SECURITIES AFRICA

For week ending 9 March 2012

Weekly African Footprint

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

Currencies:

	9-Mar-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	93.70	1.43	1.30
DZD	73.86	-0.05	1.84
BWP	7.10	0.79	3.68
CFA	487.81	-0.52	1.40
EGP	6.01	0.06	-0.04
GHS	1.71	-1.13	-5.44
KES	81.34	0.11	2.66
MWK	166.59	-0.79	-2.58
MUR	28.02	-0.61	0.43
MAD	8.42	-0.54	1.86
MZM	27,300.00	-2.06	-2.25
NAD	7.55	1.52	7.27
NGN	157.29	-1.17	1.56
ZAR	7.55	1.90	7.61
SDD	266.23	-0.09	-0.05
SDP	2,261.00	0.00	0.00
SZL	7.55	1.56	7.29
TND	1.50	-0.33	-0.76
TZS	1,570.12	0.05	-0.62
UGX	2,420.71	-4.97	1.08
ZMK	5,188.70	-0.26	-3.41

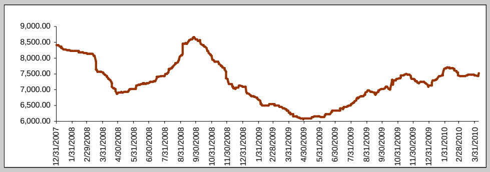
Source:oanda.com

African Stock Exchange Performance:

Country	Index	09 March 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,038.67	0.95%	1.76%	0.97%	4.82%
Egypt	CASE 30	5,396.85	0.50%	0.56%	48.99%	48.93%
Ghana	GSE All Share	1,027.28	1.06%	-0.07%	6.01%	0.55%
Ivory Coast	BRVM Composite	149.72	1.77%	1.24%	7.81%	9.34%
Kenya	NSE 20	3,401.60	2.18%	2.29%	6.13%	9.03%
Malawi	Malawi All Share	5,438.80	0.03%	-0.76%	1.29%	-1.26%
Mauritius	SEMDEX	1,768.22	-0.66%	-1.26%	-6.36%	-5.96%
	SEM 7	331.34	-0.68%	-1.29%	-5.42%	-5.02%
Morocco	MASI	11,355.30	-0.51%	-1.05%	3.14%	5.09%
Namibia	Overall Index	907.00	-0.87%	0.66%	8.23%	16.72%
Nigeria	Nigeria All Share	20,950.01	1.74%	0.56%	1.06%	2.66%
South Africa	All Share	33,926.20	-0.76%	1.16%	6.03%	14.76%
Swaziland	All Share	277.72	0.00%	1.58%	3.46%	11.59%
Tanzania	DSEI	1,319.05	0.31%	0.36%	1.21%	0.59%
Tunisia	TunIndex	4,768.69	0.31%	-0.02%	0.98%	2.10%
Zambia	LUSE All Share	3,943.53	1.63%	1.37%	-5.43%	-8.28%
Zimbabwe	Industrial Index	142.57	-1.25%	-1.25%	-2.26%	-2.26%
	Mining Index	92.38	-0.16%	-0.16%	-8.26%	-8.26%

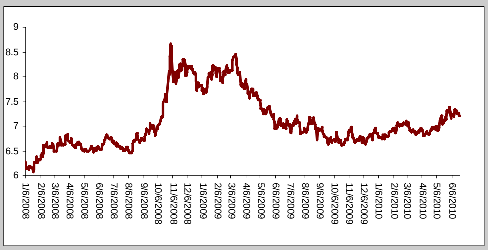
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



Source: Reuters

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-7.631	-16.259	-10.748
Current account balance (USD bn)	-0.825	-1.873	-1.304
GDP based on PPP per capita GDP	13,416.66	14,020.58	15,258.17
GDP based on PPP share of world total (%)	0.039	0.04	0.04
GDP based on PPP valuation of country GDP(USD bn)	24.186	25.568	28.149
GDP (current prices)	79.44	86.58	97.92
GDP (Annual % Change)	-10.347	4.124	8.542
GDP (US Dollars bn)	10.808	11.519	12.129
Inflation- Ave onsumer Prices(Annual % Change)	8.35	6.39	5.95
Inflation-End of Period Consumer Prices (Annual %)	6.65	6.21	5.73
Population(m)	1.80	1.82	1.85

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The DCI gained a marginal 0.95% to close at 7,038.67 points. Cresta and Blue were led the gainers after adding +10.99% and +10% to close at BWP 1.01 and BWP 0.55 respectively while BOD was the main shaker, shedding -15.09% to BWP 0.45. Market turnover for the week amounted to BWP 15.64m after 8.98m shares exchanged hands.

Corporate News

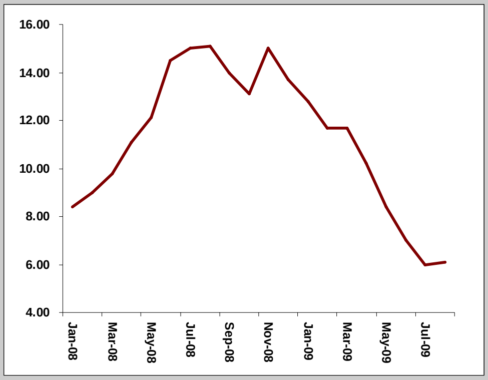
Micro lender Letshego's loan book has shot past the P3bn mark as the company increases its African footprint and diversifies its revenue streams away from its traditional cash cow market in Botswana. In a general update to shareholders ahead of the release of the company's year-end results next month, Letshego said it expected its loan book, which stood at BWP 500m in 2007, to have grown by 32% to exceed BWP 3bn from 2.2bn in the previous financial year.

The loan book outside of Botswana now represents 40% of total loans, up from 33% in the previous year, the company said. It expects to publish the final audited financial results for the year ended January 31 2012 on or around April 26, 2012. For the year, Letshego expects profit before tax to be 14% higher than the prior financial year, while profit after tax is expected to be 24% higher. "Impairment charges remain below two% of average advances to customers," it said in a statement.

"Debt to equity ratio is 34% at January 31 2012 with shareholders' funds over BWP 2.3bn." Letshego fell into troubled waters last year after government announced that it would stop deducting micro loan repayments from source, a development that was certain to impact heavily on the company's repayment recovery rate. According to industry sources, Letshego - which now offers macro loans of up to BWP 200,000 over a five-year period - has been collecting at least BWP 66m per month in loan repayments from government employees who constitute 95% of its customers.

Mercifully for the company, the decision has since been set aside and no changes to the collection methodology in Botswana have occurred since August 2011. "The operations of the central registries in Botswana continue as normal and collections remain at historical levels via the deduction at source basis," the statement continued. "All subsidiaries continue to perform well with Botswana, Mozambique, Tanzania, Uganda and Zambia, exceeding budgeted targets. The subsidiary in Mozambique, which commenced trading during February 2011, has performed very well for a start-up operation and started to make a monthly operating profit from August 2011 onwards."

Meanwhile, the company has also announced that the agreement to acquire



Source: SAR

62.52% of Micro Africa Limited (MAL) was signed during February 2012 and regulatory approval in Kenya is now awaited before completion of the acquisition. Kenya becomes the 8th country in which Letshego has set up shop. The company already operates in Botswana, Mozambique, Namibia, Swaziland, Tanzania, Uganda and Zambia. MAL's purchase price is BWP 22.4m (USD 3.3m) and the company says the deal is being funded solely from existing resources.

MAL is an established company that has been operating in Kenya since 2000 with subsidiaries in Rwanda, South Sudan and Uganda and has an associated company in Tanzania. Its operations are the provision of secured and unsecured personal, SMME and group loans. *(Mmegi)*

Locally procured goods and services stood at BWP 1.027bn for the 2010/2011 financial year, while purchases related to Economic Diversification Drive (EDD) amounted to BWP 1.319bn for the period April to December 2011, the Acting Minister of Trade and Industry, Vincent Seretse, told Parliament on Friday. EDD is the government's initiative aimed at accelerating economic diversification and is based on two principles of promoting local production through local procurement and developing sectors or sub-sectors to sustain the economy beyond mining.

Seretse said the capacity of local enterprises was expected to develop with implementation of interventions under EDD's Medium to Long Term Strategy. "Their competitiveness will be enhanced, resulting in more purchases from local manufacturers and service providers," he said. He noted that milestones had been achieved since Cabinet approved the strategy in July last year, among them the launch of the National Economic Diversification Drive Council (NEDC) in September 2011.

"The mandate of the council was to give strategic guidance to implementation of EDD and it had already been notably effective in prioritising sectors," Seretse said. To give more impetus to the council, government was currently analysing the import bill with a view to identifying products for local production by entrepreneurs. The bill also aimed to establish gaps in capacities of local enterprises to expand or start production to supply the local market and export later.

"We are developing a National Suppliers Directory which will be finalised in April 2012 and be shared with the business community and the general public," he explained. Meanwhile, the cumulative amount approved for the Special Support Programme for the Textile and Clothing Industry's wage subsidy was BWP 33,022,775 at the end of 2011. Seretse said the programme had saved 5,591 citizen jobs at the end of January.

Thirteen large companies, 15 medium and 167 small and micro enterprises benefited from the initiative that was introduced to mitigate the impact of the global economic recession. This support programme was for a two-year period that ended in December 2011. "The programme is being evaluated," he said. "We will consider whether to request government to continue with the programme, given the threat of a double dip recession and to sustain the jobs that were created." *(Mmegi)*

Acquisition of profitable business entities by G4S Botswana will continue, Mmegi Business has established. Speaking at a media briefing recently, the managing director of G4S Botswana, Moraki Mokgosana, said the move was intended to give significant strength to the strategic development of G4S Botswana in terms of both footprint and capability. It would also allow the company to deliver a wider range of outsourced solutions to both existing and new markets.

"I do not find anything wrong with G4S entering into mergers with local businesses which have the potential to contribute to our growth as G4S Botswana," Mokgosana said. "The decision is not intended to scale down on the competition, as some might be made to believe, but is geared towards the broader global aspirations of the company." Mokgosana was unveiling the company's audited financials for the year ended 31 December 2011 to the media.

The company was set to acquire the assets and operations of two companies in Trojan Security and Facilities Management Group (FMG). However, it cancelled the agreement with the former. The assets of Trojan Security Services were to be acquired for £916,500 (P10.1m) in cash while FMG is to be acquired for a whopping £1,253,500 in cash. "If we look at the overall performance of the company, there is an improved revenue performance (inspite of) fears of a double dip recession and the company's organic growth stands at 10.6%, which is an increase from the 8.3% in 2010," Mokgosana said.

G4S currently offers services in cash solutions that contributed 6% to its organic growth. Manned security experienced five% growth compared to 12.5% in 2010 while security systems bounced back from negative growth of earnings of -1.6% to record a 21% growth. G4S, the parent company of the Botswana entity, is the world's leading security solutions group that specialises in outsourcing of business processes in sectors where security and safety risks are considered a strategic threat.

G4S is one of the largest employers quoted on the London Stock Exchange and has a listing in Copenhagen. The company operates in more than 125 countries with over 635,000 employees, making it the second largest employer after Wal-Mart. The BSE-listed local entity will pay its shareholders a total dividend of 33.38thebe per share on or about March 25. *(Mmegi)*

Nine new companies accredited by the Botswana International Financial Services Centre (IFSC) have committed to pump over BWP 1.3bn (USD 187m) in Foreign Direct Investment (FDI) into different sectors of the economy in their first year of operations. The companies, which bring to 47 the number of firms operating or in the process of setting up shop under IFSC Botswana, received their tax certificates from Minister of Finance and Development Planning in Gaborone yesterday (Tuesday).

Speaking at the handing over ceremony, Minister Kenneth Matambo said through the IFSC framework, Botswana was offering itself as the preferred gateway for capital investment into Africa. "We therefore need to continuously benchmark our policies and standards against other successful financial and business centres and effect reforms where necessary of an IFSC in Botswana," he said. "It is for this reason that my ministry is currently in discussions with the Ministry of Trade and Industry to identify and effect key reforms that are necessary for the continued success and competitiveness," he said.

The investment, which will create at least 52 jobs in different sectors of the economy in the first 12 months of operation, is a part of wider efforts to diversify the economy and establish an export oriented financial and international business services industry under IFSC Botswana. Unlike the 22% for domestic companies, investors under the IFSC tax status pay a corporate tax rate of 15% and are exempted from capital gains tax and withholding tax. Established in 2003, IFSC Botswana aims to establish and develop Botswana as a world-class hub for international financial and business services.

The companies that have been accredited and will soon start operations include Norsad Finance, Yields Asset Management, Yields Africa Fund, Kingways Trust, WHBO Construction International, Turnstone and the AEV Group that has registered three companies.Norsad Finance is a development finance institution (DFI) funded by Nordic countries that has been transformed into a private limited company to provide financing to rural SMEs directly and through financial institutions in southern African.

The company, which will now be domiciled in Botswana, will initially be capitalised at USD 78m and grow to USD 105m after additional capitalisation by founding shareholders. The AEV Group's three subsidiaries will provide management and advisory services and invest in clean technology and renewable energy. The company is already ploughing on a 100 hectare sunflower pilot project in Serowe to generate both renewable energy and bio-diesel.

Speaking at the ceremony, Acting IFSC Botswana CEO, Letsebe Sejoe, said the nine new companies bore testimony to their effort to accelerate business activity in the export of services from Botswana, thereby creating high value employment, transferring skills and technology into the economy and ultimately deepening the sophistication of the country's commercial and financial system.

Success examples of companies under the IFSC banner include Letshego, BancABC, Imara, African Alliance, Ariya, Kingdom Bank, Aon and ABN Amro. The aggregated capital invested by IFSC Botswana accredited companies as of March 31, 2011 stood at P10.3bn. Although this capital is wholly controlled from Botswana, a significant portion of some of it is deployed in several African markets where Botswana IFSC companies conduct business.

The combined revenue of Botswana IFSC companies totalled P466m. However, tax revenue declined to P14m, compared to P59m during 2009/10, confirming a general decline in profitability emanating from the continued adverse market effects of the global economic slowdown. The government subvention to IFSC Botswana in the year to March 2011 amounted to BWP 9, 3m. The IFSC is however in the process of winding up its operations as an autonomous entity in preparation for its merger with BEDIA to form the Botswana Investment and Trade Centre (BITC). *(Mmegi)*

Construction of an oil storage facility at Tshele Hills in Kgatleng, which commenced in April 2010, is progressing well, the Minister of Minerals, Energy and Water Resources, Ponatshego Kedikilwe, told Parliament on Monday. Answering a question from the Member of Parliament for Kgatleng East, Isaac Mabiletsa, Kedikilwe said the project was divided into two main components.

"The first phase is the construction of the tank farm and staff housing and the next phase is the associated infrastructure, including power connection, fencing, water, road and (a) rail spur," he said. Power connection and fencing of the site was completed in 2010 and water connection in November 2011, while the erection of a second water tank on top of the hill is expected by April 2012.

Kedikilwe said the tank farm was at pre-construction phase. "The process is on-going to engage a construction supervising consultant," he said, adding that the estimated construction period for the tank farm and staff housing was 24 months from July 2012. Road designs were on-going and expected to be completed by June 2012. With a fuel supply deal being signed with Petromoc of Mozambique and further negotiations for similar arrangements with Namibia and Tanzania, establishment a national oil company was advanced.

This state oil company, which will require an Act of Parliament, will take the form of a network of depots, storage facilities and supply routes supervised by headquarters that is likely to be in Gaborone. The company is likely to take the form of a parastatal and is expected to procure petroleum products on behalf of the government and possibly the private sector as part of diversification of fuel sources and routes envisioned in NDP 10.

Its brief will include ensuring that strategic oil reserves are maintained and spearheading negotiations with other national oil companies towards Botswana's diversification of fuel supply sources and routes. *(Mmegi)*

Economic News

Compared to the same month last year, the value of Botswana's exports of rough and polished diamonds fell 67% to BWP 805.9m in January, as warnings of a market slump in 2012 come to reality. Diamond producers and other industry experts have warned of a flattening of prices at best and a slump as the precious stones suffer from the slowdown in the Euro zone and United State economies this year at worst.Although their dominance has declined in recent years, both the US and Europe remain critical markets for rough and polished as well as diamond jewellery, making them the leading determinants of prices for the precious stones.

Preliminary Bank of Botswana data released on Wednesday indicates that diamond exports in January slumped to levels last seen in 2009 when the economy went through a diamond mining-led recession. In January 2009, diamond exports were recorded at BWP 438.7m, compared to BWP 1.7bn and BWP 2.4bn in January 2010 and January 2011 respectively. The figures released yesterday indicate a downward trend as January's exports followed the BWP 1.2bn exported in December 2011 and the BWP 1.4bn from November 2011.By comparison, diamond exports before November and December averaged BWP 8.6bn in the first three quarters of 2011.

January's figures provide the backdrop to the surprise closure of the BK-11 Mine on Tuesday where its proprietors cited "current weakness" in the diamond market. Firestone Diamonds, the UK-company that commissioned BK11 in late 2010, had previously noted subdued response to its auction in September 2011 where 20,714 small diamonds did not achieve reserve prices and were withdrawn. Although prices improved at its December auction, the company also pointed out that prices had fallen by approximately 30% from their July 2011 levels.

While industry analysts who spoke to BusinessWeek were reluctant to draw conclusions, they said the fact that Firestone's auctions were open meant it was directly exposed to fluctuations in buyers' demand. "De Beers, rather, has contracts binding buyers to supply from its mines and better protecting prices while Firestone's auctions are open," said one analyst. "Rough diamond buyers, who are the cutting and polishing firms, have sensitive financial arrangements and the downturn in Europe is impacting on their access to finance, which in turn lowers their participation in auctions such as those run by Firestone." For 2012, Firestone Diamonds' auctions will be determined by both market conditions in the rough diamond market and production levels at its Lesotho mine.

Lower international demand is expected to continue applying pressure on diamond exports, with smaller mines in the BK11 category likely to be harder hit than the larger De Beers' operations. Government will be hoping diamond exports improve going forward as it recalls that February 2009 exports slumped even further by 37% from their January levels, triggering the closure of several Debswana operations as well as the suspension of Lerala Diamond Mine. *(Mmegi)*

Botswana is fast growing its reputation as one of Africa's top modern era uranium providers. This is according to Impact Minerals Managing Director Dr Mike Jones. According to Businesslive, Jones told the Paydirt Uranium Conference in Adelaide, Australia that the recent discovery of three other uranium deposits, including in Lekabolo, confirmed the potential of eastern Botswana.

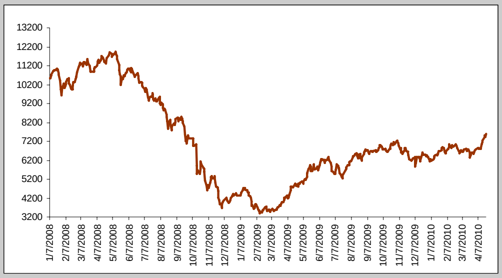
Impact Minerals, the Australia Stock Exchange listed company embarked on explorations in the eastern limb of Botswana after A-Cap Resources, also based in Australia, discovered substantial mineral deposits at Letlhakane in 2006. Letlhakane holds an estimated 280m uranium oxide resource with a grade of 150 parts perm. "Impact has demonstrated the potential for a spectrum of uranium mineralization styles from Kalahari calcrete palaeochannels, to Karoo hosted deposits and in our new Mahalapye Block, the potential for Athabasca, IOCG-U and Rossing-type uranium deposits in both sedimentary rocks and granites," he said.

Jones added that this modern day exploration revival delivered for Impact the recent Red Hills discovery, which the company regarded as "a major system". Jones said Red Hill and its companion discoveries are all in a terrain unlike the challenging Kalahari sediments of Namibia, west of Botswana, which hid the major Husab discovery for 35 years.Impact, has prioritized drilling at Red Hill to start in 2012. The company noted that the potential for uranium results were high, due to the increased uranium generated by the region. "This potential includes an untested strike length of at least 100 kilometres - all 100% owned by Impact - so we have considerable belief in Botswana's potential to continue to deliver discoveries with world-class potential," Jones said. According to Botswana Resource Sector Overview of 2011/12, Impact Minerals has had positive drilling results.

The company has entered into a joint venture agreement with Manica Minerals in December 2010 to explore for platinum group elements, nickel and copper in the Xade Project in Kgalagadi. The JV agreement requires Impact to spend a minimum of USD 50,000 within four month and USD 1.2m over two years, which will give it 51% interest in the Xade Project. *(Gazette)*

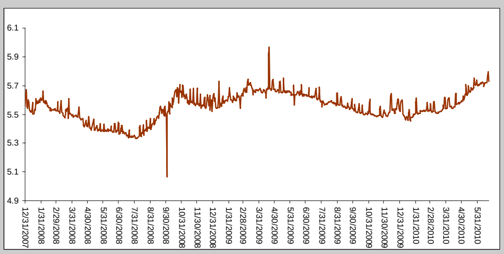
EGYPT

Cairo Alexandra Stock Exchange



Source: Reuters

EGP/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-2.354	-2.836	-2.72
Current account balance (USD bn)	-4.424	-5.912	-6.227
GDP based on PPP per capita GDP	6,147.12	6,393.94	6,676.47
GDP based on PPP share of world total (%)	0.658	0.666	0.681
GDP based on PPP valuation of country GDP(USD bn)	471.509	500.25	532.801
GDP (current prices)	2,450.41	2,664.41	2,868.74
GDP (Annual % Change)	4.7	4.498	5.008
GDP (US Dollars bn)	187.956	208.458	228.934
Inflation- Ave onsumer Prices(Annual % Change)	16.24	8.45	8.00
Inflation-End of Period Consumer Prices (Annual %)	9.96	8.00	8.00
Population(m)	76.70	78.24	79.80

Source: World Development Indicators

Stock Exchange News

The EGX CASE 30 Index gained +0.50% to 5,396.85 points. Alexandria cement led the movers after gaining +9.95% to EGP 17.46 followed by El Watany Bank of Egypt (+5.52%) and Beltone (+5.13%). Arab Pharmaceuticals was the biggest loser after shedding -6.70% to close the week at EGP 26.25. Other notable losses were recorded in: Helipolis (-5.98%) and Eastern Tobacco (-5.83%).

