SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

- Botswana
- Egypt
- Ghana
- Kenya
- Malawi
- Mauritius
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	20-Feb-15	27-Feb-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9600.20	9593.81	-0.07%	0.89%	0.97%	1.19%
Egypt	CASE 30	9481.20	9334.01	-1.55%	-1.54%	4.38%	-2.17%
Ghana	GSE Comp Index	2158.40	2177.95	0.91%	-0.10%	-4.78%	-12.62%
Ivory Coast	BRVM Composite	256.32	260.71	1.71%	1.33%	1.02%	-5.64%
Kenya	NSE 20	5465.90	5491.37	0.47%	0.53%	7.41%	6.45%
Malawi	Malawi All Share	14964.74	14965.00	0.00%	1.06%	0.53%	8.07%
Mauritius	SEMDEX	2001.13	2018.63	0.87%	1.30%	-2.66%	-7.47%
	SEM 10	377.08	380.60	0.93%	1.36%	-1.35%	-6.23%
Namibia	Overall Index	1177.22	1173.44	-0.32%	1.07%	6.87%	8.25%
Nigeria	Nigeria All Share	29383.93	30103.81	2.45%	0.88%	-13.14%	-21.14%
Swaziland	All Share	299.67	299.67	0.00%	1.41%	0.53%	1.83%
Tanzania	TSI	4999.35	4924.66	-1.49%	-0.32%	8.77%	4.25%
Tunisia	TunIndex	5313.92	5442.26	2.42%	1.68%	6.93%	2.74%
Zambia	LUSE All Share	6192.23	6149.86	-0.68%	-0.27%	-0.18%	-8.58%
Zimbabwe	Industrial Index	168.13	167.16	-0.58%	-0.58%	2.68%	2.68%
	Mining Index	47.09	55.38	17.60%	17.60%	-22.77%	-22.77%

CURRENCIES

Cur-rency	20-Feb-15 Close	27-Feb-15 Close	WTD % Change	YTD % Change
BWP	9.49	9.40-	0.95-	0.22
EGP	7.61	7.61-	0.01	6.69
GHS	1.87	3.47	1.01	8.97
CFA	575.58	577.73	0.37	7.06
KES	89.90	89.85-	0.06	0.90
MWK	435.29	430.75-	1.04-	6.98
MUR	32.15	32.01-	0.42	5.20
NAD	11.61	11.45-	1.38-	1.27
NGN	196.28	199.34	1.56	10.15
SZL	11.61	199.34-	1.39-	1.28
TZS	1,795.76	1,774.64-	1.18	4.33
TND	1.92	1.93	0.72	4.07
ZMW	6.96	6.93-	0.42	9.19

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's government is seeking bids for the conversion of a diesel-fired 90-megawatt power plant that supplies electricity during times of peak demand to natural gas as the southern African country tries to curb fuel costs. The call for expressions of interest to convert the Orapa plant was published in Wednesday's edition of the state-owned Daily News, based in the capital, Gaborone. The world's biggest diamond producer is battling to meet electricity demand because breakdowns have left its largest power plant at Morupule running at less than 50 percent of capacity. Botswana, which experienced rolling power cuts last week, imports electricity from neighboring South Africa, where the state utility has also has to ration supplies because so many of its generating units are offline. Orapa was commissioned in October 2011, with two 45-megawatt units designed for limited use at peak times. With the coal-fired Morupule B producing just 280 megawatts of its potential 600 megawatts of power as of January, Botswana Power Corp. has run Orapa for as long as 10 hours at a time. A gas-burning plant would be more economical and reliable to operate. "There are certain times we have had to run it over prolonged hours and this are very expensive," BPC acting Chief Executive Officer Nchena Mothebe said in March. Orapa was burning 22,000 pula ($2,300) in diesel an hour, Mothebe said at the time. BPC was allocated a 1.5 billion pula subsidy in the 2015-2016 budget, partly to cover the cost of running peak-demand plants.

Botswana last year invited bids from domestic gas suppliers, and has now expanded the search to international companies. "The first was for those exploring for gas in Botswana and we are preparing the international float in order to get a good comparison," Minerals, Energy and Water Resources Minister Kitso Mokaila said in a Jan. 22 interview. Botswana's power demand at peak times of about 600 megawatts is currently met through Morupule B, the Orapa plant, another 70 megawatt peaking plant near Francistown and imports from the region, particularly Johannesburg-based Eskom Holdings SOC Ltd.*(Bloomberg)*

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Egypt

Corporate News

Egypt is considering listing the state-owned Food Industries Holding Company (FIHC) in a rare initial public offering (IPO) of shares in a government holding company, the supplies minister told Reuters on Sunday. The IPO could raise between three and four billion Egyptian pounds ($395 million to $524 million), Khaled Hanafi said. "This listing will be the first of its kind in Egypt... the first listing of a state holding company on the capital market. The expected value is three to four billion pounds, that is a personal assessment," Hanafi said. "We are still studying a group of international investment banks to manage and study the listing," he said. Hanafi did not say how many shares or what percent of FIHC might be floated. He hoped the IPO would be launched this year, but said the ministry was still looking for an adviser. Egypt last listed state-owned firms on the stock exchange in 2005, when Telecom Egypt,, Sid Kerir Petrochemicals and Alexandria Mineral Oils Company offered shares. The last IPO on the Egyptian stock exchange was Arab Cement, which was valued at about 700 million pounds at its May 2014 launch. The capital raised by listing FIHC shares would be invested in underperforming companies operated by the ministry, Hanafi said. "Food Industries Holding has about 43 subsidiaries. Some of these companies need liquidity in order to increase production lines and develop. That is what we will do with the money raised," he said. *(Reuters)*

Qalaa Holdings, one of Egypt's largest investment companies, has approved a share swap with subsidiary companies that equates to a 1.7 billion Egyptian pound ($223 million) capital increase, the company said on Sunday. Two sources had revealed the capital increase to Reuters on Saturday. The move is the company's third capital hike since it listed on the Egyptian bourse in 2010 and comes as it considers a series of money-raising divestments aimed at returning to profit. Qalaa will issue up to an additional 340 million shares, worth 1.7 billion Egyptian pounds, the statement said. "This will hasten our return to profitability during 2015, one year earlier than originally anticipated, and will open the way for dividend distribution in the coming years,â€ Qalaa Chairman Ahmed Heikal said in the statement. Qalaa co-founder and managing director Hisham El-Khazindary said "further increasing Qalaaâ€™s ownership in its core subsidiaries at attractive valuations will allow us to maximise earnings over the medium and long term". On Wednesday Qalaa said it had hired investment bank EFG Hermes to advise it on the possible sale of its food businesses, a deal which the conglomerate said would help it return to profit this year.
Qalaa, which is seeking to raise $300 million over the medium term through divestments, is considering the sale of confectioner Rashidi El-Mizan and dairy producer Dina Farms, Chairman Heikal has said. Qalaa has some $9.5 billion in assets under management, with dozens of firms mainly in Egypt, east and north Africa. *(Reuters)*

Cairo Poultry Group Co (POUL) said its board called an extraordinary shareholders| meeting on March 19 for an approval of a stock split. The company is planning to undertake a two-for-one stock split to boost trading on its shares. The move would increase the outstanding number of shares to 348.36 million shares with a issued and paid capital of LE348.36 million. *(Egypt.com)*

Asek Co for Mining (Ascom) (ASCM) has submitted details on the proposed LE150 million rights issue to Egypt|s stock exchange, EGX said on Tuesday. The company is planning to increase its issued capital to LE500 million through issuing 15 million shares with a par value LE10 each. *(Egypt.com)*

Global Telecom, the Egypt-based group formerly called Orascom Telecom, reported a 2014 loss of 3.2 billion Egyptian pounds ($419.40 million), the company said in a statement on Wednesday. Global Telecom, which is 51.9 percent owned by Russia's Vimpelcom, posted a loss of 20 billion Egyptian pounds in the previous year. *(Reuters)*

International Co for Medical Industries (ICMI) has received regulatory approval to launch a LE6.4 million rights issue, according to a bourse filing. The pharmacuticals company said it plans to issue 6.4 million new shares and that it will increase its issued capital to LE12 million. The shares will be offered at LE1 per share in the rights issue which will run from March 23 to April 21. Shareholders on record of March 18, 2015 are entitled to participate in the rights issue within 114.29% of their quota. ICMI said it will use the rights issue to activate the import permit from the general authority for investment (GAFI) to import medical supplies from abroad and sell it locally worth LE1 million according to the feasability study. The company is planning to spend LE1 million on the rehabilitation and operation of the clean area, in addition to LE1.65 million to purchase a needle tip production line due to the increased demand. ICMI will use LE1.1 million to repay a large portion of the bank facilities to save LE150,000 annually on interest rates, in addition to repaying LE1.32 million debts to shareholders. The firm expected sales to increase to LE10 million in 2 years, and to be doubled in 5 years, according to the statement. *(Egypt.com)*

Economic News

Egypt will hold an international auction for eight oil and natural gas exploration blocks in the Mediterranean Sea, the oil ministry said on Sunday, as the government seeks to boost production to curb persistent energy shortages. Khaled Abdel Badie, head of state-run Egyptian Natural Gas Holding Company (EGAS), told Reuters the auction would be launched before the end of February. The eight blocks up for auction are West Arish Marine, East Port Said Marine, North Rumana Marine, North Ras al-Ash Marine, West al-Timsah Marine, South Taneen Marine, North Hammad Marine, and East Alexandria Marine, the ministry said in a statement. They cover an area of 11,849 square kilometres (4574.92 square miles), the statement said. Egypt has accelerated the pace of auctions for exploration and production blocks and improved deal terms to help attract major energy companies. In January, the country signed 15 new exploration deals and amended two more, as well as clinching major tenders to import liquefied natural gas (LNG). The oil ministry told Reuters this month that Egypt had three exploration and production agreements under way worth $9.2 billion. Rising consumption and falling production have turned Egypt from an energy exporter into a net importer, contributing to an energy shortage that causes regular power cuts. *(Reuters)*

Egypt hopes to halt liquefied natural gas imports in 2020, Oil Minister Sherif Ismail said on Monday, as projects to develop its own gas fields are completed. The Arab world's most populous nation is struggling to cope with energy demand from a population of 85 million. Demand now outstrips production of oil and gas from fields in the Western Desert, Nile Delta and offshore. Ismail told Reuters in an interview that "we are targeting to stop importing gas with ... the completion of developing gas field projects." He added the caveat that this would be as long as there was no need to meet additional demand with imports. Egypt announced this year contracts for LNG imports with Vitol, Noble Group, and BP, part of tender to provide 75 LNG cargoes, which Ismail reiterated would cover demand for two years. He said he expected a floating terminal needed to import LNG to arrive by March and that a second one was expected to arrive by July. "Egypt's gas production is 4.7 billion cubic feet a day and we need no less than 700 million cubic feet extra per day to meet the country's electricity needs during the summer, in addition to the gas needs of the industrial sector," Ismail said. Egypt is nearing a deal with Algeria's state-run Sonatrach for supply of LNG from 2016 until 2020, after agreeing to buy six cargoes from Sonatrach delivering this year. Cash and oil products worth $10.6 billion arrived from the Gulf in 2013-2014, bolstering the economy and giving Cairo space to reform a subsidy system that has turned it from an energy exporter into a net importer in recent years. Ismail said Kuwait had recently agreed to provide Egypt with about 3 million barrels of oil per month, up from 2 million barrels. He also said that the expected subsidy bill for fuel products in the fiscal year 2015-2016 year would amount to about 86 billion Egyptian pounds ($11.27 billion) based on an estimated Brent oil price of $75 per barrel. Ismail also said the ministry planned to announce an international tender for gas exploration in the Mediterranean on Tuesday, with bids expected to close by the end of June. It also planned to issue a new tender for oil exploration in the Western desert in 2015. Ismail said production had started from eight wells in Block 9A, which is being developed by British gas company BG off the Alexandria coast. *(Reuters)*

Egyptian Petroleum Minister Sherif Ismail said that Egyptian oil ministry is considering listing the 10 state-owned firm in the Egyptian oil sector during this year. The IPO will be the first by the government since Telecom Egypt (ETEL), Alexandria Mineral Oils Co (AMOC), and Sidi Kerir Petrochemicals Co (SKPC) in 2005. Ismail said the ministry is studying with national bank of Egypt and the bourse the companies ready to list, among the most profitable are MEDOR and MOPCO. Misr Oil Processing and Fertilizers Company (MOPCO) which owns Agrium project, the world|s third-largest nitrogen producer, while the Egyptian government owns 98% of MEDOR directly and indirectly, while Suez Canal Bank owns 2%. *(Egypt.com)*

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Over $400 million were sold to Egyptian banks in cash last week, announced the governor of the Central Bank of Egypt, Hisham Ramez, in a phone interview with CBC satellite channel on Sunday. The banking system has seen an additional $1.3 billion in foreign currency proceeds above the normal level in the same week, Ramez added. Since early February, the CBE has imposed new restrictions on cash deposits in US dollars, in an attempt to eradicate the country's foreign currency black market. The new rules stipulate that individuals and companies are not able to deposit over $10,000 in a day and $50,000 a month in Egypt's banks. There are no limits on the sales of dollars to banks, stressed Ramez, the limit being only for cash deposits. "In the first week of implementing the policy we expected turbulence, rumours and criticism of the decision for their personal interest," said Ramez, conceding that the availability of foreign currency has been a problem for importers, but adding that he expects an improvement this week. The priority goes to importers with goods languishing in customs as they were imported before the deposit cap was imposed, he added.

