



Information, Communications & Entertainment (ICE)

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 Information, Communications & Entertainment 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.

Bayan asks High Court to rule on Extelcom rehab plan

In a last-ditch attempt to compel Express Telecommunications Co. (Extelcom) to partner with Bayan Telecommunications Inc., the Lopez-controlled phone firm is now asking the Supreme Court to refer its case to the court en banc after losing out before the appellate court. Bayan is a creditor of Extelcom while MHC is a shareholder of Extelcom. The two companies are asking the SC to issue a temporary restraining order (TRO) against the implementation of Extelcom's rehabilitation plan; issue a preliminary injunction so that Extelcom, its rehabilitation receiver, and creditor-turned-shareholder Trans Digital Excel (TDE) Inc. are prohibited from implementing the said orders; and reverse the appellate court's December 2009 order. Bayan said the Court of Appeals erred in its decision when it ruled in favor of TDE. It stressed that its alternative rehabilitation plan is far more advantageous than the approved rehab plan of TDE. Bayan, a creditor of Extelcom, proposed that the two firms enter into a commercial agreement whereby Extelcom shall allow Bayan to use its frequency in the 800megahertz in exchange for a share of Bayan's revenues derived from its wireless local loop (WLL) business and revenues from roaming service using code division multiple access (CDMA)-based cellular phone service. On the other hand, TDE's approved rehab plan calls for the reduction of the par value of the 200 million shares from P10 to P1.80 each and the conversion of Extelcom's financial liabilities amounting to P8.9 billion—except government liabilities of P191 million—into 911,111,111 common shares with a par value of P1.80. This will result in financial creditors owning 82 percent and existing shareholders holding 18 percent of Extelcom. TDE plans to re launch Extelcom's cellular business via a partnership with Eastern Telecommunications Philippines Inc. But the court-approved rehab plan resulted in the dilution of MHC's shareholdings to only 8.39 percent from 46.62 percent.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=21466:layan-asks-high-court-to-rule-on-extelcom-rehab-plan&catid=24:companies&Itemid=59

Dream given 10 years to pay off debt to satellite provider

Dream Satellite TV, which is operated by the Philippine Multi-Media System Inc. (PMSI), is set to repay the \$9 million debt owed to Mabuhay Satellite Corp. (MSCI) starting next year.

MSC president and chief executive officer Gabriel Pimentel said a Makati court allowed Dream TV a three-year grace period prior to the first scheduled repayment. MSC is a subsidiary of telecom giant Philippine Long Distance Telephone Co. (PLDT). "All in all Dream TV should pay off its debt in 10 years. The 10 years consists of a three-year grace period and in seven years they should complete payments," Pimentel said. Repayment starts in 2011. Dream TV, owned by businessman and former PLDT chairman Antonio "Tonyboy" Cojuangco, is the first DTH television broadcasting service via satellite operating in the country. Channel content is received from program providers, compressed and broadcasted via MSC's Aguila II satellite. Executives of Mabuhay Satellite were not immediately available for comment.
http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=21371:dream-given-10-years-to-pay-off-debt-to-satellite-provider&catid=24:companies&Itemid=59

New NTC rule bans signal jammers' sale

The National Telecommunications Commission (NTC) is set to sign a new circular which prohibits the importation, sale or use of GSM (global system for mobile communications) jamming devices. The NTC's public information office said the memorandum circular (MC) on prohibition of GSM jamming devices has already been signed by NTC Commissioner Gamaliel Cordoba and Deputy Commissioner Jaime Fortes Jr. The new MC will be circulated once it is signed by Deputy Commissioner Douglas Michael Mallillin either on Thursday or Friday. The NTC circular states that any person found importing, selling and using GSM jamming devices shall be held accountable. The circular did not mention the sanctions and penalties violators would face. It only said a new circular had to be issued, despite existing guidelines in the sale, purchase and importation of radio equipment issued in August 1991. The GSM signal-jamming devices interfere or block telecommunications signal, thus preventing cellular subscribers from making and receiving calls. The Comelec is concerned that the transmittal of poll results on election day from far-flung areas to its central office may be disrupted owing to the proliferation of jamming devices. The poll body has entered into a P7.2-billion poll-automation deal with Smartmatic-Total Information Management for an automated election this year. The 1991 NTC circular provides the guidelines governing the sale, purchase and importation of various radio communications equipment intended for use in private and government-owned radio-communications networks. It states that the importation of radio transceivers or transmitters must be covered by an NTC permit. The permit to import shall be valid for 90 days only. The sale of radio communications equipment to any individual, entity or corporation whether government or private, without a valid permit to purchase issued by the NTC is strictly prohibited.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=21493:new-ntc-rule-bans-signal-jammers-sale&catid=23:topnews&Itemid=58