Corporate News

Egypt's GB Auto reported an 8% rise in its fourth-quarter net income on Monday as sales grew 7%. The company said in a statement posted on its website that net income for the fourth quarter of 2011 was EGP 43.4m (USD 7.20m), compared to EGP 40.1m in the same period a year earlier. Sales grew to EGP 1.877bn from EGP 1.762bn in the same quarter of 2010. *(Reuters)*

Egypt's Maridive and Oil Services, the biggest oil services company by fleet size in the Middle East, reported a 32% drop in net profit in 2011, when tough competition pushed industry prices lower, the firm said on Monday. Maridive's unaudited net profit fell to USD 42.11m, down from USD 61.77m in the same period a year earlier, a report from the company's board said, without providing a reason for the drop.

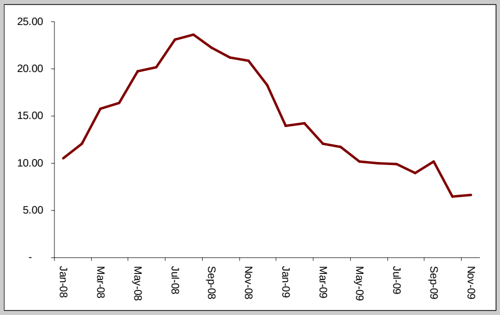
The board also said it was distributing one bonus share for every seven shares held. Revenue rose to USD 391.3m from USD 322.3m. Maridive, which serves BP Plc, Kuwait Oil Company, Royal Dutch Shell Plc, Saudi Aramco, Qatargas, Total and other oil companies, owns over 60 marine units and had contracted to get about six vessels and one barge by 2012.

Oilfield services companies were hit hard in the 2008 global financial crisis, with oil and gas producers cutting spending. Some service companies have recently begun to see new orders. Maridive said in its report on Monday it had one new contract in Brazil for USD 234m and another for over USD 25m to rent marine units for four years, which the company expects to receive by April 2012.

"In general, the industry has seen severe competition from other firms operating in the field because of the number of new units that came in with lower prices," the report said. Shares in Maridive were trading at 1.6% lower, while Egypt's benchmark share index dipped 0.4%. *(Reuters)*

Egypt's GB Auto, the top passenger car importer and distributor in the Middle East and North Africa, will reduce reliance on its Egyptian

CPI Inflation



Source: SAR

operations and its exposure to a potential currency crisis, the company's chief executive said. A year of political and economic turmoil since a popular uprising in Egypt sent inward investment and tourism slumping, depleting foreign reserves. Many economists believe currency devaluation is inevitable.

"The sales revenue of GB Auto is destined to become much less reliant on the Egyptian operation," CEO Raouf Ghabbour said on a conference call on Wednesday. The firm, Egypt's biggest listed automobile assembler, this week reported an 8% rise in fourth-quarter net income for 2011, pushed higher by sales of two and three-wheeled vehicles.

GB Auto controls one third of the Egyptian passenger car market, which has grown quickly in recent years thanks partly to easier access to credit, a wider range of cheaper Asian vehicles and a fast-expanding population. That growth has boosted its ability to expand in other markets in the region.

"We have established a second company in Iraq and we are currently establishing a company in Libya and a company in Algeria," Ghabbour said. "Those businesses are dollar-based so you would definitely see much less reliability on the foreign exchange volatility of Egypt."

Ghabbour said the firm could see an impact on its margins if the Central Bank of Egypt fails to achieve a more gradual currency devaluation of 5% per year. The company agreed in February to assemble and distribute passenger cars provided by Hong Kong-based Geely Automobile Holding Ltd in North Africa.

Ghabbour said the Geely deal would allow GB Auto to fill a gap in the market for cars worth EGP 60,000-70,000 (USD 9,900 to USD 11,600), generating strong revenue for the company. GB Auto's shares are up 18% this year, trailing a 47% gain by the benchmark Egyptian share index. *(Reuters)*

Egypt's Talaat Moustafa Group said its full-year net profit fell 39% last year when the real estate industry was thrown into turmoil by a popular uprising and disputes over land ownership. The decline was narrower than a 44% drop in first-half earnings. TMG reported full-year profit of EGP 577.5m (USD 95.7m), down from EGP 940m in 2010.

Total sales for projects were around EGP 3bn, down from EGP 4bn a year earlier. Revenue - including money received once clients take ownership of properties - slipped to 5.1bn from 5.34bn, the company said in a statement. TMG shares were down 2% at EGP 4.96 by 0955 GMT on Wednesday, the biggest decliners on Egypt's main index.

Both revenue and net income were below the forecasts of some Cairo-based analysts, but they said they would wait for more detailed results before taking a considered view. "Still I think the results look positive," said Monsef Morsy of Pharos, who has a "buy" rating on TMG and was impressed with the revenue number given the company's challenges last year.

"It implies TMG was working quite well still in 2011... As for the bottom line, it's not clear what led to the decline. The number was below our estimate of EGP 720m." A cloud hanging over TMG lifted in November when an administrative court ended a drawn-out dispute over the legality of the company's purchase of state land for its flagship Madinaty project.

It also suffered from the economic turmoil sparked by the uprising that ousted Egypt's president in February last year. Investors are now waiting for a state authority to issue a re-assessed value of unused Madinaty land, but are hoping it will have little major impact on TMG results and have already been piling into the stock, sending it up 71% this year. *(Ahram)*

Economic News

A decline in Egypt's net foreign reserves slowed dramatically in February, reducing pressure on the central bank to allow a rapid devaluation of the country's currency. Foreign reserves fell by only USD 636m after having tumbled by close to USD 2bn in each of the previous four months. They now stand at USD 15.72bn, well under half what they were before the popular uprising last year.

The central bank has been drawing down its reserves as it defends the Egyptian pound, which has lost only around 3.6% of its value against the dollar since the uprising sparked a year of political and economic turmoil. Nada Farid, an economist with Beltone Research, said she expected the draw-down in reserves to remain relatively slow over the coming few months.

"We didn't have any debt repayment obligations to be repaid this month, we're still witnessing a relative improvement in the political environment and the amount of T-bills still held by foreigners is quite limited, so the decline rate has been improving," she said. "So we're expecting another USD 0.7bn decline for next month as well," to around USD 15bn, said Farid. "I think the decline rate will continue to improve."

Egypt's turmoil worsened unemployment and widened its budget and balance of payments deficits by scaring away tourists and investors, two of the country's main sources of foreign exchange. "We expect the central bank will stop using its reserves to defend the currency after they reach USD 15bn, because it represents the critical level of three months of import cover," Farid said.

Foreign investors have liquidated treasury bill holdings over the last year as the bills matured. Egypt said in January it had asked the International Monetary Fund (IMF) for USD 3.2bn to help it plug its balance of payments deficit, saying it wanted the money as soon as possible and hoped an agreement would be signed within weeks. The IMF said any agreement would take two to three months.

Farid said Egypt paid interest and principle on Paris Club loans and other debts in January, causing an exceptionally large drawn-down on reserves in that month. Economists have blamed part of the October, November and December declines on uncertainty ahead of the country's first parliamentary since Hosni Mubarak was driven from power and on jitters following an outbreak of street violence. *(Reuters)*

The army-backed government hopes to secure USD 3.2bn of funding from the International Monetary Fund soon as it moves to bring borrowing back under control after last year's popular uprising. If it pulls off an IMF deal, that could encourage other lenders to provide further funds. “That is why appetite (for government debt) is increasing. People don’t want to miss the opportunity if the trend continues,” said a senior trader at a Cairo bank.

The central bank said it sold 1bn Egyptian pounds (USD 165.8m) of the reopened seven-year bonds, the same amount it had asked for. Yields ranged from 16.80 to 16.93%, compared with 16.85-16.95% at an auction of seven-year bonds on Feb. 20, when the bank raised less than half the amount it sought. The average yield at Monday’s auction was 16.91%.

Traders said bids were equivalent to 1.8 times the value of the sale. The bonds mature on Oct. 25, 2018, and carry a 14.5% coupon. Settlement will take place on March 6. Egypt has received a fraction of the financial aid pledged by foreign donors after the uprising against Hosni Mubarak hammered the economy and an unpopular government faces a tough task selling austerity measures to the public and parliament.

Yields on government debt reached unsustainable multi-year highs in recent months as foreign investors waited on the sidelines, and several treasury auctions were undersubscribed. The central bank has supported liquidity in the banking system by raising its benchmark Egyptian pound deposit rate, and yields on short-term debt edged lower at recent auctions.

“This time there is a higher probability of reaching a deal” with the IMF and other lenders, said the Cairo banker. “But if any political accidents happen again, I think we will be in trouble again, and this is a variable that we need to build in all the time now. *(Kippreport)*

Egypt's economy grew by an annualised 0.4% in the fourth quarter of 2011, indicating the economy is on the mend after the turmoil of last year's popular uprising, the deputy chairman of parliament's economic committee said, citing official figures. "The slowdown in the growth rate has been contained, and that is a good indicator for growth," said Member of Parliament Abbas Abdel Aziz on Monday.

"The growth rate was 0.2% in the first quarter of last year. But in the second quarter it rose to 0.4%. This is an improvement." However, an analyst said the feeble growth meant that Egypt's economy had contracted for the whole of 2011. This "confirms our fears that the economy contracted last year for the first time since at least the 1960s," Said Hirsh from Capital Economics wrote.

He added that recent industrial data showed that a recovery that had started in the third quarter was losing steam and forecast that Egypt's gross domestic product (GDP) would grow by only 3% in 2012, down from the country's average 5% over the past decade. *(Reuters)*

Egypt will launch a tender for mobile virtual network operator (MVNO) licences within four weeks, the country's communications minister said on Tuesday. MVNOs are mobile phone service providers which lease excess network capacity from telecom operators. Industry executives had been hoping the tender would take place last year but major investment decisions have been delayed by the army-backed interim government appointed after the overthrow of President Hosni Mubarak.

Companies aiming to secure an MVNO licence include Telecom Egypt, the country's landline monopoly, which is sitting on record amounts of cash and wants to boost its presence in fast-growing mobile and data services. "We are finalising the format for the MVNO and hopefully we should expect (to issue the tender) in four weeks' time," Mohamed Salem, Minister of Communications and Information Technology, told Reuters during an industry conference in Qatar.

Salem said he was unsure how many MVNO licences Egypt would issue and declined to say how much selling them could raise for a government that is struggling to finance its budget deficit. He said fourth-generation mobile network licences would also be sold some time after June, by when the government would have formulated a new strategy for expanding broadband services.

"4G will be included in the broadband strategy," said Salem. "The broadband plan ... will be issued by the end of June." Mobile phone subscriptions now roughly equal Egypt's population and companies are seeking to maintain revenue growth by encouraging customers to use more data services. Egypt is the Arab world's most populous country, with more than 80m people. Telecom Egypt has a venture with Vodafone that vies with Mobinil for leadership of the mobile phone market. The third-placed operator is Etisalat Egypt. *(Reuters)*

Egypt's economic growth expanded slightly in the fourth quarter but the rebound is unlikely to have stopped the country slipping into its first full-year recession in at least half a century. GDP expanded 0.4% in the three months that ended on December 31 compared with growth of 0.2% in the previous quarter, according to a ministry of planning and international cooperation report, cited by Bloomberg News.

The report confirmed "fears that the economy contracted last year for the first time since at least the 1960s," said Said Hirsh, a Middle East economist at Capital Economics. "Egypt was definitely in recession last year," he said. "Key sectors of the economy like tourism have been hit and manufacturing output was also down but the country still had income from the Suez Canal."

It meant Egypt's GDP contracted by 0.8% across the full year, he said. A recovery in the construction and tourism sectors helped to arrest the slide in the fourth quarter. Construction dipped by 0.6%, a smaller contraction than the 2.8% fall in the previous three months, Bloomberg reported, citing the report. Tourism fell 6.5% in the fourth quarter after slipping 10.4% in the previous quarter.

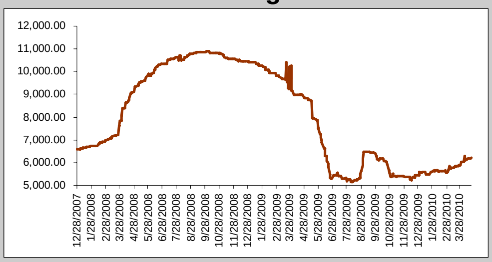
Egypt's economy has been striving to rebound after a revolution removed former president Hosni Mubarak and opened up a political vacuum. Progress is being made on the country's path to democracy, with civilian rulers expected to be in place by June. But the political uncertainty is still deterring efforts to attract foreign investment. "I am waiting to get some clarity before we invest. If you are buying land you don't want to be caught out," said Mishal Kanoo, the deputy chairman of the Kanoo Group, a diversified conglomerate based in Bahrain with interests spanning travel to insurance.

The firm already has a presence within the Egypt's travel industry through its partnership with American Express Travel Services. Egypt's precarious financial position has sapped foreign reserves by more than half, down to USD 15.72bn (Dh57.74bn), and widened the budget deficit. To ease its problems, the government hopes to sign a USD 3.2bn loan agreement with the IMF this month that could help entice other foreign aid.

The IMF loan is "crucial," to Egypt's turnaround, said Mr Hirsh. "Looking forward, we are still concerned about increasing strain on Egypt's balance of payments and mounting pressures on the pound," Mr Hirsh wrote in a research note. "If the country were to reach an agreement with the IMF and other international donors soon, it may be able to avert a disorderly devaluation." The country would achieve economic growth of 3% this year, he forecast. That is still below the trend of average 5% expansion Egypt achieved before last year. *(Ahram)*

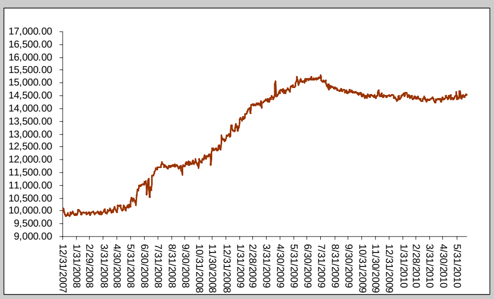
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-12.662	-15.439	-9.157
Current account balance (USD bn)	-1.869	-2.362	-1.732
GDP based on PPP per capita GDP	1,571.83	1,633.76	1,979.53
GDP based on PPP share of world total (%)	0.051	0.052	0.052
GDP based on PPP valuation of country GDP(USD bn)	36.322	38.718	48.111
GDP (current prices)	638.80	645.71	778.16
GDP (Annual % Change)	14.761	15.302	18.913
GDP (US Dollars bn)	10.808	11.519	12.129
Inflation- Ave Consumer Prices(Annual % Change)	18.46	10.15	8.43
Inflation-End of Period Consumer Prices (Annual %)	14.56	9.21	8.00
Population(m)	23.11	23.70	24.30

Source: World Development Indicators

Stock Exchange News

The GSE All Share Index was up +1.06% to close at 1,027.28 points. Gains were recorded in EGL (+5.71%), PBC (+4.17%) and UTB (+3.23%) while ETI (-9.09%), BOPP (-3.41%) and SG-SSB (-2.17%) were on the losing front.

Corporate News

First Capital Plus, a Savings and Loans company has recorded impressive growth, posting 2,460.51% increase in profitability between 2010 and 2011. Net Interest income which drives profitability in the financial services sector grew from GHS 7,018,451.00 in 2010 to GHS 29,969,960.36 in 2011 representing 327.02% increase. The Chief Operating Officer (COO) of First Capital Plus, who disclosed this to the Daily Graphic said the company mobilized deposits to the tune of GHS 98,406,704.32 in 2011 as compared to GHS 36,067,287.00 in 2010 representing an increase of 172.84%.

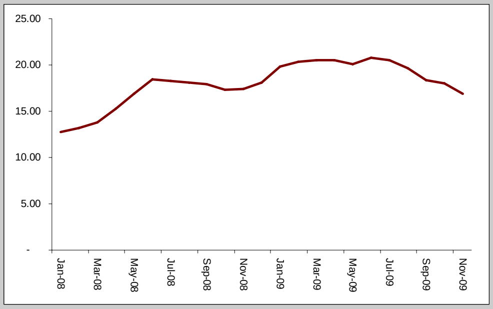
On the other hand, loans and advances grew from GHS 20,523,000 in 2010 to GHS 50,251,676 in the year under review, representing 144.86% out turn, as total assets grew by 173.92% from GHS 47,177,977.00 in 2010 to GHS 129,230,686.96 in 2011. According to Mr. Mensah, not only did the numbers improve but some indicators such as ratios which were important for investors also recorded impressive outturns. For instance, Return on Assets (ROA) grew from 0.57% in 2010 to 4.83% in 2011 while Return on Equity (ROE) grew from 3.5% in 2010 to 32.10% in 2011.

The COO attributed FCP's phenomenal performance to sound management policies, innovative and solid IT backbone, strategic long term relationship with clients, deep-seated understanding of customer needs and most importantly the guidance of the lord. "FCP's positioning is based on "seeing lives" as opposed to "seeing customers" and as such we are genuinely interested in the welfare and wellbeing of our clients. This positioning also means that we treat our customers delicately and offers free professional advisory services to help clients manage their businesses and finances.

All of these factors have culminated in making FCP a powerful force in the industry despite the fact that it is only two years old," he stated. First Capital Plus (FCP) is a wholly-owned Ghanaian Savings and Loans Company that was established in October, 2009. Currently First Capital Plus offers one of the highest fixed deposit rates on the market and it's the only bank in the country where customers can deposit and withdraw cash 24/7 through its Speedbanking SMS solution and ATM's respectively.

Apart the numerous banking solutions it currently offers FCP has recently introduced new Consumer Banking solutions for both customers and non-customers. Some of the new solutions include; Capital Smart Loan for salaried

CPI Inflation



Source: SAR

workers and entrepreneurs, Auto Plus loans to help in the acquisition of automobiles, Capital Church Credit to help religious Institutions to finance their projects and activities, EduPlus Credit for Registered and accredited educational institutions and their staff.

Currently First Capital Plus has ten branches it is poised to add ten new branches by the end of 2012 and continue its rapid expansion as it positions itself to leverage on IT to develop products into the African, Asian, North American and European markets. *(Ghana Web)*

Mobile phone and computer assembling firm, RLG Communications has now settled on listing on the Stock Exchange without raising capital. This will see the company list the whole value of the business without issuing any new shares for capital. The firm had originally indicated it would offload 45% of its business on the stock market to raise about 70m dollars for expansion of projects by June this year.

Group chairman of RLG Roland Agambire disclosed this to Joy Business at a briefing to launch its 10 anniversary. He explained “it is not about having too much capital or is not about being forced. Nobody forces people to go to the stock exchange. “Stock market is one way of raising capital and another way you can be there and just trade.

“One of the key things you want to do is to have value for the organization and let other investors also have trust and then the environment within where you operate must have trust,” he said. If successful, RLG will be the first indigenous firm in the country to list on the exchange without raising capital.

RLG has already settled on investment firm IC Securities as the sponsor of its IPO. The company which began operations as a mobile assembling firm, now has operations in Nigeria, Seirra Leon and The Gambia. Meanwhile the company has launched RLG Foundation to help improve water supply in rural communities. *(My Joy)*

MTN Ghana, a unit of Africa’s largest mobile operator, the MTN Group, spent an amount of GHS 720m on its operations in the country and made a revenue of GHS 1.277bn in the year 2011, according to the Group’s financial year results released today March 7, 2012. The Ghanaian subsidiary spent GHS 371m and GHS 419m during the first and second half of the year respectively, accumulating to GHS 720m which was 11.6% up against the 2010 expenditure of GHS 616m.

Given the breakdown of the GHS 1.277bn revenue it had during the year, the financial results show that the company earned GHS 600m in the first half year while in the second-half it recorded an amount of GHS 677m as revenue. Even though the company recorded a marginal loss in the market share in Ghana, MTN said it had a “sound performance” with attractive bonus promotions driving the suit. Its total revenue generating minutes was up 16.0%.

According to the results, airtime and subscription was also up 13.9% with “interconnect up 35.1%, competitive offnet tariffs”. Good data growth was up 79.7%, it added, indicating that “SMS growth down 43.4% due to regulatory requirements.” Effective tariff also went down 2.4%, it noted. As at the end of December 2011, MTN Ghana recorded 10,156m subscribers. The Group’s subscribers went up 16.2% to 164,5m. Group revenue was up 9.7% to ZAR 121,884m. *(GBN)*

Economic News

Ghana is making a fresh bid to develop a corporate bond market and aims to achieve five listings in the next three years, an adviser to a new government bond development panel told Reuters on Thursday. Ghana's bond market is dominated by short-term government securities and Finance Minister Kwabena Duffuor said last November long-term funding was needed to drive investment in the world's second biggest cocoa grower and Africa's newest oil producer.

Only one corporate bond, issued by HFC Bank, is listed on the Ghana stock exchange. Regulators say the absence of credit rating agencies and companies' reliance on bank loans have stalled corporate bond issuance. The National Bond Market Committee will work with state-owned enterprises and the private sector to encourage them to issue bonds, said Sam Mensah, a technical adviser to the panel.

Mensah said plans for corporate bonds drawn up a decade ago had not been fully implemented but the new panel would "go beyond writing reports." He said para-statal energy and port groups would be the strongest candidates because they had huge borrowing needs. Companies have traditionally relied on bank loans and the tougher requirements for issuing bonds have been a deterrent, Adu Anane Antwi, director general of the Securities and Exchange Commission, told Reuters in an interview in Accra last month.

"It will take time before people will buy into the idea of coming to the market," Antwi said. "People are going to look at how you're operating your business, corporate governance issues, disclosure issues, transparency." *(GBN)*

Higher-than-expected wage claims and fuel subsidies will mean Ghana must take additional steps to stick to its 2012 deficit target of 5.2% of non-oil gross domestic product, the International Monetary Fund said. The government of President John Atta Mills, who is seeking a second term in December, recently agreed an 18% pay increase for public sector workers and will be under pressure to meet rising world oil prices with fuel subsidies.

"To this end, discussions focused on identifying opportunities for fiscal savings from higher revenues or reduced spending including contingency measures that could be activated if needed," IMF mission chief Christina Daseking said in a statement after a nine-day visit to the country. The Fund predicted 2012 growth of 8-9%, roughly in line with analyst expectations, and inflation at between 6.7 and 10.7%.

