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	6-May-16	13-May-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10310.73	10226.97	-0.81%	-1.39%	10602.32	-3.54%	-1.40%
Egypt	CASE 30	7547.49	7520.52	-0.36%	-0.35%	7006.01	7.34%	-5.40%
Ghana	GSE Comp Index	1801.28	1788.97	-0.68%	-1.42%	1994.00	-10.28%	-10.60%
Ivory Coast	BRVM Composite	310.29	308.94	-0.44%	-0.78%	303.93	1.65%	6.18%
Kenya	NSE 20	3964.65	3927.69	-0.93%	-0.90%	4040.75	-2.80%	-1.18%
Malawi	Malawi All Share	12682.97	12514.20	-1.33%	-3.39%	14562.53	-14.07%	-18.20%
Mauritius	SEMDEX	1778.59	1776.64	-0.11%	0.14%	1,811.07	-1.90%	0.96%
	SEM 10	341.67	342.26	0.17%	0.42%	346.35	-1.18%	1.70%
Namibia	Overall Index	953.36	930.88	-2.36%	-2.98%	865.49	7.56%	10.22%
Nigeria	Nigeria All Share	25701.60	26441.03	2.88%	2.77%	28,642.25	-7.69%	-8.15%
Swaziland	All Share	357.65	357.65	0.00%	-0.63%	327.25	9.29%	12.00%
Tanzania	TSI	3977.02	3948.78	-0.71%	-0.49%	4478.13	-11.82%	-12.89%
Zambia	LUSE All Share	5000.36	4964.88	-0.71%	-3.10%	5734.68	-13.42%	-4.11%
Zimbabwe	Industrial Index	107.03	107.59	0.52%	0.52%	114.85	-6.32%	-6.32%
	Mining Index	20.00	21.55	7.75%	7.75%	23.70	-9.07%	-9.07%

CURRENCIES

Currency	6-May-16 Close	13-May-16 Close	WTD % Change	YTD % Change
BWP	10.74	10.80	0.58	2.22
EGP	8.86	8.86	-0.00	-11.88
GHS	3.79	3.82	0.75	-0.36
CFA	572.67	574.68	0.35	4.46
KES	98.90	98.87	-0.03	1.67
MWK	661.43	675.52	2.13	-4.81
MUR	33.79	33.71	-0.25	2.92
NAD	14.93	15.03	0.64	2.48
NGN	198.07	198.28	0.11	-0.50
SZL	14.93	15.03	0.64	2.48
TZS	2,146.58	2,141.87	-0.22	-1.21
ZMW	9.64	9.88	2.47	10.76

WEEKLY AFRICAN FOOTPRINT

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana will target an average economic growth rate of 4.4 percent in the next six years from 3.8 percent currently but this won't be enough to end poverty, the finance minister said on Monday. Finance Minister Kenneth Matambo said the southern African country's faces poverty, income inequality and unemployment, and is keen "to find measures that increase the growth of the economy beyond the projected level of 4.4 percent." Despite Botswana's success in promoting sustainable economic growth prior to the global financial crisis of 2008/09, the three major development challenges have remained an albatross on the economy of the world's top diamond producer by value. Under the 11th National Development Plan, a medium-term socio economic framework covering the period from 2017 to 2022, Matambo said revenues are estimated at 372.3 billion pula ($341 billion) against an expenditure of 370.2 billion pula resulting in an expected slight budget surplus of 2.079 billion pula. Under the previous plan, which covered 2009-2016, the minister said the economy achieved a growth rate of 3.9 percent from a target of 3.3 percent boosted by the non-mining sector. Botswana has said its mining revenues are seen falling by 8 percent in 2016 due to depressed prices and weak demand. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Telecom Egypt, the country's state-owned landline monopoly, achieved an almost 116 percent jump in first-quarter net profit, it said on Monday. The company posted a profit of 1.2 billion Egyptian pounds ($135 million) in the first three months of the year, against 554 million pounds a year earlier. *(Reuters)*

Egypt's Palm Hills Development Company's first-quarter net profit dropped by more than 40 percent year on year to 105 million Egyptian pounds ($11.82 million), the real estate company said in a bourse statement on Monday. Palm Hills said that revenue rose to 1.072 billion pounds in the quarter, compared with 743 million pounds in the same period last year, adding that January's adoption of amendments to the Egyptian Accounting Standards had deferred some profit.*(Reuters)*

Egypt's EFG-Hermes fell to a first-quarter net loss of 63.66 million Egyptian pounds ($7.17 million) from a profit of 181.55 million a year earlier after taking a non-cash impairment charge on its Credit Libanais stake sale process. "The commercial bank operations have been reclassified as an asset held for sale and so are reported as a discontinued operation," the firm said in a bourse statement on Wednesday. "The reclassification has resulted in a non-cash impairment charge of 280 million pounds on the assets held for sale. Despite the profits generated by the bank during the quarter, EFG Hermes has accordingly recognised a non-cash loss of 207 million pounds," it said. Revenue jumped to 404.49 million pounds from 249.91 million a year earlier, it said. EFG Hermes's board of directors in March approved the sale of a 40 percent stake in Credit Libanais for $33 per share, adding that shares would be sold to Arab and Lebanese investors subject to approval from the Lebanese central bank. It expected the deal to be complete by June 30. *(Reuters)*

Egypt's Edita Food Industries reported a first-quarter net profit of 39.17 million Egyptian pounds ($4.41 million) on Thursday, down from 81.30 million last year. Sales fell to 518.09 million pounds from 528.90 million. *(Reuters)*

Economic News

Egypt has bought 1.3 million tonnes of domestic wheat since the start of the procurement season on April 15, the agriculture ministry said on Monday. Egypt, the world's largest wheat importer, is planning to buy 4 million tonnes of Egyptian wheat in the 2016 season. The agriculture ministry has said all necessary precautions had been taken to avoid selling of cheaper imported wheat to the government during the procurement season and falsely labelling it as Egyptian wheat. *(Reuters)*

Egypt's annual urban consumer price inflation jumped to 10.3 percent in April from 9 percent in March, the official statistics agency CAPMAS said on Tuesday. It was the first time since December that inflation has accelerated. The central bank devalued the pound in March by around 13 percent, and then hiked interest rates by 150 basis points at its MPC meeting on March 17 to curb inflationary pressures. *(Reuters)*

Yields on Egypt's six-month treasury bills fell while those on one-year bills rose at an auction on Thursday, central bank data showed. The average yield on Egypt's 182-day bill fell to 13.710 percent from 13.716 percent at the last sale on May 5. The yield on the 364-day bill rose to 13.988 percent from 13.968 percent at a similar auction on May 5. *(Reuters)*

Ghana

Corporate News

Tullow is considering three options on the table to fix the broken turret bearing of jubilee floating production storage and offloading (FPSO) vessel - FPSO Kwame Nkrumah, before resuming full operation, a company official has said. The company shut down operations in March this year after it noticed a broken turret bearing on the vessel following planned routine maintenance works but has started production after stabilising the vessel. "Fixing the problem itself in terms of the bearing, we did say that we are looking to come to a decision on the option to select by the middle of the year," Mr Charles Darku, General Manager for Ghana Business Unit at Tullow Oil plc, said on Wednesday. "It could be one of three options that we discussed, it could be an off-station solution, a spread moor solution and another one," he said. "We will have discussions with the Government of Ghana, our partners and all other stakeholders to [reach a] decision for that activity to take place." Mr Darku, who announced this to shareholders at the Company's fifth investor forum, said the company had initiated steps to stabilise the national asset and allow full production of oil. Tullow says it would produce 33,000 barrels of oil per day as against the 100,000 it was producing before the planned shutdown. "We're planning the shutdown for maintenance and this occurred so we went through the shutdown which was the planned maintenance activities which we have completed."

"We used that time and sometime after that to consolidate the procedures that we require to be able to off-take the cargo that was on-board the FPSO and start production", Mr Darku said. The investor forum enabled Tullow oil to present to its shareholders in Ghana the company's 2015 performance and outlook for 2016. Tullow Oil could not pay dividends to its shareholders, following a drop in world crude oil prices since mid-2014, the company recorded robust performance in 2015 registering average gross production of 103,000 barrels per day. However, first quarter of 2016 production was below expectations due to increased downtime following the concern identified with the FPSO Kwame Nkrumah turret bearing. The Tweneboa, Enyenra and Ntomme (TEN) project is now over 90 per cent complete and first oil remains on target for July/August 2016, Tullow said. The company estimates that TEN average annual production in 2016 would be around 23,000 bopd gross. It attribute the result its mid-year start-up and ramp-up in the second half. *(Ghana Web)*

Beverage manufacturer, Guinness Ghana Limited has reported a net loss of eight million cedis between July 2015 and March 2016. According to the company, the high utility prices, rising inflation and high interest rates contributed **to its losses for the nine month period.** Industries have been complaining about the high cost of doing business in Ghana. Some have already been forced to undertake huge layoffs while others have completely shut down. The Finance Director for Guinness Ghana, Stephen Nirenstein disclosed these figures for Guinness Ghana when he addressed a fact behind the figures session of the company, "Notwithstanding the growth in revenue, the increasing cost of doing business, the cost or availability of utilities; FX devaluation and increase in inflation and interest rates over the last few years have resulted in high cost of debt and lower profitability, "The 44 million cedis year on year improvement in earnings before interest, taxes, depreciation and amortization (EBITDA), is broadly in line but despite that the interest charges are impacting on our bottom line delivery. As such, in the nine months of 2016, the business incurred a net loss of 8 million cedis," he stated.

