

David Elks



Off Diary

I've played video games since I was 10 and they've not done me any harm — businesses must catch on

It's game on for a profit

I'VE got a guilty secret to share with you this week. I play video games. That's right, and I've been playing them since I was 10 years old.

If you believe the latest research is right, that makes me a prime candidate for being more argumentative with authority figures, more aggressive with my peers, and less likely to perform well in academic tasks.

Researchers from Saint Leo University in Florida have found, after 20 years of research, that young people who play violent games — even for a short time — tend to be more aggressive.

During more than two decades I must have played thousands of games, ranging from Space Invaders to Half-Life 2. Yet I was considered quiet by my teachers, and more of a geek than a bully at school.

Depictions of reality are more sophisticated, but I would hardly say that the games are, by their intrinsic nature, more likely to corrupt than any other media.

Why? Because games — no matter whether it is Space Invaders or Sim City — demand that players react to their environment and its rules, solve problems and puzzles, and develop strategies to tackle those obstacles.

And if something goes wrong, they can go back and do it again until they get it right.

Beneath the graphical veneer, the problem-solving ethic remains.

Games are primarily designed for entertainment, but they can be used to educate and train. Pilots, surgeons and soldiers are all trained using glorified game-style simulations of the real world.

Entertainment games can educate too. For example, I studied business studies at school, but I learned more about the raw skills of running a business in Theme Park than I did in the classroom.

From the start I had to recognise the fundamental relationship between the product you're selling and the price people are willing to pay for it.

Ask for too much, and no-one buys. Ask too little, and at best you make no money; at worst you go out of business.

And because the game runs in real-time, you have to weigh up the pros and cons of investing in a new ride, raising gate prices or making your fries more salty so that punters will buy more cola.

It's this train of thought that has prompted gaming giant Electronic Arts to embark on a £300,000 pilot scheme at four UK schools to see how games can teach.

Don't get me wrong, I'm not saying video games never influence people.

Newswire Reuters reported in June how Qiu Chengwei, from Shanghai, received a suspended death sentence in June after stabbing a competitor. Why? The victim had sold a virtual sword which had been lent to him in an online game with Mr Chengwei.

There are games with strong depictions of violence, which can influence people, but no more so than film. The Godfather sits at the top of film website IMDB's all-time poll of greatest films, yet has strong images of violence throughout.

But just as films are licensed according to



● Moral corruption? The violent content of video games like Resident Evil — which players can control with a blood-spattered chainsaw control, inset — has put them in the firing line of politicians like Hilary Clinton

the amount of adult content, so too are video games, particularly as depictions of violence become ever more life-like.

Of course, the research by the Florida academics is the latest catalyst for the debate about whether games are evil. Last month U.S. senator Hilary Clinton raged about the hidden sex scenes which could be found in the popular Grand Theft Auto: San Andreas — a game in which the player takes control of a black gangster in 1990s America. She accused video games of "stealing the innocence of our children".

To me this appears nothing more than the typical generation-gap rant that welcomes any new style of media.

In the 1950s, politicians warned how rock 'n' roll music was going to corrupt the moral fibre of every teenager. Now you can hear the music used to shift everything from cars to breakfast cereals.

Similar derision has faced video, film, photo-

graphy and even written texts (Greek philosopher Socrates believed there was nothing better than the spoken word). Yet no-one believes we should now stop people reading books. Indeed, the gaming industry provides a golden opportunity for businesses, in the same way that film, radio and publishing have done.

More money is now spent in the UK on computer games than either film or music, and the signs predict further growth, particularly in titles that allow people to play and talk together online.

It is estimated that 10 million people worldwide now play so-called massively multiplayer online role playing games (MMORPGs) such as World Of Warcraft, a figure set to double every two years.

Why are these games so powerful? One attraction is that in a society which is increasingly driven by image, when you're online can decide exactly what you look like and what

you're talents are. It is also hugely satisfying to spend time performing quests to make that character richer and more powerful.

Don't believe me?

As I write, 50 pieces of virtual World Of Warcraft gold can fetch £30 on eBay. One seller is even offering two characters at the bargain basement price of £28 million.

There are reports of so-called 'farming' operations in the Far East where entrepreneurs hire workers to sit at banks of computers, overseeing programs designed to earn virtual gold and equipment which can then be flogged online.