"Nevertheless, Ghana's economy is exposed to upside risks to inflation from currency depreciation and high domestic demand," it said, noting "further policy actions" by the Bank of Ghana may be needed after last month's 100 bp hike to 13.5%. "It (the IMF mission) encouraged the Bank of Ghana to continue to build a strong buffer in foreign reserves and take measures to increase the liquidity in the foreign exchange market as a way to reduce excessive exchange rate volatility." Ghana saw growth of 13.5% in 2011, helped by the start of commercial oil production, and managed to keep inflation just under its 2011 target of 9%. *(Reuters)*

The Mills administration has borrowed about GHS 231tn in just a little over three years, the Member of Parliament (MP) for Sunyani West, Ignatius Baffour Awuah has said. Hon Awuah, who disclosed this on the floor of Parliament recently, said government increased Ghana's debt stock from USD 8.1bn or GHS 91tn in 2008 to USD 32.2bn or GHS 322tn in three years.

The gargantuan debt, he indicated, included the USD 3bn Chinese loan, USD 1.5bn STX Housing loan, which senior government officials say would still come on and USD 600tn for the University of Ghana, Legon. Contributing to the debate on President Mills' State of the Nation address, Mr. Baffour Awuah, who is also the deputy ranking member on the Finance Committee of Parliament, pointed out that if the colossal amount were to be divided among the over 24tn Ghanaians, each person including those born, would be paid an amount of GHS 13.2tn.

He noted that even though government had borrowed more money than its predecessors, there was very little to show for it as growth in all sectors of the economy was declining to worsen the plight of the people. Obviously rubbishing claims by Fiifi Kwetey, Deputy Minister for Finance & Economic Planning during the 'NDC forum for setting the records straight,' that the economy has grown under Mills, Mr. Baffour Awuah said the various sectors performed abysmally.

Starting with the agricultural sector, which employees many Ghanaians, the Sunyani West MP indicated the Mills administration has recorded a growth rate of 7.4% recorded by NPP in 2008. "In 2009, government recorded growth of 7.2%, 5.2% in 2010 and 2.8% in 2011", he disclosed.

"If it is the sector that employs a lot of Ghanaians and it is the sector which is dying under NDC, then Ghanaians should be worried because many of them would be out of business should NDC continue to be in office," Mr. Baffour Awuah cautioned.

He said the manufacturing sector, which also absorbs a chunk of the working population, grew marginally at 1.7% as against the projected target of 7.0%; Hotels and Restaurants sector also experience a negative growth of -11% as against a projection of 13.5%.

Furthermore, Mr. Baffour Awuah said the fishery sector performed abysmally, growing by 1.7% against a projected figure of 5.6% whilst the Forestry sector recorded -14.5% growth rate. Presenting the State of the Nation address, President Mills indicated that his administration had achieved a growth rate of about 14.5% in 2011 to enhance the economy.

However, Mr. Baffour Awuah said but for the oil discovered by the Kufuor administration, Ghana's economy would have been in a sorry state under the leadership of President Mills. He revealed that the growth rate was oil-induced, pointing out that if the oil sector was to be taken out, the real GDP growth would have been 8.2%. This, he noted, was below the 8.4% GDP the Kufuor-led administration registered in 2008, stressing, "NDC for three years has been struggling to reach where NPP left off but has not succeeded."

Setting the records straight, Mr. Baffour Awuah revealed that in 2009, NDC recorded a growth of only 4.6%, a decline from the 2008 rate of 8.4%, 7.7% in 2010 and ended 2011 with 8.2%, excluding oil. He entreated the Mills administration to grow all the sectors for the development of the country and not depend solely on oil to solve challenges confronting the nation. *(Ghana Web)*

Ghana is to receive more support from the African Development Bank (AfDB) to grow the country's economy and maintain fiscal discipline. The AfDB made the commitment to provide more support following a meeting between Vice President John Dramani Mahama and the Executive Director of the AfDB, Ms Margit Thomsen, at the Castle, Osu, yesterday. The meeting centred on Ghana's economic policies, transition to the middle-income status and how to manage the country's graduation from the AfDB. Also at the meeting were the Minister of Lands and Natural Resources, Mr Mike Hammah, a Deputy Minister of Finance, Mr Fiifi Kweitey, and a Deputy Minister of Energy, Mr Emmanuel Kofi Buah.

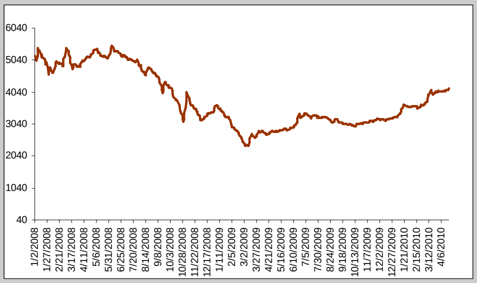
The visiting AfDB Executive Director had already held meetings with captains of industry and players in the private sector which centred on the promotion of the private sector. Vice President Mahama said the government had achieved macro and micro economic stability, and gave an assurance that it would maintain fiscal discipline during this election year. He noted that even though Ghana had achieved the middle income status, the country still had infrastructure deficits. He, therefore, asked the AfDB to draw up a road map to manage Ghana's graduation from the AfDB to avoid any shocks to the economy.

The Vice President said the government was coming up with a policy to promote public private investment in key sectors of the economy. That, he said, was to encourage more private sector operators, which were hitherto afraid to invest in key sectors, to do so confidently. Vice President Mahama said the government's strategy in accessing loan facilities was to use those facilities in areas that could generate revenue to offset the loans. The Vice President gave an assurance that the government would continue to invest in social interventions such as health, to ease the burden on Ghanaians.

He announced that a project to generate power on a large scale from solar energy would start within the next two years. Responding, Ms Thomsen commended Ghana for her democratic credential and economic growth, a feat which had made Ghana role model in Africa and the world at large. She noted that by achieving the middle income status, Ghana would be graduating from the AfDB fund.Ms Thomsen, particularly, called for collaboration in promoting the participation of the private sector in the economy. *(Ghana.gov)*

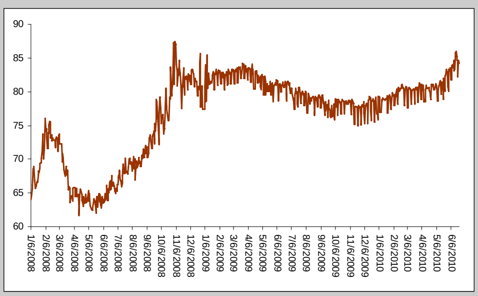
Kenya

Nairobi Stock Exchange



Source: Reuters

KES/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-8.098	-6.348	-5.734
Current account balance (USD bn)	-2.447	-2.188	-2.33
GDP based on PPP per capita GDP	1,750.82	1,817.49	1,902.47
GDP based on PPP share of world total (%)	0.091	0.093	0.094
GDP based on PPP valuation of country GDP(USD bn)	62.826	66.353	70.647
GDP (current prices)	841.95	944.07	1,094.40
GDP (Annual % Change)	2.486	4.024	4.972
GDP (US Dollars bn)	30.212	34.466	40.64
Inflation- Ave Consumer Prices(Annual % Change)	12.00	7.77	5.00
Inflation-End of Period Consumer Prices (Annual %)	11.50	7.19	5.00
Population(m)	35.88	36.51	37.13

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The NSE 20-Share Index gained +2.16% to close the week at 3,401.06 points. Uchumi led the movers after gaining +30.14% to KES 9.50 followed by SGL which rose +11.63% to KES 24.00. Other notable gains were recorded in KPLC up +7.17% to KES 14.95 and CABL (+714%). PAFR was the main loser, shedding -12.75% to KES 22.25 followed by Sasuni (-9.80%) and Express which lost -6.82% to KES 4.10. Market turnover was down -2.40% to KES 1.22bn.

Corporate News

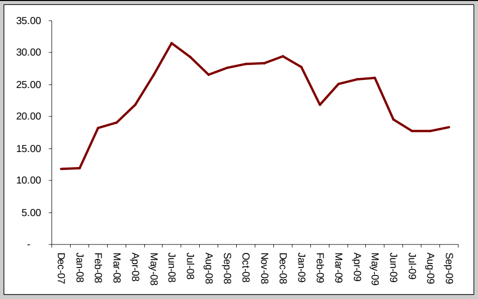
Simba Energy reported that work on its Block 2A project in Kenya is progressing ahead of schedule and raised CUSD 3m to fund its projects. The Vancouver-based oil and gas explorer has now completed the reprocessing of select 2D lines along with existing gravity and magnetic data and has so far identified two exploration leads in these early stages of the study.

In addition to completing the Environmental Impact Assessment (EIA), which has already been submitted to the oil ministry, Simba has obtained all the past geophysical data from Block 2A. This has allowed the company to accelerate the work programme that has already been approved by the ministry including a passive seismic survey, now anticipated to kick off in early April. In the meantime, it is expected that a technical report – compliant with the NI51-101 standard and a competent person's report (CPR) for the project will be completed in the coming weeks.

"Having progressed this well early on sure helps the company gain some traction," said president and chief executive of Simba Robert Dinning. "It sure is encouraging to see such positive results come from this region in these past number of weeks. "There's no question things are heating up in the area so we're looking forward to maintaining our aggressive pace on the ground in Kenya."

The company also announced a private placement of up to 37.5m units consisting of a share and a warrant at a price of 8 Canadian cents to raise a total CUSD 3m to advance its projects. The fundraising is subject to the approval of the TSX-Venture exchange. In today's report, Simba also drew investors' attention to the upcoming drilling campaigns in Kenya by Tullow Oil and Africa Oil, which will drill close to Block 2A. *(Proactive Investors)*

The battle for a slice of the money transfer business in the region has heightened with Safaricom slashing tariffs as new entrants angle to join in. Safaricom, Kenya's leading mobile phone service provider, last week announced that its registered M-Pesa customers will be able to send and receive amounts as low as KES 10 (US cents 12) compared to a previous limit of USD 0.60 with a



Source: SAR

USD 0.03 charge.

M-Pesa customers can also make micro-payments from as low as USD 0.12 to USD 0.59 per month according to the review. This is the first tariff review of the M-Pesa service, since its launch in 2007. Safaricom chief executive Bob Collymore, said the tariff review would put the company in a better position to tap into a wider market. “We are now in a position to extend the benefits of financial inclusion to more Kenyans, particularly those in lower income groups who rely very heavily on our service,” he said.

The review in terms of transfer limit, however, falls below its rivals limit of USD 0.60 for Airtel and USD 1.20 for Telkom’s Orange money. Safaricom and Airtel will now be charging US cents 6 for transactions across registered subscribers for transactions between US cents 60 and USD 1.20. Airtel however beats Safaricom on the latter’s USD 1.20 to USD 6.00 band with both charging US cents 3 whereas Airtel’s maximum transaction stretches to USD 843.

Telkom’s Orange money on the other hand charges US Cents 36 for transactions across its customers for the band ranging between USD 1.2 and USD 421, lower than the new Safaricom’s similar charge for the band between USD 6 and USD 12. Safaricom seems to have warmed up for competition with international mobile transfer service providers Western Union and Visa recently announcing intentions to venture into the mobile money transfer platform across their global operations.

Visa Inc, the Global payments company will launch a mobile money platform later this year, allowing transactions across networks in different countries. Visa’s rival Western Union announced on Wednesday last week it had partnered with Ericsson to venture into mobile money transfer platform in Africa signifying a scramble for market share by local and international operators. *(The East African)*

Equity Bank of Kenya posted a 42% rise in its pretax profit for 2011 to KES 12.83bn (USD 155m), thanks to growth in its net interest income and a fall in bad debts provisions, its chief executive said on Thursday. With operations in five countries and a knack for rolling out innovative banking services, mainly targeted at the low end of the market, ahead of rivals, Equity has risen to one of the most frequently traded firms at the bourse since listing in 2006.

It posted a 40% increase in total interest income for the year to KES 19.34bn, outpacing a 19% rise in non-interest income to KES 12.45bn. "For the first time in our history, we have seen a shift where transaction income is not dominant," James Mwangi told an investor briefing. Although operating expenses went up by 21%, the bank posted a 4%age point fall in its cost to income ratio to 56%, thanks to a 14% decline in loan loss provisions.

Equity, which is the largest bank by customers in the east African nation, raised its earnings per share by 45% to KES 2.79 and the dividend per share by 25% to KES 1.0, Mwangi said. *(Reuters)*

Kenya's Co-operative Bank said on Thursday full-year 2011 pretax profit

rose 10% to KES 6.3bn (USD 76.1m) after its loan book expanded, and expects further growth from branch expansion, and the start of operations in South Sudan. "Our performance was underpinned by growth in our balance sheet," Gideon Muriuki, the bank's chief executive, told an investor briefing. "The bank continued to enforce strict credit risk management especially with high interest rates."

He is optimistic the bank can sustain its performance in 2012 despite high inflation and an any uncertainty from a forthcoming presidential election. Muriuki said the bank's loan book grew 26% to 109.4bn shillings, and that it planned to open 30 new branches this year, and had also gained approval to start operating in neighbouring South Sudan.

"The establishment of Co-operative Bank South Sudan as a joint-venture has been approved by the government of South Sudan. We expect to play big in South Sudan," he said. Muriuki said the first branch would open in the next six months. The bank's earnings per share rose to KES 1.53 from KES 1.31 previously.

"It is a fair reflection of the banking sector especially in the second half with high interest, high inflation," said Renaldo D'souza, an analyst at Genghis Capital, "I think it was a fairly disappointing second half for them ... it was below expectation since in the first half they had said they expected 8bn (pretax) profit at the end of the year."

The bank declared a dividend to KES 0.40 a share, unchanged from 2010. Muriuki said this was done to build the bank's capital base. It also said it planned a bonus share issue of one for every five ordinary shares held. Kenyan commercial banks are reporting healthy growth in profits, despite a rough year in 2011 in which interest rates ate into bond holdings, and high inflation took its toll on general economic performance.

Aggressive monetary tightening to curb inflation and prop up the east African country's currency has seen commercial banks raise lending rates to about 25% from 15% since October, and lawmakers are pushing a new law to cap the rates. "It's not the way to go. Economies that want to grow do not control interest rates. They should let market fundamentals (set) ... the level of interest rates," said Muriuki. The bank's share price was up 3% at 13.95 shillings at 0640 GMT. *(Reuters)*

Kenya's CFC Stanbic Bank said on Wednesday its 2011 pretax profit jumped 40% to KES 2.8bn (USD 33.8m), helped by a rise in interest income. CFC Stanbic Bank shares were the biggest gainers on the Nairobi bourse, jumping 7.1% to KES 45.25 as investors piled into the stock ahead of the full-year earnings announcement, which came after the market had closed.

Operated by CFC Stanbic Holdings, and ranked among the top five banks by assets in Kenya, it said net interest income rose 45% to KES 6.04bn. The bank, a unit of South Africa's Standard Bank, said in a statement that loans and advances to customers grew by 9% to KES 64.3bn, while loans and advances to other banks nearly doubled to KES 30.63bn.

Earnings per share rose to KES 6.0 from KES 5.1 in the previous year. The bank did not pay a dividend. Some analysts were cautious about the bank's outlook, saying it needed to expand its products in a highly competitive market. "The results are quite good, despite the high interest rates seen last year," said Eric Munywoki, an analyst at Dyer & Blair. "Going forward, unless they restructure or introduce more products, I don't see any growth."

Kenyan commercial banks are reporting healthy growth in profits, despite a rough 2011 in which interest rates ate into their bond holdings, and high inflation eroded the economy's performance. Strong earnings by the sector have buoyed the stock exchange in the past month as investors scramble to buy up bank shares. *(Reuters)*

Economic News

The Monetary Policy Committee meets on Tuesday with high expectations that it will review the benchmark interest rate downward, as a signal to the banks to lower lending rates. The expectation is informed by the fact that the high rate of inflation slowed down to 16.7% in February and for the third month now.

“We expect the committee to cut the central bank rate by 100 basis points to 17%,” analysts at Renaissance Capital said in a country report released last week. Under pressure to reign in rising inflation and stem weakening of the Kenya shilling against the dollar, MPC raised its indicative interest rate to 18% in December last year, where it has remained since then.

The committee advises Central Bank of Kenya on policy decisions to effectively manage the economy. At the time inflation hit 19.72% in November with the shilling threatening to return to its historical low of KES 107 (October 11) to the dollar, banks followed the rate hike and raised their lending rates to highs of 30%, making borrowing unattractive.

By extension, it also put a freeze to credit-funded consumption, which was putting the shilling under pressure. The shilling has regained to close at KES 83.10/30 against the dollar. Optimism for a rate cut is, however, discounted by “the risk that the CBK refrains from loosening policy on concerns that the shilling is still vulnerable and that lower interest rates may undermine the local currency,” Renaissance capital adds.

Talking to Reuters on Friday, Julius Kiriinya, a trader at African Banking Corporation, said CBK may hold just to be sure. “We expect it to hold the rate to be sure if the fall in inflation is real, before it can start cutting.” The decision could, however, be complicated by the ongoing debate in Parliament where a committee set up last year to investigate factors behind the weakening of the shilling is about to table its report, which has adversely mentioned MPC as lacking in depth to manage the economy. *(Nation)*

Kenya's central bank held its key interest rate steady for a third month in a row on Tuesday after worrying signs from its neighbour Uganda of the risks of easing policy before inflation slows markedly. Analysts were split on whether Kenya's central bank would take advantage of a bigger-than-expected fall in inflation in February to 16.7% to kick off an easing cycle, or hold steady to help bolster its inflation-busting credentials.

The Bank of Uganda was praised last year for raising rates fast as inflation surged, but the Ugandan shilling came under fire last Thursday when the central bank trimmed its key rate for a second time with inflation still above 25%. The Ugandan shilling had fallen more than 8% by the end of Monday's session, though it managed to claw back some ground on Tuesday. A significant decline in the Kenyan shilling would raise the risk of importing more inflation.

"The recent wobble in the Ugandan shilling might have swayed the MPC to leave the gun cocked, but not to pull the trigger," said Nairobi-based independent analyst Aly Khan Satchu. "The IMF (International Monetary Fund) might have also erred on the side of encouraging the MPC to allow the re-establishment of their inflation busting credentials to be given a little more time," he said.

In Kenya, the central bank was slammed for waiting too long to respond to surging prices and the Kenyan shilling fell through a series of record lows against the dollar before an aggressive round of tightening took rates to 18%. Unlike its Ugandan counterpart, the Kenyan shilling rose after the Central Bank of Kenya's Monetary Policy Committee (MPC) said it needed to keep rates on hold to ensure inflation in east Africa's biggest economy continues to decline.

The Kenyan shilling climbed as high as 82.60 against the dollar from 83.25 immediately before the rate announcement, still far stronger than last year's record low of 107. "In our view, keeping the CBR on hold at this point was the right thing to do. There will be plenty of opportunity to ease rates dramatically later," said Razia Khan, head of research for Africa at Standard Chartered Bank in London.

The Central Bank of Kenya said although inflation had started to decline, risks to the outlook remained and the real economy needed to slow further. The bank's MPC highlighted the fact that inflation excluding food and fuel prices had not yet responded much to its sharp rate rises last year. The MPC said the country's balance of payments outlook remained a matter of concern, not least because of the rise in global oil prices was a threat both to the stability of the exchange rate and continued falls in inflation.

The rate-setting committee said that while private sector credit growth was slowing, demand for imports and consumer goods had not yet slowed enough. The MPC said annual private sector credit growth still stood at 28% in January, down from 30.9% in December. It also reiterated concerns the Greek debt crisis could hurt growth in the euro zone, which is a key source of tourists bringing hard currency to the region and a major market for flowers and vegetables grown in Kenya.

"We believe that these are all solid reasons to leave the rates on hold for a while longer," said Leon Myburgh, sub-Saharan Africa strategist at Citi in Johannesburg. "Of course, the next move in the policy rate is likely to be lower, it is just a question of seeing sufficient evidence that the macroeconomic environment is conducive to lowering rates," he said.. *(Reuters)*

Rainfall during Kenya's long rainy season starting this month is expected to be near-normal but poorly distributed, meteorologists said on Tuesday, presenting a mixed picture for the inflation outlook. Kenya's inflation rate surged to nearly 20% last year on the back of rising food and energy prices, but eased to a lower-than-expected 16.69% in February, helped by falls in food and transport costs from a month earlier.

The rise in food prices was driven largely by drought at home, while low water levels at the hydropower dams that supply most of the east African country's electricity pushed up energy bills and led to costly fuel imports to run thermal generators. The Kenya Meteorological Department said in its long rains (March-May) outlook that food growing areas of Western, Nyanza and Rift Valley would have near- or above-normal rain, and it advised farmers to take advantage of the favourable weather.

However, it said other food growing areas such as Central, Southeastern and Coastal Kenya would have near- or below-normal rains and that farmers should make best use of the rainfall available by planting appropriate crops. It was a similarly mixed picture for hydropower generation. The Meteorological Department said the Turkwel and Sondu Miriu catchment areas would have near- to above-normal rainfall, leading to a significant improvement in water levels at dams.

However, normal to below-normal rains in the Tana River catchment areas were likely to lead to low inflows at major hydroelectric power generation dams in that area. Analysts are watching weather forecasts in Kenya to gauge whether they are likely to have a positive or negative impact on inflation in the coming months, and hence the pace at which the country's central bank is likely to cut its key lending rate.

Kenya's central bank kept its key interest rate unchanged at 18% on Tuesday for a third month in a row. The Meterological Department also said parts of country's Northeastern and Eastern provinces, which border Somalia and Ethiopia which are already drought prone, would receive highly depressed rainfall. *(Reuters)*

Kenya expects a stable supply of food in the six months to June on improved output but may still require some imports of maize to boost its stocks, the agriculture ministry said. Prices of key staples in east Africa's biggest economy, including wheat, beans and maize could rise further, presenting a mixed picture for inflation outlook, the ministry said in brief obtained by Reuters on Wednesday.

The east Africa nation said it planned to import 1.35m 90-kg bags of maize from regional and international markets to bolster supplies despite bigger harvests following recent good rains. The ministry said the national maize stocks as at Jan 31 stood at 19.04m bags from 18.7m the previous month, and expected this to be sufficient until June.

Kenya's inflation rate climbed to nearly 20% last year on the back of rising food and energy prices, but eased to a lower-than-expected 16.69% in February, helped by falls in food and transport costs from a month earlier. The rise in food prices was mainly driven by a prolonged drought, while low water levels at the hydro power dams that supply most of the country's electricity pushed up energy bills and led to costly fuel imports to run thermal generators.

