SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	2-Aug-13	9-Aug-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,620.17	8,572.11	-0.56%	10.50%	14.14%	15.68%
Egypt	CASE 30	5,375.68	5,616.38	4.48%	20.50%	2.82%	2.87%
Ghana	GSE Comp Index	1,942.20	1,975.39	1.71%	8.84%	64.65%	61.60%
Ivory Coast	BRVM Composite	207.26	209.37	1.02%	-6.13%	25.69%	17.09%
Kenya	NSE 20	4777.12	4792.87	0.33%	4.90%	15.97%	20.29%
Malawi	Malawi All Share	7,277.08	7,483.43	2.84%	23.36%	24.40%	49.20%
Mauritius	SEMDEX	1,870.95	1,866.50	-0.24%	-2.82%	7.76%	7.94%
	SEM 7	367.00	366.20	-0.22%	-2.80%	8.57%	8.75%
Namibia	Overall Index	924.00	923.00	-0.11%	20.21%	-6.41%	-3.56%
Nigeria	Nigeria All Share	38,424.34	38,038.79	-1.00%	0.26%	35.47%	35.30%
Swaziland	All Share	284.32	284.32	0.00%	20.96%	-0.47%	2.87%
Tanzania	TSI	1,961.23	1,962.61	0.07%	2.13%	32.11%	34.67%
Tunisia	TunIndex	4,557.13	4,571.09	0.31%	2.59%	-0.19%	-4.03%
Zambia	LUSE All Share	4,702.55	4,712.82	0.22%	11.25%	26.51%	34.28%
Zimbabwe	Industrial Index	231.21	196.02	-15.22%	-15.22%	28.62%	28.62%
	Mining Index	66.33	57.94	-12.65%	-12.65%	-11.03%	-11.03%

CURRENCIES

Cur-rency	2-Aug-13 Close	9-Aug-13 Close	WTD % Change	YTD % Change
BWP	8.39	8.39	- 0.02	9.62
EGP	6.98	6.97	- 0.14	15.12
GHS	1.87	2.07	- 0.41	8.60
CFA	494.08	491.52	- 0.52	- 0.77
KES	86.28	85.94	- 0.39	0.41
MWK	321.06	324.81	1.17	1.19
MUR	29.71	29.71	- 0.01	- 2.75
NAD	9.89	9.88	- 0.16	16.59
NGN	158.30	157.60	- 0.44	0.96
SZL	9.89	157.60	- 0.16	16.84
TZS	1,576.84	1,578.62	0.11	0.23
TND	1.65	1.64	- 0.58	5.75
ZMW	5.42	5.42	- 0.09	4.49

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Egypt

Corporate News

No Corporate News This Week

Economic News

Foreign reserves hit highest monthly rise since 2011, recording $18.8 bn in July, Egypt's central bank says. Egypt's Net International Reserves (NIR) hit a whopping rise of $3.9 billion in July 2013 to reach a total of $18.8 billion, the Central Bank of Egypt (CBE) announced on Monday. July's upswing is the biggest monthly increase of the foreign reserves since the popular uprisings in January 2011 that toppled Hosni Mubarak, when net reserves stood at some $36 billion. The foreign reserves, which dropped in June to $14.9 billion, have been backed by the recently sent Arab aid following the military's ouster of Islamist president Mohamed Morsi fuelled by nationwide popular protests on 30 June. Saudi Arabia and United Arab Emirates have financed Egypt with $5 billion over the last month as part of a total $12 billion pledged by the Gulf Arab states including $4 billion offered by Kuwait. In July, Hisham Rames the CBE's governor expected the NIR to reach more than $20 billion due to the oil-rich Gulf states' help. *(Ahram)*

Egypt's interim government considers a loan agreement with the International Monetary Fund an "essential" part of efforts to revive economic growth, Planning Minister Ashraf El-Arabi said. The timing of a resumption of talks on a $4.8 billion loan is still under discussion, El-Arabi said in a telephone interview today. The government is assessing Egypt's financing needs based on the latest economic data, he said. El-Arabi's remarks come a day after Egypt's government said it was told by visiting Deputy Secretary of State William Burnsthat the U.S., the IMF's largest shareholder, supports the resumption of talks. Egypt's negotiations with the IMF have been repeatedly disrupted since 2011, and have been on hold since the army deposed President Mohamed Mursi on July 3 following nationwide protests against his one-year rule. "As an economic group within the government, there is an agreement that reaching an IMF agreement is part of the solution, an essential part," El-Arabi said. "There is no decision on when to start the talks. What's more important is to start fixing the structural problems in the economy." The interim government led by Prime Minister Hazem El Beblawi has said its priority will be to revive the economy, stuck in the worst slowdown in two decades. The political unrest that deterred investors and tourists has intensified since Mursi's overthrow, with dozens of people, mostly supporters of the Islamist leader, killed in clashes with security forces.

Gross domestic product may have expanded about 2 percent in the fiscal year that ended in June, El-Arabi said, basing his estimate on data covering the first 11 months of that period. The budget deficit may have widened to more than 13 percent of economic output, he said. The median estimate of 11 analysts on Bloomberg is for a shortfall at 12 percent of GDP. Egypt has received at least $5 billion in aid from the United Arab Emirates and Saudi Arabiasince Mursi's ouster, as part of a $12 billion pledge from the two countries as well as Kuwait. The government says it will avoid resorting to austerity measures as it seeks to revive growth. The central bank unexpectedly cut its benchmark interest rate by 50 basis points, or 0.5 of a percentage point, last week, the first reduction since 2009. "They'll save money where they can, but after years of heavy economic losses and with the political environment still so fraught, I don't see there being an appetite for austerity," said Simon Williams, chief Middle East and North Africa economist at HSBC Holdings Plc in Dubai. The government's focus "has to be stabilization and restoring confidence," he said. El Beblawi discussed development projects with a visiting delegation from the U.A.E., including low-income housing and a tunnel under the Suez Canal, according to a cabinet statement.*(Bloomberg)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Cocoa purchases declared to Ghana's Cocobod industry regulator reached 41,465 tonnes by July 25 since the start of the light crop in early July, up sharply on the previous year, Cocobod data showed on Monday. The purchases, which covered the first three weeks of the season in the world's No. 2 grower, were 54 percent above the 26,909 tonnes recorded for the same period last year. Total output for the third week ending July 25 dropped to 3,872 tonnes from 7,149.9 tonnes in the previous week, according to the data, seen by Reuters. The maiden week recorded 30,443 tonnes. Officials said the decline in output was normal and that purchases would stabilise early next month. "It (output) is expected to drop further until the end of August before rising again," a Cocobod official told Reuters. Cocobod expects to buy around 90,000 tonnes of cocoa from the July-September light crop, which is usually discounted to local processing companies. Ghana, the world's second largest cocoa producer after Ivory Coast, has projected to buy cumulatively around 850,000 tonnes of cocoa from both the main crop harvest and the light crop. Purchases from the October-May main crop, mainly exported at a premium, were 796,911 tonnes. *(Reuters)*

Managers of the economy will have to work extra hard to bring down the fiscal and current account deficits in order to attract the international investor community. The fiscal and the current account deficits were the subjects of scrutiny by fund managers and institutional investors at the recent international roadshow in business hubs which saw government raising US$1 billion at a coupon rate (interest rate) of 7.875 per cent, the hard way. The roadshow took the government and consulting team to financial cities including San Francisco, Los Angeles, Boston and New York, all in the United States of America, as well as Munich and Frankfurt in Germany. Ghana's Eurobond issue followed on the heels of African peers Zambia, Nigeria and Rwanda, which had also harnessed investor appetite for high-yielding assets in the past year to raise various sums of money to support their economies. Nigeria, Africa's top oil producer, issued a $500 million five-year bond at a yield of 5.375 per cent and a $500 million 10-year bond with a yield of 6.625 per cent; Zambia raised US$750 million at a coupon rate of 5.625 per cent, while Rwanda successfully raised US$400 million Eurobond at a coupon rate of 6.875 per cent.
It is however instructive to add that the countries have different economic fundamentals and went to the international markets at different times. Although Ghana's bond was oversubscribed by US$1.2 billion over 100 per cent, most of the fund managers expressed their displeasure at the handling of the country's fiscal and current account deficits. Rating agency, Standard and Poor's, rates the country's economy and credit worthiness B, while another rating agency Moody's rating it B1 with Fitch rating the economy B+. Fitch, however, revised the country's outlook to negative from stable after the government announced a surge in deficits.

