

# Star BUSINESS

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## OPERATING PROFITS IN 2006

# Commercial banks post 26pc growth

REJAUL KARIM BYRON

Country's commercial banks--both nationalised and private sectors--posted a 26 percent growth in operating profits in 2006 compared to the growth the previous year.

The nationalised commercial banks (NCBs) and private commercial banks (PCBs) clocked 48 percent growth in the year 2005.

Despite a comparatively low growth in profit in the just concluded calendar year, according to the bankers, the profit in terms of volume reached nearly Tk 5000 crore mark.

Syed Naser Bakhtiar, managing director of Agrani Bank, said, "The two factors that mainly contributed to such a rise in operating profits, firstly, almost all the banks

improved their internal management following the Bangladesh Bank guidelines, and secondly, the overall business activities get a boost in the country."

Another top official of a private bank said as the GDP growth reached around 7 percent in FY 2005-06, the banking relating to export, import and investment also increased, resulting in a hefty growth rate in operating profits of the banks.

The central bank's tight monetary policy prompted the NCBs and PCBs to raise interest rate on loan and lower it on deposits, remarked another private bank top brass.

According to the banking sources, the 33 banks made a profit of Tk 4,852 crore in 2006. In 2005, the profit stood at Tk 3,851 crore. Four NCBs made a profit of Tk

1,135 crore and 29 PCBs Tk 3,717 crore in 2006, while the NCBs profited Tk 1,020 crore and PCBs Tk 2,831 crore in 2005.

Among the NCBs, profit of Sonali Bank went down by 17 percent while that of Rupali Bank lowered by 62 percent. On the other hand, Agrani Bank made a 60 percent growth and Janata Bank made a 26 percent growth in profits.

Sonali Bank made a profit of Tk 330 crore in 2006 against Tk 396 crore in 2005 while Janata Bank's profit was Tk 415 crore in 2006 against Tk 330 crore in 2005. Agrani Bank earned a Tk 360 crore profit against Tk 214 crore and Rupali Bank Tk 30 crore against Tk 80 crore.

Sonali Bank sources said due to huge default loan of Bangladesh

Petroleum Corporation (BPC), the bank did not go for petroleum import in favour of BPC, which resulted in a loss in operating profits of the bank.

On the other hand, Agrani Bank did the business of petroleum import, which helped the bank to register a growth in profits.

Among the PCBs, five banks made profit of over Tk 200 crore in terms of volume. The banks are Islami Bank, Prime Bank, Southeast Bank, Pubali Bank and National Bank.

In terms of growth rate performance, Brac Bank's profit upped by 76 percent, AB Bank's 69 percent, Al Arafah Islami Bank's 68 percent, National Bank's 66 percent and both Shahjalal Islami Bank's and Jamuna Bank's 60 percent.

## Asia Pharma Expo 2007 in Dhaka from Jan 11

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The 3rd Asia Pharma Expo 2007 will begin in Dhaka from January 11 to exhibit pharmaceutical products, technologies and services.

More than 400 companies from 25 countries will showcase their products at the show at the Bangladesh China Friendship Conference Centre, according to a press release.

Bangladesh Association of Pharmaceutical Industries (BAPI) and GPE Expo Pvt. Ltd. will jointly organise the exposition.

Esakayef Bangladesh Ltd. and Bexmico Pharmaceuticals Ltd. are sponsoring the event.

The organisers expect participation of more than 8,000 professionals from home and abroad in the show.

The participants will get an opportunity of holding meaningful business meetings with their South Asian Pharma Community, they said.

Ministry of Health and Family Welfare, Export Promotion Bureau, Indian Drug Manufacturers Association, Pharmaceutical Export Promotion Council of India and Engineering Export Promotion Council of India are supporting the show.

## General Pharma to enter Somalia market

General Pharmaceuticals Ltd (GPL), a local drug manufacturing company, will export its products to Somalia, says a press release.

An agreement to this effect was signed between the local company and Honqore Drugs Company Ltd of Somalia at a function in Dhaka recently.

Momenul Haq, managing director, and Ziad Rahman, manager (International Marketing) of GPL, and Abdul Qadir Abdullahi Ibrahim, sales manager of Honqore Drugs Company, signed the deal on behalf of their companies.

GPL also exports its pharmaceutical finished formulations to Myanmar, Hong Kong, Macau and Bhutan, the release added.

## Oil rebounds in Asian trade

AFP, Singapore

Oil prices rebounded in Asian trade Monday in reaction to last week's plunge that sent the market to its lowest levels since mid-2005, dealers said.

At 1:38 pm (0538 GMT), New York's main contract, light sweet crude for delivery in February, was up 33 cents to 56.64 dollars a barrel from 56.31 dollars in late US trade Friday.

New York's benchmark contract had hit 54.90 dollars earlier Friday, the lowest level since June 14, 2005.

