WorldCom may go bankrupt Monday

REUTERS, *Philadelphia*

WorldCom Inc, the long-distance telephone and data services company buckling under a $3.85 billion accounting scandal and a mountain of debt, may file for bankruptcy protection as early as Monday, sources familiar with the situation said Thursday.

A bankruptcy filing by WorldCom WCOME.0, which has $104 billion in assets and transmits half the world's Internet traffic, would eclipse the Chapter 11 filing by collapsed energy trader Enron Corp. ENRNQ PK as the nation's largest insolvency.

A WorldCom spokesman declined to comment. Chief Executive John Sidgmore said on July 9 a decision whether to pursue bankruptcy protection, or some other financial reorganisation, would be made within three weeks. The filing is expected early next week, the sources said.

Shares of WorldCom lost 1 cent to close at 9 cents on the Nasdaq market on Thursday. WorldCom's once high-flying stock, which rocketed to $64 in 1999, had made it one of the darlings of the Wall Street bull market. Its swift drop epitomized the bombed-out telecom industry that crumbled under a glut of capacity, excess debt and accounting scandals.

The Clinton, Mississippi-based company, which has 85,000 employees and operations in 65 countries, has lined up about $2 billion in funding that would allow it to keep operating under a bankruptcy reorganisation, sources familiar with the situation told Reuters this week.

Citigroup Inc C N JP Morgan Chase & Co JPM.N and General Electric Co's CE.N GE Capital financing arm will provide the so-called debtor-in-possession funding, which will be backed by the value of WorldCom's high-speed Internet network and other assets, those sources said.

The company also has been in talks to secure $3 billion in funding to avoid or delay bankruptcy, but those discussions were put on the back burner as it arranged the debtor-in-possession funding, sources said.

WorldCom last month disclosed it hid $1.2 billion in losses by failing to report $3.85 billion in expenses and was charged with fraud by the US Securities and Exchange Commission.

The company, which has $30 billion in debt, fired its chief financial officer, Scott Sullivan, who it alleged orchestrated the accounting debacle. Its former chief executive, Bernie Ebbers, resigned under pressure in April.

Its bankruptcy would follow filings by rivals such as Global Crossing Ltd GBLXQ.PK, Flag Telecom, KPNQwest and Adelphia Business Solutions Inc. ABIZQ.PK.

Federal Communications Commission Chairman Michael Powell said this week he did not believe service would be disrupted at WorldCom, the No 2 US long-distance provider with more than 20 million customers.

AOL boosted revenues thru' 'unconventional' deals

Company defends accounting practices

AFP, *Washington*

Media giant AOL Time Warner defended its accounting practices Thursday after a news report that its America Online division boosted revenues through "unconventional" deals.

The company meanwhile declined to comment on reports that a top executive, Bob Pittman, was resigning. Pittman was serving as interim chief of AOL Time Warner's online division

The Washington Post reported earlier Thursday that the company boosted online advertisement revenue through a series of "unconventional" deals from 2000 to 2002, before and after its merger with Time Warner Inc.

In response to the Post investigation, AOL Time Warner said in a statement that all transactions reported by the Post were in accordance with generally accepted accounting principles (GAAP).

The Post, citing AOL documents and interviews with current and former AOL staff, said AOL converted legal disputes into ad deals. It negotiated a shift in revenue from one division to another, bolstering its online business.

It sold advertisements on behalf of eBay Inc, booking the sale of eBay's ads as AOL's own revenue, and bartered advertisements for computer equipment in a deal with Sun Microsystems.

AOL, the largest Internet service provider, also counted stock rights as advertisement and commerce revenue in a deal with a Las Vegas firm called PurchasePro.com Inc.

AOL also found ways to turn the dot-com collapse to its advantage, renegotiating long-term ad contracts it risked losing into short-term gains that boosted its quarterly revenue, the Post said.

Responding to the report, John Buckley, AOL's executive vice president for corporate communications for the online unit, said "the accounting for all of the transactions The Washington Post has discussed with AOL was appropriate and in accordance with GAAP."

The transactions cited by the newspaper comprised less than two per cent of AOL's revenues during the period in question, the company noted.

Last week, AOL confirmed it was looking for someone to run Pittman's Internet division, but contended Pittman would stay on at the conglomerate.

The news of possible accounting irregularities and boardroom shake-ups come during a turbulent time at the media giant, which saw ad revenues for the company plunge 31 per cent in the first quarter of 2002.

AOL online has also been plagued by slowing subscriber growth. Currently more than 32 million customers pay to belong to the service.

Asian PC market rebounds

AFP, *Singapore*

Sales of personal computers in the Asia-Pacific rose five per cent in the second quarter, propping up global figures despite a raft of negative factors, US-based consultancy Gartner Dataquest said Friday.

The Asian numbers do not include Japan where PC sales slumped 12 per cent, while globally sales were down 0.6 per cent in the three months to June compared to the same period last year, Gartner said.

