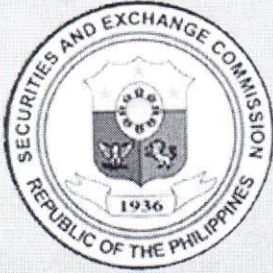


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## **Manila Standard TODAY**

### **Filinvest Land's net profit hits P2b**

FILINVEST Land Inc., the property arm of the Gotianun Group, said net income in the first half grew 15 percent to P2 billion from P1.74 billion in the same period last year, led by higher residential sales.

Filinvest Land said in a filing with the stock exchange consolidated revenues rose 26.2 percent in the six-month period to P7.18 billion from P5.68 billion a year ago. Real estate sales jumped 30 percent to P4.7 billion, driven by robust sales in horizontal housing projects as well as in medium-rise building projects.

Rental revenues rose 7 percent to P1.05 billion from P999 million in the previous year as the company recognized additional revenues from new office buildings in Filinvest City in Alabang.

"We have earmarked almost half of our 2014 capital expenditures for investments that will increase both office and commercial gross leasing area," FLI president and chief executive Josephine Gotianun-Yap said in a statement. Jennifer B. Austria

## **Bonds not protected by Secrecy Law**

HOLDERS of corporate bonds, stocks and foreign currencies should declare these investments because they are not covered by the Bank Secrecy Law, the Bureau of Internal Revenue said Tuesday.

The BIR said only bank deposits and government securities were subject to the provisions of the law. It said the law did not apply to investments such as corporate bonds, purchases of shares of stocks, purchases of receivables of business and purchases of foreign exchange.

"There was nothing new that was added in the regulations. We only made it stricter. Investors have nothing to fear if they are tax compliant," said BIR Commissioner Kim Jacinto-Henares.

Section 2 of Republic Act No. 11405 or the Bank Secrecy law states that all deposits of whatever nature in banks or banking institutions in the Philippines and investments in government bonds were absolutely confidential in nature.

The BIR, however, said deposits refer to money or funds placed with bank that can be withdrawn on the depositor's order or demand, such as deposit accounts in the form of savings, current and time deposits. **Jennifer Ambanta**

# Market advances; Nickel Asia, All up

**STOCKS** rose for the second day, on strong corporate earnings of major conglomerates in the second quarter and overnight rallies on Wall Street and in Europe as easing geopolitical tensions lifted investor confidence.

The Philippine Stock Exchange index, the 30-company benchmark, gained 26 points, or 0.4 percent, to close at 6,983.49 Tuesday amid thin trading of P6.2 billion. The index was up 18.1 percent since the start of the year.

The heavier index, representing all shares, also advanced 11 points, or 0.3 percent, to settle

at 4,175.32, as gainers slightly edged losers, 88 to 87, with 56 issues unchanged.\*

Marcventures Holdings Inc., a nickel miner, emerged as the biggest gainer among the 20 most active stocks, as it climbed 7.4 percent to P6.43 on higher nickel prices. Nickel Asia Corp. rose 1.7 percent to P40.10. Indonesia's ban on nickel ore

exports is resonating globally as prices climbed to the highest since 2012.

Manila Water Co. Inc. rose 3.2 percent to P29.10, while property developer Ayala Land Inc. added 2.1 percent to close at P31.70. Security Bank Corp. climbed 1.1 percent to P125.

Meanwhile, Asian stocks also rose Tuesday, on easing political tensions in the Middle East. Tokyo gained 0.20 percent, or 30.79 points, to 15,161.31, extending its recovery from sharp falls last week fueled by Washington's announcement that it had authorized airstrikes in Iraq.

Sydney jumped 1.34 percent, or 73.3 points, to 5,530.3 while Seoul rose 0.10 percent, or 2.10 points, to 2,041.47. But Hong Kong was trading flat and Shanghai was down 0.19 percent in the afternoon as investors locked in profits following recent gains. Bangkok was closed for a public holiday.

US President Barack Obama, who reluctantly ordered the airstrikes last week to beat back rampaging Islamic State extremists, welcomed the nomination of a new Iraqi prime minister Monday to replace controversial leader Nuri al-Maliki.

Obama voiced hope that a new Iraqi leadership would forge an "inclusive government" and begin to ease the sectarian divisions that have fueled the crisis.

Investors were also tracking the crisis in conflict-torn Ukraine as concerns persisted over a possible Russian military incursion.

With AFP, Bloomberg

## Metro Pacific sees profit reaching P8b

METRO Pacific Investments Corp. expects core net income to hit P8 billion this year, up 11 percent from P7.2 billion in 2013, with the strong first half performance likely to be sustained for the rest of the year.

"We anticipate continued volume growth for the rest of the year that would enable us to achieve P8 billion of core net income for 2014 despite ongoing uncertainties over regulatory stability for water, road and power prices," Metro Pacific president Jose Ma Lim said Tuesday.

Metro Pacific reported a consolidated core net income of P4.6 billion in six months ending June 30, 2014, up 18 percent from P3.9 billion year-on-year.

The company attributed the higher core net income to robust earnings by units operating toll roads, power distribution, water utility and hospitals.

Maynilad Water Services Inc. accounted for P2.2 billion or 41 percent of the net operating profit, while Manila Electric Co. contributed P1.8 billion, or 33 percent.

Metro Pacific Tollways Corp. delivered P1.1 billion or 21 percent of the total while hospital group contributed P294 million or 5 percent.

Consolidated reported net income attributable to owners of the parent company improved 15 percent to P4.2 billion in the first half of 2014 from P3.7 billion on year.

Jennifer B. Austria

## Omico officials facing syndicated estafa raps

A SYNDICATED estafa complaint was filed recently before the Makati City Prosecutor's Office against a publicly-listed company and its officials.

