

Infrastructure, Government & Healthcare

June 3, 2010 – June 16, 2010



This industry update from Manabat Sanagustin & Co. CPAs is a biweekly collection of the latest news and developments from the country's Infrastructure, Government & Healthcare 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.

Maynilad to reduce water rates

Effective July 1, customers of the Maynilad Water Services Inc. (MWSI) can look forward to lower rates, thanks to the Philippine currency which gained strength in previous months. In a statement released by the Metropolitan Waterworks and Sewerage System (MWSS), MWSI was allowed to reduce the foreign currency differential adjustment (FCDA) by P0.19 per cubic meter. "This will result in a corresponding decrease in the average all-in tariff by P0.24 per cubic meter for unsewered consumers and a P0.28 per cubic meter for sewerer consumers," said MWSS.

MWSS noted that unsewered customers of MWSI will enjoy a decrease in monthly bills ranging from P0.07 per cubic meter to P0.46 per cubic meter. Sewered consumers of MWSI will enjoy a decrease in monthly bills ranging from P0.08 per cubic meter to P0.54 per cubic meter. The FCDA is a mechanism that allows concessionaires to either recover foreign-exchange currency losses or refund foreign-exchange currency gains arising from the payment of foreign currency-denominated loans by MWSS and the water companies. MWSS said it has approved the reduction in water rates effective July 1 to September 30, 2010, for both Manila Water and MWSI.

Manila Water's concession areas include some parts of Quezon City and Makati, Taguig, Pateros, Marikina, Pasig, San Juan, Mandaluyong, the southeast part of Manila and Rizal province. http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=26490:maynilad-to-reduce-water-rates&catid=24:companies&Itemid=59

MNTC bags Sctex 25-yr deal

THE Manila North Tollways Corp. (MNTC) has secured the 25-year contract for the operations and management of the Subic-Clark-Tarlac Expressway (Sctex), the Bases Conversion and Development Authority (BCDA) said, confirming a BusinessMirror report published earlier.

MNTC is also the builder and operator of the North Luzon Expressway, which is connected to Sctex. BCDA is leasing to MNTC the Sctex for 25 years and renewable for another eight years. The agreement includes the concession to manage, operate and maintain the 94-kilometer tollway that interlinks Central Luzon's three major economic zones—the Clark Freeport Zone, the Subic Bay Freeport Zone and the Central Techno Park in Tarlac. "BCDA also assigns to MNTC its toll operations rights under the Toll Operations Agreement which BCDA signed with the Toll Regulatory Board on June 13, 2007, including the right to collect toll revenues," the agency said in a statement. The contract was awarded to MNTC on June 9. Under the deal, the company will pay BCDA a semi-annual lease/concession fee amounting to the peso equivalent of the yen-denominated debt service requirements this year until 2016. From 2017 to 2043, MNTC will pay as lease concession fee 20 percent of the gross revenues from the Sctex, with the provision that if the lease concession fee falls short of the debt service requirement, MNTC will advance the shortfall without interest and recover the amount from BCDA's future share in gross revenues.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=26266:mntc-bags-sctex-25-yr-deal&catid=24:companies&Itemid=59

Pangilinan group says capable of North Harbor rehab project

The group of telecommunications executive Manuel V. Pangilinan is technically capable of handling the rehabilitation of the Manila North Harbor should its partner in the modernization of the country's busiest domestic port allow it to have majority control. Metro Pacific Investments Corp. (MPIC), the infrastructure arm of First Pacific Co. Ltd., and the Romero family's Harbour Center Port Terminal Inc. (HCPTI) jointly operate and manage the port. Their group—Manila North Harbour Port Inc. (MNHPI)—has been awarded the contract to carry out the modernization program for the next 25 years transforming the port into a world-class facility worth P14.5 billion. The Romero family controls MNHPI with a 65-percent stake while MPIC holds 35 percent.

At the stockholders' meeting of MPIC yesterday, MPIC president Jose Lim said taking majority control of MNHPI would allow the company to "ensure successful implementation and funding of the ports modernization." "We are in discussions with HCPTI now. Either we have full control or full divestment," he said. MPIC has the financial muscle to fund the project while HCPTI has the technical expertise to carry out the modernization of the port. Lim claims MPIC is also technically capable to handle the project. "Technical expertise is something that can be obtained. Our management people are also qualified," said Lim in an ambush interview.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=26264:pangilinan-group-says-capable-of-north-harbor-rehab-project&catid=24:companies&Itemid=59

New toll rates for SLEX

The Malaysian backed operator of the newly rehabilitated South Luzon Expressway (Slex) is set to implement a fresh set of toll rates possibly by the end of this month after obtaining the go signal from regulators on Tuesday evening. The BusinessMirror learned that the Toll Regulatory Board (TRB) has already approved the application of South Luzon Tollway Corp. (SLTC) to increase its toll rates from P0.80 per kilometer (km) to P2.73 per km. "The Toll Regulatory Board, in view of the fulfillment by SLTC of the conditions imposed by the board of directors of the [TRB], has approved the publication of the applicable toll prices for the Alabang to Calamba section [of Slex]," read a portion of the TRB's statement. The planned increase was originally expected to take effect today, June 16. While the new rates have been approved, the TRB still requires that the new fees be published for 15 days before being implemented. SLTC, which is 80 percent owned by Malaysia's second largest toll road operator MTD Capital Berhad, holds a 30 year concession to operate, maintain and expand Slex. The current toll at Slex from the Alabang to Calamba stretch is P22 for light vehicles, P43 for buses and P65 for heavy trucks. SLTC formally assumed operations of the toll road last May 2 from state-run Philippine National Construction Corp.