Despite the losses, Guinness Ghana says its revenue increased by 34 percent between 2014 and 2015. According to Stephen Nirenstein, the steady improvement in revenue was mostly backed by innovation, "Despite the challenging economic environment, revenue grew 79 percent between 2011 and 2015. This growth was spurred by innovation with the introduction of new brands onto the market," he noted. Mr. Nirenstein added, "Revenue growth momentum has been maintained in the first nine months of the fiscal year ending the 31st of March 2016 with a 34 % year on year increase, with growth in our core brands and roll-out of our innovation brand." The use of local raw material such as cassava by Guinness Ghana has also marginally increased by about 3 percent between 2012 and 2015. This is also reported to have affected the livelihoods of about 7000 small holder farmers. Meanwhile the company says it is optimistic of a robust performance in the last quarter of 2016 and beyond. This growth it anticipates will be influenced by; productivity, route to customer, innovation as well as growing core brands. *(Ghana Web)*

Economic News

No Economic News This Week

Kenya

Corporate News

The amount of money that Kenyans transact daily through M-Pesa is half of what it cost to construct the Thika Superhighway, latest figures from Safaricom reveal. At Sh15 billion, the sum is equal to the amount that the Treasury allocated for military modernisation last year. In a report the firm shared with the Sunday Nation, Safaricom says Kenyans made 4.1 billion M-Pesa transactions last year, which was almost double the 2.8 billion in 2014. It says the number of M-Pesa customers in Kenya now stands at 21 million, meaning there were about three million new users in the past year. The report centers on M-Pesa's progress since its servers were moved from Germany to Kenya and a subsequent upgrade of the operating system. In a single second, the document says, the system now receives up to 900 transactions, which places M-Pesa in the league of the world's busiest payment companies. "Currently, we process 14 million transactions daily," the report says. This figure could evoke awful memories among Kenyans who used the service before April 2015 — when the system could only cope with 320 transactions a second — with operations slowing down on weekends and holidays. Nairobi-based M-Pesa agent Anne Wambui recalls that during those days, she lost up to Sh5,000 due to delays. The losses occurred when she received a message to release cash to a customer while the system had not deducted the sum from the customer's account. Another Nairobi agent, Mr Nobert Wandera, remembers that there were days when he would not do business from morning till evening. But these days, there has not been a single instance of M-Pesa outage since October 2015, says M-Pesa Head of Product Development Brian Wamatu. "We used to have hitches here and there, especially on Fridays when we had high traffic," Mr Wamatu told the Sunday Nation during an interview with senior M-Pesa officials. "The average transaction is six seconds, from up to 20 seconds in the old system. We have had fewer downtimes. We have not had a single downtime in the last six months, even during the festive season," he added.

Mr George Ojiwa, an engineer at the M-Pesa financial services support desk, attributed the reduced number of disruptions to the control that the technical teams have over the M-Pesa equipment. "The operations team is structured in such a way that we have 24/7 visibility of the system. And because the system is here locally, we have visibility in the software elements, application and also in the hardware components," he said. One of the changes that the new software has enabled the team to implement is the "Hakikisha" service that was introduced last October. It allows a sender to confirm the recipient before finalising a transaction. M-Pesa technicians increased the number of seconds within which a sender can confirm the recipient from 15 to 20 seconds. "We got feedback from customers that before they could confirm the message, it had disappeared," said Mr Wamatu. Following the complaints, the team added five more seconds — a change that had to go through an internal testing process before it was rolled out. Besides Hakikisha, the new system also allows users to get statements via email every month. It also enabled the introduction of a new M-Pesa menu and gave the team the ease of working with third party product developers. M-Pesa offices have been receiving an average of 900 requests every month, with people seeking to incorporate the payment system into their businesses. *(Nation)*

Kenya's Equity Group Holdings, the country's second largest bank by assets, said its first-quarter pretax profit rose 19 percent as it secured cheaper funds from shareholders and creditors while increasing lending to customers. The lender, which also operates in Uganda, Rwanda, Tanzania, South Sudan and the Democratic Republic of Congo reported a pretax profit for the first quarter of 7.3 billion shillings ($72.71 million) as it increased its borrowed funds by 76 percent to 46.0 billion shillings. The extra borrowed funds came with an interest rate of Libor plus one, or about 4 percent, before being lent to customers at the prevailing double-digit interest rates, Equity Group Chief Executive James Mwangi told investors on Tuesday. Net loans increased by 22 percent from the same period last year to 275.0 billion shillings. Total costs grew 17 percent during the period as staff costs and loan loss provisions rose. Non-performing loans stood at 3.8 percent of the total, below the 8 percent recorded for the industry in March. *(Reuters)*

Kenya's mobile phone firm Safaricom said its full-year earnings before interest, taxation, depreciation and amortisation (EBITDA) rose 17 percent, lifted by revenue from its mobile data and M-Pesa mobile money service. The nation's top mobile operator, which is 40 percent owned by Britain's Vodafone, said earnings were expected to climb 7 to 10 percent this year. Full-year EBITDA to March 2016 was 83.1

billion shillings ($826.45 million), while the forecast for EBITDA in the year to March 2017 was for 89 billion shillings to 92 billion shillings, Chief Executive Officer Bob Collymore told an investor briefing. Capital expenditure for the year to March 2017 was forecast at between 32 billion and 33 billion shillings. For the year to March 2016, revenues from M-Pesa climbed 27 pct to 41.50 billion shillings as customers with even basic handsets use them to increasingly pay bills, send money and make other transactions. Mobile data revenue in the year to March 2016 climbed 43 percent to 21.2 billion shillings, but voice revenues climbed more slowly, by just 4 percent to 90.8 billion shillings. *(Reuters)*

Economic News

The Kenyan shilling inched down on Monday mainly due to weaker stock markets abroad. At 0642 GMT, commercial banks posted the shilling at 100.40/50 per dollar, slightly down from Friday's close of 100.30/40. *(Reuters)*

Kenya's central bank has room to start policy easing in East Africa's biggest economy as inflation falls back within the government's target range, Governor Patrick Njoroge said. "One can say comfortably that there is room to adjust from the tight monetary stance that was there," Njoroge said in an interview Thursday at the World Economic Forum on Africa in the Rwandan capital, Kigali. "I think that it is a decision that the Monetary Policy Committee needs to make. I cannot pretend to speak on its behalf." The central bank raised its benchmark interest rate twice last year by a total 300 basis points to 11.5 percent, which has helped to curb inflationary pressure. The MPC is next scheduled to meet on May 23. The weakening growth outlook in the region has put more pressure on policy makers to cut interest rates to lift the economy. Uganda's central bank last month lowered its key rate to 16 percent from 17 percent. Kenyan annual inflation was 5.3 percent in April, right in the middle of the government's target range of 2.5 percent and 7.5 percent. "Expectations are now fully anchored, so the population does not expect inflation will be rising in the future," Njoroge said. Liquidity in the financial system remains a "big issue," he said. The central bank is often in the market removing excess liquidity or injecting cash through reverse repurchase agreements. The shilling has gained nearly 2 percent against the dollar this year after sliding 11.3 percent in 2015. Against the backdrop of a weaker global economy, the International Monetary in April cut its 2016 growth forecast for sub-Saharan Africa to 3 percent from 4 percent.
(Bloomberg)

Dollar inflows into Kenya will result in a narrower current account gap this year and are among reasons the shilling has a "bias toward strengthening," Central Bank of Kenya Governor Patrick Njoroge said. The deficit, the broadest measure of trade in goods and services, is expected to shrink to 6.3 percent of gross domestic product this year, Njoroge said in an interview Thursday at the World Economic Forum in Kigali, the Rwandan capital. Kenya's shilling has gained 1.7 percent against the dollar so far this year, helped by a 25 percent increase in earnings from tea shipments, and a 17 percent rise in tourist arrivals. "We are getting a lot of inflows, a lot of dollar inflows, so there is a sense of a bias toward strengthening, but I'm not in the business of projecting" the direction of the exchange rate, Njoroge said. "It's a bias in the sense the current account is closing -- that's all." The foreign-exchange market of East Africa's biggest economy is currently "very balanced" and the central bank has been intervening to help smooth volatility, Njoroge said. "We are fully wedded to a flexible exchange-rate regime and we did not do anything to deviate from that," he said. "I don't care if it is appreciating or depreciating, it doesn't matter to us, what matters to us is the market is behaving in proper fashion." Kenya is the world's largest exporter of black tea and relies on agriculture shipments and income from tourists to generate most of its foreign-exchange earnings. *(Bloomberg)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Mauritius-based Sun Resorts posted a 17.6 percent rise in third-quarter pretax profit to 108 million rupees ($3.09 million) helped by a higher revenue per available room. Sun Resorts, which also operates in the Maldives, said revenue per available room rose 21 percent to 5,121 rupees from a year earlier. The group said room revenue rose to 1.53 billion in the three months to end-March, from 1.20 billion a year ago. The group is renovating its Le Touessrok hotel and Four Seasons in Mauritius, it said in a statement. "Despite the encouraging level of the group's forward bookings, the Q4 results will remain difficult due to the seasonality of the Mauritian hotel industry," the company said. *(Reuters)*

Economic News

No Economic News This Week

Nigeria

Corporate News

Transcorp Hotels Plc says it has completed tranches 1 and 2 of its N30bn bond issuance programme, which is intended to fund the upgrade of Transcorp Hilton Abuja and the development of a multipurpose banquet centre. According to a statement by the company, work is also going on the Transcorp Hilton Ikoyi and it is expected to be completed by May ending this year. The statement said, "Transcorp Hilton Port Harcourt has got the necessary planning approvals from the Rivers State Government and we are currently revising our design to optimise the use of the expanded site. "Transcorp Hilton Abuja will be upgrading 670 rooms in the next 18 months. The current focus is on the installation of new elevators and procurement of fittings for guest and meeting rooms. In addition, external work on the construction of a new access way, warehouse and car park has commenced." The President/Chief Executive Officer, Transcorp Plc, Mr. Emmanuel Nnorom, said the company had already made significant progress in key sectors of its business. He said Transcorp, a leading indigenous conglomerate in the country, was making major business decisions across its interests in hotels, agriculture, power generation and oil exploration. He said the development was already impacting positively on the company's performance. Nnorom was quoted as saying, "Transcorp has made several important business decisions, which will have significant impact on its fortunes.

