Business POST

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For a confidential discussion, contact
Mark Lister or James Turner on (0113) 228 0000

Business Editor: David Parkin, Wellington Street, Leeds LS1 1RF.
Tel: 0113-243 2701. Fax 0113-238 8521. e-mail: business.post@ypn.co.uk
City Editor: Eric Barkas, 27 Albemarle Street, London W1X 3FA. Tel: 020 7408 9636. Fax: 020 7408 9639.

St James's Place Capital enjoys rapid growth as Partnership arm flourishes

Leslie Able
Deputy City Editor

FINANCIAL services group St James's Place Capital, which is 60 per cent owned by the Halifax, announced a 21 per cent growth in new business for the six months to June 30 reflecting what it describes as an increasing focus on wealth management.

The group unveiled a 15 per cent growth in profits from core operations and 38 per cent growth in pre-tax profits to £49.6m while the interim dividend is increased by 25 per cent to 1.25p. New business was up 21 per cent, a fall from growth rates of about 40 per cent last year which may have prompted the 3 per cent slide in the company's share price.

Assets under management rose by 7 per cent to £6.1bn.

The Partnership arm of financial advisers has grown by 4 per cent to 1,092. The group sees its strength in selling products solely on a face-to-face basis by a sales force made up of people who can show a sound business background and have earned at least £37,500 from selling life insurance.

Pre-tax profits from the life business, which has an office in Leeds, were up from £27.7m to £39.3m while unit trust earnings grew by 50 per cent to £4.2m reflecting, said chairman Sir Mark Weinberg, the very large growth in funds under management in recent years.

He said the strength of the group lay in the quality of the St James's Place Partnership and its links with the group. "This identity of interest is underpinned by the group's long-standing commitment to make its products and services available only on an advisory basis."

Sir Mark said that additional services to be introduced over the next 12 to 18 months, such as general insurance and private equity, would put members of the Partnership in the position to offer a complete range of financial services.

Chief executive Mike Wilson said the group's target for the last five years had been 15 to 20 per cent growth in new business. Last year had been exceptional at 40 per cent, well ahead of the target, but this year the market had been harder on the investment side because of stock market turmoil.

"When market conditions are difficult people do value face-to-face meetings more than at any other time," said Mr Wilson.

"If the market is tough and investment business suffers then it is a matter of selling other products. We are totally committed to just selling products and services through our own distribution system and only selling face-to-face."

In brief

Oasis gets teeth into more dental practices

DENTAL group Oasis Healthcare is paying £900,000 for five dental practices in Leeds, Hull, Durham, Lincoln and Sunderland giving the AIM-listed company 200 surgeries and an annual turnover of more than £20m.

The practice in Leeds is O'Sullivan & Barret in Beeston and in Hull it is Robert Grabowski and Associates.

Norwich-based Oasis Healthcare said it was on track to achieve its target of doubling in size by the end of March next year, having started the current financial year in April with 35 practices.

"These latest acquisitions will enable us to maintain our rapid growth momentum and our pipeline of future acquisitions prospects remains strong," said chairman Ron Trenter.

Buyout hope for jobs

MORE than 100 jobs could be saved following the management buyout of the electrical appliance servicing arm of ScottishPower Retail. The MBO, led by four senior managers and backed by ScottishPower, will be based in Glasgow with an additional office at Castleford. The company, which provides electrical product repair services, aims to retain about 140 jobs from the 320–strong workforce in ScottishPower Appliance Servicing.

AA buys Halfords' centres

THE AA has struck a £5.75m deal to buy all of Halfords' 129 car service centres. The agreement has been struck with Halfords' parent company, Boots.

"We will now further develop these centres to offer motorists a quality maintenance and repair service of special interest to AA members," said AA Road Services' chief, Roger Wood.

Halfords' retail stores will remain part of Boots and the AA will absorb Halfords' 1,200 garage staff into its own company.

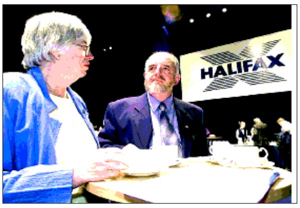
Halfords' managing director Rod Scribbins said: "This is a good deal for customers, staff and shareholders. We have been seeking to improve the performance of our garage chain in a competitive market."

