SECURITIES AFRICA

For week ending 11 May 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:

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

Currencies:

	11-May-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.10	0.00	-0.18
DZD	74.07	-0.28	1.56
BWP	7.38	-2.47	-0.06
CFA	496.38	-1.46	-0.33
EGP	6.02	0.17	-0.07
GHS	1.87	-1.35	-15.51
KES	82.30	-0.41	1.51
MWK	246.62	-48.89	-51.86
MUR	28.01	-0.79	0.44
MAD	8.56	-1.23	0.27
MZM	27,200.00	0.18	-1.87
NAD	7.95	-3.70	2.39
NGN	157.32	-0.20	1.54
ZAR	8.00	-3.50	2.17
SDD	266.36	-0.09	-0.10
SDP	2,261.00	0.00	0.00
SZL	7.95	-3.59	2.40
TND	1.56	-1.26	-4.24
TZS	1,552.87	0.49	0.48
UGX	2,441.04	0.09	0.25
ZMK	5,077.09	0.88	-1.19

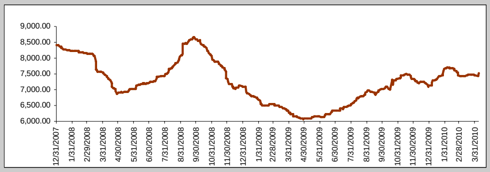
Source:oanda.com

African Stock Exchange Performance:

Country	Index	04 May 2012	11 May 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,115.81	7,146.74	0.43%	-1.99%	2.52%	2.46%
Egypt	CASE 30	4,929.24	5,014.91	1.74%	1.91%	38.44%	38.34%
Ghana	GSE All Share	1,047.80	1,050.34	0.24%	-1.09%	8.39%	-6.16%
Ivory Coast	BRVM Composite	148.59	147.25	-0.90%	-2.32%	6.03%	5.68%
Kenya	NSE 20	3,611.10	3,599.33	-0.33%	-0.74%	12.30%	14.02%
Malawi	Malawi All Share	5,770.63	5,851.05	1.39%	-31.90%	8.97%	-28.24%
Mauritius	SEMDEX	1,798.07	1,800.00	0.11%	-0.68%	-4.68%	-4.26%
	SEM 7	339.05	341.03	0.58%	-0.21%	-2.65%	-2.23%
Morocco	MASI	10,302.08	10,244.27	-0.56%	-1.77%	-6.95%	-6.70%
Namibia	Overall Index	899.86	897.00	-0.32%	-3.88%	7.04%	9.66%
Nigeria	Nigeria All Share	22,665.99	22,622.44	-0.19%	-0.40%	9.13%	10.83%
South Africa	All Share	34,127.28	34,375.51	0.73%	-2.68%	7.44%	9.82%
Swaziland	All Share	276.45	282.63	2.24%	-1.31%	5.29%	7.88%
Tanzania	DSEI	1,318.17	1,322.36	0.32%	0.81%	1.47%	1.96%
Tunisia	TunIndex	5,066.84	5,124.42	1.14%	-0.13%	8.52%	6.06%
Zambia	LUSE All Share	3,920.71	3,996.04	1.92%	2.83%	-4.17%	-5.02%
Zimbabwe	Industrial Index	129.90	130.28	0.29%	0.29%	-10.68%	-10.68%
	Mining Index	91.95	86.80	-5.60%	-5.60%	-13.80%	-13.80%

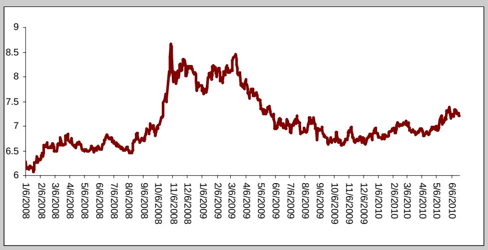
Botswana

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 lost a marginal -1.99% to close at 7,146.74 points. Aviva and FSG led the gainers after adding +6.67% and +5.84% to close at BWP 0.80 and BWP 1.45 respectively. Other notable gains were recorded in Turnstar (+2.58%) and Furnmart (+0.67%). On the losing front we had Discovery (-15.54%) to BWP 10.98, BOD (-11.90%) and G4S (-4.10%).

Corporate News

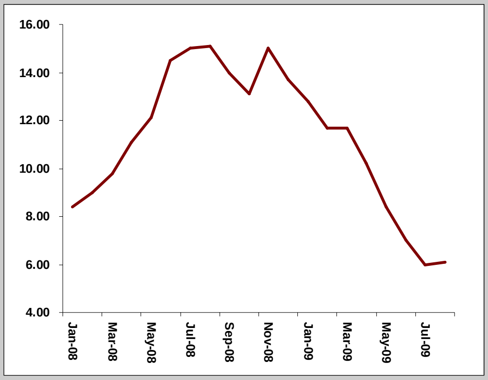
Letshego Holdings has acquired an integrated core banking solution from a leading Indian IT services firm which will allow the microlender to process loans faster as well as take deposits from customers as the company's greenfield retail banking project takes shape. Letshego which is the country's most successful micro-lender with a loan book of over P3bn, announced plans to venture into fully-fledged commercial banking as a way of diversifying income streams.

In an interview with Business Week, finance director Colm Patterson said that the selection of Tata Consultancy Services' BaNCS suite as the co-banking system will not boost their already announced plans to start up a commercial but is also a shot in the arm for the micro-lending business. "As we have already announced, Letshego wants to go into retail banking and this new system will be used for that purpose.

But it (the system) will also be used in our micro-lending business," he said. Letshego now operates in seven African countries including Botswana, Swaziland, Tanzania, Uganda, Zambia, Namibia and Mozambique. The company will soon start operations in Lesotho as well as Kenya following the acquisition of Kenya's Micro Africa Limited stretching its footprint to as far as Rwanda and South Sudan.

As part of efforts to transform itself from a pan-African financier into a retail-banking firm, Letshego says it is already in the process of applying for banking licences in targeted countries. "The addition of Micro Africa Limited which has operations in Uganda and Tanzania will add Kenya, Rwanda and South Sudan to the Letshego group footprint. Operations are also expected to commence in Lesotho during the January 31, 2013 financial year."The group will continue to explore new markets, including applications for banking licenses in targeted countries," read a statement accompanying the year-end results for the period ended January 31, 2012.

Letshego already holds a deposit-taking licence in Mozambique. According to Tata, with the modularised and scalable TCS BaNCS solution, Letshego will be able to easily configure the solution for its specific lending needs, while also fostering innovation in the form of a range of retail banking solutions from the



Source: SAR

same platform. Shawn Bruwer, CIO, Letshego Holdings Ltd., said: "The TCS BaNCS solution will help realise our vision of increasing our footprint in the African market, which will include retail banking, while it will also enhance our time to market for new products, thereby acting as a catalyst for innovation.

With an award-winning banking solution acclaimed for its advanced breadth and depth in functionality and complemented by TCS' implementation expertise, we are confident that we have a win-win solution for our customers." The TCS BaNCS banking solution is already being used by many leading financial services organisations in Africa? Looking ahead, Letshego says it will adopt a more conservative lending approach in Botswana due to the indications that government employees, who constitute the majority of their customers, will be reduced.

For the year ended January 31, 2012, the group advances to customers increased by 32% to BWP 3.0bn while profits before tax increased 13% to BWP 711.2m For the year, 37% of profits before tax were generated outside of Botswana compared to the prior year of 34%. Year-on-year, the 32% growth in net advances to customers was largely driven by continued strong performance in three countries in particular, which are Botswana (net book BWP 1.82bn, up 18% from BWP 1.53bn), Namibia (net book up 59% to BWP 537m from BWP 339m), and above-budget payout levels, for a start-up, in Mozambique (net book BWP 159m up from nil last period). *(Mmegi)*

Mupane Gold produced and sold gold worth USD 28.6m (BWP 209m) between September and December last year, repaying the purchase price paid by its new Canadian owner, Galane Gold. Galane Gold Limited, a Toronto-headquartered company, bought Mupane from IAMGOLD last August for USD 34.2m (BWP 228.9m at the time). The 14-year-old mine is Botswana's sole operating gold mine.Last week, Galane announced that in the four months since its takeover of Mupane, the mine sold 16,853 ounces of gold at an average price of USD 1,697 per ounce (BWP 12, 422 per ounce).

The performance indicates that Galane Gold benefited from the historic prices the precious metal has been reaching in recent months, providing a perfect start for Mupane's new owner. "Since closing the acquisitions, the price of gold has remained above levels used for internal modelling purposes," Galane executives said in last week's announcement."Based on current gold price levels, it is management's view that the operation will continue to fund all of its planned capital requirements, including its exploration programme, and generate additional free cash-flow for general working capital purposes."

For the four months since acquisition, Galane turned a modest USD 1.4m (BWP 10.25m) profit at Mupane, with management continuing to enhance operational efficiencies to reduce costs per ounce."A programme of identifying further operational improvements and risk reduction was started in the mining and processing areas, with the positive impact of implementation of these improvements emerging during the fourth quarter (of 2011)," Galane said.

"The programme identifies areas requiring further refinement of operating efficiencies and any associated capital expenditures for 2012." Galane Gold's chief executive officer (CEO) Philip Condon said their ultimate aim "is to minimise risks to the business and maximise both the efficiency of gold production and mine life'.

Looking ahead, Condon said the current gold price would build Galane's working capital, thus "placing the company in an increasingly strengthened position to ensure sufficient funding'. Galane has budgeted approximately P25.4m for exploration this year, in an effort to extend Mupane's lifespan. At existing resources, the mine is expected to decommission in 2016. *(Mmegi)*

Economic News

Botswana's economic growth will this year be healthy but not spectacular as non-mining contribution, after a robust growth in the past two years, is likely to slow down, a renowned economic analyst reckons. In the first quarter BIFM Economic Review report, economist Dr Keith Jefferis says after rising by 5.1% last year, economic growth in 2012 is likely to be similar to or slightly lower than in 2011, at around 4-5%.

"This growth rate will be driven by an improved growth rate in mining, while growth in the non-mining private sector is likely to slow down. In particular, the large growth impetus that has come from the construction sector will fall away as large construction projects such as the Morupule B power station and Jwaneng Cut 8 wind down. At the same time, there is likely to be little or no growth in the output of the government sector, given spending restraint, 2012 should be a year of important mining-related developments," reads the report.

Debswana is close to completing the construction of the Cut 8-expansion project while the last of the four units at the 600 MW Morupule B power project is expected to kick into the national grid before year-end. Despite the 5.1% annual growth last year, the economy shrunk by 5.8% in the fourth quarter of 2011 as mining activity slumped 24% in the same period. The mining slowdown in the fourth quarter can largely be attributed to, among other factors, the curtail in diamond production by Debswana in the second half of the year as sales slumped by over 60% in the last six months of the year.

"Hopefully the recovery in the international diamond market experienced in the first quarter will continue throughout the year, and enable Debswana to increase output from the 22.9m carats produced in 2011 to 24m carats or more. The year should also see the first production marketed from Lucara's Karowe diamond mine, and the completion of construction of Gem Diamond's Ghagoo mine, which is due for first production in early 2013," adds Jefferis.

From as high as 34m carats in 2007, diamond production was steady at 24m carats last year as Debswana capped production to match weakening market conditions, while on the other hand there has not been any significant production increase from other big mining players such as Tati, BCL or Botash. While mining continues to decline mainly to the plateau in diamond and other minerals production, other sectors such as construction and manufacturing have been edging up in the past few years mainly due to government spending. In 2007, the construction sector's contribution to the national GDP was at 4.8% and it has since risen to 6.6% in 2011 while the manufacturing sector has also risen steadily to 4.11% in 2011 from 3.4% five years ago.

In his budget speech to parliament in February, Finance Minister, Kenneth Matambo, warned that a possible recession in Europe and declining mining activity would see economic growth slow down to 4.4% this year. The forecast falls considerably short of the World Bank's projection of 6.2%. "In real terms, the economy is projected to grow by 4.4% in 2012 and 3.9% in 2013," he said adding, "The mining sector is projected to grow by 1.3% in 2012."

At 3.9%, next year's projected growth rate falls far short of the seven% registered in 2010. The dampened growth outlook is due in part to continued uncertainty in diamond sales, which fell 70% from June to December, Matambo said. Nominal GDP is expected to reach P126bn for the financial year 2012/13 from P115bn in 2011/12. *(Mmegi)*

Botswana will issue a tender this year for two, 300 MW coal-fired power plants to be built by independent producers to meet rising demand in the landlocked southern African country, a senior government official said on Wednesday. One of the projects will be an expansion at the existing Morupule complex where Botswana's power utility BPC operates a coal-fired plant. The 300 MW expansion needs to come online by 2015/16.

The other plant, due by 2018/19, can be built anywhere in the country, Nchidzi Mmolawa, Botswana's acting deputy permanent secretary for minerals, told Reuters in Johannesburg on the sidelines of a southern Africa Coaltrans conference. "The plan is to get the tenders out this year. If you can do it off your balance sheet, the better. So the first 300 MW and the other 300 MW will be done through an IPP model," he said.

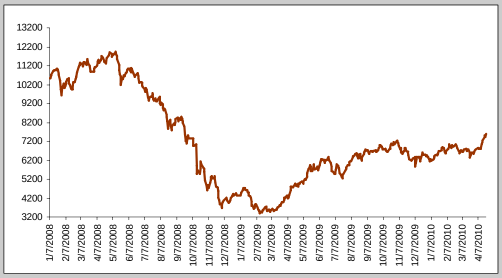
The independent power producers will be chosen to build and operate the plants and later sell the electricity to BPC. Botswana hopes to boost the development of its coal mining sector, where currently only 3m tonnes of coal are produced each year, Mmolawa said. A tender for new prospecting licences is currently ongoing.

Mmolawa said the country had available coal resources of over 200bn tonnes, which should be exploited to boost power generation in the country and the region and to supply growing demand for coal from Asia. "The current situation is that countries are so in demand that they are seeking coal from wherever they can get it from," he said in response to questions about competition from the region, where South Africa is a major coal exporter and Mozambique is ramping up to become a key coal player.

The growth of the Botswana coal industry hinges largely on the need to develop necessary rail and port infrastructure. There are studies ongoing which explore the options of exporting coal either through Namibia or Mozambique and Botswana, together with the private sector, hopes to soon make a decision which port makes for the more economically feasible solution, Mmolawa said. *(Reuters)*

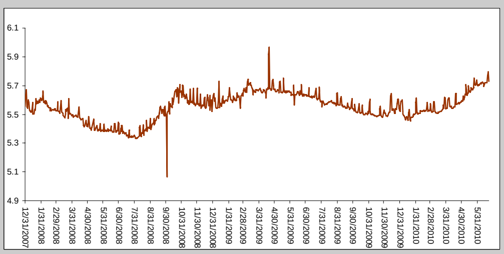
EGYPT

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 was up +1.91% to 5,014.91 points. Bisc Misr led the movers after gaining +9.22% to EGP 32.00 followed by Reacap Financials Investments (+8.54%) and Egyptian Satellites (+5.17%). Trans Ocean Tours was the biggest loser after shedding -7.14% to close the week at USD 0.13. Other notable losses were recorded in: Beltone Financial Holdings (-4.06%) and Cairo Development (-3.17%).

Corporate News

Leading Egyptian dairy producer Juhayna Food Industries saw its net profits for the first quarter of 2012 drop 14% to EGP 43m (USD 7.1m), the firm announced at the weekend. The dairy products and juices maker reported profits of EGP 50m (USD 8.27m) for the opening three months of last year. Juhayna saw its net profits dip to EGP 186m in 2011, 18.4% lower than the year before. Analysts attributed the fall to Egypt's economic downturn and waning consumer demand.

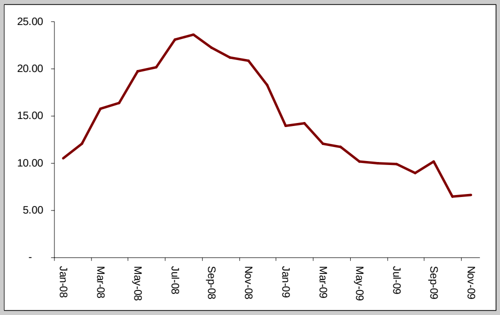
In early March 2012, Juhanya unveiled plans for EGP 750m worth of additional investments to boost its production capabilities, including a new yoghurt plant, dairy farm and six new distribution centres. Shares in the food producer were trading up 0.23% on Egypt's stock exchange just after midday. *(Reuters)*

Egypt-focused miner Centamin Plc said quarterly production at its flagship Sukari gold mine rose 9%, sending its shares up as much as 4.5%. Production at Sukari - the first large-scale modern gold mine in Egypt - rose to 49,071 ounces for the first quarter from 45,204 ounces a year earlier. Centamin backed its production forecast of 250,000 ounces of gold for the year - 25% above last year's output. This would come at a cash cost of USD 550 per ounce, the company said in a statement.

"With our commitment to a continued capex and exploration programme, the periods ahead will see sustained growth on many fronts in both Egypt and Ethiopia," said Centamin Chairman Josef El-Raghy. The company's pretax profit fell to USD 54.3m for the quarter ended March 31 from USD 56.1m a year ago, offsetting gains from higher average price, which rose nearly 21% to USD 1,694. Centamin shares were up about 2% at 62.3 pence at 7.43 GMT on the London Stock Exchange. They touched a high of 63.75 pence earlier in the session. *(Reuters)*

Egyptian ceramics maker Lecico said on Tuesday it made a net profit of EGP 12.7m (USD 2.10m) in the first quarter of 2012, up 2% from a year earlier. Sales grew 33% from the same period a year earlier to EGP 287.5m and earnings before interest and tax climbed 20% to 35.6m pounds, the company said in a statement on its website. It attributed the sales gain to a continued recovery in the Libyan market, growing regional demand for its tiles and growth of sanitary-ware sales to new markets and equipment manufacturers in Europe. *(Reuters)*

CPI Inflation



Source: SAR

Commercial International Bank (CIB), Egypt's biggest private bank by assets, said on Wednesday that first- quarter net income leapt 64% year-on-year, beating analyst forecasts after provisioning surprised positively. Consolidated net profit for the quarter rose to EGP 505m (USD 83.64m) from EGP 308m in the first quarter of 2011.

"The primary reason is lower impairments or loan-loss provisions," said Nancy Fahmy, an analyst with Beltone. "2011 was a bad year (politically) and they booked provisions aggressively." The bank said it took 17m pounds in provisions during the quarter, down from EGP 123m in the first quarter of 2011.

"They were quite aggressive in 2011 without seeing NPLs (non-performing loans) happen. There was some increase, but not much. It was slight," Fahmy said. CIB said net loans and overdrafts to customers slipped to EGP 40.05bn as of March 31 from EGP 41.07bn as of the end of 2011.

This was "due to regular business seasonality, a slowdown in general market demand for loans and a renewed management focus on margins," the bank said in an emailed statement. Customer deposits rose 13.7% year-on-year and 3.9% quarter on quarter. Four analysts polled by Reuters had forecast on average a net income of EGP 409m. The highest forecast was EGP 465m.

"This outstanding performance was achieved alongside a decrease in expenses and maintenance of our high-quality portfolio, reflecting management's strict focus on costs and asset quality," CIB Chairman Hisham Ezz Al-Arab said in the statement. "These results put us well along the way to achieving our 2012 targets by continuing to build momentum across consumer and institutional banking." *(Reuters)*

Economic News

Egypt's foreign reserves held steady last month for the first time since an uprising unseated the country's president, indicating a partial recovery in tourism and a slowdown in capital outflows after more than a year of economic turmoil. The central bank has spent heavily to support Egypt's currency through an economic crisis sparked by Hosni Mubarak's overthrow in February 2011, which prompted foreign investors to scurry for the exit and hammered tourism.

Foreign reserves, which had fallen in each consecutive month from USD 36bn before the uprising began, edged up to USD 15.21bn at the end of April from USD 15.12bn at the end of March, central bank data showed on Sunday. Some economists are expecting a sharp drop in the pound as reserves appear close to danger level and long-awaited help from foreign donors including the International Monetary Fund (IMF) has been repeatedly delayed.

Few are willing to rule out devaluation for now and foreign participation in Egypt's stock market remains small, but a partial recovery in tourism and a tendency for Egyptians to keep bank deposits in local currency are positive signs. The reason for the slight gain in foreign reserves was not immediately clear because of a lack of monthly economic data. One analyst said it appeared that volatile fuel import costs due to supply problems may have subsided and tourism picked up during Spring holidays in Europe and Gulf states, while investors who wanted to exit Egypt had mostly done so.

Capital outflows in the near future were limited, including a payment to the Paris Club of creditor governments. "There are almost no capital outflows left ... other than a Paris Club instalment and a Eurobond settlement, both in July," said the analyst at a bank in Cairo, who asked not to be named. "We are less worried about the decline in reserves than the markets seem to be," another bank, Renaissance Capital, said in a research note last week. "We still see a lower probability of devaluation or depreciation in the short term."

It said it still expected Egypt to seal a long-delayed USD 3.2bn loan from the IMF and reserves could also be helped by incoming foreign investment such as France Telecom's planned purchase of Mobinil shares. Saudi Arabia's ambassador was returned to Cairo on Sunday after a rare diplomatic row between the allies, caused by the arrest of an Egyptian lawyer in the kingdom. The ambassador confirmed the oil-rich Gulf state would this month provide financial assistance to Egypt that it has been promising for a year.

Egypt's economic challenges remain daunting. Street clashes in Cairo have overshadowed the build-up to a presidential election that would be the climax in a transition from military to civilian rule. The army-backed interim government is at loggerheads with an Islamist-dominated parliament, making it hard to formulate coherent policies to tackle Egypt's economic woes.

And whoever comes to power in July after the election will face little alternative to hugely unpopular taxes and cuts in government spending to reduce budget and balance of payments deficits inflated by a year of political and economic turmoil. *(Reuters)*

Egypt looks set to see a fourth mobile phone services firm after the country's telecoms watchdog said it would begin taking tenders for a virtual network licence. The National Telecommunication Regulatory Authority (NTRA) made the announcement at a Saturday meeting chaired by Mohamed Salem, Egypt's minister of communications and information technology.

