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World Business Highlights

Stocks in U.S. Rebound on Speculation Bank-Rescue Package Will Be Approved U.S. stocks rallied as growing expectations that lawmakers will salvage a \$700 billion bank-rescue package helped the Standard & Poor's 500 Index recover more than half of yesterday's 8.8 percent plunge.

Euro Declines Most Against Dollar Since Inception as Bank Bailouts Spread The euro fell the most against the dollar since the introduction of the shared currency in 1999 after France and Belgium led a state-backed rescue of Dexia SA, as the widening financial crisis forces governments to prop up financial institutions across Europe.

FDIC Will Ask for Authority to Increase Insurance Limits Covering Deposits The Federal Deposit Insurance Corp. will ask Congress for permission to increase deposit insurance limits, House Financial Services Committee Chairman Barney Frank said in a memorandum to members of his panel.

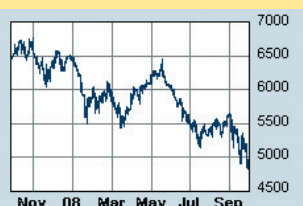
Home Prices in 20 U.S. Cities Fall 16.3% in Sign Market Hasn't Hit Bottom House prices in 20 U.S. cities declined in July at the fastest pace on record, signaling the worst housing recession in a generation had yet to trough even before this month's credit crisis.

Lehman Cuts 750 European Fixed-Income Jobs After Bid to Find a Buyer Fails Lehman Brothers Holdings Inc., the securities firm that filed for bankruptcy two weeks ago, will eliminate 750 jobs in its European fixed income and personal investment management units after talks to find a buyer failed.

Alabama County Faces Deadline Today, With Biggest Muni Default in Balance Jefferson County, Alabama, faces a deadline today to reach a new agreement with creditors to avoid defaulting on bonds sold by its municipal sewer system that have pushed the state's most populous county toward bankruptcy.

House Members Get Flooded With Calls Supporting Rescue Measure, Aide Says Voters flooded Capitol Hill offices today with complaints about the U.S. House's defeat of the \$700 billion financial-rescue plan, a House Republican leadership aide said.

FTSE 100



Farsons cut budgets to the bone

60 layoffs underway

David Darmanin

Announcing its mid-yearly financial results yesterday, Farsons Group said it will lay off 60 employees within a year after its profit registered a drop

by more than half over the same period in 2007.

After recording €3,312,000 on 31 July last year, Malta's main brewery's profits before tax this year slumped to €1,520,000. Farsons said its

gross margins have been adversely affected by "the advent of illicitly imported beverages, which have not been subjected to eco-contribution, and, in some cases, VAT, thus placing the Group under significant unfair competitive disadvantage."

Also, the brewery and beverage manufacturers have attributed the decline to initial setup problems after it commissioned new production lines. "These problems are being addressed," the brewery said.

Otherwise, group turnover for the same period has increased by 4.6 per cent, to €35,306,000.

"While soft drink sales increased in volumes, sales values per litre decreased substantially," a company statement read.

As beverage manufacturers in Malta

are now operating in a fully liberalised market, and competition grew heavy for players in this industry, the beer and soft drink local giants have decided to downsize and employ a permanent cost-cutting programme, which also plans to lay off 60 employees within the next 12 months.

"The board of directors is determined and confident that it will achieve these targeted cost reductions, and that, as a result of these measures, the emerging cost structures will allow for improved profitability levels," Farsons said.

When contacted for a reaction, General Workers' Union Secretary-General Tony Zarb said the union is currently in the process of discussing the matter with Farsons to find a solution in the best interest of the workers.

BOV Chief warns that global banking crisis could have fall-out on Maltese economy

Charlot Zahra

In an extensive interview with Business Today (Page 10), the first one since the Lehman brothers' bankruptcy was announced some weeks ago, Bank of Valletta (BOV) Chief Executive Officer (CEO) Tonio Depasquale said that the Maltese economy might be hit eventually by the fall-out from the global banking crisis.

He said that as a Maltese bank, the current international situation did not affect BOV directly. "We were affected mostly through mark-downs of our investments. The Bank has a debt portfolio that is well diversified into a number of blue chip names, mainly with a short duration."

However, he warned of dire consequences if the financial crisis that is affecting the financial sector in the US, the UK, Europe and Asia spills over to those economies.

"As soon as the crisis in 'Wall Street starts hitting Main Street', then all economies around the world will be affected and the

Maltese economy is no exception since we are operating in a global market," Depasquale insisted.

For instance, the UK would be facing a recession by the end of the year. "Forty per cent of our market share in tourism comes from the UK. If the reduction in market share affects the Maltese economy, then the banking sector in Malta will be affected as well.

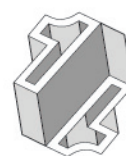
"In a globalised world, nobody is immune to what happens in other countries," Depasquale told Business Today.

In addition, everybody had to reduce his economic forecasts for this year and next year's, both in Europe as well as in the US. "Obviously this will have an effect on the economy as well as on the banking sector.

"Until now, the Maltese economy has been resilient enough to the international shocks. However, I do not believe that we will not be hit by the negative effects of the global economic fall-out," Depasquale insisted.

Markets

Security	Closing Prices in Euro Tue 23-Sept-08	Closing Prices in Euro Tue 30-sept-08	% Change from previous wk
Bank of Valletta p.l.c.	4.309	4.000	-7.171%
HSBC Bank Malta p.l.c.	3.251	3.110	-4.337%
Lombard Bank p.l.c.	3.049	3.000	-1.607%
Middlesea Insurance p.l.c.	2.950	2.950	0.000%
Simonds Farsons Cisk p.l.c.	2.830	2.600	-8.127%
GO p.l.c.	2.201	2.200	-0.045%
International Hotel Investments p.l.c.	1.020	1.040	1.961%
Plaza Centres p.l.c.	1.750	1.750	0.000%
Malta International Airport p.l.c.	2.999	2.999	0.000%
GlobalCapital p.l.c.	2.200	2.200	0.000%
Datatrak Holdings p.l.c.	0.290	0.290	0.000%
San Tumas Shareholdings p.l.c.	2.650	2.650	0.000%
Medserv p.l.c.	3.997	3.997	0.000%
Grand Harbour Marina p.l.c.	2.100	2.200	4.762%
Crimsonwing p.l.c.	0.500	0.500	0.000%
MaltaPost p.l.c.	0.820	0.820	0.000%
RS2 Software p.l.c.	0.821	0.821	0.000%



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Bisazza Street, Sliema SLM 1640, Malta

www.fimbank.com
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T :: 2132 2100

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