Reported price rises of imported goods are "unjustified" and "exploitation" and unrelated to the CBE's managed devaluation of the pound, said Ramez, at a time "when all international prices are falling." Egypt has let the pound drop steadily in the new year as it strives to close the gap between the official and black market exchange rates. After losing 5.5 percent of its value against the dollar since 18 January, the central bank has kept the official exchange rate steady for the last three weeks, with the pound currently trading at LE7.53 against the dollar. *(Egypt.com)*

Minister: Trade and Industry Minister Mounir Fakhry Abdel Nour said that foreign direct investment in Egypt increased by 7.9 percent, from US$3.8 billion in 2013 to $4.1 billion in 2014, and that the government aims to increase it to $15 billion by 2018. The statement came during the minister's a speech at the opening of the Egyptian-Spanish business forum organized by the Spanish Confederation of Employers' Organizations (CEOE) in Madrid. The minister pointed out in a statement on Thursday that a delegation of major Spanish companies will participate in Egypt's economic summit in March as part of the Spanish ministerial delegation chaired by Minister of Industry, Energy and Tourism José Manuel Soria and State Secretary for Trade Jaime García-Legaz. He said Spain is Egypt's fourth largest European trading partner, as Spanish exports to Egypt increased to more than one billion euros by November 2014, and as the trade volume between the two countries until that date reached 1.6 billion euros, with Egypt's non-oil exports to Spain rising by 16 percent in 2013.

He added that the government introduced major reforms to promote economic growth and investment, most notably raising electricity prices gradually over five years to save funds from subsidies and redirect them towards social programs, as well as reducing fuel subsidies, which caused LE50 billion in savings. He said the new investment law is expected to be issued within a few days in order to facilitate regulations and laws for investment in Egypt and offer new incentive packages to foreign investors. The minister signed an agreement to form a joint business council to strengthen bilateral trade and economic relations and establish investment partnerships between the private sectors. The Egyptian trade and industry minister will choose the members of the Egyptian side and the Spanish state secretary for trade will choose the members of the Spanish side of the council, which will convene every year, alternating between Spain and Egypt. *(Egypt.com)*

Egypt's central bank has kept key interest rates unchanged, as part of its efforts to eliminate currency black market and control inflation, analyst says. The overnight deposit and lending rates were held at 8.75 percent and 9.75 percent respectively, the Monetary Policy Committee announced on Thursday. The discount rate was also kept at 9.25 percent. "Interest rates on the pound needed to remain attractive, as part of the central bank's efforts to eliminate the black market," Mohamed Abu Basha, an economist at the Cairo-based investment bank EFG- Hermes told Ahram Online. The central bank has recently taken measures to eliminate a currency black market that has flourished as Egypt's economy was drained by four years of political turmoil following a popular uprising. Key interest rates were surprisingly cut by 50 basis points last month on lower inflation expectations driven by cheap oil. The CBE also devalued the pound to 7.53 per dollar from 7.14 per dollar, while widening the band around which banks are allowed to trade the dollar to 10 piasters from 3 piasters. However, as the country anticipates another round of subsidy cuts and the introduction of value added tax (VAT), inflation remains a concern that does not allow for further interest rate cuts, Abu Basha said. Since his election as Egypt's president in June last year, Abdel Fattah El-Sisi has led his government in a series of fiscal reforms, including cutting fuel subsidies and introducing new taxes. The annual inflation rate eased to 9.7 percent in January, compared to 10.13 percent in the previous month. *(Egypt.com)*

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TRADING

The Egyptian pound held steady at 7.53 per U.S. dollar at a regular Central Bank foreign exchange auction Thursday, but weakened in the black market. Over the past three weeks, the Central Bank of Egypt (CBE) allowed the pound to hold steady against the dollar after 10 consecutive depreciations in a fight against the black market since Jan. 18. "The bank offered $40 million and sold $38.4 million at a cutoff price of 7.53 EGP per dollar," the CBE said on its website Thursday. It remains the lowest level Egypt's central bank had allowed the local currency to reach since auctions began in December 2012. "The pound fell on the black market Thursday as it was changing hands at 7.66 EGP per dollar, a very close level to the official market as banks now sell the hard currency at 7.63 EGP," a dealer told The Cairo Post. Meanwhile, another trader said black market traders sold the dollar at 7.70 EGP, up from 7.65 on Tuesday. As part of its clampdown on the parallel market, the CBE, the auctions of which determine the rates banks sell the dollar to clients, widened the range in which banks can trade dollars last week to 10 piasters above or below the official rate, up from 3 piasters. It also imposed a $10,000 daily ceiling for cash deposits in hard currency for both individuals and companies. Some bankers expect the FX auctions and flexible exchange rates may help the central bank combat the active black market and narrow the gap between the official and unofficial prices ahead of the Economic Summit schedule in March. Egypt hopes the long-awaited economic conference will lure fresh investments worth billions of dollars to boost its limping economy hit by political turmoil since the January 25 Revolution. *(Egypt.com)*

Egypt's economy expanded by at least 4.5 percent in the first six months of the fiscal year, a rate approaching levels last recorded before the country's 2011 uprising, according to a government minister. In a phone interview in Cairo, Minister of Planning Ashraf El-Arabi said the rebound was in part due to a sharp slowdown the previous year. In 2013, the army removed an Islamist president and began a security crackdown on his followers, deterring investment and tourists. Still, in its Jan. 15 report, the North African nation's central bank said it had seen a pickup in tourism and manufacturing. It cited the improvements as a factor in its decision to cut its key interest rate by half a percentage point. The bank will review rates again later on Thursday. The upheaval following the 2011 ouster of former President Hosni Mubarak left Egypt's economy stuck in its deepest slump in two decades. Successive governments have struggled to entice foreign investors to return amid protests and violence. The economy grew by 1.5 percent in the first half of the last financial year that ended June 30, El-Arabi said. The government expects expansion to rise to more than 4 percent for the full year, he said, up from 2.2 percent. It averaged 6.2 percent annually in the last five years of Mubarak's rule.

President Abdel-Fattah El-Sisi has set his focus on restoring security and stabilizing the economy, goals that human rights groups and activists say have entailed curbing freedoms and recreating a police state. Egypt is hosting an international conference from March 13-15 as it seeks to lure prominent investors. "We want to showcase the reforms undertaken, and opportunities available," El-Arabi said. The conference aims to put "Egypt back on the investment grid," he said. The government will present 33 projects to investors at the conference, he said, including two public-private partnerships, and five business-to-business plans. The rest are opportunities to invest in government projects. The minister did not disclose the exact amount of investment Egypt hopes to attract or give further details. "Egypt needs $60 billion in FDI in the coming four years," he said. "The conference is the first step towards this goal." *(Egypt.com)*

Ghana

Corporate News

Africa's top bullion producer AngloGold Ashanti said on Monday it fell into a loss in the fourth quarter of last year because of costs associated with layoffs and restructuring at its key Ghana operation and accounting adjustments. AngloGold posted a fourth quarter adjusted headline earnings loss of $117 million compared to a profit of $45 million in the same period in 2013 and profit of $2 million in the previous quarter in 2014. The company has been restructuring its Obuasi gold mine in Ghana, a century-old operation that has not made a profit in a decade. AngloGold said the fourth quarter loss was mainly attributable to "$147 million associated with operational and corporate redundancies relating to the Obuasi restructuring, environmental liability resets of $20 million and closure costs of $13 million". *(Reuters)*

Economic News

The Securities and Exchange Commission (SEC) is pushing for a policy that will compel multinationals operating in the country to list on the Ghana Stock Exchange. The move is part of the Commission's plan of allowing Ghanaians to own part of these companies and encourage more companies to list on the local bourse. SEC Director General, Adu Anane Antwi, said the current developments in the economy warrant this policy. "As Ghanaians, we should be looking at how we can share in the profits of these multinationals", he said, adding the move would be good for Ghana's foreign exchange earnings. According to him, when the policy is implemented some of the funds that leave the country in the form of profits from these multinationals would be retained. *(Ghana Web)*

The International Monetary Fund agreed a three-year concessional facility with Ghana worth around $930 million and is confident the deal can restore its fiscal stability, Africa Department division chief Joel Toujas-Bernate said on Thursday. Ghana's economy grew at around 8 percent for years on its exports of gold, cocoa and oil but the country faces serious macro-economic problems and the Fund forecast growth under the deal at 3.5 percent in 2015, rising to 5.0-6.0 percent in 2017. *(Reuters)*

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Kenya

Corporate News

Kenya's Uchumi Supermarkets Ltd posted a mid-year pretax loss after investing in new branches but said it was confident its expansion strategy in east Africa would soon pay off. A rise in staff costs and higher rental prices, including on stores which are yet to open, led into a pretax loss of 262 million shillings (2.9 million) for the half year to December 31. Uchumi had posted a profit of 106.9 million shillings for the period a year earlier. Net sales slipped to 6.8 billion shillings from 7.3 billion shillings, partly due to an economic slowdown in Uganda and greater insecurity. Uchumi, which currently operates 37 stores in Kenya, Uganda and Tanzania, raised 895 million shillings ($9.77 million) through a cash call last month to boost its working capital and to support expansion. "The outlook into the second half is positive as we plan to grow our retail network by 10 more branches across the region as the earlier-opened branches reach their maturity," Chief Executive Jonathan Ciano said in a statement on Saturday. "The economic environment is also expected to record recovery," he said. Uchumi hopes its expansion will help it capture the growing number of middle class spenders in the region. Al Qaeda-linked militants attacked an upscale shopping mall in the Kenyan capital in 2013, killing at least 67 people. Uchumi did not have an outlet in the Westgate mall but some customers remain wary of shopping in malls or supermarkets. *(Reuters)*

KCB posted a 17.4 per cent rise in net profit for the year ended December, helped by a double-digit increase in interest and other income. The bank's net profit stood at Sh16.8 billion in the period compared to Sh14.3 billion the year before. Total interest income rose 14 per cent to Sh47.4 billion as the stock of outstanding loans expanded to Sh283.7 billion from Sh227.7 billion. Other income, including fees on transactions, increased 28.4 per cent to Sh22 billion and supplemented the mainstay lending business. Chief executive Joshua Oigara said all the subsidiaries made profits in the period. The bank has declared a dividend of Sh2 per share, same as for 2013. *(Business Daily)*

British American Tobacco Kenya's full year 2014 pretax profit jumped 11 percent to 6.1 billion shillings ($66.8 million), helped by increased export and domestic sales, the company said on Friday. The firm, East Africa's biggest cigarette maker that is majority owned by British-based group British American Tobacco Plc, said its total turnover rose to 34.12 billion shillings from 31.92 billion shillings. Its earnings per share rose to 42.55 shillings from 37.24 shillings the previous year. BAT shares closed down 0.23 percent on Thursday at 878.00 shillings. *(Reuters)*