A Mobile Virtual Network Operator (MVNO) licence allows a company to offer its own mobile services whilst using the infrastructure and network of an already existing mobile operator. The NTRA will form a committee and define the regulatory framework for the services within three months, the regulator said in statement on its website. The details will then be presented to telecom companies interested in the tender.

The MVNO license will grant the eventual owner the use of one of Egypt's three licensed mobile operators – Vodafone Egypt, Etisalat or Mobinil. The firm will essentially buy mobile services from the existing firm then resell them to customers. The NTRA's decision comes after much debate in the Egyptian telecoms market.

State landline monopoly Telecom Egypt (TE) has announced its aim to obtain the licence to the chagrin of the country's three mobile operators. The latter believe TE's potential to offer mobile services while being the only telecoms company with the right to establish landlines gives it an unfair advantage in the marketplace. *(Ahram)*

Egypt's urban consumer inflation was 8.79% in the 12 months to April, slowing from 9% in March, figures from the state statistics agency showed on Thursday. The urban consumer price index for April was 123.8 versus 113.8 a year earlier, the agency CAPMAS said. *(Reuters)*

Revenue from Egypt's Suez Canal fell 0.3% in the year to April, the Egyptian Information Portal showed on Wednesday. Revenue decreased to USD 433.1m in April from USD 434.6m in April 2011. Revenue in March was USD 428m. The waterway is a vital source of foreign currency in Egypt, along with tourism, oil and gas exports and remittances from Egyptians living abroad. *(Ahram)*

Saudi Arabia has transferred USD 1bn to Egypt's central bank in a move that could help Cairo secure a USD 3.2bn IMF loan and that signals an improvement in ties between states that were close allies under Hosni Mubarak. Saudi Arabia and other Gulf states had pledgedbns of dollars in support to Cairo following the uprising that swept Mubarak from power in February 2011, but Egypt has complained that little has arrived to help an economy hit by 15 months of turmoil.

The USD 1bn, eight-year deposit transferred by Riyadh follows the return of the Saudi ambassador to Cairo on Saturday. He had been withdrawn from Cairo for a week because of Egyptian street protests against Saudi Arabia that triggered the worst diplomatic crisis between the states in decades. Egypt's Planning Minister Faiza Abu el-Naga said "coordination was ongoing" with Saudi Arabia about remaining elements of a USD 2.7bn aid package first broached with Riyadh a year ago.

In addition to the USD 1 bln deposit, the Saudi package includes USD 500m of support for development projects, USD 250m to finance purchases of petroleum products and USD 200m for small- and mid-sized firms, Abu el-Naga said in a statement. She made no mention of USD 750m of Egyptian treasury bonds that Saudi Arabia had also been expected to buy.

Last year's uprising chased away tourists and foreign investors, two of Egypt's main sources of foreign currency, and economists say the country will need a minimum of USD 11bn over the next year to stave off a balance of payments crisis and a potential devaluation of its currency. Egypt had been asked by the International Monetary Fund to line up additional resources from international donors as a condition for releasing the USD 3.2bn loan.

Cairo must also come up with an economic programme that has broad domestic political support before the IMF will release the funds. An Egyptian official said last month Saudi Arabia had agreed to transfer funds including the USD 1bn deposit by the end of April. But a week later Riyadh recalled its ambassador following the street protests in Cairo set off by the arrest of an Egyptian lawyer in Saudi Arabia.

Saudi Arabia's move to withdraw its ambassador was seen as a reminder to Cairo to keep good ties with Riyadh. Analysts believe the conservative monarchy has been ill at ease with the rise of the Muslim Brotherhood - an Islamist group with wide regional influence - since Mubarak was deposed. The Brotherhood is the biggest group in the Egyptian parliament. Brotherhood MPs were part of a delegation which went to Saudi Arabia last week to help resolve the diplomatic spat. *(Reuters)*

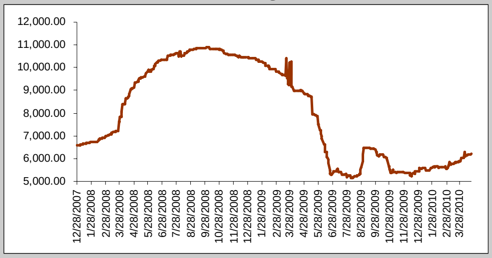
Egyptian Prime Minister Kamal El-Ganzouri announced at a press conference on Wednesday that Egypt's state revenues rose by 23.5% over the last five months, representing an increase of some EGP 36bn (roughly USD 6bn), flagship state daily Al-Ahram reported Thursday. Egyptian state revenue from December 2011 to the end of April 2012 reached EGP 153bn (roughly USD 25.5bn), compared to EGP 117bn (roughly USD 19.5bn) for the same period the previous year.

El-Ganzouri stressed that Egypt had accomplished several "economic achievements" over the past 150 days, pointing out that the country's current budget deficit had declined by EGP 25bn over the same period. Egypt's total budget for the 2011/12 fiscal year stood at EGP 594bn, according to finance ministry figures.

The prime minister added that Egypt's external debt had fallen by some USD 2bn to reach USD 33bn in April of this year, compared to USD 35bn the same month last year. In light of the higher revenue, El-Ganzouri told reporters, the government plans to raise Egypt's supply of butane gas cylinders by 200,000 cylinders per day. The PM went on to say that the country's daily supply of diesel fuel would be raised from 34,000 tonnes to 38,000 tonnes. *(Ahram)*

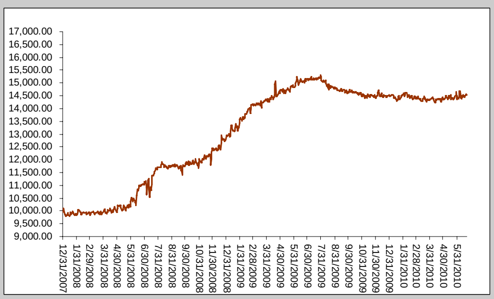
Ghana

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 lost -1.09% to close at 1,050.34 points. CPC was the main mover after gaining +100% to GHS 0.02 followed by AWL (+16.67%) and Goil (+7.89%). PZC (-8.33%), HFC (-4.44%) and Total (-4.36%) were on the losing front.

Corporate News

The Benso Oil Palm Plantation Limited (BOPP), raked a profit of GHS 9.59m last year as against GHS 2.67m in 2010. As a result, the company declared a total dividend of GHS 2.4m out of a total profit of GHS 9.59m to be paid to its share holders. The profit, which represents an approximate increase of 25% was due to the increase in volumes, upward movements in the world market price of crude palm oil, and the positive impact of cost saving initiatives as well as best management practices embarked upon by the company.

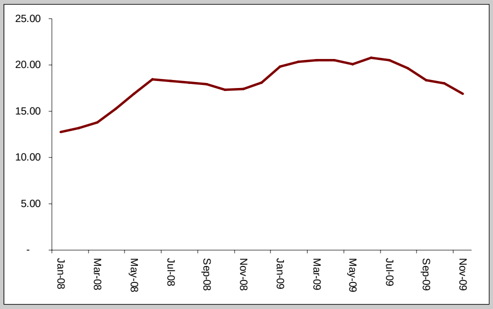
Mr. Ishmael Yamson, Chairman of Board of Directors of BOPP, announced these at their annual general meeting at Takoradi on the theme: “Sustainable agriculture.” He said the company processed 82,154 metric tons of fresh fruits, representing an increase of 30% as compared to the year 2010. Mr. Yamson said the success was due to good rainfall pattern and good agronomical practices that contributed to higher productivity.

He said the company also purchased 38,901 metric tons of fresh fruit bunches representing 47% of the total production at a cost of GHS 5.8m from small holders and out grower farmers in the Western and Central Regions, which created considerable wealth in the catchment rural economies. He said operating profit went up by 282% from GHS 2,426,000 in 2010 to GHS 9,267,000 in 2011, and that in addition to high prices of crude palm oil and increase in volumes, the company continued with its cost savings and efficiency measures to improve its performance.

The company paid a dividend of GHS 2.4m out of a total profit of GHS 9.95m for 2011, according to Mr. Yamson. He said the company was supporting 18 brilliant but needy students in Senior High School in Adum-Banso, Benso, Adum-Dominase and Manso in the catchment area. *(GBN)*

Unilever Ghana Limited (UGL) says it remains focused on investing in innovative brands and to increase availability of the company’s products as a two-pronged strategy to protect margins and strengthen business profitability. Mr David Mureithi, Managing Director of UGL, who made this known at the company’s Annual General Meeting held in Accra on Wednesday, said if the company was to remain relevant in the increasingly intense and competitive market for consumers’ disposable income, such a strategy was crucial.

CPI Inflation



Source: SAR

He described the 2011 financial year as a very good year for the company's business adding it was the best year over the past five years. "The company's operating profit for the period rose to GHS 44.2m from GHS 23.9m in 2010, an increase of more than 85%. The company's turnover growth was GHS 241m, representing a 33% increase compared to the GHS 181m for 2010."

Mr Mureithi later told journalists that management was hopeful the interventions set in motion by the Central Bank and Ministry of Finance and Economic Planning would be helpful in addressing the depreciating value of the cedi. He conceded the situation was a great concern to management since it had increased the cost of raw materials and production. The Board approved of an annual dividend of GHS 0.48 per share, which represents a 67% increase over the 2010 levels. *(Spy Ghana)*

UT Bank closed 2011 without paying dividends to its shareholders but it secured a total of USD 55.4m from a number of reputable international financiers to position the bank strongly for a better performance. The bank could not pay dividends because it had to complete the payment of the GH¢60m minimum capital to the Bank of Ghana as required for every bank operating in Ghana.

UT secured a USD 15m loan from the World Bank's International Finance Corporation (IFC) and the African Capitalization Fund Limited to finish paying the minimum deposit at the BOG, but it secured more than that amount. CEO of the Bank, Prince Kofi Amoabeng reported at this year's Annual General Meeting that it also secured a USD 10m trade credit line, and USD 5m senior loan from the IFC to help facilitate UT's small and medium-scale enterprise (SME) business.

"We have also successfully negotiated a long-term loan of eightm Euros (USD 10.4m) from the European Investment Bank (EIB). This will help us fund projects that have a longer maturity period," he said. Prince Kofi Amoabeng said UT also planned to conclude negotiations for a further USD 10m equity investment from a reputable European organization by the close of this year, 2012.

He said with the support from the IFC, the bank had now exceeded the GH¢60m minimum capital to GH¢80m, and was now poised to perform better and pay dividends in 2013. Meanwhile, the bank posted some GH¢17.3m profit before tax, and a little over GH¢13m profit after tax. The bank finished the year with total assets worth GH¢712.9m, 26% return on equity, which was higher than the annual treasury-bill rate. It gave out GH¢408 milliion in loans in 2011, which was almost twice what it gave out in 2010.

Mr. Amoabeng however reported that the bank finished the year with a loan portfolio of GH¢499 m, which was 45% higher than that of 2010, adding that SMEs got 57% of the total loans disbursed within the year and the remaining 43% went to the corporate sector. The bank also undertook a number of Corporate Social Responsibility (CSR) projects including financial literacy programmes with GIZ, grooming of up and coming entrepreneurs with Enablis Business Launchpad and the breast cancer awareness campaign and support to acquire a mobile pre-screening unit.

Board Chairman of the bank, Joseph Nsonamoah assured shareholders “the bank is moving up the ladder in terms of market position…and our underlying results show the strength and promise of the bank in achieving its goals.” *(GBN)*

Economic News

Ghana's annual inflation broke above 9% in April for the first time in a year, with analysts predicting price rises in double digits again and further policy tightening. Ghana pulled inflation down from peaks over 20% in 2009, paving the way for a series of interest rate cuts. But inflation has since plateaued and the central bank has boosted interest rates in part to offset inflationary pressures.

The latest rise was sparked by the weakness of Ghana's cedi currency which has slid this year as the country sucked in imports to fuel its buoyant economy, projected by the IMF to grow 8.8% in 2012. The cocoa-and-gold-rich West African economy, now an oil producer too, has also seen international interest in its bonds, especially from foreign investors looking for higher yields.

The pace of inflation in April rose to 9.1% from 8.8% in March, acting government statistician Philomena Nyarko told a news conference in Accra. "(...) the depreciation of the cedi has obviously impacted the inflation print," Nyarko said. She said non-food items led the overall increase with an 11.7% rise.

The figure was the second monthly rise in inflation in a row, and brings Ghana further away from its 2012 inflation target of 8.5%, although the Bank of Ghana said inflation remained in its 6.5-10.5% target band. "We are within our projections because we always work with plus or minus two points in setting these projections," Bank of Ghana Deputy Governor Kofi Wampah said.

If the bank's efforts to stabilize the cedi failed inflation risked hitting double-digits in coming months, analysts said. Any moves by the central bank to counter inflation with rate hikes could renew interest in the country's bonds by raising yields, they added. The country of more than 24m people is scheduled to hold a presidential election in December, in which President John Atta Mills will tout the country's economic progress in his bid for a second term.

The cedi has fallen more than 14% against the dollar so far this year to a record low of 1.876, according to Reuters data, as the expanding local economy avidly seeks dollar-denominated imported goods, such as oil, machinery, electronic equipment and food. The Bank of Ghana hiked its key interest rate by one%age point in April to 14.5% in an effort to support the cedi.

It also said it will reintroduce short-term bills, change bank reserve requirements, and require 100% cedi cover for vostro balances - held by local banks on behalf of foreign banks - to help stabilize the cedi. "Arguably, the recent measures put in place (...) all represent a more significant tightening than adjustments to the policy rate alone," said Razia Khan at Standard Chartered. "Nonetheless, we think more policy tightening will be required as a signal of the Bank of Ghana's intent to maintain tight policy," she said.

Samir Gadio of Standard Bank said more monetary policy tightening could push long-term bond yields up. Ghana's most recent three-year bond auction was oversubscribed at an average yield of 14%. "From a foreign investor perspective, this will eventually generate attractive re-entry points into the bond market at the 3- and 5-y tenors," he said.

Meanwhile, cedi weakness could trigger new increases in the pace of inflation, potentially pushing it back into double-digits. The cedi weakened slightly on Wednesday to 1.8703 cedis to the dollar, from 1.8695 on Tuesday. "A likely upward adjustment in petroleum prices in the next few weeks - again largely as a result of cedi depreciation - and a probable rise in cost of credit due to the recent and continuing rise in market interest rates will combine with other factors to push inflation towards double digits," said Kobla Nyaletey from Barclays Bank Ghana.

Ghana adjusts retail fuel prices routinely to reflect the cost of imports, and weakness in the cedi has raised cedi-denominated import costs for foreign goods. Ghana's consumer prices posted a 1.6% monthly increase, the largest since January. *(Reuters)*

Ghana expects to almost double its oil revenues to USD 650m in 2012 as it ramps up production, a senior energy ministry official said on Wednesday. “Last year the government got about USD 350m of revenue from the sector and this year we are projecting USD 650m from the sector,” Thomas Mba Akabzaa, chief director in the ministry of energy, told Reuters on the sidelines of an Africa-EU energy conference. Tullow Oil Plc said last week that production at its Jubilee offshore field in the west African country would likely increase to 120,000 barrels per day in 2013 from around 70,000 now, following delays caused by sand seepage that blocked wells.

Akabzaa said the government was also eager to revive plans to upgrade the state-run 45,000 bpd Tema Oil refinery, which has been hobbled by repeated shortages of crude since 2008 when its main lender Ghana Commercial Bank cut support due to unpaid debts. “We are looking at getting this (Tema) up to 60,000 barrels in the medium term and in the long term to ramp it up to 120,000 barrels a day by 2020,” Akabzaa said.

He added that a diagnostic study had shown it would cost in the region of USD 650m for the bigger revamp, and approximately half that for the smaller upgrade. The government, which aims to be a net exporter of crude and refined oil products by 2015, was also committed to having a second refinery built by private investors as the newest African oil producer sought to exploit demand across the continent.

Besides an approach from a South African-based company, New Alpha, to construct a refinery, Akabzaa said the government was also considering requests from companies in the United Arab Emirates and Saudi Arabia. “The market goes beyond Ghana ... and therefore we think that these days, for any refinery to survive, it must operate optimally and we are looking in the neighbourhood of 120,000 to 200,000 barrels per day capacity,” Akabzaa said. *(IOL)*

The Ghana Investment Promotion Centre (GIPC) said on Thursday that it recorded 95 new projects with an estimated value of USD 1.18bn in the

first three months of the year 2012. The value represents an increase of 67.98% over the value recorded in the same period in 2011.Presenting the figures at a press briefing, Mr George Aboagye, Chief Executive Officer of GIPC, said the foreign direct investment component of the estimated inflows of newly registered projects amounted to USD 979.85m, up 178% over USD 351.75m in the corresponding period of 2011.

"The results of the first quarter of this year, give a good indication of the levels of foreign direct investments that the country will attract in 2012," he said, adding that there is a heightened investors' confidence in the economy despite the elections later this year. The United States with a Foreign Direct Investment value of USD 407.21m ranks first while China takes the top spot for the number of projects within the period.

Mr Aboagye said total initial capital transfers for the quarter amounted to USD 43.27m. He said of the 95 projects registered during the period, 52 were wholly-foreign owned enterprises with a valued of USD 422.77m while the remaining 43 projects were joint ventures between Ghanaians and foreign partners valued at USD 759.28m. Mr Aboagye said 4,468 jobs were expected to be created from the 95 projects, a 36% decline from 7,004 jobs to be created in the same period last year.

Ghanaians will take 3,997 of the total jobs to be created while the remaining 471 will go to expatriates. Mr Aboagye said results from the Centre's on-going biennial re-registration exercise showed that a total of 577 companies renewed their registration with the body in 2011. These companies, he said, had created a total of 43,923 actual jobs from the registered projects, comprising 41,391 jobs for Ghanaians and 2,532 jobs for non-Ghanaians. The jobs created were far more than the 24,028 jobs estimated during the time of registration.

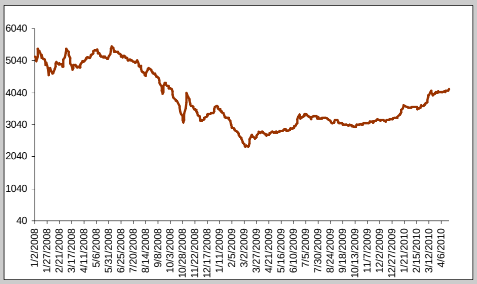
Besides, the current investment at the time of re-registration by the companies stood at 2.91m compared to the projected investment of USD 421.10m recorded at the time of registration. Mr Aboagye said GIPC would step up its investments and trade delegations missions across the world to market opportunities in the country.

The Centre will also undertake nationwide investment tours to promote local indigenous investments between June 4 and July 27 July, to deliberate with the Regional Co-ordinating Councils, District Administrations and other stakeholders on how to attract investments into their areas. The tours will also help identify investment opportunities in each region and call for project proposals and to brief local investors on opportunities available for partnerships and joint ventures.

Mr Aboagye said the GIPC was committed to its mandate of encouraging, promoting and facilitating investments and expressed optimism that 2012 would be a good year to record significant levels of investments. *(GBN)*

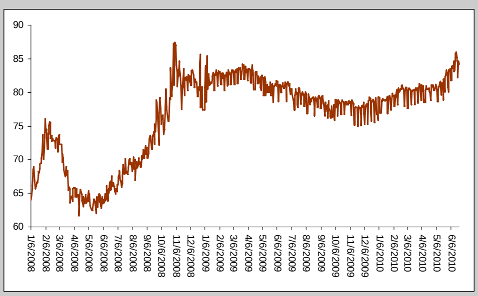
Kenya

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 lost -0.33% to close the week at 3,599.33 points. Unga Group led the movers after gaining +14.15% to KES 12.10 followed by Kenya Re which rose +12.38% to KES 11.35. Other notable gains were recorded in Eaagards up +9.48% to KES 31.75 and Carbacid (+6%). Olympia was the main loser, shedding -7.89% to KES 3.50 followed by Sameer Africa (-7.69%) and Total Kenya which lost 6.29% to KES 14.90. Market turnover was up +39.08% to KES 2.42bn.

Corporate News

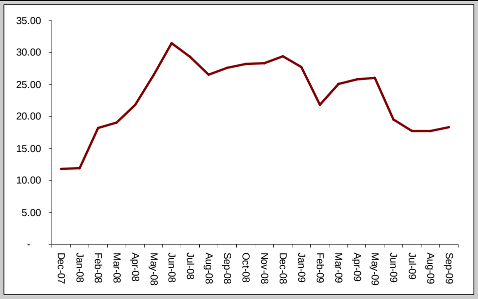
Total Kenya posted a loss for the first quarter of 2012 mainly due to heavy financing costs caused by high interest rates, volatile global crude prices and local price caps, the fuel marketer said on Tuesday. The company, majority-owned by France's Total, posted an KES 84.3m (USD 1m) pretax loss in the three months to the end of March, compared to a pretax profit of KES 272.8m in the same period last year.

Total Kenya said its financing cost during the quarter soared to KES 628m from KES 153m in the same period last year. To counter this, the company said it would seek alternative funding to cut the heavy burden caused by high lending rates. "As a result of the huge increase in financing cost, and because this cost is not fully recognised by the Energy Commission pricing regulation, the company recorded a loss before tax ..." the company said in a statement.

The ministry of energy, through the Energy Regulatory Commission, sought to protect consumers from high fuel prices when it introduced a monthly review of pump prices in December 2010, which it caps at a certain level. Total Kenya projected strains in performance for the rest of the year due to erratic international prices of oil and high interest rates in east Africa's biggest economy.

