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	10-May-13	17-May-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,745.59	8,647.10	-1.13%	4.69%	15.14%	16.69%
Egypt	CASE 30	5,404.29	5,427.97	0.44%	14.92%	-0.63%	-0.58%
Ghana	GSE Comp Index	1,830.48	1,842.96	0.68%	1.71%	53.62%	50.77%
Ivory Coast	BRVM Composite	193.33	202.65	4.82%	-1.67%	21.65%	13.34%
Kenya	NSE 20	4888.97	4978.80	1.84%	2.21%	20.46%	24.95%
Malawi	Malawi All Share	6,375.75	6,408.93	0.52%	46.47%	6.54%	27.78%
Mauritius	SEMDEX	1,953.84	1,954.60	0.04%	-2.16%	12.85%	13.03%
	SEM 7	389.19	386.80	-0.61%	-2.80%	14.68%	14.87%
Namibia	Overall Index	957.00	956.00	-0.10%	8.06%	-3.07%	-0.11%
Nigeria	Nigeria All Share	36,010.28	36,907.80	2.49%	2.22%	31.44%	31.28%
Swaziland	All Share	289.42	289.42	0.00%	8.96%	1.31%	4.72%
Tanzania	DSEI	1,536.58	1,539.95	0.22%	3.22%	3.66%	5.67%
Tunisia	TunIndex	4,577.94	4,445.10	-2.90%	-1.30%	-2.94%	-6.68%
Zambia	LUSE All Share	4,287.77	4,271.07	-0.39%	7.38%	14.65%	21.69%
Zimbabwe	Industrial Index	204.74	210.30	2.72%	2.72%	37.99%	37.99%
	Mining Index	74.13	75.60	1.98%	1.98%	16.09%	16.09%

CURRENCIES

Currency	10-May-13 Close	17-May-13 Close	WTD % Change	YTD % Change
BWP	7.99	8.31	3.90	8.55
EGP	6.92	6.87	- 0.74	13.51
GHS	1.87	1.98	0.79	3.74
CFA	498.77	510.93	2.44	3.15
KES	82.83	83.80	1.18	- 2.10
MWK	390.00	329.99	- 15.39	2.80
MUR	29.83	30.00	0.58	- 1.80
NAD	8.89	9.23	3.81	8.97
NGN	155.89	156.12	0.15	0.01
SZL	8.91	156.12	5.28	10.99
TZS	1,591.20	1,593.65	0.15	1.18
TND	1.64	1.65	1.01	6.79
ZMW	5.27	5.33	1.20	2.79

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's consumer inflation slowed to 7.2 percent year-on-year in April from 7.6 percent in March, the country's statistics agency said on Wednesday. On a month-on-month basis, CPI was unchanged at 0.6 percent in April compared with March, Statistics Botswana said in a statement. *(Reuters)*

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TRADING

Egypt

Corporate News

Egyptian private equity firm Citadel Capital said on Saturday its consolidated net loss in 2012 narrowed by 12 percent over the previous year. The firm lost 702.4 million Egyptian pounds in 2012 compared with 800.5 million in 2011, according to an earnings statement published in Egyptian daily newspaper Al-Shorouk. Citadel, which says it has $9.5 billion in assets under its control, said in a statement it was changing from a "hybrid private equity business model" to an investment company. As part of that, it was trying to get majority control of 10 "focus platforms" including energy firms such as TAQA Arabia and Egyptian Refining Company, food firms such as Gozour and Wafra, mining firm ASCOM and firms in transportation and construction. In February the firm said it hoped to raise $300 million from divesting non-core assets within three years, predicting some businesses would benefit from an export boom because of the weak Egyptian pound. *(Reuters)*

Gold producer Centamin, battling a legal ruling against it in Egypt, posted a 71 percent jump in quarterly earnings and said it was on track to meet its production guidance for the year. Centamin posted core earnings of $81.7 million for the first three months of 2013, up 71 percent on the same period last year, after it ramped up production at its sole producing mine in Egypt. The company is in the process of appealing a court ruling in Egypt which questioned its right to operate the mine and has wiped off more than half the value of its shares.
Operations were continuing as normal at the mine during the appeal, Centamin said on Wednesday, adding that it was maintaining production guidance of 320,000 ounces of gold for the year and an expansion plan was on track. The cost of production in the first quarter came in at $556 per ounce, below full-year guidance of $700 per ounce. *(Reuters)*

The Dutch-listed parent of Orascom Construction Industries (OCI) has cut the price of a tender offer that is likely to see the Egyptian construction and fertiliser group delist from the Cairo stock exchange. OCI NV said on Tuesday it would offer holders of OCI's Egypt-listed shares the option of swapping them for OCI NV shares or a cash alternative of 255 Egyptian pounds per share. That is down from the 280 pounds per share offered in January. OCI NV, which already owns about 70 percent of the Egypt-listed shares, did not give a reason for reducing the offer, though analysts said it was not a surprise after a fall in the share price of the Cairo-listed stock. OCI is run by one of Egypt's most prominent Christian families, the Sawiris, and the plan to delist one of Egypt's biggest companies from the Cairo stock exchange has been resisted by the country's Islamist-led government. The original tender offer was held up by a tax dispute that also led the government to place a travel ban on OCI chief executive Nassef Sawiris and his father Onsi. In addition, the regulator had asked for clarifications that held up the deal. The tax dispute was settled last month when OCI agreed to pay 7.1 billion Egyptian pounds to the government.

The travel ban was then lifted. "The decline in the offered price per share was expected as the share price went down on the tax dispute and has never gone up since then to 280 pounds and that is why they lowered the price," said CI Capital construction analyst Alia El Mehelmy. OCI NV has defended the planned delisting from Cairo, saying its Amsterdam base gives it greater access to international capital markets. OCI NV said in January it had commitments in excess of $2 billion from investors, including Microsoft founder Bill Gates, to pay OCI shareholders that elect to sell their ordinary shares for cash. At 0935 GMT, OCI's Cairo-listed shares were down 2 percent at 240.99 pounds. *(Reuters)*

Egyptian vehicle assembler and distributor GB Auto said on Thursday that its first quarter net income surged 160.1 percent, boosted by record sales revenue. "Our growth this quarter reflects strong showings from regional operations in Iraq and the motorcycles and three-wheelers, tyres and financing businesses in Egypt," chief executive Raouf Ghabbour said in statement accompanying the results. Net income rose to 47.3 million Egyptian pounds from 18.2 million pounds in the first quarter of 2012, while sales revenue climbed to 2.08 billion pounds from 1.71 billion pounds. *(Reuters)*

Economic News

Egypt received a $3 billion deposit from Qatar on Thursday, a central bank official said on Sunday, shoring up finances hit by economic turmoil since a popular uprising that toppled the government two years ago. The funds will remain with the central bank until Egypt's Ministry of Finance issues bonds of the same value to Qatar, said the central bank official, who asked not to be named. The three-year bonds will carry an interest rate of 3.5 percent. Qatari Prime Minister Sheikh Hamad bin Jassim al-Thani promised the money when Egyptian Prime Minister Hisham Kandil visited Qatar on April 10. The Gulf state has already lent Egypt $5 billion since President Mohamed Mursi took office last July. Qatar had asked for 5 percent interest and a maturity of 18 months on the funds, but Egypt was negotiating to get the terms improved, an Egyptian official involved in the talks said last month. Egypt has been asking Arab and Muslim nations for cheap funds to help it to stave off financial collapse after the uprising that ousted former president Hosni Mubarak. It is negotiating a $4.8 billion dollar loan from the International Monetary Fund that would carry an interest rate of only 1.1 percent, but it has balked at the economic policy terms. Libya deposited $2 billion at Egypt's central bank in April and said it would supply Egypt with $1.2 billion worth of crude oil on interest-free credit over one year. *(Reuters)*

Egypt's central bank, worried that banks are investing too much of their cash in local money market and fixed income funds, is imposing stricter limits on such investments, a move asset managers say could cripple their industry. In a copy of a central bank directive obtained by Reuters, the central bank says banks will not be able to invest more than 2 percent of their tier-one capital in local money market and fixed-income funds, down from 5 percent at present. A central bank official said that some banks' investments in these funds had approached the size of their entire loan portfolio. "It's something that any central bank would be worried about," the official, who asked not to be named, told Reuters by telephone. "We don't regulate these companies, we don't supervise these companies, and they (the banks) leave this amount of money to be managed by these companies," the official said. The bank's directive, dated May 9, has been circulated to banks but does not say when it would come into effect. Around eight local financial institutions offer money market and fixed income funds, with combined assets of around 70 billion Egyptian pounds, local asset managers say. The funds are regulated by the Egyptian Financial Supervisory Authority (EFSA), which could not be immediately reached for comment. Fund managers said they would be starved of business once the new rule takes effect. "It will cause huge damage to a 60 or 70 billion (pound) industry," said Ahmed Abou Saad, chairman of Rasmala Egypt Asset Management, which manages about 2.0 billion pounds of money market and fixed income funds. The new ruling also limits the amount of funds invested in all money market and fixed income funds to no more than 7.5 percent of a bank's total local currency deposits. Banks exceeding these limits must stop issuing any new investment certificates until their funds shrink to the new limits.