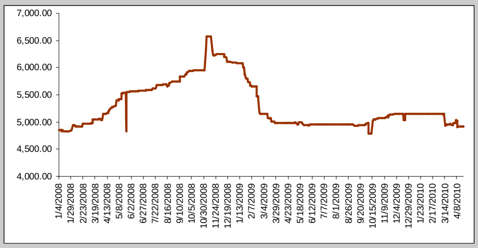
The report said national stocks level of maize as at June 30, 2012 is estimated to be a surplus of 5.5m bags, which could ease pressure on the prices of the main staple food. Rainfall during Kenya's long rainy season starting this month is expected to be near-normal but poorly distributed, meteorologists said on

Tuesday. *(Reuters)*

Kenya's central bank will offer a 1-year bond worth KES 10bn (USD 120.85tn) at auction this month, traders said. Fred Mweni, chairman of the Kenya Bond Traders told Reuters sales for the bond which will have a market-determined coupon would start on Friday. The bond would have a value date for March 26, Mweni said. *(Reuters)*

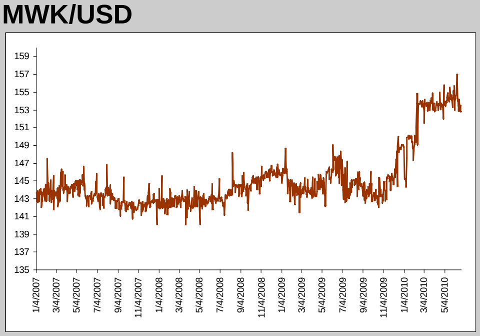
Malawi

Malawi Stock Exchange



Source: Reuters

MWK/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-4.073	-5.502	-4.791
Current account balance (USD bn)	-0.2	-0.306	-0.3
GDP based on PPP per capita GDP	880.88	916.63	940.29
GDP based on PPP share of world total (%)	0.018	0.018	0.018
GDP based on PPP valuation of country GDP(USD bn)	12.271	13.027	13.632
GDP (current prices)	352.37	390.91	432.14
GDP (Annual % Change)	5.878	4.557	3.175
GDP (US Dollars bn)	4.909	5.555	6.265
Inflation- Ave Consumer Prices(Annual % Change)	8.60	8.24	9.31
Inflation-End of Period Consumer Prices (Annual %)	7.76	8.35	9.73
Population(m)	13.93	14.21	14.50

Source: World Development Indicator

Stock Exchange News

The market index was relatively flat at 5,438.80 points, with thin trades across both local and foreign boards. Active counters were; FMB, NICO, TNM, Illovo, NBS, MPICO, Standard Bank and OML, generating MWK 37.60m (USD 225,343.09) in market turnover.

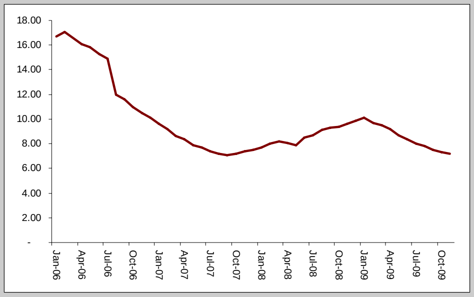
Corporate News

No Corporate News this week

Economic News

No Economic news this week

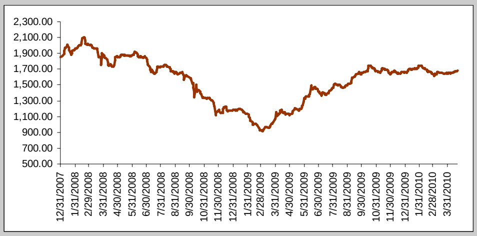
CPI Inflation



Source: SAR

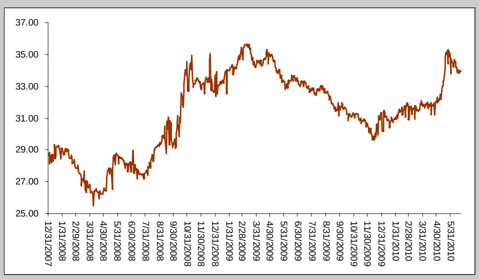
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-9.308	-10.579	-9.758
Current account balance (USD bn)	-0.852	-0.947	-0.931
GDP based on PPP per capita GDP	12,356.23	12,699.51	13,389.07
GDP based on PPP share of world total (%)	0.023	0.023	0.023
GDP based on PPP valuation of country GDP(USD bn)	15.831	16.391	17.406
GDP (current prices)	7,146.27	6,935.94	7,339.15
GDP (Annual % Change)	2.065	1.98	4.695
GDP (US Dollars bn)	9.156	8.952	9.541
Inflation- Ave Consumer Prices(Annual % Change)	6.40	4.05	5.00
Inflation-End of Period Consumer Prices (Annual %)	3.10	5.00	5.00
Population(m)	1.28	1.29	1.30

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The SEMDEX and SEM were both down -0.7% to close at 1,768.22 and 331.34 points respectively. Air Mauritius led the movers, gaining +5.0% to close the week at MUR 12.60, followed by NMH, up 1.4% to MUR 71.00 and PBL (+1.0%). ASL led the losers after shedding -4.3% to MUR 110 while MCL lost -4.0% to MUR 7.20 and ENL Land shed -3.7%.

Corporate News

No Corporate News this week

Economic News

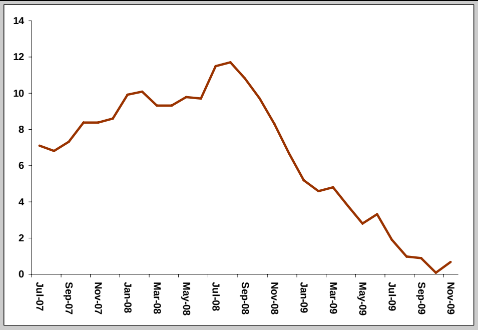
Mauritius' annual average inflation slid for the third straight month to 6.2% in February from 6.4% in the previous month, the statistics office said on Tuesday. Statistics Mauritius attributed the data to a drop in the prices of food like vegetables and fruits. It said the consumer price index was unchanged from the previous month at 131.9.

The year-on-year rate fell to 4.1% from 4.8% in January, according to Thomson Reuters calculations. "It is clear now that we are on a downward trend with this new drop in inflation. A cut in the repo rate is now warranted to help the export and tourism sectors face the euro zone crisis," Swadicq Nuthay, economist at Axyx Capital told Reuters.

The central bank next meets on interest rates on March 19. Its main repo rate is at 5.4% following a 10 basis point cut in December. A Reuters poll showed last month that economic growth is expected to slow to 3.8% this year from 4.1% in 2011, before picking up to 4.2% next year.

The Indian Ocean island is braced for a further slowdown in its European markets, especially for tourism, with visitor numbers from France and the UK already showing marked declines. It has enjoyed fairly stable inflation and exchange rates in recent years, bucking the trend among other economies in the region like Kenya and Uganda. *(Reuters)*

The Bank of Mauritius said on Wednesday it was re-opening a three-year Treasury bond worth MUR 1.5bn (USD 51.72m) with a coupon rate of 5.50%. The central bank, in a statement on its website, said that the auction would be held on March 14 and the paper would have a maturity date of Oct. 21, 2014. *(Reuters)*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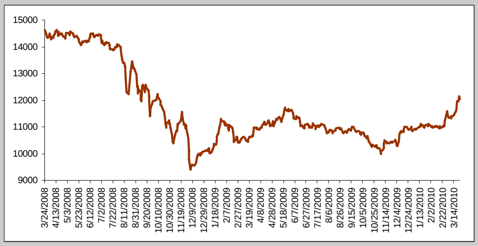
Source: SAR

SECURITIES AFRICA

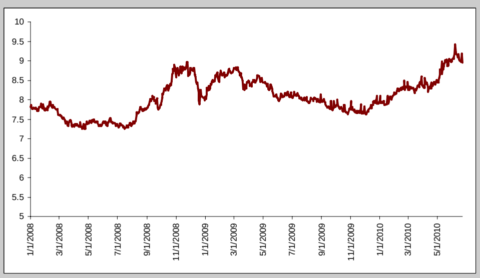
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-5.468	-4.736	-4.065
Current account balance (USD bn)	-4.963	-4.656	-4.269
GDP based on PPP per capita GDP	4,587.11	4,740.77	4,955.07
GDP based on PPP share of world total (%)	0.204	0.207	0.209
GDP based on PPP valuation of country GDP(USD bn)	146.231	153.257	162.44
GDP (current prices)	2,847.50	3,041.02	3,203.28
GDP (Annual % Change)	5.003	3.226	4.5
GDP (US Dollars bn)	90.775	98.308	105.012
Inflation- Ave Consumer Prices(Annual % Change)	2.80	2.80	2.60
Inflation-End of Period Consumer Prices (Annual %)	2.80	2.80	2.60
Population(m)	31.88	32.33	32.78

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The MAS lost -0.51% to close the week at 11,355.30 points. Gains were recorded in Fertima (+26.01%) to MAD 186.50, Zellidga (+14.56%) and Nexans (+5.66%). On the losing front we had SCE down -10.58% to MAD 280, Maroc Leasing which shed -6.00% to MAD 470 and CGI (-5.79%).

Corporate News

Abraaj Capital is investing about USD 125m in a Moroccan insurance holding firm as it bids to tap growth prospects in Africa's nascent insurance sector. Privately-owned Saham Finances has majority stakes in three subsidiaries: Casablanca-listed CNIA Saada, sub-Saharan insurance firm Colina and Isaaf, a firm which focuses on assistance services market in Morocco, Abraaj said in a statement.

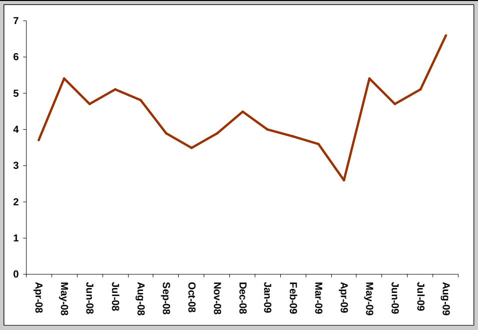
Abraaj, the Middle East's largest private equity firm and which recently bought private equity firm Aureos, said its investments will help Saham's expansion and acquisition plans in Africa and the Middle East. The Dubai-based private equity firm, founded in 2002 by Group Chief Executive Arif Naqvi, has raised USD 7bn since its inception. It owns stakes in Orascom Construction, budget carrier Air Arabia, supermarket chain Spinneys and education group GEMS. Funds managed by the group have stakes in 35 companies across the Middle East region.

Last month, Abraaj teamed with the top shareholder of TransAtlantic Petroleum Ltd to buy the Canadian energy company's oilfield services business in a deal valued at around USD 164m. *(Reuters)*

Economic News

Morocco will import between 1m and 1.1m tonnes of soft wheat during the March-May period of this year after the government decided to suspend import duties on the commodity for two months, the finance ministry said on Friday. Finance and Economy Minister Nizar Baraka told a parliamentary committee that 125,000 tonnes of locally-produced soft wheat from last year's harvest remains to be collected by end-May, a statement posted on the ministry's website said.

The North African country is bracing for a drop in this year's cereals harvest, as well as other crops, after a shortage in rainfalls and a prolonged cold spell hurt farming, the head of the agriculture industry said earlier on Friday. *(Reuters)*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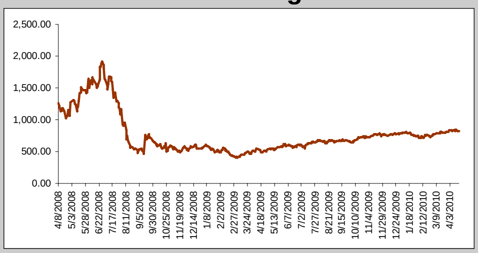
Source: SAR

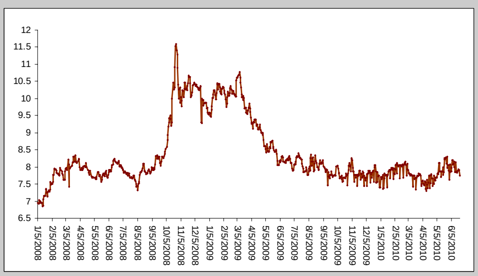
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-1.049	-2.055	-1.225
Current account balance (USD bn)	-0.095	-0.19	-0.118
GDP based on PPP per capita GDP	6,610.35	6,771.73	6,964.03
GDP based on PPP share of world total (%)	0.016	0.016	0.016
GDP based on PPP valuation of country GDP(USD bn)	13.764	14.217	14.742
GDP (current prices)	4,341.36	4,406.65	4,530.72
GDP (Annual % Change)	-0.739	1.736	2.234
GDP (US Dollars bn)	9.039	9.251	9.591
Inflation- Ave Consumer Prices(Annual % Change)	9.12	6.77	5.45
Inflation-End of Period Consumer Prices (Annual %)	7.34	6.19	4.71
Population(m)	2.08	2.10	2.12

Source: World Development Indicators

Stock Exchange News

The NSX overall Index lost -0.87% to close at 907 points. On the NSX local and DevX, NBS was the only mover after adding +0.08% to NAD 12. MEY led the losers after shedding -33.33% to NAD 0.02 followed by DYL, down -7.69% to NAD 0.12 and FSY (-4.81%).

Corporate News

Brazilian oil company HRT Participações plans to sell part of its stakes in offshore oil blocks in Namibia by June as it seeks to help pay for exploration activities. Rio de Janeiro-based HRT plans to maintain a majority stake in the blocks where it plans to sell a stake, Wagner Peres, president of unit HRT America, said in a conference call with investors on Monday. HRT owns stakes in 12 exploration blocks in the African nation. The decision underscores the company's decision to farm out its stakes in the bloc, amid efforts to transfer the operating rights of the Solimões bloc in the Brazilian Amazon to TNK-BP -- a move many analysts expect to happen as early as this month. The company could earn as much as USD 1bn in the latter transactions, according to Santander Investment Securities analyst Christian Audi.

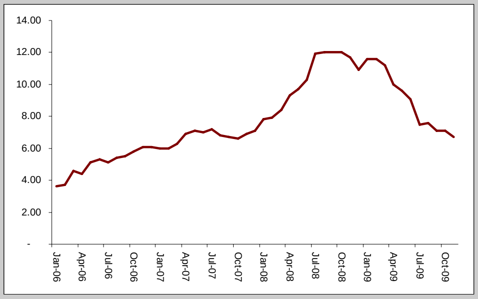
Shares of the company have sunk 66% in the past year, reflecting rising exploration and production risks and uncertainty in strategy regarding the Namibia blocs. HRT Participações fell for a second day on Monday, shedding 0.7% to 680.01 reais. In two of blocks in the Walvis Basin it owns a 100% stake and is operator. It owns more than 90% and is operator in eight blocks in the Orange Basin.

It has a three%, non-operating stake in two blocks in the Namibe Basin. The 12 blocks cover an area of 68,800 sq. kilometers, an area nearly the size of Ireland. HRT estimates its "at risk" oil resources in Namibia at 6.9bn barrels of oil and natural gas equivalent. These resources are not classified as reserves and are not proven and are only a preliminary projection. *(Reuters)*

Chariot Oil & Gas, the Africa focused exploration company, is set to drill the first well on its Tapir South prospect offshore Namibia in early April after signing a rig contract with A.P. Moller Maersk. The one-well drilling slot will use the Maersk Deliverer ultra deepwater semi-submersible rig, which is expected to arrive on location at the end of March.

The Tapir South prospect, part of the Tapir trend, is located in Chariot's Northern Block 1811A which is 100% owned by the company. The prospect has a 25% chance of success and gross un-risked mean prospective resources of 604m barrels of oil. The well will be located 80km offshore Namibia in 2108 metres of water with a drilling depth of approximately 5,100 metres total vertical depth

CPI Inflation



Source: SAR

subsea (TVDss).

The exploration well on Tapir South is estimated to take approximately two months to drill and is the first well in Chariot's four to five well 2012/2013 exploration programme within its highly prospective acreage offshore Namibia. A second exploration well, Kabeljou-1, is expected to be drilled in Chariot's Southern Block, 2714A, on the Nimrod prospect in the second half of 2012.

Subsequent to the results of Tapir South, Kabeljou-1 and interpretation of Chariot's recently acquired 3500 sq km 3D seismic in its Central blocks, the remainder of its initial drilling programme will be determined and further wells planned for 2013. Chariot said its farm-out efforts across its licences were ongoing.

Paul Welch, the chief executive of Chariot, said: "We are extremely pleased to have concluded this drilling rig contract with Maersk and to provide an anticipated spud date for our first exploration well offshore Namibia. Despite the tight rig market we have secured an excellent drilling rig for the Tapir South prospect with a highly reputable contractor. "This will be only the second well ever to have been drilled in the Namibe Basin and we look forward to commencing our operations and updating the market with our progress in due course." *(Small Cap News)*

MTC on Tuesday released a mixed bag of annual financial results for 2011 with revenue growing 3,2% to NAD 1,4bn, but profit dipping 14,2% to NAD 319tn. Miguel Geraldes, MTC managing director, said the mobile operator's shareholders have accepted lower profits for 2011 as funds have been redirected and invested back into the company. Geraldes said that MTC's performance has been solid through 2011, as total revenue grew by 3.2% from 2010 to approximately N1,45bn.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for 2011 is NAD 774tn, a decrease of 15% from 2010, where the amount was NAD 785tn. Geraldes also announced that the dividends which MTC paid to its shareholders for 2011 decreased by 4,9%, or NAD 19tn, compared to 2010. The dividends paid to shareholders are lower because of the decision to re-invest in the company.

MTC's penetration rate has now surpassed 108% of Namibia's population and by September last year the mobile operator had well over 1,7tn subscribers. Geraldes said that MTC calculates this figure through the number of active sim cards which have been used in the last three months. Geraldes said that an increase in the disposable income of Namibians could be the reason behind the high rate of penetration in the population, but added that such a high penetration rate shows that MTC clients regularly use multiple sim cards because they use more than one cellphone.

Geraldes said that MTC lost a portion of the mobile market share in 2007 with the introduction of a competing mobile service provider, but added that this loss of market share levelled out to 24% over 2010 and 2011 and has remained steady, meaning that MTC itself has a market share of 76%. Mobile internet usage in Namibia has experienced exponential growth from 2010 to 2011, increasing from 123tn megabytes of data in 2009 to just over 1bn megabytes of data in 2011.

With regard to the regulatory environment in Namibia, Geraldes said that two significant events have had an impact. The first was the establishment of the Communications Regulatory Authority of Namibia (Cran) and the second was the decision by the Namibia Communication Commission (NCC) to intervene in retail prices set by service providers for their products.

According to a statement from MTC, the mobile service provider “maintains that the NCC did not follow proper procedures to intervene in retail prices and that this decision will end up hurting customers and future entrants into the market.” The mobile operator also said that it “continues to struggle with the authorities (Windhoek Municipality) for authorisation to erect the much needed base stations (cellphone towers). “MTC has done everything it can to ensure and convince the authorities and the public that its base stations are safe, and that it complies with international guidelines,” reads the statement from MTC.

According to the statement MTC is ready to deploy its 4G/Long Term Evolution (LTE) network to make Namibia one of the first countries in the world to benefit from this cutting edge technology. “MTC is hopeful that it will soon be granted the required spectrum and all the necessary approvals from Cran to make this technology a reality,” the statement said. *(The Namibian)*

Economic News

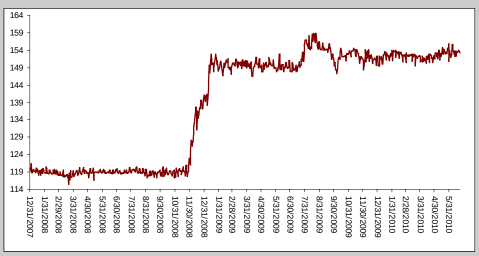
No Economic News this week

Nigeria

Nigeria Stock Exchange

Source: Reuters

NGN/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	6.939	13.792	14.278
Current account balance (USD bn)	11.48	25.631	28.488
GDP based on PPP per capita GDP	2,199.08	2,281.27	2,369.35
GDP based on PPP share of world total (%)	0.475	0.489	0.499
GDP based on PPP valuation of country GDP(USD bn)	333.983	355.995	379.907
GDP (current prices)	1,089.30	1,190.86	1,244.37
GDP (Annual % Change)	2.905	4.985	5.215
GDP (US Dollars bn)	165.437	185.835	199.526
Inflation- Ave Consumer Prices(Annual % Change)	11.96	8.80	8.50
Inflation-End of Period Consumer Prices (Annual %)	9.12	8.50	8.50
Population(m)	151.87	156.05	160.34

Source: World Development Indicators

Stock Exchange News

The NSE All Share index gained +1.74% to close at 20.950.02 points. Cadbury gained +16.68% to close at NGN 10.70 while Julius Berger was up +15.68% to close at NGN 24.93. Other notable gains were recorded in Airline Services (+14.94%), Transcorp (+14.00%) and CCNN (+13.98%). On the losing front we had UBA (-11.41%), Access Bank (-10.62%) and Union Bank (-9.58%).

Corporate News

Guinness Nigeria, has revealed that its ongoing drive to expand its operations, has seen it invest USD 225m (NGN 55bn), into its Ogba and Benin breweries. Adebayo Alli, capacity expansion project lead, Guinness Nigeria, disclosed this during a media tour of the Guinness Nigeria Ogba Brewery in Lagos, saying Guinness Nigeria, along with its UK parent company global premium drinks business Diageo Plc, have extended commitment to the Nigerian economy by expanding capacity of its brewing operations.

According to him, on completion of the expansion project, Guinness Nigeria would have created additional 200 permanent jobs for Nigerians and makes the plant one of the largest in the Diageo Group. “This expansion is a great achievement for us at Guinness Nigeria. The new plant is fully automated, attesting to the quality of products and is backed by an equally excellent workforce.

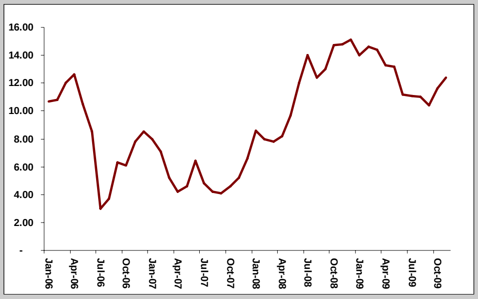
The increased demand for our iconic brands such as Guinness and Harp, requires us to invest in our breweries and infrastructure. We are delighted that our company is creating a significant number of jobs for Nigerians upon completion of the project,’’ Alli said. He further noted that the expansion is doubling the company’s capacity from 3.5m to 7.5m hectolitres, to meet the growing demand for its products.