Commercial banks lending rates in Kenyan jumped in the last quarter of 2011 after the central bank hiked its benchmark interest rate by 11%age points to 18% in December and has held it there in five consecutive policy meetings since. *(Reuters)*

Puma Energy has entered into an exclusive agreement with key shareholders of Kenyan oil marketer KenolKobil to buy a majority stake in the company, KenolKobil said on Monday. If the deal goes through, Puma Energy, a subsidiary of Trafigura Beheer B.V., will get a firm footing in a country where oil fever has risen in recent weeks after discovery of oil in the north by Tullow Oil.



Source: SAR

"Should the transaction proceed, Puma Energy would comply with the requirements of the regulations ... and contemplates making a takeover offer to acquire all the shares in the company," KenolKobil said in a statement. KenolKobil, which operates in 10 African countries, raised its pretax earnings by 74% last year to KES 4.9bn (USD 58.93m). The deal is subject to due diligence, regulatory approval and price confirmation, KenolKobil said. *(Reuters)*

Tullow Oil has found more oil in a well it is drilling in Kenya and plans to drill another well in an adjacent block later this year, the Africa-focused British firm said on Monday. Tullow said in March it had struck oil in the well in northern Kenya, the country's first-ever oil discovery. Kenya and its neighbours in east Africa, as well as the Horn of the continent, have become a hot spot for oil and gas exploration in recent years, spurred by new finds in countries including Uganda, Tanzania and Mozambique.

While it is yet to strike commercial deposits, the discoveries by Tullow and its partner Africa Oil Corp on Block 10BB in Kenya's far northern county of Turkana has increased exploration interest in the east African country. Tullow said it had encountered a total net oil pay in excess of 100 metres across multiple reservoir zones in the Ngamia-1 well, over a gross oil-bearing interval of 650 metres. The well has so far been drilled to a depth of 1,515 metres.

Tullow had said in March it had encountered in excess of 20 metres of net oil pay after drilling to a depth of 1,041 metres. "Many leads and prospects similar to Ngamia have been identified and following this discovery the outlook for further success has significantly improved," it said in a statement. After the announcement, shares in Africa Oil rose 27% to trade at 7.38 Canadian dollars as of 1425 GMT. Tullow shares were not trading due to a public holiday in London.

Martin Mbogo, Tullow Kenya country manager, told a news conference the company expected to reach the well's targeted 2,700 metres in the next four to five weeks. After Ngamia-1, Tullow plans to drill Twiga-1, a wildcat well in the second half of this year in its nearby Block 13T, and said the net pay encountered so far in Ngamia-1 was more than double that in any of its east African exploration wells.

"We now look forward to the drilling and evaluation of the deeper potential of this well and the acceleration of our seismic and drilling campaigns in the region," Angus McCoss, Tullow's exploration director, said in a statement. Tullow said it also planned to get one more rig to drill in Block 10A, and intends to acquire more 2D seismic data. Procuring rigs for exploration companies in the region has been difficult due to a global shortage.

Prime Minister Raila Odinga said it was too early to speculate on the potential viability of Ngamia-1 or the basin as a whole. "Exploration campaigns can last several years and the timeframe from exploration to realising production revenue in an onshore environment is typically in excess of six years," Odinga told a news conference in Nairobi. "We therefore remain cautiously optimistic." *(Reuters)*

Before the end of this year Simba Energy will be able to attract a major farm in partner to help it explore its acreage in Kenya, according to City

boutique Old Park Lane Capital. Kenya's oil potential came into focus earlier this year as Tullow Oil made the country's first significant onshore oil discovery. And investor interest has again been buoyed as Tullow revealed more positive findings yesterday.

Tullow announced that more oil had been discovered in the Ngamia-1 exploration well. And said it now believes the well has found more than double the amount of net pay than in any other well it has drilled in East Africa. Meanwhile further east Simba Energy continues to evaluate its earlier stage exploration asset, onshore Block 2A. The junior explorer has already uncovered two potential targets for further exploration and a new competent person's report (CPR) will provide expert insight about the acreage.

"While we await the publication of a CPR and indications of the resource potential of Block 2A, Simba will conduct a passive seismic survey, expected to commence at the end of May," Old Park Lane analyst Barney Grey said in a note to clients. "The company has current cash in excess of CUSD 3.0m which puts it in a strong position to accelerate the current stage of its Kenyan exploration programme over the next six months.

"We are confident that, with positive results from the CPR and the passive seismic survey in addition to the creation of a data room, Simba will be in a position to attract a major farm in partner in order to fund a wider exploration drilling programme before the end of the year." While Tullow's success in Kenya has excited investors the work of another UK-listed oil firm, Afren, could have even more relevance for Simba, Grey says.

At the moment Simba's Block 2A does not have any estimated reserves or resources but Grey explains that work currently underway in adjacent blocks could allow Simba to make direct inferences regarding its own block. "There are some indicative estimates of resource potential in adjacent blocks that have direct relevance to Simba. In particular, Afren's management estimates that there could be 751m barrels of oil equivalent of unrisked gross prospective resources on Block 1," he said.

Grey also points out that Block 2B, which is on the opposite side of Simba's licence, is estimated to contain 387m barrels or prospective resources across 17 leads – although he says these are mainly associated with a different geology which makes it 'slightly less indicative'. Nevertheless Grey says he believes the prospectivity of Simba's Block 2A will improve substantially over the next twelve months as its extensive seismic programme progresses. *(Proactive Investors)*

Safaricom, Kenya's top telecoms operator, posted a 5.4% fall in full-year pretax profit on Thursday due to higher financing costs and the impact of foreign exchange volatility. The company, part owned by Britain's Vodafone, said pretax profit dropped to KES 17.37bn (USD 208.47m) after it faced stronger competition, as well as inflation.

"Safaricom operates in an increasingly tough environment characterised by low voice tariffs, intense inflationary pressure, high borrowing costs and foreign exchange fluctuations," chief executive Bob Collymore told an investor briefing. The company forecast low to mid-single digit percentage growth in total revenues for the current financial year. It said earnings per share slid 3% to KES

0.32 in the previous year.

The company said it would pay a full-year dividend of KES 0.22 a share, up 10% on the previous year. Revenue rose 13% to KES 107bn (USD 1.28bn), thanks to a hike in call tariffs and improved revenue per user, Collymore said. Customer numbers rose 11% to 19.1m during the year, while average revenue per user increased 4% driven by strong growth in the firm's money transfer business, M-Pesa, where revenue rose by 43% to KES 16.9bn.

Safaricom said its margins before interest, taxes, depreciation and amortisation fell to 35% from 37.7%, but was a significant turnaround from a slump to 29.7% in the first half of its financial year. *(Reuters)*

Kenya's Equity Bank could consider an overseas listing as rapid expansion puts it in danger of outgrowing its home stock market, its chief executive said on Wednesday. With operations in five east African countries and a knack for rolling out banking services targeted at the lower end of the market, Equity has become one of Nairobi's most actively traded stocks and a darling of foreign investors.

"When Equity raises more money, that will be a major issue that has to be dealt with: Is the market still big enough for any additional capitalisation?" Chief Executive James Mwangi told Reuters on the sidelines of an event ahead of the World Economic Forum on Africa, which runs this week in Ethiopia. "That would be the time to think about London, South Africa or New York," he said.

Africa's small but fast-growing companies are increasingly looking to do dual listings, particularly in London, to raise their profile among foreign investors. They are also keen to escape the constraints of their home markets. Despite the surging economic growth, stock markets across frontier Africa remain relatively illiquid.

Equity Bank and the region's biggest telecoms firm Safaricom are typically the most traded stocks on the Nairobi Stock Exchange and can account for the vast majority of volume in some sessions. In what some analysts have said will be a watershed moment for African equities, Nigerian cement giant Dangote Cement has said it plans to list its global depositary receipts in London. *(Reuters)*

Kenya's Diamond Trust Bank's first-quarter pretax profit rose 54% on a big jump in income from its loan book, the bank said on Thursday. The bank, which also operates in Tanzania, Uganda and Burundi, said profit rose to KES 1.35bn USD 16.20m) for the three months to the end of March, lifted by a 80% rise in lending.

Interest income from loans and advances increased to KES 3.2bn from KES 1.8bn in the same period in 2011, the bank said in a statement. Net interest income rose 50% to KES 2bn, while its basic earnings per share rose to KES 4.03 from KES 3.19 last year. Diamond Trust Bank said in March it planned to offer a rights issue this year to finance expansion. It successfully raised funds through rights issues in 2006 and 2007. *(Reuters)*

A 33% increase in calling rates in October last year has cushioned Safaricom from a bigger drop in profitability, after it reported a 4% decline. The firm also responded to growing pressure from its shareholders by increasing its dividend payout for the first time in three years by recommending 22 cents per share, a 10% rise from the 20 cents it paid in the previous two years. This brings the total dividend payout to KES 8.8bn from KES 8bn in 2010 and 2011.

The mobile operator said its full-year profits after tax stood at KES 12.6bn in 2011 from KES 13.1 in 2010. It pointed out that its earnings were hit by a tough economic environment characterised by high financing costs and the impact of foreign exchange volatility. “The unpopular decision to increase calling rates in October is what saved the company from making a further dip in profits. We would be talking differently today,” Safaricom’s chief executive officer Bob Collymore told the Daily Nation in an interview after announcing the firm’s results.

Safaricom increased it charges for calls within its network to KES 4 per minute from KES 3 and KES 5 from KES 4 for cross-network calls. The increase helped it push up revenues from the voice segment, which has come under increasing pressure from a major price war lodged by its rivals to KES 68.9bn, an 8.6% rise, from KES 65.3bn in 2010. “We knew when we came out of the first-half that we required intelligence and hard work to deliver in the second-half. It wasn’t an easy decision to make but as always, right decisions are hard to make,” Mr Collymore said.

The firm’s revenues grew to KES 107bn helped by an increase in M-Pesa from the KES 94bn it recorded in 2010. Revenue from M-Pesa increased by 43% to KES 16.8bn from KES 11.7bn as at March 31, 2011, which is over half the total amount of revenue derived from non-voice platform. Customer numbers increased by 11% to 19.1m in March 2012 from 17.18m last year

Difficult economic conditions coupled with a weakening shilling had reduced its revenues from voice calls in the first half of last year to KES 4bn from over KES 5.8bn in 2010. “A tough economic environment characterised by low voice tariffs, intense inflationary pressure, high borrowing costs and foreign exchange fluctuations impacted negatively on our performance,” Mr Collymore told an investor briefing. *(Nation)*

Economic News

Kenya’s dairy sector could quadruple in size and earn the country up to KES 300bn in the next five years, a report by Tetra Pak East Africa shows. Only 5% of the milk produced in the country is processed with the rest taken raw in remote areas or going wasted. In 2010, the country stared at the glaring reality of a milk glut that saw it lose KES 4bn. Milk processors turned away farmers due to their incapability to deal with the glut.

“Based on these findings, we estimate that if we turn this model on its head and process all our milk, the country could easily earn in excess of KES 300bn. However, it will have to re-think its dairy sector development strategy, invest in infrastructure and give incentives to encourage the private sector to build more milk processing plants,” Ms Hellen Too, Tetra Pak marketing director said.

The report aims at popularising long-life milk consumption. “Long-life milk helps ease supply side challenges so that in times of excess the milk would be converted into long-life milk, thus minimising on wastage. This milk can be stored for up to 6 months and would help the country take care of excess supply and also have a buffer to see it through deficit periods," she said. *(Nation)*

Only 10% of adult Kenyans have invested in the stock market, the Capital Markets Authority says. This has largely been contributed by lack of awareness among Kenyans on the importance of such investment or how the capital market operates. As a result of the startling trend, CMA has started an investor education and a public awareness campaign in all the 47 counties.

Speaking in one of the forum in Nyeri, CMA Manager for Investor Education and Public Awareness Mr Kamunyu Njoroge said the authority is determined to see the number increase. "Out of the 40m Kenyans only five% are investing in the capital market with only 10% of adult Kenyans involved," said Njoroge. The authority is targeting to raise the number to over 50%, the official said.

Njoroge said exhibition clinics, which have already been held in Machakos, Nakuru and Eldoret among other towns are targeting people in the grassroots. "We have realised that there is lack of knowledge on the capital market. We want to dispel this notion that stocks are for the rich people," said Njoroge. The official who spoke at White Rhino Hotel during one of the clinic said CMA hope to raise the number of people investing in stock market at the end of the regional tours.

He said reforms are underway in the capital market industry to ensure that brokers and investment banks are strong companies that would not risk investors' money. "Some people do not know that with as little as Sh500 they can buy shares. We want to increase investors in bonds and shares," said the official. He added: "Investor education and public awareness has been identified as a key development of capital markets in the country. We therefore need to increase financial literacy and confidence."

Njoroge said there was need for the public to appreciate the existence of huge investment opportunities available in the stock market and also know about the risks. "The exhibition is also intended to make the investing public to know their rights and responsibilities as well as roles of other capital market shareholders," said Njoroge. In Nyeri, residents lauded the new initiative saying it would encourage investment in the capital market.

A participant in the form Geoffrey Muchiri however said many people had developed fear after some stockbrokers collapsed with clients' money. "We may be keen to invest in the market but you remember in the past few years some stock brokerage firms have gone under putting clients investments at risk," said Muchiri. *(Standard Media)*

The Kenyan shilling could come under pressure in the days ahead from demand for dollars from oil importers, traders said after a flat trading day on Tuesday for both the currency and the stock market. At the 1300 GMT close of the market, commercial banks posted the shilling at 83.20/40 per dollar, the same level it closed the previous day.

"The major greenback buyers in the energy and oil sectors have been out for a while now, and there are chances that they might be in the market to start buying to meet their mid-month orders," said Bank of Africa in a market report. Oil is the largest item on the import bill of the east African country, which discovered oil deposits in March and is trying to determine the commercial viability of the find.

The shilling has gained modestly so far this year, helped by a very tight monetary policy by the central bank, which held its policy rate at 18% for a fifth month in a row last week. On the Nairobi Securities Exchange, the benchmark NSE-20 Share Index finished the day at 3,599.18 points, the same level it closed the previous session. *(Reuters)*

The value of plastic card transactions in Kenya jumped 40% to KES 214bn in the first three months of 2012, despite rising insecurity and fraud cases. Data released this week by the Central Bank of Kenya (CBK) indicates that cards in circulation rose to 9.6m in March 2012 up from 8.2m in March 2011. Debit cards were the most popular among consumers accounting for about 82% of transacted values.

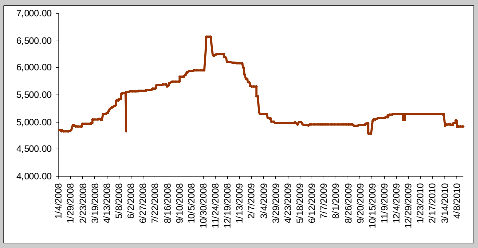
According to analysts, growth in use of plastic money debit cards, pre-paid cards, charge cards and automated teller machine (ATM) cards has defied security fears due to aggressive marketing campaigns by banks. “Financial institutions have been wooing consumers. They have also publicised their measures to increase card security,” said Mr Danson Muchemi, CEO of local integrated payment systems firm, Jambo Pay.

Last year, Deloitte East Africa released a survey revealing that majority of firms in the region are not compliant with international standards for electronic payments. The country also witnessed a spate of ATM-related robberies and fraud cases. Since then, institutions have stepped up their security measures by installing chip technology in their cards. Electronic payments firm, Visa, has given local banks a 2014 deadline to migrate to the new technology.

With revenues across global markets falling, credit card companies anticipate that East Africa may be a key growth area. MasterCard and Visa have recently increased their activity in the region eyeing mobile money service providers for strategic partnerships. *(Nation)*

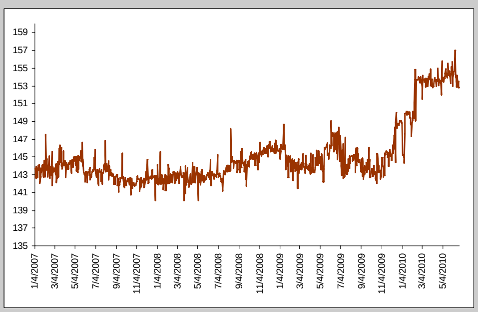
Malawi

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 gained a marginal +1.39% to 5,851.05 points, with thin trades across both local and foreign boards. MPICO (-5.56%) and Illovo (+3.44%) were the only counters that recorded price changes during the week to close at MWK 2.55 and MWK 150 respectively. Market turnover for the week amounted to USD 299,784.04.

Corporate News

No Corporate News this week

Economic News

Malawi's central bank scrapped its kwacha peg on Monday and allowed the currency to devalue by 50%, heeding calls from the IMF to cut what was seen as an artificially high exchange rate that was hitting the impoverished state's economy. Commercial banks were selling the kwacha at 250 to the greenback, well above the previous official rate of 165 and close to the black market rate of about 275.

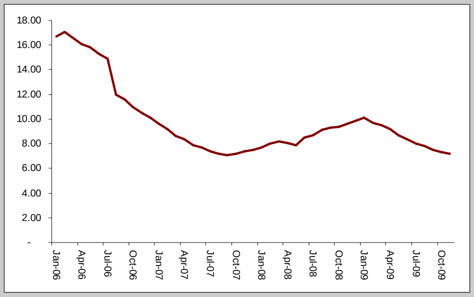
"At 250 per dollar, the exchange rate is well adjusted as the black market is certainly under-devalued. Following this devaluation, the kwacha is now fully liberalised," the Reserve Bank of Malawi said in a statement. The bank is scheduled to hold a news briefing to announce the official removal of the peg along with other foreign exchange restrictions.

The bank sent directives to commercial banks at the weekend, saying the peg would be scrapped from Monday and the market would determine rates. "We're sitting as an individual bank this morning to decide by what margin to adjust the exchange rate," said Anderson Kulugomba, Managing Director of Nedbank Malawi, a subsidiary of South Africa's fourth largest banking group, Nedbank.

Malawi has been hit by a foreign exchange shortage stemming from strained ties between former President Bingu wa Mutharika and international donors, which led Western powers to scrap aid that normally accounted for 40% of its budget. New President Joyce Banda, who came to office a month ago after Mutharika died of a heart attack, had pledged to devalue the kwacha and restore the aid flow. *(Reuters)*

Malawi's central bank raised its benchmark interest rate to 16% from 13% on Friday to combat an expected acceleration in inflation following this week's sharp currency devaluation. "This adjustment is part of the measures aimed at strengthening monetary policy in the context of a

CPI Inflation



Source: SAR

liberalized exchange rate and is in line with the recent trends in non-food inflation," Governor Charles Chuka said in a statement.

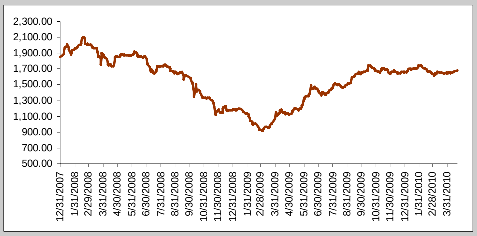
The southern African country scrapped its currency peg to the dollar on Monday, triggering a devaluation of around 50% in the Malawian kwacha in a bid to unblock frozen aid and halt a downward spiral in the economy. Friday's rate increase is the first adjustment since August 2010 when the central bank cut it to 13% from 15%.

At the time, inflation averaged 7%, owing to a surplus harvest of the staple grain, maize, and an artificially strong kwacha that kept prices stable. Food carries the greatest weight in Malawi's consumer inflation basket at 58.1%. The latest data shows CPI inflation quickened to 11.4% year-on-year in March from 10.9% in February.

This week's currency devaluation has already triggered a wave of price increases, the latest being Friday's increase in the pump price of petrol and diesel, suggesting headline inflation is going to soar. *(Reuters)*

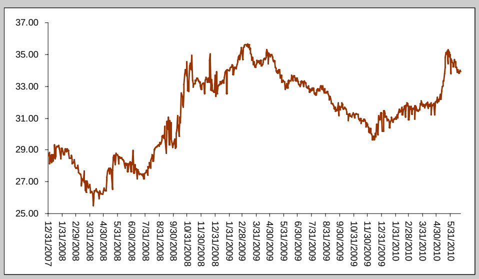
Mauritius

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 was up +0.11% while the SEM 7 rose +0.58% to close at 1,800 and 341.03 points respectively. Rogers led the movers, gaining +6.3% to close the week at MUR 340 followed by PIM, up +3.2% to MUR 81.00 and PBL (+2.5%). MCFI led the losers after shedding -9.1% to MUR 30 while NIT lost -5.7% to MUR 26.70 and Fincorp shed -2.2%.

Corporate News

Mauritius-based hotel group Sun Resorts said quarterly pretax profit rose 4.2%, helped by a rise in market share and growth at its Maldives unit that offset a small dip in tourist numbers. Sun Resorts said on Wednesday that while tourist numbers to the Indian Ocean island fell 0.2% in the first quarter, its market share rose because of the April 2011 opening of the Long Beach resort in Mauritius.

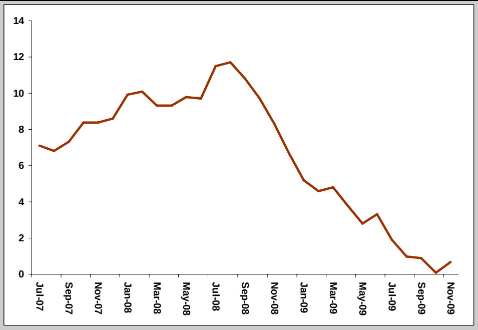
First-quarter pretax profit rose to MUR 170m (USD 6m), on revenue up 13% to MUR 1.10bn. Earnings per share dipped to MUR 1.59 from MUR 1.63. Tourism typically generates about 10% of Mauritius's gross domestic product. European tourists account for two thirds of arrivals. The group's operations in Maldives, best-known as the Indian Ocean's top five-star beach destination, also reported an improvement in occupancy, despite political turmoil early this year.

