

International Business News

Australia's Santos suffers 65pc profit plunge

AFP, Sydney

Australian energy giant Santos on Thursday posted a 65 percent drop in profit in the first half of the year after falling oil and gas prices hit the company hard.

The company's underlying net profit -- which strips out currency movements, write-downs and other one-off items -- fell 64.7 percent in the six months to June to 101.9 million from a restated 283.4 million last year.

Santos chief executive David Knox said the company was eyeing Asia for growth in the future.

"Our focus remains on delivering the base business and targeting significant growth through our LNG (liquefied natural gas) projects and focussed opportunities in Asia," he said.

The company said a final investment decision on a much-touted LNG joint venture with Malaysia's Petronas Nasional Berhad in Australia's eastern Queensland state was still expected in the first half of 2010.

Santos' headline profit slid 66 percent to 101.7 million Australian dollars (83.6 million US) from 303.7 million a year ago, but underlying profit still managed to beat market expectations.

Analysts at major banking houses had predicted Santos' underlying profit would come in at just 62.7 million Australian dollars given the tough market conditions.

Santos restated its annual output target of 53 million-56 million barrels of oil equivalent.

Germany presses GM to pick Magna for Opel: Negotiator

AFP, Berlin

Germany has upped the pressure on General Motors to accept Magna's bid for the US auto giant's European unit Opel, the head of Berlin's "Opel Task Force" was quoted as saying on Thursday.

Germany has offered to make Opel a 4.5-billion-euro (6.4-billion-dollar) loan without waiting for other European countries where Opel has factories to come on board, Jochen Homann told the Frankfurter Allgemeine (FAZ) daily.

"We have offered GM for us to cover the whole sum," Homann, a state secretary in the economy ministry, told the paper, adding that he had put the offer in a letter to GM negotiator John Smith.

Germany is willing to go it alone because around half of GM's 50,000 workers in Europe are employed in the country, but Britain, Spain, Poland and Belgium will still be expected to stump up cash at a later stage, the FAZ said.

The loan is not cheap, however -- it carries a 10.5-percent interest rate, the paper noted. Germany has already provided 1.5 billion euros in short-term loans to enable Opel to cover its day-to-day operating costs.

German Economy Minister Karl-Theodor zu Guttenberg said on Wednesday that he expected GM's board to make a "decision in principle" on Opel late on Thursday or Friday.



MD and CEO of Mercedes-Benz India Wilfried G Aulbur (L) poses with newly launched Mercedes-Benz's 'Special Edition C-class' and Indian Golfer Gaganjeet Singh Bhullar (R) after presenting him the keys of the car in New Delhi yesterday. Only 60 units of this exclusive car are created upon the C200 Kompressor available at price of Rs 28.6 lakh (\$58769) and on C220 CDI available at price of Rs. 31.3 lakhs (\$64317).

Japan recovery prospects uncertain: BoJ board member

AFP, Tokyo

Japan's economic recovery may lose steam later this year if exports and production slow because of weak overseas demand, a senior central banker said Thursday.

"It remains highly uncertain whether the economic upturn will continue," said Atsushi Mizuno, a member of the Bank of Japan's monetary policy board.

The job market was still weak and big companies were pressing ahead with cost cuts, he said in a speech in the western Japan prefecture of Okayama.

"There also are risks the recovery momentum in production and exports will slow from the autumn onwards, reflecting the weak US and European recovery," he said.

Official data on Monday showed Japan's economy, the second largest in the world, grew for the first time in five quarters, lifting hopes that a fledgling global recovery is taking hold thanks to governments' pump-priming efforts.

Tesco grows banking service with 800 new jobs

AFP, London

Britain's biggest retailer Tesco said Thursday its personal finance unit would open a customer centre in Scotland, creating 800 jobs and bringing the group nearer to providing full banking services.

Tesco Personal Finance (TFP), which provides credit cards, small loans and insurance policies, will open a new centre in Glasgow during the first half of 2010, Tesco said in a statement.

Britain's biggest supermarket and third largest in the world said the centre would be built with the help of a Scottish government grant worth five million pounds (5.8 million euros, 8.3 million dollars).

"This is a strong vote of confidence in Scotland's financial services industry from one of the UK's leading companies," Britain's finance minister Alistair Darling was quoted as saying in the joint statement.

EUROPEAN BANKING

Lukewarm response to UBS deal

AFP, Zurich

A deal to settle Swiss bank UBS's bruising US lawsuit met with a lukewarm reaction from experts on Thursday, while the Swiss government decided to sell the stake it took in the troubled bank last year.