Kenyan power producer KenGen said on Friday it was seeking a lead broker for a rights issue that is expected to be launched by the end of March. KenGen, the east African country's main power producer which is 70 percent state-owned, will carry out a cash call to raise 30 billion shillings ($331 million). The firm advertised for a lead broker in newspapers on Friday. The energy ministry said last year that the issue could be completed in the first quarter of 2015. KenGen had said on Thursday that its plans for capital restructuring were advanced, but did not give details. The company's pretax profit for the six months to December more than doubled to 3.79 billion shillings ($41 million) from 1.84 billion shillings a year earlier. The firm's financial year runs from July to June. *(Reuters)*

Kenyan flour miller Unga Group Ltd posted a 59 percent jump in half-year profit before tax, mainly due to increased capacity brought by a new wheat mill and proceeds from the sale of its stake in a packaging firm, Bullpark Ltd. The miller said the weakening of the Kenyan and Ugandan shillings against the dollar resulted in foreign exchange related losses. "Manufacturing overheads and competitive pressure remained high," the company added in a statement. The consumer and animal food producer said profit before tax in the six months to the end of December climbed to 527.2 million shillings ($5.8 million) from a restated 330.7 million shillings the previous period. Turnover climbed to 9.7 billion shillings from 8.8 billion shillings. Operating profit also improved slightly, climbing to 409.8 million shillings from 293.5 million. Earnings per share jumped to 3.41 shillings from 1.96 shillings. The company's directors did not recommend an interim dividend. *(Reuters)*

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Economic News

Although a number of counties say they need to borrow money to plug budget deficits, many are not collecting enough from local taxes—a key requirement for approval of loans by the national government. The government has proposed to cap borrowing by devolved units at 20 per cent of their last audited accounts. The matter will be taken to the National Assembly for debate. Experts in government financing want borrowing pegged to local taxes the devolved units collect. But according to the office of the Controller of Budget, most of these units did not meet their revenue collection targets for 2013/2014 financial year. An analysis of local revenue collection by counties and former local authorities indicates that only Kericho, Marsabit, Tharaka Nithi and West Pokot counties met their targets. But this does not necessarily mean the four are eligible to borrow as their level of current debt is also to be considered. "Counties should be slow to borrow. They should demonstrate ability to pay, otherwise it is possible to mortgage the units to a point that any money disbursed goes to paying loans. Regimes will keep changing. We want to avoid a situation where heavy borrowing leaves subsequent regimes struggling to pay," said Mr James Katule, director of fiscal affairs at the Commission of Revenue Allocation. Nairobi County, which collected Sh10 billion against a target of Sh15.4 billion, will be eligible to borrow only Sh2 billion, going by the recommendations. Most counties cannot borrow the huge amounts required to implement proposed mega-projects as their revenue collection is between Sh35 million and Sh250 million.

Mombasa County, which collected Sh1.72 billion against a target of Sh5 billion, can borrow only Sh344 million, going by the requirement. Kisumu had projected to collect Sh1.74 billion in 2013/2014 but collected Sh621 million so it can borrow only Sh124 million. Others that can borrow substantial amounts because of collections between Sh1 billion and Sh1.8 billion are Machakos, Kiambu, Nakuru and Narok. The majority can borrow only tens of millions. Even then, most of the counties cannot qualify for additional loans as they are servicing old loans. The proposed law also caps debt servicing at 15 per cent of the last county audit. "The debt stock of a county government should not exceed 20 per cent of the last audited revenue, while the debt service cost is to be capped at 15 per cent of the county's last audited revenue," said a Budget Policy Statement released last month. "Given that counties are still learning financial management skills, with reports of low absorption of development funds, it's appropriate to deter borrowing to prevent abuse and ensure they are able to repay," said Mr John Mutua of the Institute of Economic Affairs where he is in charge of budget matters. The national government has already indicated that counties will face close scrutiny when seeking Treasury approval to borrow from the private sector under the new regulations. Last year, the government increased its debt ceiling to Sh2.5 trillion from Sh1.2 trillion to create room for borrowing to fund infrastructure projects. A law meant to fix the debt ceiling at 50 per cent of gross domestic product is also in the pipeline. The new limit means counties might not find funding for all their big projects. Some counties have expressed interest in external borrowing, but the government has insisted that a framework is required to prevent accumulation of debt. "The public finance management regulations that have been submitted to Parliament for approval have further clarified the framework for county borrowing in terms of sources, purposes, procedures and borrowing limits," the statement noted. *(Daily Nation)*

Profit warnings from companies listed at the Nairobi Securities Exchange for their 2014 performance have increased to a record 12, signalling a dividend drought and share price erosions. Earnings alert from the listed companies stood at eight 2013 financial year, compared to 10 in 2012 and two in 2011. The weaker performance has been linked to a mix of increased competition, mismanagement, travel advisories, lower capital gains at the bourse and falling prices of agricultural commodities like tea. Paints manufacturer Crown Berger is the latest to make such an announcement after TPS Eastern Africa and Pan Africa Insurance Holdings. Investors in the companies that have issued profit warnings are set to get lower or no dividend this year, besides suffering share price erosion. Pan Africa's share price stood at Sh105 on Friday, representing a 11 per cent drop from Sh118 on Wednesday when it issued the profit guidance while Crown Berger shed Sh23 over the same period. Other companies that have made similar warnings are Sameer Africa, Sasini, Williamson Tea,Kapchorua Tea and Transcentury. Mumias, East African Portland Cement Company (EAPCC) and Rea Vipingo have already published their results after issuing the profit warnings. The announcements mean some of the firms will post losses or record significant declines in their profits, a move that could lead to a freeze or cut in dividends. The earnings alert have come from firms listed at the commercial and industrial segment of the NSE with banks expected to announce double and triple digit profit growth next month. Most companies retain most of their earnings to fund new investments and strengthen their financial position, with lower profits leaving even less cash to be distributed as dividends.

Only a few firms, including cigarette manufacturer British American Tobacco, pay out their entire profits as dividends. Reduced earnings also have the effect of cooling off demand for a company's stock unless investors see it as a temporary phenomenon. The Capital Markets Authority (CMA) requires companies to make the disclosures to warn investors of the risks of capital losses and reduced dividend as a result of the profit fall. Crown Paints cited challenges in its subsidiaries in Tanzania and Rwanda for the expected fall in earnings. "The drop is as a result of very challenging market dynamics for subsidiaries in our expansion programme within the region," Crown Paints said in a notice. The company reported a net profit of Sh213.84 million for the year ended December 2013, meaning that this year's earnings will be lower than Sh160 million. TPS Eastern Africa, which operated hotels under the Serena brand, blamed insecurity, Ebola outbreak and VAT on tourism for eating into its earnings for 2014. Pan Africa Insurance attributes its projected dip in profits to reduced gains from its portfolio at the NSE and slower sales of properties and plots.*(Business Daily)*

Kenya's shilling was stable on Tuesday and traders said the local currency was expected to remain under pressure until the end of the month due to importer demand for dollars. At 0726 GMT, commercial banks quoted the shilling at 91.35/45 to the dollar, compared with Monday's close of 91.40/50. "It's opened on a very quiet note. But it has a bias of slight weakening as we approach end of month," Sheikh Mehran, head of trading at I&M Bank, said. Typically most demand for dollars at the close of the month would be from importers in the energy and manufacturing sectors. Traders said they forecast the shilling, which has lost 0.8 percent to the dollar so far this year, to trade in the 91.20 to 91.70 range in coming days, with a bias to weakening. "We should see the demand side dominating the market as we approach the end of the month," Robert Gatobu, a trader at Bank of Africa, said. *(Reuters)*

Kenya will start construction work next month on a long-delayed new port to be built on its northern coast, next to the historic trading town of Lamu, the presidency announced on Monday. The Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) project is intended to include a port, new roads, a railway and a pipeline by 2030 that will give landlocked South Sudan and Ethiopia access to the Indian Ocean.
The overall price of the project, first proposed in the 1970s, has been put at $25.5 billion. Among the reasons for the delay are demands from landowners for greater compensation. "Construction of the Lamu port begins next month, President Uhuru Kenyatta has announced," the presidency said in a statement, without specifying the scope of the work. In 2013, officials said a consortium led by China Communications Construction Co Ltd had won a 41 billion Kenyan shilling ($449 million) contract to build the first three berths of the port. There has been little sign of activity since then. The new port at Lamu has been cited as a possible oil export terminal after commercial oil finds in Uganda and Kenya. But the pipeline could also go to Kenya's main existing port, Mombasa. "The new port, which is part of the Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) Corridor project, will provide an opportunity for the exploitation of the country's maritime resources," the president told a maritime conference. Officials were not immediately available to offer more details. *(Reuters)*

Kenya's debt burden could double in the next two years as a result of failure by the government to tackle key structural issues related to the economy, warns a new report. The study by global consulting firm Control Risks, says the country's debt burden for East Africa's biggest economy could grow two-fold because Treasury is "running huge deficits". "Governments (in Africa) have so far failed to tackle key structural issues … Kenya, as one of the best-governed countries in the region, is running big deficits and debt loads will double by 2017," Mr Daniel Heal, the Control Risks managing director for East Africa, said in a statement. The report says as at the beginning of 2015, economic growth in sub-Saharan Africa had outpaced political reform and governments had so far failed to tackle key structural issues. "Large inward investment in East African energy and the prospect of a resource boom is putting pressure on political arrangements," says the report titled RiskMap 2015. Mr Heal warned that this year, some of the political limits to sub-Saharan Africa's impressive growth story will start exposing themselves. Kenya has, for instance, committed to borrowing billions of shillings to finance mega public infrastructure projects in the recent past including building the standard gauge railway line between the port city of Mombasa and Nairobi. The country has also equally borrowed billions of shillings to finance power generation and road construction. Kenya's current external debt stands at Sh2.3 trillion, 54 per cent of it, or Sh1.26 trillion being foreign. Last year, Treasury got parliamentary approval to raise the maximum amount it can borrow from Sh1.2 trillion to Sh2.5 trillion, citing the need for more capital to fund flagship projects. The World Bank last month warned that external debts and reduced inflows of foreign investments are set to hit developing nations such as Kenya hard.

The global lender noted that foreign debt repayment is expected to become expensive as the United States Federal Reserve Bank starts withdrawing its monetary stimulus this year, thus increasing interest rates. The International Monetary Fund last month praised Kenya's fiscal discipline, saying that the country had improved both its external and domestic debt positions. IMF Chief Christine Lagarde, however, warned that as the country becomes more integrated in the global economy, it will be exposed to external shocks, mainly through volatility in international financial markets. *(Daily Nation)*

Treasury secretary Henry Rotich has shifted the burden of paying and accounting for capital gains tax to investors at the Nairobi Securities Exchange (NSE). This ends the fight with stockbrokers that nearly paralysed trading at East Africa's largest bourse. Mr Rotich on Wednesday told the Business Daily that the Treasury, the Kenya Revenue Authority (KRA) and the brokers had agreed that the task of accounting for the tax be left to investors — not the market intermediaries. "We are working on legislation that will require individuals filling their tax returns to account for CGT [capital gains tax]," Mr Rotich said, adding that any other challenges that the brokers may have with the tax would be resolved through next year's Finance Bill. Martin Kisuu, a tax expert with Taxwise Consulting Limited, welcomed the decision to have investors account for the tax, saying that is the practice in most jurisdictions. "That is the way it should be because it is being collected under the Income Tax Act, which requires individuals to do self-assessment and file," Mr Kisuu said, adding that it should not be difficult to enforce because the parties will be dealing with a formal business that has ready information. "You can actually change the law to require the brokers to submit the information so the fear of non-compliance should not arise."