CSS bids to be strong player in RP global BPO hub

With the Philippines' emergence as one of the key global hubs for the BPO industry, Cybernet-Slash Support (CSS) is expanding its capabilities in the country by investing \$15 million in a 2,000-seat technology support and service center in Taguig City, CSS CEO Nick Sharma announced recently. Last week, CSS, a leading enterprise and consumer support services organization headquartered in California, inaugurated its fully operational 1,000-seat service delivery unit in Fort Bonifacio. The company intends to double its headcount in the Philippines within the 2010 fiscal year. Like most BPOs, CSS was lured in by the Philippines' "highly conducive business atmosphere, a vast talent pool with the right skill set for consumer and technical support, multilingual capabilities and state-of-the-art infrastructure" the CEO confirmed. CSS offers multi-lingual customer services, retention services, inbound and outbound sales, technology and other integrated BPO services covering eight industry verticals for North American and European customers. CSS has an employee base of around 4,300 professionals handling over 30,000 customer transactions every day, for over 20 Fortune 1000 companies.

<http://www.mb.com.ph/articles/242351/css-bids-be-strong-player-rp-global-bpo-hub>

Iloilo continues to become competitive as IT hub

The province and city of Iloilo continue to become competitive as an information technology (IT) hub, according to Engr. Wilhelm Malones, Provincial Director of the Department of Trade and Industry (DTI). Malones said Iloilo was adequately promoted during the Metro-Iloilo Guimaras Investment Forum held in Metro Manila last year, where presentations on the "number of endowments the city and the province has, particularly on their power supply" were made. He added that Iloilo's power supply problem has already been addressed with the construction of the Global Business Power Corporation (GPBC)'s coal-fired power plant which

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is slated to become operational within the year. As a result of that forum, Malones said Iloilo was able to invite Transcom Asia, now in the process of relocation on the second floor of the Amigo Plaza Mall and which is presently now hiring call center agents. Iloilo City Mayor Jerry P. Treñas also informed that the Ayala Group of Companies will likewise be establishing an IT Park near the Smallville Complex; this IT enclave is expected to become operational this November. Meantime, with the help of the Iloilo Federation for Information Technology (I-FIT), the city continues to produce competitive graduates every year. Iloilo produces some 18,000 graduates annually. "There have been attempts by the I-FIT to improve the competence of students relative to the demand of IT to include not only voice but also software development and medical transcription," he said. Since its inception, the IT industry has already employed some 3,500 agents and is expected to increase to 4,000 before the end of the year. This city has been identified one of the country's Next Wave Cities with human resource as its strongest indicator.

<http://www.mb.com.ph/articles/241782/iloilo-continues-become-competitive-it-hub>

Amcham sees faster BPO growth in 2010

The American Chamber of Commerce of the Philippines (Amcham) is expecting a faster expansion of the business process outsourcing (BPO) industry in the country this year. Amcham Executive Director Robert Sears said: "We expect a great year this year." Sears made the forecast during the launch of Rainmaker Connect, the innovative web-based integrated and multi-channel contact center systems introduced by California-based Rainmaker Systems Inc. Sears cited improved growth projections in the US as well as the introduction of new service platforms for better lead generation and operational cost-efficiencies of BPOs as reasons for his optimism. Rainmaker Connect, a SaaS offering featuring integrated VoIP telephony with e-mail and chat solutions, is set to make waves in the contact center scene. The web-based solution fully supports automatic call distribution and queuing, speech-enabled IVR, remote agent capabilities, CRM integration and outbound campaign management. Michael Silton, CEO of Rainmaker Systems Inc. affirmed Sears outlook, stating that the Philippines is a gateway to the rest of Asia with its growing local economy, good business environment, workforce attitudes and growth in skills set. Integration with Rainmaker LeadWorks Lead Management platform offers customers a complete SaaS solution for multichannel lead life cycle management, leveraging every touch point with the customers' clients.