Brent North Sea crude for February was at 56.01 dollars, up 37 cents.

"The steep drop in prices last week is likely to cause a short-term rebound in the market," said Victor Shum, senior principal at Purvin and Gertz Inc in Singapore.

He said the downturn was an over-reaction to the warm northern hemisphere winter.

Mild winter weather continues to be the market's focal point but with the possibility of cooler temperatures after mid-January boosting demand for heating fuel, Shum said.

"Winter is not yet over and the latest weather forecasts indicate that the weather may get colder in the middle of January," he said.

Crude prices have tumbled since the start of the New Year as the unseasonably warm weather has curbed demand for heating oil in the northeast United States, the world's most energy-hungry region.

The drop also came partly from investors pulling out of commodities like oil and metals and moving into other assets, said Shum.

"Market participants may be re-adjusting their positions in the markets since it is the beginning of the year."

Analysts said the drop in crude prices came amid a broader decline in commodities -- including copper, gold and grains -- that sparked speculation investment funds might be moving their money out of the market.

Geopolitical friction has receded as a driving factor in the market despite armed separatists threatening more attacks on oil facilities Sunday in Nigeria, Africa's largest oil producer.

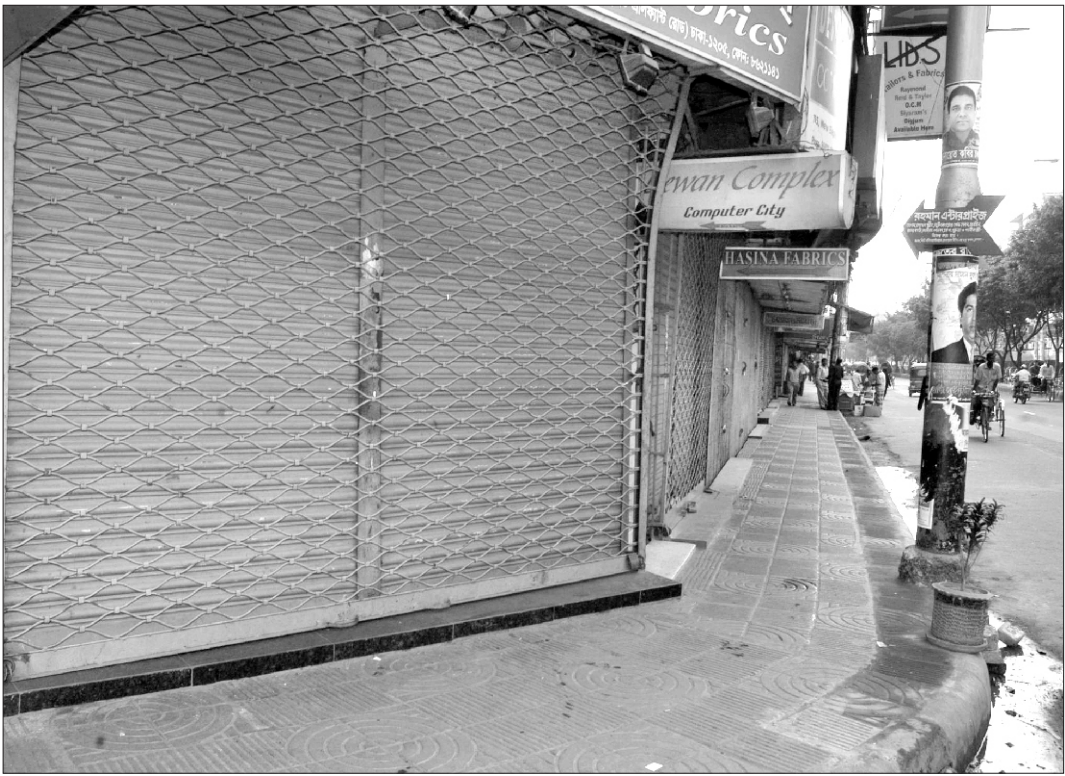


PHOTO: STAR

Shops on Elephant Road in Dhaka remain shuttered yesterday, the second day of the three-day countrywide blockade programme that has almost paralysed business activities across the country.

# Inflation down in Nov

STAR BUSINESS REPORT

The point-to-point inflation rate reached 6.37 percent in November, down by .94 percentage points from October in the current fiscal year.

Besides, the inflation rate of food items reduced 1.64 percentage point and non-food items decreased .11 percentage point, according to the Bangladesh Bureau of Statistics (BBS).

The overall inflation rate from July to October of the current fiscal year witnessed upward trend but in

November, the first month of the caretaker government, the rate reduced slightly.

Bangladesh Bank sources said in November inflation rate of food items decreased due to some monitoring measures taken by the caretaker government.

Banking sources said although the prices of some essentials increased in the month of November, the price of rice remained steady.