Stockbrokers said their concern has been with both the introduction of the tax and its administration, which had put the burden of accounting for the tax on them. "This is not an advisable tax to introduce in the capital markets. It is a cumbersome tax and investors, especially foreigners who are not obliged to invest here, want an easy entry and easy exit," said an investment banker, who did not want to be named because of the government's strong arm tactics in the ongoing war of words with brokers. Brokers further said the tax was not charged in other East African countries, establishing an unfair business landscape that gives Uganda, Tanzania and Rwanda undue advantage over their Kenyan counterparts. Shifting the responsibility of accounting for the capital gains tax to investors through an amendment of the relevant law means the taxman will have to wait until the next financial year beginning July to bring the new tax measure into force. It also means brokers are for the time being not required to levy the tax while the investors cannot take up the job because it would be unlawful to do so. The stockbrokers said they would consult among themselves once the law is amended even as they continue to push for a cancellation of the tax. Supporters of the tax said investors in the capital markets are usually the rich and allowing them to trade without capital gains tax was deepening inequality. Disagreement between the brokers and the government arose from regulations that the KRA released recently stating "the responsibility to collect and account for tax will be on the stockbrokers". The brokers took offence with the term "account" arguing that the law required them to collect and remit.

Capital gains tax is to be paid at the rate of five per cent of the difference between the price at which the shares were acquired and the selling price less the transaction costs. The tax was supposed to be collected at the beginning of the year but has been hampered by the push and pull between the two parties. It is to be submitted by the 20th day of every month after the trade. The fear of piling tax liability forced the brokers to threaten a trading boycott at the bourse beginning Friday last week. A late night meeting with the Capital Markets Authority, however, saw them step back on promise that a decision would be reached between the KRA and the Treasury. The stockbrokers through the Kenya Association of Stockbrokers and Investment Banks (Kasib) had argued that their information systems were not robust enough to account for the tax. To calculate the tax the brokers were to rely on the Central Depository and Settlement Corporation's (CDSC) system to determine the acquisition prices of shares bought after 2005. For shares bought between 2005 and 1998 they were to use the highest price recorded by specific stocks that year as found in the NSE records. Shares bought prior to 1998 were to be assumed to have been acquired at the highest price recorded in 1998. Kasib pointed out some investors move shares between brokers making it difficult to track the history of their trading. By changing the law to lay the burden on the investor Kenya will be following the path of all other jurisdictions that apply the capital gains tax. Capital gains tax also applies to real estate transactions, shares of private companies and government securities.*(Business Daily)*

Kenya's inflation rose to 5.61 percent year-on-year in February from 5.53 pct in the previous month, official data showed. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

As part of efforts to improve the standard of education in the country, Sterling Bank Plc said it recently went into partnership with the National Association of Proprietors of Private Schools (NAPPS). The partnership, according to the bank, provides it an opportunity to develop and train members of NAPPS. Besides, Sterling Bank said it had also collaborated with NAPPS on a unified examination, which it explained would aid students in their preparation for external examinations. This collaboration was announced at a media briefing at the bank's head office in Lagos. Speaking to journalists, the President of NAPPS, Mr. Yomi Otubela announced that his association would be organising a three-day annual retreat tagged: "Effective empowerment of schools through collaborative building capacity and leadership," between February 25th to 27th. This retreat is being facilitated by international bodies such as enviroFly UK and Developing effective private education Nigeria (Deepen UK aid). He added: "This retreat has been packaged to add to the individual and collective knowledge of the leadership of NAPPS and other members in areas such as a free training from an international body for the development of teachers/ staff of participants." He also expressed concern over recent failures recorded in external examinations such as JAMB,WAEC and NECO, adding that the NAPPS unified examination would be a pre-exam which would prepare, help and asses students and teachers. Also speaking at the event, Head Strategy and Communications, Sterling Bank, Mr. Shina Atilola said: "Our key role in education was part of the fact that we wanted to be part of the solution of unemployment in Nigeria and we discovered it can be achieved by solving the problem of education. "We have also realised that we need more investment in the educational sector and our average estimate is about $1 billion for 55 years for us to play a leading role in terms of education globally. And for leading countries in education, technology and partnership has played a major role and as a bank we want to help in terms of unemployment." *(This Day)*

Electricity generation in the country has dropped as Seplat Petroleum Development Company Plc shuts down the Oben Gas Plant, a joint venture between the company and the Nigerian Petroleum Development Company (NPDC), a subsidiary of the Nigerian National Petroleum Corporation (NNPC). The 10-day long shut-down, which will enable the company to tie in its expansion unit with the existing plant, will reduce gas supply to the country's power generating plants by 135 million standard cubic feet of gas per day (MMSCF). Though different power generating plants consume gas at different rates, THISDAY gathered that 135mmscf per day generates an average of 528 megawatts of power. Before the shut-down, power generation hovered around 3,800 megawatts, due to persistent acts of vandalism on the gas supply pipelines. The Chief Executive Officer of Seplat Petroleum, operators of NPDC/Seplat Joint Venture, Mr. Austin Avuru, said in a statement Tuesday that the shutdown, which will end by March 5, will enable the company to tie in its newly installed, 2 x 75 mmscf/d unit into the company's existing gas plant. "Post tie-in operation, SEPLAT will have a single homogenous plant consisting of 2 by 45 MMSCF and 2 by75 MMSCF trains and will be able to deliver 240MMSCF/D WAGP (West African Gas Pipeline) specification gas post-commissioning, from the Oben node. This facility expansion and upgrades will bring the company's overall daily gas production capacity to slightly over 300mmscf/d," he said.

Avuru further stated that during the shutdown, Seplat's current daily production of 135MMSCF, from Oben node will"not be available, however, the company will maintain gas availability of 60mmscf daily from its Sapele node." According to him, the shut-down provides the company an opportunity to enhance its current gas delivery into the national gas grid. He added that this achievement aligns with Seplat's short to medium term domestic gas commercialisation strategy, while facilitating greater power generation in the country. SEPLAT recently signed Memorandum of Understanding (MoU) with the Ministries of Petroleum Resources and Power, in conjunction with the Central Bank of Nigeria (CBN) and the National Electricity Regulatory commission (NERC) as well as NNPC, and Gas Aggregation Company Nigeria Limited for gas supply. Avuru noted that: "The company's investment to develop its gas infrastructure buttresses our commitment to boost gas supply to the Nigerian Electricity Supply Industry (NESI) and support the Federal Government's commitment to the reform of the Power Sector." According to him, improved gas production enables the company meet its obligations and achieve its short to medium term gas objectives. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Heritage Bank Limited has announced the launch of a new SME Finance Package called the Paris Klub SME (PKS) Scheme. The new scheme was designed, according to the bank, to support lending without core collaterals. While speaking on the rising tide of the challenging economy and the plight of an estimated 17 million Nigerian SMEs out of which only about 10 per cent have access to finance, Managing Director of Heritage Bank, Mr. Ifie Sekibo was quoted in a statement to have said there was no better time to support the SMEs than now when the survival of the economy depends largely on retail businesses. He noted that to improve the dwindling fortune of the economy, a robust SME business environment has to be developed. "This is why we introduced the Paris Klub SME (PKS) Scheme to support lending without core collateral. We take pride in our hybrid solutions where borrowing customers gain access to more value added services including consulting, business tools and technology. What we have done is to bring up an innovative idea of how to finance SMEs without collateral. Once we identify the SMEs, we offer advisory services to them, we help them to structure their businesses and also with their cash flows," he explained. Sekibo noted further that Heritage Bank is currently developing a sponsored interest scheme for the educational sector where educational institutions can borrow at low rate subsidised by the scheme manager. "We are also discussing partnership programs with Venture Capital Firms to introduce debt-equity financing option", he revealed.

Speaking further, he noted that one major reason why banks were not funding SMEs was because of the risk involved. The Heritage Bank helmsman advised banks to move beyond challenges of risk, by de-risking SME businesses and making them more bankable. He said Heritage Bank is supporting more retail businesses today by looking beyond risk. Speaking on the new SME Financing Scheme, Group Head, SME, Heritage Banking Company Limited, Mr. Bayo Ogunnusi noted that Heritage Bank is working on several other sector-specific finance schemes in its quest to make SME financing simple. He specifically mentioned the agric sector where a large chunk of the nation's SMEs operates. "We have financed a few agric projects and understand the challenges of the sub-sector. However, as a bank committed to improving national growth and development, we are encouraged by the long term potentials of the sub-sector. We are also leveraging on CBN Agricultural Funds (MSMEDF and CACS) and currently developing capacities to effectively support the agric sub-sector," he added.
(This Day)

Two flour milling firms, Dangote Flour Mills Plc and Honeywell Flour Mills Plc, have lost N2.193 billion through the devaluation of the Naira, a development that affected the bottom lines of the companies. The Central Bank of Nigeria (CBN) had last November devalued the Naira by moving the midpoint of the official window of the FOREIGN EXCHANGE MARKET from N155 to N168 to one United States dollar.
According to the apex bank, the devaluation of the Naira became inevitable as a result of reduction in government revenue from oil production and sales among other factors. THISDAY checks showed the devaluation has begun to impact negatively on the companies that depend on imported raw materials for the production of their goods. Dangote Flour Mills and Honeywell Flour Mills, for instance, recorded a total of N2.193 billion as currency devaluation losses in their latest financial results. Dangote Flour Mills suffered the highest loss of N1.290 billion recorded in for the first quarter (Q1) ended December 31, 2014. Similarly, Honeywell Flour Mills, recorded a currency devaluation of N903 million in its third quarter ended December 31, 2014.

The N1.29 billion loss suffered by Dangote Flour Mills led to N2.920 billion loss after tax for the period. The company had ended the period with gross profit of 1.167 billion, compared with N459 million recorded in the corresponding period of 2013. It also strived to reduce distribution, administrative and other expenses by 20 per cent from N2.65 billion to N2.108 billion. But the N1.29 billion currency devaluation loss made Dangote Flour Mills to end the period with a loss after tax of N2.92 billion compared with a loss of N2.806 billion in 2013. For the Honeywell Flour Mills, the N903 million currency devaluation loss, led to a dip of 52 per cent in net profit for the Q3. The company had recorded a decline in operating profit from N7.76 billion to N6.95 billion. But the N903 million currency devaluation loss in 2014, as against none in 2013, made the company to end the period with an operating profit of N1.589 billion, down by 56 per cent from N3.639 billion posted in 2013. Market operators said more companies who depend on imported raw materials for the manufacturing of their products will report currency devaluation losses. CBN Governor, Mr. Godwin Emefiele, had said the combination of low accruals into the nation's foreign reserves, owing to falling oil prices at the international market; continual depletion of the reserves; and high demand at THE FOREIGN EXCHANGE MARKET made it difficult for the apex bank to continue to defend the Naira, hence the devaluation. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

First City Monument Bank (FCMB) Limited has said it will intensify its support to the agricultural sector, just as the bank disclosed that it plans to grow its loan book to the sector to eight per cent this year. Loan to the agriculture sector was six per cent of its total loan book in 2014. Group Managing Director/Chief Executive, FCMB, Mr. Ladi Balogun stated this while briefing journalists on the performance of the bank in terms of support to the agriculture sector in Lagos on Wednesday. According to Balogun, efforts by the bank would contribute significantly in the ongoing diversification of the Nigerian economy. According to him, the bank is focused on being a strategic partner to the government and other stakeholders in the agric sector to ensure food sufficiency, employment and revenue generation, in line with its value as a helpful financial institution. Balogun added: "We have been providing various lines of credit to the sector and its value chain, including small and medium scale businesses. This funding has been on the rise and we are determined to grow it within the next three years as against six per cent in 2014." He pointed out that more than ever, the diversification of the Nigerian economy is critical, stating that for many years there been so much talk about the diversification of the economy. He stressed that the growth of the Nigerian economy without focusing on agriculture is impossible, adding that the opportunities in the agric sector are enormous. He said banks need to start focusing on sectors that would bring about inclusive growth and sustainability to the economy.