The biggest money market manager in Egypt - and which stands to lose the most from the new limit - is Beltone Capital, which had 32 billion pounds under management at the end of 2012, almost all of which was in money market or fixed income funds. One of Beltone's clients, Egypt's second-largest bank, state-owned Banque Misr, has more than 20 billion pounds in money market and fixed income funds, according to the central bank. The head of Beltone, Aladdin Saba, did not respond to a request for comment. Most of the money invested by the funds goes into government securities at high interest rates, and fund managers speculated the central bank may be trying to bring down government borrowing costs by forcing people to place their money in deposits at commercial banks rather than channel it through money market funds offered by the banks."The funds would move back to banks, which would have to put 10 percent with the central bank as (statutory) reserves at zero interest, which might benefit the central bank," said Mohamed el Sherbini, head of money market and fixed income at CI Capital.

CI Capital, which is a subsidiary of Commercial International Bank, is Egypt's second-biggest money market fund manager with 8.5 billion pounds of assets under management. Many Egyptian banks have been making record profits by lending to the government, whose borrowing costs have soared in the two years since president Hosni Mubarak was ousted in a popular uprising. Demands by civil servants for higher wages and a stagnant economy that has eaten into public revenues have widened the state budget deficit to about 11.5 percent of gross domestic product, forcing the government to turn to domestic banks for financing. "The net interest margin for the banks is huge. They will make a bigger profit when investing this money in treasury bills and bonds. Banks using funds make less than 1 percent," Sherbini said.

Rasmala's Abou Saad said that any contraction of the money market industry would decrease the options and the number of products for both investors and borrowers. *(Reuters)*

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Ghana

Corporate News

Deutsche Bank, arguably Europe's and the world's biggest bank is planning to open a sales office in Ghana. This is part of moves to expand its Africa operations. The news comes after media reports indicated that, JP Morgan Stanley and HSBC Bank were also considering rolling out representative offices in the country. Already, Citi Bank has been operating in Ghana since 2010. XYZ BUSINESS has learnt that France biggest bank, BNP Paribas and Bank of America are also considering opening subsidiaries in Accra, to take advantage of the growing financial market here, where 90 percent of banks are recording substantial growth. Deutsche Bank is already present in Nigeria and South Africa, whilst there are ongoing plans to open an office in Kenya. It intends to focus on international payments and trade finance in West Africa. The bank is joining lenders such as; Barclays Plc and Citigroup in building a presence in Africa. *(Ghana Web)*

Economic News

The Ghana Stock Exchange (GSE) the statutory regulator of the Ghanaian bourse will in the next few weeks launch the Ghana Alternative market which is intended to promote the listing of small and Medium scale Enterprises in the country. The Ghana Alternative Market also forms part of the VCTF strategy aimed at providing an alternative exit route for venture capital Fund Managers and SME investors. It is also to improve liquidity on the stock market by providing a structure conducive to attract SMEs to float shares on the Ghanaian bourse. This will enable them to raise capital through the Exchange to support growth and expansion. Already the Venture Capital Trust Fund has made available US$ 500, 000 into the revolving fund to support the scheme. According to the CEO of the VCTF, Daniel Duku, at the signing ceremony last two years, the Exchange will set up a revolving fund to pay for the listing expenses such as underwriting and legal fees of the companies adding that an agreement to that effect has been signed with Accra-based Fidelity Capital Partners, to pool resources for the fund. The GAM will also enable the companies broaden their investor base and provide liquidity for their shareholders and investors.

The GAM for the SMEs will also provide a revolving fund to support the cost of raising capital deferment of up-front fees. This means that companies listing on the GAM could apply for funds under this support fund to pay fully or partly for the cost of advisory services. Economy Times has learnt that listing on the GAM will raise the level of the investing community's awareness of the company and its products. This will result in a greater ability high-caliber employees and increase general business opportunities. Listing on this market will afford companies the opportunities to secure longer term capital. The raising of such capital will allow for future expansion, growth and greater ability to stand competition. Raising long term capital on the market would be relatively lower cost to the company. The VCTF is currently supporting the establishment of the Ghana Alternative Market (GAM) while also contributing financial and technical resources to the establishment of an SME Listing Revolving Fund facility. The facility is expected to provide resources to qualifying high-growth companies to have listing expenses paid ahead of actual public floatation. *(Ghana Web)*

Ghana is in the process of issuing a second Eurobond to restructure its debt and reduce the burden of interest on the budget, the vice president has stated. The ease of the pressure on the budget would help the government to finance critical infrastructure projects, he said.
Addressing the Regional Economic Outlook (REO) for sub-Saharan Africa in Accra, Mr Amissah-Arthur acknowledged the major problem of exchange risk in those transactions, but said the government would be cautious to examine cheaper options for the financing of its infrastructure. The common themes that have emerged in the REO for sub-Saharan Africa over the last few years have been accounts of growth and change, of resilience in the face of external shocks, commodity price declines and climate change and accounts of improving economic management and governance. The IMF, through the REO, reports the transformation of African economies of poverty reduction, job creation and sustainable growth. He said this year, the outlook reinforced Africa's growth story that the continent continued to post high economic growth, estimated at 5.4 per cent, well above the three per cent growth projected for the global economy. The Vice-President, however, acknowledged that risks remained, global conditions were uncertain, and many African economies were yet to rebuild their macroeconomic buffers to the levels prior to the intervention of the global crisis. "Because Africa has a lot more catching up to do, the weak external environment represents a significant challenge to sustaining growth," he said.

Mr Amissah-Arthur said in order to develop the societies and further reduce poverty, there was the need for a better understanding of how to strengthen the growth momentum in a multi-speed and tentative world. The current challenge that Ghana faces is how to extend our fiscal space, through public expenditure rationalisation and revenue mobilisation. We are, therefore, developing new financing options that allow the sharing of responsibility for infrastructure between the public and private sectors," the Vice-President said. The Governor of the Bank of Ghana, Dr H. A. Kofi Wampah, commended the IMF for publishing the world research report, adding that lessons in the report were good for Ghana's development. *(Ghana Web)*

Inflation for the month of April went up to 10.6 percent. This is 0.2 percentage points higher than the previous month's figure of 10.4 percent. This means that the rate of increase in the general price of goods and services was higher compared to the same period last year. The monthly rate change was however 1.8 percent. Acting Deputy Government Statistician in charge of Technical support, Baah Wadieh explains what accounted for the increase. "The farming season starts in April. There are no harvests. Whatever is available we are committing to planting for food and because the weight of the food group in the basket is high, it impacts on the overall inflation rate. We also observed that the exchange rate is also affecting the cost of imported goods" he explained. The declining fortunes of the local currency seem to be impacting heavily on the macro-economy. Even before the Monetary Policy Committee of the Central bank meets next week to determine the policy rate, Standard Chartered bank is predicting an increase in the rate due to the cedi's fall in value. *(Ghana Web)*

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TRADING

Kenya

Corporate News

A Kenyan cigarette maker has asked the government to impose a ban on Ugandan firms using the country as a transit route of their products. Mastermind Tobacco Kenya Limited is calling on the government to "protect Kenyan business interest in the region by blocking transit of goods emanating from or entering Uganda, as well as imposing trade sanctions on Ugandan companies operating in Kenya as a retaliation to a similar treatment the company is getting from Ugandan authorities. The request comes after the company was slapped with a ban from transporting its Supermatch brand through Uganda to South Sudan, Democratic Republic of Congo, Rwanda, Burundi and Chad. Mastermind Tobacco Kenya has said that it is losing over Sh170 million in revenue every month owing to the ban since August last year. "The Ugandan authorities must be alive to the international protocols on trade they are in breach of by blocking Kenyan goods from accessing the markets for the landlocked trading partner countries," said Mastermind in a statement. According to the cigarette maker, stiff competition it is causing to a Ugandan firm, Leaf Tobacco and Commodities, informed the ban on its products. A Supermatch trademark dispute between Mastermind and Leaf Tobacco of Uganda was employed to block the Kenyan brand in South Sudan through, according to the local firm, "some elements in the Ugandan government."