The central bank sources said the government directed the com-

mercial banks to offer financial assistance to small traders to break the monopoly of a section of traders who have are engaged in hoarding of essentials.

In November, the inflation rate of food items was 7.26 percent, decreasing from October's 9.00 percent. On the other hand, the rate of non-food items decreased slightly from 4.76 percent in October to 4.87 percent in November.

The central bank said the rate of inflation of non-food items increased due to political unrest.

# DSE bounces back

UNB, Dhaka

Share prices on Dhaka Stock Exchange (DSE) bounced back slightly yesterday as some advisers initiated a new move to resolve the persisting political crisis.

Monday was the second day of the 3-day countrywide blockade enforced by the Awami League-led grand alliance.

"It seems that the move of the advisers to resolve the crisis might have generated interest among investors to come to the market today," DSE Chief Executive Officer (CEO) Salahuddin Ahmed said.

He thanked some institutions

for their interest to buy shares from the falling market that ultimately gave boost to the small investors.

A total of 82 shares registered gain during the day's trading of 182 issues while 68 shares witnessed fall and 32 remained unchanged.

DSE All Share Price Index (DSI) advanced 2.35 points or 0.18 percent to close at 1291.37 as against 1289 points on Sunday.

The DSE General Index (DGEN) also went up 4.23 points or 0.26 percent on the day to close at 1579.20 compared to 1574.97 on the previous day.

DSE-20 Index (DS20) consid-

ered as the blue chip shares jumped 8.15 points or 0.59 percent to close at 1387.80 during the day against 1379.65 on Sunday.

Top ten gainers of the day were Mona Food, BD Zipper Ind, Northern Jute, Excelsior shoes, Al-Amin Chemicals, Lexco, Samata Leather, Karnaphuli Insurance, Maq Enterprises and Meghna Condensed Milk.

Top ten losers are Gulf Foods, Chic Tex Ltd, Fine Foods Limited, GQ Ball Pen, Apex Spinning, AB Bank, ICB AMCL 1st M.F, Beach Hatchery Ltd, Daffodil Computers Ltd and Legacy Footwear.

# EU sees cut in Russian oil supplies no immediate threat

AFP, Brussels

An interruption of Russian crude oil deliveries to Germany and Poland presents no risk to European supplies in the short term, the European Commission said on Monday.

"I would like to underline that there is no immediate risk of the interruption of the oil supply in the short term," the EU executive arm's spokesman on energy issues Ferran Tarradellas said.

He added that the commission was planning to hold a meeting in coming days of the oil supply group, a team of European experts, to consider any measures which may be required.

Tarradellas said that Germany had about 130 days of oil reserves and Poland had 70 days worth.

The disruption to the supply of

Russian oil, which has also affected Slovakia according to the Commission, is the result of problems over control of the flow of oil in the Druzhba pipeline which passes through Belarus.

The cut-off comes amid a row between Minsk and Moscow over Russian crude which transits through Belarus on its way to customers in the European Union.

Fifty million tonnes of crude pass through the Druzhba pipeline each year. Of that, 18 million tonnes are supplied to Poland and 22 million tonnes to the German refineries of Schwedt and Mider Spargau.

At the beginning of the year, Belarus slapped a transit tax on Russian crude which passes through the country in response to a Russian decision to impose export duties on crude oil that Belarus buys from Russia.

## Taiwan exports up 9.1pc in Dec

AFP, Taipei

Taiwan's exports in December rose 9.1 percent year-on-year to 19.58 billion US dollars, compared with an 8.2 percent increase to 19.54 billion dollars posted in November, the finance ministry said Monday.

Imports in December jumped 16.4 percent to 16.68 billion dollars, against a 7.9 percent rise to 17.12 billion dollars in the preceding month, giving a trade surplus of 2.90 billion dollars, up from 2.42 billion dollars.

For the full year, the trade surplus stood at 21.29 billion dollars, up 34.6 percent from 2005, after exports rose 12.9 percent to 224 billion dollars and imports increased 11 percent to 202.71 billion dollars.

In December, exports to Hong Kong and the Chinese mainland amounted to 7.90 billion, or 40.3 percent of Taiwan's total exports, while exports to the United States stood at 2.57 billion dollars or 13.1 percent, the ministry said.

## Vietnam eyes bigger footwear export this year

XINHUA, Hanoi

Vietnam has targeted to gain footwear export earnings of 3.9-4 billion US dollars this year, up from nearly 3.6 billion dollars in the year 2006, according to sources from the Vietnam Leather and Footwear Association (Lefaso) Monday.

To this end, the Lefaso is encouraging footwear producers in Vietnam to diversify products, and produce more sport and cloth shoes, and slippers.