The consultancy reported regional sales of 5.1 million units compared to global sales of 29.9 million.

However, despite the regional upsurge there were underlying doubts whether the performance could be sustained.

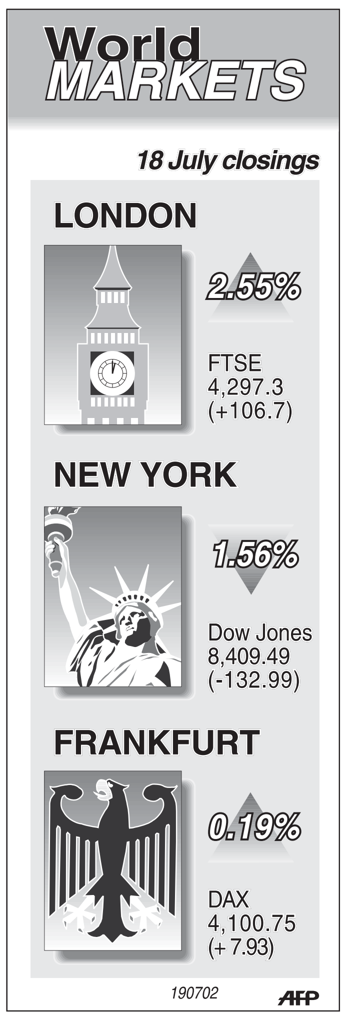

PHOTO: DCCI

Photo shows former president of the Dhaka Chamber of Commerce and Industry M Yunus (R-3 sitting) with the participants at the inauguration of a two-day training workshop on 'Management of Corporate Tax Accounting' held at the DCCI Business Institute in the city on Wednesday. DCCI-GTZ Project Manager Md Emdadul Haque (extreme R-sitting), Deputy Secretary (Training) and Course Co-ordinator Hasanur Rahman Chowdhury (extreme L-sitting), and Second Secretary (Taxes) of National Board of Revenue A H M Ahsan (R-2 sitting) were also present on the occasion.

HK consortium to buy Aussie CitiPower

AFP, *Sydney*

A consortium of Hong Kong-based infrastructure and energy companies announced late Friday it would buy Australian electricity group CitiPower for 1.56 billion dollars (865 million US).

The consortium, comprising Cheung Kong Infrastructure Holdings (CKI) and HongKong Electric Holdings (HKE), then plans to on-sell CitiPower's retail business to Australian-listed energy group Origin Energy for 137 million dollars.

It said the deal was expected to be completed by September 1, 2002.

It will give the consortium a strong presence in Melbourne, Australia's second largest city.

CKI and HKE already have a presence in Australia, owning Victorian electricity distributor Powercor and ETSA Utilities in South Australia.

Asian stocks lose ground on sharp Wall Street fall

AFP, *Tokyo*

Asian stock markets lost further ground Friday after sharp losses on Wall Street with disappointing US economic data adding to jitters on the American market.

A late selloff pushed US stocks sharply lower Thursday, with the Dow Jones industrials skidding 1.6 percent to 8,407.35 and the Nasdaq down 2.9 percent to 1,357.21.

Japanese share prices slumped 2.8 percent with the Tokyo Stock Exchange's Nikkei 225 index down 295.90 points at 10,202.36 and the Topix index of all first section issues 20.41 points weaker at 989.71.

HONG KONG: Hong Kong share prices closed 1.2 percent lower in thin trade, with continued weakness in key property and telecoms stocks as concerns surrounding US markets and corporate earnings continued to weigh on investor confidence.

The Hang Seng index closed down 127.09 points to close at 10,325.46.

SINGAPORE: Singapore share prices fell for the fifth straight day, closing 1.3 percent lower in line with the decline in US stocks.

The Straits Times Index (STI) dropped 19.72 points to 1,560.18, while the broader All-Singapore Equities index dipped 4.37 points to 421.55.

SEOUL: South Korean share prices closed down 2.5 percent following Wall Street's decline and despite good quarterly results from chipmaker Samsung Electronics.

The composite index fell 19.23 points to 754.62.

KUALA LUMPUR: Malaysian share prices closed one percent lower in thin trade on concerns over further weakness in US markets.

The Kuala Lumpur Stock Exchange composite index fell 7.39 points to finish at 726.48.

BOMBAY: Share prices fell 0.5 percent on the Bombay Stock Exchange in thin trade amid weak regional markets and after disappointing quarterly results from software blue chip Wipro.

The 30-share BSE sensitive index shed 15.47 points to close at 3,230.27.

BANGKOK: Thai share prices closed down 0.9 percent after investors discounted second quarter results of banks and financial stocks.

The Stock Exchange of Thailand (SET) index closed down 3.64 points at 394.27, while the blue chip SET 50 index was off 0.27 points at 25.26.

JAKARTA: Indonesian shares closed 0.7 percent lower in quiet trading on profit-taking in selectedblue chips amid declines in other regional markets.