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	12-Apr-13	19-Apr-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,545.10	8,627.57	0.97%	6.35%	14.88%	16.43%
Egypt	CASE 30	5,231.47	5,268.43	0.71%	13.96%	-3.55%	-3.51%
Ghana	GSE Comp Index	1,763.50	1,778.07	0.83%	0.29%	48.21%	45.46%
Ivory Coast	BRVM Composite	191.41	191.84	0.22%	-4.08%	15.16%	7.29%
Kenya	NSE 20	5020.50	4868.29	-3.03%	-2.17%	17.79%	22.18%
Malawi	Malawi All Share	6,337.45	6,334.73	-0.04%	45.06%	5.31%	26.30%
Mauritius	SEMDEX	1,913.86	1,904.41	-0.49%	-2.52%	9.95%	10.13%
	SEM 7	381.03	378.88	-0.56%	-2.59%	12.33%	12.52%
Namibia	Overall Index	946.00	908.00	-4.02%	2.77%	-7.94%	-5.12%
Nigeria	Nigeria All Share	34,301.30	32,993.97	-3.81%	-3.45%	17.50%	17.35%
Swaziland	All Share	289.42	284.32	-1.76%	5.93%	-0.47%	2.87%
Tanzania	DSEI	1,524.77	1,532.98	0.54%	3.06%	3.19%	5.19%
Tunisia	TunIndex	4,665.84	4,584.22	-1.75%	-3.12%	0.10%	-3.76%
Zambia	LUSE All Share	4,076.88	4,135.59	1.44%	10.62%	11.02%	17.83%
Zimbabwe	Industrial Index	188.32	188.63	0.16%	0.16%	23.77%	23.77%
	Mining Index	65.75	67.17	2.16%	2.16%	3.15%	3.15%

CURRENCIES

Cur-rency	12-Apr-13 Close	19-Apr-13 Close	WTD % Change	YTD % Change
BWP	7.95	8.11	1.96	5.98
EGP	6.85	6.88	0.47	13.63
GHS	1.87	1.94	0.60	1.96
CFA	508.86	502.67 -	1.22	1.48
KES	83.25	82.35 -	1.08 -	3.79
MWK	388.42	397.02	2.21	23.68
MUR	29.88	29.91	0.08 -	2.11
NAD	8.80	9.05	2.85	6.86
NGN	156.88	157.35	0.29	0.80
SZL	8.82	157.35	2.88	7.33
TZS	1,583.68	1,596.91	0.84	1.39
TND	1.59	1.60	0.66	3.23
ZMK	5.33	5.32 -	0.06	2.68

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's consumer inflation edged higher to 7.6 percent year-on-year in March from 7.5 percent in February, the national statistics agency said on Monday. On a month-on-month basis, CPI quickened to 0.6 percent in March from 0.2 percent in February, Statistics Botswana said in a statement. *(Reuters)*

Egypt

Corporate News

State-owned Egyptian Electricity Holding Company has asked the state National Bank of Egypt (NBE) for a $1 billion loan to fund the building of new power stations, a bank official said in remarks published Monday. The bank has not reached a decision yet on the request for a 10-year loan, Mahmoud Montasser, a board member of the bank, told el-Bursa newspaper. Egypt is bracing for a summer of power cuts and possible fuel and food shortages that could spark unrest. The oil ministry said last month that power cuts are due to a lack of funds to buy fuel for power stations. The ministry said it had warned power industry officials that failure to arrange financing would disrupt fuel supplies. Power cuts have become more frequent as the government struggles to meet the country's fuel supply needs. The problem is expected to worsen as summer approaches and home owners switch on their air conditioning. The government announced last month that Cairo's airport will close most of its runways for four hours each day from early June to save power. Qatar said last week it would extend gas supplies to the Middle East's most populous nation this summer as needed. Egypt has endured two years of political instability since the overthrow of President Hosni Mubarak and is trying to control a soaring budget deficit and secure a $4.8 billion loan from the IMF. *(Reuters)*

