



Manabat Sanagustin & Co., CPAs

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Newsletter

Consumer Markets

January 25, 2010 – February 9, 2010



This industry update from Manabat Sanagustin & Co. CPAs is a biweekly collection of the latest news and developments from the country's Consumer Markets segment. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business (LOB), interesting and useful.

Experts: No need to import sugar

High global sugar prices are actually pushing local prices up but there should really be no basis for plunging into unbridled imports. Two weeks ago, officials of the Sugar Regulatory Administration (SRA) said there was no need to panic since milling plants are operating and producing the commodity for the market. However, the plea for sobriety made by SRA chief Rafael Coscoluella and sugar growers was not heeded and the DA announced the importation of 150,000 metric tons (MT) of sugar to bridge the supposed gap between demand and supply. An association of sugar growers stressed there was enough sugar for the market and demanded that the DA examine the supply situation first before importing sugar. A former DA official said "these importations are clearly political since the Sugar Regulatory Administration (SRA) should have released part of the 150,000 metric tons (MT) of the buffer stock." Coscoluella offered to release part of the reserve sugar to contain the price increase even before the DA opted for importations. The Confederation of Sugar Producers' Associations (Confed) said last month that there was no need to import sugar, with Confed president Federico Locsin III stressing that milling was at its peak and importing sugar would not be in the interest of the country.

<http://www.mb.com.ph/articles/242512/experts-no-need-import-sugar>

NFA assures enough rice supply

The National Food Authority (NFA) assured abundant supply of rice even with the of El Niño now being felt in the country. Rolando S. Rufo, NFA manager for Baguio-Benguet area said that consumers need not worry of shortage because of abundant stock of rice. He assured a buffer stock is obtainable at any given time ready for distribution. NFA is selling P18.25 per kilo to community- based Tinadahan sa Parokya and Tindahan Natin whose consumers are identified by the Department of Social Welfare and Development (DSWD). The market- based Bigasan sa Palengke is selling NFA rice at P25 to P28 a kilo. We regularly supply cavans of rice to these outlets as long as they submit their Rice Allocation Ledger (RAL), Rufo explained. Another program of NFA is the Food for School Program (FSP) in coordination with the Department of Education (DepEd) Cordillera for the school base and the DSWD for the day care program. The municipality of Kibungan was identified as the recipient of this FSP because of recent survey results showing that the town has the highest number of

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malnourished children. According to Rufo, the NFA in coordination with DSWD have disposed 1,429 bags of Iron Fortified Rice (IFR) to a total 153 beneficiaries while 1,976 bags of IFR was sent out with DepEd. Kibungan Mayor Benito Siadto appreciated the help of the national government extended to his town adding that this program should be sustained so that the children will be healthy.

<http://www.pia.gov.ph/?m=12&sec=reader&rp=1&fi=p100206.htm&no=4&date=02/06/2010>

SMC selling food brands to Purefoods

Listed San Miguel Corp. (SMC) is selling its food-related brands and intellectual-property rights to listed subsidiary San Miguel Pure Foods Co. Inc. in preparation for the unit's eventual sale to potential buyers. In a filing to the local stock exchange on Tuesday, SMC also approved the sale of up to 40 percent of its interest in San Miguel Pure Foods. After this, SMC plans to sell off its chunk in San Miguel Pure Foods by way of a trade sale or a marketed placement to investors. SMC said these may include investors outside the US or it may also sell to not more than 19 nonqualified local buyers to be determined by management. The transaction was approved by the respective boards of SMC and San Miguel Pure Foods on Tuesday. San Miguel Pure Foods will also increase its authorized capital stock by P1 billion (100 million shares at P10 par value) after declassifying its common shares. This will facilitate the potential issuance of up to 75 million new shares of San Miguel Pure Foods to either SMC or undisclosed third parties. SMC said it approved the potential subscription of up to P5.2 billion worth of San Miguel Pure Food's new shares.