Guevent Investments Development Corp. and Honeycomb Builders Corp. in a 22-page joint complaint-affidavit alleged Omico Corp. and its board led by chairman Tommy Kin Hing Tia had conspired to commit syndicated estafa.

The other respondents included Anson Chua Tiu Co, Anna Mei Nga Ko Tia, Juan Jose Rodom Fetiza, Angel Severino Raul Ilagan Jr., Solomon Cua, Leonor Cabarrus, Benito Soliven III and Klarence Dy in their personal capacities and as board members of Omico.

Complainant lawyer Amado Valdez said other Omico officials were excluded as respondents because they had resigned from the Omico board and executed sworn statements supporting the allegations of the complainants.

"In fact, they tried to mediate and resolve the issues against Omico through an amicable settlement but were ignored by the respondents," Valdez said.

The complaint stemmed from Omico's alleged refusal to proceed with the construction of a mixed-use condominium project on a 4,959-square meter piece of real estate property located along Pasong Tamo Extension, corner of Edsa, in violation of the joint venture agreement that the publicly-listed firm signed in 1995 with the complainants.

## Century Pacific posts net income of ₱718m

CENTURY Pacific Food Inc., the Philippines' largest canned food company, reported a first-half net income of P718 million on the back of strong demand and favorable raw materials costs.

The company registered a net income of P398 million for the three months ending June 30, 2014 from P320 million year-on-year. Second-quarter revenues rose 14 percent from those in the first three months of the year. Year-to-date revenues stood at P9.6 billion.

Century Pacific in a disclosure attributed the higher sales volumes to several marketing campaigns, most notably the "Century Superbods" and "555 Kumble-tuna" promotions. The company is behind leading brands such as Century Tuna, 555, Swift, Argentina and Birch Tree.

"Our six-month net income already approximates the full-year 2013 figure. We are definitely on track towards hitting our P1.5-billion target for this year," said Century Pacific chief finance officer Oscar Pobre.

"The company also has a very strong balance sheet, with total assets of P9.5 billion, equity of P5.9 billion and zero debt," he added.

Century Pacific is expected to double its net income in 2014 from P744 million in 2013.

The company lowered first-quarter financing costs by half as it partially used proceeds from an initial public offering in May to settle all interest-bearing loans.

Wednesday, August 13, 2014

4/SI

BusinessWorld

The **Economy**

## NBS takes up P850M worth of Vulcan shares

RETAILER National Book Store, Inc. (NBS) has moved one step closer to its planned backdoor listing via Vulcan Industrial & Mining Corp.

In a regulatory filing on Tuesday, Vulcan said National Book Store has subscribed for 850 million of its shares at P1 apiece.

The shares will come from Vulcan's planned increase in authorized capital stock to P4 billion worth of shares from P600 million, approved by a majority of stockholders in May last year but still subject to the approval of the Securities and Exchange Commission.

"The company shall apply for and secure the approval of the listing of the Subscription shares with the Philippine Stock Exchange within a reasonable time from the issuance of shares," Vulcan said.

In May 2013, Vulcan said it plans to complete National Book Store backdoor listing within the first quarter of 2014.

*BusinessWorld* sought comment on the next target date for the completion of the backdoor listing, but officials were not immediately available.

Vulcan obtained shareholder approval last year to change its name to National Book Store Retail Corp., and its primary purpose

to retail from mining, as well as the relegation of mining and oil exploration as a secondary corporate activity.

Shareholders also approved as the company's secondary activity wholesaling, publishing, printing, manufacturing, and distribution, among others.

National Book Store, Inc. operates the country's largest bookstore chain. It was founded by Socorro G. Ramos before the Second World War in the form of a small shop in Escolta, Manila, selling school and office supplies, novels, and textbooks.

In addition to the flagship bookstore, National Book Store, Inc. also operates more specialized stores like Powerbooks, NBS Express, and Bestsellers. It is the local franchise holder for Hallmark greeting cards under unit Filstar Distributors Corp.

In October 2012, Vulcan announced that it was considering an exit from the mining industry.

Vulcan was incorporated in 1953 and has been participating in oil exploration projects since 1976, as part of two consortia holding petroleum contracts.

On Tuesday, shares in Vulcan gained 42 centavos or 28.38% to P1.90. — **Daphne J. Magturo**

## All investment instruments outside banks are not confidential — BIR

INVESTMENTS are not covered by the Bank Secrecy Law if these are not deposited in banks, the Bureau of Internal Revenue (BIR) yesterday reiterated.

The BIR, through a statement issued by the Finance Department, said Section 2 of Republic Act No. 1405 or the Bank Secrecy Law states that all deposits in banks or banking institutions are confidential in nature.

"Not covered by the Bank Secrecy Law are investments which are not bank deposits or government securities such as corporate bonds, purchases of shares of stocks, purchases of receivables of business, and purchases of foreign exchange," the statement read.

The BIR added that interest income paid on bank deposits is subject to final withholding tax.

"For those claiming exemption from taxes on interest income on deposits, they should prove that they are entitled to said exemption; otherwise, the said income is subject to the final withholding tax," the BIR said.

The country's biggest business and industry groups wrote last month to Finance Secretary Cesar V. Purisima and BIR Commissioner Kim S. Jacinto-Henares questioning Revenue Regulation (RR) 1-2014, which imposes stricter requirements in submitting alphabetical lists (alphalist) to the tax agency.

RR 1-2014 requires all withholding agents to submit an alphalist of employees and list of payees on income payments subject to creditable and final withholding taxes.

The issuance likewise prohibits lumping income payments into a single amount.

The business groups said the requirement violates the Bank Secrecy Law for the fixed-income market, unit investment trust funds and mutual funds.

Signatories include top officials of the Bankers Association of the Philippines, Employers Confederation of the Philippines, and the Federation of Filipino-Chinese Chambers of Commerce & Industry, Inc.

