

Yuan soon to enter IMF's currency basket

STAR BUSINESS DESK

China's yuan may become the fifth currency in the IMF's Special Drawing Rights (SDRs) basket by October 2016, the ICCB said in the editorial of its news bulletin yesterday.

SDR, which was created about 50 years ago largely as a substitute for disappearing gold reserves, plays an important role in the global financial system.

The inclusion of the yuan in IMF's SDR would also make the yuan an official reserve currency, obliging all governments to carry it, according to the International Chamber of Commerce Bangladesh.

The Asian countries will greatly benefit from the inclusion of yuan in the SDR basket because it will allow international trade with the currency without necessitating a conversion to the dollar, the pound, the euro or the yen, the four current members of the basket.

In March, IMF Managing Director Christine Lagarde said the inclusion of the yuan in the SDR basket is "not a

matter of if, but when."

The IMF reviews the SDR basket every five years, but recently extended the evaluation time by nine months to September 30, 2016, deferring the widely-anticipated addition of the yuan to its benchmark currency basket.

Two criteria determine whether a currency can be part of the SDR. Its issuing country must be a major exporter, and the currency must be freely usable. The first condition is universally accepted in case of China.

Over the past five years, its exports averaged 11 percent of the global total. China is behind the European Union and the US but well ahead of Japan and the UK.

However, across a range of indicators, the Chinese currency is now exhibiting a significant degree of international use and trading. At the same time, the four freely usable currencies (already in the SDR) generally rank ahead of the yuan, according to the IMF report.

The report calls on China to

increase foreign access to its onshore stock and bond markets, especially government bonds.

Technically SDR constitutes an international reserve asset that helps maintain balance between countries with big external liabilities and those flush with cash.

In practice, they are more marginal, as countries largely rely on capital markets and hard currencies to cover their obligations.

Presently, the yuan is the fifth most used currency in global payments and close to 25 percent of China's trade is now settled in the Chinese currency, compared to less than 5 percent in 2011.

China devalued the yuan twice in August, every time by 1.9 percent, against the dollar.

Analysts largely interpreted the devaluation as a sign of Beijing's keenness to make its exports more competitive in the face of a slowing economy, the ICCB said.

Currently the dollar and the euro presently account for almost 80 percent of the SDR basket.

VW pushed into loss by emissions scandal

BBC NEWS

Volkswagen has been pushed into loss by the mounting cost of its emissions scandal.

VW admitted installing software to cheat emissions tests in 11 million of its diesel cars worldwide in September.

The first set of accounts since then show it put aside €6.7 billion (\$7.4 billion), leaving VW with a €2.52 billion pre-tax loss for the third quarter of the year.

Despite the scandal the company still expects sales to grow this year.

VW said it expected profits for the full year to be "down significantly".

VW says the legal costs of the scandal "cannot be estimated at the current time". But it added: "Considerable financial charges may be incurred as the legal risks crystallise."

In the three months to the end of September, vehicle sales fell 3.7 percent and production fell 11.6 percent compared with the same period last year. However, VW said that it was still forecasting a rise of up to 4 percent in sales revenue for the whole of the year.

Matthias Mueller, VW's chief executive and chairman of the board of Management, said: "The figures show the core strength of the Volkswagen Group on the one hand, while on the other the initial impact of the current situation is becoming clear. We will do everything in our power to win back the trust we have lost."

Meanwhile the group has started retrenching and announced earlier this month it would reduce its research and development budget. In the last three months it has reduced R&D by more than €1 billion.



Mofizur Rahman, managing director of Novoair, and Sohail Majid, head of marketing and sales, attend a press meet to announce the launch of the airline's international operations, with flights to Myanmar in December, at the Pan Pacific Sonargaon hotel in Dhaka yesterday.

Novoair begins international flights in December

STAR BUSINESS DESK

Novoair, a leading local airline, will launch its international operations with flights to Yangon, Myanmar on December 1.