"We have INVESTED as a bank significantly in the agric sector. We have grown agriculture to six per cent of our loan book, from less than two per cent three years ago. Our loan book is over N600 billion. That tells you that we now have over 40 per cent of our exposure to agriculture. "We are involved, not only in the large corporate end, but really down to the micro end with smaller farmers. So, the agriculture transformation is very real. The involvement of the banking industry is very real. This is not about rhetoric, marketing or blowing our trumpet. But it is really about galvanising every Nigerian to see that this sector is taken very seriously," Balogun explained. He said the bank realised there were several millions of farmers across the country that needed credit at affordable rates, considering the level of attraction the agric sector has garnered and that made the financial institution to increase its support to the sector. Among other supports to farmers, FCMB in 2014 provided funding worth N120 million to the Tractor Owners and Hiring Facilities Association of Nigeria (TOHFAN) for the acquisition of tractors which have been distributed to farmers in Kaduna state. It has also collaborated with Doreo Partners to launch a support programme for farmers, known as Baban Gona (or great farm), he added. He described Baban Gona as an agricultural franchise model, where farmers are trained and offered loans to carry out their farming activities. The programme is still running and its impact is being felt across the country. A major component of FCMB's sustainability principle is on agriculture and empowering farmers with a view to reducing the level of poverty among them.*(This Day)*

Nestle Nigeria Plc yesterday released its results for the year ended December, where the directors recommended a final dividend of N17.50 per share. Considering the interim dividend of N10 paid early, the shareholders are to receive a total dividend of N27.50 per share, compared with N25.50 paid the previous year. Given the N824.01 share price at which Nestle closed on Wednesday, the N27.50 dividend translates into a dividend yield of 3.3 per cent. An analysis of the results showed that Nestle recorded a revenue of 143.3 billion, up by 7.7 per cent from N133.1 billion posted in 2013. Cost of sale rose by 7.6 per cent from N76.3 billion to N82.1 billion, while gross profit grew by almost same margin from N56.8 billion to N61.2 billion. Financial charges soared by 147 per cent from N2.1 billion to N5.3 billion. This depressed the profit before tax by 6.7 per cent t N24.4 billion, from N26 billion in 2013. However, a reduction in tax payment boosted the profit after tax to record a marginal decline of 0.1 per cent. Hence, the company ended the year with a PAT of N22.2 billion in 2014 compared to N22.3 billion in 2012 and recommended a final dividend of N17.50 per share. Commenting on the results, analysts at FBN Capital said they did not expect not expect the proposed dividend to impress the market; instead "we expect the market's reaction to the results to be negative given the weak underlying performance. Nestle's PBT of N24.4 billion missed consensus 2014 PBT forecast of N27.9 billion.. As such, we expect downward revisions to analysts' 2015E estimates. According to them, although Nestle's topline growth of eight missed management double-digit target for the full year and Q4, "we expect this growth figure to be among the highest of the consumer names during this earnings season, in line with past trends. Year to date, Nestle shares have declined 13.8 per cent compared with the Nigerian Stock Exchange All-Share Index 11 per cent. We rate the stock underperform." *(This Day)*

The Equipment Leasing Association of Nigeria (ELAN) has stressed that despite the challenging economic condition in the country, there are great opportunities for leasing to thrive. Chairman of ELAN, Mr. Chuka Onwuchekwa who stated this in a report made available to

THISDAY, however pointed out that leasing thrives both in a booming or declining economy. According to him, the federal government's developmental agenda in areas such as the agricultural, power, creative industries and solid minerals would offer great market potential for leasing. Other sectors include information and communication, technology, infrastructure, housing, manufacturing, job creation initiative, health, aviation, transportation, among others. Specifically, he noted that to sustain Nigeria's ongoing transformation in the agricultural sector, various equipment would be required in the complete agric value chain. Onwuchekwa listed assets such as tractors, storage and processing facilities, planters, trucks to transport farm produce and so on, backed by flexible government's incentives as some items that could be leased. For the solid minerals sector, he said government' plans to revitalise the sector would create a huge demand for heavy earth moving equipment and other assets for small scale miners. Also for the creative industries, he stressed that huge business opportunities abound in music, film, fine art and craft, information technology and software, among others. Various assets like state-of-the-art film making equipment e.g. camera, editing machines would be required, he said.

According to the ELAN boss, the recent strides in the power sector via the creation of the Generating Companies (Gencos) and Distribution Companies (Discos) have opened a huge gap for the provision of leasing services. "Indeed, the diversification of the Nigerian economy is expected to increase private investment and bring about robust activities. The fact that leasing facilitates convenient and easy access to capital equipment goes to show the unique role of leasing in building and supporting productive ventures. "This will be very relevant to achieving the developmental initiatives of government and supporting private sector investment. "It is important for the leasing industry to tap into these opportunities. Clearly, the market potential for leasing is huge and there are opportunities for every member irrespective of size and business interest to take its share of the pie and increase the bottom line," he added. He, however said the desired performance and continuous growth of the leasing industry in Nigeria was predicated on the capacity of the industry to overcome the various challenges affecting its growth and development. "Appropriate funding for instance, is critical to the success of the leasing industry.

The available sources which are primarily banks appear inadequate to provide the right kind of funding for the leasing industry to meet the huge demand for capital assets in the economy. "There is therefore need for a funding mechanism that would provide cheap long term funding. For instance, some of the intervention funds for development in specific sectors of the economy can be channelled through leasing. "All these will no doubt broaden the funding sources and strengthen the capacity of the industry to expand the scope of its leasing activities," he added. *(This Day)*

Global rating agency, Fitch Ratings has re-affirmed the AAA(nga)' national ratings of Stanbic IBTC Bank Plc and Stanbic IBTC Holdings Plc. A statement on Wednesday described the ratings by Fitch as a testament to the financial institutions' strong fundamentals and stability.
The two institutions were also assigned 'F1+(nga)'National Short-term rating, to reflect the their ability to meet their financial commitments as they fall due. The national rating provides a relative measure of credit worthiness for rated institutions in Nigeria and the AAA national rating is assigned to an institution(s) with the lowest relative risk. In the ratings release Fitchalso maintained a stable outlook for both Stanbic IBTC Bank and Stanbic IBTC Holdings. Furthermore, the agency indicated that it expects increasingly challenging economic conditions and market volatility to persist in Nigeria. However, the firm also recognised the continued strong underlying growth in Nigeria, particularly in the non-oil sector. In arriving at the rating for Stanbic IBTC Bank and Stanbic IBTC Holdings, Fitch took account of the strong parental support from Standard Bank Group, which has a majority 53.2% stake in Stanbic IBTC Holdings. Commenting on the ratings, the Chief Executive Officer of Stanbic IBTC Holdings, Mrs. Sola David-Borha, said the ratings reflected the financial institution's strength, strong leadership and the continued support of its parent company, the Standard Bank Group.

"Stanbic IBTC will continue to leverage on the rich heritage and know-how of the Standard Bank Group to build a strong and reliable financial institution that will support the developmental goals of the economy," David-Borha said. On the industry outlook, Fitch forecasts the financial services sector's non-performing loans (NPLs) to rise above the Central Bank of Nigeria's (CBN) informal cap of five per cent, but predicted that it would stay below 10 per cent by end-2015. "This reflects high credit concentrations as well as emerging risks, particularly in the oil and gas and power sectors. These factors, together with a shift to Basel II and CBN's revised regulatory capital computation rules, are likely to add more pressure on capital than previously expected," the Fitch report added. Speaking on the report, the Chief Executive Officer of Stanbic IBTC Bank, Mr. Yinka Sanni, assured that the bank would continue to strengthen its retail banking drive and support the growth of businesses. "With our increasing coverage of the country via physical branches and other channels, Stanbic IBTC Bank's ability to support businesses, both big and small, as well as individual customers, is enhanced," added Sanni. *(This Day)*

Economic News

Nigeria's economy grew by 5.94 percent in the fourth quarter of 2014, year-on-year, down from 6.77 percent in the same period a year before, due largely to slower growth in the services sector, the statistics office said on Sunday. The services sector, which accounted for 53.48 percent of fourth quarter gross domestic product, expanded by 6.15 percent in the period, compared with a growth rate of 8.38 percent in the final quarter of 2013. Crude production in the quarter rose to 2.18 million barrels per day, up from 2.16 million barrels per day a year earlier, the National Bureau of Statistics (NBS) said. A sharp drop in the price of oil, Nigeria's main export, has hammered its currency which hit a series of record lows against the dollar in the last three months despite the central bank burning through 20 percent of its reserves to prop it up. The central bank devalued the naira again last week, the second time in three months, by scrapping its bi-weekly currency auction, while the government has trimmed its spending plans for 2015. In January, the NBS lowered its forecast for economic growth this year to 5.54 percent, down from 6.22 percent achieved last year. *(Reuters)*

Nigeria's central bank has issued guidelines for an advisory body that will oversee Islamic banking in the country, becoming the latest regulator to opt for a centralised approach to the industry. Nigeria is home to the largest Muslim population in sub-Saharan Africa with over 80 million Muslims, and authorities are trying to establish the country as the African hub for Islamic finance. Traditionally, Islamic banks have practiced self-regulation when ensuring that their products follow religious principles. But a centralised model of supervision is increasingly being favoured across much of the world. Countries including Bahrain and Morocco have opted for such a format, which can help to limit differences between products, speed the design of new products and boost investor confidence. Nigeria's advisory body, known as the Financial Regulation Advisory Council of Experts, will be tasked with ensuring all banking products that are designated as Islamic conform to sharia principles. The guidelines, published on Friday, set out minimum requirements for the advisory body, which will comprise a minimum of five members including a central bank official. Members will serve renewable two-year terms, must be qualified in Islamic jurisprudence, and are restricted from working for any other financial institution supervised by the central bank. Financial institutions that offer Islamic banking products in Nigeria are already required to have their own boards of sharia finance experts, who are limited to serving in one institution at a time. The central bank's advisory body will be guided by the principles of sharia governance issued by the Malaysia-based Islamic Financial Services Board. *(Reuters)*

The Securities and Exchange Commission has restricted corporate raiders from hijacking the Nigerian Stock Exchange (NSE) during its planned demutualisation exercise. This is sequel to a rule that stipulates that no single entity/person or related entities are permitted to own more than five per cent in a demutualised securities exchange. Demutualisation is the process through which any member-owned stock exchange becomes a shareholder-owned exchange and, sometimes, becomes listed. The Council and members of the NSE had agreed to demutualise the exchange. But the absence of rules and regulations from SEC on the demutualisation process in Nigeria has been one of the factors delaying the NSE demutualisation. However, three years after, the committee on demutualisation submitted its report to SEC without any action, the acting Director General of the commission, Mounir Gwarzo, last week facilitated the exposure of the regulations to market operators and other stakeholders for their contributions. Under the proposed draft regulations for demutualisation of securities exchanges in Nigeria, SEC said, "no single entity/person or related entities/persons should be permitted to own, directly or indirectly more than five per cent of the equity and/or voting rights in the demutualised securities exchange." The commission added that the aggregate equity interests of members of any specific stakeholder group (for example, brokers and broker/dealers) in the demutualised securities exchange should not exceed 40 per cent. SEC added that the trading participants who are shareholders of the securities exchange shall with effect from the date of demutualisation reduce their cumulative shareholdings in the demutualised securities exchange to not more than 10 per cent within five years.