‘‘The factory is fitted with some of the best production, packaging and storage facilities adding with effluent treatment facilities which are some of the best in the industry, making by-products and wastes from the factory harmless to the environment,’’ Harrison Omomogho, acting plant manager said in an interview during the brewery tour.

Guinness Nigeria Plc was established in 1950, making it one of the oldest companies in Nigeria. Listed on the Nigerian Stock Exchange in 1965, and with over 75,000 shareholders, it is also one of the foremost quoted companies in Nigeria. The company built its first brewery in Ikeja in 1962, and currently has facilities in Ogba, Benin City and Aba.

Included in its portfolio are such acclaimed brands as Guinness Foreign Extra Stout, Guinness Extra Smooth, Malta Guinness, Harp Lager Beer, Gordon’s

CPI Inflation



Source: SAR

Spark, Smirnoff Ice, Armstrong Dark Ale, Satzenbrau Pilsner and Top Malt. *(Business Day)*

The Nigerian government has decided to liquidate state-owned telecoms company NITEL, after a series of failed efforts to sell it over the last decade. A statement from the country's Bureau of Public Enterprises says NITEL and its mobile arm, M-Tel, would be sold through "guided liquidation", in view of the operator's huge liabilities. NITEL's debts amount to USD 1.89bn, according to the Financial Times.

The government-owned operator used to hold a monopoly in the West African country's telecoms market. However, it lost its relevance over the past decade, with the growth of mobile operators, such as MTN. Nigeria's combined 90m active mobile phone subscribers dwarf NITEL's approximately 500 000 fixed-lines. Nevertheless, NITEL has key fixed assets. Up for grabs in the liquidation process are its undisclosed stake in the SAT-3 submarine cable, which stretches from Europe to SA, as well as transmission stations and cabling networks.

Efforts to privatise NITEL started in 2001, when Investors International London Limited won a bid to acquire the company, but it defaulted on paying the final price of USD 1.317bn. Then, in 2003, Pentascope of the Netherlands was appointed as management contractor to revamp the company for another privatisation process. That contract, though, was cancelled following the Nigerian government probe that accused Pentascope of having a lack of capacity to turn NITEL around.

In 2006, Transcorp won a bid to acquire the company for USD 500m, but it also failed to pay. The latest attempt, in February 2010, saw New Generations consortium, which includes China's Unicom, emerging as the preferred bidder. It offered to buy NITEL for USD 2.5bn, which it too failed to pay. Following government's numerous botched attempts to sell the telco, IT experts say the latest move of "guided liquidation" of NITEL has been long overdue.
Lanre Ajayi, MD of PINET Informatics, says: "Guided Liquidation may be appropriate in this particular case; it seems to me to be the only option and may turn out to be a good option, because some other options have failed." *(IT Web)*

Sterling Bank Plc said it is poised to become a systemically important commercial bank that impacts on all sectors of business participation in the economy. A statement from the bank said that this was disclosed in a report titled: "Sterling Bank: Yesterday, Today and Tomorrow," where it was further revealed that the Bank is aiming at strengthening its firm hold win, the fold of tier 2 banks in Nigeria with the aim of becoming the leading tier 2 bank in the country by 2016.

"In relation to the global market place, Sterling Bank desires to be a competitive financial services franchise, fully scaled business model with institutionalized processes beyond the stewardship of current owners and managers and a systemically important operator materially impacting all its sectors of business participation," the statement said.

The statement said that the bank currently operates a national commercial banking license and has been rated 'Short Term A3,' with a stable outlook,adding that it recently assimilated the business interest of the erstwhile Equitorial Trust Bank to emerge a formidable tier 2 bank.

The statement said that with current business focus being the mid-tier corporate, institutional banking, small and medium scale enterprises (SMEs), government and consumer banking; the bank's vision is to be the financial institution of choice while its mission is to deliver solutions that enhance stakeholders' value. According to the Bank's chief strategy officer, Yemi Odubiyi, the Bank will remain true to its core values of customer focus, integrity, team work and excellence. *(Daily Trust)*

Chevron Corp. said on Tuesday that a raging fire that followed a gas explosion at its Funiwa oil well just off the coast of Nigeria had gone out by itself. "The site of the Funiwa 1A natural gas well offshore Nigeria ceased burning on Friday, March 2. The well stopped flowing on its own," the statement said. "CNL has detected no natural gas flowing from the well since the fire ceased burning and is monitoring the area continuously." *(Reuters)*

British oil firm Afren said it hoped to bring a field discovered in Nigeria in January into production in the "near-term", after tests on the oil proved successful. The company, whose main producing assets are in Nigeria but which also has assets in Kenya and Kurdistan, said it will drill two production wells on the Okoro East field in the second half of 2012, meaning new output could be added this year.

"We will now work towards realising near-term production from Okoro East. The tie back to existing facilities ensures a very high return on the additional wells," Chief Executive Osman Shahenshah said in a statement on Wednesday. Okoro East was discovered near its Okoro field in January, allowing Afren to use existing facilities at Okoro to add new production more quickly and cheaply than is usual when a new oil field is found.

Afren, which in the middle of last year cut its production target after a delay at its key Ebok field in Nigeria, said in the longer term it will also submit a full field development plan for Okoro East to enable it to maximise its output. "Combined with follow-on opportunities elsewhere in the block, Okoro can continue to be a driver of exploration upside as well as production growth going forward," analysts at Bank of America Merrill Lynch, which acts as broker to the firm, said.

Initial production from the two wells at Okoro East could reach 14,000 barrels of oil per day (bopd), Afren said, a significant addition to the company's year-end output rate of 55,400 bopd. Shares in Afren closed at 125.6 pence on Tuesday, valuing the firm at about 1.3bn pounds (USD 2.1bn). *(Reuters)*

Nigerian Breweries Plc on Tuesday presented its audited profit and loss account for the year ended 31st December 2011 on the floor of the Nigerian Stock Exchange with a 24% improvement in its turnover from NGN 185.862bn in 2010 to NGN 230.132bn. The company further said that its profit before taxation in the year under review improved from NGN 44.880bn in 2010 to NGN 56.372bn while taxation rose to NGN 18.347bn as against NGN 14.548bn in 2010. It also said that profit after taxation went up by 25.3% from NGN 30.332bn in 2010 to NGN 38.025bn in the year under review while its cost of sales stood at NGN 120.361bn as against NGN 98.694bn in the preceding year. *(World Stage Group)*

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Guinness Nigeria Plc is a member company of Diageo Plc; the world’s leading premium drinks business, with an outstanding collection of brands such as Johnnie Walker, Smirnoff, J&B, Baileys, Cuervo, Tanquery, Captain Morgan etc. *(Business Day)*

MTN Nigeria is to spend about NGN 1.3bn (NGN 208bn) on its expansion in the country, going by the figures from the Group’s Full Year (FY) 2011 results released yesterday. Going by this figure, MTN Nigeria’s capital expenditure (capex) exceeds that of other West African countries put together, a development which analysts expect will create more jobs for Nigerians.

Already, analysts are bullish on MTN headline results, particularly as total subscribers of 164.5million in FY11 implies year-on-year (YoY) growth of 16.2%. MTN Group earned about NGN 673.2bn (R34.879bn) revenue from Nigeria, while the Group revenue increased by 6.3% to R121.884bn (about NGN 2.35tn). Commenting on this result, Renaissance Capital (RenCap) analysts said with “the revised management guidance of a 70% pay-out ratio for FY12 suggests we have to bring our estimate forward by 12 months.”

According to RenCap, “We reiterate our ‘BUY’ rating – however we plan to revisit our medium-term estimates and valuation following further management interaction tomorrow (that is today).” The Group said its revenue was due to sound growth in Nigeria, South Africa and Iran of 4.1%, 7.7% and 20.1% respectively. It also earned R38.597bn from South Africa, and R11.050bn from Iran. Other countries that contributed to the MTN group’s revenue include Ghana (R5.941bn), and Syria (R6.463bn).

In the result available to BusinessDay, MTN Group said its Nigeria operation faced a challenging year “as the entire market was negatively affected by the process of SIM registration.” “Aggressive price competition had a negative impact on gross connections and network quality again became a focus area for the regulator, as higher elasticity from lower pricing impacted traffic demand across almost all of the major networks.

Notwithstanding these challenges, the company increased its subscriber base by 7.7% to 41.6m and ended the year with a more stabilised market share of 50%. There is no clarity on the deadline for SIM registration although the regulator has initiated a process to form a central database of registration records. At the end of the year, MTN Nigeria had registered 83% of the subscriber base,” it stated in the results.

Furthermore, the group said in Nigeria, the total naira revenue increased 9.6% mainly driven by a 54.5% increase in interconnect revenue. It stated: “This was a result of continued changes in traffic patterns during the year, as cheaper off-network prices were offered tactically by the competition. More competitive tariffs by MTN in the second half of the year have partially stabilised the traffic mix. Data revenue (excluding sms) grew 105% as more data packages were introduced to the market.

MTN Nigeria has 1.7m smartphones and 330,000 dongles on the network. Airtime and subscription revenue increased only 3.7% due to a reduction in effective tariffs which was not fully compensated by a proportionate increase in minutes of use. ARPU declined by 8.1% to USD 9.7 and by 5.3% in local currency terms.” MTN Nigeria’s Earnings Before Interest Taxation and Amortisation (EBITDA) margin declined by 1.2%age points to 61.7% when compared to the prior year.

“Higher operating costs were mainly the result of a 25% increase in the average diesel price as well as increased site rental costs and professional fees. The marginally weaker naira against the rand, negatively impacted rand reported revenue growth for the year, resulting in only a 4.1% increase in revenue to R34 879m. Reported EBITDA increased 2.2% to R21 536m,” the group stated.

In Nigeria, MTN network rollout improved in the second half of the year, with the company adding 529 2G and 453 3G BTS’s in the year ,bringing the total number of BTS’s to 9 131. Capital expenditure amounted to R6 331m in 2011 compared to R4 700m at the end of 31 December 2010. “Corrective action and measures have been put into place to ensure that capital expenditure programmes moving forward are delivered more effectively. MTN Nigeria rolled out an additional 1 312km of fibre in the year and connected fibre to 90 sites to support its data strategy," the group stated. *(Business Day)*

Etisalat Nigeria says its strategic target for the new business year is to further narrow the gap between the firm and, Airtel, the third biggest operating company in Nigeria's telecoms market. The telecommunications company intends to reach over 15m subscribers by the end of 2012, to achieve this feat. As at December 2011, official subscriber statistics from the Nigerian Communications Commission (NCC), nation's telecoms regulator showed that MTN Nigeria had 41.6m subscribers, while Globacom had 19.8m; Airtel had 18.0m and Etisalat Nigeria had 10.7m, in the voice segment.

Steve Evans, chief executive officer, Etisalat Nigeria who made this revelation in an interview with Business Day at the recently concluded GSMA Mobile World Congress, said the telecoms company was well positioned to meet this target, pointing out that by the end of 2011, Etisalat Nigeria grew its subscriber numbers from 6.8m to 10.8m. "This year, we are targeting to take our subscriber base by the end of 2012 to over 15m. We plan to add at least another fourm net subscribers so that we would be well over 15m.

I think at that point, we are going to be quite close to been the number three telecoms operator in Nigeria's competitive market. That's our challenge for this year. We intend to grow our customer base while continuing obviously to grow the revenue per user at the same time. We have to be innovative. "We have to keep churning out interesting services to our customers and we have to ensure that the quality of network is of the highest standard", he said.

Analysts strongly believe the commencement of the Mobile Number Portability (MNP) scheme in October will be the game changer for Etisalat, a late entrant in Nigeria's telecoms market. MNP scheme is expected to allow Nigeria's over 90m mobile telephone users to retain their numbers when changing from one mobile network operator to another. *(Business Day)*

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Vono Product Plc has said that it would pay dividend to its shareholders in 2014. The Managing Director of the company, Mrs. Titi Bakare said this during the facts behind the figures of the company to stockbroker community on the Nigerian Stock Exchange (NSE) on Tuesday in Lagos. She said that by the end of 2014 the company will back on profit.

The company turnover grew by 52% from NGN 437tn in 2010 to NGN 666tn in 2011, gross profit margin stood at 27% as against 19% in 2010. However, the management of Vono Nigeria Plc is set to raise NGN 803tn from the capital market to enable the company bounce back to profitability.

She explained that the company has in the recent past encountered funding challenge which had drawn the company back, promising that Vono is determined to ensure a successful fiscal year in 2012 with the fund that would be raised from the capital market. She said the company is in dare need of the fund to run the company effectively, upgrade the factory, generate working capital, procure necessary machinery and retrain the workers.

“The brand is strong and the brand is eye catching. We are looking at doing good business as soon as we raise the fund from the capital market. Our company looks forward to doing good business with schools and health institutions because we have diversified,” she said. *(Daily Trust)*

Economic News

Nigeria's interbank lending rates dropped by 59 basis points to an average of 14.41% this week, compared with 15% last week, following the disbursal of budgetary allocations to government agencies, traders said on Friday. Traders said the disbursal of over NGN 300bn (USD 1.90bn) in January budgetary allocations to government agencies swelled cash liquidity in the system and forced down the cost of borrowing among banks.

"The budget money was credited last Friday and its effect on interbank rates became apparent early in the week," one dealer said. Africa's top crude-oil exporter shares proceeds from oil sales from a centrally held account every month to its three tiers of government - federal, states and local - providing liquidity to the banking system and impacting on lending rates.

Traders said the market opened with a cash balance of about NGN 130bn, compared with a deficit of about NGN 9.50bn last week. They said rates would have been lower but for the aggressive liquidity mop up by the central bank through the sales of treasury bills at open market operations.

Nigeria also sold NGN 111bn worth of 2019 and 2022 bonds this week, which further restricted liquidity in the system. The secured Open Buy Back (OBB) eased to 14%, from 14.5% last week, 200 basis points above the central bank's 12% benchmark rate, and 4%age points above the Standing Deposit Facility (SDF) rate.

Overnight placement dropped to 14.5% from 15%, while call money traded at

14.75% compared with 15.5% last week. "We expect rates to gradually inch up next week after major cash inflows into foreign exchange purchases and other transactions," another trader said. *(Reuters)*

After nearly five years of expectations, the Federal Government will finally hold an oil licensing bid round this year, Director of Department of Petroleum Resources (DPR), Mr. Osten Olorunsola, has given a firm assurance. This will also be the first bid round to be conducted by the President Goodluck Jonathan administration. The Federal Government had shelved its plans to conduct bid rounds in 2009 and 2010 due to the non-passage of the Petroleum Industry Bill (PIB), coupled with pending cases before the courts and arbitration involving multinational oil companies and the government.

THISDAY gathered that some of these cases, which had to do with the Production Sharing Contracts governing some oil fields, are yet to be thrashed out. Olorunsola, who spoke at an interactive session with journalists at the weekend, said details of the proposed bid round and the exact date for the exercise would be announced later. The DPR Director, who is also the Chairman of the Technical Sub-Committee on the PIB, said harmonisation of the various versions of the bill was at an advanced stage.

The committee was recently set up by the Petroleum Minister, Mrs. Diezani Alison-Madueke, to review all versions of the draft bill before the National Assembly to facilitate its quick passage into law. He said to shore up Nigeria's oil production, about 38 oil rig licences were issued in 2011 by the agency, leading to the drilling of three exploration wells and 93 development wells.

He revealed that the reserve value for oil as at January 1, 2011 was 31.219bn barrels, condensate 5.314bn barrels, while total gas reserve was 182.3 trillion cubic feet (tcf). "Thirty-eight rig licences were issued leading to the drilling of three exploratory and 93 development wells in 2011. This contributed to an incremental production of 120 KBD (thousand barrels per day) of crude oil in 2011. Reserve values as at January 1, 2011 were 31.219bn barrels for oil, 5.314bn barrels for condensate and Total Reserve for Gas, 182.3tcf," he said.

In the area of downstream performance, he said one licence to operate a 1,000 barrels per day diesel extraction plant was granted to a private company, while six licences for various refinery projects had been issued, which are at various stages of development. Oil licensing rounds of 2005, 2006 and 2007 saw some efforts at replacing the former discretionary award procedures with a more open and competitive process.

However, the bid rounds were fraught with complaints of irregularities, prompting the Federal Government to revoke some oil blocks awarded during the bidding rounds. For instance, the Oil Prospecting Licences (OPL) awarded to the Korean National Oil Company after the 2005 bidding round, OPLs 321 and 323, were revoked by the Federal Government in January 2009. The court later quashed the revocation.

Oil majors - Shell, Chevron, Mobil and Agip - did not participate in the 2007 bidding round, which held in the twilight of former President Olusegun Obasanjo's administration. In the 2005 bid round, only 30 of the 77 auctioned blocks were awarded to new Nigerian players. Awards were made to Asian oil companies that controversially secured rights of first refusal over some of the prolific oil blocks in exchange for commitment to invest in Nigerian infrastructure projects.

In the 2006 bid round, 18 oil blocks were auctioned and government earned around USD 292m in signature bonuses. Only companies willing to invest significantly in the country's infrastructure development projects and power structure were pre-qualified to participate. The blocks that were offered included those from the 2005 bid round, which had not been awarded and others that were voluntarily relinquished by their operators.

The Federal Government raised around USD 266m in signature bonuses during the last bid round held in 2007. Although the bid round attracted the largest Nigerian participation, complaints of irregularities had prompted government to set up an investigative panel in June 2008 to review the bid round. The probe was extended to the 2005 and 2006 bid rounds, consequent upon which some of the oil blocks awards were invalidated. *(All Africa)*

The banking reforms spearheaded by the Central Bank of Nigeria resulting in capital adequacy in money deposit banks in the country, may have led to corresponding reduction in the pressure for raising additional capital by banks. According to a report on the performance of Nigerian banks in 2011 by the international investment firm, Renaissance Capital, since majority of banks now boast of robust capital bases, with many of them comfortably surpassing the mandatory capital adequacy ratio, a recourse to the capital market for additional funds appears unlikely this year, except for few operators who might seek to bolster their capital bases to accommodate expansionary goals.

The CBN stipulates that Nigerian banks must maintain a minimum capital adequacy ratio of 10% and at least 50% of a bank's capital must comprise paid-up capital and reserves (that is core or Tier 1 capital). However, Rencap in its 2012 report on the banking sector released last week explained that most of the banks prefer to keep a minimum of 15% to provide some capital buffer, adding, however, that banks would start considering capital raising if the CAR approaches the 12-15% level.

In the report, the investment firm held the view that all the banks it covers have reported CARs well above the minimum stipulated level of 10%. “We note that some banks have maintained overly generous balance sheets - notably Fidelity Bank Plc, Zenith Bank Plc and FCMB Plc. “At the lower end have been UBA Plc and Diamond Bank Plc. Given the NPL write-offs expected for FY11, we expect some deterioration in CARs across most of the banks.”

However Rencap indicated that two banks have suggested they will raise some form of capital. The list include Diamond Bank Plc, which is said to be in advanced discussions with several development finance institutions (DFI) to raise USD 200m of tier 2 capital. “We expect the capital raising to be completed in 1H1,” the investment firm noted. The other bank is UBA Plc which was looking to undertake a combination of a rights issue and private placement towards the end of 2011. The latest update from management, according to the Rencap report, is that this is now on hold given the prevailing market condition.

The investment firm added that the CAR at the end of FY11 reflected a similar pattern to FY10. “We do not expect any of the banks to have breached the 10%

CAR floor. FCMB and Access Bank's CAR will be impacted by the acquisition of Finbank and Intercontinental, respectively. We expect Diamond, UBA and First Bank of Nigeria Plc to report the lowest CARs, with Zenith and Fidelity remaining at the upper end.

“On net, aside from Diamond's tier 2 capital raising, we foresee no need for high levels of capital injection in 2012. Some of the banks below the 18-20% threshold may seek to bolster their capital bases to accommodate their expansionary goals. In our view, investors may need to be more questioning of general capital-raising programmes.”

Rencap warned against indiscriminate fund raising by banks without the corresponding value added for investors stating, “For banks that have failed to deliver value-enhancing returns over the past decade, we see little rationale for raising more capital without a credible strategy for creating value for equity shareholders.

“In other words, to raise capital at a CoE of 18-20%, when you can only deliver a return on that capital of 12%, makes little economic sense over time,” Rencap stated in its report. The report, which frowned at the slow pace of write offs in banks by the Asset Management Company of Nigeria (AMCON) between 2010 and 2011, however, maintained that some significant improvement was recorded in the banking industry in 2011.

“Non performing loans and AMCON write-offs continued throughout 2011, despite the banks forecasting NPLs to have peaked in 2010; reported loan growth numbers from some players were gravely disappointing, in the light of management guidance, and the expected recovery in returns and profitability in 2011 was woefully unsatisfactory for a large number of banks.

“Despite all the above, we argue that some significant positives have emerged over the past few years. First and foremost, we now have a stronger banking sector in Nigeria. Governance structures have been improved, and we welcome the new guidelines on the tenure of senior management, non-executive directors and auditors.

“The CBN audit, followed by the creation of AMCON, helped to contain NPL contagion. Failed banks have been dealt with in a manner that has not threatened the viability of the entire sector. Reporting requirements have been improved, and provisioning policies tightened,” the report noted. Scoring the banks low in the area of penetration, Rencap believed that like Kenya and most sub-Saharan African markets, the Nigerian banking sector was far from mature, with financial institutions contributing only 3% to GDP.

“Banking penetration was well below other emerging markets, with total loans/GDP at 32% - almost in line with Kenya at 34%, but lagging Egypt at 38% and SA at 90%. Banking assets/GDP also lagged behind peers at 57%, vs Kenya at 66%, Egypt at 106% and South Africa at 111%.

“We see no reason why credit penetration in the country should not improve. Nigeria's demographics favour credit growth: we expect real GDP growth of 6-8% over the medium term, supported by a growing corporate sector,” Rencap stated in the report.

Analysts said consumer lending remained virtually untouched, with retail banking strategies focused largely on gathering cheap deposits. However, the investment firm believed this will change over time, driven by added competition from existing and new entrants and an improving understanding of the consumer market.