Heads of the Fund Managers Association of the Philippines,

Investment Houses Association of the Philippines, Philippine Association of Securities Brokers and Dealers, Inc., Philippine Chamber of Commerce and Industry, the Philippine Stock Exchange and the Trust Officers Association of the Philippines also signed.

Ms. Henares reiterated yesterday that the issuance in question is just a stricter implementation of related BIR rules.

"There was nothing new that was added in the regulations, we only made it stricter. Investors have nothing to fear if they are tax compliant," Ms. Henares was quoted as saying in the statement.

"Logic dictates that if you have a lot of money to invest, then you must have earned it and have paid the right taxes on your earning," she noted.

"Rest assured though that information in the hands of the BIR are confidential and cannot be disclosed without the approval of the President of the Philippines, under pain of imprisonment," the tax bureau's chief said. — **Mikhail Franz E. Flores**

# PSEi again courts 7,000 mark

By Daphne J. Magturo

LOCAL SHARES rallied for the second day running on Tuesday, as easing geopolitical tensions stabilized equity markets and restored investor confidence, analysts said.

The main index almost touched the 7,000 barrier after reaching 6,998.22 in intraday session, pulled up by favorable corporate earnings.

On Tuesday, the benchmark Philippine Stock Exchange index (PSEi) advanced 26.83 points or 0.39% to close at 6,983.49.

The broader all-shares index similarly gained 11.64 points or 0.28%, ending at 4,175.32.

"For today, we were up 26 points and the rise was mainly due to easing concerns on Ukraine and Iraq. We are also following the rise in US markets last night," Lexter L. Azurin, research head at Unicapital Securities, Inc., said in a phone interview yesterday.

Global markets stabilized as US President Barack Obama, who earlier ordered troops to conduct air strikes in Iraq, welcomed the nomination of a new Iraqi prime minister and expressed hope on the new leadership.

Wall Street stocks were in the green, with the Dow Jones industrial average adding 16.05 points or 0.10% to 16,569.98. The Standard & Poor's 500 index advanced 5.33 points or 0.28% to 1,936.92, while tech-heavy Nasdaq composite index gained 30.43 points or 0.70% to 4,401.33.

Jason T. Escartin, investment analyst at online brokerage firm *2TradeAsia.com*, also noted that local shares continued to take directions from overseas markets, with investors "lauding indications that military tension is receding in countries at the center of world geopolitics."

He added that investors also focused on "continuity of yester-

day's strong turnout... especially on reports of portfolio buying, starting with Japan's pension fund."

Asian markets tracked Wall Street's rise, with Japan's Nikkei 225 index adding 30.79 points or 0.20% to 15,161.31 and Hong Kong's Hang Seng index advancing 43.39 points or 0.18% to settle at 24,689.41. China's Shanghai composite index, however, slipped 3.06 points or 0.14% to settle at 2,221.59.

## ALI, PLDT LEAD GAINERS

"Part of the rise was driven by favorable earnings in select companies, such as Ayala Land and PLDT (Philippine Long Distance Telephone Co.), which reflected in their share prices. Ayala Land and PLDT contributed 19 points of the market's total rise today," Mr. Azurin said.

Shares in Ayala Land, Inc. (ALI) gained 65 centavos or 2.09% to P31.70 apiece, while those of PLDT added P36 or 1.17% to P3,116 apiece.

All subindices were up, led by property, which rallied 26.08 points or 1% to 2,639.78, after property giants released favorable earnings.

Ayala Land on Monday said it expects stable margins for the rest of the year, after reporting a 25% jump in its net income for the first six months. Megaworld Corp. also saw a 289% increase in its bottom line during the same period, reaching P16.44 billion, with a bulk of P11.62 billion coming from one-time gains.

Trading volume thinned to 1.12 billion shares worth P6.17 billion, from Monday's 1.74 billion shares worth P9.89 billion.

Foreign investors chose to dump shares, with net foreign selling at P29.66 million, a turnaround from Monday's net foreign buying.

Mr. Azurin said investors will keep an eye on domestic corporate earnings as more results are being released, as the Aug. 15 deadline for the filing of second-quarter and first-half results nears.

## CHR donated P2M to Code NGO

**I**F the Securities and Exchange Commission is unable to efficiently monitor the activities of non-stock, non-profit organizations operating in this country, don't blame the agency's rank-and-file workers. Try asking Chairperson Teresita Herbosa and the four other commissioners if they are too overworked to look into the operations of these entities, known today as NGOs or non-government organizations.

As the public and taxpayers who are forced to finance corrupt administrations, don't expect any response from Herbosa and company. Probably, they know Code NGO only in name but not how its leaders, particularly Corazon Soliman, manage its donated funds.

Of course, as most of you know, Soliman was the secretary of the Department of Social Welfare during the Arroyo administration and was eventually "pirated" by President Benigno Simeon Cojuangco Aquino 3rd. She must possess much intelligence in charting strategies to help the poor that she easily shifted loyalty from former President Gloria Macapagal-Arroyo to Aquino. She was a member of the so-called—or was it infamous?—Hyatt 10.

Remember how Soliman cried

DUE DILIGENCER



EMETERIO S. PEREZ

when then Vice President Noli "Boy" de Castro was being groomed by the Arroyo administration to replace her? Did she cry because she was losing a government job? More importantly, were her tears for real?

Again, as the public and taxpayers, you should think again, this time more deeply than before. Had Soliman lost the cabinet position, she would have severed her government connection that had enabled her to raise funds from local and foreign sources for her Code NGO.

Code NGO was very resourceful in seeking donations that even the Commission on Human Rights gave it P319,275 in 2009. The following year, CHR gave even much more of its budget: P1,675,934. Try dividing this amount by P319,275 and the divi-

dend would tell you CHR's 2010 charity translated to 5.249 times what the commission gave Code NGO in 2009. The huge increase was equivalent to 424.919 percent.