Some of the strategic initiatives outlined by the president include additional turbines for power generation, increase in the output of the plant from 160MW to 650MW in 2015 and being on track to deliver 850MW of available capacity in 2016. Our target is to be responsible for at least 25 per cent of the total power generated in Nigeria." According to the Transcorp CEO, a production sharing contract for oil block OPL 281 with the Nigerian National Petroleum Corporation has also been signed and preparation for seamless production is ongoing. Nnorom added, "We have put in place a world-class management team and are committed to developing the synergies between our natural resources portfolio and our power interests, creating an integrated energy approach that directly links Nigeria's natural resource wealth to the daily needs of our people." *(Punch)*

Oando Gas and Power Limited (OGP), the foremost indigenous developer and provider of gas and power solutions, and a fully-owned entity of Oando Plc, has commenced development of a mini Liquefied Natural Gas (LNG) facility through its Transit Gas Nigeria Limited ("TGNL") subsidiary in Ajaokuta, Kogi State. The liquefaction plant is primarily directed towards fulfilling the gas supply requirement for captive power plants, embedded generation, and industrial clusters in the Northern region, as well as stranded customers in the South. Off-takers, particularly, power plants and industrial customers who currently utilise liquid fuels such as diesel and LPFO, will be able to lower energy costs by up to 40 per cent, while significantly decreasing carbon emissions. Commenting on the initiative, OGP CEO, Mr. Bolaji Osunsanya said: "The establishment of the Ajaokuta mini LNG project is in firm alignment with our mid-to-long term gas conversion strategy. This venture further emphasises our push to broaden our asset portfolio and strengthen our market play within the gas sector; and by providing the gas advantage, we will help spur the development of self-sustaining industrial clusters to bolster the country's socio-economic growth. LNG is a viable provisional solution and an industry game-changer for the development of gas markets ahead of the actualisation of a far-reaching nationwide gas pipeline network as stipulated by the Nigerian Gas Master Plan." With an unlimited supply radius across the country, the Ajaokuta mini-LNG project will provide the solution to the perennial power challenges suffered in certain regions by supplying gas to key foundation off-takers including strategic power plants and commercial concerns.

OGP provides gas and power solutions to over 170 industrial and commercial customers nationwide ensuring cost-savings across board, powering economic development, and engendering environmental awareness. The company inaugurated its expanding Compressed Natural Gas (CNG) programme in 2013, and is currently spearheading several long term projects including a 400-kilometre South-west to North-west gas pipeline and a Central Processing Facility (CPF) which will serve as the primary gas gathering and processing hub in the Niger Delta. Commenting further on the company's strategic direction, Osunsanya said: "We are focused on aggressively developing Nigeria's gas infrastructure and the Midstream sector at large as evidenced by the ongoing expansion efforts of our various assets. We are poised to conclude the 10km Ijora to Marina expansion of our Greater Lagos pipeline to increase our supply capacity and market, while providing a cheaper power solution for industries and commercial enterprises along the axis. In cooperation with the Rivers State Government, we have also begun the 8km build out of the Central Horizon Gas Company pipeline franchise within the Trans-Amadi area which will have a socio-economic multiplier effect via the availability of power generated, job creation, and the growth of businesses." Though Nigeria boasts proven natural gas reserves of 187 trillion cubic feet (TCF), the 8th largest in the world and the largest in Africa, the gas industry has failed to realise its true potential due to a number of challenges including the lack of a suitable long-term fiscal and regulatory framework, insufficient infrastructure, sabotage in the Niger Delta, and slow market consolidation. Analysts have continually touted gas as a means of diversifying Nigerian revenues from the usual reliance on oil. "Gas must occur as a market-driven development, and Nigeria is not an exception. With oil, there is a ready global market existing for the product. However in gas, you start with an end market and then you develop the gas infrastructure, including extraction, processing facilities, pipelines and connecting infrastructure," said Osunsanya. Oando's holistic gas integration strategy includes methods of transmission and distribution through virtual pipeline solutions such as LNG and CNG to fulfill market requirements while the gestation period for the implementation of the Nigerian Gas Master Plan elapses. The multi-billion Naira Ajaokuta LNG facility will commence operations in Q2 2017. *(This Day)*

Sterling Bank Plc's shares were the toast of the stock market on Tuesday, as investors rallied the lender's clarification over the recent issue involving the institution and the Economic and Financial Crimes Commission (EFCC). In a statement to the Nigerian Stock Exchange (NSE), Sterling Bank affirmed that it did not hold account for "the public officer from the previous administration to which this matter (EFCC visit to the bank) has been linked either officially or otherwise". Some reports – most especially online, had linked last week investigative visit by the EFCC to the bank to the slush political dealings involving former Minister of Petroleum Resources, Mrs Diezani Alison-Madueke, generally known as Diezanigate. EFCC had also been investigating diversion of arms funds, otherwise known as Dasukigate, named after the former National Security Adviser, Col. Sambo Dasuki (rtd). Sterling Bank explained that while the reason for the visit by the EFCC last Wednesday was not immediately clear, it has now been confirmed that the investigation is related to the banking relationship of a non-bank financial institution that is a client of Sterling Bank Plc. "We affirm for the public records that the bank does not hold the account of the public officer from the previous administration to which this matter has been linked either officially or otherwise; the non-bank financial institution (Asset Management Company) in question purchased a number of loans on a recourse basis from Sterling Bank Plc on commercially acceptable terms and this is the link of the concern raised by the EFCC to Sterling Bank Plc," Sterling Bank stated.

The lender's share price rose by 4.91 per cent yesterday, the eighth highest percentage gain within the five-hour trading session. Sterling Bank's share price closed at N1.71. The gain by Sterling Bank helped the banking sector to a positive close in a market overwhelmed by losses by several highly capitalised stocks. Analysts stated that the gains by Sterling Bank and two other banks-Diamond Bank and Zenith Bank, were largely responsible for the extended bullish run of the NSE Banking Index, which rose by 0.6 per cent. Meanwhile, Sterling Bank according to the statement to the local bourse, gave assurance to the investing public that it had commissioned a review of the compliance procedures of its non–bank financial institution clients with the aim of strengthening this area of its operations while in the interim, the bank will not accept any new non-bank financial institution relationships. "We thank our numerous partners for their support and assure you that the bank remains a compliant institution that continues to conduct its business within the ambit of the law," Sterling Bank stated. *(This Day)*

The Chairman, AshakaCem Plc, a subsidiary of LafargeHolcim, Mr. Suleiman Yahyah, on Tuesday said the company's new independent power plant, presently under construction will gulp $100 million for its completion. The ongoing project expected to meet the company's energy needs, he said will utilise the abundant coal resources located in Akko community of Gombe state, stressing that the project which is designed in two phases will be completed before the end of 2017. Yahyah said: "The plant will be located within our Akko plant will give Ashaka 100 percent of its energy needs and the surplus will be sold to the grid and given some to the communities within." The chairman made the disclosure at the company's 41st annual general meeting, held in Abuja, adding that the first phase of the project which has already commenced will cost $40 million, while the second phase will gulp $60 million.
On the N336 million dividend, he said the shareholders of the company have unanimously endorsed a dividend payment of 15 kobo on every ordinary share issue for the 2015 financial year, adding that the dividends will be paid to shareholders out of retained earnings from the pioneer profit in line with relax tax laws.

According the result of the dividend was achieved in a challenging global and national economic climate. "We made N2.7 billion as profit after tax in 2015. The climate is currently tough but we are counting n the resilience which saw us the last quarter to propel us to better results in 2016," he said. While thanking government for tackling the security challenges in the area, he said: "We have to thank the government for bringing peace to the community and secondly we have to thank the community for aligning with and supporting us at difficult times. "We have to also thank our distributors and shareholders for all the support that they have given us in our most difficult times. Now we have seen enough of roll out of infrastructure project and enough of commitment to changing Nigeria, which will give Ashaka and LafargeHolcim, new momentum to take advantage of this emerging opportunity. In a remark, the Company's Managing Director, Mr. Rabiu Abdullahi, said: "Our company continues to be mindful of its partnership with host communities to our facilities. Our commitment to various community development projects is already making positive impact on the local communities and we will not relent on our efforts." *(This Day)*

Unilever Nigeria Plc has declared a dividend of N189.2m following its approval by the company's shareholders at the 91st Annual General Meeting held in Lagos on Thursday. The dividend payout translates to a dividend payout of 5 kobo per ordinary share to the shareholders. In the year ended 2015,the company increased its revenue by 6.2 per cent from N55.7bn in 2014 to N59.2bn as profit after tax stood at N1.2bn compared to N2.4bn recorded in 2014. Speaking on the performance of the company in the 2015 financial year, its Chairman, Board of Directors, and the Obi of Onitsha, Chief Nnaemeka Achebe, told shareholders that Unilever Nigeria had once again demonstrated business resilience under difficult circumstances. He said, "Without an iota of doubt, 2015 was a very challenging year for businesses in Nigeria, particularly within the manufacturing sector. Notwithstanding this fact, Unilever remains committed to delivering returns to its shareholders. "Our company's performance demonstrates our entrenched values of creating a brighter future for stakeholders and for our consumers through brands that make them feel good, look good and get more out of life." Achebe said even in this period of economic downturn, the firm planned to continue to invest heavily in its factories, people, processes and brands in order to build the needed capabilities to win into the future.