“With a population of over 150m, we think it is simply a matter of time before financial services providers in Nigeria tap into this large, and potentially lucrative, pool of credit customers,' it said. *(This Day)*

Nigeria is expected to award fresh gasoline import allocations in March, trade sources said, although a parliamentary investigation into abuse of the fuel subsidy regime is ongoing. Nigeria currently relies on exchanges of crude oil for gasoline and other products as no new tenders have been allocated since the government's attempt to remove the fuel subsidy in January. Now traders' hopes are rising that a fresh allocation is imminent.

"We hear that the PPPRA (Petroleum Products Pricing Regulatory Agency) will award some import allocations in March with the new funds made available in the budget, but it will be restricting the number of companies, and there will be closer monitoring of how the volumes are allotted and filled," a West African-focused gasoline trader said.

"Maybe we will see some second-quarter allocations but the whole subsidy wrangle won't be resolved quickly. Certainly nothing is expected to be resolved before April," said a gasoline broker. The gasoline market has been awaiting clarity from Nigeria on how the new regime will work since it attempted to remove petrol import subsidies on January 1.

There was more than a week of mass protests against the ensuing sharp rise in fuel costs and the government then partially reinstated subsidies. As a result of the reinstatement, Nigeria had to revise upwards its outlook for the budget deficit this year, with the subsidy expected to soak up 888bn naira (USD 5.61bn) of the 2012 budget.

The federal government will be giving up 309bn naira for the subsidies, while the rest will be taken out of spending for state and local government. "Some funds were found to cover the shortfall, which gives suppliers some security," a trader said.

The Nigerian parliament is currently investigating abuse of the subsidy system, after uncovering a USD 4bn discrepancy between the subsidy paid to importers and the amount of gasoline brought into the country. Traders said that companies participating in the PPPRA system had been asked to supply documents to prove that they had delivered the product against the amount of subsidy paid.

Nigeria is the largest market for gasoline in West Africa, with consumption estimated at some 20-25m litres a day. A major restructuring of the whole process is anticipated but it is not clear whether the market will be fully deregulated by April as initially envisaged. Instead, an allocation will be made through the PPPRA to meet the country's gasoline requirements.

"The keystone companies will be awarded larger volumes and the smaller ones will get a bit less," a trader suggested. "I expect the smaller, 'briefcase' companies to fall away." European traders said that fixing gasoline cargoes to Nigeria has been difficult over the last few weeks as financing is tricky to obtain. "The banks are worried they won't get paid, so traders have to pay up to get the financing," said a gasoline broker.

Although there have been no official gasoline allocations since the government tried to remove the subsidy, some buying has been seen over the past week. "We have definitely seen more demand in the past week, so it looks like they are starting to take in oil again," the broker said. *(Reuters)*

Minister of Power, Prof. Barth Nnaji, has said that the Federal Government has budgeted about NGN 110bn for subsiding of electricity consumption of Nigeria's rural population in the next two years. Giving a breaking down of the expected distribution, Nnaji explained that the government had plan to spend N60bn on electricity subsidy in the 2012 budget and another N50bn in next year's on rural dwellers and the urban poor, including most individual consumers who fall into the category R2 tariff plan as contained in the new Multi Year Tariff Order 2 (MYTO 2).

Delivering a paper at the 2012 Aret Adams's Annual Lecture Series held at the Nigerian Institute of International Affairs (NIIA), Lagos, where he spoke extensively on the state of Nigeria's infrastructural development, Nnaji who reacted to recent media reports of extreme hike in electricity tariff said: "In reporting the planned adjustment, however, a section of the media has gone for the sensational with screaming headlines like "Electricity Tariff to Increase by 88% in April".

There has been little effort to report the N60bn subsidy in this year's budget and the N50bn in next year's for rural dwellers and the urban poor, as well as most individual consumers who fall into the category called R2." Nnaji noted that: "Those who will notice significant adjustments in tariff are high-end users. Even so, what they will be paying is a fraction of what they spend currently on self generation, which the Manufacturers Association of Nigeria (MAN) puts at over 4000 megawatts. Indeed, various surveys have shown that the Nigerian people would not mind paying a little higher if power supply is guaranteed."

According to the minister, Nigeria is in dire need of infrastructural renewal, upgrading, modernisation and expansion. He added that of all the infrastructural facilities in need of radical development, electricity stood out considering that the quantum of power consumed in a country by the citizens is considered a good indicator of the country's socio-economic performance.

"Brazil, a developing nation of some 200m people, generates 100,000 megawatts while Nigeria, a country of 167m, produces a mere 44000 megawatts. It is, therefore, not surprising that the epileptic character of Nigeria's power supply is often cited as the most critical factor for the seeming de-industrialisation of the country, which has in recent times seen hundreds of textile firms collapse and multinationals like Michelin and Dunlop leave Nigeria," Nnaji said.

He emphatically stated: "Our dear country will never realise its potential unless the electricity question is addressed, like other infrastructure issues. Good a thing that the Jonathan administration is acutely conscious of this fact, and has taken far-reaching steps to end the infrastructure blight. The world has long waited for Nigeria. It may not be far from now when Nigeria can wait for the world.” *(This Day)*

Adoption of insurance practices remains abysmally low in Nigeria due to multiple challenges ranging from ignorance, low commitment to poverty, an insurance expert Mr. Sallau Hamman has said. Only 3.8m of Nigeria’s estimated 167m population hold any type of insurance policy as at last December which amounts to less than three% of the nation’s population, he said.

He said although progress was being made but at a painfully slow pace. He was speaking at a one day insurance Education Awareness Initiative lecture organized by the Business Insurance Journal. Mr. Hamman who is the Managing Director of Fin Insurance Ltd was represented by the company’s head of Credit Control, Mr. Sunday Iortyange said insurance is the bedrock of progressive economies.

He said “Insurance patronage is extremely very low. This is why we are not getting the full potentials of insurance as the bedrock of the economy. You see disasters occurring across the country, damaging properties and drawing us back as a country. “For each asset that goes down and is not replaced, it cannot be called development. *(Daily Trust)*

The West African nation of the Nigeria took a major step toward encouraging the development of broader access to electricity. AllAfrica reports that the Nigerian federal government announced plans to open up the electricity transmission sector to private investment.

Nigeria attempted to spin off the Power Holding Company of Nigeria into a separate energy utility company for each of the 36 states in the country. However, this program proved unfeasible, leaving the country without sufficient resources to adequately develop electrical grids for all its populace.

In response, the Bureau of Public Enterprises announced that it would allow privately controlled electricity grids. The new policy would allow state support, but limits governments from holding more than a 49% stake in any project and prevents them from actively managing the companies. Though these projects would require approval from the Nigerian Electricity Regulatory Commission, the agency had promised to process such applications rapidly, to allow for faster investments.

The International Energy Agency reports that Nigeria boasted an electrification rate of only 50.6% in 2009, leaving 76.4m residents without access to electricity. That was more than any other country on the continent. As of 2009, the IEA reports that Nigeria had yet to invest in distributed generation sources such as solar power. *(Penn Energy)*

The gross federally-collected revenue rose by 28.8% to NGN 989.74bn as at November 2011, compared with the NGN 705bn it was the previous month, a report from the Central Bank of Nigeria (CBN), has shown. The CBN’s Economic Report for November last year, obtained on its website yesterday, however showed that the amount generated in the month under review, was below the level in the preceding month by 13.5%.

It revealed that at NGN 777.97bn, gross oil receipts fell below the level in the preceding month. This, it attributed largely, to the decline in receipts from oil and gas exports and domestic crude oil and gas sales. It further showed that non-oil receipts, at NGN 211.76bn (21.4% of the gross federally collected revenue), exceeded the monthly budget estimate by 5.7%, but was below the level in the preceding month by 10.7%. The decline relative to the preceding month's level reflected, largely, the fall in companies' income tax and receipts from Custom Special Levies

But the CBN disclosed that in comparison to the level at end-December 2010, banking system's credit to the private sector rose by 26.3%, compared with 24.2% at end-October 2011. According to the CBN, net banking system's credit to the federal government, on month-on-month basis, grew by 12.7% in November, in contrast to the decline of 19.3% at the end of the preceding month.

It added: "The development was attributed, largely, to the increase in banking system's holding of federal government securities. Over the level at end-December 2010, aggregate banking system's claims (net) on the federal government fell by 6.2%, reflecting, largely, the decline in the banking system's holding of federal government securities.

"At NGN 6.623tn, foreign assets (net) of the banking system declined by 1.5% at end-November 2011, in contrast to the increase of 0.8% at the end of the preceding month. The development was attributed to the 3.1 decline in the CBN's holdings of foreign assets.

"At NGN 1.391tn, currency in circulation at end-November 2011 rose by 2.3% over the level at end-October 2011. The development reflected, wholly, the increase in currency outside banks by 3%. However, currency in circulation fell by 1.2% below the level at end-December 2010."

The CBN indicated that the agricultural activities in most parts of the country, in the month under review, were dominated by harvesting of various root crops, especially yam, Irish and sweet potatoes, maize and groundnuts. Farmers, it said, also continued with the preparation of land and nurseries for tomatoes, pepper, carrots, cabbage and other vegetables as well as pre-planting operations for dry season farming, especially in the Northern part of the country. *(Daily Trust)*

The Federal Government yesterday read the riot act to contractors handling power projects in the country. It issued them a three months ultimatum to either perform or get sacked. The ultimatum came on a day the President of Eurobud Invest Corporation, Ukraine, Mr. Tatarenko Pavlo, pledged to boost Nigeria's power sector. Vice President Namadi Sambo, who presided over the 21st Board Meeting of the Niger Delta Power Holding Company (NDPHC), said contractors that failed to reach achieve 50per cent project execution by the end of June, 2012, will have their contracts terminated.

The vice president also directed the management of NDPHC to make a list of delinquent contractors and consultants. He said anyone that could not complete its project by the end of the year will be sanctioned. Briefing newsmen at the end of the meeting, Governor Emmanuel Uduaghan of Delta, said any transmission and distribution contractor that has not performed up to the 50% by June, will have its contract transferred to a performing contractor.

He also said all the NIPP contracts will also come up for review at the end of June. “At this meeting the chairman, which is the Vice President directed that all the contractors must have performed at least 50% of their jobs by the end of June this year. Any transmission and distribution contractor that has not done so by June this year will have its contract given to a performing contractor.

“So there will be a review at the end of June of all the transmission and distribution contracts and the ones that are not performing will obviously be dropped and given performing contractors. Hopefully, there will be improvement in the next few months and definitely by the end of the year we would have improvement,” he said. He also said that the meeting reviewed the activities of the National Independent Power Plants that are being constructed across the country, noting that lots of progress have been made, including the coming up of two plants, Olorunshogo and Sapele.Both have some of the units (turbines) completed.

The Olorunshogo completed units with 450mw and Sapele two units completed with 250mw generation capacity, he said. The success he said has been hampered with gas supply. He however, assured that as part of the efforts to address the problem of gas supply to power projects, the Presidential committee on gas is expected to come up with gas supply strategy by next week.

Besides, he said the meeting urged the Group Managing Director of the NNPC, Mr. Austin Onivon and the Managing Director, National Gas Company of Nigeria to work with Chevron and all other oil companies to ensure availability of gas, in order to meet government’s planned programme for power delivery to the nation. Before giving approval to some of the requests by the management of NDPHC, Vice President Sambo warned that the Board would no longer approve any new projects and they must concentrate on the urgent delivery of existing contracts.

In a related development, Pavlo, who spoke during a courtesy visit to the Minister of State of Power by the Ukraine Ambassador Extraordinary and Plenipotentiary, Valery Vasyliev, who led a Trade delegation, said Ukraine is interested in the energy sector in generation, transmission and designing the thermal stations. He assured that if given a chance, they would uplift the sector to enviable heights. *(The Nation)*

The Nigeria Communications Commission (NCC) said in Abuja on Wednesday that it would launch the country’s broadband expansion project soon. The Executive Vice Chairman of the commission, Mr Eugene Juwah, disclosed this when he received the visiting executive members of the Association of Telecommunications Companies of Nigeria (ATCON).

He said the issue of broadband expansion was important in the present NCC management’s programme of action for the telecommunications sector revolution. He said that NCC would soon start a nationwide stakeholders’ consultative forum to enable it elicit valuable suggestions preparatory to the launch of the broadband expansion. Juwah said the commission had designed a programme that would clearly spell out the roles of the various stakeholders and actors in the new regime.

He explained that the meeting with ATCON was part of the new initiative by the commission to continue to engage stakeholders in the sector on key issues of regulation and quality service delivery. “The management of the commission considers this meeting as very vital, this initiative strikes at the very heart of our aspiration to continuously consult with the key stakeholders in taking regulatory decisions and actions.

The issue of broadband availability and penetration in Nigeria today is very dear to our hearts at the commission and you will recall that this is one of the key areas that we had indicated to occupy our focus in the next few years. You may be aware that we have taken various steps to actualise our broadband dream. We have articulated a strategy for the implementation of the broadband master plan based on infrastructure sharing.

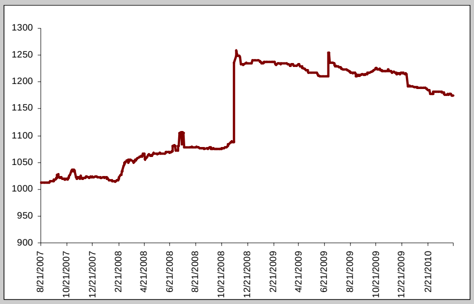
“We have indeed developed a model based on open access in which the role of the network operator that is the operator of the infrastructure is distinct from those of service provider. In the coming few weeks we will start to conduct stakeholders consultation to let the stakeholders know exactly and in details what we want to do.” Juwah, who outlined the key areas of focus in the new regime, stressed that the broadband expansion project would conform to global standards and also address peculiar needs of the Nigerian society.

He said, “We have shared notes with the International Telecommunication Union (ITU) on strategies and models that we have developed. “Underlining these models and strategies are issues of availability, affordability, stimulation of demands of services, attraction of investments, creation of more employment opportunities, penetration of services to the nooks and crannies of the country, improving governance and energising the economy.”

In his response, the President of ATCON, Mr Titi Omo-Ettu, said the association was pleased to work with the NCC in the project of expanding broadband availability in the country. He explained that the association was encouraged by the benefits that Nigerians would derive in the broadband expansion to partner with all stakeholders in the sector, including the NCC, to ensure that the dream was actualised. Omo-Ettu said ATCON had done its homework and has come up with a road map that would support NCC’s broadband expansion vision. He advised all stakeholders to key into the programme, saying that the benefits were for all Nigerians and not the NCC alone. *(Vanguard)*

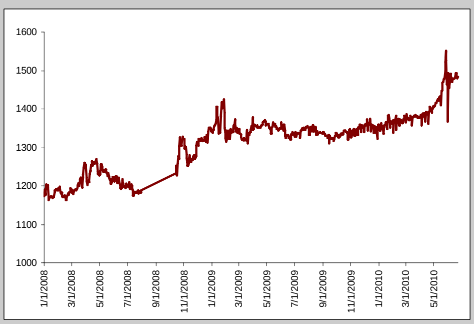
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-9.907	-9.086	-9.7
Current account balance (USD bn)	-2.195	-2.15	-2.477
GDP based on PPP per capita GDP	1,414.36	1,487.35	1,578.68
GDP based on PPP share of world total (%)	0.082	0.085	0.088
GDP based on PPP valuation of country GDP(USD bn)	57.335	61.5	66.582
GDP (current prices)	546.63	572.25	605.346
GDP (Annual % Change)	4.954	5.649	6.74
GDP (US Dollars bn)	22.159	23.662	25.531
Inflation(Annual % Change)	7.251	7.028	7.126
Inflation (Annual % Change)	6.659	6.423	5.5
Population(m)	38.2	38.964	39.743

Source: World Development Indicator

Stock Exchange News

The DSEI gained a marginal 0.31% to close at 1,319.05 points. SWISS and Tanzania Breweries were the only gainers after adding +4.49% and +4.00% to close the week at TZS 2,600 and TZS 930 respectively. All the other counters remained unchanged.

Corporate News

Zantel, one of the fastest growing telecom operators in Tanzania, has selected Flytxt a global technology leader in mobile marketing and campaign management for its subscriber engagement plan. The comprehensive mobile campaign management platform from Flytxt, with advanced analytics capabilities, will enable the mobile operator to provide right offers to the right subscribers at the right time.

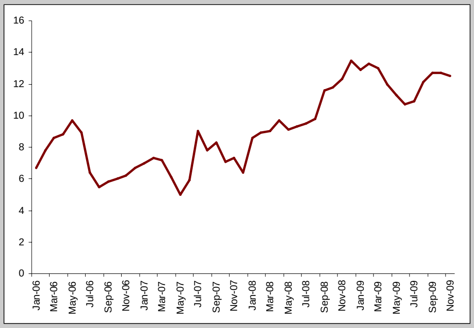
The platform will enhance customer experience by ensuring that the privacy preferences of the subscribers are "strictly" maintained. The ability of the platform to manage closed-loop marketing campaigns with automated reward provision generates maximum conversion and optimises returns on investment on marketing offers. Flytxt's marketing consulting service further enhances the capability of designing and managing high returns marketing campaigns.

"I strongly believe that with the deployment of Flytxt platform on our network, we can elevate the customer experience to the next level and strengthen our customer relationship further by providing precisely targeted offers and content," said Mr Ahmed Mokhles, Chief Commercial Officer of Zantel and Senior Vice President of Etisalat Group, adding: "We selected Flytxt not just for their matured technology but also for their consulting capability and proven global expertise in successfully managing a wide variety of mobile campaigns."

Speaking on the partnership, Dr Vinod Vasudevan, CEO, Flytxt, said: "It is an extremely exciting feeling to be part of the Tanzania's mobile growth story along with Zantel. Our technology is designed to enhance a marketer's efficiency and allow them to be more creative and innovative in their mobile campaigns. This partnership will provide Zantel further impetus to stay ahead of competition by providing greater customer satisfaction." *(The East African)*

The Government is yet to decide on the disposal of 30% of its stakes in NBC Tanzania Limited on the Dar es Salaam Stock Exchange (DSE). Speaking to this paper in an interview on Monday Finance minister Mustafa Mkulo said the government has no plans as of now to float its stake on the bourse. "We have not even discussed the issue pertaining to NBC shares this year, we will release more information later on," he said.

CPI Inflation



Source: SAR

At present Absa, a leading South African bank, holds majority shares in the once leading state bank in Tanzania, with 55% stakes. The government of Tanzania maintains 30% and International Finance Corporation, the World Bank's finance arm, has 15% shares. The listing by NBC would make it the fifth bank to trade shares at the DSE. Other banks in the bourse are NMB, CRDB, Dar es Salaam Community bank and the cross-listed KCB.

The Absa group CEO, Maria Ramos, was quoted during the World Economic Forum for Africa (wefa) in Dar es Salaam last year as saying that the IPO would dilute the Tanzania government's stake. NBC is currently the third largest bank in Tanzania, out of a total of 34 registered financial entities. It was formed on April 2000 when NBC (1997) Limited was privatised and sold to Absa Group. It was established from the restructuring of the then National Bank Commerce in 1997 into three entities, namely NBC Holdings Corporation, National Micro-Finance Bank (NMB) and NBC (1997). *(IPP)*

Economic News

Tanzania's central bank said on Wednesday that economic growth could beat its 6.0% forecast for fiscal year 2011/12, with inflation falling to single digits by the June year-end, despite power shortages and a sluggish global economy. Africa's fourth-largest gold producer and east Africa's second-biggest economy has attracted major investment over the past decade but the disruption from last year's drought in the region slowed electricity production and knocked growth.

The central bank said Tanzania's economic performance and outlook for 2011/12 remained strong, with gross domestic product estimated to have grown by 6.3% in the first three quarters of 2011, compared with a 6% forecast for the whole calendar year. "Based on the performance of most leading indicators in the fourth quarter of 2011, the projected growth of 6.0% for the year will be attained or even surpassed," the bank said in its mid-year review of the monetary policy statement.

Construction, transport and communication, and financial intermediation were among the sectors that saw improved growth in 2011, the bank said. It repeated its forecast for economic growth of 7.2% this calendar year. The central bank said inflation is expected to fall to single digits by June 2012 as a result of fiscal policy measures it has taken, expected good rains, and a levelling of global oil prices.

Tanzania's year-on-year inflation rate eased marginally to 19.7% in January from 19.8% a month before. "However, there are upside risks associated with instabilities in the Middle East and euro zone, which may exert pressure on inflation," the bank said, adding it would take additional measures to rein in core inflation and ensure financial sector stability.

The Tanzanian shilling hit a new all-time low of 1,850 against the dollar on October 28, but has bounced back after the central bank pumped dollars into the market. The shilling was trading at 1,588/1,598 at 1138 GMT on Wednesday. In the second half of 2011, Tanzania's current account deficit widened to USD 2.7bn from USD 834.5m previously, primarily due to the rise in global oil prices, and a surge in imports of oil and machinery, the bank said.

The country's gross official reserves rose to USD 3.76bn, or 4.1 months of import cover, from USD 3.59bn in June. The bank said it plans to raise the reserves to 4.5 months of import cover during the 2011/12 financial year. *(Reuters)*

Tanzania's energy regulator on Wednesday raised the prices of petrol, diesel and kerosene in east Africa's second-biggest economy, citing higher global oil prices and a weaker local currency. Fuel prices in Tanzania have risen sharply in recent months, mirroring trends in other east Africa countries, helping drive the rate of inflation into double digits.

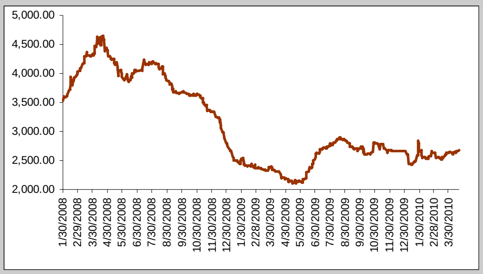
"The price changes have been caused by changes in the world market prices and a slight depreciation of the Tanzania shilling against the American dollar," EWURA said in its latest monthly price review. The energy regulator said the local currency depreciated 0.13% compared to the previous month.

The Energy and Water Utilities Regulatory Authority (EWURA) raised the price of petrol 7.67% to TZS 2,144 (USD 1.34) in the commercial capital Dar es Salam and increased the price of diesel 6.01% to TZS 2,095. The price of kerosene was raised by 5.35% to TZS 2,056. The adjustments take place with immediate effect.