Economic News

Egypt's central bank sold $600 million to banks in a special auction of foreign exchange on Sunday to pay for wheat, meat, cooking oil and other essential imports to a country struggling with a currency crisis. The size of the auction - 15 times the amount the central bank has been selling at its regular currency auctions - showed the extent of pent up demand for dollars as Egypt struggles with an economic crisis two years after the ousting of Hosni Mubarak. The central bank has been rationing dollars since late December in a system of regular foreign currency auctions brought in to cope with the impact of a run on the pound. Foreign exchange dealers said the authorities would have to use more dollar reserves to guarantee food supplies. Food price inflation has stoked unrest in the past. "The effect will be temporary because the demand is a lot higher than this. They must do it again but it is not clear when that will be," said a currency dealer, asking not to be named. Prime Minister Hisham Kandil said Sunday that the government was looking for ways to stabilize prices of key goods and to ensure the flow of goods into the local market. He said in comments carried by state news agency MENA that the unspecified measures were needed to stabilize prices in the coming period in the face of possible price hikes. The hard currency was sold at 6.87 pounds to the dollar - near the official rate. The pound is trading much weaker on the black market where most private sector importers are having to source their hard currency needs. The special auction follows Qatar's pledge last week to buy $3 billion in government bonds - a boost to foreign currency reserves that had fallen to critically low levels below the $15 billion needed to cover three months worth of imports. At the end of March, the reserves stood at $13.4 billion.

At official rates, the currency has lost a tenth of its value since the beginning of foreign exchange rationing. The central bank has been holding three auctions per week, selling $40 million at each. Shortages of imported fuel are disrupting transport and leading to power cuts. Egypt, the world's biggest importer of wheat, has also cut back on international purchases this year in the hope of a bumper local harvest.
Sunday's auction was held for banks with clients importing staple commodities such as wheat, cooking oil, tea, meat, fish, beans, butter, corn and baby milk, components for drugs and vaccines as well as spare parts, the central bank said. The central bank auction coincides with the start of the wheat harvest for which farmers urgently need fuel supplies to run harvesters and transport crops to storage centres.
The central bank did not say when it would hold its next special auction, saying only that future sales would be announced in a statement.
Traders said the central bank was trying to clamp down on the black market, which has flourished this year thanks to the dearth of hard currency. Recent pledges of foreign aid have strengthened the pound on the black market. The foreign exchange dealer said the pound was now trading at around 7.3 to the dollar, compared to 7.8 before the announcement of aid from Qatar and Libya. Reports have suggested Libya has agreed to deposit $2 billion with the central bank, though comments from its central bank governor on Saturday indicated the

funds did not amount to a fresh injection of hard currency. He said the funds had been deducted from other Libyan investments in Egypt. Egypt is also in talks with the International Monetary Fund (IMF) on a $4.8 billion loan. *(Reuters)*

Negotiations between Egypt and the International Monetary Fund have not failed, the president's office said on Wednesday after an IMF delegation left Cairo without agreement on a $4.8 billion loan needed to ease a severe economic crisis. "Talk that the IMF talks failed is inaccurate as this delegation was technical and was not authorised to sign a deal with the Egyptian government and there were many positive results from the talks especially from the Egyptian government side," presidential spokesman Omar Amer told reporters. Egyptian ministers have said talks will continue when they visit Washington this week for the annual IMF/World Bank Spring meetings and the IMF staff mission may return to Cairo in May. After 12 days of meeting with government officials, the central bank and political party leaders, the mission headed by Andreas Bauer left Cairo on Tuesday without concluding a staff-level agreement as they had done last November. President Mohamed Mursi subsequently froze that deal and suspended implementation of sales tax increases that were one of the conditions for the loan, amid political violence over the extent of his powers. The country is rapidly burning through the hard currency reserves it needs to import food to feed its 84 million people. It is suffering from falling tourism, a soaring budget deficit and an atmosphere of political confrontation that has led to periodic violent clashes on the streets. In recent weeks, Cairo has sought support from Arab allies and key emerging powers to strengthen its financial position after foreign exchange reserves fell to $13.4 billion in March, less than needed to cover three months' imports. Qatar and Libya agreed last week to provide $5 billion in support. Turkish economic officials and banking sources said on Wednesday that Ankara would transfer within two months the remaining $1 billion of $2 billion it pledged last year.