The regulations make room for a strategic investor, on the conditions including: that it should provide evidence of technical expertise through previous experience in managing other exchanges, the aggregate number of shares to be offered to the strategic investors shall not be more than 30 per cent of issued and fully paid up capital of the securities exchange. "However, if the Exchange is in dire need of funds, it could issue a higher number of shares subject to approval of the commission," SEC added. The regulations require that the process of demutualisation of the securities exchange should include an exchange of membership rights in the securities exchange for ownership of shares in the demutualised securities exchange. According to SEC, prior to the commencement of demutualisation, the securities exchange should initiate a process for determining the accurate list of members of the exchange. On governance, the commission said the Board of Directors should be made up of a maximum of 13 members of which at least one third of the directors should be independent, non-executive directors. "All the directors and executive management appointments should require the prior written approval of the SEC. The demutualised securities exchange will be required to comply, in all other respects with the SEC Code of Corporate Governance for public companies," the commission said. *(This Day)*

The Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN) have agreed to collaborate more for stronger regulation of the capital market in particular and the Nigerian financial system in general. The acting Director General of SEC, Mounir Gwarzo and the Deputy Governor, Financial System Stability, CBN, Dr. Okwu Joseph Nnanna reached an accord for closer ties when Nnanna visited the management of the SEC in Abuja last week. Market operators said the collaboration is coming at the right time in view of the decline in the price of crude oil in the international market and its impact on the Naira's exchange rate as well as the nation's capital market. Gwarzo described the collaboration as timely given the difficulties being experienced in the economy at the moment. He expressed the hope that both regulators would work in tandem in finding solutions to the issues. "You have come at the right time. We crave one-on-one collaboration with various institutions as we believe it is very important in finding solution to our economic problems as a nation. We need to collaborate on major areas beyond the platform provided by the Financial Services Regulation Coordinating Committee (FSRCC)" Gwarzo said. He added that one of the policy thrusts of the present management of the commission was empowerment of trade groups in the capital market, which he said would enhance collaboration in resolving complaints and developing the market.

He explained that this was why the SEC reviewed its complaints management framework to enable trade groups handle complaints and resolve them, adding that this would be better for the market. He also stated that the Commission was leveraging on making it mandatory for every registered operator to belong to a trade group. Speaking, Nnanna said he was on the visit to the commission to familiarise with the acting DG and also find ways to strengthen the financial market. "We are here to familiarise with the new DG. There is much happening in the financial system and that is why I am here for bilateral meeting so that we can agree on a few things to revive the system particularly the capital market," he said. There are many areas SEC and CBN need to collaborate in order to make the capital market in particular more attractive. For instance, the area of allowing shareholders to pay dividend warrants into savings accounts is expected to help reduce the amount of unclaimed dividends. *(This Day)*

Nigeria's naira shed 0.55 percent against dollar on Monday after some customers who failed to meet the cut-off time to submit dollar demand to the central bank sought the greenback from other sources, dealers said. The unit closed at 200.60 naira to the dollar, weaker than Friday's close of 199.50 naira. The naira traded at 215 to the dollar at the parallel market, operated by Bureau de Change agents. The naira crashed through a psychologically important level of 200 to the dollar this month in a rout triggered by weak oil prices and escalating tension over the postponement of a presidential election in Africa's top oil producer, prompting the central bank to scrap its bi- weekly forex auctions. Dealers said some customers submitted their orders to the central bank after a 1200 GMT cut-off time and were not allotted dollars, leaving them to source hard currency from lenders. Addax sold $6 million on Monday while Royal Dutch Shell sold an undisclosed amount on the interbank, dealers said. Lenders resold to their customers at a spread. Nigeria's central bank scrapped its bi-weekly currency auctions on Wednesday and a market body said it would sell dollars only at 198 naira, a move that amounts to a de facto devaluation of the currency of Africa's biggest economy. *(Reuters)*

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The Nigerian equities market extended its positive momentum for sixth consecutive days on Monday as investors continued with their bargain hunting. The Nigerian Stock Exchange (NSE) All-Share Index (ASI), which jumped by 6.5 per cent last week, appreciated by 1.39 per cent yesterday as trading resumed for the week at the Nigerian stock market. Similarly, the market capitalisation added N136.54 billion to close at N9.94 trillion, while ASI settled at 29,793.13. The growth has reduced the market's year-to-date decline to 14.03 per cent. A total of 26 stocks appreciated compared with 15 price losers. Four out of the five NSE Sectoral indices gained, led by the NSE Banking Index with a 2.97 per cent. The NSE Consumer Goods Index went up 1.59 per cent, while the NSE Oil/Gas Index rose by 0.42 per cent. The NSE Industrial Goods Index appreciated by 0.15 per cent, while the NSE Insurance Index was the only loser, shedding 0.48 per cent decline. According to analysts at Meristem Securities Limited, the gain in the equities market was majorly driven by the rallies on banking and consumers goods stocks which currently trade below their fundamentally justified prices. "However, due to the cyclical performance of the market since the beginning of the year, we advise cautious trading as we opine that the market might not sustain this momentum going forward," they said. Meanwhile, Access Bank Plc led the price gainers, chalking up 8.7 per cent to close at N6.09 per share. Flour Mills of Nigeria Plc followed with a gain of 8.01 per cent to close at N34.00 per share. Access Bank is currently shopping for N52.6 billion from the capital market via a Rights Issue. Managing Director of the bank, Mr. Herbert Wigwe , recently called on investors to patronise the issue, saying the bank would deliver good return on their investments going forward. According to him, investors should take position through the issue given the strong fundamentals of the bank and strategies being put in place to deliver improved returns. *(This Day)*

The federal government will soon begin the implementation of a strategic investment master plan to bridge the country's huge infrastructural funding gap estimated at about $2.4 trillion within the next 30 years. The Executive Secretary/Chief Executive Officer, Nigerian Investment Promotion Commission (NIPC), Mrs. Saratu Umar, disclosed this during a media roundtable organised by the agency as part of its ongoing stakeholders' sensitisation programme, in Lagos on Tuesday. She noted that infrastructure funding was a priority under the proposed Nigerian Investment Promotion Master Plan being developed by the commission to drive investments into critical sectors of the Nigerian economy, adding that the agency had already commenced stakeholders' collaboration aimed at bridging the funding gap. She said: "Foreign Direct Investment (FDI) is widely acknowledged worldwide as the most useful and cheapest source of development finance because it creates employment, ensures transfer of technology, conserves foreign reserves, ensures availability of quality goods and services among others. For this reason, the competition for FDI has been very stiff, particularly in recent years due to globalisation brought about by technology. "One of the strategies adopted by most countries to attract FDI is the establishment of Investment Promotion Agencies (IPAs), with over 170 IPAs world wide competing to attract often limited FDI to their various countries. Nigeria needs over $2.8 trillion infrastructure funding over the next 30 years, whereas the estimated budgetary provision will be about $45 billion. This leaves a huge shortfall of about $2.4 trillion."

She added: "In terms of FDI, Nigeria receives an average of $7.5 billion yearly. If this is constant over the next 30 years, we would have only brought in $223billion in FDI. If we compare this to the infrastructure investment requirement, we still have a huge gap. "Therefore, a massive FDI inflow is required to service the implementation of the various strategic master plans across critical sectors of the Nigerian economy. The implementation of the NIPC's Investment Promotion Master Plan is being designed to address the sector-specific funding gaps." As part of the new strategies towards transforming the agency to deliver on its mandate in line with global best practices, the NIPC is currently streamlining investment procedures in order to remove all bottlenecks in business legalisation procedures among other ongoing critical reforms. She said, "The Nigerian Investment Promotion Commission is repositioning to bridge Nigeria's infrastructure funding gap, estimated at about $2.4 trillion over the next 30 years. If the commission is to achieve its purpose, there is the need for effective collaboration with stakeholders for mutually beneficial purposes. "In this regard, we are reviewing our strategy with respect to Partnerships, Image, Investment Targeting, Client Servicing etc, in a coordinated fashion that facilitates steady and sustainable growth of FDI in Nigeria. "We have also set up an Investment Coordination Framework to improve the business climate, improve the ease of doing business and ensure policy consistency. This will help to enhance investors' confidence in the Nigerian economy."

The executive secretary noted that the agency had also streamlined its investment promotion drive through the promotion of country specific and sector-specific investment opportunities, and in line with Nigeria's investment priorities. "This is in addition to developing a

structured and result-driven investment promotion calendar and certification of private organisations engaging in investment promotion activities," she stated. Speaking during the event, the Chairman, Heirs Holdings, Mr. Tony Elumelu, said Nigerians should support the on-going efforts of the NIPC towards promoting the country's hugely untapped investment opportunities to both local and global investors.
He said, "I am here at this meeting as a representative of the investors' community in Nigeria. Our country needs both local and foreign investments to achieve inclusive and sustainable economic growth and development. The new CEO of NIPC, Mrs. Saratu Umar, is currently doing a good job by repositioning the agency to become a globally competitive investment promotion agency. We need to give her our total support and encouragement." *(This Day)*

Nigeria's Senate and executive proposed cutting this year's budgeted oil price benchmark to $52 per barrel from $65 suggested in December, as falling prices erode the income of Africa's biggest crude producer. Nigeria's finance ministry said an agreement had been made with the Senate and most members of the House of Representatives, though the lower chamber has yet to approve. "The proposal is $52 a barrel for 2015 due largely to decline in crude oil prices," Enyinnaya Abaribe, chairman of the Senate Committee on Information and Media, said by phone on Wednesday. The new benchmark was agreed with Finance Minister Ngozi Okonjo-Iweala, he said from the capital, Abuja. Africa's biggest economy and most populous country has been hit by Brent crude prices almost halving since June and as it prepares for presidential elections that were postponed to March 28 on security concerns. The oil slump diminished the government's income by 15 percent in January compared to the previous month. Parliament is seeking to get the budget approved before the national vote next month, Paul Nwabuikwu, an Abuja-based spokesman for the finance ministry, said by phone. Nigeria relies on oil exports for more than 90 percent of foreign exchange income and 70 percent of government revenue. The price of Brent crude, which serves as a reference for Nigerian oil, has averaged $55.01 a barrel this year, according to data compiled by Bloomberg. The new proposal "will give the country a clearer picture of government revenue projection and allow for a budget that is in line with current crude oil market realities," analysts at Ecobank Transnational Inc. said in an e-mailed note.*(Bloomberg)*

Nigeria's government revenue fell 15 percent in January as falling oil prices eroded the income of Africa's biggest crude producer. Revenue fell to 416.1 billion naira ($2.1 billion) in January compared with 490 billion naira a month earlier, Accountant-General Jonah Otunla said Wednesday in an e-mailed statement. The volume of oil exports declined 33 percent in November and December, resulting in $159.88 million of lost revenue, Otunla said. Nigeria has "suffered a substantial loss in revenue as a result of the massive drop in crude oil price at the international oil market," he said. The continent's largest economy has been hit by the halving in Brent crude prices since the middle of last year as the West African nation prepares for presidential elections next month. Nigeria relies on export of the commodity for more than 90 percent of foreign exchange income and 70 percent of government revenue. The balance of Nigeria's oil savings Excess Crude Account is currently about $2.1 billion, down from $3.1 billion in December, according to Otunla. Total revenue distributed among the three tiers of government in January was 500.1 billion naira, including value-added tax and refunds by the state-owned Nigerian National Petroleum Corp. *(Bloomberg)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

THE shilling strengthened against the dollar towards the end of last week with some inflows of the hard currency eased its demand. The CRDB Bank and the National Microfinance Bank (NMB) said in their reports that pressure on the shilling eased from Friday making it gain some grounds against the US dollar in a situation that continued on Monday. It was not immediately clear where the inflow of the hard currency come from, but some analysts attribute to investors bid to meet end of the month obligations. The CRDB Bank said in its report that the shilling made some gains against the dollar during Friday's session, closing at the levels of 1830/1840 compared to an open of 1840/1850. According to NMB, the shilling edged higher against the greenback on Friday to close at the strongest point of the week which was also observed. It posted an indicative exchange rate of 1,778/1,878 per dollar yesterday from 1,777/1,867 rate per dollar of Friday. The local currency has been under pressure against the US dollar in the days ahead, weighed down by demand for greenbacks from importers and a slowdown in inflows. Financial analysts are pessimistic about prospects for the shilling to stabilise in the near future as more dollar inflows from agriculture and tourism are not expected until the second half of the year. The shilling would be under pressure as it is off season now for tourism and the end of cashew nut season is approaching. The delay of donor aid due to corruption scandals in the energy sector has worsened the situation, they say. But the Bank of Tanzania maintains that the shilling, just like other currencies in East Africa, was a victim of a strong US dollar and a decline of commodity prices at the world market. The strong US dollar was weighing badly against the shilling and other currencies as they are reeling under the profound impact of the US dollars to the global economy. *(Daily News)*

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Zambia

Corporate News

Over 2,000 unionised workers at the Lumwana copper mine owned by Barrick Gold Corp. downed tools on Monday demanding an explanation of their fate when the company closes the operation, a senior government official said. "They are demanding to know their future when the mine is closed," Amos Malupenga, the top civil servant in North-Western province, told Reuters. *(Daily Mail)*