The government currently has to contain a budget deficit that surged to 11.8 per cent of gross domestic product in 2012, from four per cent in 2011. As of the end of June, however, the budget recorded an overall deficit (cash basis) of 4.5 per cent of Gross Domestic Product (GDP) which was within target for the period. Besides the fiscal deficit, the country's current account shortfall has also expanded, to US$4.92 billion or 12.3 per cent of GDP as of the end of 2012, from US$3.54 billion in 2008. According to the Bank of Ghana, the trade deficit marginally improved to US$1.2 billion as of end June from US$1.3 billion in 2012 on account of a slow-down of both exports and imports. Public debt increased to 49.25 per cent of GDP in 2012, from 38.49 per cent in 2011, higher than peers such as Nigeria, which has a debt-to-GDP ratio of 18.6 per cent. Gross international reserves has systematically improved from US$2.03 billion in 2008 to US$5.34 billion about three months of import cover, while reserves stands at US$457.9 million. The reserve position has since improved to US$4.9 billion from a stock position of US$5.3 billion at the end of December 2012, the BoG said. That, it said, was sufficient to cover 2.7 months of imports. At the end of May, this year the country's external debt stood at US$9.27 billion, an increase from US$8.84 billion at the end of 2012 due to disbursements for infrastructural development. These debts, according to government, remain affordable and sustainable with the vast majority from multilateral or bilateral creditors on concessional terms. According to government, approximately 81 per cent of the outstanding external debt is concessional basis.

The ballooning of the fiscal deficit, which was attributed largely to the public sector wages, did not go down well with the fund managers who demanded answers to whether the government did not factor that in its budget. The fund managers, therefore, demanded time lines to bring down the fiscal deficit to the projected levels. The Minister of Finance, Mr Seth Terkper, who led the government team on the roadshow, explained that the government was very determined to bring down the deficits and that measures had been put in place to bring them down; fiscal deficit to nine per cent by the close of the year, with further and gradual consolidation over the medium term. Mr Terkper said fiscal consolidation would focus on improved financial management, including debt management and improved revenue collection. The minister stated that civility and moderation would be brought into public sector wage negotiations and that negotiations would be done before the presentation of the budget instead of being done after the budget presentation. Regular adjustments in petroleum prices would be undertaken to ensure full cost recovery Mr Terkper said, adding that the yawning infrastructural needs would also be met largely with public, private partnership collaborations. Other measures include self-financing projects with escrow arrangements to support debt servicing, while improving State Owned Enterprises' capability to borrow on their balance sheets without government guarantees. Another area Mr Terkper mentioned was that of the implementation of a new budget and accounting system, the Ghana Integrated Financial Management Information System (GIFMIS), which has a partial accrual accounting system to control commitments. On the revenue side, the minister stated that 2013 tax collections were projected to increase further through various measures, including the elimination of unwarranted import tax exemptions, restructuring of tax holidays for the real estate sector and the hospitality industry and an increase in withholding tax. He said added that new revenue from oil and gas production was expected to bolster revenues from 2013 and beyond. *(Ghana Web)*

Kenya

Corporate News

Barclays Bank of Kenya said peaceful presidential elections and a more stable economic environment should lead to a better second half, after its first-half profit was hit by a one-off payment for early retirement costs. Although the bank is one of the oldest in the country, it has seen its earnings grow at a slower pace than its rivals in recent years, as its model of focusing on wealthier clients was challenged by home-grown lenders like Equity Bank. Jeremy Awori, the managing director for the bank that is controlled by Barclays Plc, said first-half profit fell to 5.5 billion shillings, but would have been flat for the period at 6.3 billion barring the one-off cost. "The current macroeconomic environment provides a better opportunity for growth in the second half," he said, citing the passage of a peaceful presidential election in March, which is expected to spur demand for credit. Demand for loans was curbed in the first half due to uncertainty surrounding the March 4 polls, after the previous election in 2007 was marred by violence. The central bank has maintained its benchmark lending rate at 8.5 percent since May, pointing to stability of interest rates following steep drops in the previous ten months. Barclays Kenya spent 788 million shillings on voluntary early retirements, while operating costs edged down by a percentage point, it said in a statement. It declared an interim dividend of 0.20 shillings per share, down from 0.30 shillings in the same period last year. Earnings per share fell to 0.69 shillings from 0.79 shillings. *(Reuters)*

National Bank of Kenya said on Monday its pretax profit edged up 3.5 percent in the first six months of 2013, but its numbers still lagged behind other lenders as it overcomes more than a decade of heavy losses. The lender, which is 70 percent owned by the government and Kenya's state pension fund, said pretax profit rose to 944 million shillings, helped by a sharp 38 percent fall in total interest expenses to 1.25 billion shillings. Interest income, as benchmark Kenyan borrowing and lending fell from the second half of last year, for comparison dropped just 10 percent. The difference partly reflects the bank's large holdings of government deposits, on which it pays a relatively high return. Analysts say the bank has struggled to keep pace with a fast-changing banking sector that has seen nimbler rivals like Equity flourish. National Bank told Reuters in May it was working to cut back on personal loans and target stronger revenue growth, focusing on areas such as home loans and business lending. The results were released after the market close and the bank made no statement. *(Reuters)*

Economic News

Last week, the rates on Treasury bills – instruments that government use to borrow short-term funds from the market – rose for as much as 189 basis points as investors sought higher yields amid tightening liquidity situation. The rate on the 91-day paper rose by 1.89 per cent to 8.754 per cent last week from 6.863 per cent a week earlier, even as investors kept off from lending money to the government. The paper, from which the government was seeking to raise Sh3 billion to meet its short term budget needs, was 33 per cent subscribed, putting the government in a tight spot even as rates are poised to rise further. In an interview, National Treasury Cabinet Secretary Henry Rotich said investors are now demanding for higher rates following tight liquidity in the market and the rise in inflation that is currently at 6 per cent. In June, inflation rose to 4.91 per cent from 4.05 per cent in May. "It is true the rates are going up, but these are market determined. Inflation has been going up and the market also expects rates to follow the same trend," Mr Rotich said during an interview on Friday last week. In the same week, the government sought to raise Sh3 billion each from the 182-day and 364-day Treasury bills, with both attracting bids worth Sh4.6 billion, with a shortfall standing at Sh1.4 billion. "The rising yields on T-bills and poor appetite at recent auctions are likely to throw the government's deficit funding plans into a quagmire unless the government injects some liquidity into money markets, an action which has the potential of pushing inflation higher," said Contrarian Investing analyst Mika Davis in a research note last Saturday.

The rate on the 364-day Treasury bill rose by 0.93 per cent to 10.88 per cent in the week under review, with the rate on the 182-day paper remaining largely flat, rising 0.079 per cent to 6.872 per cent. The tight liquidity in the market also saw interbank rates rising by 1.4 per cent as at the end of July 31 to 8.54 per cent. The interbank volumes transacted, however, remained little changed, at an average of Sh18.2 billion compared with Sh18.7 billion recorded in the previous week. "The tight liquidity is attributed to a build-up of Government deposits as Government finalises payment arrangements for the new ministries," the Central Bank said in its weekly report. Although Mr Rotich said the rates could rise further in the coming weeks, they are set to stabilise, especially as the government plans to float a sovereign bond later this year targeting to raise $1 billion (Sh85 billion) to fund infrastructure projects like the Lapsset project. The government had set the target of collecting only Sh106 billion from the domestic market in this financial year, down from Sh119.5 billion in the 2012/13 financial year. This followed the unveiling of the ambitious Sh1.6 trillion budget, with the budget deficit standing at Sh329 billion, with Sh106 billion set to be borrowed from the domestic market. As at July 26, the gross government domestic debt stood at Sh104.6 trillion. *(Daily Nation)*

Kenya has unexpectedly increased royalties on minerals produced in the east African country and revoked certain mining licenses to get a bigger share of earnings from its mining sector. The new measures, which came as a surprise to mining companies in the country, followed a sector-wide review and was aimed at ensuring east Africa's biggest economy got a more favourable deal, Mining Secretary Najib Balala said. Kenya has proven deposits of titanium, gold and coal. But the country's mining sector is a relatively small contributor to national output although its revenues are expected to grow as new mines come onstream. Kenya's action follows measures in Tanzania, Africa's fourth-largest gold producer, which passed new mining legislation in 2010 to raise royalty payments on gold exports to 4 percent of gross value from 3 percent of netback value. The Tanzanian government has also said it would consider windfall taxes on mining companies if they reap huge profits from the commodities. In Kenya, in addition to royalty increases, the government has revoked all mining licenses issued in the months before and after March's elections. Balala said he was cancelling prospecting and mining permits issued from Jan 14 to May 15 this year, a transition period when some ministers from the old government quit their positions and parliament was dissolved. "We didn't see that one coming," said a senior official at Cortec Mining Kenya, a subsidiary of Canada-based minerals and metals firm Pacific Wildcat Resources, which is scouring the coastal region for niobium reserves.

