

BUSINESS

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CHRIS BLACKHURST
Profiles rising property
star Andreas Panayiotou
IN TOMORROW'S
EVENING STANDARD



In brief

Greene King gets the brew right with a leap to £120m

PUBS and brewing group Greene King, fresh from its takeover of the 174-year-old Hardys & Hansons brewery in the Midlands, today said it was trading well and had benefited from its preparations for the World Cup. The brewer of IPA, Old Speckled Hen and Ruddles worked hard on promotional activity, which has paid off with packed pubs on match days. Pre-tax profits in the year to 30 April were up 25% to £119.6 million. Turnover grew 16% to £818.6 million and the total dividend rises 11% to 20.15p. Greene King will continue looking to acquire breweries with pubs, having bought two small ones during the financial year and Hardys & Hansons just after the year end.



Boots and UniChem poised to seal £7 billion alliance

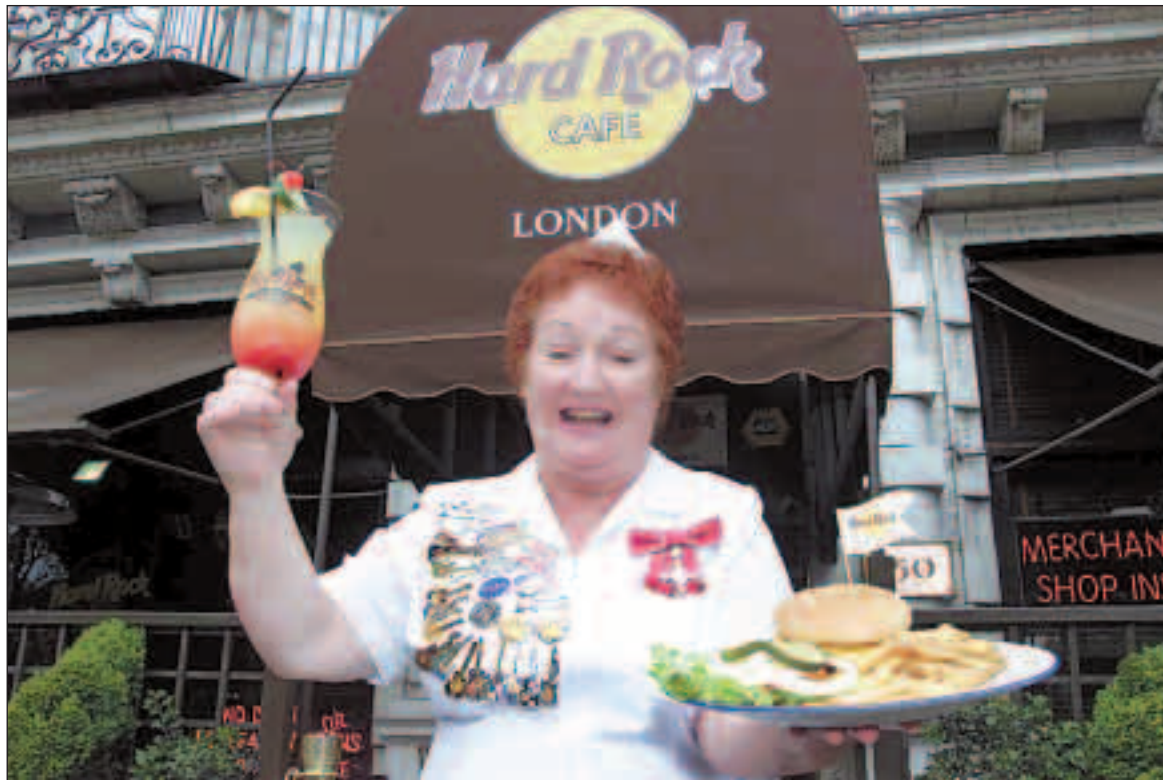
BOOTS and Alliance UniChem were today having their £7 billion pharmacies merger deal rubber-stamped by shareholders. Both sets of investors have to vote in favour of the deal at separate extraordinary general meetings in London. The Alliance UniChem vote was taking place directly after High Court approval for the deal was awarded this morning. Meanwhile, at Boots, 50% of votes cast have to be in favour of the deal for it to be carried, although 75% have to vote Yes to a number of other technical changes for the merger's approval. Shares of the combined group will start trading on 31 July. The costs of the deal will come to £42 million, the bulk of which gets paid to the advisers, including Goldman Sachs, Merrill Lynch and UBS for Boots, and CSFB and Merrill for Alliance.

Arriva speeds up in Germany with a £100 million rail deal

THERE may have been a mass exodus of Britons from Germany over the past couple of days but Arriva is going the other way. The passenger transport group, one of London's biggest bus companies, has landed another contract to run trains in Germany, consolidating its rail operations in seven federal states of Europe's largest economy. It is to take sole control of a £100 million, 10-year contract to run trains between Munich, Oberstdorf and Lindau in the southern German Alpine region, feeding into other services it currently runs in Bavaria. The new contract, which kicks off next year, supersedes the current operation jointly run by Arriva and SBB, the Swiss state railway.