Subsequently, the Uganda Revenue Authority used the dispute as an excuse to ban the transit of Supermatch cigarettes to South Sudan and the other export destinations through Uganda. Further, Uganda has failed to renew the licence of Mastermind's subsidiary in Uganda, Continental Tobacco Limited, citing cases of the company delay in paying Ugandan farmers their dues. "The farmers have been paid in full for their deliveries," said Mastermind while dispelling the claims, adding that the Uganda authorities are merely using this as a smokescreen to lock out Mastermind from operating in the neighbouring country. *(Daily Nation)*

A strong performance in its money transfer service and non-voice revenues helped Safaricom, Kenya's top telecoms operator, post a 47 percent jump in full-year pretax profit on Tuesday. Safaricom, 40-percent owned by Britain's Vodafone, said pretax profit climbed to 25.5 billion shillings off the back of a 16 percent growth in total revenues. "Most notable was our growth in non-voice service revenue with a 29 percent increase in the year, underpinning our strategy to diversify our revenue channels," said chief executive Bob Collymore. The firm's money transfer system that uses mobile handsets, M-PESA, was a "major revenue driver", Collymore said, contributing 22 billion shillings in revenue, about 18 percent of total earnings. Earnings before interest, taxes, depreciation and amortisation (EBITDA), a key measure of performance for telecom companies, grew 31 percent to 49.2 billion shillings. The EBITDA margin improved 4.5 percent to 39.6 percent during the period, the company said. Voice, which contributes two thirds of revenue, posted 13 percent growth during the period, recovering its growth trajectory after the previous year came under pressure from price cuts due to intense competition. Safaricom recommended a dividend of 0.31 shillings per share, a 41 percent increased on the previous year. *(Reuters)*

Kenyan lender Co-operative Bank said on Wednesday profit jumped 31 percent in the three months through March, helped by growth in customer deposits and net interest income. The bank, rooted in the east African nation's co-operative movement which brings together farmers and workers, said it made a first-quarter pretax profit of 3.23 billion shillings. "The bank reported strong capital ratios and will continue retaining some of the earnings for expansion," Chief Executive Gideon Muriuki said in a statement. Net interest income rose more than 23 percent to 4.32 billion shillings while net loans increased 5 percent to 119.1 billion. Earnings per share rose 11 percent to 0.62 shillings. *(Reuters)*

Kenya's Uchumi Supermarkets will open 13 new stores over the next year as east Africa's sole listed retailer prepares for a cash call and a cross listing of its shares, its chief executive said on Tuesday. Uchumi, Kenya's second-largest retail chain by sales, has 25 stores across east Africa, where fast-expanding economies are creating a growing middle class. It plans to list its shares on the Tanzanian, Ugandan and Rwandan bourses and then offer investors 100 million shares in a rights issue. The company, which already operates some stores in neighbouring Uganda and Tanzania, said it planned to use the cash from the rights issue to pay for expansion in its existing markets and open its first supermarkets in Rwanda and newly-independent South Sudan. "In the next one year or so, we plan to open around 13 retail branches across east Africa in a bid to competitively and strategically position our business, and these will also require substantial capital spend," Uchumi Chief Executive Jonathan Ciano said in a statement.

The funds will also be used to refurbish some of its stores in Kenya, Ciano told a news conference at one of the chain's stores in the capital Nairobi. The retailer picked Faida Investment Bank as the lead transaction advisor for the rights issue and cross-listing of shares in the neighbouring countries. Kenya is part of an East African Community common market with Rwanda, Burundi, Tanzania and Uganda. Other Kenyan firms such as Kenya Airways have also cross-listed their shares in the regional bourses. Ciano said the cross-listings would take place before the rights issue and required the approval of financial market regulators in those countries. *(Reuters)*

Kenya's top telecoms firm Safaricom expects to maintain its almost 40 percent earnings margin this year but "premature taxes" could stifle growth of lucrative mobile phone-based money transfers, its chief executive said on Tuesday. Safaricom, 40-percent owned by Britain's Vodafone, said pretax profit climbed to 25.5 billion shillings in its year to end-march, off the back of 16 percent growth in total revenue. The company has had a very successful year. Its 39.6 percent margin on earnings before interest, tax, depreciation and amortization (EBITDA), is near the top of the range for telecoms globally and its shares have surged 36 percent in 2013 - twice as fast as Kenya's blue chip index. Its promise of a 41 percent increase in dividend to 0.31 shillings per share pushed the shares another 3.6 percent higher on Tuesday. But Chief Executive Bob Collymore was concerned that the new 10 percent tax on the cost of transfers by its M-Pesa mobile service would stifle both company revenues and the use of a service that has made transfers possible for millions of poor Kenyans.
Before mobile companies began to offer money transfer five years ago, Kenyans had to pay up to 1,000 shillings to send money by bank transfer to relatives, many of whom are living on less than a dollar a day. Now a transfer of 500 shillings would typically cost just 25 shillings and the service is credited with making transfers usable for a third of the country's 40 million population who were cut off from traditional financial services. "This is such a nascent industry it is important that we don't kill it at birth," Collymore said. "We are cautioning against viewing mobile telephony in general as being a bit of a milking cow."

Kenya's new government is still in the process of forming after an election in March, but its last finance minister said that the tax was not aimed at punishing success. It was imposed to bolster budget revenue at a time when ministers were battling to settle strikes by teachers and health workers. Safaricom has done well from the service. M-Pesa contributed 22 billion of its 124 billion shillings in revenue last year. Despite the imposition of the tax in October the company handles annualised total transfers of 1.1 trillion shillings, the equivalent of 27 percent of Kenya's gross domestic product. Safaricom raised M-Pesa tariffs after the tax hikes but shouldered some of the additional costs related to the tax - some 400 million shillings in its 2012/13 financial year. Overall, the company's EBITDA earnings, the key measure of performance for telecom companies, grew 31 percent to 49.2 billion shillings. Its margin was up 4.5 percent compared to the same period a year earlier. Revenues are expected to continue to grow faster than costs but M-Pesa revenue may not match the rate of growth in previous years due to the high base, the company said. "People are used to seeing M-Pesa growth over 30 percent. That will not happen this year," said John Tombleson, the firm's chief financial officer. Investors were also cheered by Safaricom's plan to invest more than 20 billion shillings this year in the network. "That is a key element because it says they are viewing the industry as growing, which is really positive," said Eric Musau a research analyst at Standard Investment Bank. *(Reuters)*

Kenyan lender Diamond Trust Bank posted a 28 percent year-on-year jump in first-quarter profit, helped by growth in net interest income. Pretax profit for the three months to March 31 rose to 1.73 billion shillings after the bank's net interest income climbed 22 percent to 2.48 billion shillings. Kenyan banks expect an improvement on last year's results in 2013 after a peaceful election in March boosted business confidence in east Africa's biggest economy. Diamond Trust Bank's first-quarter earnings per share increased to 5.22 shillings, against 4.39 shillings in the same period last year. *(Reuters)*

Safaricom's share price came under pressure from profit takers two days after announcing impressive full year financial results. The counter had reached a one year high of Sh7.55 in Wednesday's trading session following a 39.8 per cent rise in profit after tax to Sh17.5

billion, but eased to Sh7.25 on profit taking. In the financial year, the telco's turnover rose by 16 per cent to Sh124.3 billion. "We expect the stock to remain largely below Sh7.30 levels for the rest of the trading," NIC Securities equity analyst said in an e-mailed update on the stock. Analysts say the counter is expected to continue attracting mixed investor interest following the impressive performance. "Relatively same levels of demand and supply are expected as new investors seek positions given the positive outlook depicted by management, while some of the current holders take quick profits given the new highs in nearly five years," Analysts at Afrika Investment Bank said on Thursday. The firm's management have painted a good outlook for this year. *(Daily Nation)*

Economic News

President Uhuru Kenyatta has assured the global community of his government's commitment to meet its obligations under laws establishing the International Criminal Court. In an interview with the BBC, President Kenyatta says his administration will not go against any of the requirements outlined in The Rome Statute, to which Kenya is a party. "Kenya is a signatory to the Rome Statute and it is my responsibility to ensure that Kenya meets her obligations and I will ensure that it happens," he said. "I also have a personal commitment because it is my name and that of my family that is on the carpet and I have every single intention of ensuring that I clear my family name not just for myself but for the future generations that will bear my name." President Kenyatta, who faces charges of crimes against humanity over Kenya's 2007/8 post-election violence at the ICC, told the broadcaster that he will cooperate with the court until the judicial process ends. The sentiments by the president come days after ICC Prosecutor Fatou Bensouda disputed the Kenyan government's claim that it was cooperating with the court. Bensouda told the Hague-based court that she has encountered difficulties in securing full and timely cooperation from Kenya, despite assurances by government. She says that although the Government of Kenya (GoK) had allowed investigative missions from the Office of The Prosecutor (OTP) to Kenya, there were other areas in which the government had failed to cooperate. "Contrary to the GoK's claims to have acted in "full compliance" with its obligations under the Statute 24, the OTP continues to encounter considerable difficulties in securing full, effective and meaningful cooperation, which continues to deprive the chamber of evidence that may assist in adjudicating the Kenya cases," she protested.