Many politicians and analysts see the government struggling on for the rest of the year without an IMF loan, enduring a summer of power cuts and fuel shortages rather than risk an explosion of unrest by implementing subsidy cuts and tax rises before parliamentary elections expected to start in October. A Moscow-based source said Mursi may discuss a possible $2 billion loan during a two-day visit to Russia beginning on Thursday. But Amer said there was no talk of a loan, although the president would discuss trade, investment and potential supplies of wheat, oil and gas. "Egypt does not need loans and its economy will develop by the hands of its people and not by anything else," he said. *(Reuters)*

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Ghana

Corporate News

Standard Chartered Bank Ghana will offer a dividend of 0.47 cedis per share for the 2012 financial year, the bank said on Wednesday. The dividend is down from 3.05 cedis per share in 2011, but follows a five-to-one bonus issue last year of more than 96 million shares to existing shareholders. *(Reuters)*

Economic News

Mining companies have complained of high taxes on their operations, which they say disrupts investment in the industry. Director of Analysis, Research and Finance at the Chamber of Mines, Mr Sulemanu Koney has said the chamber was weighing its options with regard to the proposed 10 per cent windfall tax and would soon make its voice known. Speaking at a training workshop for journalists and editors on "reporting on extractives" organised by the Journalists for Business Advocacy, Mr Koney said Ghana was one of two countries in Africa, which imposed huge and numerous taxes on the mining industry. "Ghana's effective tax rate that is the aggregate of all mining taxes, stands at 47 per cent," he said, adding that, the figure was more than 13 per cent higher, compared with taxes in Burkina Faso. Mr Koney said government last year increased corporate tax from 25 to 35 per cent while the office of the Administrator of Stool Land also shot its ground rent by over 1.8 million per cent from GH¢0.5 per kilometre to GH¢36.5. "The Chamber is unhappy with the unilateral decision by the Stool Land to revise the rate without consultation with the mining industry," he said. On gold prices and cost of mining, Mr Koney said the cost of operations was very huge and this equally affects their revenue taking into consideration the cost of certain inputs such as electricity, fuel and payment of salaries and taxes. For instance, he said, the mining industry last year spent over US$3.2 billion, representing 73 per cent of the US$4.6 gold revenues generated on logistics, electricity, fuel, taxes, payment of salaries, adding that, fuel purchases alone cost the mining companies over one million dollars last year. "Mine lives are planned alongside predictable fiscal regimes to ensure profitability and sustainability. Excessive taxation on mining could be disruptive and kill the hen that lays the golden eggs" Koney stated. "Mining must be seen properly in its potential as catalyst for development.

For a strategic industry as the mining sector it is best practice to consult the companies for their input before making changes to the fiscal regime under which they work." Mr Jerry Ahadzi, a Principal Officer at the Minerals Commission said that, small-scale mining (SSM) is reserved for Ghanaians according to law. He, however, lamented the inability of young geology, mining engineering, surveying, minerals processing graduates to form consortium to take advantage of the sector. Yet Ghanaians are worried that, the country is not making much from the sector. "If our graduates will form a consortium of companies then they can do the right thing in the small scale mining area because most of those engaged in small-scale mining now, are not well educated. They go for the Chinese in terms of equipment and some form of technology. Our graduates can mine systematically and they will not degrade the environment and by so doing will be encouraging local content and all the proceeds will stay in the country," he said. These graduates know the value of the resource and, therefore, will not be motivated to sell off the licences. After some years of operation, they can also grow into big mining companies. "The small-scale is not so capital intensive. About GH¢ 10,000 can start a mining operation. Local mining companies pay about 10 per cent of what foreign companies pay in terms of licencing fees," Mr Ahadzi said. *(Ghana Web)*

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Kenya

Corporate News

A regulator has given its stamp of approval to a joint venture between Kenyan retailer Deacons and its partner Woolworths Mauritius. In a notice in the Kenya Gazette, the Competition Authority of Kenya (CAK) gave a go-ahead to Woolworths to purchase the franchise business which is currently run by Deacons. "The Competition Authority authorises the acquisition of the Woolworths franchise business carried on by Deacons Kenya Limited by Woolworths (Mauritius) Limited," read part of the notice. This now brings the two firms closer to inking a deal that has been in the making since last year as Woolworths seeks to establish direct operations in Kenya. Currently, Deacons operates the Woolworths brand in the region selling clothes in a chain of retail stores. Following the transaction, a new firm, Woolworths Kenya Proprietary Ltd will be established to operate the brand. Woolworths Mauritius will own 51 per cent of the new company while Deacons takes 49 per cent.