The official, speaking on condition of anonymity as the company was still digesting the announcement, said Cortec had not received official word from the new government that its licenses were revoked. "We followed all the legally required procedures that culminated in our being given these licenses," he said. "I am confident whatever the reasons for the revocations, we are clean." He said if his company's license were revoked it could be recovered "without much struggle." Niobium is used to make alloys for jet engines and to strengthen steel. Royalties on gold, of which Kenya is a relatively small producer, would increase to 5 percent of gross sales value from 2.5-3 percent, Balala said. For rare earth, niobium and titanium ores, royalties would rise to 10 percent of gross sales value for from 3 percent previously. Royalty rates for other extracted minerals would vary between 1 percent and 12 percent. Drilling charges have also been hiked by at least tenfold, a government document detailing new mining charges showed. "We want to ensure the country gains from the mineral potential," Balala told a news conference. The Kenya Chamber of Mines said industry players had not been consulted before the declaration and the body was examining the regulations governing the sector. Australia's Base Resources, which owns a titanium mine that will be Kenya's biggest when it starts production before the end of this year, declined to comment immediately. Kenya has more than 300 local and foreign firms prospecting for minerals or producing on a small scale, up from less than 30 two years ago, according to the Chamber of Mines. The new measures do not affect the oil and gas sector, where a number of discoveries have led to a scramble by oil firms keen for a piece of the action. London-listed Tullow Oil last week said a new drilling success confirmed the commercial value of Kenyan fields. *(Reuters)*

Kenya's tourism numbers sunk in the first five months of the year and the outlook seems gloomy, a senior tourism official said on Tuesday in a blow to the new government's ambitions to grow the sector and create new jobs. Muriithi Ndegwa, head of the Kenya Tourism Board, said arrivals fell 15 percent year-on-year between January and May as visitors worried by attacks blamed on Somali militants and possible trouble around March's elections stayed away. "We are worried that even the second half of this year might not do well," Ndegwa told Reuters. "Our main source markets in Europe like Germany and France are not doing well, even though we have seen an increase in newer Asian markets like China." Tourism is a leading source of foreign currency for the region's biggest economy. In the run-up to the March 4 vote, which was peaceful, newly-elected President Uhuru Kenyatta, a former finance minister and one-time chief of KTB, promised to lure hundreds of thousands of extra tourists to boost job creation. Ndegwa said that room occupancy along the coast in the current high season was just 30 to 50 percent instead of the typical 70 to 80 percent. "The election hangover and travel advisories are among the reasons to blame," Ndegwa said. Kenya was marketing aggressively in old and new markets, he added. In late June, Ndegwa said tourist arrivals should rise 10 percent to 1.4 million visitors this year, up from 1.2 million in 2012. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

Mauritius-based luxury hotels group Sun Resorts said on Monday its pretax loss widened in the first half due to fewer tourist arrivals from Europe and costs incurred in the launch of one of its renovated units. Sun Resorts said marketing costs for its upgraded Ambre resort on the east coast had materially affected results, leading to a 112.53 million rupees ($3.6 million) pretax loss in the period through June compared with a loss of 21.44 million a year earlier. The group, which also sells luxury villas in Mauritius and has a resort in the Maldives, said its loss per share widened to 0.98 rupees from 0.04. Mauritius's tourism sector, a key driver of the economy and an important source of foreign exchange, has suffered at the hands of a slower than expected recovery in its core European markets. "Market conditions in the third quarter will remain challenging and we expect the same pattern experienced in the second quarter to persist," Sun Resorts said in a statement. "However ... bookings for the last quarter are ahead of (the) same date last year and look promising." *(Reuters)*

Luxury hotel group New Mauritius Hotels (NMH) on Tuesday reported a 30 percent fall in pretax profit for the nine months to June, blaming fewer visitors to the Indian Ocean island. NMH said pretax profit fell to 591.27 million rupees in the nine months to end-June from 839.52 million in the same period a year ago. Earnings per share fell share to 3.23 rupees from 4.50 rupees in the same period a year ago. Shares in NMH, one of the island's most traded stocks, rose 1.52 percent to 67 rupees. Results were released after the close. "During the quarter under review, tourist arrivals almost stagnated (+0.3 percent)," NMH said in a statement. NMH said arrivals fell even during Easter, while restricted air seat capacity and the excessive prices of air tickets from its main source markets in Europe made matters worse. Earlier on Monday local rival Sun Resorts said pretax loss widened in the first half, citing slack arrivals. *(Reuters)*

Economic News

The weighted average yield on Mauritius' 364-day Treasury bills rose slightly to 3.10 percent at auction on Friday from 3.07 percent at the previous sale, the central bank said. The Bank of Mauritius accepted bids for all the 600 million rupees worth of debt on offer. Bids totalled 1.83 billion rupees at rates ranging from 3.55 percent to 3.00 percent. The bank rate posted was 2.81 percent. *(Reuters)*

Mauritius' annual average inflation was unchanged at 3.6 percent in July from the previous month, the statistics office said on Tuesday, making this the sixth consecutive month that the rate has been steady. "The headline inflation rate for the twelve months ending July 2013 works out to 3.6 percent compared to 4.9 percent for the twelve months ending July 2012," Statistics Mauritius said in a statement. The year -on-year rate was also unchanged at 3.6 pct in July. Mauritius' annual average inflation rate fell to 3.6 percent in February from 3.7 percent in January, and has remained steady since despite central bank's concerns that inflation may climb. The bank forecasts year-on-year inflation will be in the range of 5.3 to 5.8 percent by December. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Fidelity Bank Plc has announced a profit before tax of N11.2 billion for the first half of the year ended June 30, 2013. The bank's unaudited financial report showed the amount represented an increase by 13.3 per cent, compared to the N9.88 billion posted in the comparable period of 2012. Also, Fidelity Bank's gross earnings increased by 17.4 per cent to N62.90 billion in the period under review, from N53.58 billion last year. However, its operating expenses inched up by 2.3 per cent to N23.72 billion as at June 30, 2013, from N23.18 billion recorded last year despite the additional impact from increase in industry resolution cost to 0.5 per cent from 0.3 per cent of total assets in 2012. Also, Fidelity Bank's total assets increased by 5.6 per cent to N965.79 billion as at June 30, 2013, from N914.36 billion as at December 31, 2012, while total customer deposits dropped by 1.5 per cent from N716.75 billion as at last year, to N706.17 billion as at June 30, 2013. Commenting on the bank's financial performance, the Managing Director and Chief Executive Officer, Fidelity Bank Plc, Mr. Reginald Ihejiahi, said the bank built on the success of the last financial year by continuing to expand its tentacles across various markets and customer segments in the economy.

"As a result, we have continued to record increase in footfalls in our branches, which continue to show in our non-interest income and number of new accounts recruited. We are also pleased with the outcome in terms of new business generation and increased acquisition of key accounts in the various market segments. "As we continue to seek positive outcomes from our cost management initiatives despite our drive for expansion in retail infrastructure, and uptake in our focused SME Business, which is expected to feed into our future, we expect the continued prudent management of our balance sheet to translate into improved financial performance and increased market share in the second half of 2013 business year, and the years ahead," he added. *(This Day)*

Heritage Bank Limited has gone into partnership with the Entrepreneurship Development Centre (EDC) of the Pan Atlantic University (PAU) on the training of operators of small and medium scale enterprises (SMEs). To this end, the institution has recommended the bank's newly established SME clinic to operators. The Deputy Director, EDC of the PAU, Mrs Nneka Okekearu, said this during the launch of the Heritage Bank SME Clinic in Lagos. The Heritage Bank Clinic offers free financial advisory services to address perceived capacity needs of SMEs. The financial advisory services include ICT solutions (e-banking) and entrepreneur training, which is done in collaboration with the EDC of PAU, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Lagos Chamber of Commerce and Industry (LCCI). Other services offered by the clinic are tax management, business restructuring and monitoring, business financial modelling, business protection (insurance-investment protection fund), corporate strategy (business expansion and going concern), accounting/book keeping (quick book software etc.) and the International Financial Reporting Standard (IFRS) conversion advisory. Okekearu noted the bank's approach to providing funding support was based on knowing and understanding micro, small and medium scale enterprises (MSMEs) so as to identify their needs and then design appropriate financial solutions to address the needs. She said the strategy was unlike most banks that requested that MSMEs place deposit with them, before they could enjoy funding support.

According to her, the unique approach by the bank was what compelled the EDC to partner Heritage Bank to operate the clinic. "When Heritage Bank invited us to partner with them to provide support for MSMEs, we almost said no. But after listening to Heritage Bank, we realised they came from a different perspective. Most banks in Nigeria, they are saying the same thing, which is, come and place deposit, come and place deposit. "Being an MSME operator, a deputy director at the EDC, and a trainer, I understand MSMEs. We even have another name for them. We call them Small Growing Businesses (SGBs). The SGB sector in Nigeria is untapped, and unstructured. But out of a population of 160 million people, there are 17.2 million SGBs, and they provide employment to 30 million Nigerians, and yet we hear the number of unemployment is increasing," she noted. *(This Day)*

Union Bank of Nigeria (UBN) Plc last week reported gross earnings of N48.1 billion for the half-year ended June 30, 2013, indicating a growth of five per cent above the N46.0 billion in the first half of 2012. At the group level, UBN recorded gross earnings of N56.2 billion.

Profit before tax (PBT) for the bank was N11.6 billion in 2013, up 54 per cent from the first half of 2012, while group profit before tax was N9.8 billion. The bank recorded PAT of N11.3 billion, up 52 per cent from N7.5 billion in the first half of 2012; while group PAT stood at N9.4 billion. The bank shareholders' funds at the end of second quarter of 2013 rose from N171.7 billion to N183.1 billion while total assets stood at N826.7 billion. The bank's net loans and advances increased 12.4 per cent to N154.0 billion in the review period from N137.0 billion as at December 31, 2012. Operating expenses improved significantly for both the group and the bank, with the group recording N29.5 billion in the first half of 2013, down 17 per cent from N35.5 billion in the first half of 2012, and the bank recording N23.9 billion, showing a decline of 23 per cent from N31.2 billion in the first half of 2012.