"As a company, we will continue to appreciate the resilience and unwavering commitment of all our stakeholders – dynamic employees, loyal consumers, dedicated suppliers and other service providers for their unflinching support through these challenging times," he said. In line with its priority, Unilever Nigeria said it remained committed to ensuring a sustained and steady growth in the company's operations to achieve better return on investments. Already, in the first quarter of 2016, the manufacturer admitted that it had recorded growth in turnover and bottom-line. It said it had recorded a 12.5 per cent increase in turnover to the tune of N16.8bn in the first quarter of 2016. Its profit after tax also grew by 76 per cent to N1.04bn for the first quarter ended March 31, 2016 compared to the N590bn recorded in the corresponding period of 2015. Achebe said, "Although the challenges in the operating environment are yet to ease, we have continued to see momentum behind recent initiatives taken by management. We will continue to focus on driving cost efficiencies, growing market share across key categories and reinvesting behind our brands to ensure we satisfy all our stakeholders across board." *(Punch)*

FCMB Group Plc has recorded a drop in its gross revenue in the first quarter of 2016. Its financials for the first quarter ended 31 March, 2016 showed a gross revenue of N34.4bn as against N39.3bn recorded within the same period in 2015. The holding company, which consists of First City Monument Bank Limited, FCMB Capital Markets Limited, CSL Stockbrokers Limited and CSL Trustees Limited, attributed the decline partially to non-recurrence of exchange revaluation gains, reducing yields and a marginal decline in earning assets. Going by the details of the results announced on the floor of the Nigerian Stock Exchange, FCMB Group ended the first quarter of 2016 with a profit before tax of N2.2bn, compared to N5.8bn for the first quarter of 2015. Its net interest income stood at N17.2bn, a decline of five per cent year-on-year from N18.1bn for the same period prior year. Loans and advances reduced by five per cent quarter-on-quarter to N561.6bn in March 2016. However, the group's net fees and commissions were up by 11 per cent to N3.4bn, from N3bn for same period last year. In the same vein, the financial institution's capital adequacy ratio increased to 18.5 per cent, compared to 18.1 per cent for the fourth quarter 2015, just as liquidity ratio rose to 38.2 per cent as against 35.9 per cent for the fourth quarter of 2015. Operating expenses was flat at N16.5bn. Commenting on the results, the Managing Director of FCMB Group, Mr. Peter Obaseki, was quoted in a statement as saying, "The continued lull in the economy, especially international trade, capital flows and government spending weighed on our group's Q1 results; we are also actively rebalancing our financial position by reducing wholesale deposits and slowing down loan growth, especially from lumpy sources; as a result, the retail business is getting more pronounced as the real growth driver."

He added, "This approach is complementary to enhancing our capital position, liquidity management and cost saving initiatives. Core fees and commission, which are not tied to loan expansion are showing a strong and sustainable trend, with a year-on-year growth of 11 per cent. "We expect that subsequent quarterly earnings will improve upon Q1 2016 profit before tax of N2.2bn, especially if government rolls out its expansionary budget and subject to well coordinated monetary stance." The Group Managing Director of FCMB Limited, Mr. Ladi Balogun, was also quoted as saying, "The commercial and retail banking division of FCMB Group witnessed improvements across a number of parameters when compared to prior quarter. We saw marginal improvements in cost to income ratio, net interest income and non-interest income. "Cost of risk rose to 2.2 per cent largely due to delayed salary payments in the public sector and the resultant effect in some of our consumer lending activities and prudent provisioning in our Small and Medium Enterprises loan book for the year. We anticipate significant recoveries and reduced cost of risk in subsequent quarters. This, in addition to the momentum in the retail banking division, particularly cards and electronic banking as well as rapid growth in current and savings accounts, should fuel stronger performance in the second quarter of the year." *(Punch)*

Economic News

Nigeria's President Muhammadu Buhari signed the delayed 2016 budget into law on Friday, ending weeks of wrangling with lawmakers and tripling capital expenditure as Africa's biggest economy contends with its worst crisis in years. The 6.06 trillion naira ($30.6 billion) budget is an attempt by Africa's top oil exporter to stimulate an economy hammered by the fall in crude oil prices. Oil sales make up about 70 percent of national income. The budget assumes oil production of 2.2 million barrels per day at 38 dollars a barrel, Budget Minister Udoma Udo Udoma told reporters shortly after the signing. Growth last year fell to its slowest rate since 1999 at 2.8 percent and inflation rose to a near four-year high of 12.8 percent in March while capital imports declined by 74 percent year-on-year in the first quarter of 2016. In a speech given after the signing, Buhari said the current period was "probably the toughest economic times in the history of our nation". "In designing the 2016 budget, we made a deliberate choice to pursue an expansionary fiscal policy despite the huge decline in government revenues from crude oil exports," he said.

The president said 350 billion naira would be spent on capital projects, and he compared the 200 billion allocated to road construction with the 18 billion earmarked for that purpose in the 2015 budget. Buhari withdrew his original budget bill in January because of an unrealistic oil price assumption. Parliament approved an amended proposal in March but only submitted highlights, prompting Buhari to say he would only sign the bill after it was resubmitted. The lack of a budget, almost a year after Buhari took office, meant ministries were unable to allocate funds to projects in various sectors. "The passage of the budget has been a long journey, and it has been as much about process as content," Nigeria-focused PM Consulting's Antony Goldman, said. The government plans to generate 3.38 trillion naira this year from non-oil sources, up 87 percent from 1.81 trillion in 2015 [nL5N17E2KU]. But, with the heavy reliance on oil sales, it is unclear how this will be achieved. Finance Minister Kemi Adeosun has said Nigeria is expected to post budget deficits for the next two to three years [nL5N17E17G]. In 2016, the deficit is seen at 2.2 trillion naira compared with a previously estimated 3 trillion. She has said Nigeria plans to borrow a total of 1.8 trillion naira from abroad and at home. *(Reuters)*

Capital market operators (CMOs), who missed the September 30, 2015 deadline for recapitalisation are now intensifying efforts to meet the new December 31, 2016 date given by the Securities Exchange Commission (SEC). THISDAY checks revealed that the CMOs are wooing investors for fresh capital injection or considering merger options. SEC had on December 19, 2013, issued a new capital requirement for the operators with December 31, 2014 as deadline. However, the deadline was extended to September 30, 2015, following pressure and protests by stockbrokers and other CMOs. At the expiration of the deadline, SEC released a list of 429 CMOs that complied with new minimum capital requirements. About 24 CMOs were disqualified for non-compliance or inability to substantiate claims of compliance by the audit firms. However, the Director General of SEC, Mounir Gwarzo, last April, announced a 15-month grace period, for the CMOs to recapitalise. He explained that the operators who were disqualified for non-compliance or inability to substantiate their claims of compliance by the audit firms would be allowed to come back to the market once they show evidence of compliance within the stipulated period. "We have given a grace of about 15 months from the initial deadline of September 30, 2015 to December 31, 2016. Operators who did not meet the requirement within this period will have their operating license cancelled," Gwarzo said. Seven months to the deadline, THISDAY checks revealed that some of the affected operators are wooing investors to inject funds and become part owners. "We are talking to new investors who can bring in some funds so that they can be part owners since the state of the market is not helping us in making so much money. Unfortunately, some investors who are willing to bring in funds are being discouraged by the continued bearish nature of the market. But if we fail to attract investors, we may end up merging with other operators," an official of one of the affected companies said at the weekend.

Announcing the 429 CMOs that met the September 2015 deadline, SEC had said 16 were new CMOs. "Out of the 16 CMOs, 10 were newly-registered companies, while the other six filed evidences of compliance after the release of provisional list, which were verified and accepted. The list is based on the consideration of the reports on capital verification and the responses received from the affected Capital Market Operators," the commission had said. SEC had in December 2013 announced major increases in minimum capital requirements for capital market functions. Minimum capital base for broker/dealer was increased by 329 per cent from the existing N70 million to N300 million. Broker, was increased from N40 million, to N200 million, representing an increase of 400 per cent, while minimum capital base for dealer was increased by 233 per cent from N30 million to N100 million. Also, issuing houses, which facilitate new issues in the primary market, were required to have minimum capital base of N200 million, from N150 million. The capital requirement for underwriters also doubled from N100 million to N200 million. *(This Day)*

Nigeria's central bank and its financial crimes agency have launched an investigation into banking deals after allegations of illegal transactions and has interrogated three top banking executives, officials and bankers said on Tuesday. The move signals an escalation of a crackdown on graft by President Muhammadu Buhari who got elected a year ago on a ticket to fix the economy of a country where most Nigerians live in poverty despite its enormous energy wealth. But analysts said the probe which saw three banking chief executives escorted from their offices is a hit to a sector already reeling from a slump in oil revenues and the country's worst economic crisis for decades. "It's a shock to confidence in the banking sector. They should have handled this investigation more discreetly rather than arresting CEOs in their offices," said Bismark Rewane, CEO of Lagos-based consultancy Financial Derivatives. "I fear for the ramifications."