The Deacons-Woolworths deal was one of nine acquisitions approved by the CAK on Friday in part of a trend that is growing in step with Kenya's economy. "My view is that we are going to see an increased level of merger and acquisition activity in East Africa… the big challenge is finding the appropriate targets and opportunities," said Ms Sheel Gill, director of transaction and restructuring at KPMG East Africa. CAK also gave a nod to a planned purchase of majority stake in local airport services firm Tradewinds Aviation by NAS Africa Aviation. The latter plans on purchasing 55 per cent of the issued shares in Tradewinds, a company that provides on-ground cargo and passenger handling services at Kenyan airports. *(Daily Nation)*

Kenya's national carrier Kenya Airways (KQ), is consolidating its cargo fleet to cash in on the increasing trade volumes especially in Africa. "The delivery of this cargo jet gives us an upper hand for the growing pie in the continental cargo business. We are confident that this addition will greatly boost our capacity." Kenya Airways CEO, Titus Naikuni, said. The company last week took delivery of its first fully owned cargo plane in what aviation and trade experts see, as strategic move to stamp its intentions towards raising its profile in the regional airfreight business. South Africa Airways, Ethiopian Airways and Emirates have recently emerged as the main competitors to the Kenyan carrier. The Boeing B737-300 which was delivered to Kenya Airways is the first among four passenger aircrafts that were earmarked for conversion to cargo planes late last year. Management was prompted by the growing cargo volumes across the continent and heightened competition for passengers. The just delivered jet will operate Eastern, Central, and Southern Africa with the planned destinations being Juba, Luanda, Bangui, Douala, Yaoundé, Kigali, Entebbe, Dar-es-Salaam, Kinshasa and Bujumbura. This is according to information released to media by the airline. Kenya Airways is slowly fading off the smaller and low capacity Embarier jets in preference for the high capacity Boeing jets that are more economical. This has also been the case on domestic routes in Kenya especially the high tourism traffic Mombasa route and the growing Kisumu route that leads to Western Kenya. The company has a decade-long programme that ends in 2022 and looks at having 12 of such cargo jets by then. Intense competition and high overheads has eaten into KQ's profits during recent years. *(East African Business Week)*

Kenya Power will spend Sh20 billion every year for the next five years to strengthen its distribution capacity and reduce outages that have reached a peak this year. The firm's CEO Joseph Njoroge said Tuesday the money would be raised through retained earnings and debt, watering the market for local banks that recently started lending billions of shillings to the power firm. The electricity distributor plans to build underground cables, shift from wooden to concrete poles and increase transmission stations to boost the country's supply and quality of power. "We intend to spend at least Sh20 billion every year for the next five years as part of our strategic plan to make our distribution system much better and less vulnerable to weather, wind and vandalism," said Mr. Njoroge. This is supposed to address the current outages in various parts of the country following the heavy rains. The CEO said the numerous interruptions had been caused by flash floods, strong winds and lightning strikes on the overhead network, which destroyed transformers in some places. Mr. Njoroge said customer complaints had more than doubled to 208,000 in the first two weeks of this year compared to 93,921 in the same period last year. In the past two years the company had borrowed a total of more than Sh15 billion from banks in Kenya. From its financials submitted to the Energy Regulatory

Commission as part of the application for tariffs review, the firm projects to have cash balances of between Sh10 billion and Sh15 billion from 2014 through 2016.

The document also shows it will be able to self-finance from a minimum of 45 per cent upwards, showing it have intentions to keep borrowing a significant portion of its funding needs. This will open way for local banks to lend to the electricity distributor as it cuts reliance on government guaranteed loans from European-based lenders. The shift has seen it borrow nearly Sh10 billion from StanChart while Equity Bank last year offered a Sh5.6 billion loan. "Standard Chartered Bank and Equity Bank loans are secured by letter of negative pledge. All other loans are guaranteed by the Government of Kenya," said Kenya Power without giving details on the loans. The firm's total debts stood at Sh21.1 billion in December while its retained earnings reached Sh19.1 billion. *(Business News)*

