

## LSE LOGS SOLID EARNINGS AS MERGER TEETERS

**LONDON:** The London Stock Exchange logged solid results and ramped up its shareholder dividend yesterday amid worries over the likely collapse of its merger with Deutsche Boerse. The results were published just days after it emerged that LSE's blockbuster tie-up with the German giant was on the brink of failure. Operating profit grew five percent to £427 million (\$524 million) in 2016 from the previous year, the group said in a results statement. Revenues jumped 14.4 percent to £1.515 billion.

Net profit or earnings after taxation more than halved to £152 million due to a sizeable loss on the disposal of its Russell Investment Management division. However, the LSE hiked its annual shareholder dividend by a fifth to 43.2 pence per share in a move it said reflected the "strong outlook" for the business. The LSE stunned markets last Sunday

when it revealed that it would not meet a key EU antitrust demand to gain clearance for the Deutsche Boerse merger. In a shock announcement, the LSE had said it was "highly unlikely" it would meet the European Commission's recent request to divest its majority stake in MTS, which is a trading platform for government bonds in Italy.

### 'Very difficult situation'

"The Commission's very recent request for the group to divest MTS, a systemically important regulated business that sits at the heart of our Italian operations, put us indeed in a very difficult situation," said Chief Executive Xavier Rolet yesterday. He added: "In the event that this transaction did not successfully conclude, then we are back to square one."

Nevertheless, the LSE insisted yes-

terday that it "continues to work hard" on its proposed merger with Deutsche Boerse, which manages the Frankfurt stock exchange. The blockbuster deal was unveiled to much fanfare last year and backed by both sides even in the face of Brexit. The EC's competition probe meanwhile remains ongoing and a decision is expected by April 3.

The company - which runs the London and Milan exchanges - had offered last month to sell clearing house LCH Clearnet SA to European competitor Euronext if the EC approves the merger. "We will await ... the decision of the competition authorities," added Rolet yesterday. "It is up to them to consider the remedies that we have offered and make the decision in due course." Questioned about the group's alternative plans, should the merger collapse, he told

reporters: "There isn't a sort of plan B, C, D or E; it's just a continuation of our strategy. Whilst we are doing this ... we are assembling a portfolio which is increasingly valuable."

### Third time unlucky

It is the third time that the Frankfurt and London stock exchanges have tried to tie the knot, following two unsuccessful attempts in 2000 and 2005. In early afternoon deals yesterday, LSE shares slid 1.53 percent to 3,095 pence on London's falling FTSE 100 index, as dealers digested the earnings. "Sometimes engagements should not end in marriage," noted ETX Capital analyst Neil Wilson. "In the case of LSE, its continental forays have not ended well and perhaps with Brexit looming the chance for a cross-channel merger has come and gone." — AFP

## UKRAINE TAX CHIEF FALLS ILL AS POLICE MOVE OVER GRAFT

**KIEV:** Ukrainian state agencies sought to detain the head of the tax and customs service yesterday over the alleged embezzlement of around \$75 million - a potentially landmark case after patchy anti-graft efforts from the Western-backed authorities. Television footage showed an apparently unconscious Roman Nasirov being stretchered into an ambulance and taken to Kiev's Feofania hospital late on Thursday. Reporters said he had suffered a heart attack. This could not be independently verified.

Anti-corruption prosecutor Nazar Kholodnytsky said investigators believe 38-year-old Nasirov helped exiled lawmaker Oleksandr Onishchenko deprive the state of 2 billion hryvnias (\$75 million) in tax revenue linked to a gas deal. "Detectives and a prosecutor went to Feofania," Kholodnytsky said on television channel 112. "Nasirov was notified of the allegation by a detective. I will find out if he was conscious or not." Nasirov has previously denied all allegations of graft against him. His office would not immediately comment on the matter.

