

Selling spree leaves stocks flat

STAR BUSINESS REPORT

Share prices on the Dhaka Stock Exchange ended flat yesterday thanks to investors' selling spree to pocket gains.

The benchmark general index of the Dhaka Stock Exchange, DSEX, closed the day at 3,983.46 points, after surging 4.11 points or 0.10 percent.

The market will remain closed today due to a government holiday.

Last three sessions' cumulative gains of 145.82 points were enough to book profit in the day's session, IDLC Investments said in its daily market analysis.

"Earlier, positioning in sound scrips dragged investors' sentiments to realise gains ahead of further fears of political turmoil."

"A poor trend in activity was due to investors' watchful tendency over future directions of capital market and imminent political developments," it said.

Strong export performance in the recent months with swelling foreign exchange reserve is adding to the tailwind for the market to grow in the coming months, LankaBangla Securities said in its analysis.

Political calamity is working as the only headwind for the market, the stockbroker said.

Four textile companies gained by more than 5 percent as garment exports jumped 26 percent year-on-year in July.

Turnover advanced 8.67 percent to Tk 351 crore, compared to the previous day.

A total of 0.91 lakh trades were executed with 8.05 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 278 issues that traded on the DSE floor, 140 advanced, 110 declined and 28 remained unchanged.

Amid the major sectors, non-bank financial institutions gained 3.62 percent, life insurance 1.48 percent and tannery 1.29 percent.

However, cement lost 0.79 percent, banks 0.48 percent and general insurance 0.45 percent.

United Airways featured in the most traded stocks chart with 1.21 crore shares worth Tk 25.66 crore changing hands.

Central Pharmaceuticals was the biggest gainer of the day, as it posted 284 percent gain, while EBL First Mutual Fund was the worst loser, plunging by 7.95 percent.

Stock tax receipts reach 10-month high on buoyant trade

STAR BUSINESS REPORT

The government received Tk 15.30 crore in tax from stock trading in July, the highest in the last 10 months.

The revenue earnings were also 15.64 percent higher than the previous month's Tk 13.23 crore, according to data from Dhaka Stock Exchange.

The last highest amount of tax from the premier bourse was Tk 18.76 crore in September last year.

Transactions in the market were on the rise during the last couple of months with a recovering tone from the prolonged downward trend in share prices since the market debacle two and a half years ago.

The daily average turnover in July was Tk 695.66 crore, which was Tk 661.83 crore in June, and the figure was far below in the previous months.

As tax collection is related to trading volume and value, more trading of stocks generates more tax for the government, DSE officials said.

The DSE, on behalf of the government, collects the tax as brokerage commission at 0.05 percent and deposits the amount to the state coffers.

The market was witnessing an upward trend for a second month in July with the daily average trading value increasing by over five percent, said a DSE official.

As the brokerage commission is related to the turnover, the tax collection marked a rise following the increased turnover in July, the official added.

The government, however, earned lower tax from sales of sponsor and placement shares in July than the last month.

It bagged Tk 3.14 crore in tax from share sales by sponsor shareholders last month, down from Tk 3.19 crore a month ago.

From January to June this year, the government earned Tk 52.18 crore in tax through brokerage commission and Tk 12.84 crore in tax from share sales by sponsor shareholders and placement holders.

China drug costs: the human price

BBC NEWS, Beijing

At her home on the outskirts of Beijing, Yang Hongxia is busy preparing dinner. She makes noodles as her mother-in-law watches on.

For Hongxia, 39, life is pretty tough. Her husband, Zhang Yansheng, 41, is in the room next door watching TV. He is suffering from a brain tumour and cannot walk or talk.

Like more than 95 percent of the population he has some form of government health insurance. But the schemes do not cover all the costs.

His wife works as a bus conductor. But she spends her entire salary, around \$600 (£388), on paying for her husband's medication.

The family only survives with hand-outs from relatives.

"When my husband fell sick he was a young man," said Hongxia. "We didn't have a lot of savings. It's a huge burden for us."