Loaded on the move

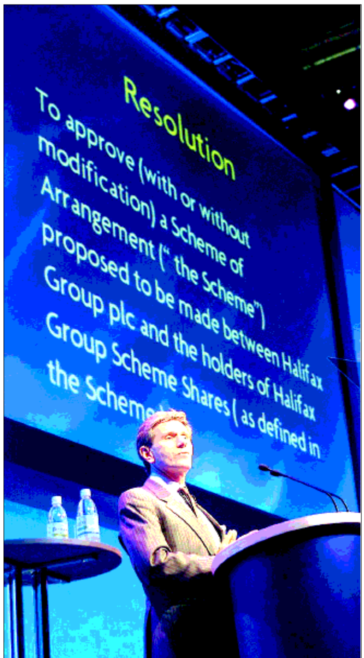
LADS mag *Loaded* is to fall into American hands after media giant AOL Time Warner yesterday agreed to buy its owner, publisher IPC Media, for £1.15 billion. IPC's portfolio of titles, which also includes *TV Times*, *Woman's Own* and *Marie Claire*, will become part of AOL's magazine business Time Inc – publisher of *Time*, *Fortune* and *Sports Illustrated*.

Halifax chairman jubilant after shareholders give formal backing to merger with Bank of Scotland

'Welcome to a new force in banking'



Tea break: Shareholders enjoy a cuppa as Lord Stevenson addresses the egm



Jane Charnley

HALIFAX chairman, Lord Stevenson, was in jubilant mood yesterday as shareholders formally voted through the bank's proposed merger with Bank of Scotland.

Almost all of the 150 shareholders who turned out for the extraordinary general meeting at the Sheffield Arena gave their final stamp of approval to the £28bn deal.

The clear-cut result mirrored sentiment expressed by Bank of Scotland shareholders the day before, when they voted overwhelmingly in favour of the new company, HBOS, which will be Britain's fifth biggest bank.

In what has been a slick operation from start to finish, Halifax had already collected proxy votes from 190,000 of the bank's 3.2m shareholders. With 98 per cent of those in favour, victory was a foregone conclusion.

Urging those left to endorse the deal, Lord Stevenson – who will become chairman of HBOS – said: "Your Board firmly believes the creation of HBOS will benefit shareholders, customers and all our colleagues within the business."

"HBOS will be a new force in British banking which will take on the big four clearing banks who, for far too long, have had it their own way."

Sharing the logo-adorned podium with chief executive James Crosby, finance director Roger Boyes, company secretary Harry Baines and personnel and communications director John Lee, Lord Stevenson positively rocked through nine questions from the floor.

Concern over the potential confusion of the new bank's chosen acronym, HBOS, with the UK's biggest bank HSBC preyed on more than one investor's mind.

The chairman admitted that "BOSH" had been a consideration but the Board had decided it might become a public joke.

He said the public would give the final verdict on the name and its pronunciation – which the board was still unsure of – before reiterating that Halifax and Bank of Scotland would continue as brands in their own right.

More serious points were raised by shareholders over job losses and the standard of service which HBOS would offer.

Lord Stevenson confirmed there would be 2,000 redundancies which would be made "thoughtfully, professionally and considerately". He said Halifax would continue to offer innovative retail service while small to medium enterprises would especially benefit from Bank of Scotland's record in corporate banking.

But a number of customers felt the level of branch service might deteriorate as the bank grew.

Frank Metcalfe, of Leeds, who voted against the resolution, said later: "All these mergers are the same. They get bigger and bigger and things just get worse for the staff and worse for the customer."

Just a solitary voice expressed sadness that Halifax was moving to Edinburgh.

Retired local government employee, Harry Bower, asked: "What assurance can you give to shareholders in this region that the clear identification of the Halifax with Yorkshire will continue and have you considered what the impact will be on the broader regional economy?"

The response came that the retail headquarters, which represented two-thirds of the bank's business, would remain in Halifax where it is expected to grow in size.

Lord Stevenson declined to comment on one shareholder's suggestion that "immoral practices", such as shared appreciation mortgages operated by Bank of Scotland would put Halifax's ethical principles in jeopardy.

Lord Stevenson thanked three directors and three non-executive directors, due to depart the Board when HBOS opens for business in September, and which includes Roger Boyes, former Halifax chief executive.

jane.charnley@ypn.co.uk

If it's bad times, order a pizza

A RECESSION is good news for pizza delivery company Domino – more people abandon a night out at their favourite restaurant and decide instead to stay at home and order a pizza.

"If the economy is facing slightly tough times then all the evidence shows we benefit from it," said a spokesman for Domino, which is planning an expansion programme in Yorkshire where it has five outlets.

Turnover in the half-year to July 1 increased by more than 43 per cent to £20.8m while pre-tax profits rose by 15.4 per cent to £1.1m. The interim dividend rises to 0.57p from 0.37p.

The group's target is to have 500 stores by 2006 compared to the current 230.

"The use of fresh dough and fresh ingredients in our pizzas is critical to maintaining high standards of customer satisfaction and levels of repeat purchase," said chief executive Stephen Hemsley.

And, once again, the threat of economic downturn does not cause too many furrows in the brows of executives at high street bars operator SFI Group, known for its Slug and Lettuce pubs and Bar Med venues with Harrogate due to celebrate the opening of a Bar Med in November.