Economic News

The sugar industry regulator is pushing the government to slash taxes imposed on millers as it seeks to make local firms competitive in the region. The Kenya Sugar Board (KSB) has said it intends to lobby the new government into reducing the cost of doing business in the sugar industry by 40 per cent ahead of the scheduled lifting of Comesa import safeguards in March next year. KSB chief executive Rosemary M'Kok said that the regulator has come up with a two-pronged approach to rejuvenate the ailing industry — reducing production costs and slashing prevailing taxes. "The current levels of taxes and levies applicable in the sugar industries in other countries, especially within Comesa, are comparatively lower than those in Kenya," noted Ms M'Kok. The initiative is part of a grand plan to breathe new life into the sugar industry ahead of lifting the protectionist limits set on sugar imports into Kenya from the Common Market of East and South Africa (COMESA). Since 2003, Kenya has been allowed to limit the amount of Comesa sugar imports in an effort to protect the local millers. However, the safeguards are expected to expire in March next year but Kenyan millers appear ill-equipped to compete with their rivals in the Comesa region at the moment. A recent survey carried out by KSB shows that Kenya's sugar industry faces a higher taxation regime in comparison to the largest sugar producers within Comesa — Mauritius and Egypt.

Kenyan millers are taxed an overall of 24 per cent of their production cost. A reduction of this, she says, would be a good starting point for the industry. "Sugar levy is four per cent while cess stands at four per cent of the overall production cost, this is high considering our competitors abolished such high rates a long time ago," she said. Compared with other agricultural products in Kenya, its clear that the sugar industry has received the short end of the stick. Tea and coffee taxes for instance constitute 21 per cent and 19 per cent of production costs while maize and wheat are each taxed at one per cent of the cost of production. "Sugar in comparison to other commercially grown crops in Kenya, attracts a higher tax except tobacco which attracts a relatively high excise duty (sin tax) at 130% with the aim of discouraging its consumption," she says. The regulator also wants the government to scrap off crop levies imposed on farmers based on the gross value of cane delivered to millers. KSB will be adopting this tax-cut driven strategy as a back-up plan should planned privatisation of government-owned millers fail to induce competition in Kenya's sugar industry. A Cabinet proposal in 2010 directed that 50 per cent of each state sugar mill would be sold to strategic investors with approval of the Parliament. *(Daily Nation)*

The average price of Kenya's top grade Broken Pekoe Ones tea slipped to $3.38 per kg at auction from $3.40 at the previous sale, leading trader Africa Tea Brokers (ATB) said on Wednesday. The east African economy is the world's leading exporter of black tea, which is a major source of foreign exchange, fetching 112 billion Kenyan shillings last year. Grade Best Broken Pekoe Ones (BP1) sold at $3.96-$2.80 per kg at the auction, compared to $3.80-$3.00 at the previous sale, ATB said. Best Pekoe Fanning Ones (PF1) sold for $3.18-$2.58, compared to $3.16-$2.65. ATB said there was slightly better demand for the 140,689 packages on sale, with 19.8 percent left unsold. At the last sale, 21.8 percent of the 146,155 packages offered were not sold. ATB said Yemen and other Middle Eastern countries showed strong support and there was more activity from Pakistan Packers, Afghanistan, Kazakhstan (CIS), Sudan and Russia. Britain was less active and continued to be selective while Iran re-entered the market, it said, adding that Somalia also continued to be active. *(Reuters)*

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TRADING

The International Monetary Fund has urged Kenya to implement a controversial financial services tax as part of a plan to safeguard economic gains made last year. In a statement sent to newsrooms, the Bretton Woods institution said Kenya had over the last one year implemented economic reforms with positive results. However, the fund warned that the gains could be eroded and the country's positive economic outlook for 2013 undermined unless policies to increase revenue collection and rein in spending are implemented. "Fiscal consolidation should continue by lowering non-priority expenditures and boosting revenue mobilisation through improvements in tax administration, the introduction of a new value-added tax law and a financial transaction tax," said the IMF. It also wants the country to establish a closer supervision on banks expanding to the region. In his budget speech last year, then Finance Minister Njeru Githae announced the introduction of a 10 per cent excise duty on all financial transaction services.