One company, UOTreasures, has a shop on eBay and estimates that this industry is grossing £280 million a year.

It's little wonder there are reports of people earning tonnes of cash while paying workers for watching over the online world.

Who said playing games was a waste of time?

RESULTS Forecast

cans are thought to have picked up in the second quarter of the year and that should help to maintain sales at the same level as last year, while profits margins are likely to have been steady.

Half-year figures from Hilton Group on Thursday should reveal an improvement in profits for its hotel division while the Ladbrokes betting arm may match the performance of last year despite an unfavourable half for sports results.

Analysts also expect an update on the second half trading outlook to be relatively positive, as the company benefits from a further recovery in the hotels market and the roll-out of an online poker site.

Ladbrokes recently upped the stakes in the battle for the title of the UK's biggest bookmaker when it announced it was buying 141 family-run betting shops. The £76 million deal for the Welsh chain Jack Brown came after rival William Hill seized top spot with the purchase of 624 shops from Stanley Leisure.

Analyst predict group profits for the six months will be in the region of £195 million, compared with £189.7 million a year earlier.

Pest control-to-hygiene group Rentokil Initial will be hoping for a positive response to half-year results on Thursday as it sets about repairing the blow to investor confidence caused by the trading problems of the last couple of years.

It has already warned there will be no quick fix, with Sébastien Petit, analyst at Barclays, reflecting this with a forecast for interim profits of £153 million, against £180 million a year earlier.

He added: "With Rentokil still in transition and trying to regain some sales momentum, these results will be key to gauging the company's progress."

The results will be the first to reflect the input of Doug Flynn, who started as chief executive in April and has already outlined the level of investment needed to reverse the 25 per cent fall in bottom-line profits to £297.8 million in 2004. He also ruled out a full-scale break up of the group.

Strong management and a successful acquisition strategy has kept beverages can maker and packaging specialist Rexam in the City's good books.

Analysts expect another relatively strong performance from the company on Thursday as half-year profits are tipped to rise to £191 million, from £184 million a year earlier. An improved dividend should also help the mood.

Sales volumes of beverage

Ladbrokes bet on a profits boost

RESULTS Forecast

cans are thought to have picked up in the second quarter of the year and that should help to maintain sales at the same level as last year, while profits margins are likely to have been steady.

Earlier this year Rexam, which makes more than 40 billion drinks cans a year, said it was selling its Barnsley-based glass business to Dublin-based Ardagh Glass for £50 million. Despite the disposal, Rexam is seen as being in the market for more acquisitions.

Steelmaker Corus returned to profit last year, but analysts expect half-year results on Thursday to show that conditions have become a little tougher for the Anglo-Dutch group because of oversupply in the sector.

That was highlighted earlier in the month when the world's largest steelmaker, Mittal Steel, announced a slight dip in second quarter profits after prices softened and raw material costs rose.

Investors will hope Corus shares the same viewpoint as Mittal's billionaire founder Lakshmi Mittal, as he forecast a pick-up in prices following more pain in the third quarter of the year.

In March, Corus posted profits for the first time since it was created from the merger of British Steel and Hoogovens. Credit Suisse First Boston expects half-year earnings of £635 million, marginally ahead of last year.

Analysts will be looking out for signs on the health of the advertising market when industry giant WPP posts first half results on Friday.

Stockbroker Barclays is expecting profits to come in at £290.9 million against £229.3 million last time, and said there was a chance WPP could change its cautious stance and increase guidance.

The firm's first quarter results were better than expected and it reported good new business wins, which Barclays said should have continued into the second quarter.

Despite the upbeat statement, the company remained cautious on the revenues outlook at the time. It expects the advertising market to grow by two pr cent to three per cent in 2005 and expects it will take market share, increasing revenues by around three per cent to four per cent.

Persimmon will kick off an important season for house-builders on Tuesday when it reports on what has been a difficult first half for much of the industry. A positive trading statement led experts to signal profits should hit expectations, despite difficult conditions.

Sunlight-Davis merger has analysts beaming

SHARETip

DAVIS Service Group is the result of the merger between Sunlight Service Group and Godfrey Davis Holdings.

The principal activities of Sunlight were textile, workwear hire and washroom services for industrial customers. Godfrey Davis was mainly involved in vehicle sales and rentals. Having reached the top position in UK textile maintenance, Davis in April 2002 acquired Sophus Berendsen, the number three provider of textile services in Europe.