http://www.businessmirror.com.ph/index.php?option=com_content&view=article&id=26530:new-toll-rates-for-slex&catid=23:topnews&Itemid=58

Lorenzo Shipping set to continue vessel upgrade

Magsaysay-led Lorenzo Shipping Corp. (LSC) said it will continue to upgrade its fleet in the coming months. Doris Magsaysay-Ho, Lorenzo Shipping chairman, said the company has already started implementing the refueling program with the acquisition of a 799-twenty-foot equivalent unit vessel early this year. "Fleet renewal and upgrading [will] continue to be a major goal of LSC," Magsaysay said in the company's annual stockholders' meeting on Tuesday.

She did not mention how many vessels the company plans to acquire, but aside from the new vessels, the company has also started the planned purchase of computer software systems that it plans to roll out by next month through early next year. The company also purchased a liner software that will become its front office application. Both software systems are expected to enhance the current systems of the company to improve slot cost computation, voyage revenue, cost reporting, cargo stowage, among others. LSC is rolling out its systems after it slowly expands its operations out of Manila. In April the company inaugurated its new container yard space at the Mindanao Container Terminal in Tagoloan, Misamis Oriental. "The Tagoloan-Cagayan de Oro Corridor is one of our strategic ports. This new office will enable our people to serve our customers and more pleasant environment," Magsaysay said. She, however, warned that a key challenge for the company's productivity and profitability for the year is the ongoing "painful transition" in the management of the Manila North Harbor, the country's largest domestic port and where the LSC's

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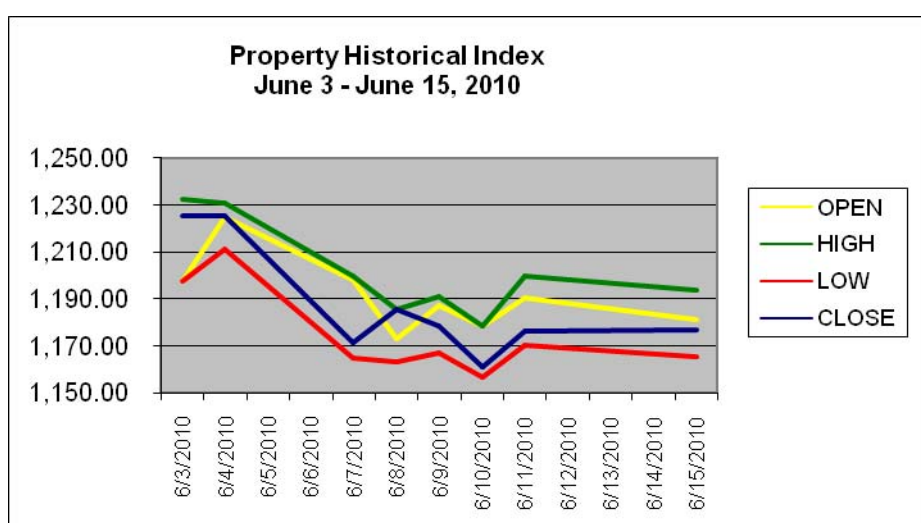
Weekly Market Watch Not Available

Philippine Stock Exchange Index Composition for Property

As of TUE JUN 15, 2010 12:10:00 PM

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
AYALA LAND, INC.	13.50	12,963,002,441	46.0 %	80,500,245,158.61	44.51
BELLE CORPORATION	1.80	6,350,899,542	81.0 %	9,259,611,532.24	5.12
A BROWN COMPANY, INC.	3.30	1,009,926,933	21.0 %	699,879,364.57	0.39
CYBER BAY CORPORATION	0.65	6,160,000,000	39.0 %	1,561,560,000.00	0.86
EMPIRE EAST LAND HOLDINGS, INC.	0.41	10,495,236,253	40.0 %	1,721,218,745.49	0.95
FILINVEST LAND, INC.	0.95	24,249,759,506	45.0 %	10,366,772,188.82	5.73
MEGAWORLD CORPORATION	1.26	25,637,783,626	40.0 %	12,921,442,947.50	7.14
ROBINSONS LAND CORPORATION	14.00	2,733,989,257	39.0 %	14,927,581,343.22	8.25
SM DEVELOPMENT CORPORATION	6.90	5,496,276,466	16.0 %	6,067,889,218.46	3.36
SM PRIME HOLDINGS, INC.	10.25	13,329,334,369	28.0 %	38,255,189,639.03	21.15
VISTA LAND & LIFESCAPES, INC.	1.62	8,538,740,614	33.0 %	4,564,810,732.24	2.52

Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices



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