Tanzania's year-on-year inflation rate eased marginally to 19.7% in January from 19.8% a month before, driven lower by energy prices, but analysts said the decline was likely a temporary reprieve and consumer prices are expected to sustain an upward movement in the coming months on fuel and food prices. The energy regulator introduced a new formula in January for calculating fuel price caps following the introduction of a bulk petroleum procurement system. *(Reuters)*

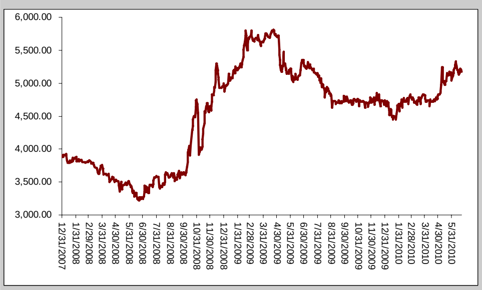
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-3.935	-2.871	-2.561
Current account balance (USD bn)	-0.484	-0.453	-0.469
GDP based on PPP per capita GDP	1,544.01	1,615.66	1,696.23
GDP based on PPP share of world total (%)	0.026	0.027	0.027
GDP based on PPP valuation of country GDP(USD bn)	18.482	19.711	21.091
GDP (current prices)	1026.921	1294.482	1472.322
GDP (Annual % Change)	4.537	5.042	5.495
GDP (US Dollars bn)	12.293	15.792	18.307
Inflation- Ave Consumer Prices(Annual % Change)	13.989	10.201	7.261
Inflation-End of Period Consumer Prices (Annual %)	11.996	8	7.017
Population(m)	11.97	12.2	12.434

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The LuSE index gained +1.63% to close at 3,943.53 points. Zambian Sugar, Natbrew and Zanaco led the gainers after putting on +6.79%, +5.41% and +4.81% to close the week at ZMK 299, ZMK 7,600 and ZMK 1,132 respectively while Zamefa (-7.54%), Investrust (-5.26%) and FQMZ (-.97%) were on the losing front.

Corporate News

Zambia has closed a copper treatment plant belonging to Glencore International's Mopani Copper Mines for pollution violations, the state environmental agency said on Monday. Mopani Copper Mines said in a statement it was surprised at the action by the environmental agency and may be forced to lay off staff following the closure.

"Every day of suspension is costing the company in the region of 525-million kwacha and unfortunately calls into question whether Mopani can continue to support 310 jobs created by the heap leach project," it said. Zambia Environmental Management Agency spokesperson Chama Mwansa, said that Mopani was ordered to shut down its Mufulira heap leaching plant on Thursday due to excessive emissions of the pollutant acid mist.

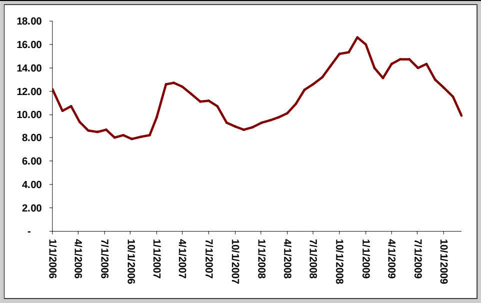
The agency's inspection of the plant revealed that there was no acid mist or vapour barrier to minimise effects on more than 3 000 local residents, Mwansa said. "Statistics show an increase in the number of cases of pulmonary, throat, nose and ear ailments," she said.

Mopani would only be allowed to open the plant after it erected acid mist barriers and effective equipment to control the pollution, she added. The agency also ordered Mopani to prepare a comprehensive environmental and social management plan for the heap leaching process and submit it for approval, Mwansa said. *(Mg)*

About 2,000 workers at Canada's First Quantum Minerals Ltd flagship Zambian copper mine on Tuesday returned to work following appeals from the company and labour unions. First Quantum agreed to a 15% pay rise with workers at the Kansanshi mine on Sunday, but the two sides had differed over how long the agreement should stay in place.

Workers at the Kansanshi mine, Zambia's largest copper mine, which produced 231,000 tonnes of the red metal in 2010, downed tools to demand a 17% pay increase on Thursday. Kansanshi mine spokesman Godfrey Msiska and National Union of Mine and Allied Workers Union president Mundia Sikufele said on Tuesday most of the employees had resumed work.

"We are appealing to all the workers to resume normal duties as we go for



Source: SAR

reconcilliation with the management," Sukufele told Reuters. First Quantum said late on Monday those who continued with the work stoppage risked dismissal. The company has said the strike was costing it USD 5m per day in lost revenue, and costing the government more than USD 1.5m a day in lost taxes.

Production at the mine ground to a halt because of the strike, prompting Zambia's Vice-President Guy Scott to call for talks mediated by his office to try and end the work stoppage. Glencore International Plc's Mopani Copper Mines in Zambia agreed a 17% pay rise with unions in February, almost triple the rate of inflation. Konkola Copper Mines, part of London-listed Vedanta Resources Plc, awarded a similar pay increase to its workers in January. *(Reuters)*

AIRTEL, Zambia's telecommunications giant, has boosted its coverage in some rural areas of the country by building and commissioning more network sites. Airtel head of corporate communications and government relations Chabuka Kawesha said in a statement issued in Lusaka on Monday that the company has commissioned telecommunication services in Luapula, North-Western, Southern, Northern and Muchinga provinces.

Dr Kawesha said Airtel has commissioned telecommunication services in Luapula's Chembe, Milenge and Kasanka in Bangweulu while the North-Western Province has had sites commissioned in Sachishinka area with two repeater sites in Ikelenge district. "The North-Western and Southern provinces have Lwena Mission/Lubansenshi in Luwingu, Kalakanya/Shiwang'andu in Chinsali, Chilindi of Mazabuka and Mangunza area of Mbabala in Choma which have seen site installations," he said.

Dr Kawesha said the total number of commissioned sites now stands at 143. This has been done in collaboration with the Zambia Information, Communication and Technology Authority (ZICTA). And the company's voice roaming partners have swelled to 248 operators and a further 121 operators for data services."This is a significant milestone as it enables our travelling customers and visitors to Zambia to remain connected across hundreds of borders around the world," Dr Kawesha said.

Meanwhile, Airtel Zambia managing director Fayaz King is happy about customers' response to many products and services the company is extending to its more than 4.2m subscribers. "The expansion of our network to the rural settings goes to extend not only our network foot-print across the country but to ensure our product portfolio is accessed and embraced by all citizens.

"And alongside the rural initiatives, many other network development and expansion activities are taking place in the urban and peri-urban areas and the ever-increasing customer engagement and interaction has its story to tell," Mr King said. In the recent past, Airtel has introduced the fastest internet speeds on the market through its 3.75G data platform, mobile commerce or money transactions through Airtel Money and has given out cars and houses worth K4bn through its Friendzy Promotion.

"When we talk about build a super network highway, it does not stop at just build the network but runs all the way to the products and services our customers can access," Mr King said. *(Daily Mail)*

Construction of a copper smelter at the Kansanshi mine in Zambia is slated for completion by mid-2014 followed by commissioning and ramp up, its owner First Quantum Minerals Ltd. (FM.T) said late Tuesday. Work on the smelter, which will have the capacity to process 1.2m metric tons of concentrate to produce over 300,000 tons of copper metal annually, has commenced with key long lead equipment items tendered and detailed engineering design underway.

The smelter was approved for construction in the fourth quarter of 2011 and will process copper concentrate produced at a soon-to-be expanded Kansanshi and at the company's Sentinel project in Zambia. Currently, First Quantum sends its copper concentrate to be processed at Zambian smelters owned by other companies. The smelter will also produce over 3,000 tons a day of by-product acid at almost zero cost, allowing Kansanshi to treat high acid-consuming oxide ores as well leach some mixed ores, the company said.

Construction commenced in 2011 at Kansanshi to expand annual copper production capacity from 250,000 tons to about 400,000 tons by 2015. The Sentinel project is meanwhile expected to initially produce 150,000 tons of copper in concentrate annually, rising to 300,000 tons. *(Fox Business)*

Maamba Collieries, majority owned by Singaporean miner Nava Bharat Pte, has pushed back to 2015 the completion of its 300 megawatt coal-fired power plant in Zambia due to delays in getting environmental approvals, an official said on Thursday. Nava Bharat acquired a 65% stake in Maamba in 2009 and the remaining 35% was retained by the government of Zambia. As part of the deal, Nava Bharat said it would revive the operations of the Maamba mine and build the coal-fired power plant.

Construction, which was initially due to start last year, would begin next month and the power project was likely to be completed in 2015 instead of 2014, Maamba Chief Operating Officer Gurram Narayana told Reuters. "We only got the project approved last week and we have given notice to our contractor to start work in mid-April," Narayana said. "We have delayed to start this project and we hope that by 2015 we should be done."

According to a detailed layout of the project, the plant would initially produce 300 MW and later add another 300 MW. The investment for the first phase of the project was USD 750tn, Narayana said*. (Reuters)*

Economic News

Zambia's investment has increased by 42%, hitting USD 182tn as at January 2012 from USD 129tn recorded during the same period last year. The increase in investment is an indication that investor confidence has continued to grow because of the stability of the country's investment policies. The increase in investment comes barely a week after Fitch Ratings urgency downgraded the country's forecast merely based on the reversal of Zamtel privatisation that was found to be illegal.

Fitch also cited announcements that some policy changes could be expected in the mining sector although Government has ruled out nationalisation. Out of the USD 182tn investment pledges, the mining sector accounted for 61% of the total investment pledges.Other sectors that pushed the country's investment portfolio to its current position include the manufacturing industry at 17% and construction industry that recorded 11% while the agriculture and service sectors each registered five%.

The Zambia Development Agency (ZDA) says it expects about 3,379 jobs to be created in all the sectors once the pledges are fulfilled. According to ZDA Spotlight newsletter, the manufacturing sector registered USD 30tn pledged investments expected to create 299 job opportunities, while construction recorded USD 19.7tn investment pledges expected to create 390 new jobs.

“The mining sector with the highest pledges at USD 110tn would also account for the highest employment opportunities. Other sectors that recorded investment during the month were health and real estates with each accounting for only one% from the total investment in January,” the report reads in part. ZDA is hopeful that the next few months will post even better results with the vigorous investment attraction missions the agency will mount in collaboration with the Ministry of Commerce, Trade and Industry.

“With Government commitment to accelerate the business reforms, it is expected that the investment climate and doing business conditions will continue to improve, which will in turn lead to an increase in the implementation rate of the investment pledges from the 21% recorded in 2011,” reads the report. Meanwhile, the Zambia-China Economic and Trade Cooperation Zone has attracted 17 companies and a total investment of nearly UUSD 1bn since its inception five years ago.

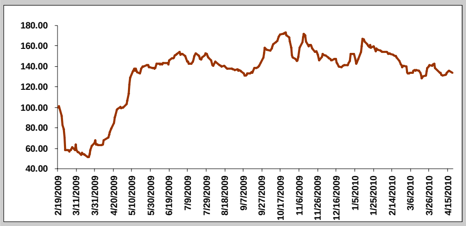
Resident companies have generated nearly USD 500tn in taxes and sales revenues of USD 4.35bn. China Nonferrous Metal Mining (Group) Company Limited (CNMC) is developing two industrial parks in the country to meet varied demands. The Chambishi Multi-Facility Economic Zone (MFEZ) on the Copperbelt is a 11.58 kilometre square area that will cater for metal processing and related services while the Lusaka East MFEZ covering a 5.7 kilometre square of land is focused on trading, logistics and real estate. CNMC, the developers, started business in Zambia in 1998 and is now the largest Chinese investor in the nation.

It has nine companies in the country whose combined investment exceeds USD 2bn creating over 12,500 local jobs. CNMC general manager Luo Tao said the cooperation zone is the best symbol of the “all-weather friendship” between China and Zambia.

“Building economic cooperation zones overseas was a brand new attempt and also a systematic project,” said Luo. “The zone had a good start, but we still have a long way ahead of us.” China is one of the most important investors in Zambia with total investments of more than UUSD 3bn. *(Daily Mail)*

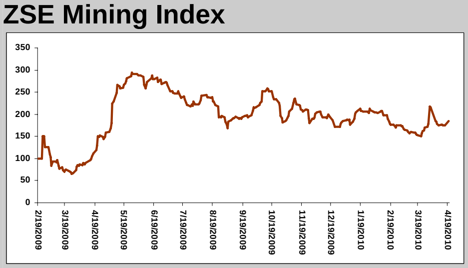
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-21.357	-19.898	-19.582
Current account balance (USD bn)	-0.76	-0.84	-0.946
GDP based on PPP per capita GDP	303.146	359.739	411.761
GDP based on PPP share of world total (%)	0.004	0.005	0.005
GDP based on PPP valuation of country GDP(USD bn)	3.731	5.954	5.983
GDP (current prices)	303.146	359.739	411.761
GDP (Annual % Change)	3.731	5.954	5.983
GDP (US Dollars bn)	3.556	4.22	4.831
Inflation- Ave Consumer Prices(Annual % Change)	9.00	11.96	8.00
Inflation-End of Period Consumer Prices (Annual %)	0.813	8.731	7.4
Population(m)	11.732	11.732	11.732

Source: World Development Indicators

Stock Exchange News

The market closed the week on a negative note with Industrial Index losing -1.25% to 142.57 while Mining Index shed -0.16% to 92.38 points. Pelhams and Ariston led the movers after gaining +33.33% and 15.38% to close the week at USD 0.0080 and USD 0.015 respectively. Other gains were recorded in Zimpapers up +12.50% to USD 0.009 and Radar which put on +9.38% to USD 0.175. Interfin, Border and Turnall led the losers after they all shed -25% to USD 0.045, USD 0.12 and USD 0.09 respectively. Other notable losses were recorded in African Sun (-22.22%), Bindura (-20.83%) and TN (-20.00%)

Corporate News

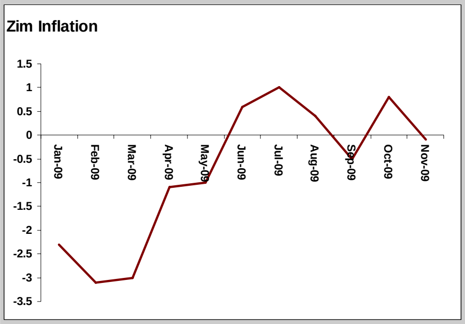
RIOZIM shareholders are set to meet for a make-or-break Extraordinary General Meeting later this month in a last-ditch attempt to approve a combination of fund-raising initiatives to solve its indebtedness and recapitalise operations. The mining giant is seeking to raise USD 56,5m for working capital and to settle short-term debts esti-mated at over USD 55m. In a circular to shareholders, the group said USD 5m would be raised through the issue of 10 mil-lion rights issue shares at US50c.

An additional USD 5m would be raised through a private placement of 13 325 00 shares to Global Emerging Markets Raintree and USD 45m through convertible debentures to GEM Raintree. GEM Raintree Investments, a Mauritian-based investment company, will underwrite the rights offer. “The funds derived from the rights offer and private placement will be applied against the settlement of expensive short-term debt and critical capital expen-diture and working capital for the operations of Empress Nickel Refinery and Renco, which should result in a return to a sustainable cashflow position,” said RioZim.

The convertible debentures would be drawn over a period of five years to fund existing operations, settle debt and finance future projects. Major shareholders Old Mutual, which controls about 30% of the resource firm, are said to be in sup-port of the latest recapitalisation plan. About 47 per-cent of RioZim shareholders last December rejected a plan by management to raise USD 659 mil-lion to retire debt and for recapitalisation. Some of the banks which advanced loans to RioZim included BancABC, Kingdom Bank, Met-ropolitan Bank, Trust Bank, Tetrad, ZB Bank, Ecobank, the Infrastructure Development Bank of Zimbabwe, Imara Corporate Finance, Renaissance Bank and Afreximbank.

Total debt amounted to USD 57m with the principal at USD 30,15m and interest of USD 26,85m. At the end of the full year to December 2010, total borrowings amounted to USD 49m, with the principal at USD 34m and interest of USD 15 mil-lion. In 2009, it amounted to USD 26,5m and was split thus — USD 22m capital and USD 4,5m interest.

CPI Inflation



Source: SAR

But after the collapse of the recapitalisation plan, the banks owed a total of about USD 57m pushed for the company to be placed under judicial management. Analysts last week said shareholders have another chance to save the company and that some banks are still fighting for judicial management. “Old Mutual is supporting this initiative and it still remains to be seen if they will vote in favour of this lat-est plan,” said a Harare-based analyst. *(Herald)*

Mines and Mining Development deputy minister Gift Chimanikire says South Africa-based investors are keen to take over troubled Zimbabwe Allied Banking Group (ZABG) and convert it into a bank focused on financing mining activties. ZABG is one of three banks that are yet to meet the Reserve Bank of Zimbabwe (RBZ) minimum capital requirements of USD 12,5m.

On Friday last week, RBZ governor Gideon Gono, however, said the bank with a negative capital of USD 15,35m as at March 1, was finalising negotiations with three potential investors, Unicapital Finance of Mauritius, Swiss-based company AFG Global and a local company Trebo & Khays (Private) Limited.

Weekend reports linked Mines and Mining Development Obert Mpofu to the acquisition of ZABG through Trebo & Khays. “There are South African investors that plan to set up a bank for small-scale miners. They want to buy-out ZABG,” said Chimanikire. Chimanikire said the new investors plan to invest at least USD 100m, adding that he would be meeting the investors this week.

“They have shown me papers of up to USD 80m,” said Chimanikire. The coming on board of the new investor will help the bank meet the minimum capital requirements and provide service to small-scale miners who have been crying foul over lack of funding. The RBZ on Friday again warned banks that would be short of capital by end of March would not be allowed to conduct business as from April 1.

He said while the banks had submitted roadmaps on how they would be capital-compliant, such a programme had to be finalised by March 31. Other banks that submitted their plans include Royal and Genesis Investment Bank. AfrAsia Holdings recently snapped up 35% in Kingdom’s parent company, Kingdom Financial Holdings Limited, while the National Social Security Authority recently acquired 85% in ReNaissance Merchant Bank making the two banks compliant. *(News Day)*

ReNaissance Merchant Bank (RMB), which has been under curatorship since June last year, is back in business after the National Social Security Authority (NSSA) successfully recapitalised it. NSSA recently acquired an 84% stake in the merchant bank. In emailed responses to NewsDay yesterday, former RMB curator Reggie Saruchera said: “The Curatorship ended on the 3rd of March 2012. The RMB curatorship assignment has been completed and the hand-over take-over process to NSSA is underway.”

Saruchera said NSSA had since taken over the management of the bank. “NSSA has taken over the management of RMB and the interests of depositors and creditors are secure and the bank is back in operation,” said Saruchera. He, however, could not shed light on further appointments to the board referring all questions to NSSA general manager James Matiza. Matiza could not be reached for comment.

A fortnight ago, NSSA appointed a four-member team led by Joseph Kanyekanye to work with Saruchera, as it moved to resuscitate the bank.In his update on the state of the baking sector on Friday last week, Reserve Bank of Zimbabwe (RBZ) governor Gideon Gono said RMB was now compliant with the minimum capital requirements, with capital of USD 24m.

The NSSA deal involved a cash injection of USD 9,83m, conversion of a deposit of USD 8,5m with RMB into equity and assumption of a debt of USD 5,7m owed to Econet Wireless by RMB and Renaissance Financial Holdings Limited by NSSA. The bank was placed under curatorship last year after an investigation by the RBZ unearthed serious governance deficit and the spiriting away of depositors' funds.

After the investigation, the bank was found to be technically insolvent with negative capital of USD 16m leading to the axing of founders Patterson Timba, Dunmore Kundishora and some board members from holding any position in the banking sector for five years. *(News Day)*

Global resources group Anglo American (Anglo) says it is concerned about the potential impact of Zimbabwe's regulatory and political developments on its Unki Mine (Unki) project. The London-listed company is an indirect shareholder in the Shurugwi-based platinum venture through Anglo American Platinum (Amplats).

"Certain shafts are making more money than others. The goal was getting Amplats back to its pre-2008 levels. Unki, the platinum project in Zimbabwe where regulatory and political problems continue to assail platinum producers, would be considered," chief executive Cynthia Carroll said.

The mining executive's comment comes after government has started implementing the controversial indigenisation regulations were foreigncompanies are required to cede a controlling 51% equity to locals. The regulations have resulted in a stalemate with Impala Platinum of South Africa over the indigenisation of its 87%-owned Zimbabwe Platinum Mines and its 50% stake in Zvishabane-based Mimosa Platinum Mine.

The Carroll has however declined to comment on Anglo's continued investment in Anglo Platinum. "We remain supportive of the business," she said. "Personally, one cannot imagine Anglo releasing Amplats as it's such a differentiator for Anglo vis-à-vis its peer group." Carroll has since told Dow Jones that Anglo will remain a shareholder, and won't demerge Amplats. However, it will look at the entire platinum chain, including processing facilities on the upstream and downstream side.

In platinum, however, Anglo has an exception. According to a poll of 29 analysts by Reuters, platinum will average USD 1 610/oz this year down from its median of USD 1 900/oz forecast in July 2011. The price would recover in 2013, but it's worth remembering that platinum is closely matched to industrial demand in the US and Europe, especially its use in autocatalysts.

A lack of spending money in the US and Europe means the demand for platinum dries up, even though it has alternative markets in jewellery and as an investment. Amplats CEO, Neville Nicolau, recently said the company would drop capital allocations for projects by R1bn this year, but little did we know why this might be the case.

It all came to pass when Carroll took the podium a week after Amplats's results. Amplats had "come a long way" in its efforts to cut on mine inflation and improve productivity, but it has not improved enough.

Capital projects had been cut because Anglo American is considering taking the scalpel to the business. Carroll said "the shape and size of the platinum portfolio" require a reconfiguration. One cannot imagine a reconfiguration can be any thing other than mothballing and restructuring. *(Daily News)*

TRUST Bank is courting international investors, with talks now said to be at an advanced stage for a USD 20m capital injection to enhance its loan underwriting capacity. The bank said this week that although it had complied with the Reserve Bank's USD 12,5m minimum capital requirement, it remained mindful of the need to enhance its financial capacity. Managing director Mr Nyevero Hlupo said the new investors, coming in at both debt and equity level, would add value to the bank.

Apart from improving loan-underwriting capacity, the capital is expected to enhance its loan tenure and reduce the cost of funding. "The bank is attracting credible long-term investors, able to add value to its going forward. Their interest in investing in Trust Bank is a statement of the confidence they have in the bank and also what they see in the country," he said. Trust Bank said "significant progress had been made in the negotiations and it is expected that agreements would be finalised soon, as they are now at a very advanced stage".