Rosetta Ann Rosales was CHR chairperson in 2010 and Leila de Lima in 2009. De Lima is now Justice Secretary of the Aquino administration. Like Soliman, she has shown how easy it was to be loyal to two presidents even if her present post's benefactor has the protection of family jewel Hacienda Luisita for its personal agenda.

Documents obtained by The Manila Times show Code NGO's funders. Including CHR's donation, Code NGO also received from local donors a total of P1,045,826 in 2009 and P4,242,658 in 2010.

Foreign donors proved more generous to Code NGO. Six of them gave it P5,911,249 in 2009 while seven donated P7,133,496 for a total of P13,044,745. Combined, local and foreign grants that Code NGO raised in 2009 and 2010 totaled P18,421,980.

Yes, Code NGO has had too much money because it has perfected the art of begging. Imagine, it even succeeded in milking the government, thru CHR, of its much needed money. Due

► Perez B3

■ PEREZ FROM B1

## CHR donated P2-M to Code NGO

Diligencer would not know how CHR ended up the biggest donor in 2010.

Has the government money, along with private donations, been spent wisely? This is the question that would never be answered by simply going over Code NGO's financials audited by Punongbayan and Araullo in 2007 and by other auditing firms in succeeding years. What if there were hidden numbers and thus not reported to the external auditors? Who would check these "secret accounts"?

To protect donors' money to Code NGO and other NGOs, the SEC should—and must if only to emphasize the need—lay down a stricter policy in reviewing their finances. Then, as the government's corporate watchdog, the commission may want to form a separate unit manned by CPAs whose main task would be to review Code NGO's audited financial statements.

For a start, CPAs who would be assigned to review Code NGO's audited reports should start with finding out who benefited from about P2 million in advances that were eventually wiped off. The do-

ners should be informed who benefited from these advances and why Code NGO did not collect them. Didn't Soliman and company know that donations should be fully accounted for so that the benefactors of Code NGO and similar organizations could appreciate where their money went?

If you gave money to Code NGO, you would want to know where your donation went. To show you where, here is a financial filing in 2007 and 2006: "Grants and donations amounted to P26,275,630 in 2006 and P15,406,974 in 2007. Including investment income, apparently from the controversial Peace bonds, and other sources, revenues totaled P4,887,053 and P31,250,574 in 2006 and 2007, respectively.

Despite these donations, Code NGO reported "deficiency of revenues over expenses" of P7,007,236 in 2006 and P303,901 in 2007. How this has happened or been allowed to happen could only be made known to the public if the SEC would seriously consider forming a task force NGO.

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## Investments not covered by bank secrecy law – BIR

ONLY bank deposits and government securities are subject to the provisions of the bank secrecy law, the Bureau of Internal Revenue (BIR) reminded business, banking and financial sectors on Tuesday.

In a statement, the tax bureau cited Section 2 of Republic Act (RA) 1405, which provides that all deposits of whatever nature in banks or banking institutions in the Philippines and investments in government bonds are absolutely confidential in nature. RA 1405 is also known as an "Act Prohibiting Disclosure of or Inquiry into, Deposits with any Banking Institution and Providing Penalty Therefor."

Under the law, the BIR noted that deposits refer to money or funds placed with a bank that can be withdrawn on the depositor's order or demand, such as deposit accounts in the form of savings, current and time deposits, while investments in Government Bonds refer to investments in bonds issued by the Government of the Philippines, its political subdivision and its instrumentalities.

"Government bonds are debt securities which are unconditional obligations of the State, and backed by its full taxing power. Government bonds include treasury bills, treasury notes, retail treasury bonds, dollar linked peso notes and other risk free bonds," it explained.

The bureau added that not covered by the bank secrecy law are investments that are not bank deposits or government securities such as corporate bonds, purchases of shares of stocks, purchases of receivables of business,

► **Secrecy B3**

### ■ **SECRECY FROM B1**

## Investments not covered

and purchases of foreign exchange.

BIR further said the rule is interest income paid to bank deposits is subject to a final withholding tax. For those claiming exemption from taxes on interest income on deposits, they should prove that they are entitled to said exemption; otherwise, the said income is subject to the final withholding tax.

In this regard, the tax bureau said that the requirement for the business, banking and financial sectors to withhold and provide Alpha Lists have been in place as early as January 1997 and was implemented by Revenue Regulations (RR) No. 2-98, as amended by RR No. 10-2008.

RR No. 1-2014 issued in December 17, 2013

(published in January 2014) is the latest amendment to RR No. 2-98 which requires taxpayers to list down each person to whom income payment was made. Lumping into one single amount (e.g. "various employees," "various payees," etc.) is prohibited and deduction thereof for purposes of taxation will not be allowed.

"There was nothing new that was added in the regulations, we only made it stricter. Investors have nothing to fear if they are tax compliant," said Commissioner of Internal Revenue Kim Henares.

"Logic dictates that if you have a lot of money to invest, then you must have earned it and have paid the right taxes on your earning. Rest assured though that information in the hands of the BIR are confidential and cannot be disclosed without the approval of the President of the Philippines, under pain of imprisonment," she added.

**MAYVELIN U. CARABALLO**

## PSEi flirts with 7,000 pts

THE Philippine Stock Exchange Index was headed toward 7,000 points on Tuesday on active buying following the release of positive corporate earnings results, but the benchmark index eased back after touching a high of 6,998.22.

Aside from the upbeat earnings, investors were also heartened by

sustained gains on Wall Street as geopolitical tensions eased in Ukraine.

Analysts said that while the local market failed to hit the psychologically important 7,000-point mark in Tuesday's trade, they believe it is "possible" for the index to breach the level within the week.

Harry Liu, president of Summit Securities Inc., said Tuesday's trade ended with 0.39-percent gain due to positive first-half corporate results and good news in the local and international markets.