Prime Minister Volodymyr Groysman said Nasirov had been relieved of his duties while the case is pending. "It is in our interest that the investigation be impartial and effective. This issue is very important for Ukrainian society today," he said in a government meeting. Prosecutor Kholodnytsky was openly sceptical about Nasirov's sudden hospitalization. "I, like many Ukrainian citizens, have doubts about the unexpected transfer to hospital, as this has become a historic tradition for the Ukrainian political elite and top management." He cited the example of a former transport minister who in 2008 was found by investigators in a hospital after they sought to detain him on corruption charges. If Nasirov is found guilty, it would be the first successful prosecution of a senior official for graft since the 2014 uprising that ushered in a Western-backed leadership promising to tackle endemic corruption.

### Fur coats, jewels and cash

"This is the destruction of the unwritten corrupt status quo in the country," said pro-European lawmaker Serhiy Leshchenko in a post on Facebook. "Nasirov will be a valuable witness to the misuse of state money by those in the highest ranks." Stop-start reforms over the past three years have raised concerns that Ukraine's political elite lacked the will to eradicate a deep-rooted system of cronyism and bribe-taking.

Nasirov's lawyer, Andriy Kuzmenko, confirmed that he was being investigated for embezzlement and said he could face up to six years in prison. Opposition lawmakers and the finance ministry have previously called for Nasirov to be investigated for abuse of office. In 2016, Nasirov clashed with an activist appointed to reform the graft-plagued customs of Odessa over her accusation that he had blocked her attempts to fire corrupt officials. In an online wealth declaration tool aimed at boosting transparency, he disclosed last October that he and his wife held cash in euros and dollars worth \$2.2 million and owned Swiss watches, diamond jewelry, fur coats and fine porcelain among other items. — Reuters



**LONDON:** In this photo taken on Feb 27, 2017, Spacehop users Lavinia Osbourne (right) and Whitney Fangawa pose for a picture in one of the homes available for hire as office space on the Spacehop website. — AP

## WELCOME TO YOUR OFFICE: A STRANGER'S LIVING ROOM

### SPACEHOP WHERE AIRBNB MEETS THE ENTREPRENEUR

**LONDON:** Claire Brynteson had a house, a job and a dining table that was empty once she got her three children out the door every morning. When she received a flyer telling her she could make money by renting seats at the table to people looking for short-term office space, she jumped at the chance to list its virtues on the Spacehop website - where Airbnb meets the laptop entrepreneur. "I wondered why perhaps it had taken so long since Airbnb has been running for so long," Brynteson said at her home in south London. "People have for a long time been making money out of their home with guests staying over the night and paying to be there. This is a little less intrusive."

The rise of self-employment and soaring office costs are fueling demand for shared office space in metropolitan areas, with a handful of firms renting workspace by the hour, similar to the way Airbnb offers overnight stays. Vrumi, founded in 2015, says it has 5,000 registered users and 120,000 square feet

of rentable workspace across the UK. London-based Spacehop joined the market last year, as did Breathe, a four-year-old company that also operates in the US and Canada.

It's the latest development of the so-called sharing economy, where those looking for extra cash are generating income any way they can with the help of the Internet and smartphone apps. Space itself has become a commodity, with people renting their driveways to commuters searching for parking, attics to apartment dwellers in need of storage and garden plots to those who want to grow their own tomatoes.

Boxful in Hong Kong promises to declutter your life by collecting and storing unneeded belongings. In Spain, LetMeSpace provides a marketplace to rent out anything from parking spaces to unused storage. Pubs are renting out space in the morning to people looking for peace to work, said Catherine Cottney, manager of trends at business research firm Mintel. "It's the final fron-

tier," Cottney said. "People are recognizing the worth of space and they're looking to maximize that." With an abundance of investors and a computer-literate entrepreneurial population, the UK is driving the trend in Europe. In Britain, platform revenues more than tripled to £850 million (\$1.1 billion) in the three years through 2015, according to a study by PwC. Peer-to-peer accommodation, which includes shared office space as well as overnight stays like Airbnb, accounted for 27 percent of that total. Globally, PwC estimates that revenues in the sharing economy were about \$15 billion in 2015.

### Changes

The move toward new workspaces dovetails with changes in the workplace itself. Cary Cooper, an expert on workplace issues at Alliance Manchester Business School, said he's surprised the Airbnb model didn't come to office space sooner, and he believes it will grow as millennials seek flexibility and others seek to make a living. — AP