The tax would be imposed on fees charged by banks, microfinance institutions and mobile money providers for their services in a move that was expected to raise at least Sh4.5 billion in the current fiscal year. However, the new levy has been widely challenged with banks moving to court seeking to have it scrapped. Through the Kenya Bankers Association, commercial banks claimed that the cost of overhauling their systems to accommodate the new tax was too high. In February, the courts issued orders freezing the imposition of the new tax. The order was extended again in March pending the court determination. Kenya is under increased budgetary pressure with widening government expenditure on wages and devolution. In his inaugural speech to parliamentarians, President Uhuru Kenyatta warned that the country's public wage bill, at Sh458.7 billion, was unsustainable. The Kenya Revenue Authority has repeatedly failed to meet collection targets warranting a crackdown on tax evaders, especially those in real estate, and the introduction of new levies. The IMF made its comments following the completion of a review of Kenya's economic performance during which the IMF approved the release of Sh9.2 billion ($108.5 million) to the Kenyan government. The funds will be disbursed to Kenya under the three-year Extended Credit Facility (ECF), approved by the IMF's executive board in 2011. So far, the IMF has released Sh52.7 billion ($628.2 million) to Kenya under the arrangement. The IMF also asked Kenya to keep a closer eye on the health of banks that are pursuing regional expansion. *(Daily Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi expects its maize surplus to increase by nearly 50 percent this season, the minister of agriculture said on Tuesday, a rare economic bright spot for the impoverished southern African nation. Malawi expects a surplus of 740,000 metric tonnes, Peter Mwanza told Reuters, up from 500,000 metric tonnes in the previous season. Its national maize requirement is estimated at 2.8 million metric tonnes. A seed and fertiliser subsidy programme in recent years helped Malawi feed itself. However the programme later collapsed because of corruption and after dry spells hit the maize belt. Finance Minister Ken Lipenga told Reuters last week he was banking on a strong harvest to help stem runaway inflation which stood at 37.9 percent in February. Maize is the main driver of inflation in the consumer price index, accounting for about 50 percent. It is also the national life-blood and staple crop that feeds the nation, which is one of the poorest in the world. Global maize prices are relatively subdued at the moment and off peaks scaled last year but remain high by historic standards. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

The Bank of Mauritius said on Wednesday it was re-opening a five year Treasury bond worth 1.2 billion rupees with a coupon rate of 4.30 percent. The central bank said in a statement on its website that the auction would be held on April 24 and the bond will come with a maturity date of February 22, 2018. *(Reuters)*

Nigeria

Corporate News

Skye Bank Plc's audited results for the year ended December 31, 2012, showed that it recorded a profit after tax of N12.64 billion. The amount represented a significant increase of 872.6 per cent, compared to the N1.30 billion it realised in 2011. The financial report presented to the Nigerian Stock Exchange (NSE) yesterday also showed that the bank's profit before tax jumped by 480.9 per cent from N2.84 billion in 2011 to N16.51 billion in 2012. The bank maintained a steady top-line in 2012 with net interest income and net non-interest income of N44.50 billion and N22.60 billion respectively. On the basis of the improved financial performance, the board of directors of Skye Bank recommended an increase in cash dividend per share from 25 kobo paid in 2011 to 50 kobo in 2012. Skye Bank's earnings per share also increased to N1.01 in 2012 as against 20 kobo recorded in 2011. The bank's assets quality improved considerably as its non-performing loan/gross loans ratio surpassed industry's target of five per cent to 4.95 per cent in 2012 as against 6.39 per cent it was the preceding year. Similarly, Skye Bank's deposit base expanded by 22.4 per cent to N790.09 billion in 2012 compared to the N645.45 billion recorded in 2011. Its total assets increased to N1.07 trillion in the year under review, as against N914.27 billion in 2011.

Speaking on the financial performance of the bank, the Group Managing Director/Chief Executive Officer, Skye Bank, Mr. Kehinde Durosinmi -Etti, said the report reflected the commitment of the bank to its goal of quality and sustained growth and returns to shareholders. "In a year of impactful regulatory interventions, including tight monetary policies, we recorded growth in the most of our performance indicators. For instance, we grew our interest income by 35 per cent from N74.9 billion to N101.0 billion, signaling an accretion in our volume of business transactions, while customer deposits grew by 22 per cent, from N645.5 billion to N790.1 billion," he added. The Skye Bank boss assured that the financial institution would continue to focus on improved risk management practices. "We will further leverage on our expertise and comparative advantage in key growth areas including commercial banking, corporate banking, project finance, trade finance, public private partnership and public sector to unlock significant growth in incomes while we further reduce costs by building on our increasingly popular retail banking franchise," Durosinmi-Etti said. *(This Day)*