In 2003 the company decided to focus solely on textile maintenance. This resulted in the sale of the HSS tool-hire division that year, but the disposal of Elliot last May.

The new chief executive already has his hands full dealing with the challenging trading conditions in the European textile services market, without having the extra distraction of the Elliot portable buildings business.

Davis is returning the bulk of the £166 million sale proceeds in the form of a 'B' share and then initiating a share consolidation.

Little has changed in the textile maintenance sector's trading conditions over the last 18 months in the UK.

The recession in manufacturing has stopped any recovery in demand for workwear and cost pressures remain intense. Volumes have picked up, but this has tended to be in

the lower margin hotel and healthcare segments so first half profits will be lower.

An orderly sale of Rentokil's textile operations could reduce capacity in the market, but the management are not holding their breath.

There is some help from revision downwards in the expected rise in the minimum wage, but any improvement will come from Davis's own initiatives.

Sophus Berendsen continues to perform ahead of expectations and the expansion into Poland is going very well. The proximity of the operations to Germany is even beginning to improve productivity there. Sweden's cut in interest rates is also an unexpected plus.

The sale of the Elliot and HSS businesses, plus the better than expected profit contribution from Sophus, has significantly improved the balance sheet.

While the growth rate is low it is likely to be steady and the above market yield is attractive.

Analysts continue to support this shareholder friendly management team which is set to benefit from further consolidation in industrial textiles, increasing outsourcing of non-essential services and the continuing recovery in the hotel sector. BUY.

SHAREWatch

You've more chance of a big win on the lottery



Money Worries

Caroline Spears



● You're fired: tycoon Alan Sugar is urging people to invest in premium bonds in a current TV campaign

IN WITH THE JUNK MAIL that we get every day there was a letter from National Savings & Investments about premium bonds. Are these a good investment or just a gamble?

It depends what you are looking for. If you are looking for an investment for income, they certainly have a place. If, on the other hand, you are looking for capital growth, premium bonds are not the best place for your money. Why?

Because when you invest for capital growth you do it hoping that your investment will increase in value, not because of the addition of income or interest, but because the assets appreciate.

That's the aim of investing, whether it's in the stock market, antiques or property. You want the amount that you invested at least to keep up with the rate of price inflation, if not to beat it by a good margin. Of course, the value of investments can go down as well as up, as we all know.

Premium bonds do not offer capital growth: they simply offer an income, and an unpredictable one at that.

This month the odds of winning have improved as there are now two monthly £1 million prizes instead of one. Back in 1994, you had a one in four billion chance per bond of winning, and these

odds gradually lengthened until, in the first half of this year, there was only one chance in twenty six billion of a win for each £1 bond.

However, given that the minimum investment is £100, so one hundred bonds, your chances of success were around 130 million to one. The extra £1 million prize each month halves the odds of winning the top prize to 430,000 for one for those with £30,000 invested.

Those are still very long odds. You have more chance of a big win on the lottery, to be frank.

To get the best return you need to buy £30,000 worth of the bonds. That return should be around 3.25 per cent a year, say the people at National Savings & Investments. As this income is completely tax-free, it is equivalent to 4.05 per cent for a basic-rate taxpayer and

5.42 per cent for someone who pays tax at the higher rate — so not bad.

Once you have bought your lottery ticket, you have lost your stake, unless you win. Unlike the lottery, you can cash in your Premium Bond stake at any time by writing to National Savings & Investments. It then takes about a week for

your money to be returned to you.

What other advantages are there?

Well, there is no time limit for claims, which is again different from the lottery.

And, if you're feeling civic-minded, it's good to know that the profits made from running National Savings & Investments are used by the Government to supplement

what it raises in taxes.

Premium bonds are certainly becoming more popular. More have been bought in the last six years than in the previous 42 years put together. Remember, though, that 90 per cent of prizes are between £50 and £100 — then you won't be too disappointed if that's all you get.

RESULTS Diary

Companies reporting results this week include:

August 23

Interims: Bodcote, James &

Sons Fisher, Michelmersh,

Persimmon, WIN

Estates Ltd of Hanley.

SAVINGS File

HIGH FIVE SAVERS:

Portman BS

5.50%

0845 045 0114

25 Day Notice

ISA

25 Days

Yly

West Bromwich