

Moscow court adjourns trial of one of country's richest men

Khodorkovsky claims Kremlin's political motives are behind his trial

A court in Moscow has adjourned the trial of Mikhail Khodorkovsky, one of Russia's richest businessmen. The reason given for the adjournment was to allow a member of the defence team to recover from eye surgery. No date has been set to restart the trial.

Khodorkovsky was on trial for his involvement in political affairs when he had reportedly had an agreement with the Russian government to stay out of political affairs.

Khodorkovsky and his lawyers claim that he is being put on trial for political reasons, which the Kremlin has denied. His defence attorneys say there is little chance of getting an acquittal because the Russian government is intent on prosecuting him. "They are going to be found guilty", one of the lawyers told the BBC. "We know the outcome. It is a show trial to help the government expropriate Yukos."

Another of Khodorkovsky's lawyers accused the government of conducting the trial in a less than transparent fashion. According to a report by AFP, a news agency, only ten journalists were allowed into the



Mikhail Khodorkovsky faces up to 10 years in prison.

courtroom, while plenty of space was made available for spectators to witness the trial.

The report also said that Khodorkovsky and co-defendant Platon Lebedev were placed in cages for the

trial, a common practice in Russian legal proceedings.

On trial with Khodorkovsky is Lebedev had been one of Khodorkovsky's most important business partners.

Khodorkovsky became rich during the 1990s, some say from the large-scale of the governments assets during that period.

Some say that Khodorkovsky's legal problems stem from an agreement he had made with the Kremlin whereby they would not investigate his financial affairs connected with Yukos if he did not become involved in politics.

The company has a 3.4 billion unpaid tax claim which could send it into bankruptcy. Another trial will determine whether this amount must be paid immediately.

"The fate of Yukos and its key shareholders is in the government's hands", according to one analyst.

Khodorkovsky has a net worth of more than 15 billion dollars, much of which is tied up in shares of Kudo. If the company goes bankrupt much of his net worth evaporate.

Yukos shares fell by more than 10% on both Tuesday and Wednesday.

According to several experts, the bankruptcy of Kudos is inevitable.

FOOTBALL

Thai company to buy into club

Thai entertainment group GMM Grammy is putting together a consortium to buy a 30% stake in Liverpool football club, according to officials. The bid will replace an offer made by Thailand's Prime Minister, Thaksin Shinawatra. He announced plans to buy a stake in the club earlier in the year but the deal turned sour after it was revealed that the prime minister planned to use state money and not his own fortune to fund the offer. GMM Grammy said it would need about 66 million pounds sterling to buy the stake in the club. GMM chairman, Paiboon Damrongchaitam said a holding company would manage the Liverpool stake, overseeing the marketing and licensing of the club brand. He said the private consortium could include Thailand's biggest brewer, Thai Beverages and possibly its largest mobile phone company, Advanced Info Service. "We have not yet met with Liverpool chief executive, Rick Parry, or other senior representatives of the club but we are planning to send our representative to meet with them soon," says a spokesman for the Thai group. He added I think this deal should be done via the private sector and we will take the risk of the profit or loss. It is Thailand's biggest music company and owns 12 radio stations.

FINANCE

Bank to close branches

The Alliance and Leicester Bank will close 46 branches from 1 October, affecting 310 staff members of whom 111 are full time. In a statement the bank said the closures would save around five million pounds a year after a review of services. It said the decision was due to the increasing number of customer who now choose to do their banking through direct channels such as the internet. Most branches that are closing are in London and the south east of England, leaving it with 254 branches across the UK. It said the cost of the closures would be under ten million pounds. In February, it is reported a rise in annual pre-tax profits to 525 million pounds. A spokesman said, "80% of our customers bank over the internet, over the telephone or via cash machines. A strong branch network remains an important part of our future business model" We nevertheless are witnessing a reduction in the number of transactions as our customers use other direct channels.

TOURISM

Hotel chain enters Poland

Hotels Hotusa is entering the Polish market with 15 new hotels, which will give it a presence in a total of 20 countries across Europe. According to a press spokesman of the company, 15 associated hotels complete a list of more than 1,200 establishments throughout Europe which make Poland a more attractive tourist destination for many international travelers. 32 out of 39 establishments belonging to Hotusa, based in Catalonia are located in Spain.

Englishman scoops prestigious business award

A Englishman who set up an Internet company in Barcelona has won a prestigious business award. Scoot Doane who owns Vision 22 Internet and Tourism Services specialises in renting out apartments in different European cities, including Barcelona, Rome and London.

He was chosen by judges from the Independent Association of Young Businessmen of Catalonia as one of the prize winners in 2003.

He was singled out for praise because his business, which also helps tourists find accommodation in the

Catalan countryside, has generated sales of 117,000 euros, which was seen by judges as a boost for the Catalan economy.

The competition has been running for 11 years in a bid to encourage young business people in the country. The overall winner in 2003 was David Serra. He was selected by judges because his successful business that makes and designs industrial electronic products adapted for his clients needs.

The company is called Tecnologia Electrónica based in Ripollès. He

is only aged 39 but already his business employs 48 workers and has achieved profits of 140,000 euros and sold products with a net value of 3 million euros.

"David has demonstrated that in Catalonia there are also successful industrial companies. In spite of competition from overseas companies, he decided to set up his firm in Ripollès, which is part of Catalonia, as a base for its operations and export," says one of the judges from Association of Young Business People from Catalonia.

David set up his company in Ripollès after he did a market study and he saw that this region was traditionally based on textile, metal and more recently in tourism. He saw it is now full of industrial companies that make air conditioning units, machines for the construction business and electric products and had potential for a business venture. He decided to concentrate his business on electronics. He set up his business in 1994 and ten years later his company has many important clients.

PSOE propose change to withholding rules

The tax reform that the Spanish socialist party (PSOE) will carry out next year could include a modification of the withholding procedures that are applied to families with children where only one parent works.

A spokesman for the party in the parliament said the change would be part of a more general reform of the tax code. The aim of the reform, he said, was to improve the tax situation of families.

Currently, calculating the withholding for income taxes for families

with children with only one working parent only takes into account half of the deduction established for each child. If the spouses in such a family should file a joint return they the percentage increase by as much as 100%.

The result of this situation is that more than the required amount is withheld each month from some families.

The opposition Popular Party claims that PSOE's proposal does not represent a real tax advantage for families.

Endesa loses ground to Iberdrola

Iberdrola maintained in the first quarter as sales leaders in the free electricity sector with a market share of 40 per cent, one point up on the previous year, thereby widening their advantage over the second-placed company, Endesa, whose market share fell by four points to 33.4 per cent.

According to sources from the national energy commission (CNE), the number of consumers in the free electricity market rose to 352,324 at the close of the first quarter, of which 319,284 have been con-

sumers in this market since 1 January 2003, the date when this privatisation process began.

Two companies, Iberdrola and Endesa, control over 73 per cent of the free electricity market, the former with 40 per cent and the second with 33.4 per cent.

The third main company is Unión Fenosa, with 10 per cent, one point up on last year, followed by Hidrocarbónica, with 6 per cent (6.41 per cent in 2003) and Gas Natural with 3.6 per cent (2.6 per cent in 2003).