Sun resorts said renovation works at Ambre Resorts and Spa, a 298-room, four star hotel in Mauritius was progressing satisfactorily. The hotel, expected to open in October as originally planned, would boost occupancy rates further. It forecast second-quarter earnings would be flat. *(Reuters)*

Two Mauritius sugar producers plan to merge in a move that would create the largest sugar milling company on the Indian Ocean island and help them better cope with tougher trading conditions since the European Union cut guaranteed prices. Deep River Beau Champ Limited and Flacq United Estates Limited said in separate statements on Tuesday they hoped to complete their merger around the end of June.

"This merger is in line with the sugar sector reform and in the interest of the country," said FUEL's Chief Executive Joseph Vaudin. The sugar sector, a centuries-old pillar of the palm-fringed island's economy, has been suffering since the European Union cut its guaranteed price offered to exporters from the African, Caribbean and Pacific (ACP) bloc. PricewaterhouseCoopers and Ernst and Young have been jointly appointed as independent evaluators.

Analysts said the merged company would get the largest share of the island's sugar-milling business and would gain a place on the main section of its stock market. Both companies are currently listed on the secondary market. "They will become the largest sugar milling company on the island with 45% of milling



Source: SAR

share after this merger," Bhavik Desai, research analyst at Axys Stockbroking told Reuters.

DRBC owns 4,000 hectares of sugarcane plantations on the eastern part of Mauritius with an annual production of 80,000 tonnes of sugar - 25,000 tonnes falling under the special sugars category. It also produces electricity. FUEL grows sugar on 8,000 hectares of land, where it also generates electricity. It is also involved in property management. The sugar business accounts for roughly 1.2% of Mauritius' USD 10bn economy. *(Reuters)*

Mauritius-based conglomerate Rogers said first-half pretax profit fell 7%, hit by exceptional items, and that full-year earnings would likely be flat despite difficult trading conditions. Rogers, which operates in the financial, property, hotel, aviation and logistics sectors, said on Thursday pretax profit fell to MUR 365m (USD 12.5m) for the six months to March.

Profit was hit by a loss of MUR 27m from an out-of-court settlement and a gain of MUR 13m from property sales, the company said. Earnings per share rose to MUR 11.13 from MUR 9.03. Analysts attributed this to lower taxes. First-half revenue fell to MUR 5.1bn from MUR 5.82bn. *(Reuters)*

Economic News

Mauritius' annual average inflation slid for the fifth straight month, although the central bank has said it was unlikely it would consider bringing down interest rates because of lingering risks to inflation. Official data released on Monday showed that although the consumer price index in the Indian Ocean island edged up to 132.5 in April from 132.3 in March, the inflation rate slowed to 5.6% in April from 5.9% a month earlier.

The year-on-year rate was unchanged at 3.8 in April, according to Thomson Reuters calculations. Consumer prices were driven higher by food and non-alcoholic beverages as well as clothing and footwear costs, while the costs of housing, water, electricity, gas and other fuels fell, the statistics agency said. Mauritius' central bank said last week annual average inflation rate will slow to 4.7% by the end of the year, although high oil prices mean that figure could rise.

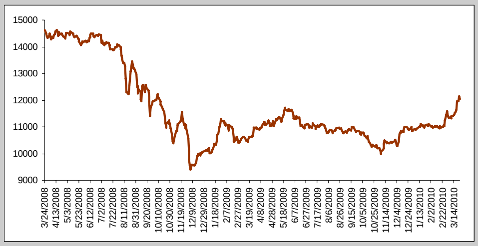
The bank expects the annual average rate at this level to converge with the year-on-year rate reported each month that it uses to determine monetary policy. The country's Chamber of Commerce and Industry has forecast inflation would fall to 5.5% this December. In an interview with local weekly l'Express on Sunday, Central bank Governor Rundheersing Bheenick said there were still uncertainties that may affect inflation, including food and fuel prices and this would preclude a rate cut.

"That means that interest rates won't fall further, we don't have enough scope," Bheenick said. Mauritius cut its key repo rate by a surprise 50 basis points to 4.9% in March due to risks to its growth outlook, which it also trimmed to take account of uncertainty in global markets. Mauritius' statistics office has cut its growth forecast for 2012 to 3.6% from 4%, citing a bleaker outlook for key sectors of the economy.

Analysts said the priority should be to stimulate growth. "We should end the year with an inflation rate below 5% which means that we have enough room to cut rates further (then). Our priority this year should remain economic growth," Kishen Nadassen, senior research analyst at Cim Stockbrokers told Reuters. *(Reuters)*

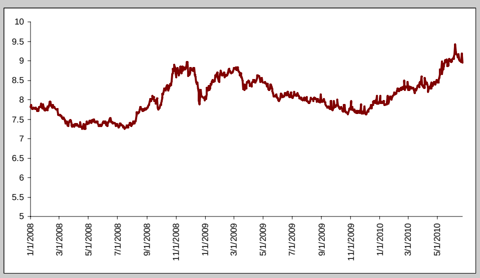
Morocco

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 MASI lost -0.56% to close the week at 10,244.27 points. Gains were recorded in SCE (+24.15%) to MAD 330, Disway (+7.88%) and Ennakl (+5.76%). On the losing front we had Olumes, down -26.50% to MAD 380, Med Paper which shed -17.41% to MAD 25 and Maghreb Oxygene(-11.46%).

Corporate News

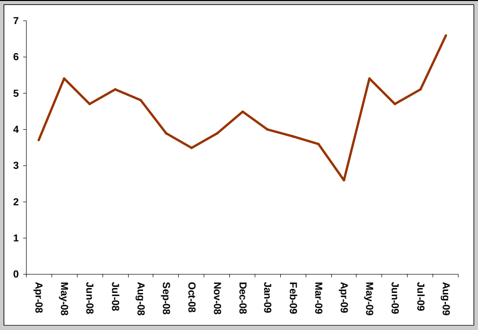
Morocco's leading home builder Addoha Group will start construction of a EUR 20m (USD 25.9m) cement plant this month in Cameroon's economic capital Douala, the company said on Wednesday, in one of its first international ventures. The plant will start up in December and produce some 500,000 tonnes of cement per year, Addoha Group President Anas Sefrioui said over state radio after a meeting with Cameroon President Paul Biya.

He added that Addoha intends to invest in the construction of low cost housing in the central African country "so as to give Cameroonians the opportunity to have comfortable lodgings". He gave no further details that aspect of the project. Addoha is Morocco's top property developer but is seeking to expand its business into West and Central Africa. It said in its most recent earnings statement in March that it is seeking to enter the real estate markets in Ivory Coast and Guinea amid growing demand for housing.

Cameroon currently has only one cement producing company, CIMENCAM, with output of about 1m tonnes from two plants. Nigeria's Dangote Group inked an agreement with Cameroon last year to set up a 1.5m tonne per year cement factory in Douala, though construction work has been delayed due to a legal dispute over land rights. *(Reuters)*

Economic News

No Economic News this week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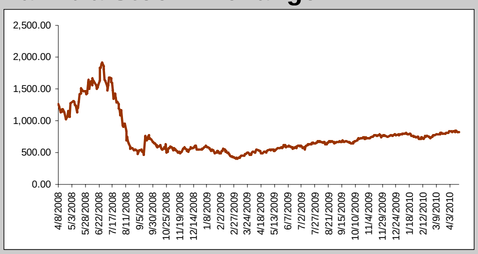
Source: SAR

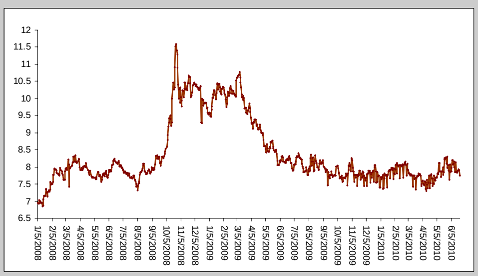
Namibia

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 -0.32% to close at 897.00 points. On the NSX local and DevX, BVN was the only gainer after adding +0.20% to NAD 9.82 while BMN was the main shaker after losing -15.00% to close at NAD 0.17 followed by DYL which shed 11.11% to NAD 0.08 and FSY (-9.71%).

Corporate News

Namdeb has approved an NAD 150m investment to replace its existing Mining Area One (One) recovery plant, with a new state-of-the-art Red Area Complex in Oranjemund. The Red Area Complex is responsible for the final recovery and sorting of diamonds from concentrates produced from the various land-based diamond treatment plants within Namdeb's operations.

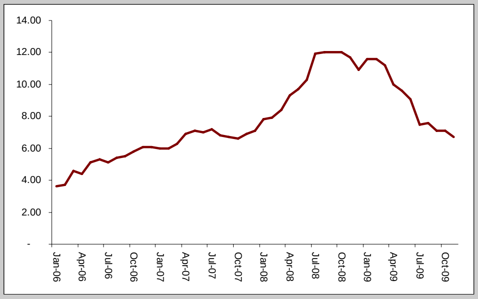
Diamonds are then packaged within the complex and transported to the Namibia Diamond Trading Company (NDTC) in Windhoek. Namdeb says the existing facility was built during the 1960s and is showing its age, despite several upgrades over the years. With the new facility, the potential for improved efficiency of diamond recovery, security of the diamond product and lower costs of annual operation provide very attractive reasons for the establishment of the new complex.

"Namdeb and Debmarine Namibia's entire revenue stream will be processed through the new facility, therefore, the integrity and reliability of this operation is vital for the operations. The NAD 150m committed to this project ensures the longevity of efficient diamond recovery well into the future. This further underlines Namdeb's importance as a significant player in the Namibian economy providing employment opportunities and related economic benefits to the year 2050 and beyond," it stated.

"The plant will consist of the state-of-the-art X-ray machine technology, making use of X-ray luminescent properties of our diamonds to differentiate them from other minerals within the concentrate gravels," read the media statement from Namdeb. It added that the X-ray machine is supported by infra-red driers, ultra-violet sorting machines and conventional hand sorting in order to extract the maximum amount of diamonds for export to NDTC.

Some of the key benefits that the Red Area Complex will bring are: improved diamond recovery efficiencies as a result of technological improvements throughout the process stream; a substantial reduction in the plant footprint, radically lowering the impact that it has on the environment; a safer "Zero Harm" environment for all those involved; reduced potential diamond theft; reduced annual operating costs and continued employment.

CPI Inflation



Source: SAR

"This whole new Red Area Complex demonstrates Namdeb's commitment to continuously improving its operations and creating long-term value for the organisation and in turn for our employees, stakeholders and Namibia in general," said Namdeb's general manager Riaan Burger in a recent statement. The complex will provide employment for approximately 60 people, most of whom will be re-allocated from different sections within the operation, and is planned for completion in early 2013. *(All Africa)*

Economic News

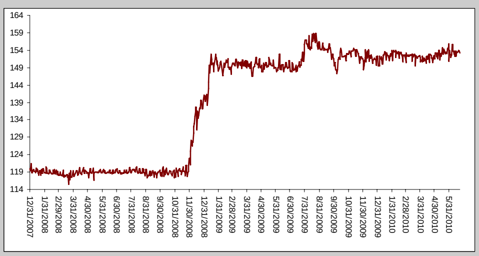
No Economic News this week

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 -0.19% to close at 22,622.44 points. Dangote Flour gained +26.79% to close at NGN 6.01 while Dangote Sugar was up +15.95% to close at NGN 3.78. Other notable gains were recorded in Presco (+15.68%), Union Bank (+14.45%) and Continental Re (+12.33%). On the losing front we had Skye Bank (-3.35%), May and Baker (-13.37%) and NCR (-9.69%).

Corporate News

First Bank of Nigeria (FBN) Plc , has disclosed plans to list its holding company, FBN Holdings, on the Nigerian Stock Exchange, NSE, by the second half of 2012 after getting approval from regulatory authorities and shareholders, just as it recorded a 26% growth in gross earnings for the financial year ended December 31, 2011. Speaking at the presentation of the facts behind its figures on the NSE, Managing Director of the bank, Mr. Bisi Onasanya, said the company is considering canceling the shares of its subsidiaries and transferring it to the holding company which will subsequently be listed on the Exchange.

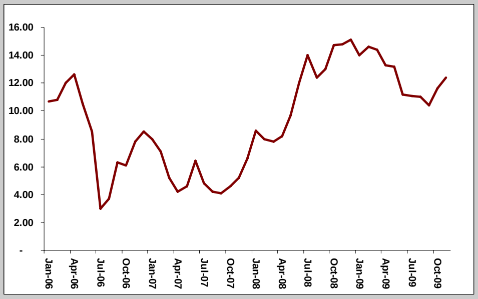
He however, assured that this will be done in accordance with the necessary rules and regulation, after securing the clearance of the regulatory authorities, while ensuring that it satisfies all the necessary conditions. According to Onasanya, “ In deference to Central Bank of Nigeria’s, CBN, policy that banks should divest from their non-core banking operations, First Bank will off load First Registrars and some other subsidiaries, while a holding company will be formed and all the existing subsidiaries, including First Bank, will become a subsidiary of that company.

He said the listing of the holding company will pave way for the delisting of First Bank Nigeria Plc. Onasanya disclosed that the bank’s shareholders will get equal proportion of their shares in the holding company when it is listed, while ensuring that the delisting will be conducted in a manner that is transparent and fair to the existing shareholders of First Bank.

“This will present a better deal for our shareholders, especially as they will get equal proportion of their shares in the new holding company,” he noted Onasany further stated that the new structure will give shareholders the opportunity to own stakes in a bigger company, having a number of subsidiaries.” He said the bank is poised to deliver consistent and good returns to investors and other stakeholders.

While commenting on the financial performance for 2011, the First Bank boss said, “ The bank recorded 27.6% growth in gross earnings to NGN 296.3bn as against NGN 232.1bn in 2010; 45.6% growth in operating income to NGN 259.2bn as against NGN 178.1bn in 2010 ; Non-interest income contribution of

CPI Inflation



Source: SAR

25.6% as against 24.3% in December 2010; 93% growth in profit before tax and exceptional item to NGN 65.6bn as against NGN 34bn in 2010; 48% growth in profit before tax to NGN 50.1bn as against NGN 33.8bn in 2010; Cost to income ratio: 56.8% from 67.0% in 2010."

Other performance indicators show: After tax ROAE 13.0% from 9.6% in 2010; After tax ROAA 1.8% as against 1.4% in 2010; Earning Per Share(EPS) was NGN 1.40 as against NGN 0.95 in 2010; Net interest margin: stood at 8.0% from 6.1% in 2010. *(Vanguard)*

The Asset Management Corporation of Nigeria (AMCON) may list shares of the bridge banks Keystone, Enterprise and Mainstreet on the Nigerian Stock Exchange (NSE). Its Managing Director/Chief Executive Officer, Mustapha Chike Obi, disclosed this on the sidelines at the AMCON Road Show, in Lagos weekend, however, said this was one of the options available to the corporation.

He, however, said the corporation was not in a hurry to sell these institutions because certain procedures, among which are the selection of advisers and valuation of the banks, are yet to be followed. "One of the options available to AMCON is to take these institutions public, so that the Nigerian public can have a chance to invest in them. So, we want to look at all the options before we start thinking of who the ultimate investors would be. It is only on the basis of that advice and examination that we come to the best way of selling these banks.

"In the expression of interest on these banks, I think over 20 different bodies – banks and other investors have expressed interest. We have not got to the stage when we can consider those expressions of interest yet. The process to get there requires: AMCON appointing an adviser that will evaluate and determine the value of the banks, evaluate all the options available to AMCON," he said.

Keystone, Enterprise and Mainstreet banks were the defunct BankPHB, Springbank and Afribank, which were among the intervened banks. Their shareholders had refused to allow new investors to recapitalise them culminating in their liquidation. The AMCON boss, nonetheless, assured that the process for sale of the bridged banks would be very transparent.

"We will make sure that there is a transparent process that every Nigerian will look at and say we have done fairly. We don't want anybody to think that these banks were taken over and handed over to special interests. It must be a very transparent process. "Secondly, AMCON must get the best returns on its investments. We are not a charity organisation; we want the best returns on investment. Thirdly, it must be done in the interest of the financial system. And that is where the Central Bank of Nigeria (CBN) comes in.

We must make sure that whoever takes over these banks, ultimately, is fit and proper to run a bank. We must know where their money is coming from and we must know that the management is going to be sound. So, those are the three things that we want to consider. So, until we get there, we are not in the position to seriously look at any investor interest," he said. On the process for selecting the advisers for the bridged banks, Chike-Obi said the 11 shortlisted parties will soon receive detailed Request for Proposal (RFP).

“In that proposal, we will specify what we want them to do and we will ask them to give us their fees. It is based on the RFP results that we can pick the advisers. So, hopefully, between four and six weeks, we will announce the advisers,” he said. On the health of the bridged banks and why it is taking so long to sell them, the AMCON boss acknowledged that process of selling a bank is not easy. *(Nation)*

Skye Bank Plc said it recorded NGN 27.8bn gross earnings in the first quarter of the year, showing an increase of 12.6% over the NGN 24.7bn made in the corresponding period of 2011. Similarly, the group’s total assets during the review period grew to NGN 996.7bn from NGN 939 last year. The bank’s deposit portfolio rose from NGN 651.3bn at the end of the first quarter in 2011 to NGN 725bn at the end of March this year.

The group’s profit before tax fell from NGN 4.2bn in the first quarter of 2011 to NGN 4.08bn in March 2012. Its loan portfolio increased from NGN 518bn in 2011 to NGN 520bn during the review period. The Net Interest Income after loan impairment charges grew by 18.1% to NGN 12.4bn as against NGN 10.4bn recorded in the previous year. *(Daily Trust)*

South Africa's biggest consumer foods maker Tiger Brands said on Monday it is in talks with Dangote Industries over the Nigerian conglomerate's stake in its flour milling unit. The talks come amid reports that Tiger Brands is bidding for an 80% stake in Dangote Flour Mills, which makes pasta and flour in Africa's most populous country. Shares in Dangote Flour Mill jumped 4.64% to 4.96 naira by 1356 GMT, their highest level in more than six weeks. Tiger Brands was little changed at 288.21 rand.

Johannesburg-based Tiger Brands did not give further details, saying developments would be reported to shareholders. Buying all or part of Dangote Flour Mills would give the maker of bread, breakfast cereal and energy drinks a substantial presence in the Nigerian food market. Dangote has the milling capacity of 4,800 metric tons per day, producing wheat flour, confectionary flour, bread flour and pasta semolina

Banking and company sources told Reuters that Tiger Brands has already done a due diligence and FirstRand's investment arm Rand Merchant Bank is its advisor. (Reporting by Tiisetso Motsoeneng in Johannesburg and Chijioke Ohuo. *(Reuters)*

ConocoPhillips, the largest U.S. independent oil and natural-gas producer, is seeking a buyer for its Nigerian properties in a sale that may fetch USD 1bn. John McLemore, a ConocoPhillips spokesman, confirmed the assets were on the block in an e-mail today, following a report by Reuters. The Houston-based company has an interest in four onshore leases that contributed the equivalent of 45,000 barrels of oil a day last year, according to a Feb. 21 regulatory filing.

Asian companies or local entities may be interested in the Nigerian assets, which could bring an estimated USD 1bn, Pavel Molchanov, an analyst at Raymond James & Associates Inc. in Houston, said in a phone interview. Nigeria production accounted for less than 3% of ConocoPhillips’s daily output in 2011, he said. “It’s definitely one of the least exciting elements of the Conoco asset base,” said Molchanov, who has a market perform rating on the company, the equivalent of a hold, and doesn't own the shares. "I can definitely see why they'd want to exit."

ConocoPhillips is seeking to sell USD 8bn to USD 10bn worth of assets in the next 12 months as it focuses on improving returns, Chief Financial Officer Jeff Sheets said on an April 23 conference call. The company spun off its refining, pipeline and chemical assets into Phillips 66, which began trading this month.

The Nigerian assets also include a stake in a gas-fired power plant and in Brass LNG Ltd., which has plans to build a liquefied natural gas facility in the Niger Delta, according to the U.S. Securities & Exchange Commission filing. ConocoPhillips also has a stake in the Uge oil project off Nigeria's coast. ConocoPhillips rose 1.8% to USD 54.31 at the close in New York. *(Business Week)*

The benefits of the expansion programme of Lafarge Cement WAPCO Nigeria Plc have begun to show as the cement-manufacturing firm posted better-than-expected results for the first quarter(Q1) ended March 31, 2012. Lafarge Cement posted a turnover of NGN 22.614bn in Q1 of 2012, up from NGN 14.198bn in the corresponding period of 2011, showing a growth of 59% above the 2011 turnover figures. Profit after tax soared by 151% from NGN 1.621bn to NGN 4.071bn in 2012.

Commenting on the results, analysts at FBN Capital Limited said the company reported better-than-expected on all headline items. "Sales grew 59% year-on-year to NGN 22.6bn, thanks to the ramp-up of new capacity. Growth on the bottom-line was faster with PBT and PAT accelerating by 184% and 151% year-on-year respectively. Sequentially, PBT growth was 261% quarter-on-quarter, although this was flattered by a soft Q4 2011.

Compared with our forecasts, sales and PBT were 13% and 90% ahead. PAT was only 58% ahead because of a higher tax charge than we were modeling," they said. According to the analysts, the strong sales reflect volume contribution (faster than they were modelling) from Lafarge Cement's new Lakatabu plant, which they said had ramped up production after some preliminary hitches in Q4 2011.

"Management had disclosed that the plant did not fully begin operations until December 2011. We suspect that the company has stepped up its sales efforts, branching out from its core market in the south-west region to other parts of the country including the north, Niger-Delta and south-east," they said. Market operators said given the Q1 performance, which they expected to be sustained in the remaining part of the year, investors should expect a bumper harvest at the end of 2012.

The expansion project, which cost about NGN 75bn affected the level of dividend paid to shareholders while the project lasted. Listing the benefits of the new plant during its inauguration last December, Chairman of the company, Mr. Olusegun Osunkeye, said it would bring NGN 8bn to the nation's economy in form of salaries to employees, taxes to government and dividends to shareholders.

He said the inauguration of Ewekoro II not only made another remarkable milestone in the annals of the company, but also in the economic and industrial development of this great nation and Africa as a continent. “This new plant helps to keep Nigeria self-sufficient in cement. It will create the foundations for future economic development in our country. It will employ, and provide skills for hundreds of Nigerians and it will benefit hundreds more indirectly,” he said.