"A sword of Damocles is still floating over UBS," analysts at Zurcherkantonalbank (ZKB) cautioned.

On Wednesday the bank and the Swiss government signed complex agreements with US authorities that should allow UBS to escape charges of assisting tax evasion in the United States without a fine or compensation payment.

The Swiss agreed to process a US request for information on 4,450 UBS clients who are suspected of tax fraud, in return for the eventual end to a US lawsuit against the bank.

"Some important points still need to be cleared up," said Andreas Venditti of ZKB.

After a hesitant start, UBS's share price rose by 3.2 percent to 17.28 Swiss francs by 1116 GMT, outpacing the general rise in the Swiss Market Index of 1.1 percent.

"The evolution is still volatile because of speculation over the state's holding," a Zurich trader said.

The US deal was "good news for UBS, but operators are waiting to see at what price the state's stake will be offered," he added.

Analysts at Helvea said it was unclear if UBS might face further criminal proceedings in the longer term and avoid a penalty or other litigation relating to tax fraud cases.

"It is not really a clean ending," commented Peter Thorne of Helvea. "It could all be a messy process."

The US deal was "good news for UBS, but operators are waiting to see at what price the state's stake will be offered," he added.

Analysts at Vontobel bank welcomed that step, saying it allowed UBS greater flexibility as it sought to rebuild.

Loss-making UBS was one of the hardest hit as credit markets froze and stock markets slumped last year in the wake of the collapse of US bank Merrill Lynch.



People enter the building of the Swiss bank UBS in Midtown Manhattan in New York City on Wednesday. UBS will release over 4,000 names of American account holders as part of tax-evasion settlement and investigation by American authorities.

The Swiss government also announced overnight that it would convert the nine percent or six billion Swiss franc holding it took last October under a rescue plan to prop up the country's banking flagship in the financial crisis.

The resulting 322.2 million shares will be sold to institutional investors, the Federal Council said in a statement.

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"The disengagement is a positive signal that shows the confidence of the Swiss government," said Vontobel's Stefan Schuermann.

executive management of UBS would like to thank the Swiss Confederation, the Swiss National Bank and (financial regulator) FINMA for their prudent and resolute course of action from October 2008 to this day," UBS Chairman Kaspar Villiger said in a statement.

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"The disengagement is a positive signal that shows the confidence of the Swiss government," said Vontobel's Stefan Schuermann.

Bern's move came a few hours after it announced the out-of-court and diplomatic settlements on Wednesday with US authorities.

But the overall reaction in Swiss media was lukewarm.

The Neue Zürcher Zeitung (NZZ) said the agreement appeared "at first sight to be to Switzerland's advantage."

But it remarked that the deal between Bern and Washington would make many UBS clients nervous and turn themselves in to US authorities of their own accord.

Le Temps said it represented "an American victory."

In a lawsuit earlier this year, US

authorities had accused the Swiss bank of "systematically and deliberately" violating American laws by promoting offshore accounts for American citizens, targeting up to 52,000 US clients.

The legal wrangling in the United States, which followed a 780 million dollar (587 million euros) fine on UBS in a similar tax-related case in February, has weighed on the bank.

UBS reported a net loss of 1.4 billion Swiss francs (916 million euros, 1.32 billion dollars) for the second quarter of 2009 and has been struggling to keep customers onboard.

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Bollywood looks to call the tune on music downloads

AFP, Mumbai

Abhishek Choudhary is a typical college student. Like millions of other teenagers, whenever he wants to listen to the latest Bollywood tune, he logs on to his computer and downloads it for free.

The illegally-obtained tracks are then transferred onto his mobile phone and shared with friends using Bluetooth technology, providing a beat to their daily lives.

"It's easy and freely available. That's the best part of the Internet. I can get any kind of Bollywood music through different websites at any time," said 19-year-old Abhishek, who asked for his real name not to be used.

But his days of downloading and easy exchanging could be numbered, as the Indian government looks to get tough on the intellectual property pirates.

A new law is winding its way through parliament, recommending up to two years in jail for anyone caught bootlegging music CDs.

And earlier this year, four major Bollywood studios teamed up with a private security firm in Mumbai to take on the DVD counterfeits who cost the film industry an estimated 15 billion rupees (300 million dollars) every year.

Like elsewhere in the world, the arrival of the MP3 format, increasing take-up of the Internet and portable music devices like iPods have changed the way people buy and enjoy music in India.