On May 3, Kenya's Permanent Representative to the United Nations Macharia Kamau asked the president of the Security Council to press Bensouda to end the proceedings as they were a threat to Kenya's national security. Describing the ICC proceedings as partial and a 'manipulation from different actors,' Kamau further complained that they were tarnishing the image of Kenya more so that of the president and his deputy. In the request to have the two cases against Kenyatta, his deputy William Ruto and journalist Joshua arap Sang halted, he explained that the court's conduct in the Kenyan situation had raised eyebrows in the manner in which investigations were carried out, citing the withdrawal of evidence and prosecution witnesses. "The proceedings are misplaced. The original claims might have been false and/or manufactured. There is nothing on record to justify the continuation of the cases in Kenya. Obviously, the prosecution advocated its duty of the Rome Statute by failing to undertake investigations and brought before the court testimonies made by coached witnesses," Kamau asserted. Although President Kenyatta is yet to make his pronouncements on the matter, Ruto has dismissed the application by ambassador Kamau saying that the application neither represented government policy nor his personal wishes. Attorney General Githu Muigai has also disowned the application insisting that Kenya was not a party to the cases before The Hague-based court but that it will continue cooperating with the ICC. Ruto arrived in The Hague on Tuesday for a status conference in his case. *(Capital FM)*

The Capital Markets Authority is reviewing corporate governance guidelines to enhance scrutiny on companies and directors of public-listed companies. Speaking to the Nation on the phone, the CMA chairman Mr Kung'u Gatabaki, said that the guidelines, which are being revised together with other players in the capital markets, will take into consideration many of the recent happenings, which have seen some directors of listed firms barred from holding office. Over the recent past, some listed companies have also been suspended from trading on the Nairobi Securities Exchange for engaging in malpractices. "We are revising all the guidelines on corporate governance and we have invited all players in the market to give their input," the NSE boss said, adding, a review of the guidelines will make it easy for the CMA to seek more autonomy. The review is hinged upon the appointment and confirmation by Parliament of the Treasury Cabinet Secretary.

"This will make it easy even as I go to the ministry. I will have what to tell them as we push for more autonomy," he said. Early this year, the CMA set up a nine-member team to sit on its corporate governance committee and drive implementation of amendments to the corporate governance guidelines and regularly review governance standards for listed companies, among other roles. *(Daily Nation)*

Spritely growth and falling inflation should ensure strong demand and keen pricing for Kenya's long-awaited first Eurobond, planned for later this year, helping cut its overall debt costs, the International Monetary Fund said on Wednesday. Ragnar Gudmundsson, IMF resident representative in Kenya, told Reuters a peaceful presidential vote in March that has helped restore Kenya's image after post-election violence five years ago would also help secure a lower yield on the new issue. African countries' robust growth prospects contrast with those of European economies still struggling to shake off a debt crisis, and investors have snapped up their debt, including a 10-year Eurobond issued by Kenya's neighbour Rwanda last month. "Now that the authorities have succeeded in taming inflation and bringing down interest rates, the likelihood that they would be able to achieve a lower yield has gone (up), especially following the peaceful political transition," Gudmundsson said. "The conditions would be right to negotiate a sovereign bond in the last quarter of the year." Kenya will use proceeds from the sale to retire a $600 million syndicated loan taken out last year at an overall cost of 7 percent and to fund infrastructure projects. Rwanda, a smaller economy, paid a yield of 6.875 percent on its bond.

Kenya has yet to finally decide on the timing or details of the Eurobond, plans for which have been delayed several times. Gudmundsson said 10 years would be a "reasonable tenor" and the government could seek up to $1 billion, an amount that would keep the government's borrowing on debt markets within a limit agreed under the IMF's extended credit facility programme. With inflation running below the government target of 5 percent, Kenya's economy is expected to grow by 5.5-6 percent this year and 6-6.5 percent in 2014, spurred by good rains and falling lending rates, the IMF representative said. Gudmundsson said the country, which discovered oil in the far north county of Turkana last year, could attain the double-digit growth that the government has been targeting if it properly manages wealth from those natural resources. "If these deposits are commercially viable and they are managed well, double-digit growth becomes a more realistic prospect," the representative said, although he said production could still be five years away. Kenya has been working with the IMF and others to review terms for energy projects, including production-sharing deals.

The new government of President Uhuru Kenyatta has promised to expand investment in oil and gas and to reduce the cost to consumers of electricity in a nation where power cuts are common due to inadequate capacity and a creaking transmission network. Last week, the government rejected plans by the state-controlled power distributor to triple monthly fees to industry. Gudmundsson warned this could taint Kenya's reputation as a model for energy sector reforms and dampen investor enthusiasm after the nation eliminated subsidies and opened itself up to independent power producers in the past 15 years or so. "The power generator and distributor need to become more efficient and speed up the pace of implementation of power generation projects," he said. "That is a clear priority but I'm not convinced that right now blocking tariff increases is the best measure." Other risks to the economy include any worsening of the debt crisis in the euro zone, shortfalls in revenue collection, and a public wage bill that accounts for half of government revenue. "If the wage bill remains at current levels or even increases that means that there will be less space for priorities and other expenditures," Gudmundsson said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Mauritius

Corporate News

No Corporate News this week

Economic News

The weighted bid margin on Mauritius' 15-year inflation-indexed Treasury bond fell to 2.70 percent from 2.85 percent at a previous sale in November, the central bank said on Wednesday. The Fifteen-Year Inflation-Indexed Government of Mauritius Bond will bear interest annually at the weighted accepted bid margin plus the 12-month average inflation rate published by Statistics Mauritius as at end-March, every year. The central bank sold all the 1 billion rupee worth of papers on offer. It received bids worth 2.553.4 billion rupees with bids ranging from 4.25 percent to 1.75 percent. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Dangote Sugar Refinery (DSR) Plc last Friday raised the hopes of shareholders for another fruitful financial year by recording a growth of 31 per cent in profit for the first quarter (Q1) ended 31, 2013. Details of the results showed that DSR posted a turnover of N27.64 billion in Q1 of 2013, indicating a growth of 2.2 per cent above the N27.1 billion in the corresponding period of 2012. However, profit after tax rose by 31 per cent from N4.119 billion to N5.951 billion to N4.119 billion, while profit after tax grew from N2.809 billion to N3.453 billion in 2013. Given the performance and future prospects in the company, analysts at Dunn Loren Merrified, an investment bank, have put a 12-month target price of N11.60 on the shares of DSR. "In the months ahead, we expect lower prices of raw sugar to keep cost of sales at moderate levels, whilst the strong competition in the market will provide headwind to revenue growth. Our valuation puts DSR's 12 months target price at N11.60, an upside of 49.5 per cent compared with the closing price of N7.76 on May 10 2013, hence we maintain our BUY recommendation on the stock," they said.

In line with its desire to attain the status of a fully integrated sugar company (via backward integration plan), DSR recently acquired 95 per cent shareholding in Savannah Sugar Company Limited (SSC) , a fully integrated sugar producing company located in Numan, Adamawa State DSR said it was confident that the acquisition of SSC will provide a solid platform to supplement its existing sugar refining capacity, reduce input cost and substantially scale its business with new business opportunities (including the generation of bio-ethanol fuel from the production of molasses and development of a bagasse-based coal generation plant), increase margins, boost its export potential as well as provide a valued basis for further profitable growth of the company as well as enhanced shareholders' value. *(This day)*

United Bank for Africa (UBA) Plc last Friday announced a recovery from the N6.8 billion loss in 2011 to a profit N54.8 billion in 2012. The company also recommended a dividend payment of 50 kobo per share for the year. UBA had in 2011 posted a loss on account of loan provisioning to clean up its balance sheet. However, the bank has bounced back into profitability and recorded improvement in all performance indices. An analysis of the bank's results showed gross earnings of 211.479 billion in 2012, up from N164.392 billion in 2011. Profit after tax stood at N54.7 billion in 2011, compared with a loss of N6.8 billion in 2011. Commenting on the results, the Group Managing Director of UBA Plc, Mr Phillips Uduoza, said the bank achieved those results despite a tough operating environment, demonstrating the strength and resilience of its business model. "Our success was again driven by the strength of our customer-focused, Corporate and Treasury driven business model. We are confident about our ability to deliver sustainable earnings growth in the future. We will continue to strategically invest in our businesses, manage our expenses and contain cost, whilst continually seeking ways to exceed expectations of our stakeholders" Oduoza said. According to him, as always the employees and their dedication to customers and clients remains the driving force behind the success, thanking them for their tremendous contributions.

