

# Nigerian oil probe traps Shell in net

By Rupert Steiner

OIL giant Shell is at the centre of an embarrassing bribery investigation which could lead to the imposition of hefty fines.

The anti-corruption story appeared as the Anglo-Dutch firm surprised investors with a pledge to hike the dividend 5pc.

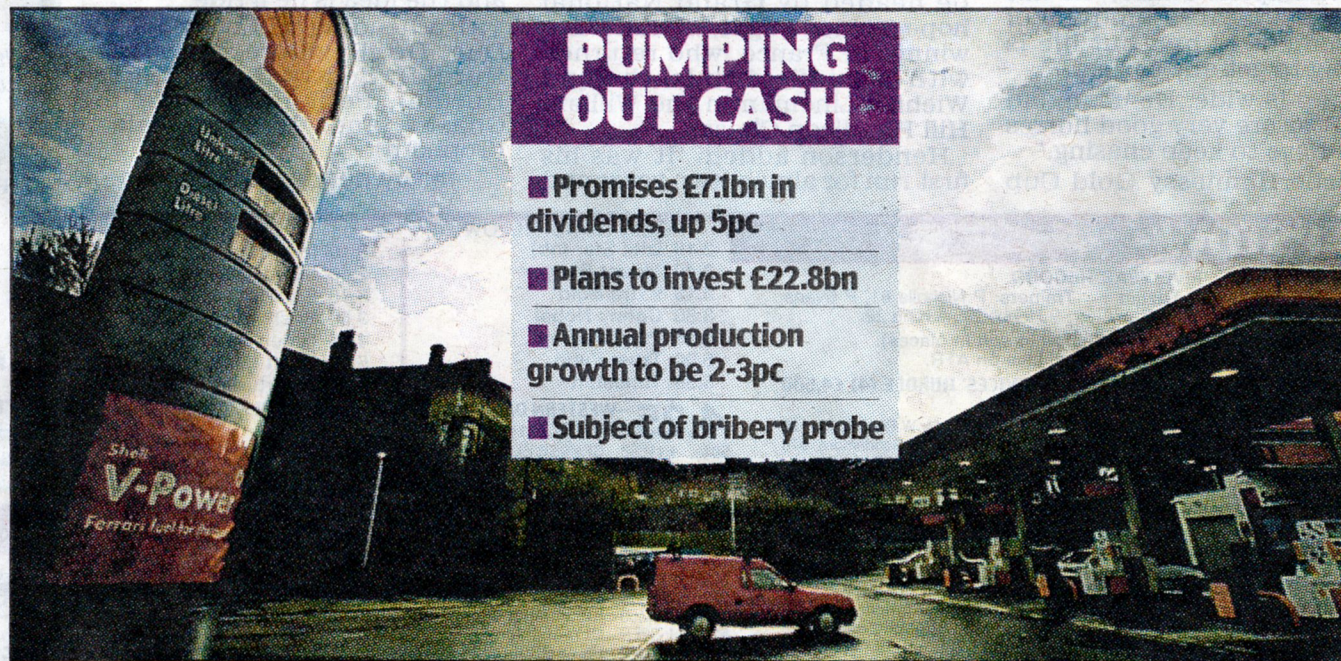
But it was news that a corruption probe into Nigeria's oil industry had been broadened to include Shell itself that spooked the market, sending its 'A' shares down 21p to 1619p.

'Shell is currently under investigation by the United States Securities and Exchange Commission and the United States Department of Justice for violations of the US Foreign Corrupt Practices Act,' the firm said in its annual report, released yesterday with a strategy update.

Incoming chief executive Peter Voser said an internal inquiry has been launched into the actions taken by a contractor working for the oil major in Nigeria. Ten companies are being investigated as part of the probe.

'It (the probe) is about potential payments made on our behalf to customs in Nigeria,' he said. 'We are now involved in that investigation.'

On trading he pledged to boost payouts to investors despite



Testing times: News the oil major is being included in the corruption probe spooked investors

'testing times' in the industry. Dividends for 2009 are expected to be around £7.1bn.

The firm said: 'Dividends are an important statement of confidence in the future, and Shell is the only company in the sector to have already announced dividend growth plans for 2009.'

Rival BP is taking a more prudent stance, freezing its divi-

dend payments this year for the first time in almost ten years.

Plunging oil prices have caused panic in the industry with firms cutting back on exploration and developing plants. But Shell said it will invest £22.8bn in its portfolio of projects, along with a raft of cost cuts. The axe is likely to be taken to jobs.

The firm said annual produc-

tion growth would rise between 2 and 3pc in the next decade.

Net reserves stood constant at the equivalent of 11.9bn barrels. It was a rare year in which the amount of oil pumped did not exceed that added to reserves.

Shell has also halted investment in wind and solar power to focus solely on biofuels as part of its push into renewables.

## Collins Stewart cuts divi after 2008 losses

STOCKBROKER Collins Stewart cut its dividend as it nosedived into the red last year following weaker performances in its corporate broking and trading businesses.

The company swung to a £15.2m pretax loss in 2008, compared with a profit of £79m the previous year. But after stripping out one-off asset writedowns and restructuring costs, it made underlying profits of £15.8m.

The final dividend was 1.3p, making the total for the year 2.6p, down 65pc on 2007's payout.

Not just investors will bear the hardship though, as the company said it is reviewing its current remuneration structure so that staff bonuses reflect profit contribution more than revenue generation.

The firm also said it is deferring payment of about 20pc of its discretionary cash bonuses until the fourth quarter of 2009.

The brokerage (down 1½p at 58½p) has a strong balance sheet, with cash of £106.6m at the end of 2008. It also claimed it would benefit from the withdrawal of many competitors from coverage of mid-market clients as the recession deepens.

## VT Group on target to expand in UK and US

DEFENCE services company VT Group is targeting £2bn of US contracts over the next 18 months, and is eyeing an acquisition spree in the second half of the year.

Chief Paul Lester expects suitable US and British targets to emerge in the second half of 2009 or beginning of 2010.

The group is expected to seek deals after the sale of its shipbuilding business to BAE Systems, due to go ahead this summer.

This will leave VT (down 7½p at 529½p) with about £380m to fund acquisitions.

Lester said: 'There is further work on upgrading systems on ships and submarines, some fairly large contracts with the (US) Marines ... There is about £2bn worth that we could bid for in the next 18 months to two years.'