In 2008, the Indian music industry was worth some 7.3 billion rupees, down from 8.3 billion rupees three years earlier, according to a KPMG report for the Federation of Indian Chambers of Commerce and Industry.

Revenues could fall up to nine percent by 2013 as consumers switch from buying music CDs and audio cassettes to digital formats, prices drop to stay competitive, and unauthorised copying of tunes continues, it added.

Bollywood, India's popular Hindi-language film industry, drives the country's music scene, with the most popular songs

mainly coming from the hundreds of movies that come out each year.

Now, as corporate investment from home and abroad transforms film-making, production and marketing from an informal family affair into a multi-national business, the industry is looking to modernise every revenue stream.

The first step has been taken by India's largest music company, T-Series, which is to offer music from the upcoming film "Blue" on portable USB memory sticks and mobile phone cards.

Music for the film, starring a host of big name Bollywood stars and a cameo role from Australian singer Kylie Minogue, has been composed by A.R. Rahman, who won two Oscars for his work on "Slumdog Millionaire" earlier this year.

The idea is to make clients out of youngsters like Abhishek, rather than criminalise them, said T-Series' managing director Bhushan Kumar.

"The trend in music is strongly favouring digital platforms," he told reporters recently.

"We will be aggressively looking at mobile memory chips through which people can carry music on their phones and will be looking at pen drives which people can carry with them and use in laptop as well as car audio systems."

Another music company, Saregama, aims to follow suit.

India is one of the fastest-growing telecoms markets in the world.

The number of mobile phone subscribers crossed the 400 million mark in April, with the country on track to have half a billion customers by next year, according to official data released in June.

Kumar said the formal sale of Bollywood tunes for mobile phones was a "revolutionary step which may change music consumption in India to a great degree."

Abhishek said he would use the technology "as long as it's cheap and affordable" -- a key test as to whether it takes off among India's tech-savvy, urban youth.



This file photograph taken on September 15, 2008, shows senior manager of Apple Asia-Pacific EYeo speaking during the launch of the new "iPod Nano" portable music player in Mumbai. Millions of teenagers, whenever they want to listen to the latest Bollywood tune, they log on to their computers and download it for free.

Powerful women in business

World's most powerful women

Top 10

1	Angela Merkel
2	Sheila Blair
3	Indra Nooyi
4	Cynthia Carroll
5	Ho Ching
6	Irene Rosenfield
7	Ellen Kullman
8	Angela Braly
9	Anne Lauvergeon
10	Lynn Elsenhans

Forbes magazine's ranking is based on visibility by press mentions and the size of the organisation or country these women lead



Source: Forbes

STAR BUSINESS DESK

Women are making waves in business, politics and nonprofits around the world. Their influence is growing, according to a Forbes report released yesterday.

Forbes' Power Women list is not about celebrity or popularity; it is about influence.

In assembling the list, the magazine looked for women who run countries, big companies or influential nonprofits. Their rankings are a combination of two scores: visibility -- by press mentions -- and the size of the organisation or country these women lead.

At No. 1, for the fourth consecutive year, is German Chancellor Angela Merkel. Up for reelection this September, she is leader of the world's fourth-largest economy. She faces a tough year: Germany's GDP is expected to shrink this year despite a small uptick in the second quarter.

Federal Deposit Insurance Corp Chairman Sheila Bair, who remains in the No. 2 spot, has presided over the orderly takeover of 77 banks so far this year. In fighting for more power for her agency, she has butted heads with Fed Chairman Ben Bernanke and US Treasury Secretary Timothy Geithner.

Chief Executives Indra Nooyi of PepsiCo (No. 3), Cynthia Carroll of Anglo American (No. 4) and Irene Rosenfeld of Kraft Foods (No. 6) rank among the world's most powerful businesswomen and are tasked with steering their companies through unusually challenging times.

Singapore's sovereign wealth fund, Temasek, has delivered extraordinary average annual returns of 18 percent under the leadership of Ho Ching (No. 5). She is currently seeking a successor.

This year's list includes several notable newcomers -- from the US and abroad. The recently approved Supreme Court Justice Sonia Sotomayor debuts at No. 54. She will be the third woman and the first Hispanic in the top court. First lady Michelle Obama, a champion for working women and the families of the US military, appears at No. 40.

Among the female US Cabinet secretaries, Homeland Security Secretary Janet Napolitano and Health and Human Services Secretary Kathleen Sebelius rank at No. 51 and No. 56, respectively. Meanwhile, SEC Chair Mary Schapiro (No. 55) is in the midst of a maelstrom, as Congress weighs new regulations of the financial services industry.

Details taken from Forbes