"The people of Yorkshire and Lancashire are good and solid. They want a good value quality offering which means a good night out," said Andrew Latham, managing director retail.

"Even in a recession young people will still go out and enjoy themselves and a recent survey of our Bar Med customers showed that the vast majority of them were not married and were living in rented accommodation," he said.

"Increasing numbers of young people do not want to go to nightclubs where they have to pay high prices for drinks and an entry fee which is where we offer a value-for-money alternative."

The success of the group is reflected in its full-year results which show a 67 per cent leap in pre-tax profits to £16.4m while the total dividend rises to 2.525p from 2.2p.

More misery for manufacturing sector as export optimism sees sharp drop

Megan Davies

BELEAGUERED manufacturers are facing deteriorating conditions with export optimism showing the sharpest fall for more than two-and-a-half years, a survey has revealed.

The quarterly industrial trends survey, by the CBI, showed a decline in domestic and export orders, weakening investment intentions and increased job losses.

Export optimism for the year ahead saw the fastest fall since October 1998 amid continuing concerns about global demand.

Export orders in the last quarter fell more sharply than expected, with 37 per cent of firms saying orders were down against 17 per cent reporting a rise – giving a balance of minus 20 on the scale, worse than the minus 15 reported in April.

Domestic orders also fell with 31 per cent of firms saying orders were down and 19 per cent reporting a rise, giving a balance of minus 12, against minus 14 in April.

Manufacturing output in the last quarter fell at its fastest rate for two years, with 30 per cent saying output was down, against 21 per cent reporting a rise.

Nick Reilly, chairman of the CBI's economic affairs committee and managing director of Vauxhall Motors, said: "The economic slowdown in the US and Germany is impacting on UK manufacturer's ability to export.

"Prospects for the next four months include more job losses and a risk of a further decline in output."

He added: "Having allowed for continued robust growth and consumer spending, we still believe the difficult world economic backdrop is sufficient to justify a quarter point cut in interest rates."

Million more tune in to BSkyB group

SATELLITE TV broadcaster BSkyB has gained close to one million new subscribers in the past year, helping revenues to soar by 25 per cent, it said yesterday.

A total of 940,000 new customers paid for Sky's channels in the year to June 30, taking the broadcaster's total domestic subscriber base to 5.45m.

The subscriber growth, coupled with higher charges from January, pushed revenues to £2.3bn.

The broadcaster also benefited from a rise in advertising as more companies decided to sponsor programmes.

Advertising revenue climbed 12 per cent to £271m with BSkyB adding that its higher viewing share had helped it to sign up more advertisers.

Higher costs and increased operating losses from its joint venture with German media group Kirch meant BSkyB's full-year pre-tax losses widened to £214.1m before one-off costs.

That compares with losses of £127.9m in the previous 12 months.

BSkyB chief executive Tony Ball said, however, he was confident the group was on track to become "cash-flow positive" by next year. "Our focus will remain on profitability driven by strong revenue growth."

Tough market but profits still taste sweet for Cadbury's

Steve Hawkes

SWEETS and soft drinks giant Cadbury Schweppes yesterday reported a 15 per cent rise in interim profits despite a sluggish confectionery market in the UK.

Cadbury's said strong sales of a number of key brands around the world helped to offset a fall in profits at its Trebor Basset arm.

The group's American fruit juice brand Mott's and its European beverage arm performed particularly well, as group sales shot forward 26 per cent to £2.5bn.

Cadbury's was also boosted by recent acquisitions, including Slush Puppie in the US and Hollywood confectionery and chewing gum in France.

Pre-tax profits for the six months to June 17 rose to £351m before restructuring and one-off costs, up from £308m last year.

Cadbury's chief executive John Sutherland said the results reflected a "good performance" in the first half.

He added: "We remain on track to achieve our full-year financial targets. We have confidence in our growth agenda to increase top line performance further in the future."

Mr Sutherland said the group's US fizzy drink brands, including Dr Pepper and 7Up, had continued to suffer with the rest of the market, with volumes down one per cent.

Profits at the business improved, however, as a result of price increases and lower costs.

Mr Sutherland added the UK confectionery market remained challenging, with Cadbury's Trebor Basset – home of Dairy Milk and Liquorice Allsorts – hit by the decline in the "impulse" market.

More shoppers are now buying their treats from supermarkets, and although sales volumes were up, the group faced increased marketing costs.

The integration of Cadbury's and Trebor Basset, completed in June, also affected the division's profits.

Restructuring costs across Cadbury's in the first-half totalled £19m, and after goodwill costs, bottom-line pre-tax profits were £314m.

This compares to a bottom-line figure of £295m the year before.

Shareholders will receive an interim dividend of 3.35p, up from 3.20p last year.