currently has 11

branches and seven other banking offices located in Mindanao and the Visayas.

A month before that, PBCom also acquired a Laguna-based bank Rural Bank of Nagcarian Inc. in a bid to diversify in rural areas.

Co, who also owns the supermarket chain Puregold Price Club Inc., has also recently bought out liquefied petroleum gas (LPG) market leader Liquigaz Philippines Inc. through its holding conglomerate Cosco Capital Inc.

Under the deal, which is yet to be finalized, Cosco Capital will assume control of the LPG provider while minority partner PR Gaz Inc. will retain a 10-percent stake. Not included in the Cosco Capital group, PR Gaz is also owned by Co as a separate entity.



Republic of the Philippines
 Department of Finance
Securities and Exchange Commission
 SEC Building, EDSA, Greenhills, Mandaluyong City
Corporate Governance and Finance Department

IN THE MATTER OF:

REGINA CAPITAL BALANCED FUND, INC. : Registration of Securities
 - Registrant -

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NOTICE

Notice is hereby given that on June 27, 2014, a sworn Registration Statement was filed with the Securities and Exchange Commission on behalf of **REGINA CAPITAL BALANCED FUND, INC.** for the registration of up to Two Hundred Million (200,000,000) common shares with a par value of One Peso (Php1.00) or an aggregate of Two Hundred Million Pesos (Php200,000,000.00), representing its entire authorized capital stock.

According to the papers/documents presented, the following persons are the key officers/directors of the corporation:

NAME	CITIZENSHIP	POSITION
Mr. Victor Alfonso A. Limlingan, Jr.	Filipino	Chairman
Mr. Luis Gerardo A. Limlingan	Filipino	Director/President
Ms. Marita Regina L. Laquindanum	Filipino	Director/Treasurer
Mr. Edgardo T. Velasco	Filipino	Independent Director
Mr. Jose Claro S. Tesoro	Filipino	Independent Director
Mr. Noel A. Laman	Filipino	Corporate Secretary
Ms. Ma. Pilar M. Pilares-Gutierrez	Filipino	Assistant Corporate Secretary

The said Registration Statement and other papers/documents attached thereto are open for inspection by interested parties during business hours, and copies thereof, photostatic or otherwise, shall be furnished to any party upon request at such reasonable fees as the Commission may prescribe. The Registration Statement may also be downloaded from www.reginacapital.com.

JUSTINA R. CALLANGAN
 Director

Lucio Co buys stake in PBCom

By KATHLEEN A. MARTIN

Puregold owner Lucio Co has entered the banking business by buying a 37.67-percent stake in Philippine Bank of Communications (PBCom) for P5.98 billion.

In a disclosure, PBCom told the Philippine Stock Exchange that it had accepted an offer from Co — through

his delegated entity Union Equities Inc. — to subscribe to 181.08 million common shares at P33 per share.

"The subscription of the shares will be effective upon the due execution of the subscription agreement and will be subject to the applicable regulatory approvals," the bank said.

The share sale was made after the commercial bank last month said it is eyeing capital raising activities such as a stock rights offer, the issuance of capital instru-

ments qualifying as Tier 2 under the new Basel III standards, and through a private placement by a third party.

PBCom recorded a 95-percent drop in net income to P37.38 million in the first quarter from P714.80 million in the same period last year.



Total operating income of the bank fell 45 percent to P769.62 million, while total operating expenses climbed five percent to P657.61 million.

Earlier this year, the bank acquired Laguna-based Rural Bank of Nagcarlan Inc. and 90 percent of Banco Dipolog Inc.

The purchases were meant to expand the bank's market reach in the countryside and increase lending to the small and medium enterprises.

Phi stocks take cue from Wall St

Philippine stocks posted modest gains yesterday, buoyed by Wall St.'s strong performance.

The Philippine Stock Exchange index gained 0.33 percent or 22.98 points to finish at 6,892.92, while the broader all shares index rose 0.24 percent or 9.90 points to 4,125.69.

The local market mirrored the advances in Wall Street and most Asian markets that focused on corporate earnings.

On Tuesday, US stocks benefited from strong company earnings reports but the improvement

By NEIL JEROME C. MORALES

was kept in check by the bears.

The Dow Jones Industrial average added 0.36 percent or 61.81 points to finish at 17,113.54, while the broader Standard & Poor's 500 index rose 0.5 percent or 9.90 points to 1,983.53.

Locally, all counters, save for financial firms that retreated 0.35 percent or 5.80 points to end at 1,645.82, were in the green. The gainers were led by the industrial sector that climbed 1.49 percent or 155.29 points to 10,552.79.

However, the value of shares that changed hands thinned to P6.74 billion from P8.11 billion on Tuesday. Advancers barely outpaced decliners, 82 to 80, while 65 stocks did not change.