According to him, in line with Lafarge WAPCO’s commitment to providing local job opportunities, 3,000 people were engaged during the three year construction of the state-of-the-art plant including 2,100 Nigerians. He disclosed that the whole Ewekoro site now employs 1,000 people, 95% of whom are Nigerians.

Speaking in the same vein, the Group Chairman, Lafarge S.A, Mr. Bruno Lafont, said Africa was an important region for the company. According to him, Nigeria is a key country for Lafarge particularly because of the strong bonds the company had built with its customers and communities during the 10 years the company have been operating here.

Lafont said: “We remain fully committed to this country, working in partnership with our customers in providing high quality and innovative products that will add value to their business. Throughout the long history of our operations our products have helped shape the Nigerian landscape and will continue to do so for many years to come.” *(This Day)*

Dangote Cement Plc has reported a profit before tax of N31.6bn for the first quarter of the year. According to the unaudited financial results, the profit rose by 8.9% from the NGN 27.4bn recorded in the corresponding period of 2011. Analysis of the results indicated that operating profits rose by 13.7% to NGN 31.6bn reflecting the higher proportion of locally manufactured cement compared to NGN 27.8bn in 2011 while gross profits for the group was NGN 36.6bn in contrast to N28.8bn. The group achieved strong growth in revenue and profits in the first quarter, with revenues rising from N54.5bn to N64.1bn reflecting an increase of 17.6%. *(Daily Trust)*

Ranbaxy Laboratories Ltd. has revealed it plans to open a new green-field manufacturing plant in Nigeria to further strengthen its presence in the country, CEO and MD Arun Sawhney said in a conference call on Wednesday. The plant, which is expected to take off in 2013, is being set up to upgrade the company's liquid manufacturing capacity and consolidate its position as a market leader.

"It's the company's strategy,” he said. “We will be consolidating our position in the emerging markets and we have selected certain key emerging markets. We can't just keep on growing manufacturing activities only in India. So there are certain strategic locations where we will have to take a decision.” Sawhney also disclosed that Ranbaxy, which has a production plant in South Africa and also opened a facility at Casablanca in Morocco in March, said it wants to "make on-ground presence" and be present in these markets in "some respectable measure”.

"These are the important markets of continent of Africa and emerging markets is our story,” he said. “It is important for us to be present there in some respectable measure. That's the reason for setting up operations there.” The new plant in Nigeria would increase Ranbaxy's liquid manufacturing capacities to about 14m units annually. It will also upgrade its manufacturing capacities to about 100m units of tablets and capsules yearly.

Ranbaxy, India's top drug maker also reported a four-fold rise in quarterly net profit which according to Reuters is helped by sales of its generic version of cholesterol drug-Lipitor in its key U.S market. This sent its shares jumping more than 4.5%. *(Business Day)*

In March 2011, the Federal Government unveiled its gas for industries' agenda, tagged the "Gas Revolution" designed for Nigeria to join the League of Nations which have leveraged on the abundance of natural gas to transform the lives of present and future generations. With the country's proven gas reserve base of 187tn cubic feet and a further undiscovered potential of 600tn cubic feet, Nigeria is positioned to accelerate industrialisation on the back of massive utilisation of gas, thereby creating jobs which will in turn lead to political stability and security.

Globally, natural gas is the most efficient energy source today in terms of heat and energy generation. It is a cheaper, safer and environmentally friendlier alternative, to other forms of energy. The role of gas in national transformation and industrialisation, therefore, cannot be over-emphasised. Countries such as Brazil and Indonesia have used natural gas as a catalyst to develop their industrial sectors and have moved from low value added production to the export of highly sophisticated products such as aircraft.

For Oando Gas and Power, Nigeria's leading indigenous developer of gas and power solutions and one of the companies actively involved in the actualisation of the Nigerian Gas Master Plan, the Federal Government's initiative is a reinforcement of its robust energy programme meant to provide a home-grown solution to Nigeria's energy crisis. The company's focus is to provide greater access to natural gas globally renowned as the catalyst for industrial and economic growth, investing heavily in critical infrastructure.

Having invested over USD 120m in building a robust natural gas pipeline distribution system in Lagos as well as making a success of safely operating the network for years, Oando Gas & Power has now firmly set its sight on establishing a nationwide footprint to its quest to promote the adoption of the cheap, safe, reliable and environment-friendly fossil fuel in Nigeria.

The over 100km pipeline network operated by Gaslink, its subsidiary in Lagos, now has over 100 companies connected and deriving cost effective benefits. Gaslink operates a 20-year Gas Sale and Purchase Agreement (GSPA) with the Nigeria Gas Company. Oando Gas and Power has now spread its gas footprint beyond Lagos to having a presence in the South-South region, when it assumed concessionaire of the Port Harcourt gas distribution franchise. Central Horizon Gas Company (CHGC), a special purpose vehicle to be operated by Oando Gas and Power has been incorporated for the concession.

CHGC will manage, operate and expand the existing natural gas infrastructure at TransAmadi to Choba, Airport, New UST area of Greater Port Harcourt City, Abuloma, Heliconia Park (Eastern bypass), Reclamation Road and its environs. The existing gas pipeline has a throughput of about 40mmscm/annum which currently serves a significant number of customers. The distribution pipelines supply 100% of natural gas used by industries in Trans-Amadi including Nigerian Bottling Company, First Aluminum Company, Stallion Foods, etc. BusinessDay's investigation reveals that Oando Gas and Power are now developing the feasibility for the expansion programme.

According to Bolaji Osunsanya, CEO, Oando Gas and Power, who spoke during the hand-over ceremony in Port Harcourt, the concession is a “major milestone in our quest to build Nigeria’s largest natural gas pipeline grid.” He further said, “Our target is to replicate the success recorded on the Lagos natural gas distribution operation in other parts of Nigeria and West Africa. We are confident we can build sub-Saharan largest gas distribution grid in Nigeria. We are aggressively pursuing the realisation of this proposition.”

On November 21, 2012, Oando Gas and Power once again demonstrated its commitment to its goal of expanding access to natural gas pan-Nigeria, as it commissioned a 128km natural gas pipeline system in Calabar, Cross River State. Another special purpose vehicle, East Horizon Gas Company Limited was set up to develop and operate this natural gas pipeline system that would supply gas to UNICEM Cement factory at Mfamosing, Cross River State, from an existing Nigerian Gas Company pipeline in Ukanafum, Akwa Ibom State.

The pipeline facility further positions industries and other end-users in both states to access the benefits of adopting natural gas. The 18-inch, 128km pipeline project was delivered on the back of world-class engineering feat. The project team successfully traverses forests, swamps and built-up areas as well as eight major rivers were successfully carried out without disturbance to the aquatic life, accomplished through the use of Horizontal Directional Drilling (HDD) during project construction.

Wale Tinubu, group chief executive, Oando PLC, said at the unveiling of the facility: “This natural gas pipeline project reinforces our ideology at Oando that Nigerians are capable of delivering ingenious world-class solutions to the challenges facing us as a nation.” In furtherance of its expansion plans, Oando Gas and Power, late last year entered into agreement with the United States Trade and Development Agency (USTDA) to jointly fund a feasibility study toward the development of an interstate natural gas transportation pipeline from the Excravos-Lagos Pipeline System to other southwest states.

The study is meant to evaluate technical and economic considerations for the development of a natural gas pipeline originating in Sagamu in Ogun State and passing through Ibadan (Oyo State) and Ilorin (Kwara State) before terminating at Jebba, Kwara State. The pipeline will also have extensions to the adjacent states of Osun and Ekiti. A source from the company said the development was in line with the current drive by the Nigerian National Petroleum Corporation (NNPC) to boost domestic gas supply under the Nigerian Gas Master Plan.

Commenting on the partnership, Osunsanya, said, “The USTDA assistance provides the much-desired boost to our aspiration to develop the Nigerian Gas Grid and in so doing, support the Federal Government in achieving its gas revolution agenda.” Commenting further, he said, “Oando Gas and Power continues to seek opportunities to expand its gas infrastructure to reach more industries through pipeline distribution grid and Compressed Natural Gas (CNG) stations.”

In his contribution, Stafford stated, “The US Trade and Development Agency (USTDA) is pleased to partner Oando Gas and Power Limited on this important project, which will be of mutual economic benefit to the United States and

Nigeria, and will serve to facilitate trade and strengthen our countries' economic ties." In addition, BusinessDay's investigation reveals that Oando Gas and Power is currently developing a Compressed Natural Gas (CNG) facility in Lagos.

The CNG facility will deliver natural gas in compressed form, bottled in huge cylinder vessels to customers that wish to adopt natural gas as fuel but are outside the gas pipeline coverage. It will also be used to serve customers that have been unable to connect to the gas pipeline grid due to inability to meet the cost of pipeline connection. *(Business Day)*

Nigerian billionaire Aliko Dangote said his conglomerate needed to spend USD 7.5bn over the next four years to expand operations in a range of sectors. "We are going into something big. We are going into mining, petrochemicals, cement and infrastructure," he said on Thursday on the sidelines of the World Economic Forum. "We need to spend USD 7.5bn in the next four years. So, definitely, we need a lot of concentration."

Dangote said this changing focus was one of the reasons he was looking for a partnership for his flour business, Dangote Flour Mills, with Tiger Brands, South Africa's biggest consumer foods maker. "We are actually trying to have a partnership between us and Tiger Brands," he said. "We believe they are much better than us in terms of the retail business."

Banking and company sources have told Reuters Tiger Brands was bidding for an 80% stake in Dangote Flour Mills, which makes pasta and flour in Africa's most populous country. Buying all or part of Dangote Flour Mills would give the maker of bread, breakfast cereal and energy drinks a substantial presence in the Nigerian food market. Dangote said a deal was about partnership, not offloading assets.

"We are not selling. If it was to raise money, we would have ... sold the whole business to them. But no. What we are trying to do is actually to have them so that we can now enjoy the downstream of the business," he said. Nigeria's population of more than 160m is a massive potential retail market, although corruption and the government's focus on oil exports still deter many investors.

Dangote said he hoped to list his USD 11bn cement company on the London stock exchange by the third quarter of 2013. Dangote Cement trades on the Nigerian stock exchange and is West Africa's largest listed company. *(Reuters)*

Nigerian billionaire Aliko Dangote said on Thursday he was aiming to list his USD 11bn cement company on the London stock exchange by the third quarter of 2013. "If the market is good by next year, we will hit the market, sometime. Maybe third quarter ... we will try," he said on the sidelines of the World Economic Forum in Addis Ababa. *(Reuters)*

As part of its financial inclusion strategy, the Central Bank of Nigeria (CBN) has said it aims to achieve a total number of 63m users of banks' savings account product by 2020, from the 21m it was last year. The apex bank, which planned to achieve this target in conjunction with the commercial and microfinance banks (MFBs), said the target required a 12% compound annual growth rate (CAGR) from 2011 to 2020.

These targets formed part of the CBN's "National Financial Inclusion Strategy," posted on its website. The regulator had set an initial target of 39m users of savings product by 2015. It added: "A significant burden on increasing savings is the current Know-Your-Customers (KYC) requirements for opening and maintaining bank accounts. This issue must be addressed. "To support the target picture for financial inclusion in 2020, the number of bank branches will need to increase from 5,797 in 2010 to 10,000 in 2020. The number of Automated Teller Machines (ATMs) will need to increase from 9,958 to 62,440 and the number of Point of Sale (PoS) devices from 11,223 to 400,000.

A mobile agent network of 65,000 agents will also be required by 2020." The CBN however, expressed concern over the low credit penetration in the country. While the country had only two% access to formal credit, according to the report, Tanzania – 16%, South Africa had 32%. "With its 15 loan accounts at commercial banks per 1,000 people, Nigeria pales in comparison with Malaysia, which has 963 loan accounts per 1,000 people. Outside of South Africa, where insurance penetration is 30%, insurance penetration in Africa is relatively low.

"However, Nigeria's insurance sector performs poorly even compared to its African peers, with just 1% penetration. Poor insurance literacy and a lack of trust are considered the major factors keeping the use of insurance in Nigeria low. Significant intervention is required in order to reverse the current trend," it revealed. The 117-page document, which was prepared by the Roland Berger Strategy Consultant team, outlined the branch model, retail agent led model, mobile payment led model and the client empowerment model, as some of the strategies it intends to use to achieve its 2020 financial inclusion targets.

The report stated: "The Branch model is the model of banking that exists in Nigeria today. It relies on traditional bricks-and-mortar branches as the dominant channel for delivering banking services. "The preferred model is a combination of all five models. It leverages existing global best practices to increase financial inclusion to target levels.

It focuses on technology-driven, low cost channels that can be deployed easily to ensure that access is significantly increased in a way that is profitable for both the providers of financial services and end users. "The preferred model would require 4,100 branches, 3,400 mini-branches, 51,800 ATMs, 122,000 retail agents and 55,200 mobile agents." *(This Day)*

Economic News

Nigeria's interbank lending rates jumped this week to an average of 13.91%, from 11.83% last week, after the central bank issued about NGN 90bn (USD 572.79m) worth of treasury bills to mop up excess liquidity. Nigeria's central bank conducts such open market operations (OMO) regularly as part of measures to curb inflation and control money supply.

Traders said the central bank has been conducting OMO for the past week after about 300bn in budgetary allocations was disbursed to government agencies, in a move to reduce impact of money supply on price stability. "As long as this continues, cost of borrowing will gradually inch up," one dealer said. Dealers said the market opened with a cash balance of about 131bn naira on Friday, compared with 331.81bn naira last week on Friday.

The secured Open Buy Back (OBB) climbed to 13.50% from 11.50% last week, 150 basis points above the central bank's 12% benchmark rate, and 3.50%age points above the Standing Deposit Facility (SDF) rate. Overnight placement traded at 14%, compared with 12% last week, call money closed higher at 14.25%, from 12% last week. "Other cash outflows to foreign exchange purchases and other transactions are expected to further drain liquidity from the system," another dealer said. *(Reuters)*

The Eurobond capital raising exercise by some Nigerian banks makes the industry vulnerable to foreign exchange risk, say financial experts. “By issuing foreign currency denominated debt instruments, Nigerian banks are exposing themselves to foreign exchange risk,” Mr. David Adonri, Chief Executive Officer, Lambeth Trust & InvestmentLimited told Financial Vanguard.

“Despite the fact that foreign bonds offer lower rates, it is not devoid of risk. These banks are going to be faced with foreign exchange risk over the life of the bonds when issued,” said Mr. Jide Nwaogwugwu, Head, Research, Dunn Loren Merrifield Limited. The experts are of the view that the capital raising exercise will put the Nigerian economy at risk, as it exposes the banks to foreign exchange risk and other risks associated with external borrowings.

However, they said the decision by the banks to raise funds from the international financial market is not a pointer to the fact that the banks have problems, but a reflection of the strength and credibility of the institutions. A number of Nigerian banks have announced plans to shore up their capital base by seeking funds from the international financial market and multilateral institutions.

Skye Bank had, a couple of weeks ago, raised USD 100m (NGN 16bn) from a multilateral institution at a floating coupon rate of 6.3% for seven years. Chief Executive Officer/Managing Director, Skye Bank, Mr. Kehinde Durosinmi-Etti, said the bond issuance programme is aimed at boosting the bank’s capital base, adding that the exercise will add about two% to its capital adequacy ratio.

While also announcing its interest to raise foreign denominated bonds, Diamond Bank said it would seek the approval of its shareholders at its next annual general meeting, to raise USD 200m (NGN 32bn). The bank said it would target strategic investors including the subsidiary of the World Bank, the International Finance Corporation, IFC. According to reports, other banks that have already raised funds or indicated interest to access the international financial market for bonds issuance programmes are Guaranty Trust Bank (GTB) Plc, United Bank for Africa Plc and First Bank of Nigeria Plc.

A couple of years ago, a number of Nigerian firms having transactions with the international financial market had their profits eroded following the devaluation of the naira. Prominent among the companies are Flour Mills Nigeria Plc, which in recorded foreign exchange loss of NGN 6.2bn, while its subsidiary, Nigerian Bags Manufacturing Company Plc, BAGCO, recorded a loss of NGN 246m in respect of a foreign currency denominated facility.

Telecommunication firm, Starcomms Plc, also had its profit eroded, with unrealised foreign exchange losses among other factors accounting for its NGN 1.1bn loss before taxation. The quest to raise funds from the international market, according to analysts, is as a result of the collapse of the Nigerian capital market and the prevailing high interest rates in the bond market.

Mr. David Adonri, Chief Executive Officer, Lambeth Trust & Investment Company Limited, said that by issuing foreign currency denominated debt instruments, Nigerian banks are exposing themselves to foreign exchange risk. He expressed skepticism about the ability and preparedness of the banks to manage the risks associated with seeking funding from the international market.

He said: “By issuing foreign currency denominated debt, Nigerian banks are exposing themselves to foreign exchange risk. There are benefits attendant to issuing foreign debt but because repayment is in foreign currency, it is suited for enterprises that earn substantial portion of their income in hard currency.

“If exchange rate stability is assured, the banks can actually make fortunes by just using the cheap foreign debt to finance the high-yielding domestic debt the government is insatiably issuing.” Continuing, Adonri, stated, “More foreign denominated bonds would reduce the current excessive pressure on the domestic debt market with positive impact on interest rate.”

He argued that it will encourage foreign investment flow to equities, as a result of hard currency inflow that will ultimately strengthen the naira. “Any foreign currency denominated corporate bond issued by a local company imposes exchange rate risk on the issuer. However, due to the high cost of issuing debt in Nigeria, there is justification for a local issuer to take advantage of the lower interest rates prevalent in the international capital market,” he said.

According to him, the quest was in consistent with normal banking business, saying, “Most of the banks are issuing the foreign bonds to finance domestic infrastructure development with potentials for profitable returns. This type of capital aggregation and subsequent inter-mediation by banks is consistent with the normal course of banking business,” he maintained. He, however, said: “It would be a positive development for the economy if exchange rate stability is maintained so that the exchange rate risk is minimized.”

In his own view, Mr. Jide Nwaogwugwu, Head, Research, Dunn Loren Merrifield Limited, argued that despite the fact that foreign bonds offer lower rates, there are risks involved. According to him, these banks are going to be faced with foreign exchange risk over the life of the bonds when issued.

“In the long run, it is not in the best interest of the economy. However, we should continue our call on the regulatory body, the Monetary Policy Committee, MPC, to look into the downward review of the Monetary Policy Rate (MPR) which currently stands at 12.00%,” he noted. Nwaogwugwu also added that the banks need funds to increase their capital base and fund their various planned pan-African expansion, noting, however, that ideally, the money would have been sourced locally through the issuance of domestic bonds.

According to him, the current high interest regime, however, makes sourcing funds locally less appealing as it translates into raising money at rates ranging from 18% to 20%. “This has led to a quest to issue foreign bonds at lower rates ranging from 5.50% – 8.00% given that the FGN Eurobond which serves as a benchmark for Nigerian corporates is trading at circa 5.00%.”

Mr. Wale Abe, Executive Secretary/Chief Executive Officer, Financial Markets Dealers Association, FMDA, said despite the risks involved, international fund raising does not signpost any bad news, neither does it tell anything about the state of those banks. According to him, a bank is to raise liabilities through a combination of instruments short-term and long-term. "Deposits are usually short or long-term liabilities by way of long-term borrowings using instruments like public offers and debt instruments like bonds.

Indeed, if the banks succeed, it is to tell you that the investors have confidence not just in Nigerian banks but the economy in general, because the banks must pass certain quality ratings to make them attractive enough. International investments are based on credible and transparent standards and ratings. For any bank to think of it therefore, it must have what it takes to qualify it to approach the international debt market," he said.

Also reacting, Mr. Tola Odukoya, Vice-President, Investment Research at Dunn Loren Merrifield, said: "I do not believe that raising finance from international markets via eurobonds suggests that the banks have problems. In my opinion, the opposite is the case. This is because raising capital from international investors requires more disclosures and rigorous analysis of the issuer, including a credit rating by any of the global rating agencies.

"Therefore, I doubt if any weak institution will be able to successfully raise funding from the international financial markets, rather it is the relatively strong ones that can execute this successfully. Beyond this, you will recall that the two banks that have successfully raised funds via Eurobonds- First Bank and GTB – are two of the top five banks in Nigeria. However, the trend could also be an indication of the effects of the prevailing high domestic interest rate, which is a strong disincentive to potential issuers of long-term debt," he said.

Sourcing funds from the international market, according to Mr. Oluseye Adetunmbi, Chief Responsibility Officer, Value Investing Nigeria Limited, should not be seen as a symptom of unhealthiness in Nigerian banks. "Soludo's intervention has since addressed the issue of health of Nigerian banks. It is either an actual seeking of funds to meet an increasing domestic business needs of the banks or for the purpose of broadening the scope of the banks' operations on the international frontiers.

"Remember that the kind of bond window being explored is a structured international bank. To venture exploring raising capital in the first instance is a sign of strength. If these Nigerian banks are not healthy, they won't be looking at international bond market that will do due diligence on the issuer before exposing their market to such investment." Commenting further, Adonri said from available data, the banking industry is in good health, adding that their risk assets are now generally centered on high-yielding gilt edged government securities.

"There are also emerging opportunities in the economy that the banks can finance with longer tenor funds. The potentials of infrastructure finance are currently begging to be exploited profitably. Due to collapse of equities primary market and the high cost of issuing long- term domestic debt, it is cheaper for Nigerian banks to access long-term funds from the international capital market," he stated.

For Mr. Johnson Chukwu, Managing Director/CEO, Cowry Assets Management Limited, the major cause of the new quest by banks to float Eurobonds is lack of depth of the Nigeria capital market. He explained that the 'haircut' the local banks suffered in the assets they sold to Asset Management Corporation of Nigeria, AMCON, may have affected their liquidity position and their ability to create risk assets, saying that by raising bonds from the international market, the banks would be reflating their balance sheet and repositioning for new business opportunities in the power and infrastructure sectors.