Commenting on the results, the Group Managing Director of UBN, Mr. Emeka Emuwa, said: "In the second quarter of 2013, Union Bank stayed the course of profitability. "We are pleased with this continued profitability as we manage the many elements of our transformation programme and work hard towards achieving our goal of building a reliable, customer-focused institution." Speaking in the same vein, Executive Director and Chief Financial Officer of the bank, Oyinkan Adewale, said: "Building on our first quarter performance, we are happy to report improved profitability for the second quarter of 2013. Our second quarter profitability was buoyed by a combination of cost management measures and certain non-recurring items." *(This Day)*

Attracted by the impressive results for the half year-ended June 30, 2013 investors increased demand for the shares of UBA Capital Plc at the stock market last week. This led to a rise of 16.4 per cent in the share price, appreciating from N1.10 to N1.28 per share. Thus, UBA Capital closed for the week among the top five highest price gainers. UBA Capital, which used to be a subsidiary of United Bank for Africa Plc, reported a jump of 415 per cent in profit before tax from N237 million in the half year of 2012 to N1.221 billion in 2013. The profit jump was attributed to the company's act of balancing its investment in medium-term growth opportunities with near term profitability objectives. UBA Capital ended the period with a profit after tax of N1.008 billion, up from N445 million in the corresponding period of 2012. Commenting on the performance, the Group Chief Executive Officer of the company, Mr. Rasheed Olaoluwa, said: "In line with the group's commitment to deliver competitive returns to its shareholders, we remain dedicated to improving customer experience across our strategic business units."

He stated the group's financial and investment services offerings continued to sustain market leadership with plans to further entrench their footprint through the introduction of innovative products and services during the course of the year. Olaoluwa noted the UBA Capital's trustees business continued to be a leading and dominant player in its market. "The Investment Banking business recently successfully completed the Rights Issue for a major NSE listed company and is currently fund raising for majority of the short-listed bidders for power generation assets. The securities trading business has significantly increased its market share as investment in people, research and execution technology deepens. The asset management business has grown its funds under management and is also expected to excite the investing public with competitive return on investments on the diverse portfolios under management particularly in the area of mutual funds management," he said. As the group continued to invest in improving its strategic business units, the CEO said the outlook for the year remained extremely bright and sustainable. *(This Day)*

Diamond Bank remains on track to deliver superior returns to shareholders at year end with an impressive first half H1 2013 result after declaring a profit before tax of N17.6 billion- an increase of 14 per cent – from N15.4 billion in June 2012. This is reported in the bank's Unaudited H1 Results for 2013 prepared in accordance to the International Financial Reporting Standards (IFRS), released to the Nigerian Stock Exchange (NSE) and made available to financial correspondents in Lagos, Nigeria. Speaking at the Bank's Corporate Head Office in Lagos, Alex Otti, the Group Managing Director/CEO of Diamond Bank said, "We are proud of the latest set of results which underline the sustainable financial robustness we have achieved following our consistent growth and overall balance sheet efficiency." A closer review of the profit in the period under review shows that Diamond Bank recorded an operating income of N57.2 billion in H1 of 2013 compared to N44.5 billion reported in the same period of year 2012. Similarly, interest income of the Bank rose by 35 per cent in the H1 period which ended June 30, 2013 as Diamond Bank posted N70.1 billion compared to N52.1 billion in the corresponding period of 2012. According to Otti, "Our innovative and customer focused services gives us access to a faster growing share of Nigeria's newly emerging bankable population, while maintaining our strong net interest margin in an increasingly competitive environment." The bank showed good appetite in funding the real sector with loans and advances to customers going up by seven per cent to N624.5 billion as against N585.2 billion in December 2012. Total Assets of the Bank now stand at N1.3 trillion up 13 per cent from N1.2 trillion in December 2012, while deposits from customers rose to N1.03 trillion up 13 per cent from N910 billion in December 2012. "With a strong retail product innovation strategy showing positive results as well as consistent sound risk management practices, Diamond Bank is firmly positioned to continue delivering sustainable returns in 2013 and beyond." concludes Otti. Diamond Bank is one of Nigeria's tier 2 banks, providing comprehensive banking and other financial services to corporate and individual customers across Nigeria, West Africa and the United Kingdom. *(Business Day)*

Diamond Bank Plc said it is targeting a pre-tax profit of N35 billion in 2013, up from the N27.5 billion realised last year. The Group Managing Director/Chief Executive Officer, Diamond Bank, Mr. Alex Otti said this during an investors' conference call yesterday. According to the Diamond Bank boss, the bank is also targeting a 20 per cent return on equity this year. He added that the commercial bank hopes to conclude a $550 million Eurobond, which had been held up due to turbulence in debt markets, by the end of the year. "We are targeting (operating profit) of N50 and N55 billion by year-end. We believe we should be ending the year with anywhere between N30 to N35 billion in pre-tax profit," Reuters quoted Otti to have said during an analysts' conference call, presenting on the bank's first half results. The mid-tier lender last week posted a pre-tax profit in the first six months of the year to N17.6 billion, as against the N15.37 billion in the same period a year ago. Otti said the bank had grown its customer base to 2.8 million accounts in the first half of the year, up from 2.1 million as at December last year. He expects the bank's network to increase to 300 branches by year-end, from 265 presently.

Commenting the results, Otti had said: "We are proud of the latest set of results which underline the sustainable financial robustness we have achieved following our consistent growth and overall balance sheet efficiency." A closer review of the performance in the period under review shows that Diamond Bank recorded an operating income of N57.2 billion in first half of 2013 compared to N44.5 billion reported in the same period of year 2012. Similarly, interest income of the bank rose by 35 per cent in the H1 period which ended June 30, 2013 as Diamond Bank posted N70.1 billion compared to N52.1 billion in the corresponding period of 2012. "Our innovative and customer focused services gives us access to a faster growing share of Nigeria's newly emerging bankable population, while maintaining our strong net interest margin in an increasingly competitive environment,"Otti said. *(Thisday)*

Economic News

Nigerian interbank lending rates edged higher this week by around 1.5 percentage points to an average of 11.66 percent, from 10.16 percent last week, as banks anticipated the withdrawal of cash reserves next week to meet a new central bank reserve requirement. The central bank hiked cash reserve requirements (CRR) on public sector deposits to 50 percent last week, from 12 percent previously, and it plans to withdraw the cash from the banking system by Wednesday. The public sector makes up around a tenth of deposits. "A number of major lenders are withholding their funds, despite the huge cash balance in their accounts, while the few placing funds are asking for higher returns," one dealer said. Dealers said the market opened with a cash balance of about 755 billion naira, compared with 514 billion naira last week. Market liquidity was further boosted by the repayment of about 210 billion naira in matured open market operation debt notes on Thursday, traders said. The secured Open Buy back (OBB) rose to 11.5 percent from 10.1 percent last week, half a percentage point lower than the central bank's benchmark interest rate. Overnight placement edged higher at 11.5 percent, compared with 10.15 percent last week, while call money closed at 12 percent, against 10.5 percent last week. "We see cost of borrowing rising sharply next week after the debiting of banks accounts for the new CRR," another dealer said. Analysts expect the central bank to withdraw around 950 billion from the banking system on Wednesday in compliance with the new CRR regime. *(Reuters)*

The cost of lending among commercial banks increased to an average of 11.85 per cent last Friday, compared to the 10.5 per cent it stood the preceding Friday as operators remained cautious of the impending effect of the recent hike of the cash reserve requirement (CRR) on

the market. Therefore, liquidity in the money market was relatively tight last week. For instance, data compiled from the Financial Market Dealers Association (FMDA) showed that while the call tenor climbed to 10.67 per cent on Friday, from 10.24 per cent the preceding Friday, the 7-day tenor jumped to 11.42 per cent on Friday, from 10.54 per cent the preceding Friday. Also, whereas the 30-day tenor increased to 11.71 per cent on Friday, from 10.58 per cent, the 60-day tenor leapt to 12 per cent, from 11.04 per cent. Some financial market analysts had predicted that the implementation of the policy, which is expected this Wednesday would trigger a spike in interbank rates. The Monetary Policy Committee (MPC) had raised the CRR for public sector deposits to 50 per cent from 12 per cent at its July meeting, while it left the CRR for private sector funds unchanged at 12 per cent. With this development, 50 per cent of public sector deposits which comprise deposits of all tiers of government, their ministries, departments, agencies and companies in banks must be kept at the central bank and not lent out. The CBN intends to use this method to drain the excess money with banks, which had been put at N1.3 trillion. But the central bank announced last week that the implementation of the MPC decisions would take effect from this Wednesday and as a result of that banks have been very cautious of placing funds. The CBN had also said the remuneration on 'excess' above the CRR of eight per cent would be discontinued forthwith. "The implementation of these decisions will take effect from the next CRR maintenance period commencing August 7, 2013. In order to enhance the rendition of returns on government deposits, banks are henceforth required to separately report the details of federal, state and local government deposits as additional memorandum items in their monthly bank return/daily bank return (MBR 300/DBR 300). This is without prejudice to other returns on deposit," the CBN had explained.