"The bank had a good performance for full year 2012, putting us in a position to commence the journey back to industry leadership and setting the stage for the attainment of our long term strategic intent of being a leading Bank on the African continent" he said. Speaking in the same, the Group Chief Finance Officer Mr. Ugochukwu Nwaghodoh, said the bank has continued to focus on customer service delivery, efficient capital management and returns maximisation with return on equity exceeding 30 per cent in 2012, one of the highest in the industry. "Our ability to serve clients globally with solutions tailored to their needs gives us a strong advantage in today's rapidly changing and highly competitive market place. Adopting a unique business platform across Africa, as a group, has also ensured that we present a single face to our customers and clients around Africa . This does not only help foster collaboration throughout the Group, it also strengthens our ability to deliver value adding and innovative solutions to our customers and clients through our integrated model" Nwaghodoh added. *(This Day)*

Guinness Nigeria, a unit of Diageo, said on Monday its pretax profit for nine months to end-March 2013 fell 17.5 percent year-on-year to 11.23 billion naira, down from 13.61 billion naira in the same period of 2012. The unit of the world's biggest spirit group said turnover rose marginally to 94.93 billion naira during the period as against 92.07 billion naira in previous year. *(Reuters)*

Dangote Sugar Refinery Plc has pulled its investment from Algeria and is planning to make more acquisitions of local sugar farms to boost its backward integration programme and benefit from the Federal Government Sugar Master Plan. DSR had planned to expand its operations to Algeria with a 1.1 million metric tonnes of sugar refining facility in that country. However, chairman of DSR, Alhaji Aliko Dangote, disclosed last Monday that the plan had been halted and all the equipment shipped back to Nigeria. In his address to shareholders at 7th Annual General Meeting (AGM) held in Lagos, Dangote explained that the decision to pull out the investment stemmed from unfavourable policies by the Algerian government that would impede the achievement of the goals with which the investment was targeted. However, he noted the acquisition of Savannah Sugar Company (SSC) in Numa, Adamawa State by DSR has positioned the company to operate sugar refineries in Nigeria. "Our target is to achieve local production of 1.5 million metric tonnes of raw sugar per annum by year 2018 harvest season. In addition to Savannah, other sites will be acquired and the necessary steps taken to ensure that our foray in backward integration project becomes a good part of our success story," Dangote said.

Reviewing the performance of the company for the year ended December 31, 2012, he said despite the challenging operating environment, the company posted a remarkable performance. According to him, turnover stood at N106.868 billion, while profit after tax was N10.735 billion in 2012 compared with N107.2 billion and N7.244 billion respectively in 2011. "This performance is an indication of the positive outcome of the various changes and strategic initiatives implemented in the company during the year under review. Our emphasis is now on growing new markets for higher volumes, a more improved bottom-line, increased market share and value creation for all stakeholders," he said. Speaking in the same vein, the Managing Director of the DSR, Abdullahi Sule, said the focus was to grow its market within Nigeria and Africa with high quality products, reinforced and effective supply chain and information management system. "We will continue to build our existing competencies to enable us set the needed platform for continuous market expansion, volume growth and delivery of desired benefit to all stakeholders," Sule said. *(This Day)*

The Nigerian unit of Lafarge Cement plans to pay-off a 6 billion naira local bank debt this year to cut interest rate payments and boost profitability, its chief financial officer said on Thursday. The local unit of the world's biggest cement maker owes about 28.4 billion naira in total loans, of which 6 billion naira is from Nigerian banks, Fred Amobi, told an analysts' conference call. He said Lafarge WAPCO had a 3-year bond worth 11.6 billion naira and a loan from a Nigerian development bank of 10.8 bilion naira in addition to the bank loans. "Our strategy is to repay the balance on our bank debt this year ... the interest of 15 percent on the bank loan is outrageous," Amobi said. *(Reuters)*

Total Nigeria, majority-owned by the French oil firm Total, said on Thursday its first-quarter pretax profit fell marginally to 1.85 billion naira from 1.87 billion naira in the same period last year. It said turnover rose to 61.05 billion naira in the quarter from 51.02 billion naira in the same period a year ago. *(Reuters)*

Cadbury Nigeria said on Thursday its first quarter pretax profit rose 185 percent year-on-year to 1.67 billion Nigerian naira, compared with 587 million naira in the same period last year. Cadbury, now part of Mondelez International Inc, said turnover grew 16 percent year-on-year to 8.36 billion naira in the first quarter, up from 7.19 billion in the same period a year ago. *(Reuters)*

Economic News

The Director-General, Debt Management Office (DMO), Dr. Abraham Nwankwo, Monday disclosed that the federal government has decided to benchmark the country's borrowing at 40 per cent. Nwankwo revealed that although the county's net present value to total public debt ratio had been reviewed from 40 per cent to 56 per cent of its gross domestic product (GDP), which allows for increased borrowing, the federal government did not intend to go above the benchmark. He also said that contrary to media reports that most states of the federation might have exceeded their approved debt limits, the debt level of all the 36 states including the Federal Capital Territory (FCT) was sustainable. He said there were "no 'red' but only 'green and white' flags in the states," an indication of healthy debt profile. Speaking in Abuja at the opening of the 2013 Debt Sustainability Analysis workshop, the DMO boss stressed the country's historic debt profile and the current direction of the economy had necessitated that need to "rather under-borrow than over-borrow." Nwankwo maintained that as long as public debt was concerned, Nigeria would continue to be conservative within the next five to seven years during which the economy is expected to have been significantly diversified- allowing for greater productivity and output and economy will boom. According to him, only then will it be necessary to review the current borrowing posture. Nwankwo said: "We are not going to under-borrow. We rather under-borrow than over-borrow. That is our rule. We rather are on the conservative side, even though for countries with our rating, the net present value to total public debt ratio has been changed to 56 per cent."

He said: "Nevertheless, Nigeria advisedly will remain at 40 per cent for practical purposes. But we will continue noting that we belong to the group who has been allowed to borrow up to 56 per cent of their Net present value of their GDP." "But in terms of policy advise, or strategy, we will still use 40 per cent as our benchmark and as you know, Nigeria has often had its own local threshold which is always more conservative than the peer group threshold. So we will maintain that standard because when these ratios are fixed, they are fixed for all countries in that group but each countries has to look at its own peculiarities and that is why in the case of Nigeria, a good number of peculiarities affect our own disposition. "The first is our history in terms of unsustainable debt in the past and the fact that we must not have that experience again. The second is that looking at the structure of our economy, we should appreciate that we are still over-dependent on oil for more than 80 per cent of public revenue." He added that the workshop had been designed in keeping with the tradition of the office for the past nine years to help figure out any challenge in debt management by the federal and state governments. *(This Day)*

The Nigerian economy grew by 6.56 per cent in the first quarter (Q1) of 2013 helped by growth in the non-oil sector as the composite Consumer Price Index (CPI) which measures inflation rose to 9.1 per cent in April compared to the 8.6 per cent recorded in March. Although the inflation rate remained at single-digit, it however, increased by 0.55 per cent above the 8.6 per cent recorded in March. The National Bureau of Statistics (NBS) in its latest CPI which index released Thursday blamed the rise in the headline index on higher price levels of food products due to the effect of declining inventories. Meanwhile, the country's Real Gross Domestic Product (GDP), though higher than the 6.34 per cent achieved in the corresponding quarter of 2012, fell short of the 6.99 per cent recorded in the fourth-quarter of last year. The NBS, in its 2012 and first quarter 2013 GDP Estimates, which was also released yesterday, said the non-oil sector growth was enhanced by growth in the building and construction, hotels, real estate services, finance and insurance, manufacturing and solid minerals among others. The sector recorded a 7.89 per cent growth in real terms in Q1 2013 compared to the 8.14 per cent achieved in the coresponding quarter of 2012.