Banking sources say the Economic and Financial Crimes Commission (EFCC) has been investigating several banks for conducting possibly illegal transactions in the run-up to the March 2016 election to support then-president Goodluck Jonathan, who eventually lost to Buhari. Corruption spiked under Jonathan but his supporters reject Buhari's claims that his government had plundered the treasury and accuse Buhari, a former military ruler, of conducting a witch hunt. The central bank said it was part of the probe to determine "the extent and persons that may be involved in such activities". It gave no details but said the banking sector remained strong and described the deals in question as "isolated". But for banks in Africa's biggest economy the probe couldn't come at a worse time as several have recently reported falls in profit while bad loans have burgeoned due to exposure to the ailing oil industry. Some are in the middle of restructuring their business models. The banks have also been hit by Buhari's decision to freeze the naira rate, which has made investors reluctant to pour money into the West African nation as they expect him to devalue the currency anyway due to a loss of oil revenues. Part of the foreign exchange trade has moved to the parallel market as banks have run out of dollars.

The crackdown started when the EFCC said last week it had obtained a court order to arrest the managing director of Nigeria's Fidelity Bank, Nnamdi Okonkwo, and question him. A bank official said he had been released on Friday. Nigerian media outlets, including The Premium Times, citing unnamed sources, said Okonkwo had been arrested on suspicion that he received $115 million from Jonathan's oil minister, Diezani Alison-Madueke. It was not clear if the central bank was referring to these allegations in Tuesday's statement. Alison-Madueke's lawyer was not immediately available to comment. She is under investigation over allegations of bribery and money laundering and was questioned by London police in October. Alison-Madueke is still in Britain undergoing cancer treatment, her lawyer has said. Fidelity said last week it had appointed an acting CEO and was cooperating in the probe, saying all its transactions had been reported to regulators. The bank declined any further comment. Sterling Bank, another domestic lender, said on its website that EFCC agents had questioned its Chief Executive Yemi Adeola and other members of its senior management team. The bank said it did not hold an account of "the public officer from the previous administration" linked to the probe, without elaborating. A third bank, Access Bank, said agents had visited it on Friday to investigate a transaction involving a customer of the bank and had questioned its group managing director, Herbert Wigwe, in the EEFC offices. "He was released without charge on the same day," the bank said in a statement. An official at the EFCC, asking not to be named, said the investigation was ongoing and declined to give further details. In January Nigeria's former national security adviser Sambo Dasuki went on trial on fraud charges in the country's first high-profile corruption trial since Buhari took over. *(Reuters)*

Nigeria raised 52.5 billion naira in local currency denominated bonds where yields climbed across the board on paper maturing in 2036, 2026 and 2020 at an auction on Wednesday, the Debt Management Office (DMO) said on Thursday. The debt office said it sold 25 billion naira of 2036 paper at 13.90 percent at Wednesday's auction, compared with 13.08 percent at the previous auction last month. The debt office had initially offered 50 billion naira of the 20-year bond. It also sold 20 billion naira of 2026 debt at 13.74 percent, against 12.60 percent, and 7.50 billion naira of the 2020 debt at 13.24 percent against 12 percent. The debt office sold less that the initially advertised amount of 40 billion naira for the 2026 and 15 billion naira for the 2020 paper at the auction. Investors had demanded for yield ranging between 11-18 percent for all the debt on offer, but the debt office was not willing to pay higher for the debt, one trader said. Subscriptions from investors stood at 159.60 billion naira, lower than the 206.72 billion naira demanded at the last auction. Africa's biggest economy issues local bonds as part of measures to finance the government budget deficit and also help to manage liquidity in the banking system. Nigeria said it would borrow about 900 billion naira locally to finance part of the 2.2 trillion naira deficit in its 2016 budget. *(Reuters)*

The Federal Government said on Thursday that it would commence the release of the sum of N350bn set aside for capital projects as contained in the 2016 budget today (Friday). The Minister for Budget and National Planning, Senator Udo Udoma, disclosed this during the public presentation of the 2016 budget, which was signed last Friday by President Muhammadu Buhari. He said the amount, to be released by the Ministry of Finance, would be made available to finance projects that were ready for execution. "We are ready to kick-start the implementation of the budget and by tomorrow (Friday), some releases will be made for capital projects that are ready for execution," the minister said. He said while it was not possible for all the N350bn to be released at once as not all the projects would be ready for execution, the government would make sure that the process for project execution was quickened. Udoma explained that the need to ensure the speedy release of the funds for capital projects had become imperative in order to stimulate economic activities and reposition the economy on the path of growth. He said the Federal Government had put in place a strategic plan to ensure that the budget would not suffer any implementation challenge, adding that despite its late passage, the budget would be implemented for one full year. This, according to him, implies that the implementation of the fiscal document will end in May, 2017.

Udoma stated that the desire of the government was to ensure that the budget process was completed before the beginning of each year, adding that in order to achieve that, his ministry had started working on the 2017 budget. He said going forward, the ministry would engage in wider consultations with all stakeholders during the budget preparation process in order to guard against delays. The minister explained that the government, through the 2016 budget, would be investing massively in infrastructure, adding that huge funds had been made available for over 40 road and bridge projects spread across the federation. For the housing sector, the minister said a total sum of N35.6bn had been approved for the construction of 1,973 blocks of 7,069 housing units in the six geo-political zones and the Federal Capital Territory. In the agriculture sector, Udoma stated that in pursuit of the nation's self-sufficiency and food security programme, several projects would be implemented.

They include the rehabilitation of rural roads at a cost of N1.3bn, support to 187,500 farmers at a cost of N1.3bn, and N940m for the development of strategic grazing reserves. For the diversification of the economy, the minister said the government would implement measures to achieve self-sufficiency and become a net exporter of rice by 2018, tomato paste by 2016, and wheat by 2019. In the area of social protection, the minister said N500bn had been provided for intervention in five areas. They are job creation where 500,000 teachers and 100,000 artisans will be trained at a cost of N191.5bn; the school feeding programme where 5.5 million children will be fed for 200 school days at a cost of N93.1bn; and N5,000 a month conditional cash transfer for one million beneficiaries at a total cost of N68.7bn. Others are the enterprise programme to support one million market women, 460,000 artisans and 200,000 agriculture workers at a cost of N140.3bn; and education grant for 100,000 students in science, technology, engineering and mathematics at a cost of N5.8bn. *(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

THREE-YEAR 20bn/- National Microfinance Bank retail bond goes on sale on the Dar es Salaam Stock Exchange today amid huge appetite shown by debt investors. The bond, with green shoe option of 5bn/-, offers a 13 per cent interest rate payable half yearly for its term of three years. NMB Managing Director Ineke Bussemaker said on Monday in the city that the issuance allows the bank to mobilise fund for lending at "favourable rate." "Many investors have shown interest in investing in high quality bonds and we consider this as an opportunity to satisfy this need," Ms Bussemaker said, expressing optimism that through the bond, the bank will stimulate development of the capital market while diversifying its funding resources. DSE Manager for Market Research and Development Ibrahim Mshindo said the banking sector heavyweight backed offer will stimulate the stock market. "It's very stimulating for the market to see such a high profile name continuing the expansion to the range of bonds available," he said. NMB is the country's largest bank in term of profitability, with 175 branches. Though today NMB is offering 20bn/- in bond, in total, however, the capital market and securities authority had approved 200bn/- bond for the bank.

Orbit Securities General Manager Juventus Simon told 'Daily News' recently that the bond is attractive especially for those looking for other risk free products. "The bond is very attractive," Mr. Simon said, "the interest rate is handsome, slightly higher than the (government) bond of two and five years." He said the interest is set to attract investors especially those looking for other investment options, bearing in mind that equities at DSE have been on bearish mode since January. "This is one of the reasonable corporate bond issued in recent days," Mr. Simon said, "looking at the market trend the bond is subjected for oversubscription". NMB is also listed at DSE main market. According to NMB the offers open on today through June 8 and listing is scheduled for mid next month. In recent days, Exim Bank's 10bn/- bond was oversubscribed and stock brokers are predicting this one will also follow the same path given the strong hold position of the bank in the market. "Investors may shift to bond market on the back of stocks bearish mode—especially those who want to avert risks," Mr. Simon said. Last year, the bank posted a net profit of 148.8bn/- slight down from 154.5bn/- in 2014.*(Daily News)*

SWISSPORT Tanzania said yesterday that construction of its new 13 million US dollar (over 26bn/-) state-of-the-art import cargo facility will be completed by the end of this month. The terminal, with the capacity of handling 80,000 tonnes, is the first of its kind in Africa that uses radio frequency identification (RFID) for easing cargo identification. Swissport Tanzania Chief Executive Officer Gaudence Temu said the use of RFID cuts down tracking process and time from the previous 30 minutes to merely ten minutes now. "This is the first facility in Africa that uses state-of-art gadgets… we have invested for the future and almost double the capacity," Mr Temu told journalists who toured the facility. The terminal has special cargo areas for animal, dangerous goods -- such as radioactive material-- morgue, pharmaceutical and two cold storage facilities of between -20 and 8 degree Celsius and a strong room. Swissport said the terminal can handle 30 tonnes at a go, but at the moment the biggest airline that land at the Julius Nyerere International Airport delivers 15 tonnes. Mr Temu said the small parcels that are less than 50 kilogrammes are also put into special racks that sort them automatically to make handling and delivery easier. "The entire concept is to simplify cargo handling as our business is customer oriented," Mr Temu said, "in future it's very easier to turn the facility to be handled by robots." The building is multipurpose and will have a bank, business facilities, TRA offices, Swissport head office, training centre, a gym and housing other stakeholders --clearing and forwarding agent offices, airline cargo offices.