Most active stocks were in the positive territory, led by top-traded Universal Robina Corp. that rallied 4.75 percent as the trading suspension was lifted. Early this week, Gokongwei-led snacks and beverage giant announced its acquisition of Griffin's Foods Ltd., New Zealand's leading biscuit and snack food company, for NZ\$700 million.

SM Group completes consolidation of gaming assets into Sinophil

Listed firm Sinophil Corp. has completed several transactions that allowed it to transition into the holding company for the gaming assets of the SM Group.

In a regulatory filing, Sinophil said it implemented definitive agreements in line with its corporate reorganization, taking over the gaming business of Belle Corp., which will then focus on real estate development and other allied businesses.

"A deed of sale of shares has been executed covering the sale by Belle to Sinophil of all its equity interest in Premium Leisure Amusements Inc. (PLAI)," Sinophil said.

Sinophil secured 50,000 PLAI common shares worth P10.84 billion from parent firm Belle. PLAI is part of the consortium that holds the license for the \$1.3-billion City of Dreams Manila that will be operated by Macau-based casino giant Melco Crown Entertainment Ltd.

Belle, which is controlled by the SM Group, also completed the transfer of its 34.5-percent stake in Pacific Online Sys-

tems Corp. worth P1.525 billion through a block sale. Pacific Online is the online lottery system provider of the Philippine Charity Sweepstakes Office in the Visayas and Mindanao.

"The agreed purchase price of the Pacific Online shares is based on the then prevailing market price of Pacific Online shares when the purchase price was agreed upon by the parties," Sinophil said.

For its part, Sinophil sold to Belle non-gaming assets composed of membership shares in Tagaytay Midlands Golf Club Inc., a lot located within the Aseana Business Park at the Manila Bay Reclamation Area, several parcels of land in The Parks at Saratoga Hills within the Tagaytay Midlands complex, and an undeveloped land located in Tanauan, Batangas.

"The foregoing properties will be paid for in cash, at an aggregate selling price of P806.88 million," Sinophil said.

"The company, which has been pretty much a dormant holding company for

quite some time, will now be at the forefront of a very profitable industry based on the performance of the companies currently in the Philippine gaming market," Sinophil earlier said.

Sinophil was incorporated as Sinophil Exploration Co. Inc. in 1993, focusing on oil and gas exploration and development projects. It then joined several geophysical survey and exploration contracts for various petroleum blocks nationwide before converting into a holding firm in 1997.

The casino project is the SM Group's first venture in the integrated casino business. It is also Melco Crown's first gaming foray outside Macau where it operates the City of Dreams and Altira Macau casinos.

City of Dreams will be the second casino complex to open at the Philippine Amusement and Gaming Corp.'s 120-hectare Entertainment City, which is being groomed to become the Philippines' version of the Las Vegas strip. In March last year, port mogul Enrique Razon opened the \$1.2-billion So-laire Resort and Casino.

Pancake House to change name to Max's Group after takeover

Pancake House Inc. is changing its name to Max's Group Inc. to reflect the latter's takeover of the listed casual dining chain.

In a disclosure, Pancake House said following a regular meeting, its board of directors "approved the change of name of the company to Max's Group and the corresponding amendment to the amended articles of incorporation of the company."

The board also approved the change in the trading symbol of Pancake House on the Philippine Stock Exchange to MAXS from the current PCKH, it added.

The amendments are up for approval of shareholders and the Securities and

Exchange Commission.

Early this month, the Max's Group was folded into Pancake House Inc. in a P4-billion reverse acquisition that cemented the group's position as the largest casual dining chain in the Philippines.

Last December, Pancake House Holdings Inc. sold all its Pancake House shares to Max's Group for P2.98 billion. Max's Group then conducted a tender offer, allowing it to secure 89 percent of Pancake House.

The acquisition allowed Max's Group to increase its brands to 14, adding the likes of Pancake House, Teriyaki Boy, Dencio's, Yellow Cab and Kabisera to its fold. Prior to the deal, Max's Group

carried Max's Restaurants, Max's Corner Bakery, Krispy Kreme and Jamba Juice.

As of end-March this year, the listed firm had 310 co-owned and franchised stores: 114 Pancake House, 15 Dencio's Bar and Grill, 37 Teriyaki Boy, 16 Sizzlin' Pepper Steak, 14 Le Coeur de France, two Chicken Rice Shop, 109 Yellow Cab and three Maple.

In the first quarter, its net income slipped nearly a quarter to P31.75 million from P41.56 million a year ago due to costlier operations and more expensive raw materials. Consolidated revenues rose 4.81 percent to P926.73 million from P884.19 million. — Neil Jerome Morales