"This is due to good news, some six-month corporate performances, also the positive US markets. There is momentum because earnings are generally better than last year," Liu said.

► Stocks B3

### ■ STOCKS FROM B1

## PSEi flirts with 7,000

Liu expects the index to move within the 6,750-7,000 band this week, possibly reaching 7,000 on the "aggressiveness" of the market.

Asked if he thinks the market would go further up once it breaks 7,000-level toward the end August when the "Ghost Month" is over, Liu said the "Ghost Month" effect is just "psychological" and does not have much impact on local stocks.

"If the environment is good the market will go up. The Ghost Month is not the one raking it up. The indication is the six-month results, developments in the international markets and good news as catalysts," Liu said.

"This year we should break 7,000. It is possible this week. We should anticipate better and stronger momentum next year on the continued infra projects, election spending and government and private sector activities," he added.

The Philippine Stock Exchange index (PSEi) closed up 26.83 points or 0.39 percent at 6,983.49, while wider All Shares Index went up 11.64 points or 0.28 percent to 4,175.32.

Financials were up 0.10 percent at 1,647.44 and Industrials up 0.32 percent at 10,646.23. Holding firms advanced 10.88 points or 0.17 percent to 6,254.26 and services rose 14.66 points or 0.69 percent to 2,135.18.

Mining and oil gained 89.58 points or 0.51 percent to 17,540.48 and property added 26.08 points or 1 percent to 2,639.78.

Advancers narrowly outnumbered decliners 88 to 87, while 56 stocks were unchanged. Volume traded was 1.124 billion shares worth P6.170 billion.

On Monday, the PSEi rose 1.11 percent or 76.32 points to end at 6,956.66, while the All Shares was up 0.84 percent or 34.58 points at 4,163.68.

KRISTYN NIKA M. LAZO

WEDNESDAY  
AUGUST 1, 2012

BUSINESS

B 3

## Local stocks track upswing in regional markets

MOST local stocks yesterday extended their gains, as the index neared the 7,000 mark, riding on a regional upswing driven by easing geopolitical jitters.

The Philippine Stock Exchange index added 26.83 points, or 0.39 percent, to close at 6,983.49, tracking the upswing in most other markets in the region.

All counters ended up. The biggest gainer was the property counter (+1 percent) led by ALI (+2.09 percent), which reported a 25-percent growth in first semester profit to P7.1 billion.

Value turnover for the day amounted to P6.17 billion. There were 88 advancers against 87 decliners, while 56 stocks were unchanged. The day's most actively traded stock was PLDT (+1.17 percent), followed by ALI. MPI, which reported an 18 percent year-on-year rise in six-month profit to P4.6 billion, rose by 1.39 percent.

On the other hand, Megaworld (-1.8 percent) succumbed to profit-taking, along with URC, SMIC, AGI, Globe and GTCAP. RRHI and Puregold also slipped yesterday.

*Doris C. Dumlao*

# Index climbs on corporate income reports

Share prices rose yesterday, boosted largely by a slew of first half corporate earnings reports and the continued easing of geopolitical tensions abroad.

The Philippine Stock Exchange index gained 0.39 percent or 26.83 points to 6,983.49, marking its second day in the positive territory, while the broader all shares index rose 0.28 percent or 11.64 points to 4,175.32.

"The Philippine market advanced yesterday as international catalysts weighed less in world markets and allowed investors to focus on earnings,"

By **NEIL JEROME C. MORALES**

said Gab Aguila of DA Market Securities.

For instance, companies like Metro Pacific Investments Corp., Filinvest Land Inc. and Security Bank Corp. reported their first half results yesterday.

The day's advance almost tipped to test the 7,000-mark with a high of 6,998.20 before selling pressure came into play, Aguila said.

On Monday, Wall Street further dimmed anew following reports that Russia sent 280 humanitarian aid trucks filled with food, medicine and water to Ukraine,

a development that eased tensions in the area.

The Dow Jones industrial average gained 0.10 percent or 16.05 points to close at 16,569.98, while the broader Standard & Poor's 500 index improved 0.28 percent or 5.33 points to 1,936.92.

Asian investors welcomed the optimism in global markets. Japan's Nikkei 225 rose 0.20 percent or 30.79 points to 15,161.31.

At home, all counters closed higher, paced anew by the property sector that climbed one percent or 26.08 points to 2,639.78.

# MPIC income climbs 18% to P4.6 B in H1

By NEIL JEROME C. MORALES

Infrastructure conglomerate Metro Pacific Investments Corp. (MPIC) is expecting its core net income to pierce the P8-billion mark this year on the back of the improving performance of all its operating units.

Strong revenue growth in the first half will continue across-the-board as sales improve and new investments start contributing to the performance, company executives said yesterday.

"At this stage, we are guiding to P8-billion core net income for the full year – mindful however of the regulatory uncertainties surrounding our core subsidiaries," said MPIC chairman Manuel V. Pangilinan.

MPIC's core net income, which strips out currency and derivatives-related items, jumped 10 percent to P7.2 billion in 2013 from P6.6 billion a year ago, exceeding the profit guidance of P7 billion.

In the first semester this year, consolidated core net profit climbed 18 percent to P4.6 billion from P3.9 billion last year while consolidated

revenues rose nine percent to P16.6 billion from P15.3 billion.

"The strong results for the first half of the year reflect the continuing improvements in service levels as well as efficiency and financing gains for our operating companies," Pangilinan said.

"This progress in profitability is encouraging despite a difficult regulatory environment," he said, adding that delays in tariff increase on the toll roads, the uncertainty surrounding Maynilad Water Services Inc. arbitration, and ongoing uncertainty on power prices are starting to constrain investments in critical areas.