Chukwu maintained that since the major institutional investors in the capital market local banks and Pension Fund Administrators (PFAs)- are averse to banks' bonds, interested issuers prefer to use the foreign market to meet funding needs. "Presently, the major institutional investors in the Nigerian fixed income market are the banks and the Pension Fund Administrators. While banks may not be keen on investing in other banks' bonds, the PFAs currently prefer FGN bonds, which are giving them yields of more than 15%. This leaves the banks that intend to issue bonds to look for alternative markets to raise funds," he stressed. *(Vanguard)*

Nigeria may have started to count the gains of the probe into the Petroleum Support Fund as well as the partial removal of subsidy on petrol with the 40% drop in oil imports recorded in the first quarter of the year. The development which is said to have reduced pressure on the nation's foreign exchange reserves is also said to be capable of raising the trade surplus to 12.5% of GDP. The disclosure was made by the international investment and financial advisory firm, Renaissance Capital, in one its recent macroeconomic updates.

According to Rencap, "Since the partial removal of the subsidy, petroleum imports have fallen by 40%. If we go by the latest trade numbers for the year to September 2011 and assume a 40% reduction in total fuel imports, which were equivalent to 16% of total imports, this implies a 6-7% decline in the value of total imports.

"In our estimates, this would have improved the trade surplus by about 1.5%age points to 12.5% of GDP and raised the current account surplus to about 9.5% of GDP, from a provisional estimate of 7.7%." Rencap stated that the marginal improvement recorded in the management of the nation's external reserves was largely brought about by the latest policy on fuel subsidy.

"We think the partial removal of the subsidy partly explains the USD 4.1bn increase in foreign exchange reserves year-to-date to USD 36.5bn and naira stability, compared with the depreciation recorded in 2011." "However, there are other factors in play," Rencap noted. Economic watchers had expected the fall in oil imports would help to moderate import-induced inflation, however, Rencap warned that factors like the rise in civil servants wages, the rise in the price of petrol to NGN 97 a litre, and the corresponding rise in consumer aggregate demand may result in stronger inflation in the near term.

According to the firm's report, subdued aggregate demand in the first quarter of 2012 was due to the delayed rollout of wage payments. "Civil servants' wages were delayed for 1.5-2 months in the first quarter of 2012. "This was due to a technical glitch that stalled wage payments as the government tried to implement one of the key policy measures made in January to demonstrate to labour that the government would share the burden of the partial removal of petrol subsidy, which was the cutting of political office holders' basic salaries by 25%.

"We are of the view that the delay in wage payments subdued aggregate demand in early 2012, and in so doing, countered some of the inflationary impact of the petrol price hike, the report said." However, it pointed out that as civil servants' wage payments have now resumed, it expects this to result in stronger aggregate demand and reflect through stronger inflation. "We think this partly explains the marginal spike of month-on-month inflation in March."

Rencap was of the opinion that inflation is likely to breach the upper band of the Central Bank of Nigeria's 11-14.5% target for the second half of 2012, before moderating towards 13-14% by the end of 2012. "We think a spike in inflation is likely in the second half but we are of the view that the CBN will refrain from tightening, given that this increase is likely to be temporal," the report stated.

The report explained that the drop in the value of petroleum imports may also partly reflect the impact of oil marketers' holding off fuel imports with the intention of observing how the subsidy issue would unravel. It warned that should petroleum import demand begin to rise, the attendant pressure on the nation's foreign reserves would create the perfect excuse for the monetary authorities to maintain a firm grip on interest rates. "This implies that as import demand picks up, the growth of foreign reserves may slow, which is negative for the naira. We think there is a risk that a pick-up in petroleum import demand may slow the build-up of reserves in the short term, but not reverse it.

"Given this risk, we expect interest rates to remain high for longer as a pre-emptive policy to sustain a stable naira, which we expect to edge up towards the upper band of the Central Bank of Nigeria's NGN150-160/USD 1 target band towards the end of 2012." On the government's expansionary stance, Rencap said that in order to moderate the rate of inflation, fiscal spending needs to be reduced in real terms to prevent the deficit from widening. But this, the company observed, might be a tall order.

"We think spending pressure, including the petrol subsidy, will undermine plans for fiscal contraction and slow domestic borrowing to NGN500bn by 2014, from NGN 745bn in 2012." Rencap pointed out. Explaining the impact of the rising price of oil, the company stated that already, half the 2012 budgetary allocation for petrol subsidy has been spent. "There is significant concern that maintaining the petrol subsidy is not sustainable, particularly in a relatively high oil price environment.

"50% of the budget allocation for this year's petrol subsidy, of NGN 888bn, has already been spent. Some are of the view that if the subsidy allocation were to run out, this may compel the government to institute another petrol price hike before the end of 2012. "This suggests, to us, that there is a small risk of rising petrol prices in the short term, which would have inflationary implications and be negative for consumer stocks.

"If the current rate of consumption of petrol continues, the government will have to tap into the excess crude account, thus undermining the accretion of savings and will be contrary to the aim of fully incorporating the subsidy element in the NGN 4.88tn budget," the investment firm noted in its macroeconomic update.

(Nation)

The Federal Government yesterday said the nation requires about 135,000 MW of electricity to power the economy, adding that to achieve this, the country needed about 15 times of what is being generated. Minister of Power, Prof. Barth Nnaji, disclosed this at a one-day Presidential Workshop with the theme: "Dismantling barriers to achieving our power sector vision", held at the Banquet Hall of Presidential Villa, Abuja. It was chaired by President Goodluck Jonathan.

The workshop was aimed at ensuring the alignment between Ministries of Power and Petroleum Resources and is about fleshing out issues that are impeding progress in the power sector and aligning them and also getting stakeholders so that Nigerians will see changes in the power sector. Nnaji said the country would exploit methods of fuel for power generation, gas, hydro, coal, wind and solar to achieve the target, adding that the baseline of power generation was 3,600 MW out of the 5,700 MW available capacity.

The Power Minister listed non-availability of gas, lack of proper maintenance, water management issues and transmission constraints as factors responsible for their inability achieve maximum capacity. He assured that there would be improvement in the power generation and distribution in the short time, the medium term and in the long term, disclosing that the Federal Government had signed USD 1.5bn Agreement with the US Export and Import Bank on power sector financing.

He also disclosed that two power giants, General Electric and Siemens, had signed memorandum of understanding with his Ministry to build 10,000 MW power plant in the country. Minister of Petroleum Resources, Mrs. Diezani Allison-Madueke, said the challenges in the power sector was as a result of "gross misalignment'' in terms of gas supply to power plants. *(Nation)*

Nigeria's recurrent expenditure has increased to about 74.4% from 65% within the period of 2006 to 2011, the Minister of Finance, Dr Ngozi Okonjo-Iweala, has said. Speaking recently in Abuja at the ministerial platform in commemoration of National Democracy day 2012 and first anniversary of President Goodluck Jonathan in office, the minister said that if the country keeps on with the trend, it will have less money to spend on roads and other infrastructures.

She said: "The first time in 2006 when I was the finance minister, our recurrent expenditure was 65% of the total expenditure but some six years now our recurrent is about 74.4% and one of the things I pointed out was that if we keep that trend going it means we will have less and less to spend on roads and others and that desire for us to invest more on infrastructures can only happen if we moderate what we are spending on other aspects of our budget."

Ngozi said that one of the things she would deliver is to cut down on spending on overhead and personal costs so that the country can put more money on capital expenditure. She said that the objective of government this year is to try and use the recurrent spending within the medium term and, next year to bring it back to 65%. She said: "When we started on this note by cutting down in this budget, the recurrent came down to 71% so this is just the first year of doing that and we are convinced that the more we go next year and the next we will be able to put more money on capital. *(Daily Trust)*

Federal Government has set a target of 50% internet speed by 2015, the Minister of Communication Technology, Mrs. Omobola Johnson, has said. She said the need to pursue the broadband speed target has become necessary because Nigeria currently has the lowest speed in Africa. She said: "One of the key goals in our broadband agenda currently is to achieve one national network capable of delivering broadband speed of not less than 50% of the average speed available worldwide at the consumer end within the next five years."

According to the minister, Nigeria has internet penetration of 28%, representing 45m internet users, but only 9%, totaling 14.5m people are actually subscribers and broadband penetration is at a mere 6%. She said: "Even though access to broadband using mobile phones is increasing, what this statistics tell us is that most Nigerians still access the internet through public venues. Today, we have one of the highest costs of access in the world." *(Daily Trust)*

The director- general of the Bureau of Public Enterprises (BPE) Bolanle Onagoruwa has said that Nigeria's power sector privatisation process is on track. Onagoruwa gave the assurance in a presentation she made to the American Business Council (ABC) on the investment opportunities and current status of privatisation in the power sector held in Lagos.

She said that the need to privatise the power sector was driven by Nigeria's low generation, distribution and transmission capacity, as well as the bloated and inefficient power sector workforce put at 48,000 people, the lack of commercial orientation by PHCN (Power Holding Company of Nigeria) and the poor corporate governance and opaque balance sheet of PHCN.

"The Privatisation of the PHCN successor companies is proceeding as planned, industry documents were issued to bidders on March 30, 2012, new tariffs are expected to come on stream in June, 2012, Gas prices are being transitioned up to export parity by 2015, and we are working closely with the World Bank to put in place a Partial Risk Guarantee (PRG) for the power sector" she said.

The BPE boss also said in her presentation that three methods had been approved by the National Council on Privatisation (NCP) for the privatisation of PHCN, which are core investor sale, management contract, and concession. The generating companies (gencos) are slated to be sold 100% to core investors, Manitoba hydro International of Canada has emerged as the new management contractor, and the hydro generation companies, Kainji and Shiroro are scheduled for concession.

The BPE received 331 expressions of interest last year and shortlisted 207 companies to participate in the process, among which are Dangote Industries Limited, Tata Group, Oando and Essar Group of India. The power sector reform agenda has undergone several milestones since the enactment of the electricity reform act of 2005, which include the unbundling of the PHCN into 17 successor companies, establishment of the Nigerian Electricity Regulatory Commission (N.E.R.C), setting up of the commercial framework for the sector and the bulk trader, and the expected opening of financial bids and declaration of winners in October.

There are however numerous challenges that remain, which according to an industry source will make the reform agenda unworkable. “Government has to get out of the power business in Nigeria, there are power plants being built with no source of gas or means of evacuating the power, in terms of transmission lines, meanwhile series of overlapping contracts have been awarded in the last five years to provide these infrastructure, and this is replicated across the whole country. It seems to me that the end game for government is to just award contracts.”

Another problem is that some of the power plants cannot access the partial risk guarantee of the World Bank, due to their inability to pass the banks Environmental Impact Assessment (E.I.A). “What this means is that generating companies (gencos) may find it difficult to sign a Power Purchase Agreement (PPA) or sell the power they generate without that guarantee”, another source told BusinessDay.

President Goodluck Jonathan on Monday warned the BPE not to toy with the power privatisation timetable, promising that the process would be devoid of political manipulation. “We do not want to hear any story again. The BPE must follow issues to the letter and strictly, with the dates. We have agreed that it is only through privatisation that we would get to where we want to go and in doing that, let me use this opportunity to warn that I do not want to hear that they have been influenced by politicians.”

Nigeria, with a population of 160m people is estimated to need about 40,000 Mega Watts (MW) of electricity over the next decade, but currently has less than 6,000 MW of available capacity, leading to costly blackouts that have kept the Nigerian economy from growing at its full double digit potential for years. Nigeria needs USD 10bn a year, or up to USD 100bn of new capital investments over the next ten years, to meet its power sector needs, the Power minister also stated recently. *(Business Daily)*

If right policies are put in place and multiple taxation and other challenges in the industry are addressed, telecommunications will by 2015 contribute about USD 190m (NGN 29.5bn) to the Nigeria Gross Domestic Products (GDP). This projection was made yesterday by the Chief Executive Officer Mr Rajan Swaroop at the fourth edition of the West African Information and Communications Technology Congress (WAFICT) in Lagos. Mr Swaroop was represented by Mr. Osondu Nwokoro, the Regulatory Affairs Director.

In a paper titled ‘Multiple taxation and Over regulations in the Telecoms sector: challenges and remedy,’ he explained that service providers have provided closed to 3m jobs and invested well over USD 16bn (NGN 2.5tn) in the Nigerian economy. According to him, the telecoms sector is a key enabler of economic growth if the industry is allowed to thrive. He warned that care must be taken by relevant agencies of government not to push telcos out of the market.

Swaroop explained that telecoms operators may be forced to slow down investment in the country if current trends on multiple taxation, over regulation, vandalisation of infrastructure and other problems persisted. He pointed out that government would be the loser to multiple taxation because the taxes most often go into private purse rather than government.

He said, “Federal government has a key role to play where it concerns telecoms infrastructure. These should be seen as critical equipments just like pipelines, PHCN and old Nitel. Once it is seen otherwise, no MDA will shut down base stations at will, which in most cases have adverse effects on quality of service.”

Meanwhile, the Executive Vice Chairman of the Nigerian Communications Commission, (NCC), Dr Eugene Juwah in his keynote address said pricing and inland availability are challenges militating against broadband penetration in the country. He noted that Nigeria was the fastest growing telecom market in the world adding that the country is also moving fast towards the cloud since internet has become an infrastructure where information or data are shared.

He said, “This is a model that provides a framework for sophisticated infrastructure sharing. Using this model, the broadband infrastructure market structure will be unbundled into three layers; passive, active and the retail layers. This structure will ensure vibrancy in the market and prevent dominance as no company will be allowed to play in more than two of the service layers and the equity participation in bidding consortiums for the licenses will be controlled.” *(Daily Trust)*

The Financial Market Dealers Association (FMDA) has said that the total value of treasury bills subscription in April increased to NGN 1.014tn as against the NGN 803.38bn recorded in March. The FMDA disclosed this Tuesday in its monthly financial and economic report for April. It also revealed that yield of the primary and Open Market Operation (OMO) auction depressed during the month, due to demand pressure from both local and international institutional investors.

It also showed that the Central Bank of Nigeria (CBN) sold NGN 324.27bn worth of bills as against the NGN 332.23bn bills in March 2012. “Subscription in the month leapt to NGN 1.014tn against NGN 803.38bn in the previous month. Sales dipped marginally but rose for public subscription as a result of increased auction session for 364 days bills which is usually once in a month.

“At the first and second auction in the month under review, 91 days stop rates eased from 14% to 13.849%; 182 days stop rates decreased from 14.94% to 14.50%, while, 364 days bills depressed to 14.64% from 15.07%,” it added.

At the OMO, which is done periodically, to tame increased fiscal disbursements, the CBN sold NGN 304.18bn as against NGN 491.59bn sold in March in tenors ranging from 118 days – 357 days. “Total public subscription (at the OMO) stood at NGN 973.64bn, relative to NGN 1.19tn in March. The decrease in the amount sold and public subscription can be hinged on reduced inflows relative to the preceding month.

“Judging by inflow and outflow dynamics (primary market auction and OMO combined), the month recorded NGN 539.31bn against NGN 365.52bn in March. The net withdrawal stood at NGN 89.14bn relative to NGN 458.30bn recorded the previous month,” it added. It also said that banks’ deposit and lending rates were unchanged for savings figures as it averaged at 2.3335%; same rate as the previous month.

“Other tenured funds ranged between 3.5762% - 8.1817% for 7days to 364 days money. On the lending segment, rates for the prime structured loan stood at monthly average of 17.9727% to record approximately zero change relative to March 2012; while the normal structured loan rose to 20.8381% from 20.8097%," stated.

FMDA predicted that the inflation rate outlook remained uncertain, because the March inflation figure defied the huge quantitative tightening The report also forecast that: "Fixed income market price/yield is expected to be influenced by the regulatory direction. Foreign exchange market is expected to be stable owing to the rising foreign reserve." *(This Day)*

Nigeria plans to sell NGN 70bn (USD 444.59m) worth of sovereign bonds ranging between 5 and 10 years at its regular auction on May 16, the Debt Management Office (DMO) said on Thursday. The debt office said it would sell NGN 35bn each in the 5-year and 10-year paper with term-to-maturity of four years and 11 months and nine years and eight months, respectively.

Both bonds are due to mature in 2017 and 2022 respectively and are re-openings of previous issues. "The DMO reserves the right to alter the amount allotted in response to market conditions," The debt office said in a statement sent to Reuters by e-mail.

Nigeria, Africa's second-biggest economy after South Africa, issues sovereign bonds monthly to support the local bond market, create a benchmark for corporate issuance and fund its budget deficit. *(Reuters)*

The National Economic Council (NEC) yesterday approved NGN 50bn to subsidise the new electricity tariff tagged -Multi-Year-Tariff-Order billed to commence in June across the country. NEC also stated that stable power supply would reduce the personal cost of doing business by 40% and return fleeing manufacturing concerns to Nigeria.

Briefing State House correspondents, Governor Peter Obi of Anambra State alongside his colleagues from Cross River Kaduna and Central Bank Governor, Sanusi Lamido Sanusi, said the decision was reached after Council considered a presentation by the Chairman of the Nigerian Energy Regulatory Commission, Dr. Sam Amadi on the proposed five-year tariff plan, which is designed to enable investors recover their cost.

The proposed benefits of MYTO, he stated, includes low electricity tariff for the poor, guaranteed energy efficiency and N50bn subsidy component for the next two years and free full metering of all customers between 12 and 16 months to ensure that every customer is billed according to use. Other merits include provision of access to energy-saving bulbs, which can reduce cost of consumption by 40% and lifeline customers (low users in cities and villages) to pay less with no metre maintenance fee or fixed charges".

On plans by some Nigerians warming up to fight the increase of tarrif and the fact that most Nigerians pay for what they do not consumed, Obi said: "All these things will end. There is going to be a decrease and increase. There will be a decrease for the low users and the poor people within the cities and the rural areas and there will be increase for the high users. But in the end, nobody is going to invest like they are investing in Ghana, in Chad and everywhere unless we do something because if you are a business man and you are being asked to put money where you are going to loose money, you are not going to do it.

"Overall, if we get the power issue right, Nigerians will pay less than 20% of what they pay today generating their own power. And to ensure that there will now be accurate metering no longer estimated metering. These were issues we looked at, let's have the real thing Nigerians will be ready to pay but you have to demand for the real thing. I understand the agitations from Nigerians because when they see things like this they are always agitated but in the long run, what we need to do is to hold everybody responsible that they deliver the correct result.

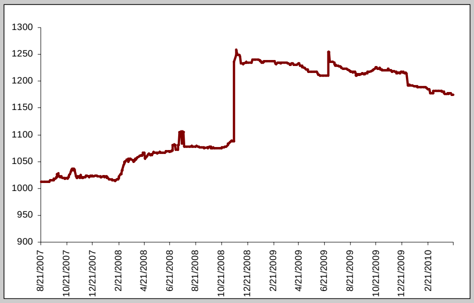
And I assure you that what is coming now if we get it right, the average barber shop, vulcanize everybody will have less than 20% of what he is spending today in generating his own power and there will be increase in job creation. Manufacturers are leaving Nigeria to Ghana ; businesses are leaving Nigeria because of cost of power.

So we are going to them, you are paying this in Ghana pay it here and stay here. And that is what is important so that they can employ labour. "We the governors of the poor states cannot allow our people to go through more difficulties. The tariff that is coming out is at least 40% lower than what you can pay say in Ghana but I for one cannot exposed my people to further hardship". *(Nation)*

SECURITIES AFRICA

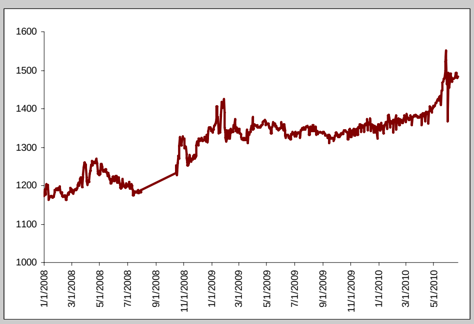
Tanzania

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

CPI Inflation

Stock Exchange News

The DSEI gained a marginal +0.32% to close at 1,322.36 points. TBL was the only mover after gaining +6.67% to close at TZS 2,560 while CRBD was the only shaker after shedding -3.70% to TZS 130. All the other counters remained unchanged.

Corporate News

Petra Diamonds Ltd. resumed production at the Williamson mine in Tanzania after spending almost two years rehabilitating the world's largest diamond deposit by surface area. "Production commenced in March and April," Cathy Malins, a spokeswoman for the London-based company, said in an e-mailed response to questions yesterday. The project is expected to operate at about 3m metric tons of ore a year "for the foreseeable future."

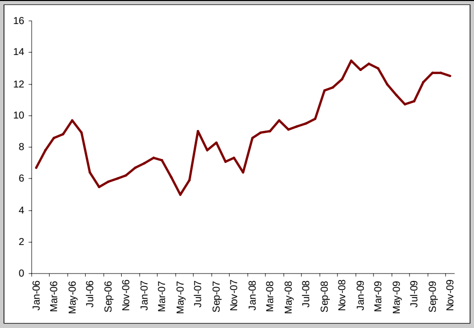
Tanzania's Mines Ministry expects diamond production to increase to about 150,000 carats this year from 28,377 carats last year following the expansion of Williamson, Ally Samaje, the acting commissioner in the ministry, said last month. Output fell from 80,498 carats in 2010 because of the rehabilitation work at the mine, he said. Tanzania, which vies with Mali to be Africa's third-biggest gold producer, relies on mining to generate 3.7% of gross domestic product.

The Williamson mine, in which the government owns a 25% stake, was previously owned by De Beers, the world's largest diamond producer by value. Petra declined to give a forecast for future production at the mine. The company is reviewing the second phase of its expansion program and will update the market on the Williamson plan in "the near future," Malins said.

"We anticipate a very long life for this asset due to the size of the 146-hectare (361-acre) ore body," she said. The Mwadui kimberlite pipe, upon which the Williamson mine is based, contains a diamond resource of about 40m carats, according to the company's website. Kimberlites are rock formations that may contain diamonds. Petra's initial mine plan, based on a schedule to take the mine to a 10-m-ton-per-annum operation, has a lifespan of 17 years, Malins said.

