

HALF-YEARLY ROUNDUP

DSE transaction volume declines 53.91pc, value 49.5pc in Jan-Jun

STAR BUSINESS REPORT

The country's premier bourse witnessed a significant decline of transaction both in terms of volume and value in the first-half of the calendar year 2006 compared to the preceding year.

According to the Dhaka Stock Exchange (DSE), the transaction volume decreased by 53.91 per cent while its value a 49.50 per cent downward trend during the January-June period in 2006.

A total of 247.84 million shares and debentures valued Tk19,202.38 million were traded in 115 trading days during the period. During the same time span in the previous year, 537.84 million shares and debentures valued Tk38,029.59 million were traded.

The turnover recorded the highest level at Tk4,138.99 million in May with daily average of Tk197.09 million and the lowest was in

February with daily average of Tk148 million.

The stock market price barometer also registered a downward trend during the period shedding 303.82 points in the DSE General Index. The index closed at 1643.34 points on January 30 this year, but it declined to 1339.52 points on June 29 this year. The index hit the lowest at 1003.79 points in June this year.

All Share Price Index in January was 1255.13 points, but it declined to 1040.47 points at the end of June.

The DSE-20 Index, which comprises the blue chip shares, pegged at 1555.42 points in January but fell sharply to close at 1310.86 on June 29, 2006. The index hit the lowest at 1261.70 points in June and highest at 1604.88 points in January.

Market capitalisation also declined by 2.98 per cent during the period. By the end of June 2006, the total market capitalisation of DSE for all listed securities declined to

Tk215,421.87 million from Tk222,045.58 million of the previous year.

The financial sector dominated the DSE turnover, accounting for 55 per cent of the total turnover in the first six months of 2006 with bank stocks on the top followed by pharmaceutical accounting 10 per cent of the total turnover.

Fuel and power, insurance and IT accounted for 7 per cent and 5 per cent respectively.

In volume wise, investment companies took the lead while pharmaceutical, food and textile sector followed the rally.

The four sectors accounted for 80.21 per cent of the total turnover in terms of value whereas the rest of 12 sectors contributed 19.79 per cent.

During the period, a total of 94 companies and mutual funds, out of total 256, have declared cash and stock dividend. The weighted aver-

age dividend yield by all the companies and mutual funds declined to 3.41 per cent in June 2006, down by 29.40 per cent from the same period of 2005.

The cash dividend status of the companies and funds shows that 10 companies declared more than 50 per cent dividend, 22 declared between 31 to 50 per cent, 24 between 21 to 30 per cent and 11 between 10 to 20 per cent while 15 declared below 10 per cent.

Sector wise average dividend distribution performance shows that nine sectors paid higher dividend up to June 2006 compared to that in the same period of June 2005, with miscellaneous sector taking the lead while six sectors paid lower dividend during the year compared to the preceding one.

Thirty four companies in different sector increased their paid up capital up to June 2006 through issuing bonus share which

amounted to Tk4,335.14 million while one company in the banking sector issued right share worth Tk1,056.36 million.

The paid up capital of all the listed companies increased by 29.37 per cent to Tk85,893 million at the end of June 2006. Presently, 26 government treasury bonds are listed on the DSE with capital worth Tk21,032 million.

In the first half of 2006, three companies floated primary shares worth Tk698.90 million while six companies went to public with an amount of Tk761 million in the same period of the previous year. Of the three companies, one was directly listed without offering primary shares.

A total of nine companies including a company under Direct Listing Regulations-2006 with a paid up capital of Tk3,544.08 million have been listed with the premier bourse till June 2006.

Early implementation of Benarashi Palli project demanded

Handloom Fair opens

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Benarashi Sari weavers yesterday threatened strike and demonstration if their demand for allotment of the proposed plots in the 'Benarashi Palli' to them is not met within 15 days.

"We will stage demonstration like teachers if the government does not allot 906 plots to the Benarashi weavers as per the commitment by the head of the government, Abdul Zabbar, secretary of Mirpur Ward No-2 Weavers Association, said at the inaugural function of the month long 'Domestic Handloom Fair' (Deshio Tantbostra Mela) at Sher-e-Bangla Nagar at Agargaon in the capital.