As Beijing expands provisions for healthcare, government spending is soaring. It was estimated at \$385bn (£249bn) in 2011.

It is expected to more than double by the end of the decade, according to a report by the consultancy firm, McKinsey.

The government has made clear that reform is required to rein in costs. It is starting with the drugs industry - investigating possible price-fixing in up to 60 foreign and Chinese companies.



For Zhang Yansheng and his wife Yang Hongxia, medical costs consume an entire salary.

Last month a detained executive from the British firm GlaxoSmithKline confessed on state TV that his company paid bribes.

The firm has said it appears some of its local staff acted outside the company's "processes".

Five employees working for other foreign drugs firms have confirmed to the BBC that corruption is a problem.

One of the salesmen said his company paid about \$1,000 (£647) to get its product

back on the shelves at one hospital.

"I don't deny [giving money to doctors] happens in foreign companies," the sales representative said.

"It is rare though and only very few people get it," he added.

In a system overwhelmed by patients, corruption is an open secret.

We filmed touts illegally selling appointments outside a Beijing hospital. They are so well established they even

have business cards.

One tout told us if we paid him \$50 (£32) he would get us appointment that afternoon. Otherwise you would have to wait for weeks.

Families here spend a huge chunk of their savings when they get sick. By tackling corruption the authorities hope to make healthcare cheaper.

In doing so, Beijing hopes to boost domestic consumption.

"We've had the gold rush here and now the current economic model is unsustainable," says James McGregor, a business analyst.

"In order to build a consumption-driven economy, consumers need to be confident in the future, the government and their healthcare.

"And that may be why the government is going after all these pharmaceutical companies, because they've got to build confidence among the people.

"You can't order people to take money out of their pocket and spend it - you've got to lure them to do it because they're happy with the way things are."

Back at her home, Yang Hongxia and her family are finishing up dinner.

For Hongxia any thoughts about holidays or new furniture remain a distant dream.

Every penny she has goes on paying for her husband's medical bills. Until drugs get cheaper, the best they can hope for is to just scrape by.

Windows 8.1 set for Oct 18 release: Microsoft

AFP, San Francisco

A tweaked version of Microsoft's Windows operating system which restores the "Start" button missed by users and updates other features will be available on October 18, the company said Wednesday.

Windows 8.1 will be offered as a free download to those already using Windows 8, and comes in response to a lukewarm reception to the operating system introduced last year aimed at serving both mobile devices and PCs.

A full retail version of Windows 8.1 will also be available on the same date.

"I know a lot of folks are eager to find out when they will be able to get Windows 8.1," said a blog posting from Microsoft's Brandon LeBlanc.

LeBlanc said it would roll out worldwide starting in New Zealand just after midnight.

"Windows 8.1 brings many improvements in areas like personalization, Internet Explorer 11, search which is powered by Bing, built-in apps including a few new ones, an improved Windows Store experience, and cloud connectivity with SkyDrive (and much more) that people will enjoy," LeBlanc said.

A public preview of Windows 8.1 was made available June 26.

Two Koreas agree on reopening industrial park

AFP, Seoul

North and South Korea agreed Wednesday to work on reopening a joint industrial zone shut down in April amid soaring military tensions -- and vowed to prevent its closure being repeated.

But they failed to set a precise date for the resumption of operations at the shuttered complex in Kaesong, and the South Korean side sounded a note of caution after the deal was announced.

"This agreement is not an end but only a beginning," its chief negotiator Kim Ki-Woong told reporters.

"What's more important is how both Koreas can implement the agreement ... we can't say for sure when (Kaesong) will actually reopen," Kim added.

Nevertheless, the agreement marked a tangible breakthrough after six previous rounds of talks had ended in mutual recrimination.

It may also help ease tensions before the launch of joint South Korea-US military exercises on

Monday which the North has warned could bring the divided peninsula "to the brink of war".

"This is a good sign and it will help the two sides solve other pending issues," said Kim Yong-Hyun, a North Korean expert at Dongguk University in Seoul.