TNT International Express Officer Prosper Mwimanzi said the facility has simplified and eased the courier clearing process compared to the old terminal. "This new terminal has space and we do not need to queue when processing our documents... and it takes less time to make clearance," Mr Mwimanzi said. In total Swissport has increased their cargo handling capacity from 50,000 tonnes to 80,000 tonnes. The move goes parallel with the expansion of JNIA's terminal III. In 2015, Swissport handled some 18,000 tonnes. Swissport Tanzania is a listed company with a track record of over 30 years and is the country's leading aviation service provider operating at JNIA and Kilimanjaro International Airport (KIA), Songwe Airport and Mtwara Airports. The company, in which Swissport International and public controls 51 and 49 per cent shares, respectively, employs about 950 staff, to handle some 16,000 flights, 1,250,000 embarking passengers and 25,000 tonnes of cargo a year at the four airports. *(Daily News)*

Economic News

Tanzania's inflation slowed to 5.1 percent year-on-year in April from 5.4 percent in March, the statistics office said on Monday. Inflation slowed to 5.1 percent year-on-year from 5.4 percent in March, while month-on-month it stood unchanged at 0.5 percent, the National Bureau of Statistics said in a statement. *(Reuters)*

DAR ES SALAAM Stock Exchange (DSE) initial public offer (IPO) starts next Monday, at a share price that has been discounted by 12 per cent, prior to the bourse's self-listing in the second week of July. The stock market seeks to raise 7.5bn/- working capital when it transforms itself into a company guarantee by shares instead of trustees. According to DSE prospectus, the IPO will run for slightly less than three weeks to allow investors buy the offered 15 million shares at 500/- each. The IPO has a 10 per cent green shoe option. DSE Chief Executive Officer (CEO) Moremi Marwa congratulated stakeholders on the process of bourse's de-mutualisation, capital raising and subsequently self-listing. "As some of our strategic initiatives continue to gain momentum and materialize, we have high expectation for the year 2015/16 and beyond," Mr. Marwa said in the prospectus. The CEO said the stock market envisages facilitating further the growth of economic and social enterprises within the economy through capital rising via capital markets. "That way we will continue to enhance economic empowerment, financial inclusion and investment activities through the exchange," Mr. Marwa said.

DSE posted a 1.94bn/- profit in 2014/15 financial year, while generating 1.74bn/- and 3.41bn/- net income and turnover, respectively, for the July 2015- March 2016 period. From March to December this year DSE assets are projected to grow by 130 per cent to 15.9bn/- from 6.9bn/- recorded at end of March. Revenues are projected to grow by 29 per cent from 3.4bn/- in March to 4.4bn/- at end of this December. However, profit before tax is forecast to decrease by 18 per cent from 1.7bn/- recorded in the period of July 2015 to March 2016 to 1.4bn/- by December 2016. The basis of profit drop was not given but the costs of IPO that stands at 500m/- might be the reason behind. Currently, DSE earnings per share stands at 135/- and net asset value is 228/-. The offer is also opened to non-Tanzanians but with a limit to buy not over 20 per cent per individual and subjected to the law of the land. At the end of the process, DSE will join two other bourses in Africa, which have self-listed on their respective bourses—Nairobi Securities Exchange and Johannesburg Stock Exchange. Self-listing has many advantages including enhancement of corporate governance within the exchange for sustainable protection of all stakeholders. Stock self-listing is a new drive, which started in 1993 when the Stockholm Stock Exchange de-mutualised, followed by Helsinki (1995), Copenhagen (1996), Amsterdam (1997), the Australian Exchange (1998) and Toronto, Hong Kong and London Stock Exchanges in 2000. *(Daily News)*

Zambia

Corporate News

ZAMBEEF Products Plc has entered into a formal agreement with the Zambia Revenue Authority (ZRA) to pay K14.4 million in six monthly instalments. This follows an appeal of the judgment of the Tax Appeals Tribunal for Zambeef Products to pay K49.15 million value added tax (VAT) assessment. According to an announcement issued on the Lusaka Stock Exchange last Wednesday, out of the K14.4 million, about K2 million is recoverable VAT, and so long as Zambeef adheres to the payment schedule, interest and penalties totalling K3.1 million will be waived. "Zambeef is pleased to confirm that subsequent to the ZRA decision to appeal the judgment of the Tax Appeals Tribunal, which ruled in favour of Zambeef's appeal against a K49.15 million assessment [about US$9.7 million], Zambeef has entered into a formal agreement with the ZRA, dated March 31, 2016. "The agreement provides that Zambeef will pay ZRA a total of K14.4 million [US$ 1.5 million] in six equal monthly instalments beginning April 30, 2016," the report states. Commenting on the development, Zambeef joint chief executive officer Carl Irwin said, "I am delighted that we have now concluded this long-standing issue, and that we can now put this matter behind us." *(Daily Mail)*

Economic News

Zambia's kwacha firmed more than one percent on Monday, rising alongside fellow commodity-linked currencies boosted by a return of risk sentiment as investors pushed back bets of an interest rate hike by the United States central bank. At 0725 GMT the kwacha gained 1.02 percent against dollar to 9.6900. *(Reuters)*

ZAMBIA still remains an attractive mining destination and that the industry will recover in time, despite tough market conditions being faced in the mining industry, Copperbelt Mining Trade Expo and Conference (CBM-TEC) event director Nicole Smith has said. The expo, which will take place at the Kitwe Showgrounds from May 12-13, 2016, has attracted a number of participants. Ms Smith said that the CBM-TEC remains optimistic, and looks to the growth-potential of the industry in the future. "The outlook for copper demand is more positive from 2017/18, which will bring in a new cycle of production and operations ramp-up," she said. Ms Smith said innovation is the key for mining companies who are facing the current challenges of a global downturn, low commodity prices and increasing costs. She said innovation will also aid mining companies to ensure their readiness for the upward turn of the copper price and commodity demand in the next economic cycle. "The CBM-TEC free-to-attend workshops will provide a valuable opportunity for mine managers, engineers and technical mining personnel to access the latest innovative ideas and know-how to help them operate in today's challenging operating environment, and prepare for the industry recovery in the next 18-24 months," Ms Smith said. She said as Zambia's premier mining, marketplace and networking event for local, international and regional companies that operate within the country's mineral-rich Copperbelt region, CBM-TEC will add real value to an industry in need of innovative solutions. *(Daily Mail)*

Zimbabwe

Corporate News

Zimbabwe's largest gold miner, Metallon Corporation will spend $31 million in a bid to achieve an annual production target of 120 000 ounces. The premium bullion producer's annual gold production for 2015 was 2,4 percent down to 96 530 ounces from 98 863 ounces due to equipment breakdowns at How, Shamva, Mazowe and Arcturus Mines experienced during the year. Metallon Corp chief executive Ken Mekani told The Herald Business on Thursday that most challenges which affected the group are now a thing of the past after necessary investments were made towards replacing old equipment and setting up new projects. "This year we have a budget of $31 million which is expected to drive our quest of achieving the gold production target set for this year. As you may recall we have an array of new projects to be commissioned this year and this budget will make sure that we successfully complete those projects. "Our major focus is to complete new projects so that they come on line for the better of overall group production. Part of the investment will go towards exploration initiatives that have already been put into full throttle by the group," said Mr Mekani. He said the group spent $18 million last year against a budget of $24 million. Last year Metallon spent $18 million against a budget of $24 million. He said the gold mining group will be focusing on upgrading and refurbishing mining equipment and processing plants across the group operations this year. Mr Mekani said this initiative will reduce breakdowns, increase efficiencies and lead to lower costs. Metallon will also be upgrading the Inferred section of the 9,6 million ounce resource into the Measured and Indicated category. He said exploration has commenced at Mazowe Mine and will continue over the next six months. This exploration and investment across Metallon Corp is positioning the group for increased production over the next five years.

Mr Mekani said Redwing Mine continues to increase production since the resumption of operations in November 2015. In March 2016, gold production at the mine reached over 1 000 ounces, which is a significant achievement. "On Redwing efforts are now focused on ramping up production to the plant capacity of 22 000 tonnes per month by June 2016. At this capacity, Redwing Mine will employ over 700 employees," said Mr Mekani. He said construction on the new Mazowe Processing Plant and the new Tailing Facilities at both Mazowe and Shamva Mine is progressing well. The new Mazowe Processing Plant will increase capacity at the mine to 70 000 tonnes per month meaning that the mine will be producing approximately 22 000 ounces per annum. The new Mazowe plant will create approximately 100 direct jobs and additional employment opportunities. Exploration work is also ongoing at the gold mining group's Matabeleland based Motapa Mine to find the most suitable method of processing refractory ores with minimum effects on the environment. Metallon Gold in October 2003 acquired the Motapa mining lease and 15 additional old claims covering the area from Oleaster Investments. The mining group has been conducting feasibility studies at the gold mine which is situated in Bubi with the intention to revive following its closure in 1990. Metallon Gold Corporation is a gold mining group with five producing assets in Zimbabwe and exploration assets in Tanzania and DRC. *(Herald)*

LISTED agro-concern, CFI Holdings expects to conclude the disposal of its 50 percent stake in its chicken business, Suncrest, within the next four months. CFI director Hamish Rudland said during a tour of Glenara Estates by The Herald Business last Friday the group is in advanced talks with technical partners Superchicks for the stake. He said the company is looking for a partner who has technical knowledge in the chicken business and who is prepared to inject at least $10 million. "We are currently working with our partner, in Superchicks but we haven't tied the thing up correctly. We are in big talks with them and we should be finalising in the next three or four months. They are the guys we are targeting to partner," Mr. Rudland said. "The brand is good.
The Suncrest brand was number one for many years but it has lost ground. When you look at this infrastructure, the Sunvalley where we are putting up layer project, I would say not less than $10 million," he said. If the negotiations are successful and the investor injects $10 million this will take the company's capitalisation to $20 million inclusive of the existing infrastructure. Turnaround time expected to be two years. "I would say we will start seeing positive returns in two years. The growing cycle, in terms of the turnaround cycle is quite long because we want to enter the business from a day old chicks. So we want to bring in parent birds and create day old chicks. We want to create our own brand of retail chicks that we can retail through Farm & City that we will also put into broiler production and into the supermarkets. The new venture will also take over CFI's land bank in Harare South area to create more land capacity. The new venture will utilise the 160 000

capacity chicken houses at Glenara Estates which have been lying idle for about three years now. The facility was built on a loan from PTA Bank currently at about $2,7 million inclusive of penalties and interest.