The improvement in core net income was driven by the robust earnings growth at Metro Pacific Tollways Corp. (MPTC), arising from strong traffic growth and increased shareholding in Manila North Tollways Corp; growth at Maynilad and Manila Electric Co. (Meralco) due to moderately higher water and energy volumes sold; and strong organic growth and

the benefit from new investments in the hospital group, MPIC said.

"This shows a strong underlying performance from each of our operating companies," said MPIC president and CEO Jose Ma. K. Lim.

In terms of contribution to MPIC's net operating income, Maynilad accounted for 41 percent or P2.2 billion, followed by Meralco (33 percent or P1.8 billion), MPTC (21 percent or P1.1 billion) and the hospital group (five percent or P294 million).

MPIC's consolidated reported net income gained 15 percent to P4.2 billion from P3.7 billion. This includes a P394-million non-recurring charge composed of taxes incurred on the reorganization of the hospital group and one-time separation expenses as a result of Maynilad's redundancy and

right-sizing program.

"All our businesses achieved strong growth in profitability, helped in large measure by debt refinancing last year," Lim said.

For the second half, billed water volume will likely grow five percent while electricity sales are seen to improve two percent, Pangilinan said.

For this year, MPIC allotted P44.5 billion for capital expenditures: P18 billion for Maynilad, P7 billion for the tollroad, P15.5 billion for Meralco and P3.4 billion for the hospitals.

# Filinvest Land books 15% income gain

By NEIL JEROME C. MORALES

Filinvest Land Inc. (FLI), the Gotianun family's property arm, booked a double-digit earnings growth in the first half, sustaining the growth trajectory it posted early this year.

In a statement, FLI said its consolidated net income rose 15 percent to P2 billion in the first half from P1.74 billion a year ago while core revenues picked up 26 percent to P7.18 billion.

"The company attributes the strong results to the solid performance of its core businesses," FLI said.

In the six-month period, real estate revenues surged 30 percent to P6.13 billion from P4.7 billion a year ago "driven by robust sales across the board in its horizontal housing projects as well as in its medium-rise building projects that carry the Oasis brand and high-rise building projects such as Studio Zen," FLI said.

Revenues from rental assets rose seven percent to P1.05 billion from P990 million as the company recognized additional revenues from its new office buildings in Filinvest City in Alabang.

Other sources of rental revenues came from Filinvest Technology Park in Calamba, Laguna and commercial lots in Tagaytay, FLI said.

"We have earmarked almost half of our 2014 capital expenditures for investments that will increase both office and commercial gross leasing area," said FLI president and CEO Josephine Gotianun-Yap.

Given the continuing strength of the property sector, FLI is set to introduce this year 22 residential projects worth P17.5 billion, significantly higher than last year's 17 projects valued at P7.5 billion.

Among the projects launched in the first half is 100 West, a mixed-use development composed of a high-rise tower with residential, retail and office components in Makati.

100 West is the first of the several mixed-use development projects that FLI plans to launch. Strategically located near transportation hubs and along major thoroughfares, these will have spaces designated for residential areas, offices, retail shops and possibly hotels, Gotianun-Yap said.

## Century Pacific earns P718 M

Century Pacific Food Inc., the Philippines' largest canned food company, reported a first half net income of P718 million on the back of strong demand for its products and favorable raw materials costs.

The company's net income for the three months ending June 30, 2014 totaled P398 million as against the P320 million it reported in the first quarter. Second quarter revenues also rose by 14 percent compared to the first three months of the year. Its year-to-date revenues stand at P9.6 billion.

In a disclosure, the company attributed higher sales volumes to various marketing campaigns, most notably the "Century Superbods" and "555 Kumpletuna" promotions, CNPF is behind leading brands such as Century Tuna, 555, Swift, Argentina, and Birch Tree.

Oscar Pobre, the company's chief fi-

nance officer, said: "Our six-month net income already approximates the full year 2013 figure. We are definitely on track towards hitting our P1.5 billion target for this year."

Century Pacific is expected to double its net income in 2014 from the P744 million it reported in 2013.

He added: "The company also has a very strong balance sheet, with total assets of P9.5 billion, equity of P5.9 billion, and zero debt."

During the second quarter, CNPF cut first quarter financing costs by half as it partially used proceeds from an initial public offering last May 2014 to settle all interest-bearing loans. The second company to tap the equity market this year, Century Pacific raised P3.16 billion in fresh capital from the sale of 230 million shares at P13.75 apiece.

## Pacific Online posts 10% profit hike

By NEIL JEROME C. MORALES

Pacific Online Systems Corp. took advantage of the popularity of lottery games to boost its earnings in the first half.

In a disclosure, the online lottery system provider of the Philippine Charity Sweepstakes Office (PCSO) in the Visayas and Mindanao said its net income rose 10 percent to P268 million in the first semester from P243 million a year ago.

Aggregate PCSO sales of Lotto and Keno handled by Pacific Online improved five percent to P7.3 billion in the six-month period.

"Pacific Online expects sales and revenue growth to continue for the rest of the year as PCSO lottery games remain to be popular nationwide and as it adds new

terminals this year," the company said.

Pacific Online currently has 4,064 terminals selling various lottery games operated by PCSO. Subsidiary Total Gaming Technologies Inc. has 1,224 terminals and sells Keno nationwide for PCSO.

"Based on the current trend of PCSO lottery sales, Pacific Online expects it to reach P16 billion for full-year 2014," said the listed firm, which has been a systems provider of PCSO since 1996.

In March last year, the firm remained as the provider of online lottery equipment of PCSO in the Visayas and Mindanao. The parties extended the term of their equipment lease agreement from April 1, 2013 to July 31, 2015.

# Security Bank nets P3.6 B

By TED P. TORRES

Security Bank Corp. more than doubled its net earnings in the first semester of 2014 to P3.614 billion, from P1.7 billion in the same period last year, earnings coupled with a 17.2 percent return on equity (ROE).

"This result was driven by sustained growth in the bank's core businesses," Alberto S. Villarosa, Security Bank president and chief executive officer, said.