Minister for Textiles and Jute Shajahan Siraj inaugurated the fair. Textiles and Jute Secretary Abul Kasem Mahbubul Alam, Information Secretary Muhammad Haidar Ali, and Akram Hossain, chairman of Bangladesh Ant Board spoke the occasion, among others.

Leaders of Benarashi weavers said that the government had taken Tk 10,000 each from 18,553 Benarashi weavers in 2003 to establish the enclave. But it had not taken any decision in this regard yet, they lamented.

They also said that the age-old sector of the country is languishing in frustration due to absence of such facility.

"A total of 42,000 weavers from 10,000 handloom units in Mirpur area will stage demonstration on streets and go for hunger strike if our 17-year old project is not implemented by the timeframe," Ruhul Amin, vice president of Mirpur Ward No-5 Tanti Samity.

The textile minister assured the weaver leaders to do his best to implement the project within the shortest possible period. He also said that the project could not be implemented for judicial complications.

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Workshop on Basel II held

SouthAsia Enterprise Development Facility (SEDF) and Prime Bank Ltd jointly organised a daylong workshop on Basel II for banking sector on Saturday in Dhaka.

Basel II is an effort by international banking supervisors to improve the consistency of capital regulations internationally, make regulatory capital more risk-sensitive and promote enhanced risk-management practices among banks, according to a press release.

Governor of Bangladesh Bank (BB) Salehuddin Ahmed attended the workshop as chief guest, while BB Deputy Governor Mohammad A Rumeel Ali, Chairman of Prime Bank Imam Anwar Hossain and Deputy General Manager of the SEDF Deepak Adhikari, among others, were present.

The purpose of the workshop was to build awareness of international best practices, as advocated under Basel II, and highlight the strategic implications for the Bangladesh financial market.

The BB governor said Basel II provides banks with a unique opportunity to modernise and upgrade their overall risk practices and risk infrastructure. The governor stressed the importance of migration to Basel II in a non-disruptive manner.

WB-funded fisheries project achieves considerable success

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The Fourth Fisheries Project of the Government of Bangladesh supported by the World Bank has achieved considerable success in increasing fish and shrimp production for domestic consumption and exports.

A joint World Bank (WB) and Food and Agriculture Organization (FAO) review mission recently concluded that the poverty impact of the project was significant for inland open water fisheries.

Inland open water fisheries are most important for poor communities and will continue to provide major safety net to a large number of rural landless poor where fisheries are concerned.

The joint-review recommended a comprehensive action plan for resolving institutional issues of jalmohal lease --water bodies managed by community organisations- that provides secure access rights to the communities.

While noting that public sector can play a role in establishing brood banks, the review mission felt that private sector has comparative advantage and some 100 fish farms that the government now

operates, can be leased out to private operators.

Fisheries contribute to 67 per cent of animal protein intake, provide 13 percent of protein supplies, and has share of five percent of export earnings. About 1.2 million people are engaged full time and another 10 million part time in this sector.

Under this project, some 41,000 fishers established their access rights in 39 jalmohals. Fish production increased in these areas by 65 percent, while shrimp production increased by 15-30 percent in four coastal polders of Kushtia and Sathkhira districts.

In addition, aquaculture production increased by 45 percent among two lakh trained farmers in 8000 villages of 211 upazilas. The hilsa management action plan implemented under this project also impacted positively in the production of hilsa.

The six-year old project started in December 1999 and concluded this month. Under this project, several studies were carried out to improve knowledge and awareness on aquatic bio-diversity, conservation and genetic aspects for inland open water and adapted in fisheries sector strategy.

UCBL's failure to hold AGMs for 8 yrs frustrates investors

SARWAR A CHOWDHURY

Despite repeated filing of writ petitions to hold annual general meetings (AGMs) of United Commercial Bank Ltd (UCBL) under neutral chairmanship, the bank's board of directors is continuing to show reluctance in holding such meetings, resulting in deprivation of dividends to shareholders for the last eight years.

Due to legal complications, the ordinary shareholders have been facing financial problems for a long time as their investments on the bank's securities did not yield any dividends yet.