But a report by the FSDH Merchant Bank Limited, which confirmed the situation in the market stated: "The money market was relatively tight last week despite the net inflow of N117.41 billion into the market. The Interbank rates inched up due to the reluctance of the banks to place money in the market. This is attributable to the impending CRR debit." It further explained that: "The 7-Day NIBOR opened the week at 10.54 per cent, recorded an average of about 11.16 per cent between Tuesday and Wednesday, peaked at 11.50 per cent on Thursday and eventually moderated at the end of the week at 11.42 per cent, an 87 basis points increase from 10.54 per cent recorded the previous week. "The 90-Day NIBOR opened the week at 11.29 per cent, traded at an average of 12.18 per cent between Tuesday and Thursday and finally closed the week at 12.46 per cent, a 116 basis points increase from the previous week's closing figure of 11.29 per cent. There was no activity in the primary market segment of the market during the week." The report also revealed that at the open market operation (OMO) transaction held last week, total bills worth about N210.57 billion was repaid into the system. There was no OMO auction during the week. Cumulatively, there was a net inflow of N117.41bn from the government securities market and the foreign exchange market during the week. "We expect OMO maturities of about N73.7 billion to be repaid into the system this week. However, we expect more tightness in the coming week as the CBN implements the CRR of 50 per cent on public sector deposits. "Also, the CBN plans to sell TBs of about N172.06 billion (91day – N22.06 billion, 182day – N60 billion and 364-day: N90 billion), which will further lead to tightness in the market, and consequently we expect inter-bank rates to increase in the coming week," it added.

The naira appreciated against the United States dollar at the interbank segment of the forex market last week following the traditional end of the month sale of the greenback by multinationals companies in the country. Multinational companies, mostly in the oil and gas sector usually sell huge amount of dollars to banks in order to get the naira to pay workers' wages and meet other administrative expenses and this usually strengthen the nation's currency. Thus, this led to a drop in the amount of dollar demanded as at the Central Bank of Nigeria's (CBN's) regulated Wholesale Dutch Auction System (WDAS), a total of $600 million was offered, while $598.09 million was sold to authorised dealers. This represented a drop by 32 per cent, compared to the preceding week's figures. The local currency advanced against the dollar at the interbank market by 0.40 per cent or 64 kobo to close at N160.19 to a dollar. Also, the nation's currency improved against the British Pound and Euro by 1.57 per cent (or N3.77) and 0.38 per cent (or 80 kobo) to close at N236.16 and N205.85 respectively. However, at the WDAS, bureau de change and parallel markets, the naira remained unchanged as it closed atN155.76/$1,N162.50/$1and N163.00/$1 respectively. Analysts at Cowry Assets Management Limited predicted that this week, the naira would sustain its upward trend. "We retain our expectation of stability in the foreign exchange markets on the back of implementation of the recently introduced 50 per cent CRR on public sector deposits, which is expected to limit naira cover for forex demand," a report by Cowry Assets Management added.

According to Afrinvest Securities Limited, the bond market also exhibited relative calm last week as yields hovered between 13.7 per cent and 14.3 per cent. A report by the firm showed that pressure was more on the mid of the sovereign curve especially the 9.4 per cent FGN Aug 2017 and 10.7 per cent FGN May 2018, which lost 0.6 per cent and 0.5 per cent respectively week-on-week. Also, the recently issued Nigerian Eurobond (5.1 per cent coupon, July 12, 2018 maturity) increased 0.2 per cent last week to close at 4.7 per cent. "The Nigerian corporate Eurobond space is about to be deepened further with the First Bank's $300 million Eurobond, likely to be issued at about 8.5 per cent yield and a 5 years maturity. Detailed information on the proposed issue is expected to hit the market soon; however, we expect the Eurobond issue to be oversubscribed given the bank's credit quality and the likely attractive yield," Afrinvest argued. Commenting on Nigeria's macroeconomic performance, the report noted that Nigeria's key foreign exchange earnings source continued to face huge threat with reports by International Oil Companies (IOC) counting heavy losses due to an increase in the level of crude oil theft and supply disruptions. The likes of Royal Dutch Shell and ENI SpA both highlighted the negative impact of these occurrences on their profitability. Various IOCs have sold various assets in recent times, probably linked to these disruptions issues. This issue was further compounded considering the increasing significance of shale oil and gas in today's changing global oil map. "The federal government has intensify efforts to diversify the revenue sources, however, the speed of diversification is required to outpace the potential loss of revenue to deliver any meaningful benefit to the economy," it argued. *(This Day)*

THE Federal Government has approved the Islamic Development Bank (IDB) for $450 million (about N72 billion) support to upgrade the nation's power sector. A statement from the presidency, on Monday, stated that the Vice President, Nnamadi Sambo made the move when he met the IDB President, Ahmed Mohammed Ali, in Mecca, Saudi Arabia. He said the fund would aid the Federal Government's request to improve the country's electricity generation capacity to 20,000 megawatts. Sambo, who was in Saudi Arabia to perform the lesser Hajj and took the opportunity to meet Ali, stated the government's wish for more IDB intervention fund in the energy sector was in line with the administration's transformation agenda. The statement quoted Sambo's appreciation on behalf of the government of the bank's continued support to Nigeria. According to him, past approvals granted by the bank had been ratified by the National Assembly and the Federal Executive Council (FEC) and this tradition would continue. Sambo's shopping list with IDB also included the fund for the construction of a proposed road linking Lagos to Abidjan in Cote d'Ivoire, facility Ali to support the Nigerian private sector especially initiative's in education, aviation and agriculture. Sambo also said the Nigerian government was looking forward to the IDB partnering with states to expedite priority projects involving the Public-Private Partnership (PPP). According to the statement, the IDB boss was receptive to the idea of increased collaboration with the Nigerian government and pointed out that Sambo's visit was a platform to boost Nigeria-IDB cooperation. Ali said in the spirit of cooperation, the IDB had endorsed three of the five projects submitted by Nigeria, including the construction of four new science secondary schools in Kaduna State, worth $17.9 million; and the building of a 300-bed specialist hospital in Kaduna State, costing $43.15 million. Other projects funded by the bank are the Zaria water supply project worth $81 million; the Jigawa State Rural Development project valued at $32. 4 million; and the bilingual education programme for Borno, Gombe and Niger states, worth $30.5million. According to him, the IDB was also involved in the construction of a trans-Saharan highway that would connect several countries including Chad, Niger, Algeria, Tunisia and Nigeria, with a view to enhancing intra-Africa travel and trade with Europe. The IDB was also concluding arrangements for the $150 million funding of the Lekki seaport project in Lagos State, he further disclosed. *(Guardian)*

Nigeria may need to attract back foreign inflows if moves by the central bank to hike reserve requirements on public sector deposits are to achieve their aim and boost its embattled naira currency. The naira has lost 2 percent since May, as offshore investors pulled out of bonds and equities, initially on signals from that the U.S. Federal Reserve that it may eventually end its monetary stimulus that has supported markets. Bond yields have risen 1.5 percentage points while the stock index, which had surged 37 percent earlier in the year, has struggled to rise much above the 38,000 point support level. The central bank, which has spent billions of dollars of foreign reserves over the past two months on keeping the naira within its target corridor of plus or minus 3 percent around 155 to the dollar, last month hiked the cash reserve requirement (CRR) on public deposits to 50 percent, from 12 percent. Central Bank governor Lamido Sanusi said he aimed to close a lucrative loophole that effectively enables banks to take government money at low cost and use it to buy government bonds at higher yields and make a profit. The new policy, which comes into force on Wednesday, will soak up around 950 billion naira from the banking system, analysts say. Government funds make up around 10 percent of total banking deposits. "It may hold the naira for the very short-term (but) the only thing that can hold the naira for the long run is the return of foreign inflows," said Francis Ikenga, head of strategy at Nigeria's Fidelity Bank. There may be little the central bank can do about something that is being driven by market sentiment in faraway cities. Africa's top oil producer is a growing destination for foreign investors, but it remains vulnerable to capital flight. Efforts to defend the naira helped shrink foreign reserves to $46.96 billion by end-July, from $48 billion in June. Analysts say some $1.8 billion out of $17 billion in foreign investment left Africa's second biggest economy in June alone.