Core revenues – which consist of net interest income, fee-based income, and trading gains attributable to customer flows – increased 31 percent year-on-year to P7 billion.

Net interest income increased 46 percent to P5.8 billion while net interest margin was maintained at 3.5 percent.

Fee-based income, inclusive of asset management, was recorded at P850 million.

"Overall trading gains contributed P1.66 billion," Villarosa said.

Security Bank's total operat-

ing income increased 59 percent year-on-year to P8.4 billion while operating cost (excluding provisions for credit losses and impairments) grew 11.8 percent.

"All of our business segments strongly contributed to the results, thanks to the healthy economy and our strong customer focus and business discipline," Villarosa added.

Loan portfolio increased 30 percent year-on-year to P173 billion, investment securities expanded 106 percent to P111 billion, and deposits grew 22 percent to P218 billion, which fuelled a 31-percent year-on-year increase in total assets to P385 billion.

The loan-to-deposit ratio was 79 percent, while return on assets (ROA) was 1.9 percent.

Gross non-performing loan (NPL) ratio stood at a healthy 0.57 percent versus 0.59 percent a year ago. Provisioning for probable losses was maintained at P700 million, further increasing

the reserve cover to 297 percent as of June 30, 2014 from 266 percent a year ago. Pre-provision operating profit (PPOP) was at P4.3 billion, representing 143 percent year-on-year increase.

Last month, July, Security Bank successfully issued P10 billion in Basel III-compliant Tier 2 notes to further increase its total capital adequacy ratio (CAR) to support the continuing growth in its earning assets.

"Our cost efficiency continues to improve, with cost-to-income ratio at 44 percent in the first semester of the year. Our CAR under Basel III are sustained at healthy levels, with common equity Tier 1 (CET 1) at 13.2 percent and total CAR at 14 percent," Joselito E. Mape, Security Bank chief financial officer, said.

Meanwhile, 10 branches were opened in the second quarter of 2014, bringing the combined network to 253 branches and 444 ATM as of end-June.

# 'Investments not covered by secrecy law'

By DAVID CAGAHASTIAN

**I**NTERNAL Revenue Commissioner Kim Jacinto-Henares on Tuesday clarified that investments are not subject to the bank-secrecy law and that income derived from investments must be withheld and disclosed by banks as required by the law.

Henares said the requirement imposed on banks to withhold taxes on income from investments and to disclose to whom the income accrued was already in place as early as 1997.

She said Revenue Regulations 1-2014, which some business groups are opposing because they believe it might scare away investors, is only implementing an old

law that requires banks to withhold taxes on the income of their clients and disclose to whom the income was paid.

RR1-2014 requires banks to withhold and provide a so-called Alpha List of their payees. Under the regulation, the lumping into a single amount under such entries as "various employees" or "various payees," etc., is prohibited and deduction



**HENARES:** "There was nothing new that was added in the regulations. We only made it stricter. Investors have nothing to fear if they are tax compliant."

thereof for purposes of taxation will not be allowed.

"There was nothing new that was added in the regulations. We only made it stricter. Investors have nothing to fear if they are tax compliant. Logic dictates that if you have a lot of money to invest, then you must have earned it and have paid the right taxes on your earning. Rest assured though that information in the hands of the BIR are confidential and cannot be disclosed without the approval of the President of the Philippines, under pain of imprisonment," Henares said.

Henares pointed out that banks

have to disclose to whom the income from investments accrued because investments are not covered by the bank-secrecy law, or Republic Act 1405.

Under Section 2 of the bank-secrecy law, all deposits of whatever nature and investments in government bonds are absolutely confidential in nature.

Deposits refer to money or funds placed with a bank that can be withdrawn on the depositor's order or demand, such as deposit accounts in the form of savings, current and time deposits.

Although deposits are covered by the bank-secrecy law, interest income paid by banks to their depositors will still be subjected to the final withholding tax. Under the current regulations, banks are required to ask their clients who claim tax exemption to provide a BIR ruling to prove such exemption, otherwise, the interest income will still be subjected to the

final withholding tax regardless of the client's claim of exemption.

Investments in government bonds refer to investments in bonds issued by the government of the Philippines, its political subdivisions and instrumentalities. Government bonds are debt securities which are unconditional obligations of the state, and backed by its full taxing power. Government bonds include Treasury bills, Treasury notes, retail Treasury bonds, dollar linked peso notes and other risk free bonds.

But investments which are neither bank deposits of government bonds, such as corporate bonds, purchases of shares of stocks, purchases of debts, and purchases of foreign exchange, are not covered by the bank-secrecy law. Thus, aside from the requirement of withholding the taxes on income from these investments, banks are also required to disclose to whom the income accrued.

## briefs

### → PSEI GAINS ANEW, NEARS RETURN TO 7,000

SHARE prices gained for the second consecutive trading session on Tuesday after investors focused on corporate earnings with the absence of market-moving news overseas. The benchmark Philippine Stock Exchange index (PSEi) closed at 6,983.49 points.

"While the [overseas] situation has eased, we have seen in recent developments that it can be highly volatile and remains to be an ongoing concern. We continue to run the risk of reactions to negative developments from the issues at hand," said Gab Aguila, trader at DA Market Securities Inc.

The main index again traded near the 7,000 level, reaching the day's high of 6,893.49 points until profit-taking set in late in the trade that pared its gains.

Total volume of shares was at 1.12 billion shares worth P6.17 billion. Gainers marginally edged losers 88 to 87, and 56 shares were unchanged. Foreign investors returned to a net buy of P29.66 million.