South Korean President Park Geun-Hye said she hoped the agreement would "set the stage for a fresh start in relations".

The five-point deal committed both sides to "active efforts" to resume normal operations in Kaesong after inspecting the 123 shuttered South Korean factories housed in the complex.

A joint committee will be set up to oversee the process and discuss compensation for any economic losses suffered.

Established in 2004 as a rare symbol of inter-Korean cooperation, Kaesong was a major hard-currency earner for the North, bringing it \$80 million a year. Pyongyang's decision to shut it down took many observers by surprise.

The project had managed to ride out previous North-South crises without serious disruption, but it eventually fell victim to an extended period of heightened tension following the North's third nuclear test in February.

Pyongyang initially barred access to the park, which lies 10 kilometers (six miles) inside the North Korean border, and then withdrew its 53,000-strong workforce from the South's factories.

The six previous rounds of talks had foundered on the South's insistence that North Korea provide a binding guarantee that it would not close the complex again.

Wednesday's agreement suggested a compromise had been reached where the North accepted the worker pullout had closed Kaesong, but both sides jointly promised to ensure it remained open in the future.

"The South and the North will prevent the current suspension of the Kaesong industrial complex caused by the workers' withdrawal from being repeated again," it said.

It also included a pledge to promote foreign investment in Kaesong -- a key South Korean demand.

The North had proposed the seventh round of talks last week, just hours after Seoul announced it was going to start compensation payments totalling \$250 million to the businesses impacted by Kaesong's closure.

The payout move was widely seen as the first step towards a permanent withdrawal from the zone. Wednesday's accord was immediately welcomed by the South Korean company owners, who had complained that both Seoul and Pyongyang were using their livelihoods as a political football.

"We will do our best to help the Kaesong industrial park boost its international competitiveness and become a globally viable place for investment," the association said in a statement.

Monday's annual South Korea-US drill, dubbed "Ulchi Freedom Guardian", involves about 50,000 South Korean and 30,000 US troops practising a North Korean invasion scenario.

Grounded Kingfisher Airlines posts further \$189m loss

REUTERS, New Delhi

Cash-strapped carrier Kingfisher Airlines, which has been grounded for nearly 10 months, reported yet another quarterly loss on Wednesday, with no income from operations and creditors seeking to sell off assets.

Kingfisher, once India's second-biggest carrier, owes more than \$1 billion to a consortium of mostly state-run banks and hundreds of millions of dollars more to airports and tax authorities and others.

After its flying licences expired last year, Kingfisher, controlled by prominent industrialist Vijay Mallya, has twice submitted revival plans to the regulator in bids to restart operations, but the authorities are yet to be convinced.

Last week lenders took possession of a key real estate company in Mumbai, but the property is estimated to be worth only about \$15 million and auctioning it will not be easy due to pending legal issues.

The banks, which have so far recovered about \$90 million of the loans do not expect to recover much by selling shares and property pledged against loans taken by Kingfisher, the head of top lender State Bank of India said in February.

Kingfisher reiterated on Wednesday that it was in talks with prospective investors and was exploring various options to recapitalise and resume operations. It will also ask lenders at an appropriate time for a debt restructuring, Kingfisher said in a filing to the stock exchange.

A fully-funded turnaround of Kingfisher would cost at least \$1 billion, consultancy Centre for Asia Pacific Aviation has estimated.

Kingfisher, which had never posted a profit in its eight years of operation, reported a net loss of 11.57 billion rupees for the three months to June, compared with a net loss of 6.51 billion rupees a year earlier, but lower than a record 21.42 billion rupees loss for the March quarter.

Shares in Kingfisher have lost nearly three quarters of their value this year and currently have a market capitalisation of just over \$50 million.

India's Tata Steel Q1 profit nearly doubles

AFP, Mumbai

India's Tata Steel, one of the world's biggest steelmakers, Tuesday said its quarterly net profit nearly doubled from a year ago due to lower costs and a "robust" performance in local and European markets.