However, growth in the sector was said to have declined following the relative decline in agriculture, telecommunications and wholesale and retail trade. Real agricultural GDP in Q1 2013 stood at 4.14 per cent or about 0.23 per cent decline, compared to the 4.37 per cent recorded in Q1 2012. On the other hand, it said the oil sector contributed about 14.75 per cent to real GDP in the period under review, compared to 15.80 per cent in the corresponding quarter of 2012 and 12.59 per cent in Q4 of last year. The NBS also put the daily average crude oil production at 2.29 barrels per day in Q1 2013, compared to the 2.35 barrels per day in the corresponding quarter of the previous year. The figures, when compared to the associated gas components represented a growth rate of -0.54 per cent in oil GDP in Q1 2013 compared with -2.32 per cent in Q1 2012. It said the output in the oil sector had decreased in Q1 2013 relative to the corresponding quarter due to disruptions as a result of pipeline vandalism, oil bunkering and the force majure declared by Agip during the period of review. *(This Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Zambia

Corporate News

CEC Liquid Telecommunication has invested KR163.2 million (K163.2 billion) in plant, optic fibre and network equipment since the firm was launched last year. Meanwhile, the firm will soon engage Zambia Information Communication Technology Authority (ZICTA) in negotiations regarding price regulations. Company managing director Garth Schooling said out of the total investment, 94 percent is in optic fibre and network equipment. Mr Schooling said the investment has however generated a significant annual depreciation of charge, saying for the firm to break even after depreciation, gross revenue should be in order of KR 75.3 million (K75.3 billion) per annum. This is according to the firm's 2012 annual report made available at the annual general meeting held in Kitwe recently. Mr Schooling said the company aims to exceed the minimum revenue requirement for 2013. Meanwhile, Mr Schooling said further negotiations will be held with ZICTA to determine the way forward on price regulations and the position with regard to non-Zambian companies selling international services in Zambia. He said the firm has continued to consolidate its position in the market in all areas of its franchise. The company became operational only 17 months ago and has since increased both the revenue base and national footprint.

The firm, whch was officially launched on August 24, 2012, has registered strong growth posting revenues from under KR100 million (K1 billion) during the pre-joint venture period to KR39.3 million (K39.3 billion.) A joint venture between CEC and regional fibre infrastructure builder and operator, Liquid Telecom of Mauritius, the firm has become the preferred wholesale broadband connectivity telecommunications company at national level and within the region. He said the national backbone from Chirundu to Chililabombwe was completed on schedule. Mr Schooling also said the fibre cable for local commercial access has been increased from 250 kilometres to 740 kilometre and accounts for about 40 percent of internet traffic into Zambia as at the end of 2012. Corresponding to the rapid increases in revenue, he said, the customer base has also increased to include all mobile operators, top seven financial institutions, top five internet service providers, NGOs, quasi- government institutions, education institutions and foreign missions. *(Daily Mail)*

ZAMBIA Sugar Plc recorded sugar production exceeding 400,000 tonnes due to increased cane yield from its plantation and the out-grower schemes. The company processed 3.24 million tonnes of cane to produce 404,000 tonnes of refined sugar in 2012/13 compared to 274,000 tonnes for the 2011/12 season. According to Zambia Sugar's financial results for the year ended March 31, 2013, cane production increased to 1.94 million tonnes from 1.90 million tonnes in the previous year at Nakambala Sugar Estate. Out-grower farmers at Magobbo and Kaleya smallholder projects delivered another record crop of 1.30 million tonnes of cane compared with 1.15 million tonnes in the previous year. Magobbo project, which comprise 94 smallholder farmers, delivered 71,800 tonnes of cane at an average yield of 166 tonnes of cane per hectare while Kaleya Smallholder Company Limited (Kascol) produced the second highest tonnage of 258,000 tonnes of cane. "Combined small-grower cane deliveries for the 2012/13 season amounted to 10 percent of the total cane supply," the report says.

On earnings, the company recorded increased revenue to K137 million from K125 million in the previous year as domestic sales also increased by 10 percent to 1,459, 000 tonnes of sugar, representing 41 percent of total sales during the same period under review. The report says exports into regional markets increased by 23 percent to 104,000 tonnes, but sales to the European Union (EU) markets decreased to 121,000 tonnes the previous year. Zambia Sugar says it also produced speciality sugars for export to the EU and syrup for the local market. The financial report also says, at its peak, the firm5,300 workers out of whom 1,900 were permanent staff. "Further, employment was generated and sustained amongst the out-growers who farm 10,000 hectares of sugar cane in the Mazabuka district," the report says. *(Daily Mail)*

Economic News

Zambia's maize production is expected to fall 11 percent this year as poor weather and a worm infestation impact on yields, the country's agriculture minister said on Tuesday. The 2012/13 maize output is seen at 2.5 million tonnes from 2.85 million tonnes in the previous season, Robert Sichinga said in a statement. Zambia experienced late rains in some of its growing areas this season, while floods washed away the crop in other places. Sichinga added the government had decided remove a maize subsidy which it provided by buying maize at a higher price from farmers and selling it at a lower price to millers. "The implication of the removal of the subsidy is that the price of our staple food will inevitably rise," he said. Sichinga said the government realised the subsidy was unsustainable after spending 2.2 billion kwacha on it in the 2011/2012 season. The government also provides seed and fertiliser subsidies for peasant farmers and those remain. *(Reuters)*

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Zimbabwe

Corporate News

KINGDOM BANK is in a good financial state despite its exposure to a US$21 million underperforming loan, the Reserve bank of Zimbabwe has said. In a statement issued at the weekend, Reserve Bank of Zimbabwe Governor Dr Gideon Gono said after investigations carried out by the central bank and an assessment of efforts to resolve issues surrounding the debt, they were confident that the bank was in a position to conduct business as usual. "In view of our on-site and off-site evaluations of the bank and concrete corrective measures being taken by the bank, with our approval and given the quality of the major shareholder, AfrAsia Bank Limited, and their commitment to ensure stability of the bank, we are confident that the situation is under control for normal business to continue. "We emphasise that the stability of any banking institution is a function of the co-operative efforts and goodwill of all stakeholders and to this end, the Reserve Bank wishes to encourage the co-operative spirit among bank customers," he said.

Dr Gono was responding to a Press report suggesting that Kingdom was on the verge of collapse due to the US$21 million loan that it extended to Spiritage Group. Dr Gono said that the central bank was aware of the dispute between Kingdom Bank shareholder Mr Nigel Chanakira and Spiritage Group chief executive Zach Wazara and was in the process of mediating with a view to resolving amicably. "We are aware of the measures which are currently being taken by Kingdom Bank with a view to regularising and addressing the performance aspect of all major facilities including the facility in question, Valley Technologies Ltd. "We have also undertaken to approve and facilitate all legal and administrative requirements on the part of AfrAsia Limited and any other shareholder, existing or new, should it become necessary that they inject more money and increase their shareholding, which ultimately will see the bank emerging much stronger in terms of capital, corporate governance and any other issues raised during our ongoing supervision of the bank," he said. *(Herald)*

AFRICA First ReNaissance Corporation Limited (Afre) directors are seeking shareholder approval to change its name to First Mutual Holdings Limited in a bid to increase its brand visibility at an annual general meeting set for next month. The company's directors will also seek approval to establish an employee share ownership at the June 4 meeting. Until 2008 the company was known as First Mutual Limited before it was rebranded to Afre under the leadership of former chief executive officer Patterson Timba. During Timba's tenure the company faced numerous challenges culminating in the closure of its then subsidiary ReNaissance Merchant Bank now Capital Bank. In a circular to shareholders' Afre said a recent survey conducted by an independent consultant recommended that the Afre Corporation brand undergo a complete rebranding reflecting the views and aspirations of all stakeholders. "It was found that the current brand has low visibility in the market and lacks clear association with its subsidiaries. "Leading regional and international financial services brands emphasises balance sheet strength through endorsed brand architecture," reads part of the circular. "The new name draws in the history and legacy of the brand to emphasise stability. "This is a name that has strong meaning and equity within the market and allows the brand to compete on both local and international level."