<http://www.mb.com.ph/articles/242155/amcham-sees-faster-bpo-growth-2010>

Court junks telco's request to stop new billing scheme

The Court of Appeals has denied a request by a telecommunication firm to temporarily stop a new billing scheme for mobile phone calls imposed by regulators last December, saying there was no urgent reason for it. The appellate court's seventh division issued a resolution denying the petition by Connectivity Unlimited Resources Enterprise, Inc. (CURE) for a temporary restraining order (TRO) last Jan. 27, but regulators got a copy only last Feb. 4. CURE is a unit of Smart Communications, Inc., which is owned by Philippine Long Distance Telephone (PLDT) Co. Associate Justice Mariflor Punzalan Castillo's resolution said "a TRO is only issued if the matter is of extreme urgency and the applicant will suffer grave and irreparable. None of these conditions is existent in the present case." She noted that CURE had admitted it has been complying with the order of the National Telecommunications Commission (NTC) to lower charges for voice calls, and therefore it cannot "say that it will sustain grave injustice and irreparable injury."

<http://www.bworldonline.com/main/content.php?id=5856>

NTC okay paves way for P3-billion capital infusion into Belltel

The National Telecommunications Commission (NTC) has approved the transfer of ownership of Bell Telecommunications Philippines Inc. (Belltel) to Two Cassandra-CCI Conglomerates Inc. – paving the way for a P3.6-billion cash infusion. In its order dated February 3, 2010, the NTC said allowing Two Cassandra to own 100 percent of Belltel will allow the infusion of "needed capital to expand its (Belltel's) existing infrastructure and build new infrastructures to be able to contend in the highly competitive telecommunications market." Belltel is a grantee of a franchise to install, operate and maintain local exchange networks and wireless local loop (WLL) in several areas including special economic zones, inter-exchange networks, nationwide VSAT network, international gateway facilities, and cellular mobile telecommunications network. Last December 18, Two Cassandra entered into an agreement to acquire the outstanding shares of stock of Belltel. Initially, it bought 40 percent of Belltel but had agreed to buy the remaining 60 percent after the NTC approves the change in ownership.

suggestions.

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Disclosures with the Philippine Stock Exchange showed that Two Cassandra bought out two publicly listed firms – South China Resources, Inc. and Liberty Flour Mills, Inc. – in Belltel for P1.23 billion and P227 million, respectively, last December. Two Cassandra once owned a minimal stake in Liberty Telecoms Holdings Inc., which was bought by San Miguel Corporation, together with partner Qatar Telecoms Inc., last year.
<http://www.mb.com.ph/articles/242320/ntc-okay-paves-way-p3billion-capital-infusion-belltel>

Teletech granted longer permit to operate

Telecommunications Technologies Philippines Inc. (Teletech), a wholly owned subsidiary of Eastern Telecommunications Philippines Inc., has been awarded a longer permit to operate in areas in Metro Manila and Northern Luzon. A certificate of public convenience and necessity (CPCN) to install, operate and maintain a local exchange carrier (LEC) system in Manila City, Caloocan City and the municipality of Navotas, as well as in the provinces of Batanes, Cagayan Valley, Isabela, Kalinga Apayao, Nueva Vizcaya, Ifugao and Quirino was issued to TTPI by the National Telecommunications Commission (NTC). The permit holds the same operational period as TTPI's legislative franchise. The company has interconnection agreements with major carriers such as Philippine Long Distance Telephone Co., Globe Telecom, Digital Telecommunications (Digitel), PT&T and BellTel to pass traffic to each others' network in the National Capital Region (NCR). In Region II, TTPI has similar agreements with PLDT and Digitel. TTPI is already providing LEC service in 11 out of 17 of its authorized areas in the NCR. The phone firm received in authorization from the NTC in 1996 to install landlines in Batanes, Cagayan, Isabela, Kalinga Apayao, Nueva Vizcaya, Ifugao, Quirino, Manila, Caloocan Navotas, Makati, Mandaluyong, Muntinlupa, Parañaque, Pasay, Pasig, Quezon City and Taguig. The ETPI bankrolls Teletech's capital expenditures (capex). It earlier budgeted \$27.41 million to undertake its expansion program in southern Luzon. Capex until this year is expected to reach \$23.28 million while operational expenses are estimated at \$4.13 million. Apart from the basic landline subscription, Teletech also offers Powerphone and Maxitawag landline services.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=21316:teletech-granted-longer-permit-to-operate-&catid=24:companies&Itemid=59