In the short run, raising the CRR will work. The naira climbed to a 7-week high of 159.8 naira last week as banks sold dollar positions to raise cash before Wednesday. "The tightening ... will reduce liquidity-driven demand for foreign exchange, (but) for the pressure on the naira to ease ... meaningful foreign inflows ... need to resume," said Samir Gadio, emerging market strategist at Standard Bank. There is also growing pressure from outflows: Nigeria's booming economy now imports 80 percent of what it consumes. "There are questions about how Nigeria will generate the foreign exchange to pay for its ever-increasing import bill," said Alan Cameron, economist at CSL Stockbrokers. Angus Downie, head of economic research at Ecobank, suggested the government could issue more debt at higher yields to draw foreign investors back and support the naira long term. Last August, when the regulator hiked cash reserve for all deposits to 12 percent, from 8 percent, it triggered a spike in overnight lending rates by 10 percentage points to 35 percent. Interbank lending rates and 3-month T-bill yields have both risen by 1.5 percentage points, but are likely to rise further when the money gets removed from the system. Sanusi's move also aimed to castigate banks for buying low-risk government debt rather than lending to the real economy. Yet an unintended consequence may be even less real lending. "This directive will further limit ... loan growth. With higher rates, government securities will begin to look attractive ... a further disincentive for lending," an analyst at Vetiva Capital told Reuters. *(Reuters)*

The African Development Bank (AfDB) has warned that the Nigerian economy may face credit crunch in months ahead as the country's crude oil production declined further by 150,000 barrels per day (bpd). The AfDB also stressed that the continued crude oil theft and vandalism of oil pipelines as well as recent developments in the global oil market posed a significant threat to the sustainability of the country's financial position with respect to oil revenues. The bank gave this warning in its monthly "Nigeria Field Office" (NFO) report, stating the country's continued reliance on crude oil and gas exports which accounted for 94 percent of export earnings made it difficult to achieve its set targets in crude oil revenues as well as to sustain progress in storing oil reserves. It said: "The extreme dependence on the highly volatile petroleum income has a strong negative impact on sustaining macroeconomic stability and on growth performance. "Closely linked to this concern is the need to create conditions for a further significant public and private investment in the non-oil economy, along with improvements in the productivity of this investment." The report said the possibility of continued weak growth in value added by oil and gas in the decade would entail that the non- oil economy would have to expand at a faster pace than the estimated 15 per cent annually in real terms. Specifically, it noted: "Efforts by major consumers of Nigerian crude oil to reduce their dependence on foreign oil imply possible reductions in future demand." The AfDB said if predictions by analysts come to fruition, "the United States, the largest importer of Nigeria's crude oil may become the world's largest oil producer surpassing Saudi Arabia by 2020." Continuing, it noted: "China and Brazil are also said to hold enormous deposits of low cost alternative to crude oil. As Nigeria embarks on the economic transformation agenda, early actions to address the high dependence on revenues from the oil sector must be taken to diversify the economy." *(Thisday)*

As the Central Bank of Nigeria (CBN) makes effort to protect the naira and attract foreign investment through high rates, treasury bills and money market rates will rise in August, experts at Investment One Research Limited have said. In a report made available to THISDAY, the experts said the decision by the CBN to be generous with treasury bills rates would force banks to re-price their liabilities upwards to cushion the effect of liquidity squeeze in the banking industry. According to Investment One Research, "Again, interbank bonds yields will trend upwards in alignment with T-Bills and money market rates. Prices will likely moderate further as banks resume selling down on their bonds holdings to meet the August 7 (today) deadline for locking up 50 per cent of their public sector deposits with the apex bank. On the shape of the equities market in the new month, Investment One Research stated that most investors might adopt a cautious approach to access the effect of the hike in cash reserves requirement (CRR) by the CBN and the release of more second quarter results. "We hold a neutral view of the market going into August. With corporate results season gradually coming to an end and the bourse having already gained 4.8 per cent in the month just-ended, we foresee a month where investors will rather thread on caution in search of the next big news. "Already, the fixed income instruments (T-Bills and money market) wear attractive opportunities as rates are set to be driven high by both CBN's attempt to protect the naira (to attract FPIs through high rates) and banks jostle for deposits (to cover for liquidity strains). However, ample of opportunities still exist from the technical perspective as price decline will provide opportunities for good re-entry point. Again, recently-released H1 corporate results are largely impressive and make case for fundamental investments," they stated. *(Thisday)*

Tanzania

Corporate News

No Corporate News this Week

Economic News

No Economic News This Week

Zambia

Corporate News

ZAMBIA Sugar has said it can supply up to 10 per cent of the country's fuel requirement using its ethanol. Zambia Sugar head of corporate affairs Lovemore Sievu said this at the just-ended 87th Zambia Agricultural and Commercial Show in Lusaka. Mr. Sievu said Zambia Sugar was diversifying to produce ethanol. "We do have the raw materials right to produce ethanol, so we believe at the moment we can supply up to 10 per cent of the nation's requirement for ethanol using the molasses which is there but not only that we want to expand our capability. "We see more vehicles coming into Zambia so that one day to some measure we cannot say we can replace the fossil fuels but to some measure can reduce a sizeable chunk of our foreign exchange expenditure on fuel," Mr. Sievu said. He said the company was discussing with the Department of Energy in the Ministry of Mines, Energy and Water Development on ethanol production. And the firm produced a total of 404,000 tonnes of sugar in the 2012/13 period compared to 374,000 tonnes produced in the 2011/12 season. According to the 2013 annual report, the Nakambala factory processed a record 3.25 million tonnes of cane resulting in record sugar production of more than 400,000 tonnes. The report said the increased sugar production and higher sales revenue, combined with effective cost control and the benefit of improved factory productivity, resulted in an improvement in profit from operations which increased to K316 million from K307 million in 2012. During the season, the company employed around 1,900 permanent employees and more than 4,000 seasonal employees at peak periods. *(Times of Zambia)*

KABOKO Mining Limited says it will issue over 292.41 million new listed options to raise up to A$292,416 on the Australian Securities Exchange to fund exploration and development of its manganese project in Mansa. Company secretary Jane Flegg said in a letter issued to shareholders on August 2, 2013, that each new option will have an exercise price of 1.2 cents (A$0.012) and is exercisable at any time on or before August 31, 2016. "We are pleased to confirm that we will undertake an underwritten, non-renounceable entitlement issue of up to approximately 292,415,898 new listed options to raise up to A$292,416. The funds will be used for exploration and development on the company's project in Zambia and expenses of the offer and working capital," Ms Flegg said. She said shareholders will be offered one listed option for every three fully paid ordinary shares held at an issue price of 0.1 cents (A$0.001) per new option, with any fractional entitlements being rounded up. Ms Flegg said all of the shares issued upon exercise of new options will rank equally with all other fully paid ordinary shares of the company, including in respect of dividends, from the date of allotment. She said the entitlement issue will raise up to about A$292,416 before costs. "This is not compulsory to exercise your options. If you do wish to exercise options, you may do so by completing all of the steps required by the terms and conditions of those options, including payment of the relevant exercise price," she said.

Kaboko Mining Limited is an Australian Stock Exchange-listed exploration, development and mining company primarily focused on establishing itself as a major producer and exporter of high-grade manganese ore from its portfolio of assets in Zambia. It currently holds majority interests in five large-scale prospecting licences and two small-scale mining licences covering over 2,700 kilometre square in established and highly-prospective manganese mining regions in Mansa, Northern Province. In 2012, the company concluded strategic off-take and funding agreements with Sinosteel Australia Limited and Noble Resources Limited that are proposed to be used to complete further exploration and to advance its projects towards full-scale commercial production. *(Daily Mail)*

Economic News

No Economic News This Week

Zimbabwe

Corporate News

ZIMPLATS, the country's largest platinum miner, has spent about US$50 million in three months to June this year on procurement of goods from local firms, the company has said. This was 16 percent higher than what the company spent during the previous quarter ended March 31 and it excluded payments to Government-related institutions. "The company's local spend increased from US$42 million to US$49 million . . . in line with the company's commitment to the development of local industry," said Zimplats. Government is in the process of coming up with a policy that restricts foreign procurement of raw materials and other equipment by companies to give preference to local suppliers. Zimplats, a subsidiary of Impala Platinum Mines, said it paid US$30 million to the Government in taxes, 6 percent lower than the previous quarter due to a reduction in corporate tax payments arising from the lower prices. During the quarter, platinum prices were 10 percent lower than in the March quarter, while the palladium and rhodium prices were 4 percent and 2 percent lower, respectively. Early this year, Implats signed a term sheet agreement with Government on how in intends to dispose its 51 percent shareholding to indigenous black Zimbabweans to comply with the indigenisation and empowerment laws which requires foreign-owned companies to turnover their majority shareholdings to locals.