The company would seek shareholder approval for the establishment of a share option scheme for the benefit of eligible employees, agents and directors and set aside an allocation of ordinary shares in the capital of company equivalent to 5% of the firm's issued share capital subject to the Zimbabwe Stock Exchange. The group posted a profit after tax of $13,4 million for the year ended December 31, 2012 from $1 million during the same period last year. Total revenue during the 12 month period was $95,8 million. Gross premium written stood at $88,5 million due to improved performance of the health insurance business and short term businesses. Rental income was up by 9,1% to $7,3 million from $6,7 million. Afre subsidiaries include Pearl Properties, First Mutual Life Assurance Company, FMRE Life & Health and FMRE Property Casualty Zimbabwe and Botswana. *(News Day)*

A Zimbabwe Stock Exchange-listed data vendor, Big Law Management Consultants, has launched ZSE data widgets that enable individuals to view investor information at low or cost-effective rates. Data widgets are pieces of investor information embedded in a company's website and carry broad market information from the stock exchange. They can be published websites and feature market information from a central database and are updated once the data is available. Big Law Management chief executive Mr Rob Stangrom said the data widgets cover daily prices, valuations, indices quotes, share price gainers and losers, share price tickers and corporate announcements among others. "This is convenient, saves time and money for those parties such as stockbrokers, as they do not need to manually prepare and this information anymore," Mr Stangrom said during a presentation in Harare yesterday. ZSE acting chief executive Mr Martin Matanda said that the data widgets were yet another step to meet stakeholders needs and keep abreast of worldwide technology advances. Widgets can be bought for US$1 800 for a year's supply of market data, but one can choose ZSE widgets for a little as US$20 a month. Big Law Management has been circulating investor information online in Zimbabwe since 2007 and the country, like many of the last real emerging markets, Zimbabwe's economy has shown strong growth potential.

The growth potential has generated huge interest in Zimbabwe and investor-related information by investors from around the world, on the economy and ZSE-listed companies, hence the need for more investor information. "The growth story is real, there is significant amount of investment that is going on at the moment in sub-Saharan Africa, West Africa and East Africa," he said. "Because of the high growth in the social media and use of social media as well as mobile growth in African markets there is no better time to communicate the value offering of Zimbabwe. "Our economy has been emerging and I think it is correct to say to be credible you need to be online, communicating efficiently and in a timely manner," said Mr Stangrom. Global stock markets such as the Securities Exchange Commission of the United States have for long recognised the value of the internet and electronic communications in modernising the disclosure system, promoting transparency, efficiency and liquidity in the trading markets work. "It is not different in Zimbabwe at this point in time, similarly, ongoing technical advances in electronic communication have increased both the market and investors' demand for more timely companies disclosure," he said. He said the internet was key for communicating investor information quickly and cost effectively.

He also said Zimbabwe was at the beginning of changes in the intensity of broad dissemination of market information to market participants. As such, in Zimbabwe widgets can be used be used by ZSE, brokers, international investors, securities exchanges, asset managers, retail investors and media to protect investors, promote investment and liquidity, promote access to data, promote good governance, brand and reputation. Widgets are particularly important for companies in which investors have huge interest as well as brokers who need to service their clients by giving the realtime market information on good and preferred investment. Widgets also enable cost-effective wide distribution of investor information by companies not in the business of preparing investor data. *(Herald)*

NESTLÉ Zimbabwe Limited plans to source 500 heifers in the second half of the year as part of its dairy revival scheme. The company launched the $14 million dairy scheme in 2011 as an ongoing programme for the next seven years. The programme is expected to source 2 000 dairy cows and so far 600 cows have been disbursed under the scheme. "Since the launch of the dairy scheme close to $1,5 million has been spent on dairy cows, heifers, cropping and purchase of equipment. We plan to source 500 heifers during the second half of 2013 for further distribution to our contracted farmers and new entrants," the company's chief executive officer Kumbirayi Katsande said. Under the project, farmers receive dairy cows from Nestlé and also provided technical support from the company. The company, Katsande said, had finalised training programmes with two agricultural institutions to assist with the revival process. Katsande said during the second quarter of the year the company would be launching new products and complete its Milo processing plant, new administration and laboratory buildings. Turning to the first quarter performance, Katsande output rose during the period under review.

"Output in the first quarter of 2013 was 10% up on the milk category and 20% for the cereals, coffee and beverage categories. Growth of our leading brand — Cerevita — is due to improved supply situation in meeting consumer demand and the increased cereals production capacity installations carried out in 2012,"he said. Katsande said the country faced difficulties in the period under review due to liquidity shortages that affected customers and the continued devaluation of the rand that resulted in imports being cheaper than locally produced goods. "For local companies including Nestlé Zimbabwe to remain competitive against imports, there should be a continuous effort to reduce the cost of production through elimination of waste and at the same time improve on quality and innovation, "he said. He added that the company had water problems that saw it sighting a new borehole and installing an underground water tank with a capacity of 700 cubic meters.

SABMiller's Zimbabwe unit reported a 36 percent rise in full-year earnings on Wednesday, driven by strong sales of premium lager and non-alcoholic beverages. Delta Corporation, 38 percent owned by global brewing giant SABMiller, said earnings per share rose to 8.49 cents in the year ending March, up from 6.22 cents previously. After-tax profit rose to $104 million, compared to $72 million in 2012. Zimbabwe's economy, which had grown by nearly double digit figures from 2009 to 2011, was expected to grow 5 percent this year after a sharp slowdown in 2012. Elections planned for later this year could pose risks for the fragile economy in the southern African country where previous polls have been marred by deadly violence. *(Reuters)*

TEXTILE company, David Whitehead Limited has survived liquidation after the majority of creditors and shareholders voted for the final judicial management, minutes away from the High Court drama. Provisional judicial manager Mr Winsley Militala had recommended the company be placed in liquidation because he had failed to raise working capital to revive operations and secure strategic investors. The collapsed textile firm was, for the second time, placed under judicial management in December 2010, having gone through the same reconstruction between 2005 and 2008 under Dr Cecil Madondo of Tudor House Consultancy. Elgate Investment, which acquired a 52 percent stake in the firm, applied for a second judicial management after the company plunged into a serious financial crisis. According to the High Court minutes, 56 percent of the creditors owed about US$6,5 million voted for final judicial management while 46 percent with total claims of US$5,5 million voted for liquidation.

Shareholders with 590 million shares or 75 percent of the issued share capital voted for final judicial management. Both shareholders and creditors have nominated Mr Knowledge Hofisi of Aurufin Capital as final judicial manager. Mr Hofisi has since come up with a proposed rescue plan, premised on conversion of debt into equity, disposal of non-core assets to raise working capital and a restart of factories, as well as bringing in a strategic partner. The DW debt currently stands at US$13,8 million. The former Zimbabwe Stock Exchange-listed company was once one of the country's biggest employers, sustaining thousands of livelihoods directly and indirectly. Formerly owned by Lonrho before a management buyout in 2001, led by former chief executive Mr Edwin Chimanye, it has three main plants in Chegutu, Kadoma and Gweru. DW requires US$3,5 million for plant refurbishment and US$2,6 million as initial working capital, according to the provisional judicial manager. Mr Militala said various capital-raising initiatives were pursued to rescue the company, in recognition of its national significance, but none could materialise. In his findings, he said the company's problems worsened at the peak of hyperinflation in 2008, when the former blue-chip firm was seeking to raise capital. *(Herald)*

Economic News

ZIMBABWE may import nearly 430 000 tonnes of wheat as preparations for the winter cereal crop lag due to underfunding and frequent power outages, the Commercial Farmers' Union (CFU) has said. The country has an annual wheat consumption of 450 000 tonnes. Once regarded as the breadbasket of the region, wheat output last year plunged to less than 20 000 tonnes, a development critics attribute to the chaotic land reform programme embarked on at the turn of the millennium. In an interview with NewsDay yesterday CFU president Charles Taffs said this year's winter wheat crop would be a disaster due to lack of funding. "Winter wheat is going to be a disaster as there is no money in the system. The fundamental for lending is not in place, " he said. Taffs said lack of security of tenure had deprived most farmers of funding from local banking institutions. He said 70% of the country's irrigation infrastructure was currently dormant due to lack of finance. "We need a policy shift as a country. We will produce under 20 000 tonnes as last year," he said. Taffs said the government had to address the emotive issues relating to property rights to restore confidence in the agriculture sector, whose demise has also triggered the collapse of the manufacturing sector.