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

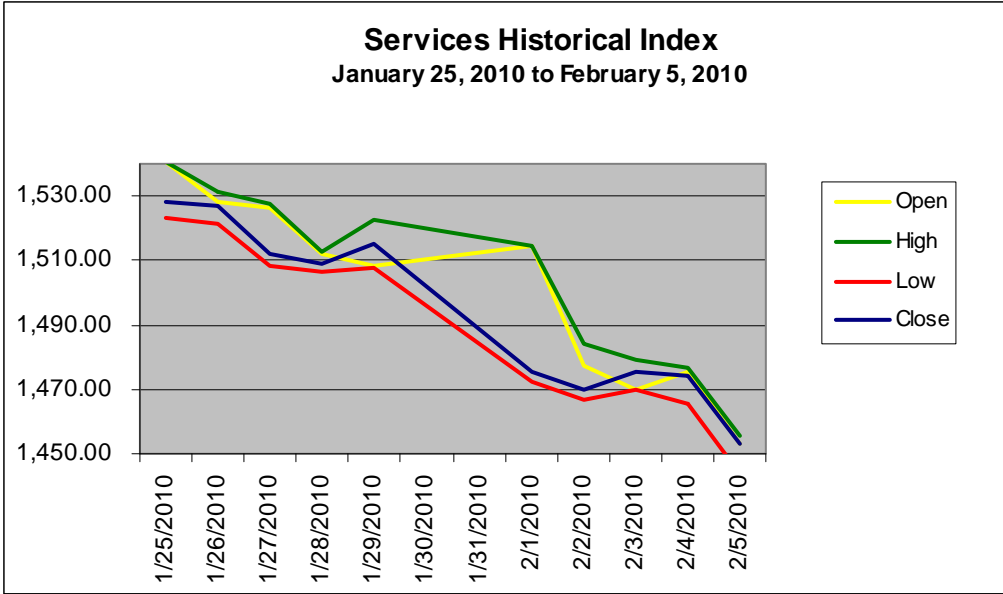
3	Active Alliance, Inc.	503	0.02	10.09
4	IPVG Corporation	-3.96	-0.49	1.59
5	Abacus Consolidated Resources and Holdings, Inc.	1.1	0.91	0.6
6	Anglo Philippine Holdings Corporation	-11.92	-0.1	1.21
7	Seafront Resources Corporation	101.45	0.01	0.98
8	Primex Corporation	251.19	0.01	2.28
9	Unioil Resources & 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 Services As of February 5, 2010

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
ABS-CBN BROADCASTING CORPORATION	28.00	779,583,312	43.0 %	9,386,183,076.48	3.04
GLOBE TELECOM, INC.	945.00	132,345,595	22.0 %	27,514,649,200.50	8.90
GMA Network, Inc. (Common)	7.10	3,361,047,000	30.0 %	7,159,030,110.00	2.32
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.	20.50	1,923,935,360	46.0 %	18,142,710,444.80	5.87
IPVG CORPORATION	1.94	675,501,163	37.0 %	484,874,734.80	0.16
ISM COMMUNICATIONS CORPORATION	0.049	191,621,818,157	21.0 %	1,971,788,508.84	0.64
PAXYS, INC.	2.20	1,148,534,866	26.0 %	656,961,943.35	0.21
PREMIERE ENTERTAINMENT PHILIPPINES, INC.	0.29	1,648,592,000	37.0 %	176,893,921.60	0.06
PILIPINO TELEPHONE CORPORATION	7.50	11,683,156,455	7.2 %	6,308,904,485.70	2.04
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.	3.20	222,019,330	49.0 %	348,126,309.44	0.11
PHILIPPINE LONG DISTANCE TELEPHONE COMPANY "Common"	2,535.00	186,797,304	49.0 %	232,030,271,163.60	75.07
PHILWEB CORPORATION	15.75	1,249,622,725	25.0 %	4,920,389,479.69	1.59

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices

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