San Miguel Pure Foods will also declare an 18-percent stock dividend based on the issued and outstanding shares to be taken out of the increase in capital stock.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=21391:smc-selling-food-brands-to-purefoods&catid=23:topnews&Itemid=58

La Union ups veggie production

As 2010 hits the farming calendar, La Union Provincial Agriculturist Avelino A. Lomboy intensified a province-wide vegetable and root-crop production programs to help farmers earn more income for buying their daily needs. Lomboy, who made the innovative landscape in local agriculture when he assumed the agriculture top post on 2007, disclosed that vegetable production could be one of the lucrative income sources of the farming communities considering that harvesting time is very much shorter as compared to palay, corn, and other regular preferences of farmers. He said that rural and urban vegetable production is on top of his priorities this year without prejudice to other regular programs which deserve equal attention. "I have already instructed our technical staff, particularly those in the High Value Commercial Crops (HVCC) Banner Program to raise public awareness on vegetable production," he said. "

<http://www.mb.com.ph/articles/242398/la-union-ups-veggie-production>

Bakers to raise bread prices on February 8

Bakers Monday announced a P2 increase in the price of loaf (600g) bread and P1 per for pandesal (25g in 10s) to cover for the skyrocketing prices of sugar, eggs and dairy products in the local market. Current prices of loaf bread range from P48 to P53.50 depending on the brand. Walter Co, president of Philippine Baking Industry Group (PhilBaking), said that most bakers will start increasing prices Monday, February 8, but others have already raised prices effective Monday others as early as last week. Sugar is second biggest ingredient in bread production. According to Co, bakers initially absorbed the sugar price increases in December last year for the benefit of the consuming public as many basic commodities had increased last Holiday season. Bakers were also optimistic that the government will be able to do something as they expressed their intention to import sugar to contain and bring down sugar prices in the local market. Unfortunately, this did not take place. This increase in bread prices does not consider any increases in the prices of flour. Bakers are hoping that flour prices will keep stable in the coming months in order to avoid any further price increases. Co added that flour millers have advised them in January of a price increase in flour although there was no definite date yet.

<http://www.mb.com.ph/articles/241495/bakers-raise-bread-prices-feb-8>

Tanduary set to transfer bottling operations

Liquor manufacturer Tanduary Distillers Inc. (TDI) plans to spend P100 million in a bottling facility in Cabuyao, Laguna, as it prepares to relocate operations from Quiapo, Manila.

"We are thinking of transferring all our bottling operations to Cabuyao from Quiapo," TDI

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president and chief operating officer Wilson Young told the BusinessMirror in a chance interview on Tuesday. "Our target [for the move to Laguna] is less than a year." He said the firm, which is controlled by tycoon Lucio Tan, expects to generate economies of scale from the relocation, while taking advantage of the relatively lower cost of inputs outside Metro Manila. The company operates four bottling plants and two alcohol distilleries in the country. Young added that the current capacity of 150,000 cases per month will be little changed. TDI is the liquor manufacturing arm of listed Tanduay Holdings Inc. TDI said proceeds of the offering will be used to refinance maturing debt and to pay for general spending activities. TDI is the second-largest producer of rum in the world through its flagship product Tanduay Five-Year Rum. It also produces gin, vodka, brandy and wine products.
http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=21372:tanduay-set-to-transfer-bottling-operations-&catid=24:companies&Itemid=59

DA: Supply, price of meat and poultry stable

The National Meat Inspection Service assured that there is ample supply of meat and poultry products available in the market amidst growing public fear that the El Niño phenomenon will affect the production of livestock and agricultural products. NMIS Regional Head Dr Florencio Pintor said there is no shortage in production or a shortage in supply of poultry and meat products. "In fact, we are even receiving complains against the influx of imported frozen meat, particularly chicken, in the markets" he bared. Pintor also advised the buying public to check for the meat inspection certificate of the poultry/meat stalls or vendors, aside from physically checking the food they are buying. They have to make sure that the meat is not slimy, not greenish in color and don't have a bad smell, he added. On the price of meat and poultry supply, Pintor confirmed that the kilo of chicken is down to its pre-Christmas holiday price of P120 to P130 per kilo, while the price of pork is stable at P170-180 per kilo. Pintor and Sabado also confirmed that for the month of January, there are no reports of hot and illegal meat confiscated or monitored to have entered the city or being sold in the city market. Taking the possible threat of the El Nino phenomenon to the food production and food security of the country, President Gloria Macapagal Arroyo tasked the Department of Agriculture to head once again the reactivated El Nino Task Force. (PIA)
<http://www.pia.gov.ph/?m=12&sec=reader&rp=3&fi=p100206.htm&no=25&date=02/06/2010>