Workers at Barrick Gold's Lumwana Copper Mine in Zambia called off their strike on Tuesday after the government said they would not lose their jobs, an official said. More than 2,000 workers went on strike on Monday at the mine to protest against the company's plans to suspend operations at the facility due to higher royalties. "I addressed the workers at Lumwana last night and assured them that the government position is that no job should be lost. They agreed to resume normal duties this morning and as we speak the strike has ended," North-Western province permanent secretary, Amos Malupenga told Reuters. Zambia's president said on Monday his government would not allow mining jobs to be lost at Barrick Gold's copper mine, suggesting one measure could be to find a new partner to jointly run the mine with the government if Barrick closed it. Barrick co-president Kelvin Dushnisky said on Monday the company does not expect Zambia to take aggressive steps against Barrick to keep the mine open. Dushnisky said he was hopeful the two sides will find a solution in coming weeks. But if not, would suspend operations at Lumwana. Zambia in January hiked mineral royalties for open pit operations to 20 percent from 6 percent, prompting Toronto-based Barrick Gold to say it would suspend operations at its Lumwana Copper Mine, which supports nearly 4,000 direct jobs. *(Reuters)*

Konkola Copper Mines (KCM), a unit of Vedanta Resources, said on Monday that a resolution to a dispute with the Zambian government over value added tax (VAT) refunds would allow it to ramp up copper production. KCM also said it would now be able to profitably purchase copper concentrate from neighbouring mines for processing at its smelter, after the government relaxed its rules on the documentation mining exporters need to claim tax refunds. The row over how mining companies account for the minerals they export from Zambia had led to more than $600 million in VAT refunds being withheld from mining companies, including Glencore and First Quantum Minerals.*(Reuters)*

MADISON General Insurance (MGI) is optimistic that its listing on the Lusaka Stock Exchange (LuSE) will give continued support to its subsidiaries. Highlighting the outlook for 2015, Madison managing director Chabala Lumbwe said the subsidiaries – Madison General and Madison Life – are expected to perform well on the back of Madison General Insurance's listing on the local bourse. "Our holding company is now listed on the LuSE and this should give our customers confidence to continue supporting Madison General and Madison Life. The listing will enhance our corporate governance level which is critical in business," Mr Lumbwe said in response to a press query recently. Mr Lumbwe said with the development, insurers will increasingly look forward to giving financial security to consumers covering all general and life risks instead of transactional risk services. He said the company will continue to train and develop its staff to serve its customers better.
"The focus will be to try and teach consumers good behaviour, which will in turn help consumers save money and in the process improve consumer protection," he said.

Meanwhile Mr Lumbwe said it is expected that the insurance industry will start to bridge the gap through use of technology to transform its business, which is the management of risk. "It is believed that technology is the most important level of transformation insurers need to change their approach to business," he said. Mr Lumbwe said MGI is happy to learn that some members of the Insurance Brokers Association of Zambia have also invested in the 'Broker' software which has been developed locally. "Madison general insurance believes that this is a positive move and should assist with quality of underwriting and accounting information," he said. *(Daily Mail)*

REAL Estate Investments Zambia (REIZ) profit after tax has dropped substantially to K42.56 million as at December 31, 2014. REIZ managing director Sydney Popota said the group's profit after tax had fallen significantly to K42.56 million from K127.22 million in 2013.

This is according to a statement of the group results for the year ended December 31, 2014 posted on the Lusaka Stock Exchange (LuSE) yesterday. Mr Popota said as a result of this, one-off credit earnings per share (EPS) fell from K2.25 in 2013 to K0.75 per share in 2014.??He said the headline EPS had increased from K0.30 in 2013 to K0.41 per share in 2014. Mr Popota said the group recorded a significant increase in gross rentals of 20 per cent in 2014 adding that profit from operations went up by 33 per cent. ''In compliance with the introduction of a 'final' tax on gross rental income, the Group saw a reversal of the deferred tax in the 2013 Statement of Financial Position of K124.11million leading to an income tax credit of K76.85million for that year,'' Mr Popota said. He explained that the tax charge for the 2014 financial year was shown as K4.63 million in compliance with tax legislation. *(Times)*

FIRST Quantum Minerals Limited has announced that the company will establish a dividend reinvestment plan. FQM president Clive Newall said the company intending to establish a dividend reinvestment plan that would allow eligible shareholders as convenient means to acquire additional common shares through the reinvestment of cash dividends paid by the company. Mr Newall said in a statement posted on the Lusaka Stock Exchange (LuSE) yesterday that further details would be provided when the plan was established. *(Times)*

Economic News

DEMAND for the United States (US) dollar on the local market coupled with low copper prices on the international market has continued to put pressure on the kwacha, which has breached the K7 mark, Access Bank says. Access Bank says in its daily digest that the kwacha is expected to remain under pressure. "…the kwacha has continued to depreciate against the dollar opening at K7.00 and K7.02 on bid-and-offer, respectively, and closed at K7.03 and K7.05 on inter-bank [on Thursday]. "The kwacha is expected to remain weak against the dollar due to demand for the greenback on the market and lower copper prices," the bank says. On the commodity market, the price of copper on the London Metal Exchange (LME) edged down, after a solid US labour report boosted the dollar, with prices set to close the week little changed amid the Lunar New Year holiday in top consumer China. Access Bank says three-month copper on the LME slipped 0.2 percentage point to US$5,738 a tonne. "A rebound from five-and-half-year lows, touched in mid-January has run out of steam with top user China away from the market," the bank says. *(Daily Mail)*

Zambia eased regulations preventing tax refunds to exporters as President Edgar Lungu said the government "won't allow a single mining job" to be lost in Africa's second-biggest copper producer. The new rules, effective on Monday, allow exporters to provide import documents from transit countries instead of requiring paperwork from the final destination, a Government Gazette signed by Zambia Revenue Authority Commissioner-General Berlin Msiska shows. The document was sent to Bloomberg News. The edict only applies to future payments and not money already owed, with the revenue authority planning to start talks over a backlog of disputed claims "on a company-by-company basis," said Jackson Sikamo, president of the Lusaka-based Zambia Chamber of Mines. Lungu said the government was also in talks with mining companies over a new higher-royalty tax system that became effective in January and which operators say may result in 12,000 job cuts this year. Barrick Gold Corp. said it would start the process of idling its open-cast Lumwana mine in the northwest of the country because of low copper prices and the new royalty system that replaces a tax on profits with levies on sales of as much as 20 percent. The government "won't allow a single mining job to be lost and has accordingly directed the Ministry of Mines to ensure that operations at Lumwana mine are not idled," Lungu said in a statement posted to the presidency's Facebook account. Zambia is "rapidly addressing" concerns over the higher mineral royalties, he said.

The revised value-added tax regulation is "a positive, it's a move in the right direction," Sikamo said by mobile phone. "We want to sort out the refunds going forward and have discussions on the backlog." The withholding by the government of more than $600 million in value-added tax repayments has led to companies suspending in excess of $1.5 billion in investments, with at least one operation halting. The new royalty system is hurting profits at companies while copper prices trade near five-year lows. Glencore Plc, Vedanta Resources Plc and First Quantum Minerals Ltd. have operations in Zambia. Lungu said the government will consider finding a technical partner to operate Lumwana together with state-owned ZCCM Investments Holdings to secure jobs if Barrick places the mine under care and maintenance. No other

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Zambian mine has announced production cuts and the country will probably produce 900,000 metric tons of copper this year, the most in 40 years, Lungu said. The country produced 708,000 tons in 2014, according to preliminary figures from the Ministry of Mines.

Zambia's kwacha retreated 0.5 percent to trade at 7.02 per dollar by 2:04 p.m. in Lusaka, the capital. The old VAT rules forced companies to receive payments from customers directly into their Zambian bank accounts and required them to supply import receipts from the country of final destination for their product to claim VAT refunds. Mine owners complained that this was almost impossible to adhere to as they sold their copper to trading companies and didn't know the final destination. Konkola Copper Mines, Vedanta's local unit, said in November the revenue authority owed it $130 million in VAT credits under the dispute, while First Quantum said last week it was owed $246 million by the end of 2014. KCM said on Monday the government's decision made it economical to increase the use of its smelters by buying concentrate from other companies to process. A Jan. 20 meeting between the mines chamber and Lungu over the new tax system that operators say threatens the viability of some operations "went very well," the chamber's Sikamo said. Lungu said the government is "prepared to discuss and look for a solution." Zambia's new mineral-tax system replaces corporate income tax with a 20 percent royalty for open-pit operations and 8 percent for underground mines, effective Jan. 1. Royalties were previously a uniform 6 percent. About 2,000 workers went on strike on Monday at Lumwana demanding a conclusion to wage talks and clarity about Barrick's plans to idle the mine, James Chansa, president of National Union for Miners and Allied Workers, said by mobile phone. *(Bloomberg)*

MORE foreign investors participated on the Lusaka Stock Exchange (LuSE) last month posting over K10.26 million in turnover out of the total K13,452,376 in 280-plus trades. The statistics show that under foreign activity, a total of 1,057,312 shares were transacted in 27 trades yielding K10, 265,511 (about US$1,581,475) in turnover. This is in comparison with 1,415,298 shares that changed hands in 255 trades resulting in a turnover of K3,186,865 (US$490,959). According to LuSE monthly news flash for January, there was more foreign than domestic participation on the local bourse last month with the market recording a total of US$609,260 net inflows and US$440,488 outflows, representing 76.31 percent of foreign participation. The analysis of foreign portfolio investment on the local bourse, however, shows a reduction in total turnover to US$1,049,748 last month from US$1,377,630 in December 2014. the share index, which is an index figure based on the current market price of shares on a stock exchange, was up by 0.12 percentage point on year-to-date. The LuSE all-share index closed at 6,172.03 points recording a 0.18 percentage point increase from last month's close.

In January, the index rose due to share price gains in most listed firms after registering in excess of 2.4 million shares transacted in 286 trades resulting in K13.4 million of turnover. Overall, trading activity occurred in 15 listed firms on LuSE with Lafarge transacting the bulk of trading activity earning almost K5.6 million. Apart from Lafarge, other firms that participated in overall trading were African Explosives, Atel, Bata, British American Tobacco, Copperbelt Energy Corporation, Madison Finance, National Breweries, Puma Energy and Standard Chartered Bank. Other firms were Zambeef Products, Zambia Sugar, Zambian Breweries, Zanaco and ZCCH-Investment Holdings. Meanwhile, the LuSE market capitalisation (exclusive of Shoprite Holdings Plc) dropped to K31.46 million last month from the previous month's K32.21 million, translating in a 2.33 percent reduction. *(Daily Mail)*

Zambia's inflation slowed to 7.4 percent year-on-year in February from 7.7 percent in January, the central statistical office said on Thursday. Zambian prices fell 0.3 percent month-on-month in February, down from 0.7 percent in January, the agency said. *(Reuters)*

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Zimbabwe

Corporate News

ZIMBABWE has cancelled the licence of its smallest mobile network operator over the company's alleged failure to settle an outstanding $137,5 million (about R1.6 billion) debt Minister of Information Communications Technology, Postal and Courier Services, Supa Mandiwanzira, confirmed the cancellation of Telecel's licence. "The ICT Ministry is canceling the agreement Telecel made with government to pay the $137,5 million license over time," said Mandiwanzira. However, the ZANU (PF)-led government is accused of making concerted efforts to illegally takeover the network's operations. The move is widely believed would highlight the country's reputation of company grabs. The government owns two cell phone mobile licences for both NetOne and Telecel. Econet Wireless, the country's leading mobile network so far remains the only cell phone company to have paid the whopping R1.6 billion licence fee while NetOne and Telecel Zimbabwe have not paid any cent except enjoying free frequency. "This government is full of vultures wanting to reap where they did not sow. This is what is killing our economy," said an ICT executive. "If you go into the farms, the same vultures have grabbed houses owned by white people, but at the same time they are failing to till the land and produce high crop yields for profit," he added. Vimpelcom, the Dutch-headquartered firm, owns 60 percent of Telecel Zimbabwe Exiled businessman, Dr James Makamba, and politician Jane Mutasa own the remaining stake. The government's takeover comes at a time shareholders for Telecel Zimbabwe were jostling for bigger share percentage ownership in the sector dominated by Econet. Telecel, which until recently was the second biggest operator, has more than 2,2 million subscribers against the country's total population of 11,4 million subscribers. *(New Zimbabwe)*