Novoair will fly on the Dhaka-Yangon-Dhaka route on Sundays, Tuesdays and Fridays with the tickets starting at Tk 25,220, including taxes, Mofizur Rahman, managing director of Novoair, said at a press meet at the Pan Pacific Sonargaon hotel in Dhaka yesterday.

Novoair is also offering a travel package to Yangon, of two nights and three days,

including visa processing and hotel booking charges, at Tk 32,300 per person on a twin-share basis, the airline said in a statement.

Tourists can visit the magnificent Shwedagon Pagoda, the largest reclining Buddha, Royal Kandougyi Lake, Lnya Lake, and the Bogok market, according to the statement.

Novoair currently connects Dhaka, Chittagong, Cox's Bazar, Sylhet and Jessore. It will soon launch services for Saiadpur, Rajshahi and Barisal as well as add more international destinations.

Bangladesh slips in WB rankings

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And if the factories do manage to get the connection, the quality of supply of electricity and gas tends to be poor, he said. "The supply of electricity would be irregular and the pressure of gas low."

In such a situation, the government went ahead and raised the prices of gas and power, Khaled said.

Currently, the amount of idle money in the banking system is huge, as the investors have limited scope for either expansion or fresh investment due to the higher cost of doing business, Khaled added.

Bangladesh ranks one of the lowest (185) in registering property. It requires eight procedures, 244 days and costs 7 percent of the property value for registration.

On the South Asia level, the study found that six of the eight economies have implemented nine reforms in the past year, compared with six reforms in four economies the previous year.

India, the region's largest economy,

which has a global ranking of 130, implemented two reforms last year.

For example, India eliminated the requirements for a minimum paid-in capital and a certificate to commence business operations, and in so doing, it significantly streamlined the process of starting a business.

With the exception of Maldives, all economies in the South Asia region have now eliminated the minimum capital requirement, significantly reducing the costs of setting up businesses, the report said.

Bhutan and Sri Lanka also implemented two reforms each in the past year, while Afghanistan, Bangladesh and Maldives undertook one reform each.

The highest number of reforms came for starting business, paying taxes and getting electricity.

The report found that no reforms were recorded in areas of trading across borders, protecting minority investors, enforcing contracts and resolving insolvency.



Atiur Rahman, governor of Bangladesh Bank, hands over a blanket to Md Sadek Ali, a resident of a former enclave, to inaugurate the South Bangla Agriculture And Commerce Bank's blanket donation programme on October 14.

Telenor's earnings beat estimates

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Grameenphone saw its EBITDA jump 27 percent to 1.43 billion kroner in the quarter, while profit slipped 8.2 percent in Thailand after that unit lost 2 million subscribers in the period. Malaysian EBITDA fell 3.3 percent to 1.51 billion kroner. Pakistan almost doubled earnings to 909 million kroner.

Sales in Norway, the largest market making up about a quarter of revenue, slipped 1.2 percent to 6.6 billion kroner, while mobile and subscription traffic sales increased 5 percent and its average revenue per mobile user went up 3 percent. Operating profit in the country was hit by a 155 million-kroner charge for workforce reductions. The carrier plans to pay a semi-annual dividend of 3.5 kroner per share on November 2.

US retailers pledge to continue business with Bangladesh

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"For decades now, this relationship has been good for manufacturers and workers in Asia, designers and marketers in the US, and consumers throughout the world. The fact is, we are a global industry. And as our association is comprised of global brands, we have a global perspective."

On the recently concluded negotiation on signing the Trans Pacific Partnership agreement, Duggan said: "We are hopeful that the final agreement will come through with increased opportunities for our industry."

"Free trade agreements have the potential to help the clothing and shoe industry access new markets, new suppliers, and new customers."

Turnover falls to seven-month low

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Chittagong stocks fell with the bourse's benchmark index, CSCX, declining 17.27 points or 0.2 percent to stand at 8,512.9.

Losers beat gainers 120 to 80, while 35 closed remained static on the Chittagong Stock Exchange.