Williamson, discovered by Canadian geologist John Williamson in 1940, has been mined for more than 70 consecutive years, making it the world's longest uninterrupted diamond mining operation. The mine has an "immensely large" resource located within an open pit, according to Petra's website. Petra bought De Beers' 75% in Williamson in February 2009 for USD 10m.

The company spent USD 65m on the rehabilitation program, which included reshaping the open pit and a "major rebuild" of the existing plant at the mine,



Source: SAR

Malins said. In reviewing the expansion plan, Petra may consider building a new plant at Williamson, according to Malins. Power Supplies The company will also seek to confirm a "secure" supply of electricity from Tanzania Electric Supply Co., the state-run power utility, she said.

Tanzania, East Africa's second-biggest economy after Kenya, had an electricity deficit of 264 megawatts in February 2011 following a drop in hydropower generation after a drought. The resulting power outages caused economic growth to slow to 6.4% in the third quarter of 2011 from 6.7% a year earlier.

Petra's portfolio includes eight producing diamond mines, seven in South Africa and Williamson, according to information on the company's website. Shares in Petra fell 2.7% to 148.60 pence at 4 p.m. in London yesterday. The stock has gained 29% so far this year. *(Mine Web)*

German group HeidelbergCements's Tanzanian unit expects demand for cement in east Africa's second-biggest economy to rise this year. Tanzania Portland Cement said on Tuesday infrastructure, residential and commercial projects would fuel growth in demand for cement, provided an electricity supply crisis was solved.

"It is forecast that the cement demand will continue to grow in the country as several areas are still at very early stages of development," TPCC chairman Jean Marc-Junon said. Ranked as the largest cement maker in Tanzania, TPCC said it had invested USD 17m expanding the production of clinker, the main ingredient in cement making.

"This will bring the total clinker capacity ... to more than 1.15m tonnes per year, making it the single largest clinker manufacturing site in East Africa," it said, adding the expansion would free it from expensive clinker imports. The construction sector grew 8.1% in the fourth quarter of 2011, from a growth rate of 1.0% a year ago, according to the state-run National Bureau of Statistics. The International Monetary Fund said in March it expected Tanzania's economy to expand 6.5% to 7% in 2012/13. *(Reuters)*

Economic News

Tanzanian President Jakaya Kikwete axed his finance and energy ministers on Friday in a reshuffle that had been widely expected due to growing public and opposition discontent over graft allegations. William Mgimwa was named as the new finance minister, replacing Mustafa Mkulo, while Sospeter Muhongo was appointed as energy and minerals minister to replace William Ngeleja, according to a government statement. The opposition camp in parliament declared last month that it planned to put forward a vote of no confidence in Prime Minister Mizengo Pinda over a failure to tackle misuse of government funds, as highlighted in a report from the chief auditor.

The aim of the no confidence vote was to try and force Kikwete to dissolve the cabinet, although the speaker had yet to allow the motion to be introduced and the ruling Chama Cha Mapinduzi (CCM) was unlikely to lose given its large majority. However, both the finance minister and the energy minister had come under fire in parliament from lawmakers in both the ruling party and the opposition over allegations of graft within their ministries.

"The president has been responsive ... He has listened to members of parliament and to the voice of the people and has done the needful," Benson Bana, head of the University of Dar es Salaam's political research think-tank, REDET, told Reuters. "The ministers were sacked due to a lack of accountability. The ministers failed to deliver and some were accused of mismanaging the ministries the president has responded positively," he said.

New finance minister Mgimwa, who was promoted from the backbenches, is a former banker who first became a member of parliament in 2010. Prior to joining parliament he was principal at the central bank's training institute. Muhongo is a professor of geology at the University of Dar es Salaam and an editor-in-chief of the Journal of African Earth Sciences, which specialises in the search for natural resources in Africa and the Middle East.

He was recently appointed a member of parliament by Kikwete. The constitution allows the president to appoint 10 lawmakers. Tanzania is a hot prospect for oil and gas exploration by international firms. Like its neighbour Mozambique, large deposits of natural gas have been discovered offshore. The east African country has extensive mining interests, including gold, coal and iron ore which have also attracted large foreign investors.

East Africa's second-biggest economy has seen its ranking in Transparency International's Corruption Perceptions Index, a measure of perceived public sector corruption, plunge 32 places over the past two years. It now ranks at 116 out of 178 countries in the organisation's 2010 survey. Businesses have long complained graft is one of the main reasons for the high cost of doing business in Tanzania.

The ruling party promised in November to implement swift anti-corruption measures, but opposition calls for heads to roll have grown louder in recent months. Other key cabinet members, such as the prime minister, vice president and foreign ministry, remained in their jobs, while the country's tourism and trade ministers were axed. The cabinet reshuffle also come at a time of jostling and splits within the CCM party ahead of the end of Kikwete's second term in 2015, with a number of politicians and cabinet members pushing for the top job. *(Reuters)*

Inadequate power generation slowed Tanzania's economic growth rate to 6.5% in the fourth quarter of 2011 from 6.7% in the corresponding quarter a year earlier, the state-run National Statistics Bureau said Monday. In a report, NSB said that during the quarter, the country's electricity sector slumped by 11.4% on year, due to the decrease in electricity generation from hydro power plants attributable to low water levels as well inadequate generation from gas-fired plants. "During the period under review ... a number of challenges had negative impacts on the economy. The challenges include decrease in electricity generation which had negative effect on manufacturing activities." NSB stated.

Tanzania, Africa's third largest gold producer, was hit by inadequate power supplies last year, threatening to cripple its economy. Africa Barrick Gold Ltd., the country's largest gold producer, missed its gold production target in 2011, citing power outages, which mainly affected three of its four mines. The London-listed miner produced 688,278 troy ounces of gold from the earlier guidance of 700,000-760,000 ounces, after suffering production setbacks related to power outages, the company said in January.

Countries in the Horn and East Africa experienced the worst drought in 60 years last year, putting Tanzania's power grid under significant stress. The power woes were exacerbated in the fourth quarter after Canada's Orca Exploration Group Inc. closed its natural gas pipelines and gas fields for annual maintenance. Since late last year, Tanzania has been trying to acquire emergency thermal plants to address the outages.

Orca said last year that it would increase natural gas production by at least 22% this year to provide more gas for electricity generation. Tanzania plans to double natural gas production to at least 200m cubic feet a day by 2013 to boost electricity generation and end over reliance on hydro power electricity. The country has discovered at least 10 trillion cubic feet of natural gas off its coast in the Indian Ocean. *(WSJ)*

Tanzania expects its economy to grow by as much as 7% this year, faster than 6.4% in 2011, its central bank governor said on Thursday, as it faces fewer problems with power shortages. Benno Ndulu said the east African country had revived dormant plans for a Eurobond, to help with its infrastructure spending, although the amount and timing of the issuance had yet to be decided. "The number of problems that we had with power, et cetera are not of the same magnitude," Ndulu said on the sidelines of the World Economic Forum on Africa on this week in Ethiopia.

"For this year, between 6.6 to 7% (growth)... we have worked on the numbers." Earlier this week, Tanzania's statistics body said frequent power blackouts caused economic growth to slow to 6.5% in the fourth quarter of 2011 from 6.7% a year earlier. Power output in the country of 42m people fell 22% in the third quarter of last year, due partly to low water levels in its hydroelectric reservoirs.

Economic analysts say increasing investor interest in Tanzania's telecommunications, energy and financial services sectors should help drive economic growth if the world economy recovers. It is attracting a lot of investor attention to its natural gas deposits, whose reserves the government says stand at an estimate of more than 10 trillion cubic feet following recent discoveries.

Tanzania is Africa's fourth-largest gold producer and its mining sector has attracted major investment over the past decade. The International Monetary Fund said in March it expects the economy to expand by 6.5 to 7% in 2012-13. Ndulu said the country had revived its plan to issue a Eurobond although he gave few details.

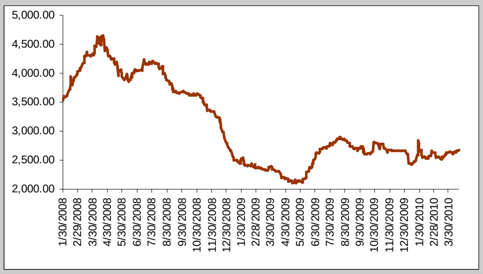
"Even the amount has to be determined... We have to first complete the country rating. After we have done the country rating, we have to do the usual road show and marketing," he said. Earlier this year, Tanzania said it planned to start opening up its capital account this year, enabling it to attract more investment initially from other members of the East African Community and then from the rest of the world by 2015.

Ndulu said the country was gradually working on relaxing its capital controls in order to gain its sovereign debt rating. "We are working on that. We have made a commitment under the East African market protocol and we're going to keep to those commitments," Ndulu said. "We're going to gradually remove most of those, but we're aware that every country now works with speed bumps just because currencies have become so volatile." *(Reuters)*

Securities Africa

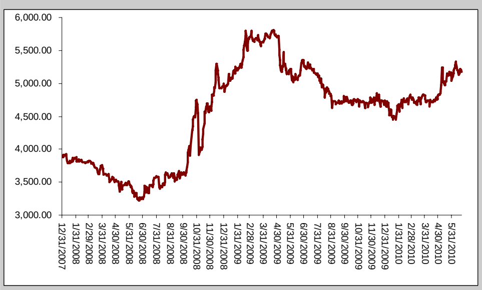
Zambia

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

Stock Exchange News

The LuSE index gained +1.92% to close at 3,996.04 points. Lafarge and Farm were the only gainers after adding +5.26% and +1.66% to ZMK 8,000 and 2,999 respectively. ZSUG was the biggest loser after shedding -8.70% to ZMK 273 followed by Zambeef, down -3.57% to ZMK 2,700 and CECZ (-0.31%). All the other counters remained unchanged.

Corporate News

Zambia Sugar, a unit of South Africa's Illovo Sugar, expects its sugar output to increase by more than 7% to over 400,000 tonnes in the current 2012/2013 season from last year, it said on Monday. The company, which produced 374,000 tonnes of sugar in the last season to end March, said it expected output to rise due to good climatic conditions, increased age of cane and a larger planted area.

"The factory has quickly reached its rated capacity and is poised to repeat the solid performance experienced in the previous year," Zambia Sugar said. Improved economic conditions would enhance domestic market sales and the continuing sugar deficit in the region would also benefit the company, it said. "Higher than expected realisations from European Union exports should further improve export revenue," the company added. Zambia Sugar expected operating costs to come under pressure as major global commodity prices soared and inflation hiked local costs of production, it said. *(Reuters)*

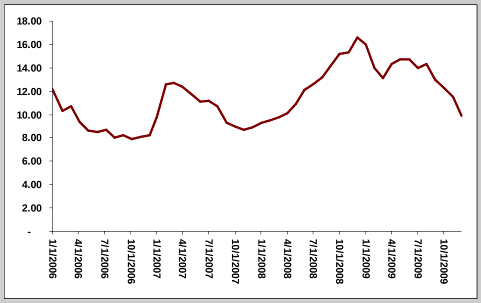
African Energy Resources is adding to its African coal inventory with a new discovery at the Sinazongwe prospect in Zambia close to existing coal mines. Multiple coal seams were intersected in all of the completed core holes and, importantly, these coal seams are open along strike and down dip. Raw coal calorific values returned ranged from 10 to 26 megajoules per kilogram. Highlighting the potential for coking coal properties, there was an extensive presence of vitrinite bands.

In mid-2011, reconnaissance exploration identified coal bearing sediments with a strike length of about 10 kilometres. These sediments are mapped by a geological survey as the extension of the stratigraphy that hosts the Maamba Colliery and the Collum Coal Mine, Zambia's only producing coal deposits.

African Energy now plans to test the coking properties of the coal as well as undertake washing yield analysis. This work will determine if the coal has the potential for one or two products a higher value coking fraction and a middling for use as a power station fuel. *(Proactive Investors)*

Zambia's state-owned power company Zesco Ltd has concluded negotiations with First Quantum Minerals over a power tariff for the

CPI Inflation



Source: SAR

Sentinel copper project, it said on Thursday. "We have been meeting and finally wrote to First Quantum giving them an offer of an electricity tariff," Zesco's director of generation and transmission Christopher Mubemba said.

First Quantum said in a statement it would soon start full-scale project development and aims for completion in late 2014. Sentinel is expected to have an annual production capacity of up to 300,000 tonnes of copper, it said. *(Reuters)*

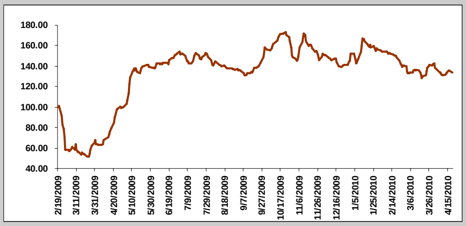
Economic News

Zambia signed a contract to export of 300,000 tonnes of maize to Zimbabwe from its huge surplus of carry-over stocks from last year, Zambia's Food Reserve Agency (FRA) said on Saturday. "The sell reduces the surplus stock being held by the agency to 330,436 tonnes," the FRA, which is in charge of maize exports, said in a statement. The agency said it planned to reduce surplus stocks to 46,495 tonnes by June to create space for new stock and prevent price distortions.

The FRA estimated that Zambia lost 190,388 tonnes of maize from its 2011/2012 harvest due to inadequate storage facilities. Carry-over stocks of 770,931 tonnes from the last season plus current production gave the country a maize surplus of 1,035,333 tonnes. Zambia's maize output declined by about 6% to 2.8m tonnes in the 2011/2012 season. It needs just over 2.5m tonnes of maize for human consumption, strategic reserves, stock feed and brewing. *(Reuters)*

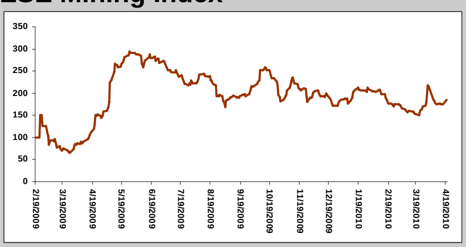
Zimbabwe

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 mixed note with Industrial Index closing 0.29% higher at 130.28 while Mining Index lost -5.60% to 86.80 points. Interfresh and StarAfrica led the movers after gaining +100% and 33.33% to close the week at USD 0.002 and USD 0.006 respectively. Other gains were recorded in Truworths up +23.46% to USD 5.00 and NMB which put on +16.67% to USD 0.007. Phoenix and Bindura led the losers after shedding -66.56% and -30.00% to USD 0.01 and USD 0.035 respectively. Other notable losses were recorded in ZBFH (-14.29%) and ABCH (-5.17%)

Corporate News

ORASCOM Telecom Holdings has said its local unit, Telecel Zimbabwe, will expand its network to cover at least 85% of the country. Orascom has invested USD 70m in the company, which is expected to cover expansion, currently at 58%, and upgrading of both voice and data services to ensure Telecel's clients are able to access a wider range of mobile communications services in line with worldwide developments. "Expansion of Telecel is ongoing. About 85% is considered a high coverage percentage," said Orascom.

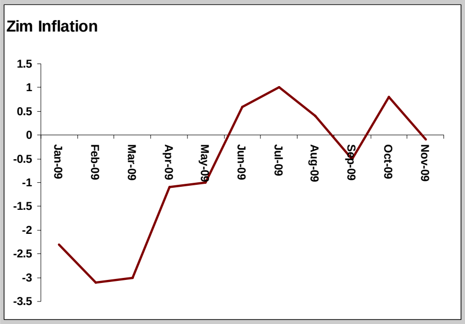
"Although 100% might seem desirable, it is not attainable, given the country's topography and population distribution." Telecel Zimbabwe is the country's second largest mobile company by subscribers, with 1,4m subscribers trailing Econet Wireless which boasts 6,4m active subscribers. NetOne has 1,3m subscribers. Last year, Telecel established 127 base stations around the country, covering both 2G and 3G services.

The mobile telecommunications company also opened new regional offices in Victoria Falls, Masvingo and Chinhoyi. Orascom Telecom said it has confidence in the future of mobile telecommunications in Zimba- bwe. "To this end there will be a major thrust in terms of training of both technical and managerial staff, knowing as we do that well-qualified human resources represent the company's best asset," Orascom said.

Telecel Zimbabwe is jointly owned by Orascom Telecom Holdings and Empowerment Corporation. Originating from Egypt, Orascom Telecom Holdings is a major international telecommunications company with interests in Europe, Africa, Asia, the Middle East and North America. Orascom recently merged with VimpleCom, a leading operator in Russia, CIS, Ukraine and South-East Asia.

Telecel Zimbabwe became part of VimpleCom after the giant Russian telecommunications group acquired a 51% shareholding in Orascom of Egypt, which holds a 60% shareholding in the local unit. Telecel Zimbabwe stands to benefit immensely from VimpelCom's deep pockets after the Rus-sian mobile phone operator last year raised USD 2,2bn on European financial markets giving

CPI Inflation



Source: SAR

it a strong capital pool. *(Herald)*

Kingdom Financial Holdings Limited (KFHL) is seeking shareholder approval at its forthcoming fifteenth annual general meeting to appoint new directors in order to accommodate representatives of AfrAsia Bank Limited (ABL). The Mauritian-based banking group recently acquired a 35% stake in KFHL in a USD 9,5m deal. The deal enabled KFHL to meet the Reserve Bank of Zimbabwe (RBZ) minimum capital requirements of USD 12,5m for commercial banks.

KFHL group company secretary in a statement yesterday said the AGM will seek approval “to appoint S Kamhunga, James Benoit and Kamben Padayachy to the board subject to regulatory approval”. The RBZ approves appointments on the board of banking institutions in the country. Also on the agenda is a special resolution for shareholders “to approve a name change for the company from Kingdom Financial Holdings Limited to Afrasia-Kingdom (Zimbabwe) Limited following the establishment of a partnership with the AfrAsia Bank Limited Group”.

The AGM is set for May 29 2012. Benoit is the current chief executive officer and executive director while Padayachy is also an executive director. ABL describes itself as a “boutique financial services provider” with the ability to tailor innovative banking solutions for both the local and international markets. Recent media reports have suggested that apart from having members on the board ABL will also appoint people in senior management positions.

Benoit told a Press conference in March this year that there were a lot of opportunities on the continent that could be explored. AfrAsia has a capital base of USD 90m and assets worth over USD 700m. Early this year, KFHL chief executive officer Lynn Mukonoweshuro said the bank planned to almost double its market share this year. She said KFHL envisaged to boost its market share to 6% from 3,4% currently before increasing it to as much as 12% within the next three years. *(New Day)*

Fixed telephone operator, TelOne says it has successfully completed the Harare to Bulawayo optic fibre project, a development that is set to improve service delivery. “We have just finished, and work is currently in progress on the Bulawayo-Beitbridge link which will connect to the Seacom undersea cable system,” said TelOne acting managing director Lawrence Nkala.

“This provides alternative routing to the Maputo link and thereby providing the much-needed resilience in our network, thus making network down time a rarity,” he said. Nkala said the project will improve broadband penetration as its Mazowe Earth satellite was expensive and had limited capacity. “Last year we completed the Harare-Mutare fibre link which connects Zimbabwe to the Eassy submarine cable through Maputo landing station in Mozambique which runs across the east coast of Africa,” said the telecoms executive.

“This means that we will be able to excel not only in the provision of the traditional voice and data services but also in the delivery of fixed broadband using ADSL technology at competitive rates,” he said. Nkala said in addition, TelOne was offering Virtual Private Networks (VPN) data services for corporates through its IP/MPLS platform with connectivity to the undersea cable.

"As banks, mines, hotels, and as industry and commerce, you will experience fast data transfer through the VPN solutions for seamless communication between your branches inside and outside the borders of Zimbabwe," he said. Nkala said this could be complemented by TelOne's VSAT (very-small-aperture terminal) solution for connecting remote branches into the main VPN.

"Our flagship product this year is the ADSL Asymmetric digital subscriber line) broadband. This is a fixed broadband service which is delivered over the existing copper access network. Customers connected to our copper access network can therefore enjoy real broadband," he said. Nkala said phase 1 of TelOne's ADSL Broadband rollout has been a huge success in Harare, Mutare, Marondera, Gweru and Bulawayo. "In the recent past Internet users could only connect to the worldwide web through corporate networks. Today ADSL broadband from TelOne is the Internet access solution for homes and small to medium businesses," said Nkala.

He highlighted that plans were underway to roll out additional ADSL nodes at Norton, Chegutu, Kadoma, Kwekwe and Victoria Falls as well as capacity upgrade in Harare, Gweru and Bulawayo. "Capacity upgrade and expansion is expected to be completed in phases starting in May this year to end of the year," the TelOne boss said. *(Daily News)*

Kingdom Financial Holdings Limited (KFHL) is set to seek shareholder approval for its name change to AfrAsia — Kingdom (Zimbabwe) Limited at its upcoming annual general meeting slated for the end of the month. The financial services group will also be seeking to appoint AfrAsia Bank Limited Group (ABL) chief executive Lames Benoit and head of global banking Kamben Padayachy to the company's board.

The resolution's aim to reflect the establishment of its partnership with the Mauritius-based banking group. KFHL chief executive Lynn Mukonoweshuro confirmed in March the company would undergo a rebranding exercise at group level while its subsidiaries will retain their existing brand. "KFHL will go through a name change to reflect our new partners but the bank, asset manager, stock broking will remain the same with members AfrAsia (ABL) being present," she said.

Despite the downplaying of management changes at KFHL by chairperson Sibusisiwe Bango, the group is expected to also appoint ABL executives within the group. "It's a natural progression when you get any new shareholder, but it would be done in a manner that would enhance the organisation," Bango said. ABL's Benoit said the Mauritian-based company would not be seeking management control of KFHL following its acquisition of the 35% stake.