Mr. Rudland said they have applied to retire the debt through the Zimbabwe Asset Management Company, but if that fails the group will focus on negotiating with PTA Bank to restructure the loan facility to 10 years. "It's such a sad state of affairs but we will get there. We are talking to them (PTA Bank). They were about to start grabbing assets and start selling them to recover their money. They want some guarantees and we hope to come to an understanding soon. This is a world-class facility, probably the best chicken production house in the country, fully automated, automatic feeders, water and temperature and we have to get it up and running," said Mr. Rudland. "Our strategy is to bring in a technical partner who knows the chickens and who is prepared to invest in it. We become a 50 percent shareholder, the holder of the asset and they become the technical partner and then we enter the market again. It will be run as an independent business unit so that does not suck from others," said Mr. Rudland. Two houses are operational at the moment with the other two expected to come on line in the next few months.*(Herald)*

Nestlé Zimbabwe is targeting to increase investment in the Nestlé Dairy Empowerment Scheme (NDES) towards increasing milk production. The move to increase milk output will help to increase capacity at the company's factories. Nestlé cluster manager for Zimbabwe, Zambia and Malawi Mr. Ben Ndiaye said the investment is aimed at reducing the importation of milk to boost local farmers and assist Government towards economic development. "This year we want to extend our investment to support our farmers to grow the silage which is the major element in the cost of milk production, by doing this farmers will be able to reduce the cost of producing milk by 15 percent. "Last year we decided to invest in the farming sector or in our total value chain in a bid to increase production through assisting the farmer to boost our capacity in the factory," he said. He however would not give the estimates for the proposed investments. Mr. Ndiaye said this while touring the Magura daily farm in Wedza, a project funded by Nestle Company as part of the company's effort to increase milk production and quality at the farm. Nestlé Zimbabwe embarked on the NDES in 2011 to assist the revival of the dairy industry in Zimbabwe after the country's annual milk production dropped from a height of 260 million litres in 1992 to 38 million litres in 2008. The milking herd also reduced in the same period from 200 000 to 28 000. Nestlé Zimbabwe had however already started assisting dairy farmers well before the launch of NDES.

The scheme entails importation and local sourcing of dairy heifers in calf to rebuild the dairy herd for both the large and medium scale commercial farmers contracted to supply raw milk to the Nestlé Factory. The project was extended to small scale farmers in Chitomborwizi who have received 100 dairy cows in calf. The cows have now started producing milk for the Nestlé factory, with initial deliveries in December 2015 at 1 900 litres for the month, growing to 12 500 litres as at the end of March, 2016. At this rate, by end of 2016, the small farmers will be delivering 48 000 litres per month to the Nestlé Factory. "So this is major investment which we are undertaking this year to support our farmers. "The other investment is that we want to strengthen our commercial capabilities by hiring 10 graduates which we are grooming to become the future commercial leaders of Nestlé in Zimbabwe and Malawi," he added. Last year the company invested $30 million in the refurbishment of its factory in an effort to increase production currently the group is not benefiting from the investment due to an increase in imported Cremora on the market. He added that the group is targeting to revive the milk industry in Zimbabwe through assisting small dairy farmers and one of the biggest challenges which we are facing is the parallel import of Cremora. "The production of milk has increased in Zimbabwe but the importation of milk is still continuing," he said. *(Herald)*

Hotelier African Sun Limited says it has so far refurbished the Elephant Hills Hotel under a reorganisation of its portfolio under management of the Legacy Group of Hotels. In September last year, AfSun contracted Legacy Hotels of South Africa to manage five of its biggest hotels in the country and instituted a $60 million facelift of its properties over three years. The hotels under contract management are the Monomotapa Hotel, Elephant Hills, Troutbeck, The Kingdom Hotel and Hwange Safari lodge. "We have started with the Elephant Hills hotel, where we have re-painted both the interior and exterior; we have re-done the restaurant and we are now refurbishing other rooms," managing director Edwin Shangwa told journalists after the company's extraordinary general meeting. Shangwa said while partial refurbishments have been carried out on Monomotapa Hotel, the full refurbishment and expansion will commence once the plan has been approved by the Harare City Council. "We are negotiating with them on our expansion plan for Monomotapa Hotel and at the same time talking to local and external financial institutions who can finance the expansion projects," he said. The Monomotapa Hotel is planned for a face-lift to all 240 rooms with the addition of new outdoor pool area and additional restaurant facilities. Meanwhile, the EGM sought shareholder approval to amending the company's Memorandum and Articles of Association to align them to the current Companies Act (24:03).*(The Source)*

Innscor Africa Limited shareholders have approved the unbundling of its retail and distribution business through a dividend in specie which will pave way for the separate listing of the unit on May 17, this year. The unbundling of Axia Corporation was approved at an extraordinary general meeting on Tuesday. Innscor's retail and distribution arms, Distribution Group Africa, TV Sales and Hire and Transerv, will now fall under Axia. Innscor chairman Addington Chinake said Axia's unbundling and listing as a standalone will enable Innscor to capitalise on its achievements to date and to benefit from renewed and specific focus. The Axia unbundling leavesInnscor as a fully-fledged light manufacturing company after itshed off its fast foods business unit last November, which it listed separately as Simbisa Brands.It will also become the group's second spin-off since chief executive Toni Fourie was appointed in 2014 to spearhead the group's restructuring drive. The unbundling will be effected through distribution of the entire issued share capital of 541,593,440 ordinary shares of nominal value $0.0001 in Axia to shareholders of Innscor registered as such at the end of business on May 6, 2016 through a dividend in specie. The dividend in specie shall be on the basis of one ordinary share in Axia for every one existing Innscor ordinary share held on the record date.
As at 31 December 2015, Innscor's retail and distribution business had an asset base $103 million against total liabilities of $51 million. In the six months to 31 December, the business reported $104 million in revenue and an after tax profit of $9 million. It generated cash amounting to $2,2 million from operations. Luke Ngwerume will lead the Axia board as non-executive chair. Other members include John Koumodies as the chief executive and Ray Rambanapasi as finance director. Zinona Koudounaris, Thembiwe Mazingi, Thembinkosi Sibanda will also sit on the board as non-executive directors. *(Source)*

Econet Wireless Global and subsea cable operator Seacom are courting Neotel with the view to a potential acquisition, it was reported on Tuesday. The news comes after Vodacom was forced to walk away from its R7 billion plan to buy Neotel, mainly to get access to the company's radio frequency spectrum assets.MyBroadband on Tuesday quoted unnamed "industry sources" as saying that Seacom and Econet, which owns the fast-growing pan-African telecommunications business Liquid Telecom, are both in talks with Neotel parent Tata Communications with the view to a potential deal. Technology analyst Arthur Goldstuck, MD of World Wide Worx, said both suitors would make a "fairly good fit" with Neotel. Neotel has long been a close partner of Seacom's, he said, particularly when it comes to infrastructure. "They have managed Seacom's terrestrial connections to some extent, so it's a natural fit from a connectivity perspective," he said. Also, Seacom has been actively expanding its services beyond simply providing undersea fibre capacity to service providers. Last year, it launched Seacom Business, a new division that sells capacity across its infrastructure directly to corporate customers and small and medium enterprises. Last-mile fibre has become a major focus for the company in the corporate market, and an acquisition of Neotel could dramatically bolster its offerings in that space. Seacom CEO Byron Clatterbuck said at the time of the launch of Seacom Business that the company was "not seeing optimal take-up" of its international capabilities. As a result, Seacom decided to deliver services directly to corporate users.

Seacom first started offering access to large service providers on its US$500 million subsea cable in 2009. The system extends from South Africa to Europe and Asia via a number of countries along Africa's eastern seaboard. Since then, it has invested in building an internet protocol and multi-protocol label switching or MPLS network across Africa. It has also acquired capacity on other African cables, including Teams and Eassy in the east and Wacs in the west. Econet's apparent interest in Neotel is likely related to Liquid Telecom's growth ambitions. Goldstuck said South Africa remains the most strategic market in sub-Saharan Africa, and an acquisition of Neotel would give Econet and Liquid a strong presence here. Until recently, Liquid has focused most of its efforts in African markets outside of South Africa. However, this has started to change, with the company now expanding its fibre links between a range of towns in South Africa's northern provinces, Limpopo, Mpumalanga and North West. The company, which already operates in Southern, Central and East Africa, set out plans last year to expand its fibre-optic broadband footprint in South Africa dramatically over a two-year period, spending R250 million on infrastructure. Founded in 2004 by Nic Rudnick, who serves as group CEO, Liquid Telecom was started as a satellite communications business. It later built a fibre network in Zimbabwe for Econet Wireless and other operators, and based on the success of that venture, it pivoted its business in that direction after 2009.