Vietnamese footwear producers and exporters are also intensifying tapping traditional markets such as the European Union (EU) and the United States, and boosting export to new ones with big purchasing power like Japan, Indonesia, Malaysia, the Middle East, Africa, South Asia and Russia.

Vietnam has planned to reap footwear export revenue of 6.2-6.5 billion dollars in 2010.

## Ford vows new page in history at Detroit show

AFP, Detroit, Michigan

Ford, which invented the modern auto industry, used the 100th annual Detroit motor show to promise Sunday a new page in its long but troubled history.

Ford, which is eliminating 16 plants and 45,000 jobs, lost 7.0 billion dollars in the first nine months of last year and is at risk of being overtaken by Japan's Toyota as the second-selling auto brand in the United States.

But introducing an array of new production and concept vehicles, and a voice-activated communications system with Microsoft Corp., company chairman Bill Ford said this year would mark the group's recovery.

He noted that at the first Detroit show in 1907, his great grandfather Henry Ford revealed the plans for the Model T, the car that created mass production.

"As I look forward to 2007, I see the Ford Motor Company once again displaying our own resilience," Bill Ford said at the glitzy product event, which featured blue laser lights and deafening rock music.

"We've had some challenging times lately, but my optimism for Ford Motor Company is unwavering; 2006 was a difficult year for us, and 2007 will be a pivotal one," he said.

"I believe we've laid the foundation for a stronger Ford, beginning this year."

Bill Ford relinquished the chief executive's job in September, turning to Boeing's Alan Mulally to lead the recovery effort. He described his successor as a "product guy through and through" who was "attacking those elements that have held us back."

Mulally was introduced at his first auto show by music from British glam rock band T Rex, whose leader singer Marc Bolan was, ironically, killed in a car crash.

After giving a sales pitch for the latest version of Ford's Five Hundred sedan, Mulally promised "more striking designs" and said "we are accelerating the pace of new product introductions around the world."



PHOTO: GENERAL PHARMACEUTICALS

Senior officials of local General Pharmaceuticals Ltd and Honqore Drugs Company Ltd of Somalia pose for photographs at an agreement signing ceremony in Dhaka recently. Under the deal, the local company will export drugs to Somalia.

# Investors nervous as Thai business rules revised

AFP, Bangkok

Thailand's foreign business community waited nervously Monday as the government prepared to unveil new rules for investing in the kingdom, which could dramatically alter the way companies work here.

The military-installed government is due to consider Tuesday a revision to the Foreign Business Act, which is expected to redefine requirements for voting rights and shareholding structures of foreign companies that operate here.

Pramon Suthiwong, chairman of Thailand's Board of Trade business group, said he expected the law to limit foreign ownership in Thai companies to about 50 percent, while redefining voting rights for local subsidiaries.

"We proposed several options to the Commerce Ministry, but basically Thailand will give them a period of one to two years to adjust themselves to comply with the new law," Pramon told AFP.

The changes come with Thailand's stock market still in a slump after the deadly New Year's Eve bombings in Bangkok and new foreign currency requirements that sparked a crash last month.

Under a long-recognized practice in Thailand, thousands of foreign companies with operations here are nominally owned by Thais, but controlled by foreigners.

The practice fell under a harsh spotlight last year when former prime minister Thaksin Shinawatra's family sold telecom giant Shin Corp to a group of investors led by Singapore's state-linked investment firm Temasek Holdings.

Following a mandatory tender offer, the Temasek-led investors ended up with a 96-percent stake in Shin Corp worth some 3.8 billion dollars.

Public outrage over the deal -- which gave the Singapore firm key stakes in Thailand's biggest mobile operator, a television

station, and an airline -- eventually led to the military coup that ousted Thaksin in September.

Amid political pressure after the coup to find wrong-doing in the Shin Corp deal, the Commerce Ministry last year ruled that the takeover violated foreign ownership requirements.

Police have opened an investigation to the ministry's findings, which has cast doubt on the legality of the shareholding structure of thousands of local subsidiaries of foreign companies operating here.

Peter van Haren, chairman of the Joint Foreign Chamber of Commerce in Thailand, said the revised law would only add to the negative business sentiment that reigns in Thailand.

"It would create negative effects to confidence of foreign investors in Thailand," Van Haren told AFP.

"We oppose a change of the law that would affect a lot of (foreign) companies operating in Thailand," he said.



PHOTO: MUTUAL TRUST BANK

Chairman of Mutual Trust Bank Ltd Syed Manzur Elahi inaugurates the 25th branch of the bank at Phulbaria in Dhaka recently. Managing Director Mosharraf Hossain and senior officials of the bank, among others, are seen.



PHOTO: PUBALI BANK

Managing Director of Pubali Bank Ltd Helal Ahmed Chowdhury inaugurates the bank's 356th branch on Panthapath in Dhaka recently. General managers of the bank and manager of the branch, among others, are seen in the picture.