A general investor said the ordinary shareholders of the bank cannot sell their shares with the existing market price as it will bear an ultimate loss to them.

"When the bank will be able to hold the last eight years' AGMs, we will get dividends for those years as we are not selling the shares," he added.

While talking to The Daily Star, Sk G Kuddus, chief executive officer of M Securities Ltd, said, "But, if the legal complications are not resolved soon the bank may not declare any dividends for the year 2006 also or for more years."

In its last AGM held on August 27, 1997, the bank declared a 15 per cent stock dividend for the

shareholders for the year 1996 and since then the bank has not been in a position to hold AGMs as legal tangles continued.

Akhteruzzaman Chowdhury Babu, a former chairman of the bank, filed writ petitions several times to hold the AGMs of the bank under an unbiased chairmanship. But, the board of directors of the bank did not hold AGMs defying the High Court order for holding the AGMs under a neutral leadership.

In this connection, any responsible official could not be reached for comments despite several attempts.

In 1999, Babu filed a writ petition with the High Court praying for holding the AGM for the year 1998 under a neutral chairmanship instead of the then existing chairmanship.

As the hearing of the writ petition was pending, Babu filed another writ petition in 2000 for holding the AGMs for 1999 and 2000 under a neutral chairmanship.

The High Court on April 15, 2002 ordered the bank to hold AGMs for 1998 to 2000 within three months under a neutral chairmanship and also appointed a neutral chairman, Barrister KZ Alam, to hold the AGMs.

But, Alam could not hold the AGMs as the then board of directors appealed to the court seeking time extension for holding the AGMs.

Finally, when the appeal was rejected, the then board did not cooperate with the neutral chairman, citing legal complications.

Then Babu filed a petition against the two officials of the bank for not holding 1998-2000 AGMs under the neutral chairmanship.

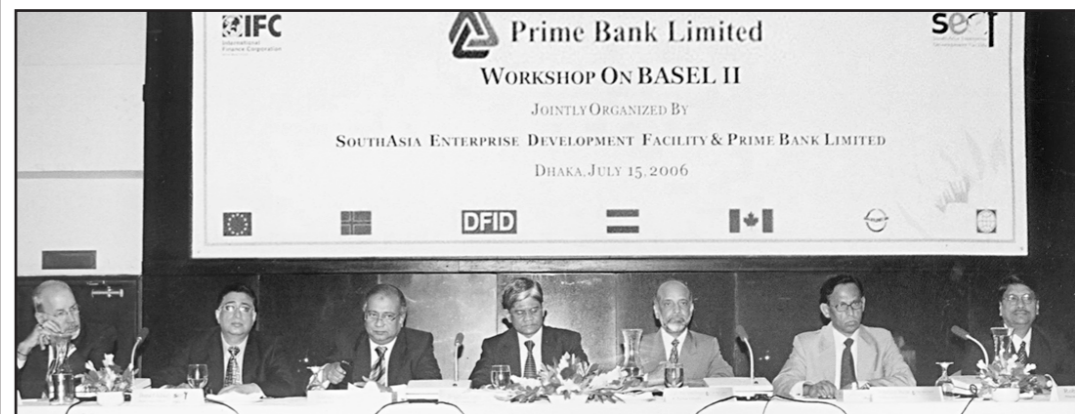
The High Court fined the two officials who later appealed against the verdict. The Appellate Division also rejected the appeal, upholding the High Court verdict.

Babu then filed another writ petition with the court in 2003 for holding the AGMs for 2001 and 2002.

In the meantime, the UCBL initiated a move to hold the AGMs for the year 2003, 2004 and 2005 with a special permission from the Securities and Exchange Commission (SEC). The bank also announced dividends and to that effect declared the date of book closure.

But, once again Babu filed another writ petition with the court seeking a stay on holding the AGMs until the disputes for holding of AGMs for 1998 to 2002 are settled.

Mansur Alam, executive director of the SEC, said the commission has nothing to do as the matter of holding AGMs is now pending with the courts.



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Wheat price may go up

UNB, Narayanganj

A syndicate of some unscrupulous businessmen is trying to increase price of wheat by creating an artificial crisis in the market.