Philippine Long Distance Telephone Co. was the day's most traded and gained P36 to P3,116. Ayala Land Inc. rose P0.65 to P31.70; Universal Robina Corp. was down P1.10 to P162; BDO Unibank Inc. increased P0.05 to P90.90; Nickel Asia Corp. expanded P0.65 to P40.10; SM Investments Corp. fell P1 to P776; and Aboltiz Power Corp. added P0.25 to P37.45. *VG Cabuag*

# National Book Store subscribes to additional shares in Vulcan

**N**ATIONAL Book Store Inc., the retail arm of the Ramos family, subscribed to additional shares in Vulcan Industrial and Mining Corp.

Vulcan said in a disclosure to the Philippine Stock Exchange that National Book Store subscribed to 850 million shares of Vulcan at P1 per share, or equivalent to about 21.25 percent of the company's outstanding capital stock.

The said National Book Store subscription was made after Vulcan increased its authorized capital

stock to 4 billion shares from 600 million shares, both at par value of P1 per share.

National Book Store earlier deferred the planned backdoor listing to 2015, partly as a result of poor market conditions during the initial part of the year.

Adrian Paulino Ramos also said the family encountered a lot of work

in its various businesses that it was not able to push through with the plan. He said National Book Store may pursue the backdoor listing "probably by next year."

"First, we are doing a lot of work internally and we saw in the first quarter that the market wasn't so [appropriate for the listing] so we didn't push it," Ramos said.

Ramos added that the company plans to put up some 20 National Book Store branches this year, higher than last year's 15 store openings.

"We will fund our expansion this year mostly through internally generated cash and our usual credit facilities," he said

National Book Store was supposed to use Vulcan for the said backdoor listing. Vulcan, which has been renamed into National Book Store Retail Corp., will now also venture into wholesale, publishing, printing, manufacturing and distribution

Vulcan also sold its mining and oil exploration assets to Anglo Philippine Holdings Corp., another firm controlled by the Ramos family.

National Book Store was started by the company's founder, Socorro Ramos, in a stall shop in Escolta, Manila during the 1930s, selling school supplies, novels and textbooks. *Roderick Abad and VG Cabuag*

# BIR clarifies scope of bank secrecy rule

By CHINO S. LEYCO

The Bureau of Internal Revenue (BIR) insisted that a number investment instruments are not covered by the existing bank secrecy law, thus they are subject to appropriate taxes.

In a statement, BIR Commissioner Kim S. Jacinto-Henares said investments such as corporate bonds, purchases of shares of stocks, purchases of receivables of business, and purchases of foreign exchange are not covered by bank secrecy law.

According to Jacinto-Henares, only

bank deposits and government securities are subject to the provisions of the bank secrecy law.

On this rule, the BIR chief is reminding the business, banking and financial sectors that interest income paid to bank deposits is subject to a final withholding tax.

"For those claiming exemption from taxes on interest income on deposits, they should prove that they are entitled to said exemption; otherwise, the said income is subject to the final withholding tax," Jacinto-Henares said.

Section 2 of Republic Act (RA) No.

1405 provides that all deposits of whatever nature in banks or banking institutions in the Philippines and investments in government bonds are absolutely confidential in nature.

Deposits refer to money or funds placed with bank that can be withdrawn on the depositor's order or demand, such as deposit accounts in the form of savings, current and time deposits.

On the other hand, investments in government bonds refer to investments in bonds issued by the Government of the Philippines, its political subdivision and its

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instrumentalities.

Government bonds are debt securities which are unconditional obligations of the state, and backed by its full taxing power. These bonds include treasury bills, treasury notes, retail treasury bonds, dollar linked peso notes and other risk free bonds.

Jacinto-Henares said the requirement for the business, banking and financial sectors to withhold and provide Alpha Lists have been in place as early as January 1997 and requires taxpayers to list down each person to whom income payment was made.

"Lumping into one single amount, like 'various employees,' 'various payees,' etc., is prohibited and deduction thereof for purposes of taxation will not be allowed," the BIR chief said.

She added there was nothing new that was added in the regulations, the BIR only made it stricter.

"Investors have nothing to fear if they are tax compliant," she said.

"Logic dictates that if you have a lot of money to invest, then you must have earned it and have paid the right taxes on your earning. Rest assured though that information in the hands of the BIR are confidential and cannot be disclosed without the approval of the President of the Philippines, under pain of imprisonment," the official added.

## FDI inflows rise to \$2.9B in 5 months

By **LEE C. CHIPONGIAN**

**T**he Bangko Sentral ng Pilipinas (BSP) yesterday reported that as of end-May, the country's net foreign direct investments (FDI) increased by 33.9 percent year-on-year to \$2.92 billion from \$2.18 billion.

The BSP said the latest FDI numbers "reflected investors' confidence in the country's sound macroeconomic fundamentals."

For the month of May, FDI net inflows improved significantly to \$473 million, 857 percent better than the net outflow registered the same time last year of \$62 million. Compared to April this year, the net inflows dropped 20.7 percent from \$597 million.

"The improvement in FDI was underpinned by the increases registered across major components," said BSP. Investments of parent companies abroad in debt instruments issued by local affiliates or intercompany borrowings contributed in large part to the increase in FDI in May, the BSP added. These

transactions alone amounted to net inflows of \$338 million from net outflows of \$12 million in May, 2013.

For January-May period, FDI increase was fueled by a 75 percent rise in investment inflows in debt instruments of \$1.9 billion compared to last year's \$1.1 billion.

Equity capital also registered net inflows of \$708 million, although down 8.7 percent year-on-year from \$775 million.

The BSP said equity capital investments came from the US, Hong Kong, Japan, Singapore, and Taiwan. These capital were placed in the financial and insurance sectors; real estate, and manufacturing. Investments also went into the wholesale and retail trade sector, mining and quarrying activities.

In the meantime reinvestment of earnings reached \$327 million as of end-May, 0.4 percent lower from the previous year's \$328 million.

For the month of May alone, equity capital reached \$73 million net inflows from May, 2013's net outflows of \$117 million.