Provident on the threshold of overseas unit spin-off

DOORSTEP lender Provident Financial is to demerge its fast-growing overseas operations next March. The group, which has suffered through the demise of its Yes Car Credit business and the ongoing Office of Fair Trading enquiry, said it increased marketing in the UK in its first half, which will dent immediate profits. It is also seeing a continued rise in write-offs against bad loans as consumers struggle to pay their debts. But the overseas business is expanding rapidly, opening up in Mexico and Romania in the past few months. Hungary, the Czech Republic and Slovakia showed good growth, and further countries are being assessed as potential markets. Poland has been hit by tighter credit rules.



Tasty offering: Rank's new boss Ian Burke has asked Merrill Lynch to look at "strategic options" for the group

Hard Rock up for grabs in £500m auction

RANK group today effectively hoisted a £500 million For Sale sign over Hard Rock Cafe.

In a dramatic opening gambit, new chief executive Ian Burke has appointed Merrill Lynch to look at "strategic options" for the group — a coded announcement designed to flush out bidders.

Rank owns 65 Hard Rock Cafes in major cities around the world with a further 56 operated by franchise partners. It also has hotels and live concert venues.

But the business has stuck out as being away from Rank's main business of gambling, its Grosvenor casinos and Mecca bingo being its main strength.

Venture capitalists are seen as the most likely bidders for Hard Rock. Analysts suggest valuations could range from £450 million to £540 million.

Swiss banks facing huge kickback claims

A 50 BILLION Swiss francs (£22 billion) kickbacks scandal is threatening to engulf the Swiss banking industry.

Lawyers are expecting a flood of claims from the world's super-rich, including hundreds of British millionaires, after years of failure by Swiss banks and fund managers to follow rules regarding commissions.

A recent ruling by Switzerland's highest federal court has put banks and fund managers on red alert over a long-standing practice of sharing commission payments creamed off from trading private investors' assets, and undisclosed kickbacks for business referrals.

Although the Swiss industry's code of conduct says asset managers should disclose any commission payments, it has emerged that for years much of the Swiss finan-

JAMES ROSSITER

cial community ignored the regulations, claiming the rules were unclear.

Now a Swiss supreme court ruling has changed all that, sending shock waves through the country where conservative estimates suggest Swfr600 billion of the world's personal wealth — excluding property — is managed.

The court examined the collapse of a Swfr100 million fund related to failed German industrial company FlowTex. Private wealth managers have seized on references to trade-based commissions in the judgment, which says asset managers should pass on direct and indirect advantages, which translates as "discounts, provisions and incentive money".

An official survey of the Swiss

Banking Industry cited in the FlowTex-related case revealed a staggering 81% of asset managers do not pass on commissions to their clients.

Zurich-based lawyers Advokaturbüro Fischer & Partner, expects the landmark case to trigger a series of claims against the fund managers and banks, with lawsuits expected to seek claims against commissions dating back 10 years.

Enzo Caputo, a partner in the firm and former chief executive of the Association of Swiss Asset Managers, said: "The client can also go against the banks. When the banks gave money to asset managers, the banks needed to know whether the managers were passing that money on to clients."

Zurich University's Swiss Banking Institute calculated the country's

2600 asset management firms managed at least Swfr500 billion of the world's personal wealth at the end of 2004, and that figure has since grown.

Annual commissions churned from trading could easily top Swfr5 billion, based on experts' conservative calculations of just 1% of funds under management.

The crisis could be among the worst to afflict the country's secretive banking community.

It has been attacked in recent years for alleged profiteering before and during the Second World War. UBS and Credit Suisse reached a \$1.25 billion (£677 million) settlement with Holocaust survivors and their families over claims that they handed over to the Nazis holdings belonging to European Jews fleeing persecution.

BAE bids to clear up Airbus stake sale mess

A BOARDROOM split, shareholders' revolt and major legal action have emerged as possible outcomes in the fiasco of BAE Systems' sale of its 20% stake in European aircraft manufacturer Airbus.

The directors of the British defence giant are to meet within a week to thrash out a strategy after finding themselves in the cleft stick of committing to sell the shareholding but at a price at which they do not want to sell.

The BAE board has been told that, after exercising an option to sell the holding this summer, the independent valuation of the stake by Rothschild is €2.75 billion (£1.9 billion). The valuation came after Airbus and BAE failed to negotiate a price. The

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British group had previously said it expected to get up to €4 billion.

The Rothschild valuation, via an arbitration process and understood to be binding, effectively blows a £1 billion hole in BAE's plans. However, it is thought that at least two BAE directors will lobby their colleagues to vote against accepting the valuation, and could force a split if chairman Dick Olver and chief executive Mike Turner push on with the sale.

Even if the board accepts the figure, the sale will have to go before shareholders at a special meeting at an as-yet-unspecified date in August. Early soundings suggest

there are no guarantees BAE's major shareholders will rubber-stamp the sale unless there are indications of a strategy in which to yield more value out of the process.

The BAE board is being advised from some quarters that if it goes ahead with the sale, it will have strong grounds on which to launch a legal action against the board of Eads, Airbus's parent company and 80% shareholder.

Such an action would centre on the handling of information during the independent valuation process that there are further delays with the A380, the giant passenger aircraft and long-awaited flagship of the Airbus fleet.