The port city bourse traded 75.61 lakh shares and mutual fund units, generating a turnover of Tk 22.44 crore.

Meanwhile, a group of investors under the banner of Capital Market Investors National Alliance Foundation submitted a five-point demand to Bangladesh Securities and Exchange Commission, urging the regulator to halt approval for new IPOs for next six months.

Drugs giant GSK posts upbeat Q3

AFP, London

British drugmaker GlaxoSmithKline on Wednesday posted rising third-quarter earnings and revenues, buoyed by sales of HIV drugs and its asset swap deal with Swiss peer Novartis.

Net profit, or earnings after taxation, rallied 34 percent to £538 million (\$825 million, 746 million euros) in the three months to September compared with the same period a year earlier, GSK said in a statement.

NBR cuts duty on starches

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The association had urged the government, several times before, to impose higher duty on various items, including maize (corn) starch, to encourage expansion of industry and safeguard the interest of farmers.

Currently, three local firms are engaged in processing cassava, maize, and sweet potato to make starch, liquid glucose, corn oil, oil cake and other items.

Some factories are also in the process of setting up units to produce starches, according to the association.



Syed Waseque Md Ali, managing director of First Security Islami Bank, opens a branch of the bank at Rayerbazar in Dhaka yesterday. Abdul Aziz, deputy managing director, was also present.



Mohammad Hanif Chowdhury, vice chairman of NRB Global Bank, opens the bank's 26th branch in Rowshan Haat in Chittagong on Tuesday. Proshanta Kumar Halder, managing director, was also present.

Bangladesh Lamps Limited

Financial Statements 3rd Quarter 2015

Sadar Road, Mohakhali Dhaka - 1206

STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 30 SEPTEMBER 2015

	As at 30 September 2015	As at 31 December 2014
	Taka	Taka
ASSETS		
Non-current assets		
Property, plant and equipment	117,388,643	133,788,230
Capital work-in-progress	1,123,911	487,920
Intangible assets	282,830	600,998
Investments:		
At cost	55,346,673	55,346,673
Fair value adjustment	336,271,390	330,756,187
	391,618,063	386,102,860
Loans and deposits	5,502,397	4,294,242
Total non-current assets	515,915,844	525,274,250
Current assets		
Inventories	353,223,728	288,302,789
Trade and other debtors	278,444,433	218,557,686
Advance, deposits and prepayments	18,546,653	7,864,892
Advance income tax	172,856,907	149,615,412
Cash and cash equivalents	66,824,322	59,806,653
Total current assets	889,896,043	724,147,432
TOTAL ASSETS	1,405,811,887	1,249,421,682
EQUITY & LIABILITIES		
Capital and reserves		
Share capital	93,706,080	93,706,080
Reserves and surplus	532,236,421	523,102,057
Shareholder's equity	625,942,501	616,808,137
Non-current liabilities		
Long term loan	-	7,789,803
Deferred liability - gratuity payable	46,214,204	45,217,818
Deferred tax liability	2,770,881	5,129,676
Total non-current liabilities	49,985,085	58,137,297
Current liabilities		
Current portion of long term loan	17,455,964	20,651,574
Short term finance	318,552,633	253,589,940
Trade and other creditors	212,747,033	148,827,606
Other liabilities	35,134,422	20,388,229
Provision for tax	121,132,231	111,051,763
Provision for royalty	25,862,018	19,967,136
Total current liabilities	730,884,301	574,476,248
TOTAL EQUITY & LIABILITIES	1,405,811,887	1,249,421,682