Flour mill-owners here alleged that the vested quarter started hoarding wheat soon after India stopped exporting of its wheat, sugar and pulses for six months.

They also cautioned that price of ata and flour like other essential commodities also would go beyond the purchasing capability of commoners if the government did not take necessary measures immediately to control the price hike of wheat.

Bangladesh mainly import wheat from India, Russia, Ukraine, Australia and Argentina, which is generally controlled by the syndicate, sources said.

The mill owners also informed that they are to purchase wheat per ton at US \$ 185, which they bought at \$ 160 before the crisis.

Price of wheat had increased by Tk 50 per maund this week due to the decrease of wheat import.

Some 60 flour mills of the district mainly meet up 60 percent demand of ata and flour in the country. Around 35,000 maunds of wheat are needed every day in those mills, which are facing crisis, mill owners said.

New executive director of BB



Md Yasin Ali has been promoted as executive director of Bangladesh Bank.

He took over the charge in the principal office of the bank yesterday, says a press release.

Prior to his promotion, he was the general manager of foreign currency inspection and vigilance department of the bank.

All started his banking career as a first class officer with the central bank in 1976.

Airbus to unveil wider plane

AFP, England

European plane maker Airbus prepared to unveil on Monday revised plans for its troubled long-haul A350 passenger jet.

The revamped model would be called A350 XWB (Xtra Wide Body), according to a two-page Airbus advertisement in Monday's Financial Times newspaper.

Airbus may also present further revised editions of the mid-sized A350 family at Farnborough.

Oil prices fall in volatile trading

AP, London

Crude oil prices see-sawed Monday, plunging more than \$1 a barrel on a report that Iran had accepted incentives to resolve a dispute over its nuclear program, then quickly retraced some lost ground as Israel's operations against Hezbollah seemed unlikely to end soon.

Fighting between Israel and militants in Lebanon escalated over the weekend, raising fears of a possible full-blown war. That comes on top of persistent market anxieties about the West's nuclear standoff with Iran, threats of supply disruptions in Nigeria and the Gulf of Mexico hurricane season.

"Slim spare capacity, continued demand and a spate of geopolitical threats to supply all point toward bullish oil markets and yet more upward pressure on crude," said Simon Wardell at Global Insight.

The plunge in prices came after a German television report that Iran had accepted incentives promoted by Western nations to resolve a dispute over its nuclear program.

Israeli fighter bombers pummeled Lebanese infrastructure Monday, setting Beirut's port ablaze and hitting a Hezbollah stronghold in attacks that killed at least 17 people. Hezbollah retaliated by firing rockets that flew farther into Israel than ever before.

By midday in Europe, light, sweet crude for August delivery was down 78 cents at \$76.25 a barrel in electronic trading on the New York Mercantile Exchange. It had earlier traded as high as \$77.74 and as low as \$75.60.

Citigroup posts record Q2 earnings

Citigroup, the owning company of Citibank, NA, reported revenue of US\$ 22.18 billion and a net after tax income of \$ 5.27 billion for the three months that ended on June 30, 2006, which is a 4 per cent increase over the second quarter earnings in 2005. Revenues also increased by 10 per cent.

International revenues increased 17 per cent and international net income was up 11 per cent, says a press release.

A record 270 new branches were opened, including 74 in the US and 196 internationally. Year-to-date, 508 branches have been opened, of which 110 are in the US and 398 globally.

"In the second quarter, we achieved our second highest income from continuing operations while making significant

progress in our strategic initiatives. In international consumer, strong volume growth across our franchises drove a 12 per cent increase in revenues. And in corporate and investment banking, we achieved our second highest revenues," said Charles Prince, chairman and chief executive officer of Citigroup.

Reuters from New York adds: Revenue from continuing operations increased 10 percent to \$22.18 billion, and return on common equity was 18.6 percent. Operating expenses rose 16 percent to \$12.77 billion, including a 35 percent jump in investment banking pay and benefits.

Analysts polled by Reuters Estimates on average forecast profit of \$1.05 per share on revenue of \$22.34 billion.