P20-million exports marketing plan bared

The confederation of Philippine exporters in Cebu (Philexport-Cebu) has completed a P20-million Sector Export Marketing- Plan (SEMP) aimed assisting five priority export sectors in the province. The five priority sector organizations identified are Gifts, Toys and Houseware-Cebu, Cebu Furniture Industries Foundation Inc., Fashion Accessories Manufacturers and Exporters-Cebu, the Cebu Health and Wellness group, and the Seaweed Industries Association of the Philippines. PhilExport-Cebu Executive Director Fred Escalona said the SEMP has pinpointed the supply and value chain of the business as serving a very critical role in sustaining the growth, profitability, competitiveness of these sectors. "Inbound logistics has to be very efficient. Every delay causes prices of products to increase the cost of doing business, where in the end we lose our competitiveness," Escalona said in a recent interview following a meeting between Philexport-Cebu members and the Bureau of Customs to discuss export-related issues. The SEMP, which is the result of a collaborative effort developed by foreign and local experts in the local export industry with the support of CBI-Netherlands, German Technical Cooperation (GTZ) and the Department of Trade and Industry (DTI), provides an intensive marketing strategy for said identified priority sectors. "The SEMP serves as a blueprint for exporters in different sectors," said Escalona, adding that players, through SEMP, can now establish their own research and development team to focus on the market intelligence and development of products for the right market.
<http://www.mb.com.ph/articles/242235/p20m-exports-marketing-plan-bared>

Philippine Stock Exchange Weekly Top Gainers February 1 - 5, 2010

Last Trade Price, Comparative Price Change & Total Value

| Rank | Stock | Last Traded Price (in P) | Comparative Price Change (%) | | Total Value (in P'000) |
|------|--|--------------------------|------------------------------|---------|------------------------|
| | | | 1 Week | 4 Weeks | |
| 1 | Oriental Peninsula Resources Group, Inc. | 1.5 | 100 | 66.67 | 152,685 |

| | | | | | |
|----|--|------|-------|--------|--------|
| 2 | Cityland Development Corporation | 1.34 | 48.89 | -12.99 | 13 |
| 3 | Active Alliance, Inc. | 9.9 | 23.75 | 4.21 | 179 |
| 4 | IPVG Corporation | 1.94 | 22.78 | 22.78 | 57,570 |
| 5 | Abacus Consolidated Resources and Holdings, Inc. | 1 | 19.05 | 16.28 | 23,049 |
| 6 | Anglo Philippine Holdings Corporation | 1.2 | 13.21 | | 24 |
| 7 | Seafront Resources Corporation | 0.91 | 10.98 | -9 | 9 |
| 8 | Primex Corporation | 3.05 | 10.91 | -3.17 | 433 |
| 9 | Unioil Resources & Holdings Company, Inc. | 0.11 | 10 | -8.33 | 11 |
| 10 | PetroEnergy Resources Corporation | 7.9 | 9.72 | -1.25 | 1,294 |

Philippine Stock Exchange Weekly Top Gainers

February 1 - 5, 2010

PER, EPS & BPV

| Rank | Stock | PER | EPS | PBV |
|------|--|---------|---------|-------|
| 1 | Oriental Peninsula Resources Group, Inc. | -39.03 | -0.04 | 1.29 |
| 2 | Cityland Development Corporation | 5.16 | 0.26 | 0.72 |
| 3 | Active Alliance, Inc. | 503 | 0.02 | 10.09 |
| 4 | IPVG Corporation | -3.96 | -0.49 | 1.59 |
| 5 | Abacus Consolidated Resources and Holdings, Inc. | 1.1 | 0.91 | 0.6 |
| 6 | Anglo Philippine Holdings Corporation | -11.92 | -0.1 | 1.21 |
| 7 | Seafront Resources Corporation | 101.45 | 0.01 | 0.98 |
| 8 | Primex Corporation | 251.19 | 0.01 | 2.28 |
| 9 | Unioil Resources & Holdings Company, Inc. | -274.47 | -0.0004 | -0.32 |
| 10 | PetroEnergy Resources Corporation | 13.16 | 0.6 | 1.08 |