"We are a partnership oriented bank everywhere we operate. We collaborate rather than take control be it on board seats or management roles," he said. Benoit said ABL had invested into KFHL as part of its regional expansion drive and growth potential of the country's banking sector. "We hope the economy (Zimbabwean) will grow helping us play a big role in corporate finance and other opportunities that are presented," he said.

"The transaction is highly accretive for ABL, but also provides us with a unique opportunity to expand our franchise in the Southern African Development Community region through an established operation and with highly credible local partners." ABL invested USD 9,5m into KFHL, enabling its banking arm to meet the Reserve Bank of Zimbabwe (RBZ)'s minimum capital requirements.

The transaction completed the recapitalisation of Kingdom's banking unit which has been pursuing several initiatives to raise USD 25m, comprising USD 15m equity and USD 10m debt finance. AfrAsia's investment and the USD 2,8m raised through the rights issue were aimed at recapitalising KFHL's banking arm, which together with the existing capital will result in Kingdom Bank having core capital in excess of the minimum capital requirements set by the RBZ. RBZ had set a USD 12,5m minimum capital for all commercial banks. *(Daily News)*

At a court hearing held in the Federal High Court of Nigeria the Honorable Justice Shuaibu dismissed Bharti Airtel's application for a stay preventing the implementation of an earlier decision made by the Court in favour of Econet Wireless. Bharti sought the stay to prevent Econet Wireless from enforcing its rights pending Bharti's appeal of a landmark ruling handed down in January 2012. In the earlier judgment, the Honorable Court ruled that:

- Econet Wireless is the beneficial owner of a 5% shareholding in Econet Wireless Nigeria Limited ("EWNL") and its share certificates must be re-issued
- As a shareholder, Econet Wireless had a right to participate in all decisions which required shareholder approval and consequently all 'resolutions passed' since October 2003 by shareholder agreement in which Econet was not invited to participate are null and void and must be reversed.
- The change to the name of the Company to Bharti Airtel Nigeria was irregular, null and void and must be reversed to rename the Company EWNL.

Econet Wireless will seek to implement the ruling without delay and to continue its work to ensure its rights under the law are upheld. In a separate dispute relating to the Nigerian company, the High Court in Lagos has set the date of 4 June to hear another injunction application by Bharti Airtel which has been filed and seeks to prevent an international arbitral process from assessing the amount of equitable compensation and damages due to Econet Wireless.

This Arbitral Process, established under UNCITRAL, has determined that Econet Wireless was prevented from exercising its right of pre-emption when 65% of the shares in Econet Wireless Nigeria Limited were sold to Zain which was subsequently acquired by Bharti. In its submission to the Lagos High Court, Econet Wireless has said that it will be submitting a claim to the Tribunal for equitable compensation and damages of USD 3.1bn. *(Econet Investor Relations)*

African Development Corporation (ADC) is set to increase its shareholding in Pan-African banking group ABC Holdings (ABCH) when it underwrites the USD 50m rights offer due to be voted for by shareholders later this month. The rights offer will see ADC increase its shareholding to more than 35% if other shareholders do not follow their rights. The Germany-based investors already hold a 23, 20% stake.

The annual general meeting is set for May 30. In a circular to shareholders ABC Holdings said the rights offer was critical for the institution as it would enable it to complete its retail banking rollout through further investments in systems and distribution channels. ABC will also use part of the funds from the rights offer to increase capital in its subsidiaries and enable them to grow their footprints in the different markets they operate in.

"Depending on the take-up of the rights offer shares by shareholders other than ADC and third parties, ADC may be required to subscribe for rights shares not taken up, and such shares when added to the shares acquired by ADC following its rights as a shareholder and the shares in ABCH already held by ADC, could result in ADC holding more than 35% of the then issued shares of ABCH," the company said.

ADC has indicated that it would exercise its rights to acquire shares in the rights offer and expressed an interest in underwriting the offer and take up shares not taken up by shareholders exercising their rights. According to Botswana Stock Exchange (BSE) requirements, ADC would be obliged to make an offer to all other shareholders of ABCH.

However, ABCH has since made an application to BSE seeking a waiver that ADC does not make such an offer. "The underwriting agreement is conditional upon the waiver being obtained," ABCH said. "The BSE has indicated it will waive the requirement provided that, inter alia, the majority of independent shareholders other than ADC waive the obligation also. Accordingly the board seeks an ordinary resolution of independent shareholders other than ADC, to waive the requirement."

ADC focuses on private equity investments in sub-Saharan Africa with a special banking, insurance and proprietary investments. It invests in frontier markets that are at early stages of economic and financial market development than in emerging markets. *(News Day)*

Investment group Cambria Africa plans a secondary listing on the Zimbabwe Stock Exchange through the reverse take-over of its local commercial printing group Celsys Ltd. Cambria, formerly known as LonZim, already holds 60% of Celsys and plans to make an offer for the remainder using new Cambria shares, while offering a cash alternative.

Should all Celsys shareholders accept Cambria shares, the new shares will amount to approximately 1.58% of the enlarged capital. Should they accept the cash alternative the amount payable will be approximately USD 192,000. Cambria will retain its primary listing on the London-based AIM. The company believes the ZSE listing is a natural development given the majority of its assets are in Zimbabwe.

It also believes the proposed ZSE listing will increase liquidity in its shares, leading to more efficient pricing, while strengthening the growth prospects of the company. In addition, the move will facilitate direct investment in Cambria by Zimbabwe residents, corporations and financial institutions, providing the company with additional opportunities to access capital, broaden its investor base, and make it a more integrated part of the local business community.

If successful, Cambria will be the first secondary listing of a European company on the ZSE since 1999; the first public listing of shares on the ZSE since 2010; and the second listing of shares on the ZSE since the introduction of US dollarisation increased economic stability in Zimbabwe. The company has a continuing plan for the future recapitalisation of Celsys to ensure that the advances made to date in market share are preserved and built upon. Taking Celsys private will result in cost savings for Celsys.

The planned takeover of Celsys is still subject to certain regulatory approvals and acceptance by Celsys shareholders. Cambria chairman Ian Perkins said: "Through this transaction Cambria will finally achieve its long-term goal of listing on the Zimbabwe Stock Exchange; a natural home for the company given the majority of its investment portfolio is located in Zimbabwe."

Edzo Wisman, CEO of Cambria added: "We believe, given the exposure Cambria receives in Zimbabwe there will be an increase in liquidity of Cambria shares which will, in our view, lead to more efficient pricing of Cambria shares. “This transaction will also finally allow the broader Zimbabwe public and investment community to easily acquire shares in the Company."*(New Zimbabwe)*

DELTA Corporation's profits surged 38% to USD 75,2m for the full year ended March 31, 2012, underpinned by growth in volumes and product availability. Total beverages volumes grew by 19%, attributable to solid demand of all beverage products. An increase in profits saw earnings per share for the group close the year at US6,22c from US4,50c recorded in the previous year.

Revenue for the group increased 36% to USD 554,8m from USD 408m in the previous year. Delta chairman Mr Canaan Dube said profits earned from the firm's core business operations also grew to USD 98,3m, showing a 44% variance to the previous year. Cash generated from operations was USD 30m over the prior year to USD 121m.

Delta's attributable earnings stood at USD 73,7m, a 39% increase. The group declared an interim dividend of US0,83c, bringing the final dividend to US1,25c per share and making it one of the best paying stocks on the local bourse. Mr Dube said during the period under review lager volumes grew 23%, underpinned by a faster growth of the premium segment and improved product availability.

"Delta's financial performance was underpinned by volume growth across our beverages portfolio, and a deliberate revenue and cost management focus," he said. "We continued to renovate our brands and invest in capacity to create a platform for sustainable growth." During the period under review, Delta secured USD 60m offshore funding to finance its business. However, net debt closed the year at USD 7m.

Capital expenditure for the group was USD 74m during the year. Going forward, Mr Dube said, a new beer packaging line the third since dollarisation was scheduled for commissioning in the second half of the year. "This will afford the business a lot more flexibility in product availability and allow it to maintain its strong position in the increasingly competitive environment," he said.

Following the commissioning of the Graniteside packaging line in August 2011, sparkling beverages grew by 26%, driven by improved product availability. Chief executive Mr Joe Mtizwa steps down at the end of this month and leaves the firm in a very strong position. Mr Pearson Gowero takes over from June 1.

On the ZSE, Delta yesterday lost 0,57% to US69,6c ahead of the release of its full-year results. The stock is struggling to get past the US70c mark since the beginning of the year, despite its vast potential. *(All Africa)*

ASTRA Industries Ltd says it will sustain its 167% interim profit growth to end of year this year, helped by aggressive marketing strategies and new projects which the company has secured from major mining companies. MD McKenzie Mazimbe told businessdigest this week that his company had opened new markets, in supplying paint to mining companies as Mimosa and Zimplats, a development he said would increase sales in the division.

Mazimbe said this will also counter the stiff completion from cheap imports, which saw margins in the paints division going down by 6% in the half year ended 29 February 2012. "We are supplying paint to mining companies like Mimosa and Zimplats which are on an expansion drive and this will increase our sales volumes," Mazimbe said.

He said the company had embarked on an aggressive marketing campaign to counter competition from cheap imports. The company said it had initiated an equipment refurbishment project to improve production efficiency and cut on maintenance cost. The ongoing project, Mazimbe said, would be financed from internal resources. As part of its cost-cutting measures, Astra last year stopped operations on the loss- making steel making division which saw company profits increasing by 167% to USD 751 412 in the financial year ended 29 February 2012.

In a statement attached to the financial results the company said plans were underway to lease the Astra Steel property which Mazimbe said should continue to contain costs. He said the group would continue on its recovery drive and concentrate on its core businesses paints and chemicals.

Revenue increased 21,5 % to USD 13,5m, while aggregate sales grew 19% buoyed by a 20% increase in sales in the chemicals division. The chemicals division contributed 39% of the group's profit. Sales volumes in the paint division went up 15%, although margins declined by 6%.

Astra's major shareholder, Finance Trust of Zimbabwe wholly-owned by the Reserve Bank of Zimbabwe, last year indicated that it would dispose of its entire stake in the company. According to Astra, the process is still ongoing. *(The Independent)*

The African Development Bank has said Zimbabwe's economy is now on a firm recovery path. The bank's president, Mr Donald Kaberuka, said although the economy had suffered setbacks in the last decade, it was now in resurgence, adding that Zimbabwe was one of the richest countries in Africa in terms of natural resources. Speaking at a media briefing here yesterday, Mr Kaberuka said the restoration of macro-economic stability and other efforts to stabilise the economy were beginning to pay dividends.

"Investors are now lining up in Zimbabwe," he said. "The economy has moved from red to yellow and is going for green." He said this to illustrate the progress with the sequence of traffic lights. AfDB has remained one of Zimbabwe's major financiers, pouring inms of dollars to salvage the economy at a time other multilateral and bilateral financiers were sitting on the fence.

Over the past few years, the bank has injected more than USD 700m into the economy.
The AfDB is considered an authority on African economies and investors and trading partners take a cue from its submissions. Mr Kaberuka said Zimbabwe's future looked bright, urging authorities to bring clarity on issues such as property rights and the rule of law, which had remained hazy in some instances.

But some of the challenges the country was said to be facing were based on perception rather than fact, he said. "Zimbabwe is not a poor country at all; it's one of the richest countries on the continent." The country has over the past few years elicited keen interest at the World Economic Forum as potential investors and business partners sought clarity on the status of the economy and the political situation while some sections of the media have sought to perpetuate their perceptions on the country, using the forum as a platform to accentuate their "hate speech".

But the situation is different this year as the economy continues to perform ahead of the continent's average growth of 6%. Some interactive sessions yesterday showed that many were still ignorant of developments in Zimbabwe. Last year, the economy registered a 9,3% growth, which was an improvement from 8,1% in 2010. In 2009 a figure of 6,1% was achieved.

Government projects a 9,4% growth this year. Inflation, which shed 0,5%age points to 4% in March is presently the lowest in the region. The macro-economic stability and indications of future growth have rekindled investor interest with Zimbabwe hosting several delegations since the beginning of the year. Although it has not fared well on the Global Doing Business Index, the situation on the ground shows significant improvement.

The discovery of diamonds in Marange, increased gold and platinum production and the improvements in the tobacco sector, among other developments, are expected to spur growth. In an interview here yesterday, Finance Minister Tendai Biti said the world needed to realise that the situation in Zimbabwe had been transformed for the better. "Not many people are aware that Zimbabwe achieved the highest growth rate in Africa in the last few years," he said.

"Not many know that we have the lowest inflation in the region. Do they even know that we have the highest%age revenue to GDP at 30% and that we are in the top three of the countries in Africa with the highest literacy level? This is the story we are here to sell. "This is one thing you can not take away from President Mugabe education. "Zimbabwe is high up there and we have the most people in Africa occupying quality positions per capita.
"As an economy, we are a cheetah, not a hyena. We just need as a country to subordinate politics to issues of development, job creation, inclusivity.

As far as President Mugabe and Prime Minister Tsvangirayi are concerned, its Zimbabwe first. So let's all do that." Minister Biti said the Forum presented a grand stage at which Zimbabwe would present its case to the world while also learning from experiences in other countries. Zimbabwe was keen on attracting capital to develop such infrastructure as roads, power stations and dams, among other requirements, to boost economic activity. *(Herald)*

Mining company Caledonia has begun rolling out its indigenisation and

empowerment plan after agreeing terms with a local consortium, Flemiro Investment, for the disposal of a 15% stake valued at USD 11m. Under its indigenisation plan agreed with the government in February this year, Caledonia decided to shed 51% for a paid transactional value of USD 30,09m, with 15% sold to indigenous Zimbabweans, 10% to an employee trust for the benefit of the present and future managers and employees of Blanket Mine.

The gold miner also agreed to dispose of a 16% stake to the National Indigenisation and Economic Empowerment Fund, while 10% would be donated to the Gwanda Community Share Ownership Trust. The Toronto Stock Exchange-listed entity also pledged to make a non-refundable donation of USD 1m to the trust as soon as it has been established. In a trading update yesterday, Caledonia announced that the first transaction for the sale of 15% of Blanket Mime to Flemiro Investments, worth USD 11,008m.

“Caledonia will facilitate the vendor funding of this transaction which will be repaid by way of future dividends from Blanket,” reads a statement accompanying the update. “Outstanding balances on the facilitation loans in terms of the agreement will attract interest at a rate of 10% over the 12-month period.” It said the timing for the repayment of the facilitation loans would depend on the future financial performance of Blanket Mine.

Caledonia will consider using part of the proceeds from the disposal of its shareholding to invest in the business. “Completion of the agreement is subject to several conditions, precedent which includes certain approvals from the Reserve Bank of Zimbabwe and Caledonia receiving confirmation from the government of Zimbabwe that full implementation of the terms of the memorandum of understanding (MoU) constitutes compliance by Blanket and Caledonia with the requirements of the Indigenisation Act,” the statement added.

Caledonia said documentation for the formation of the employee trust and the subsequent sale of a 10% to the trust had been finalised. “Caledonia has submitted agreements to the parties concerned regarding the remaining two transactions pursuant to the MoU being the sale of a 16% interest to the National Indigenisation and Economic Empowerment Fund and the donation of a 10% interest to a Gwanda Community Share Ownership Trust and their responses are awaited,” Caledonia said.

Blanket recorded revenues and profit after tax for the year ended December 31 2011 of USD 56,6m and USD 19,2m, respectively. “The first quarter of 2012 was a solid performance from Blanket Mine in Zimbabwe, particularly after taking into account the necessary maintenance work on the main No 4 shaft,” said Caledonia president Stefan Hayden.

“We have made significant and rapid progress on implementing the MoU signed with the government of Zimbabwe on February 20 regarding the indigenisation of Blanket Mine. “The first transaction in terms of the MoU, being the sale of a 15% interest in Blanket Mine to indigenous Zimbabweans, has been signed.”

Hayden said depending on the outcome of the various projects, Blanket could be able to increase production to above 40 000 ounces of gold per annum as the mine’s crushing and metallurgical plant had surplus capacity. He said any incremental ore could be treated without any requirement for new investment. *(News Day)*

Economic News

Several Zimbabwe Stock Exchange (ZSE)-listed companies could be forced to republish their financial results for the year ending December 31 2011 after the Securities Commission of Zimbabwe (SECZ) expressed concern over the level of financial disclosures. The countrys capital markets regulator engaged the Public Accountants and Auditors Board (PAAB) to review the recently released financials after it noted most companies failed to carry an auditors opinion and had minimum disclosures.

An auditors opinion is a certification that accompanies financial statements and is provided by independent accountants who audit a companys books and records and helps produce financial statements. The auditors opinion will set out the scope of the audit, the accountants opinion of the procedures and records used to produce statements and the accountants opinion of whether or not the financial statements present an accurate picture of the companys financial postion.

Financial statement disclosures are secondary information provided by companies to clarify or interpret certain published financial information. Disclosures are crucial in assisting outside reviewers of financial information for the purpose of making investments in the business. Management uses disclosures to attest to the accuracy and validity of reported financial information.

SECZ chief executive officer Tafadzwa Chinamo confirmed the commission had signed a memorandum of agreement with the accounting body in a bid to raise the level of disclosures for the quoted companies. Over 70 companies are currently trading on the market and more than half of them released either full year or half-year financial results for the fiscal year ending December 31.

As a start we have asked the PAAB to go through all published results for the period ending December 31 2011(full year or half year) and they will report back on the outcome, Chinamo said. In cases where serious omissions relating to disclosures are highlighted, we will ask those companies to republish their results. At the moment we are currently waiting for a report from PAAB. We really want to raise the standard of financial disclosures for listed companies.

We observed that most companies which released their results recently did not have an auditors opinion. Information accompanying financial results should be adequate to ensure investors can make informed decisions. Chinamo added that the commission would soon carry out a workshop for financial directors and company secretaries to improve level of disclosures. *(News Day)*

Chamber of Mines president Winston Chitando, has said the body is in discussions with Zesa Holdings on electricity supply and is hoping to come up with a framework conducive to the development of mining in the country. Erratic power supplies have continued to affect production in the mining sector, and puts projected growth in the sector of 15.5% under threat.

Platinum mining firms Mimosa and Zimplats recently advanced USD 10m to Zesa to enable it to settle part of its debts and ensure guaranteed uninterrupted power supply. Chitando said negotiations are ongoing with Zesa subsidiaries

Zimbabwe Power Company and Zimbabwe Electricity Transmission Distribution Company to arrive at an agreed tariff for ring fenced customers.

During 2011 an average of 1,105 MW was realised within Zimbabwe's power generation against an envisaged capacity of 1,600 MW. An increased output of 1,244 MW is envisaged for 2012 compared to demand of 2,200 MW required to service all sectors of the country's economy. Meanwhile Chitando also said the Chamber had submitted recommendations to government for a review of the new mining fees and license costs, which were recently raised by up to 5,000%.

The government said the review was needed to increase state revenues as well as discourage the holding of claims for speculative purposes. But the industry said the increases would take as much as 60% of their revenues and therefore hurt investment and growth in the sector. Chitando told journalists said the chamber has been engaging the government in an effort to have the fees lowered.

The government is expected to respond soon to the chamber's concerns, as urgency underlined the recommendations. According to Statutory Instrument 11 of 2012, registration fees for diamond claims jumped from USD 1m to USD 5m, with a new ground rental fee of USD 3,000 per hectare per year, notes the news source.

In addition application fees for prospective coal investors were increased from USD 5,000 to USD 100,000, while registration or renewal fees are now pegged at USD 500,000. The government also introduced a new ground rental fee of USD 100 per hectare while ordinary and special platinum prospectors will pay USD 500,000 from the previous USD 200. *(New Zimbabwe)*

A major shake-up is looming in the insurance industry as the regulatory body plans to raise minimum capital requirements for the sector. The Insurance and Pension Commission (IPEC) said following recovery of the sector after the adoption of multiple currencies in 2009, plans were at an advanced stage to increase capital levels in a bid to boost confidence.

Addressing delegates at a seminar on financial reporting for insurers in Zimbabwe on Tuesday, IPEC commissioner Manette Mpofu said new capitalisation levels may result in ownership changes. As at December 31 2011, the countrys short-term insurance industry had 26 registered direct short-term insurers and eight licenced re-insurers.

According to IPECs report on short-term insurers and reinsurers, only two direct insurers last year failed to meet the USD 300 000 regulatory minimum requirements as at December 31 2011.The current minimum capital levels, which are very low, are long overdue for review and IPEC will soon be announcing new levels, which will be aligned to each entitys existing business volume while simultaneously giving allowance for further expansion, Mpofu said.

That is, we will also be taking into account risk-based capital. The new levels will obviously lead to some companies needing fresh capital injection both from within and outside Zimbabwe. For prospective investors to part with their hard-earned money, they need to be convinced they are putting money in a potentially profitable industry and one of the ways to ascertain profitability is through perusal of financial statements of the entities concerned.

She added that the commission would also push for a raft of reforms that could result in more financial disclosures by the sector. This according to IPEC would make it easier and transparent for those stakeholders interested in assessing the financial performance of insurance companies and ascertain financial performance as well as soundness.

The insurance regulator said financial reporting within the insurance industry was currently dogged by a lot of inconsistencies. In order to rectify the problem, IPEC said it would closely work with the Institute of Chartered Accountants of Zimbabwe to ensure companies adhered to best practice.

Talking about disclosure, we also want to alert members of the industry to brace themselves for a requirement for those insurance entities, which are subsidiaries of financial conglomerates, to have both the holding company and its subsidiaries reporting on their financial performance, Mpofu said.

So instead of a particular insurance subsidiary obscuring its financial performance behind its holding company, it will also be publishing its own financials. It is therefore obvious that investors will not be comfortable investing in an industry which more often that not, displays opaque financial reporting, she added.

Official figures show that a total gross premium written by short-term insurers grew to USD 158,97m last year from USD 117,31 recorded during the previous year. The gross in business translated into profitability with direct short-term insurers reporting a retained profit of USD 6,2m in 2011, compared to USD 1,9m during the prior year. *(News Day)*

Notes

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