Dollarisation has brought about the much-needed stability to the economy and the business environment, say analysts. Companies are now able to plan and get on with their businesses with a fair level of predictability with regard to the currency issue. But when the stability wiped out hyperinflation, some companies faced liquidity problems in recapitalising. Dollarisation basically wiped all the Zimbabwe dollar capital and most companies found themselves gasping for liquidity.

Two options readily available to businesses are debt or giving equity investment. Most companies have opted for debt investment, mindful of the current valuations and the value they would give away if they were to consider the equity route. Trust Bank said the fresh capital would enable it to underwrite more loans than before, having previously supported mostly small-to-medium enterprises.

Liquidity challenges stemmed from a decade of economic instability that saw Gross Domestic Product contract by an estimated 50% as inflation shot up. Investor scepticism about Zimbabwean politics, limited foreign capital inflows and reduced capacity utilisation, a lack of competitiveness and weak export capacity have resulted in companies struggling to raise capital internally to recapitalise. Tight liquidity conditions in the entire economy have also pushed up the cost of borrowing, making it almost impossible for companies to access bank loans to support their operations. *(Herald)*

TRUWORTHS earnings for the six months to January 2012 dropped 56% to USD 698 000, weighed down by high operating costs, making up 42% of turnover. The clothing retailer showed a 9% decline in turnover to USD 12,4m, attributed to lower discretionary incomes in November and December last year. Trading expenses stood at USD 5,1m, driven by employment costs coming in at USD 1,7m, followed by occupancy costs and other operating expenses chewing up USD 1,5m.

In a statement for the financial period, Truworths chief executive Mr Themba Ndebele said during the six months under review, merchandise sales were down 10% on the comparable period. Last year's sales were largely influenced by the introduction of six months credit in August, which led to a surge in sales was not repeated in the reporting period. "Lower discretionary incomes in November and December had a negative impact on merchandise sales," said Mr Ndebele.

During the period the number of accounts increased 26% over the comparative period and 87% of the account holders made purchases. Gross profit margins for the group was down to 51,2% compared with about 63% recorded over the same period last year. Gross profit for the group stood at USD 6,1m and was chewed up by operational costs.

The group's balance sheet showed a 61% growth in inventory due to a change in the inventory mix, with a higher proportion of higher value items and stocking up for the upcoming winter. Truworths increased its doubtful debt allowance as a%age of gross trade receivables to 5,2% from 2,4%, while the continued lack of a credit bureau has necessitated stricter approval of new accounts.

Analysts yesterday said clothing retail counters would continue to experience reduced margins as most people who had opened accounts have since reduced their buying appetite. "When credit facilities opened, customers were spending and after the first six months they are no longer buying the way they used to buy. We are likely to see this trend, given low disposable incomes in the market," said an analyst.

Sales participation by the chain shows that there was a decline in Truworths' contribution from 36% to 34%, Topics was unchanged at 55% while Number 1 contribution grew to 11% from 9% in the prior period. Continued liquidity pressures on the market and low disposable incomes will continue to put pressure on margins and have the potential of a negative impact on trading.

Lack of long-term finance and uncertainties in the economy are likely to continue affecting growth in the short term while in the long term, opportunities for growth should come from an improvement in incomes, employment and credit terms. Going forward, a major refurbishment is expected to be carried out at some of the group's key branches, while an additional Number 1 Store is set to be opened during the second half of the year. *(Herald)*

Zimbabwean fast food and retail group Innscor Africa posted a 59% rise in half-year earnings as it ramped up volumes to meet demand in an economy recovering from a decade of decline. The company said on Thursday its basic earnings per share were 4.15 cents in the six months to December 2011, up from 2.61 cents a year earlier. Innscor's revenues expanded by a quarter to USD 319.5m and after tax profit were up 43% to USD 27.5m from the 2010 figure. *(Reuters)*

Murray & Roberts is set to divest from Zimbabwe after resolving to sell its 46% equity in the construction and engineering firm. The South African-

owned company is already talking to a local consortium which has shown interest in buying the stake, sources have said. The price of the shareholding, based on the market value, will be roughly USD 11,5m at the last stock price of US11,5c yesterday.

"The specifics of the deal are being negotiated, but at least there is mutual understanding between the negotiating parties," said one source. "However, reasons for their decision to pull out are yet to be disclosed." Both M&R chairman Mr Paddy Zhanda and acting chief executive Mr Stewart Mangoma professed ignorance on the development. "If there is something of that sort going on, (then) it could be in line with their business review strategy," said Mr Zhanda in an interview yesterday. "But as of now, I am not aware of that development."

There was mixed reaction from local analysts on the transaction. Some said it did not augur well with some foreign investors in the company, as their exit would see the company losing technical support. "The expert component will be diluted and this may worry some foreigners who had bought shares in M&R," said one stockbroker. Some have questioned the timing of the transaction, saying it came at a time when the construction business in Zimbabwe was showing signs of recovery. "I am not sure why M&R would pull out of Zimbabwe just as the construction sector is picking up," said a fund manager who oversees local and overseas investment funds worth severalms of dollars.

Murray & Roberts has been listed as a public company on the Zimbabwe Stock Exchange since 1974. The group has two operating segments contracting and manufacturing. The contracting division consists of Murray & Roberts Construction Zimbabwe and Proplastics. The manufacturing division produces and distributes a wide range of plastic piping systems for different market niches, locally and in the region.

The group's contracting operations form a portfolio of complementary competencies allowing it to undertake turnkey contracting activities. Murray & Roberts also optimises the synergies and relationships between its portfolio of investments and those of its major shareholder, Murray & Roberts Holdings Limited of South Africa. *(Herald)*

FIDELITY Life Assurance of Zimbabwe's earnings per share increased by 104% in the full year to December 2011 as profits doubled on growth in premium income from employee benefits. The exceptional growth in earnings per share was achieved on the back of a USD 4m growth in net premium income for the period, which totalled USD 11,7m in the period under review.

The life assurance group said premium income from employee benefits contributed USD 6,1m to the total premium of USD 7,1m. As such, the life assurance business lifted the group to profit before tax of USD 9,3m, an increase of 200%. The group, now valued at USD 33m, up from USD 20m, said investment income grew by 524% USD 3,8m. But other incomes contributed USD 3,2m to profits in 2011.

Owing to the strong financial performance the group decided to reward shareholders with a USD 350 000 dividend. Fidelity said apart from overall growth in premium income, lower growth in benefits, claims and expenses of 45% weighed in positively. Managing director Mr Simon Chapereka said the company expected to double the bottom line in the next 12 months. "We have made a good start to 2012. Provisional results indicate growth. We posted good results in line with the budget and in terms of what we expected," he said.

Fidelity registered growth across operations with the funeral services unit recording 185% increase in profits to USD 654 000. Premium income in the unit came in at USD 1,7m. Its 67%-owned Malawi subsidiary, Vanguard Life Assurance, continued to grow, chipping in with USD 1,65m to pre-tax profits from USD 933 000 despite domestic economic strife. The Malawian unit will soon benefit from the 350m kwacha it seeks to raise through equity placement to fund a solvency gap. This would dilute Fidelity's shareholding to 51%.

Other subsidiaries combined contributed USD 900 000 to pre-tax profits. The asset management business continued on recovery while financial services and actuarial business grew modestly. Demand for consumer loans remains high due to low incomes. He said the group would achieve its target of doubling the bottom line given the economic recovery and projects on the ground. The group bought 317 housing stands with 200 of these earmarked for immediate sale while 117 would be held as a land bank.

Mr Chapereka said the company had bought 67 hectares of land for development of housing stands and of that only 34ha has been used. The remainder will be used during the second phase this year.The group also said negotiations were at an advanced stage to buy another 30ha in Harare that would yield 6 000 residential stands. *(Herald)*

Zimbabwe's State Enterprises Restructuring Agency (Sera) is planning to list Allied Timbers (Altim) and the People's Own Savings Bank (POSB). Edgar Nyoni, Sera's executive director, told a parliament's portfolio committee that the listing would unlock value for the two entities and its shareholder. "Altim and POSB's contribution to the fiscus has not been that significant, but listing on the Zimbabwe Stock Exchange (ZSE) will help to grow the companies' value," said Nyoni.

"Discussions are being held with boards and management of the two companies for the process," he added. Esther Madziva, Sera's research and policy director said the agency planned to create a separate bourse were public enterprises will be listed. Speaking in Parliament on Tuesday, Madziva said the decision had been taken due to failure by state enterprises to meet the listing requirements of the Zimbabwe Stock Exchange (ZSE).

"We want an exchange specifically for state enterprises (because) we have realised that the state enterprises can't list on the existing stock exchange because of its requirements," she said, adding that the task would be taxing and will take between two and three years. "ZSE also noted that there is need for a second exchange." Altim is a wholly government- owned timber producer while POSB was created through an Act of Parliament in 2001 and is also wholly-owned by the government. The bank is supervised by the Reserve Bank of Zimbabwe and the ministry of Finance. *(Daily News)*

MEAT processor Colcom Holdings Ltd recorded a profit before tax of USD 3,5tn for the six-month period to December 31, driven by entry level products. The company's results were positive both in respect of profitability and cash generation. Colcom reported revenue for the period under review of USD 25,3tn, which grew 4% from the prior comparable period, attributed to an

8% increase in total volumes, mainly from entry level products.

During the period under review, the company commissioned a new sausage factory, with new products contributing to a 20% increase in pork sales volumes compared to the same period in the prior year. The new sausage line is expected to further contribute to further increases in the outlook period. Operating profit increased by 9% to USD 3,7tn while operating margin increased from 13,9% to 14,7% mainly due to higher factory throughput.

The improved profitability resulted in the company's board declaring an interim dividend of USD 0,53 per share. Basic earnings per share for the period amounted to USD 1,59. In terms of its operations, Colcom reported high-level pig performance at Tripple C, driven by an ongoing genetics renewal programme.

On the other hand, Associated Meat Packers Unit saw volumes growing 48% from the prior period. Colcom said it plans to introduce new products into the market while increasing its distribution channels as it seeks to maintain the positive momentum. *(Herald)*

Royal Bank of Zimbabwe Limited (Royal) has struck a USD 20tn deal with a Kenyan institution, businessdaily has learnt. This also comes as the group has signed for a Western Union (WU) agency deal and has agreed to a working relationship with another globally renowned trading company to facilitate its services here.

In confirming the east African deal yesterday, Royal Bank chief executive Jeffrey Mzwimbi said the cash injection would not only enable his institution to meet its capitalisation obligations, but also provide much-needed facilities for its clients and other Zimbabweans at a time of biting shortages.

"The deal allows Royal Bank to have a regional footprint and we are at a stage where the institutions are seeking regulatory approvals in their respective countries," he said. With the Kenyan institution headquartered in Mauritius, businessdaily also understands that the tie-up may result in the foreign investors getting a 45% stake in Royal Bank.

Mzwimbi said the east African bank was big in the small-to-medium enterprise market (SMEs) — a model they would want to grow and replicate in Zimbabwe. "They are a huge player in the SMEs market and with Royal Bank's 14 branches, we are better placed to expand that service," he said. On signing the WU money transfer service last month, Mzwimbi also said this service would expand their product offering.

In America, for instance, 98% of employer-firms are SMEs, while the European Union community has doubled its investment in that sector since the onset of the global financial crisis in 2008. Analysts said Royal Bank was not only keen on replicating the Nairobi experience in the SME sector, but was also encouraged by the Kenyan WU experience where up to USD 890tn is remitted in that country annually as compared to Zimbabwe's USD 290tn as at December 2011.

"We aim to follow best practices not only as provided by Western Union… but also actually tested by banks that have been successful in offering money transfer services in Africa," bank executive director Durajadi Simba said. WU operates in 200-plus countries and has over 437 000 agency territories. Last year, it processed nearly 226tn transactions worldwide valued at nearly USD 81bn.

Apart from these deals, Royal Bank has been linked to a working arrangement or partnership with one of the world's largest trading companies whereby the former would handle and advise the latter's deals in Zimbabwe. *(Daily News)*

Despite a recording a USD 15,7tn profit before tax and a 49% surge in group revenue to USD 57tn in the year ended December 2011, FBC Holdings (FBC) net interest income slid six%. The group's interest income a major revenue source for its banking units increased 21% to USD 13,8tn from USD 11,4tn, but its contribution to total income went down to 24% from 30%, FBC group chief executive John Mushayavanhu told an analyst briefing in Harare yesterday.

He said group fee and commission income grew 90% to USD 20,4tn due to improved withdrawal activity as market deposits also continued to grow in the period under review. "The growth in in net interest income was constrained by the increased cost of funding due to an illiquid market, compounded by expensive continental credit lines emanating from the perceived Zimbabwean country risk," added the FBC boss.

The group's commercial banking unit, FBC Bank, improved its lending portfolio during the year despite generic challenges posed by an illiquid market and the absence of a lender of last resort. Last year, the group managed to attract lines of credit from regional and local partners to the tune of 449tn, USD 15tn from PTA bank and another USD 5tn in the current year making up part of the total loans.

Mushayavanhu said next month the group's mortgage lender, FBC Building Society, expected to draw down on a 10-year USD 5tn credit facility from the Shelter Afrique an African development institution focused on funding construction projects in the region. The building society's loan book grew by 114%, achieving a net surplus of USD 2,9tn, a 523% increase from the 2010 net surplus of USD 473 063.

It managed to complete housing projects in Mainway Meadows, Washington Avenue in Waterfalls while on-going projects include the Mkoba high density area housing scheme. "The unavailability of long-term financing in the local market continue to hinder further prospects of growing the housing projects."

Mushayavanhu said while FBC Securities was weighed down by investor apathy and liquidly constraints, FBC Reinsurance grew its premium by 67% to USD 9,5tn during the period after adopting a strict credit control policy to counter illiquidity. Also, to address liquidity challenges, the bank introduced a micro lending division Microplan Financial Services to facilitate tapping from the unbanked population.

"The reason we started a microfinance business is to tap from the informal sector. There is about USD 3,5bn worth of bank deposits on the local market and about the same figure is out there" said the FBC executive. Group profit after tax grew 644% to USD 12,5million from USD 1,7tn prior period mainly due to FBC Building Society's tax exemption.

“I know you are wondering why our numbers between profit before and profit after tax do not match. It’s because we have a building society, which according to the laws of the country does not pay tax so thanks to that, our earnings always look better after tax,” he said.

Eagle insurance, acquired in March last year, contributed 2,8% of group income and 3,4% of profit before tax. Associate company Turnall Holdings Limited achieved a turnover of 51tn. *(Daily News)*

Zimbabwe's State Enterprises Restructuring Agency (Sera) plans to outsource financial advisory services to conclude the privatisation of state owned Agribank. Sera executive director Edgar Nyoni on Tuesday said government would be flighting advertisements in the media to try and secure reputable advisory firms as the agency looks to restructure the bank.

According to Sera’s plan, government would retain a controlling 51% stake while the remaining 49% will be allocated to a potential suitor. “The process for restructuring Agribank by way of partial privatisation through private placement of 49% shareholding to a strategic partner, whilst the remaining 51% will be retained by government was approved in 2011 and Sera will continue to facilitate this process,” he said.

“It is work in progress,” he added. Nyoni said the privatisation of Agribank was among projects that the agency expects to conclude by year end. Agribank is on record saying it expects to record a profit in its results for the year 2011 a turnaround from an USD 8,2tn loss at the end of 2010. The optimism is mainly due to a USD 30tn credit facility secured in 2011 from South Africa’s Industrial Development Corporation (IDC South Africa).

Negotiations with IDC South Africa for another USD 30tn batch are at an advanced stage and disbursements are anticipated before year end. Since inception of the multi-currency regime in 2009, government has injected a cumulative USD 20tn capital into Agribank, enabling the bank to surpass the Reserve Bank of Zimbabwe’s USD 12,5tn minimum capital requirements for all commercial banks.

The bank’s tier 1 capital stood at USD 15, 9tn as at December 31, 2011 and is expected to be in excess of USD 26tn at the end of 2012. By year end, government is also expected to secure a partner for the refurbishment and expansion of Kariba Power Station as well as follow its rights issue in Olivine Industries at an estimated cost of up to USD 3tn.

Restructuring of state airline Air Zimbabwe is also anticipated to be completed by end of year. The restructuring involves debt assumption, staff rationalisation and unbundling of National Handling Services. The state should conclude divesting its 49% stake in Zimbabwe Grain Bag Limited (Grain Bag) within the same time frame.

Graing bag, a Bulawayo based polypolene packaging bag manufacturer for the fertilizer, grain, cement and sugar industries, is currently seeking capital to improve capacity utilisation from 20% to 60% by year end. *(Daily News)*

Economic News

Investors say they would not invest in Zimbabwe's mining sector due to uncertainty over the administration, interpretation, and enforcement of existing regulations, the Fraser Institute Annual Survey of Mining Companies 2011/2012 says. According to survey respondents, 71% felt political instability remained a major factor in investing in the country's mining sector.

A large number of investors also raised concern over regulatory duplication and inconsistencies and 65% felt the local legal processes were not fair, transparent, non-corrupt, timely and efficiently administered. The country's tax regime and uncertainty concerning disputed land claims were also found to be a determent to investment according to the global survey.

The Fraser survey also felt Zimbabwe had a high mining potential assuming current regulations and land-use restrictions were resolved. The country ranked 87 out of 93 nations on mineral potential. On the survey's policy potential index, Zimbabwe scored 21.8 points compared to 22.4 in 2010/2011 as its ranking declined to 74 out of 93 countries compared to 71 out of 79 countries in 2010/2011.

Botswana was the highest ranked African nation at 17 out of 93 countries with a score of 76.9 and perceived to be the least corrupt country among developing nations. Zimbabwe was grouped with India, Philippines, Democratic Republic of Congo,Venezuela, Papua New Guinea , Guatemala, Honduras and Madagascar as the most corrupt countries to invest in mining.

The Chamber of Mines of Zimbabwe has already raised concern over a recent unilateral decision to increase mining levies by up to 5 000% saying the move would render the sector unattractive to investment. The mining body said government should consolidate the fee composition which comprises about 160 different levies compared to regional standards which average 20 charges.

According to government's proposals, application fees for a prospector's licence for platinum will increase to USD 500 000 from USD 150 while its controversial indigenisation policy has already brought uncertainty to miners. The indigenisation regulations require foreign investors to cede a controlling 51% equity to locals.

The Fraser Institute, the PPI is a composite index, measuring the country's overall policy attractiveness taking into account the effects on exploration of government policies including uncertainty concerning the administration, interpretation, and enforcement of existing regulations.

Environmental regulations; regulatory duplication and inconsistencies; taxation; uncertainty concerning native land claims and protected areas; infrastructure; socio-economic agreements; political stability; labour issues; geological data base and security are some of the factors considered.

Founded in 1997, the Fraser Institute has conducted an annual survey of metal mining and exploration companies to assess how mineral endowments and public policy factors such as taxation and regulation affect exploration investment. Survey results represent the opinions of executives and exploration managers in mining and mining consulting companies operating around the world. *(Daily News)*

The Zimbabwe Poultry Association says it is targeting to produce 72m day-old chicks this year, up from last 2011's 52m, as more people now prefer local chickens as oppsed to imports. Zimbabwe has a combined hatching capacity of 76m day-old chicks per annum. Over the years cheap imported chickens have flooded the market elbowing out local producers who encountered high production costs as the country experienced an economic meltdown.

The reintroduction of surtax on chicken and other goods to promote local industry has, however, revived the local industry as imports decline. ZPA chairperson Mr Solomon Zawe said the 40% rise in the number of day-old chicks was due to the increase in the number of farmers opting to raise chickens following the reduction in production costs brought about by the adoption of multiple foreign currencies. "New players are coming on board; those who sell their tobacco will also want to invest in the sector.

"Generally, farmers now have confidence in poultry production," he said. Mr Zawe said 35% of the anticipated production would be coming from the small farmers. Poultry breeding and production in Zimbabwe is commercially based and involves thousands of indigenous producers in the communal farming sector and backyards in urban areas. *(Herald)*

The Reserve Bank of Zimbabwe (RBZ) expects the resumption of interbank trading to ease the current liquidity crunch affecting the economy. In his update on the status of the banking sector last week, RBZ governor Gideon Gono said the central bank liquidated its USD 83,53m statutory reseves debt to banks through government stocks. RBZ gave banks stocks in proportions of 30% for two years, 30% for three years and 40% for four years.

"This development should see banks being able to trade surplus funds in the interbank market, thereby alleviating the current liquidity situation in the economy," Gono said. An interbank lending market is a place where banks extend loans to one another for a specified term. Most interbank loans are for maturities of one week or less, the majority being overnight. Such loans are made at the interbank rate.

Banks are required to hold an adequate amount of liquid assets, such as cash, to manage any potential bank run-ins by clients. If a bank cannot meet liquidity requirements, it will need to borrow money in the interbank market to cover the shortfall. Commenting on the recent move by the central bank, Bankers' Association of Zimbabwe president John Mushayavanhu said the liquidation of statutory reserves would go some way in easing the current crunch.

"Now banks have got security to lend. It will, however, have to be on a bilateral arrangement between banks. "A bank that is short of cash can now borrow from other banks," Mushayavanhu said. Gono said banking institutions had committed themselves to repatriate USD 200m for on-lending to the productive sectors of the economy after they were directed to maintain a maximum of 25% of their foreign currency account balances in offshore nostro accounts.

"The Reserve Bank will continue to monitor compliance with the directive on an ongoing basis. "I urged banks to release some of the huge idle balances held with foreign banks to the local market to improve the liquidity situation and support key productive sectors of the economy," Gono said. The maintenance of a huge portion of banks' deposits in nostro accounts has been partly blamed for the liquidity problems the country is facing and the subsequent stifling of the productive sectors of the economy.

A nostro account is an account operated by a bank outside its borders for purposes of making settlements for its clients abroad. The central bank has also introduced short-to-medium-term paper in order to stimulate interbank trading. *(News Day)*

Notes

Securities Africa Limited

South Africa
☎ Direct: + 27 11 243 9030

Fax: + 27 11 268 5708
Zimbabwe
Direct: + 263 4 706012
Fax: + 263 4 705816
UK
Direct: + 44 20 7101 9290
Fax: + 44 20 7691 7057
USA
Direct: + 1 441 278 7620
Fax: + 1 441 295 6735
Email: Mail@SecuritiesAfrica.com