Turning to the availability of power supplies, Zesa Holdings group chief executive officer Josh Chifamba said ongoing developments at Hwange Thermal Power Station were expected to ease the power outages. "For winter wheat we plan accordingly with Agricultural Technical Extension Services. We think the investment that has been put through to Hwange for refurbishments is starting to bear fruits as power generation is doing well, " he said. In his 2013 National Budget presentation, Finance minister Tendai Biti said various challenges that include erratic power supplies, all served to further undermine production of the irrigated winter wheat crop. Presenting the first quarter state of the economy report last month, Biti said plans were underway to source funds for the winter wheat at a time when State coffers had dried up owing to other commitments such as a pending election, grain importation and a huge public service wage bill. "The 2013 winter wheat production programme has financial requirements amounting to $80 million. Various financing options are being considered and pursued to ensure a successful wheat programme," Biti said, although he did not disclose when the funds would be availed. While Zimbabwe's wheat output continues to plunge, the Food and Agriculture Organisation yesterday said global cereal production would increase by 6% to 2 708 billion tonnes this year due to an expected 9,3% rise in coarse grains output and a 5,4% gain in wheat. *(News Day)*

THE Reserve Bank of Zimbabwe plans to raise minimum capital requirements for microfinance institutions from the present US$25 000 to US$5 million as part of a cocktail of measures the central bank said are aimed at protecting the public. Central Bank Governor, Dr Gideon Gono said the new requirements would be brought into effect once the Micro-Finance Bill, now before Parliament comes into effect. Dr Gono said this yesterday while giving oral evidence before a Parliamentary portfolio on Budget, Finance and Investment Promotion on the central bank's views on the proposed legislation. Bulawayo South MP, Mr Eddie Cross (MDC-T) chaired the committee on behalf of Goromonzi South MP, Cde Paddy Zhanda (Zanu-PF) who was said to be away on business. "The deposit taking function of micro-finance banks requires that they be subjected to more stringent regulation and supervision, including a minimum capital requirement of US$5 million as opposed to US$25 000 currently applicable for credit only micro-finance as that is designed to protect depositors," said Dr Gono.
"The US$5 million is not required all at once, it is staggered for say five years meaning it can actually come from their profits. "This is because those who borrow from them are vulnerable people like civil servants." He said there were 164 micro-finance out of 257 financial institutions the RBZ supervised constituting 64 percent hence it was critical to have regulations dedicated towards the affairs of the greatest number of players as what the Finance ministry sought to do.

Unethical and illegal conduct by the institutions, said Dr Gono, have in the past been reported in the media, some of which include charging usurious interest rates as high as 50 percent per month on loans advanced to the public. He said they have also operated pyramid schemes where unsustainably high returns were promised investors, making desperate borrowers sign documents ceding their immovable properties to the lender and selling or disposing borrowers' properties. "Since the advent of multi-currency system, interest rates charged by money lenders are currently unregulated, leaving borrowers entirely at their mercy, under the existing legislation, authorities are not sufficiently legally empowered to adequately supervise operations and to take corrective and punitive action to protect the public," he said. Dr Gono said the regulatory and supervisory framework of the Banking Act was mainly suited for mainstream banks and not micro-finance banks who require a separate regulatory framework. He said the proposed Micro-finance Bill sought to provide stronger safeguards and measures to protect borrowers and depositors. Appearing before the same committee, the Zimbabwe Association of Micro-finance Institution chief executive officer, Mr Godfrey Chitambo said while the Bill was progressive, a number of clauses needed clarification. He said the Bill tended to favour the borrower than the lender in many respects as the lender could lose both the principal amount and interest if he was found wanting. "The tone and effect of the Bill is tilted too much in favour of the borrower. "The burden is too much on us so much that if a borrower prove that we did not inform him enough we will lose both the money we lended and the interest," he said. "The Bill makes no attempt to provide recourse to money lenders who are defrauded by cunning literate clients," he said. The Zimbabwe Stock Exchange also gave its views on the Securities Amendment Bill. *(Herald)*

INVESTMENT returns and pension fund asset allocations will come under the spotlight next week as stakeholders meet at the 38th annual congress of the Zimbabwe Association of Pension Funds (ZAPF) in Victoria Falls next week, an executive with the institution has said. In an interview with Business Digest this week, ZAPF director general Tendayi Kakora told NewsDay that this year's congress will challenge the role of pension funds in the economic development of the country, as stakeholders explore the value that asset allocation decisions play in the delivery of sustainable investment returns on pension fund investments. She said one of the main purposes of the conference was for delegates to share thoughts on how the industry can be revitalised so that stakeholder confidence in the sector is restored. "The introduction of a multi-currency regime in 2009 entailed conversion of assets and liabilities of pension funds from Zimbabwe dollars to

United States-dollar denominations. The low values that emerged have disappointed many active members of pension funds and pensioners. Confidence in pension as a source of retirement income provision has waned," Kakora said. The theme of this year's four-day congress is "Regaining Stakeholder Confidence In Long Term Savings Through Reforms".

"We have invited four international speakers and we are hoping that delegates will learn from the experiences of other countries that experienced hyperinflation and how they restored their economies, particularly the financial services sector. Delegates will also get the opportunity to learn about pension reforms currently underway in other countries especially South Africa," she added. Kakora said 300 delegates drawn from pension fund administrators, principal officers, trustees, the investment management and banking industry and the insurance and pensions commission (Ipec) had signed up for the event. Recently, Ipec issued a new set of asset allocation guidelines aimed at influencing positive performance of pensions and insurance fund investments. She said the conference will explore whether these asset allocation limits will act as a signal of guidance towards the attainment of this goal. The conference will discuss how retirement reforms impacted the industry in South Africa exploring the complementary role of the national social security scheme and occupational pension funds. Delegates will also be advised on how to set investment performance benchmarks and assess overall fund performance and the determination of bonus calculations. *(Herald)*

THE government is set to take over a controlling 51 percent interest in the US$600 million Green Fuel ethanol project in a deal that is expected to pave the way for the resumption of operations at the company's Chisumbanje plant. According to state radio, a deal was now being finalised which will see the company's shareholding structure fall in line with the country's indigenisation laws, helping save the jobs of some 4,000 workers. Energy and Power Development Minister Elton Mangoma said Cabinet recently discussed the problems bedevilling the project adding an inter-ministerial committee led by deputy premier Arthur Mutambara would, this week, clarify the way forward. "The issue was discussed in cabinet and we have adopted a decision which will be made public by Professor Arthur Mutambara in few days' time," he said. The project, developed by Green Fuel, a joint venture between private investors who include millionaire tycoon Billy Rautenbach and the state-run agricultural development firm ARDA had stalled after failing to win government approval for mandatory blending of ethanol and petrol. Launched with a promise to significantly bring down the country's fuel import bill, the project ran into problems as the government expressed concern over various issues including the company's shareholding structure. The project also faced allegations that hundreds of villagers had been irregularly displaced without compensation to make way for its vast sugar cane plantations.

But in March, Vice President Joyce Mujuru, concerned about the plight of the workers, ordered the re-opening of the Chisumbanje plant which was closed in February 2012 after stocking up the maximum 10 million litres of ethanol that its storage facilities will allow. "The people are troubled because their hopes of a better livelihood have been extinguished by the closure of the ethanol plant," Mujuru said. "There is no justification for closure, so this plant must be opened. "When Billy approached us, we said: 'Thank you.' But is what's happening the best way to treat an investor? No, No, No! Some of the demands being made [by ministers] are outrageous. "By closing the project, we are deliberately inflicting suffering on the people whose benefit from this project is our responsibility. We are guilty of omission. We must separate developmental issues from politics. Consider the ethanol plant opened." *(New Zimbabwe)*

THE House of Assembly on Tuesday passed the Micro Finance Bill and the Securities Amendment Bill which seek to deal with corruption among other issues in the financial sector. They also endeavour to provide supervisory and regulatory frameworks to tackle nefarious practices of exorbitant interest rates in the micro-finance sector and white collar crimes in the securities sector. During debate on the Second Reading Stage of the Micro Finance Bill, Finance minister Tendai Biti said he was also planning to effect amendments to the Finance Act next month when he announces the mid-term budget review statement. "We are going to come up with a Finance Act in June when we do the mid-term statement so that we deal with some of these minor issues," he said. The minister said amendments to the Banking Act were also at an advanced stage and will be gazetted soon. "I am pleased to say that we approved major amendments to the Banking Act last week and I hope that in the next two weeks they will be gazetted." Biti also disclosed that a comprehensive Bill to deal with anti-money laundering will also be brought before Parliament. "On anti-money laundering, I want to assure the House that we have a comprehensive Bill that is going to deal with anti-money laundering and terrorism which is consistent with United Nations protocols. "In fact, right now we are actually under the threat of sanctions because of us not passing the Bill," he said. He said the Cabinet Committee on Legislation will meet today to discuss the Bill. The Micro Finance Bill and the Securities Amendment Bill are now before Senate for scrutiny before they are sent to the President to be signed into law. *(News Day)*

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