Source: Philippine Stock Exchange, Weekly Market Watch,

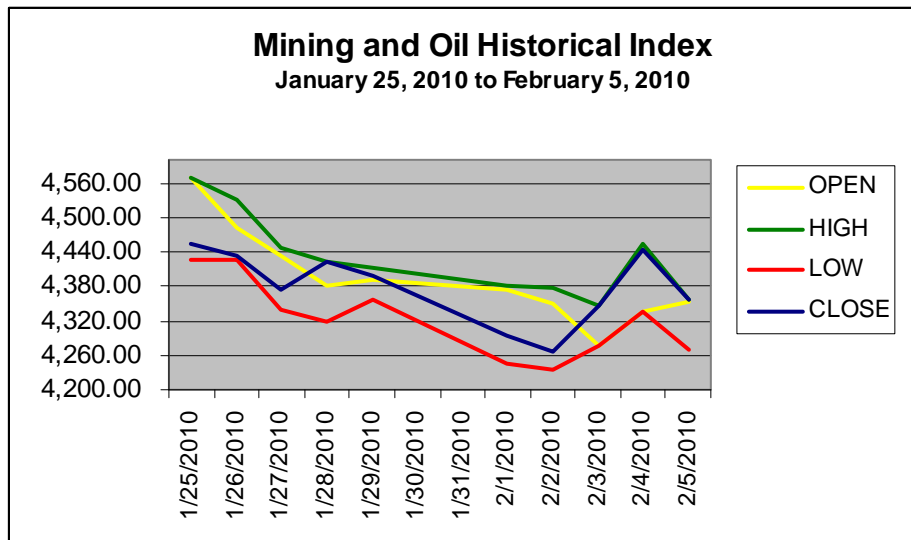
Philippine Stock Exchange Index Composition for Industrials

As of February 5, 2010

| SECURITY NAME | PRICE | OUTSTANDING SHARES | FREE FLOAT LEVEL | FREE FLOAT - ADJUSTED MARKET CAPITALIZATION | % WT. |
|---------------------------------------|--------|--------------------|------------------|---|-------|
| Aboitiz Power Corporation | 8.70 | 7,358,604,307 | 23.0 % | 14,724,567,218.31 | 5.90 |
| SOUTHEAST ASIA CEMENT HOLDINGS, INC. | 0.85 | 6,449,920,939 | 16.0 % | 877,189,247.70 | 0.35 |
| CHEMREZ TECHNOLOGIES, INC. | 2.26 | 1,321,889,472 | 33.0 % | 985,865,168.22 | 0.39 |
| ENERGY DEVELOPMENT (EDC) CORPORATION | 4.55 | 18,750,000,000 | 60.0 % | 51,187,500,000.00 | 20.51 |
| EEL CORPORATION | 2.55 | 1,036,281,485 | 44.0 % | 1,162,707,826.17 | 0.47 |
| FIRST GEN CORPORATION | 10.00 | 3,362,559,806 | 33.0 % | 11,096,447,359.80 | 4.45 |
| FIRST PHILIPPINE HOLDINGS CORPORATION | 46.50 | 594,326,513 | 55.0 % | 15,199,900,569.98 | 6.09 |
| HOLCIM PHILIPPINES, INC. | 4.70 | 6,452,099,144 | 15.0 % | 4,548,729,896.52 | 1.82 |
| JOLLIBEE FOODS CORPORATION | 57.50 | 1,033,001,519 | 38.0 % | 22,571,083,190.15 | 9.04 |
| MANILA ELECTRIC COMPANY | 201.00 | 1,127,368,743 | 29.0 % | 65,714,324,029.47 | 26.32 |
| MUSX CORPORATION | 0.12 | 2,450,000,000 | 94.0 % | 276,360,000.00 | 0.11 |
| MANILA WATER COMPANY, INC. | 15.50 | 2,004,895,466 | 71.0 % | 22,063,874,603.33 | 8.84 |

| | | | | | |
|---------------------------------------|-------|----------------|--------|-------------------|------|
| PETRON CORPORATION | 5.20 | 9,375,104,497 | 9.4 % | 4,582,551,078.13 | 1.84 |
| Pepsi-Cola Products Philippines, Inc. | 2.36 | 3,693,772,279 | 38.0 % | 3,312,574,979.81 | 1.33 |
| San Miguel Brewery, Inc. | 9.50 | 15,410,478,960 | 0.7 % | 1,024,796,850.84 | 0.41 |
| SAN MIGUEL CORPORATION "A" | 68.00 | 1,448,527,927 | 10.0 % | 9,849,989,903.60 | 3.95 |
| SAN MIGUEL CORPORATION "B" | 68.50 | 840,477,102 | 11.0 % | 6,332,994,963.57 | 2.54 |
| Splash Corporation | 3.45 | 710,290,326 | 29.0 % | 710,645,471.16 | 0.28 |
| ALLIANCE TUNA INTERNATIONAL, INC. | 2.02 | 598,989,522 | 84.0 % | 1,016,365,420.93 | 0.41 |
| UNIVERSAL ROBINA CORPORATION | 15.75 | 2,071,048,733 | 38.0 % | 12,395,226,667.00 | 4.97 |

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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