Government has accepted the plan which involves the transfer of 10 percent to employees, another 10 percent to a community trust and 31 percent going to a State fund. "Discussions with the Government on the indigenisation plan are ongoing," said Zimplats. During the quarter ended June this year, the company's operating profit fell 66 percent compared with the quarter ended March due to lower sales volumes and reduced metal prices. Operating profit fell to US$22,5 million from US$65,4 million in the quarter ended March 2013. Revenue dropped 26 percent to US$126 million in the June quarter from US$169,3 million. Operating costs remained unchanged at US$103 million during the quarter. Mining production improved by 2 percent to about 1,23 million tonnes from the previous quarter. The amount of ore milled rose by a third to 1,4 million tonnes, Zimplats said. The Ngezi Phase II concentrator was successfully commissioned in the quarter and has achieved design capacity. Consequently, ore milled and metal in concentrate production were increased by 34 percent and 31 percent from the previous quarter respectively. Development of the new underground mine (Mupfuti) remains on schedule to reach full production in early 2015. *(Herald)*

PLATINUM producer Zimplats has recorded a 26% drop in revenue to $125.8 million for the three months to June, the company said in its quarterly report. In the report, management said lacklustre sales volumes combined with decreased metal prices had pulled down the firm's revenue during the period. "Although ore mined at 1.26m tonnes was ahead of the previous quarter, revenue and profitability had been affected by depressed metal prices," said the company. The average platinum prices in the period were at $1 417, a 10% drop on $1 634 in the March quarter. However, mining production in the three months to June improved by 2% over the March quarter and 5% over the same period last year. Meanwhile, Zimplats paid $30m to the government in direct and indirect taxes, 6% lower than the previous quarter due to a reduction in corporate tax payments arising from lower metal prices. The group also said discussions on its indigenisation plan were on-going.*(New Zimbabwe)*

FREDA Rebecca Gold Mine, a subsidiary of Alternative Investment Market-listed Mwana Africa Plc, recorded a 37 percent increase in gold output in the full year to March 2013. In a statement accompanying the group's financial results, Mwana Africa said Freda Rebecca had since grown to become the country's single biggest gold producing mine. Mwana holds 85 percent shareholding in Freda. During the year Freda Rebecca sold 65 350 ounces of gold at an average price of US$1 650 per ounce as well as by-products, generating revenue of US$108,1 million. The out-turn compares extremely well with last year's performance over the same period when output came in at 47 770oz, for US$1 664/oz, with revenue of US$79,8 million. The Zimbabwean entity single handedly leveraged the multi-commodity group, which reported turnover for the year of US$109,1 million and profit from operating activities before impairments for the year of US$11,6 million.
The group, however, suffered a US$43,5 million loss after writing off US$43,7 million non-current assets of its 77 percent owned other Zimbabwe subsidiary, Bindura Nickel Corporation, which is facing funding constraints. "Average quarterly production for the financial period

was 16 338oz of gold and the highest level of quarterly gold production was 18 350oz, achieved in the quarter to September 2012. "A total of 12 510oz of gold was sold in the quarter to March 2013 despite decreased volumes being processed due to the leach tank failure in February 2013," Mwana said.

The group said 1 043 764 tonnes of ore were mined from 950 857t while 958 968t were milled against 893 145t in 2012. Ore grade improved from 2,28 grammes per tonne in 2012 to 2,64g/t in the comparative period this year while gold recovery increased from 75 percent to 81 percent. During the year progress was made on the evaluation of the economic potential of Freda Rebecca's tailings dumps including commencement of construction of a pilot plant. The objective of the pilot scale test plant is to prove that gold can be recovered economically from the tailings with little reprocessing and low mining and handling costs. "An auguring programme over the dumps will produce a JORC compliant mineral resource that we believe has the potential to add significantly to Freda Rebecca gold production." Work continues to optimise the processing plant, with the focus on increasing plant throughput and recovery improvement. Consultants were engaged in the June 12 quarter to assist management with the correct configuration of power draw, milling rates and grinds in the milling circuit. *(Herald)*

Economic News

THE Confederation of Zimbabwe Industries will soon meet export goods manufacturing companies in the country to explore factors behind delays in the acquittal of export documents. The Herald Business understands that the meeting comes after CZI's executive committee had earlier met Reserve Bank Governor Dr Gideon Gono and his officials who allegedly expressed reservations over the issue.
CZI president Mr Charles Msipa confirmed that the industrial lobby will meet exporting manufacturers to glean information on factors behind delays acquittal of export documents, known as CD1 forms in exchange control terms. Mr Msipa said the RBZ was not happy about the delays regarding declaration of export documents hence the meeting to discuss the constraints before re-engaging the RBZ. "We are really trying to support efforts by the RBZ to explore factors limiting (timely) declaration of export proceeds (documents). "We want to what factors can lead to remittance of export proceeds documents. We want to gather information so as to speak to the RBZ with one voice as exports," said Mr Msipa. The CZI boss said in the earlier meeting with the RBZ the apex bank had expressed concern over overdue acquittal of CD1s. CD1s are declaration forms that show the quantity and value that a particular company would have export over a given period. CD1 forms are used in international trade and companies in Zimbabwe submit the CD1 form returns to the central bank for export proceeds reconciliation purposes. Dr Gono declined to comment saying RBZ's position on the issue would be explained fully when he delivers his Mid-Term Monetary Policy Statement. "That will be included in my (mid-term) monetary policy statement that I referred to earlier," said the RBZ chief.

In a statement issued last week, Dr Gono said Section 46 of the Reserve Bank of Zimbabwe Act, Chapter 22:15, requires, bi-annually in June and December, the governor to submit to the Minister of Finance a (Monetary) Policy Statement. The statement contains a description of the monetary policy to be followed by the central bank during the next six months and a statement of the reasons for those policies. It should also provide a statement of the principles that the bank proposes to follow in the implementation of the monetary policy and an evaluation of the monetary policy and its implementation for the last preceding six months of the year. Dr Gono said the next six months will to a very large extent depend on the outcome of the harmonised elections whose voting process was conducted on Wednesday last week. Against this background, he said the Mid-Term Monetary Policy Statement would be issued on a date to be advised later this month.
He said until then, the banking sector players and all stakeholders should go about their business in the normal way. *(Herald)*

PRESIDENT Robert Mugabe's apparent landslide election victory has prompted fears that the country's barely resuscitated economy is in for another bumpy ride. The full results are not yet in, but Mugabe's triumphant allies have already vowed to redouble efforts to put assets into the hands of black Zimbabweans. "All resources must be for the benefit of our own people. We will no longer tolerate any exploitative relationship," Justice Minister Patrick Chinamasa said. "We are going to continue with our message that our resources must come under the control of the people of Zimbabwe." After land and mining grabs, Chinamasa has already singled out the country's foreign-owned banks as targets for indigenization. "All the banks are British owned, that is why they are refusing to give credit to our people," he said. In recent years Mugabe's Zanu PF hardliners have talked a lot about seizing financial firms like Britain's Standard Chartered and Barclays. There have even been threats against South African firms like Standard Bank - despite the risk of irking a powerful neighbour. But generally cooler heads have prevailed. "Destabilizing a large bank such as Standard Chartered has serious systemic consequences that can lead to unintended results," Zimbabwe's central bank chief and Mugabe ally Gideon Gono said in April. But the scale of Mugabe's supposed victory may give the hardliners the upper hand. And some analysts believe Mugabe, already 89 years old and trying to keep successors at bay, may have little choice but to expropriate assets and divvy up the spoils. "The only way for Zanu PF to maintain the loyalty of the armed forces and of its supporting structure is to find ways of extracting resources," said Jakkie Cilliers, director of South Africa's Institute for Security Studies.

"It's back to extreme volatility," said Iraj Abedian, CEO of Pan African Investments. "We can expect fairly radical positions that will have populist support, but which will have huge implications." "The land grabs caused chaos in the agricultural sector and it took ten years for it to settle down," said Abedian. "The financial sector would have a similar impact. It would cause chaos, but Zanu PF and Mugabe seem to like that." During the last decade Mugabe, once an avowed Marxist, has seized white owned farms and demanded majority ownership of foreign owned mines. Critics and supporters have argued over whether the farm seizures have successfully redressed colonial imbalances, or just put assets in the hands of Mugabe's cronies. Before the measures, 6,000 white commercial farmers owned roughly 45 percent of the land, including the most arable. After half the white farmers were - often violently - kicked off, the cereal harvest shrank by 60 percent and overall agricultural production fell by 25 percent.

In 2010, Britain's Institute of Development Studies reported 160,000 households had gained land and smaller farmers were generating surpluses. But the broader economic impact was devastating. Aid dried up amid rights abuses and investor confidence evaporated as quickly as cash left the country. In 2003, Samantha Power, recently appointed US ambassador to the UN, said Mugabe had turned "a breadbasket into a basket case in ten easy steps." Shop shelves were empty, which did not really matter, because more than 90 percent of Zimbabweans were out of work and could not afford steep prices. For those with a job and income, inflation made goods unaffordable anyway. The official annual inflation rate hit 231 million percent, before the central bank stopped counting. According to one private study, the real rate topped out at 79 billion percent, per month. There were riots, strikes and in the decade until 2008, output declined every year and the economy shrank by 45 percent. By 2005, the purchasing power of the average Zimbabwean fell to 1953 levels, according to UN figures. Things began to improve when Mugabe was forced into a power-sharing deal with Prime Minister Morgan Tsvangirai. The coalition government also inspired some confidence in investors as did a decision to adopt the US dollar. According to the Zimbabwe Investment Authority, foreign direct investment increased six-fold between 2008 and 2011. In roughly the same period, GDP grew 20 percent, according to the World Bank, although that figure was padded by earnings from minerals, particularly diamonds. The state budget remains in a critical condition, unemployment painfully high and recovery fragile, but the trend is in the right direction. Investors fear it may not remain that way for long. *(New Zimbabwe)*