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

	1 January to 30 September 2015	1 July to 30 September 2015	1 July to 30 September 2014
	Taka	Taka	Taka
Revenue	950,289,559	877,630,757	280,100,952
Cost of sales	(732,775,136)	(672,687,264)	(216,645,652)
Gross profit	217,514,423	204,943,493	63,455,300
Other income	18,843,506	16,667,344	1,922,244
Operating expenses	(201,346,818)	(199,958,186)	(59,570,096)
Profit from operation	39,011,111	21,652,851	5,807,448
Finance expense	(11,468,388)	(17,011,224)	(4,555,758)
Finance income	8,043,429	9,115,654	2,494,773
Net finance expense	(3,424,959)	(7,895,570)	(2,060,985)
Profit before contribution to WPPP	31,586,152	13,757,281	3,746,463
Contribution to WPPP	(1,504,102)	(655,109)	(178,403)
Profit before income tax	30,082,050	13,102,172	3,568,060
Income tax	-	-	-
Current tax	(10,080,468)	(9,017,038)	(1,369,038)
Deferred tax	2,358,795	3,903,263	(33,271)
Net profit for the period	22,360,377	7,988,397	2,169,751
Other comprehensive income:			
Charges in fair value of financial assets	5,515,203	50,652,909	67,483,974
Total comprehensive income	27,875,580	58,641,306	69,649,725
Earnings per share (par value Tk. 10 each)	2.39	0.85	0.23

STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

	1 January to 30 September 2015	1 January to 30 September 2014
	Taka	Taka
Cash flows from operating activities:		
Collection from customers	950,603,255	936,136,614
Collection from other income	18,843,506	16,667,544
	969,446,761	952,804,158
Payment to suppliers	(665,659,253)	(583,834,121)
Payment to employees	(110,699,088)	(94,131,608)
Income tax payments	(23,241,495)	(19,561,071)
VAT & Supplementary duty payments	(75,738,033)	(100,783,577)
Other payments for expenses & services	(122,083,528)	(130,764,846)
	(997,421,397)	(929,075,223)
Net cash flows from operating activities	(27,974,636)	23,728,935
Cash flows from investing activities:		
Payment for acquisition of property, plant and equipment	(1,344,492)	(4,145,103)
Net cash used in investing activities	(1,344,492)	(4,145,103)
Cash flows from financing activities:		
Dividend paid	(17,640,483)	(17,505,673)
Repayment of long term loan	(10,985,413)	(15,488,681)
Net cash used in financing activities	(28,625,896)	(32,994,354)
Net changes in cash and cash equivalents	(57,945,024)	(13,410,522)
Opening cash and cash equivalents	(193,783,287)	(247,705,470)
Closing cash and cash equivalents	(251,728,311)	(261,115,992)

Cash & cash equivalents represent the following:

	30 September 2015	31 December 2014
	Taka	Taka
Cash & cash equivalents	66,824,322	27,781,491
Short term finance	(318,552,633)	(288,897,483)
	(251,728,311)	(261,115,992)

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

	Share Capital	Capital Reserve	General Reserve	Fair value Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as at 1 January 2015	93,706,080	2,305,167	171,299,487	330,756,187	18,741,216	616,808,137
Dividend	-	-	-	-	(18,741,216)	(18,741,216)
Net profit for the period	-	-	-	-	22,360,377	22,360,377
Other comprehensive income	-	-	-	5,515,203	-	5,515,203
Balance as at 30 September 2015	93,706,080	2,305,167	171,299,487	336,271,390	22,360,377	625,942,501
Balance as at 1 January 2014	93,706,080	2,305,167	170,154,699	305,912,432	18,741,216	590,819,594
Dividend	-	-	-	-	(18,741,216)	(18,741,216)
Net profit for the period	-	-	-	-	7,988,397	7,988,397
Other comprehensive income	-	-	-	50,652,909	-	50,652,909
Balance as at 30 September 2014	93,706,080	2,305,167	170,154,699	356,565,341	7,988,397	629,719,684

COMPARATIVE STATEMENT FOR INFORMATION OF THE SHAREHOLDERS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

	2015	2014
	Taka	Taka
Net assets value (NAV) per share	66.80	67.31
Earnings per share (EPS)	2.39	0.85
Net operating cash flow per share (NOCFPS)	(2.99)	2.53