Tata Steel, part of the steel-to-steel Tata Group, reported consolidated net profit of 11.39 billion rupees (\$186 million) for the financial first-quarter to the end of June, up from 5.97 billion rupees in the same period a year earlier.

The profit was nearly four times financial market projections of three billion rupees.

But sales edged down nearly three percent to 325.5 billion rupees, the company said in a statement.

Tata Steel, which bought Anglo-Dutch steel giant Corus for \$13.7 billion in 2007, has been struggling to improve its European unit's performance in the face of the eurozone debt crisis.

"The Indian operations recorded a robust performance despite softer markets, weakening economic conditions and a seasonally weak quarter," said the firm.

Operations in Europe also improved due to "upgrades" at key production facilities in Port Talbot in Britain and Tata Steel's IJmuiden works in the Netherlands, the company statement said.

Europe accounts for about two-thirds of sales and production for the steelmaker, which has an annual capacity of 28 million tonnes.

Performance was also helped by a hefty one-time tax gain.

In May, Tata Steel had announced a \$1.6 billion asset writedown due to weak demand in Europe.

The company has operations in India, Europe and Southeast Asia.

Sony retained in DoCoMo model lineup

REUTERS, Tokyo

NTT DoCoMo Inc, Japan's largest mobile operator, will select Sony Corp, Sharp Corp and Fujitsu Ltd smartphone models for its main winter product lineup, sources familiar with the situation said.

Samsung Electronics Co, which along with Sony supplied one of the two models for the main summer lineup, will be excluded as it lacks a new flagship model for this winter season, and after its Galaxy S4 fell short of DoCoMo's summer target despite strong sales for Sony's Xperia A, the sources said.

The move could be a major boon for Sharp, Japan's largest display maker and an Apple Inc supplier that was bailed out by its banks last year and is expected to issue new shares this year to shore up its weakened finances.

Representatives for DoCoMo, Sony, Sharp and Fujitsu declined to comment. No comment was immediately available from Samsung Electronics.

Foreign firms scapegoats in China probes

FROM PAGE B4

But he questioned whether the six formula firms fined by the National Development and Reform Commission (NDRC) had the capacity to manipulate a diverse and competitive market.

The NDRC stretched the interpretation of competition law to set an example and "cater to popular sentiment", he wrote in an opinion piece in the South China Morning Post.

My own calculation indicates it to be a marginal case at best," he said.

Chinese authorities staunchly deny accusations of bias, with the commerce ministry insisting Beijing is not specifically targeting foreign firms. Such a view was "absolutely ungrounded", it said in a statement.

But analysts said it is unlikely domestic pharmaceutical and food manufacturing firms will face the kind of regulatory challenges imposed on their foreign competitors any time soon.

Smartphones now a majority of mobile sales

AFP, San Francisco

The survey found Samsung remained the leading vendor of smartphones and all mobile phones, and that the Google Android system solidified its position with a 79 percent share of smartphones sold.

Gartner said Windows Phone, the mobile operating system from Microsoft, moved into third place with a 3.3 percent share, ahead of troubled BlackBerry, whose share slid to 2.7 percent.

"While Microsoft has managed to increase share and volume in the quarter, Microsoft should continue

to focus on growing interest from app developers to help grow its appeal among users," said Anshul Gupta, a Gartner analyst.

Apple's iOS, the operating system for the iPhone, remained second with a 14.2 percent share, down from 18.8 percent a year earlier.

Gartner said Apple's average prices dropped because many of its phones sold were older, discounted models of the iPhone. This "demonstrates the need for a new flagship model," Gupta said, but added that "it is risky for Apple to introduce a

new lower-priced model too."

Gartner's data showed Samsung sold 71.3 million smartphones in the quarter, representing a market share of 31.7 percent. Apple was second with 31.9 million, followed by South Korea's LG, with 11.4 million and a share of 5.1 percent, and China's Lenovo and ZTE.

Samsung was also the top seller of all mobile phones, with a total of 107 million in the period, or 24.7 percent. Finland-based Nokia was second with a market share of 14 percent and 60.9 million phones sold, Gartner said.