MOST banks stopped making new loans because of concern over the policies President Robert Mugabe will pursue after he won an election described by his main rival as a "sham," the chief executive officers of two lenders said. The banks are concerned that Mugabe, who last month described the lenders as "shylocks" and said they should stop "robbing" Zimbabweans may press ahead with plans to force foreign-owned lenders to cede 51 percent stakes to black Zimbabweans or the government, the CEOs said, declining to be identified because they don't want to offend the government. "Individual banks made decisions that they would not lend during this time, elections," Sij Biyam, CEO of the Bankers Association of Zimbabwe, said in an interview on Monday. The decisions may also be due to funding issues unrelated to the elections, he said, declining to be more specific. The CEO of a third bank, who declined to be identified, said the institution had stopped lending several weeks ago because it couldn't secure funding because of concern about the election. Mugabe, 89, won 61 percent of the presidential vote in results released by the Zimbabwe Electoral Commission (ZEC) while his Zanu PF party won a two-thirds majority in parliament, defeating the MDC-T, which said thousands of its supporters were excluded from the voters' roll. A four-year coalition between Zanu PF and the MDC had pulled the country out of a decade-long recession, with Zimbabwe posting four consecutive years of growth. The Reserve Bank of Zimbabwe declined to comment immediately when called. The week before the elections also saw unusually high withdrawals from banks, the CEOs said. Speaking ahead of the elections indigenisation minister Saviour Kasukuwere, who is leading the drive to see locals acquire majority stakes in foreign banks in line with the country's empowerment laws, said the programme would be stepped up after the vote. "It (the election) is a choice of allowing for white domination or black control and moving forward," Kasukuwere said in an interview. "Progress is underway and we will intensify this programme after the election." *(New Zimbabwe)*

BROKERS said stock prices tumbled sharply on Monday, reflecting mounting worries over the country's troubled economy after President Robert Mugabe won bitterly disputed elections. The Zimbabwe Stock Exchange (ZSE) said some of the country's top companies lost up to 20% of their share price on the first full day of trading day since Wednesday's election. This was the biggest fall since the last violent and disputed elections in 2008. Soon after those elections, the country abandoned its own currency and adopted the US dollar to stop world record inflation. As share offers crumbled on Monday, brokers were leaving the trading floor in downtown Harare, once seen as one of Africa's most vibrant economic centres. Delta Corp, a brewing and soft drinks maker allied to the international SABMiller group, lost 30 cents, closing at $1.20 a share. The biggest national food store and fast foods conglomerate, Innscor, lost 14% of its price, dropping to 90c a share and a main rival supermarket chain dropped by 13% in share value. "In a small market like ours, with less than 100 listed counters, these are big losses," said the stock market official, who refused to give his name because he was not authorised to speak to the press. Mugabe's Zanu PF party has vowed to forge ahead with a black empowerment program to take control of the remaining 1,138 foreign and white-owned companies in Zimbabwe.

The party says it will also target the local subsidiaries of large international banks that have foreign shareholders. Critics say the empowerment programme and the seizures of thousands of white-owned commercial farms in the formerly agriculture-based economy have benefited few outside an elite of leaders of Mugabe's Zanu PF party and its loyalists, worsening unemployment and deepening poverty. Many prime farms remain idle and the specter of nationalized industries and mining enterprises have scared off outside investors, even from large corporations in China and India unwilling to yield 51% control to black Zimbabweans. Outgoing Prime Minister Morgan Tsvangirai's opposition Movement for Democratic Change party had promised to attract Western investment that had fled the country in 13 years of political and economic turmoil. His party alleges massive vote rigging by Mugabe-controlled state institutions in Wednesday's vote that brought to an end a shaky coalition government formed after the last disputed elections in 2008. (*New Zimbabwe)*

ZIMBABWE has earned $603 million from 163,5 million kilogrammes of tobacco sold during the past 114 days amid indications that the sector's projected output could be reached as mop-out sales begin today. The country is targeting 170 million kilogrammes of the crop this year. The output has increased by 16,62% from 140 million kilogrammes recorded during the same period last year while the value of the golden leaf sold was up 17% from $515 million recorded last year. In 2012, the country earned $500 million through the sale of 144 million kilogrammes of the golden leaf. Tobacco Industry and Marketing Board chief executive officer Andrew Matibiri said the country was within the target of the projected output. "We are at 164 million kilogrammes which is within the limits. The rains affected output because they were late by two weeks, which affected the yields, " Matibiri said. The golden leaf was being sold at an average price of $3,69 per kilogramme. During the 114 days, two million bales were sold at the country's auction floors. Meanwhile, flue-cured tobacco auction clean-up sales for the 2013 marketing season will begin today.

"Depending on the volume of deliveries, the clean-up sales may be continued for more than one day, until all delivered tobacco has been sold," said the TIMB in a statement. Tobacco is the country's second largest foreign currency earner after mining. The agriculture sector received over $2 billion from 2009-2012 and requires more funds to grow. Farmers in the country have been facing funding problems as they cannot access loans due to lack of collateral. Outgoing Finance minister Tendai Biti recently made a downward revision in agriculture growth to 5,4% due to anticipated decline in maize, groundnuts and cotton output owing to the poor 2012/13 rainy season. Tobacco output has, however, been on a growth trajectory despite several problems besetting the agricultural sector, once the mainstay of the economy. This year, 91 280 farmers were registered with 85 000 hectares of land targeted for tobacco planting. *(News Day)*

THE Zimbabwe Investment Authority (ZIA) has approved investment projects worth $184 million for the half year ending June 30 2013

compared to $247 million realised in the same period last year as investors continue to be averse due to the country's policy inconsistency and uncertainty. According to the latest statistics from ZIA, 80 projects were approved, creating employment for 4 118 people in the period under review as compared to 89 projects in 2012. The manufacturing sector received investments worth $90 million for 32 projects, followed by mining with $81,4 million for 34 projects and the services sector got $9,3 million for 12 projects. Only two projects were approved for the tourism sector with a value of $3,4 million, while for agriculture, construction and the transport sector, there were no investments during the period. According to the Mid-Term Fiscal Policy statement announced last month, outgoing Finance minister Tendai Biti revised the year-end economic growth rate to 3,4% from the projected 5% due to political uncertainty after the polls. Biti said the projected economic growth decline was also reflected by a slowdown in growth of aggregate demand, which is now projected to grow at 7% in 2013, down from the original forecast of 12%. "The 7% growth in aggregate demand will be supported by rising final consumption, notwithstanding marginal growth in disposable income due to the liquidity crunch money supply," Biti said. "While domestic investment was primarily limited by the liquidity challenges prevailing in the economy, foreign direct investment was mainly constrained by perceived risks associated with the elections as well as the indigenisation and economic empowerment regulations of all of which have seen investors adopting a cautionary, wait and see attitude." Biti said the private sector investment was projected to be at 6,3% of Gross Domestic Product (GDP) in 2013. He said the public investments original target of 4,4% remained low and unachievable due to overcrowding from unsustainably high recurrent expenditures of 32,6% of GDP. *(Newsday)*

President Robert Mugabe's ZANU-PF party said on Tuesday it would increase black ownership of the economy in the next five years after its landslide election victory, adding to investors' concerns about the party's political dominance. But the central bank sought to assuage worries of an imminent re-introduction of the local dollar, abandoned in 2009 after being rendered virtually worthless by hyperinflation. The stock exchange's main Industrial Index shed 1.7 percent, extending Monday's 11 percent slide, as investors on the $5 billion Harare bourse digested the extent of the ZANU-PF win, which puts it in position to enact laws and change the constitution at will. The local unit of Barclays Plc, Barclays Bank Zimbabwe , plunged 20 percent and top hotelier Meikles Limited was down 18.75 percent. Before the July 31 election, the index hit a series of highs on hopes Prime Minister Morgan Tsvangirai might unseat the 89-year-old Mugabe at his third attempt. On Tuesday, ZANU-PF ran full-page advertisements in newspapers saying its crushing election win was an endorsement of "black economic empowerment" plans that target foreign-owned companies including banks and mines. "The people of Zimbabwe have given President Robert Mugabe and ZANU-PF a clear mandate to transform the economy through indeginisation and economic empowerment," the party said. "Over the next five years, Zimbabwe is going to witness a unique wealth transfer model that will see ordinary people take charge of the economy." ZANU-PF has set its eyes on 1,100 foreign-owned firms. It also pledged to leverage mineral reserves ranging from gold to diamonds to platinum to raise money to prop up an economy still emerging from a decade-long recession.

Many Zimbabweans also fear reintroduction of the Zimbabwe dollar, a possibility alluded to by Mugabe and senior ZANU-PF official Patrick Chinamasa, who called the 2009 move to the U.S. currency a "strategic retreat." However, Reserve Bank governor Gideon Gono said the local currency would not be introduced anytime soon, adding that when it is adopted, the local unit would circulate alongside the greenback and South African rand. "There are no plans whatsoever, within and outside the bank, for the immediate or near-term re-introduction of the Zimbabwe dollar into our system," Gono said in a statement. Gono presided over the industrial printing of the Zimbabwe dollar currency to cope with hyper-inflation of 500 billion percent. His last five-year term as governor ends in December. Tsvangirai's Movement for Democratic Change (MDC) party is challenging Mugabe's victory in court. The legal challenge should be made by Friday and the constitution says the courts must rule on the case within 14 days. Mugabe be sworn in only after the courts give the all-clear. With state revenues dwindling due to a pre-election growth slow-down, economists say the new administration will face immediate spending pressures, particularly from poor farmers demanding seed and fertiliser for the September planting season. *(Reuters)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®