Today, it is one of the largest long-distance fibre operators in Africa and has networks in South Africa, Burundi, the Democratic Republic of Congo, Kenya, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe. Wholesale customers include big mobile operators such as Econet Wireless, Vodafone, Orange, Airtel and MTN. Econet founder Strive Masiyiwa, who is Zimbabwe's wealthiest businessman, said last year that he intends to list Liquid Telecom, which was founded 12 years ago, after turning down several multibillion-dollar offers to buy the asset. The initial public offering will be used to raise capital to fund expansion of Liquid Telecom's infrastructure in markets all over Africa and looks set to cement the company's position as one of Africa's most successful telecoms ventures. The reported interest in Neotel by both Econet and Seacom comes after Vodacom pulled the plug on its plans to acquire the company, citing regulatory complexities. The deal fell apart despite Vodacom and Neotel announcing in December that it was being restructured in an attempt to placate rivals and regulators concerned that the combination would have a negative effect on competition. The deal with Vodacom faced hurdles from the start, with competitors objecting strenuously to the mobile operator acquiring Neotel's spectrum assets in particular. They argued that Neotel's spectrum would give Vodacom an unfair advantage. Vodacom revised the deal to exclude Neotel's spectrum. Under the revised plan, the spectrum was to be offered by Neotel to all network operators through roaming agreements, but that apparently never happened. The collapse of the deal has left Neotel in limbo. Already, the company has been without a full-time leader since the departure last year of CEO Sunil Joshi, who had been suspended pending an investigation into a reportedly dodgy deal with Transnet. *(Herald)*

Low cost junior gold miner Caledonia Mining says production at its Blanket Mine in Zimbabwe rose to 10,822 ounces in the three months ending March,8.7 percent above the same period last year. Net profit however dropped to $543,000 from $1,256 million after a deferred tax charge of $909,000 at Blanket Mine, the company said in a quarterly update. Gold prices for the quarter averaged $1,166 per ounce compared to 1,198/oz previously. Costs were lower at $950/oz compared to $985 in the comparable period. Cash from operations grew by 31 percent to $1,750 million from $1,333 million last year on higher sales volumes and lower operating costs. Caledonia had a net cash position of $8,841 million – including an overdraft of $4,673 million held by Blanket – from $20,640 million last year as the company continues its investment in the mine as per its Revised Investment Plan. "Progress on implementing the Revised Investment Plan at Blanket remains on track. Towards the end of the quarter, production commenced as planned from the No. 6 Winze and from an additional development which provides access to ore below the 750 meter level," said chief executive, Steve Curtis.
"These developments have substantially improved operational flexibility and are expected to be the main reason for the projected increase in production from 42,800 ounces in 2015, to approximately 50,000 ounces in 2016. The projected increase in production in 2016 is expected to result in improved cash generation due to higher sales volumes and lower costs per ounce of gold as fixed costs are spread over more gold ounces produced." Caledonia, which owns 49 percent of Blanket Mine, successfully moved its registration from Canada to tax haven Jersey, Channel Islands, on March 19 this year to avoid charges on dividends. Jersey is one of seven inhabited islands making up the Channel Islands and, along with Guernsey, is a British dependency. *(The Source)*

Cable manufacturer CAFCA on Thursday reported a 34 percent decline in revenue to $9,4 million in the six months to March as sales in the export and domestic markets continued to fall. Operating profit slumped to $300,000 compared to $1,1 million last year. Cafca primarily operates in Zimbabwe but is listed on both the Johannesburg and Zimbabwe stock exchanges. Apart from supplying the local market, the company exports its product to South Africa, Mozambique and Zambia. The company issued a profit warning at an annual general meeting in February after sales had dropped 31 percent year-on-year. As a result of the downturn in both the export and local markets, the company has scaled down operations halving monthly production from 300 tonnes to 200 tonnes. The company said it expects sales for the second half of the year to be 30 percent lower compared to last year and has implemented measures to cut costs by a similar percentage. Its financial position remains relatively strong with debtors and stock of $14, 5 million against liabilities of $2,9 million. *(The Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Zimbabwe's central bank on Friday moved to clarify its plans to introduce domestic notes to circulate alongside foreign currencies, after fears that it sought to re-introduce a loathed local currency triggered a public outcry. On Wednesday, Reserve Bank of Zimbabwe (RBZ) governor John Mangudya announced bank withdrawal and cash export limits, as well as plans to introduce "bond notes" backed by a $200 million African Export Import Bank (Afreximbank) bond facility, in a bid to ease cash shortages that have hit the economy. The RBZ also announced that 40 percent of all export proceeds would be converted into South African rand, while 10 percent would be converted into euros, in a bid to spread use beyond the scarce greenback. The moves provoked a backlash from Zimbabweans still smarting from the collapse of the local dollar in 2008, when hyperinflation reached an astounding 500 billion percent, according to IMF figures which many consider conservative. On Friday, Mangudya met editors of the national press to clarify his policy statement. While admitting that the policy pronouncement could have been better articulated, Mangudya said the main feature of Wednesday's announcement was in fact a five percent export incentive backed by the $200 million Afreximbank facility. It is that extra five percent incentive that would be paid out to exporters in bond notes, which would then circulate in the market. Mangudya said Zimbabwe's widening trade deficit of $3 billion, against a trade surplus of about $200 million in 1990, required interventions that would promote exports while minimising imports. As an incentive for exporters, the RBZ would pay a five percent incentive on all exports, while urging the government to put in place local content measures. "So it is that five percent export incentive that will be paid out in bond notes, because if we pay in United States dollars, it will simply vanish," Mangudya said. "This is actually a $200 million economic stimulus to stimulate local production and exports."

The RBZ chief said there were no plans to introduce the Zimbabwe dollar by stealth. "We have no hidden agenda. We are not removing the multi-currency system, we are actually giving it more life through more exports," he said. Mangudya said the central bank did not envisage injecting the equivalent of $200 million in bond notes into circulation. Out of a possible $50 million worth of bond coins introduced in December 2014 to ease the problem of small change, the RBZ had to date issued the equivalent of $15 million into the market, Mangudya said. He said the bond notes, to be printed in Germany, were currently at the design stage. The central bank also announced that it had imported $15.5 million on Friday, to be injected into circulation on Monday. Zimbabwe had $4,754 billion in circulation at the end of January 2016, according to RBZ data. The governor said the move to split export proceeds into United States dollars, South African rand and euros was meant to remove the concentration risk brought by the overwhelming use preference of the greenback to other units in the multi-currency basket. Upon dollarization in 2009, US dollar and rand use was at an even 49 percent. Currently, the greenback dominates with 95 percent of all transactions. Mangudya lamented the dominance of the US dollar, which has gained as much as 20 percent against Zimbabwe's main trading partner South Africa's rand, saying it was detrimental to the country's fragile economy. "The US dollar is now more than a medium of exchange; it's now a store of value, an asset, a commodity. If you're not a safe haven economy, don't be too open," Mangudya said. Meanwhile, in yet another policy tweak, Mangudya said tobacco farmers and small-scale miners would now be exempted from having their earnings automatically converted into rand and euros. *(Source)*

Zimbabwe is negotiating with the Preferential Trade Area (PTA) Bank and the Development Bank of Belarus for funding to capitalise the recently established Zimbabwe Consolidated Diamond Company (ZCDC), central bank governor John Mangudya told Parliament on Monday. Government this year established ZCDC after it shut down diamond companies operating in the country's Marange diamond fields after they refused its proposals to nationalise the industry. Mangudya on Monday told Parliament's committee on finance that government was negotiating lines of credit to fund ZCDC and other mining activities. "We have been negotiating facilities with the PTA Bank, Afrexim Bank, Development Bank of Belarus and we have found some lines of credit that we are providing to the artisanal miners and the bigger mining firms. We have raised $250 million towards the mining sector but it is not sufficient," he said. "We are organising funding so we can get some equipment for the Zimbabwe Consolidated Diamond Company for then to expand their production. " Last week, mines minister Walter Chidhakwa told The Source that about 270,000 carats of diamond have already been auctioned under ZCDC. Government intended to eventually increase ZCDC's monthly output to a million carats, he added. Mangudya said the central bank's latest measures to boost export income — a five percent export incentive backed by the $200 million Afreximbank facility to be paid out to exporters in bond notes — would go a long way to promote exports and curb the smuggling of the minerals from the country. The bond notes would also only circulate in the country, to prevent cash flight from the country which has left the country in the grip of a liquidity crisis. "We need to put more money in the mining sector that is why we are putting an incentive because we want to promote exports." *(The Source)*

Zimbabwe's central bank on Tuesday said it would no longer convert half of all export earnings to euros and rand, backtracking from partial measures it introduced last week in a bid to ease an acute shortage of dollars. Hyperinflation led the southern African nation to abandon its own currency in 2009 for others, including the U.S. dollar, British pound and Chinese yuan. But it has grappled with a shortage of notes since March. The Reserve Bank of Zimbabwe (RBZ) last week set priorities for imports, imposed limits on cash withdrawals and said it would convert export earnings to euros and rand to ease demand for dollars in the economy. But in a circular to banks and the public, the RBZ said it was reversing the measure but that 50 percent of export earnings in U.S. dollars should be transferred to it. The money would be credited into accounts of banks held with the central bank on behalf of exporters, together with a 5 percent bonus for all export earnings. The RBZ said its latest measures would "improve exporter viability and competitiveness while further enhancing the spread of liquidity generated from exports." Analysts say depressed commodity prices, rising imports, a lack of foreign investment and a strengthening U.S. dollar that makes Zimbabwean products less competitive are largely to blame for the cash shortages. *(Reuters)*

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