CIGARETTE maker British American Tobacco has reported a $13,4 million after-tax profit for the full-year to December from $3,7 million registered in prior year. This was after the company made a once-off payment in compliance with the country's indigenisation and empowerment regulations. Revenues were flat on $44,5 million despite a 4% growth in volumes. A non-recurring payment of $10,9 million in 2013 towards the company's employee share ownership trust saw earnings improving during the period under review despite a slight increase in cost of sales. Finance director Peter Doona said gross profit reduction was offset by a reduction in marketing and sales costs. He said following this payment, the company had fully complied with the regulations compelling foreign owned firms to dispose of at 51% stakes to locals. Going forward, managing director Lovemore Manatsa said the company would adopt pricing models that improve demand following last year's increase in excise duty, which he said had resulted in sluggish volumes in January. "Trading conditions are expected to remain challenging going into 2015 as the country continues to look for economic growth and stability," company chairman Kennedy Mandevhani said in a statement accompanying the financials. *(News Day)*

Zimbabwe coal producer Hwange Colliery said on Monday it was negotiating to supply coal and coke to global miner Glencore and a deal could be reached at the end of this month, its managing director said. Thomas Makore said Hwange, which mines in the northwest of the country and is the biggest coal supplier to state-owned electricity producer Zimbabwe Power Company, was currently exporting coal to ArcelorMittal South Africa. "Discussions are happening right now with Glencore to supply coal and coke and we want to reach a conclusion by the end of this month," Makore told Reuters. "Exports would then start thereafter. What motivated us to talk to Glencore is that they are a very big coal supplier and producer and it made sense to engage them," he said. Makore said monthly coal production had doubled between September and December to 300,000 tonnes after the company upgraded some of its ageing equipment. Hwange, which sits on some of the country's richest coal deposits in the country, was targeting to produce over 300,000 tonnes a month this year, said Makore. He said the company expected to commission new mining equipment in May after getting $33 million in loans from the central bank and India Export and Import Bank. Hwange, in which Zimbabwe's government is the biggest shareholder with 37 percent shareholding, is also raising funds to repair a coke oven battery. Once repaired, it would increase coke production to 216,000 tonnes annually from 120,000 tonnes, said Makore. "Our exports are not as big as we would like to be but once we fix the coke oven battery this should change," Makore said. *(Reuters)*

Mine companies operating in Zimbabwe including Rio Tinto Plc and Impala Platinum Holdings Ltd. have agreed to raise minimum pay for

workers by 3 percent, according to a circular verified by a union official. While the agreement is below the 10 percent raise the Associated Mineworkers Union of Zimbabwe initially demanded for platinum and diamond miners and 6 percent for other minerals mine companies had proposed a wage freeze, a circular from the Chamber of Mines showed. The increase, which compares with a 1.3 percent annual decline in prices in January, comes as Zimbabwean companies struggle with increased taxes as the country is struggling to meet a government workers wage bill that accounts for about 88 percent of the budget. Rio Tinto has told staff that the taxes threaten the viability of its Murowa diamond mine. "We have just agreed to this because employers were saying government and the central bank have said there shouldn't be any salary increases this year," Tinago Ruzive, secretary general of the union, said in an interview, confirming other details in the document. Zimbabwe has the world's biggest platinum and chrome reserves after South Africa as well as deposits of diamonds, iron ore, gold, coal and nickel. Anglo American Platinum Ltd., Impala and Aquarius Platinum Ltd. operate mines for the precious metal in the country. *(Bloomberg)*

THE Zimbabwe Stock Exchange (ZSE) yesterday lifted the suspension of Meikles Limited which was suspended from trading last Monday. Sources close to the issue said the ZSE suspended the hotel group without prior consultations and without following the right procedures. Meikles had filed papers against the ZSE so that the group could be reinstated on the local bourse. As of yesterday the ZSE on its daily commentary said it reinstated the hotel group on the local bourse without elaborating. "Meikles Limited's suspension has been lifted with immediate effect," the ZSE said in its update yesterday. ZSE CEO Alban Chirume said he could not comment on the issue, but would issue a statement. "We will issue a statement. As I am out of the office at the moment," he said. It is understood that the ZSE reinstated the hotel group, but it is still working towards following the right procedures and will compile the evidence against Meikles. Sources said the hotel group failed to disclose the revised amount of money it is owed by the central bank as per requirement by the ZSE. The ZSE suspended the hotel group pending clarification on its financial results.

According to amendments contained in the Reserve Bank Debt Assumption Bill, which has been tabled for debate in Parliament, Meikles is among 60 other firms and 466 individuals that are owed a total of $1,424 billion by the central bank as at the end December 2013. Data from parliament shows that the central bank owes $47 million to Meikles compared to the $90 million that was quoted last year by the group. Meikles corporate secretary told NewsDay last week that no formal communication has been made to the group about the suspension by ZSE. Meikles Limited last year posted a loss of $2,8 million for the six months ended September 30 2014 compared to a profit of $37,5 million registered during the same period in 2013. The group posted an Earnings Before Interest Depreciation Tax Amortisation (EBIDTA) loss of $1,5 million for the six months to September 2014 compared to a profit of $1,5 million same period in 2013. *(News Day)*

Mauritian lender AfrAsia closed its Zimbabwe unit after facing cash flow problems and failing to find new shareholders to inject fresh capital in the struggling institution, the Reserve Bank said on Tuesday. Central bank Governor John Mangudya this month named AfrAsia as one of three banks that were facing serious liquidity and solvency problems in a sluggish economy where customers could not afford to repay their loans. AfrAsia, one of the southern African country's smaller banks, has over the past year struggled to pay depositors but the central bank had said its problems were not contagious to the rest of the financial sector due to its size. "The registrar has determined that the banking institution is no longer in a safe and sound condition in that the institution is grossly undercapitalised and is facing chronic liquidity challenges," the bank said in a statement. AfrAsia Zimbabwe chief executive Lyn Mukonoweshuro was not immediately available for comment. The central bank has through its asset management company taken over $65 million in non-performing loans from banks to help restore viability in the sector. Smaller banks are particularly vulnerable to the economic downturn and are also viewed as applying less stringent rules on lending compared with bigger foreign-owned banks. *(Reuters)*

THE country's largest banking group CBZ Holdings reported a 9 percent decline in full-year earnings, weakened by higher off-shore borrowing costs, chief executive Never Nyemudzo said. Headline earnings, which strips certain one-off items and the widely watched measure of profitability in Zimbabwe, was lower at 5.61 cents in the year to the end of December versus 6.18 cents in the prior year, the bank said. CBZ, which has the most deposits in Zimbabwe, said profit after tax fell 10 percent to $33 million. Nyemudzo said non-performing loans - debt which has not been serviced for three consecutive months - spiked to $87 million from $47 million in 2013. The money would be recovered through the sale of security pledged by borrowers against loans. He said bad debts, at 7.3 percent of the bank's total loans of $1.2

billion advanced to clients by the end of December, were well below the banking industry average of 16 percent. Nyemudzo told an analyst briefing the market was characterised by high credit risk and rising cost of funding. Banks in the southern African country are struggling due to inadequate capital and growing non-performing loans, which has seen the central bank establishing an asset management firm that has already taken over $65 million in bad debts. Mauritian lender AfrAsia on Tuesday closed its Zimbabwe unit after facing cash flow problems. *(New Zimbabwe)*

ZIMPLATS has reported an 88 percent drop in after tax profit for the six months to December compared to the same period last year on weakening volumes and depressed prices. In response to government pressure for the platinum industry to set up local refinery infrastructure, the company said work on its $134 million project to refurbish its mothballed Selous base metal refinery, which started in July 2014, is on course for completion by June 2016. A 12 percent decline in revenue to $234 million following the ground collapse at Zimplats' largest underground mine, Bimha, ate into earnings. Total operating costs, excluding a $22,9 million Bimha write-off, decreased by seven percent to $206.3 million mainly owing to lower production. Cash operating cost per platinum ounce produced increased by 10 percent to $1,481 due to the impact of lower production volumes on fixed costs, the company said. Pre-tax profit was $4.7 million, 90 percent lower than $45.6 million achieved in the same period last year, while net profit at $3.9 million was 88 percent lower than same period last year of US$32.2 million, largely due to lower sales volumes and metal prices coupled with the Bimha write-off. The platinum price was down four percent in the period under review from $1,424 registered in the comparative period last year despite decreasing production costs.

The collapse within a section of the underground working area of Bimha Mine triggered by the accelerated deterioration of ground conditions associated with the Mutambara Shear led to its precautionary closure in August 2014, resulted in the damage and inaccessibility of certain underground infrastructure and equipment with a net carrying amount of $22.9 million, which has been written-off during the half year ended 31 December 2014. An insurance claim is in the process of being finalised for associated plant and equipment, and any compensation received will offset the impact of the write-off, the company said. The company said rehabilitation of the closed open pit mine is progressing well with 60 percent of the pit now rehabilitated. Tonnes milled decreased by 17 percent to 2.48 million tonnes compared to the same period last year owing to ore supply constraints as a result of the precautionary closure of Bimha Mine, the company said. At the end of the half year, Zimplats had bank borrowings of $105 million, with a maturity date of December 2017 and a cash balance of $97,1 million. *(New Zimbabwe)*

THE country's largest gold producer Metallon Corporation has reported a $10 million after tax profit in 2014 and sees earnings more than doubling to $22 million on improved output and acquisition of the new mines, the company reported on Thursday. The low-cost producer, which operates five mines locally, also sees operating costs declining to $883 per ounce this year from $946 recorded last year as it ramps up production. In its performance report for 2014, Metallon said it plans to expand in Zimbabwe with a capex of $78 million to be financed by free cash flow and bank debt. The gold miner owns How Mine, Shamva, Mazowe, Arcturus and Redwing, which is under care and maintenance. Metallon is also planning to develop two new projects – Motapa and Midwinter – as well as some mines in the Democratic Republic of Congo and Tanzania.

The company also sees production rising to 150,000oz this year from 98,000 oz last year. Metallon's debt currently stands at $19 million. Commenting on the indigenisation and empowerment regulations, the company said it expects government to approve its partial compliance plan this year. Under the proposed plan, the company will cede 30 percent divided equally among an employee share scheme, local communities and the National Indigenisation and Empowerment Board. South Africa's businessman Mzilikazi Khumalo acquired the former Lonrho business in 2002. In 2005 production peaked to 156,000oz making Metallon the country largest gold producer. *(New Zimbabwe)*

Economic News

THE Zimbabwe Stock Exchange (ZSE) has called for stakeholder to submit input for the second draft of the debt listings requirement. In a

statement, ZSE chief executive Alban Chirume said the inputs for the second draft were expected from February 26 to March 12 2015. "Further to the notice issued on November 12 2014, the ZSE hereby notifies all stakeholders that the second draft of debt listing requirements is now available for comments for a two-week period commencing February 26 2015," Chirume said. He said the debt listings requirements reflect inter alia the rules and procedures governing new applications and the ongoing obligations of issuers and are aimed at providing investor confidence via an orderly, secure, efficient and transparent financial market. He added that in producing the second draft, the ZSE has collated and considered comments submitted by stakeholders on the first draft during the consultation period between November 2014 and January 2015. The ZSE listing rules outline the guidelines and procedures for pre-listed, listed and those that need to de-list. ZSE has previously stated that the current set of its listing rules were in conflict with other laws governing publicly listed companies, adding that the listing rules were vague and not specific. The stock exchange has also been working on its new listing requirements which attract stiffer penalties for companies that fail to comply, especially on late submission of information relating to financial and cautionary statements. *(News Day)*

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