Fidelity Bank Plc Tuesday released its audited results for the year ended December 31, 2012, showing a highly impressive performance, as profit after tax soared by 239 per cent. The bank recorded gross earnings of N116.361 billion in 2012; up by 87.5 per cent from N62.1 billion posted in 2011. Profit before tax rose by 30 per cent, from N7.671 billion to N21.625 billion. However, profit after tax soared by 239 per cent from N5.361 billion in 2011 to N18.2 billion in 2012. Earnings per share (EPS) witnessed a higher growth of 600 per cent as the bank ended the year with an EPS of 63 kobo, compared with nine kobo the previous year. Based on the performance, the directors have recommended a 50 per cent increase in dividend per share for the year. The shareholders will receive a dividend of 21 kobo per share, up from 14 kobo paid the previous year.

Further analysis of the results indicated that Fidelity Bank performed impressively in all major performance indicators. Customers' deposits, which are signs of confidence in a bank, rose by 28 per cent to hit N717 billion in 2012, up from N560.365 billion in 2011. Loans and advances rose by 22 per cent from N282.7 billion to N345 billion in 2012. Profit margin improved from 8.6 per cent to 15.6 per cent, while return on average equity improved from four per cent the preceding year to 12 per cent last year. The Managing Director of the Fidelity Bank, Mr. Reginald Ihejiahi, had last year said the bank's focus on reworking its funding base to a more sustainable and balanced deposit mix, through excellent branch roll-out strategy and increased recruitment of key businesses, had continued to show in strong positive growth in sustainable low cost deposits while expanding the base for non-interest income. *(This Day)*

Guaranty Trust Bank Plc's loans and advances portfolio rose by 11 per cent to hit N783.9 billion in 2012, up from N707 billion in 2011. GTBank Plc was one of the first banks to announce its 2012 audited results, showing an impressive performance. It ended the year with a profit before tax of N103 billion and recommended a final dividend per share of N1.30. However, analysis of the bank's performance showed that it also supported the Nigerian economy very well in 2012 through loans and advances. It gave out loans and advances valued at N783.9

billion, compared with N707 billion in 2011. Financial analysts believe the 11 per cent growth in loans and advances is commendable considering the experience the industry has just gone through. The loans are also rated to be performing, as GTBank's Non Performing Loans (NPL) ratio stood at 3.4 per cent; compared to 3.5 per cent in 2011. The bank is said to be the first to cross the N100 billion PBT milestone from continuing operations at both bank and group levels. Specifically, GTBank's results showed gross earnings of N221.9 billion, while PBT rose by 69 per cent from N661 billion to N103 billion.

The bank closed the 2012 financial year with a balance sheet size of N1.73 trillion, while total assets and contingents stood at N2.26 trillion compared with N2.14 trillion in 2011. Deposit liabilities grew by 12 per cent to N1.15 trillion in 2012, reflecting a decent growth of N120 billion from the N1.03 trillion closing position in the corresponding period of 2011. Also, on the backdrop of the strong operating performance, return on equity (ROE) and return on assets (ROA) closed at 33.9 per cent and 5.2 per cent from the 23.2 per cent and 3.7 per cent recorded in 2011, respectively. Chief Executive Officer of GTBank, Mr. Segun Agbaje, attributed the bank's success to its adherence to a defined growth plan, high corporate governance standards and the cultural values for which it is known. According to him, these factors, coupled with a resourceful board, an in-depth understanding of the market and the passion of GTBank employees enabled it grow market share and continue to avail its stakeholders with value adding services. *(This Day)*

Dangote Group, owner of the company with Nigeria's biggest market value, is seeking a $3.5 billion loan to fund projects including an oil refinery. "We need constant funding from one successful project to another, a very good funding mechanism," Vice President Sani Dangote said today in an interview from the capital, Abuja. "The loan will be for the refinery and other projects." Nigeria, Africa's top oil producer, relies on fuel imports to meet more than 70 percent of domestic needs, according to the Petroleum Ministry. Four state refineries with a combined daily capacity of 445,000 barrels of oil are operating at a fraction of that because of poor maintenance and aging equipment. Dangote plans to build a refinery in Nigeria's southwest with a capacity of 400,000 barrels of crude oil a day, he said. "It's going to take a while," the vice president said by phone. "We're still looking at the supply chain." The group owns Dangote Cement Plc (DANGCEM), the country's biggest company by market value, Dangote Sugar Refinery Plc, Dangote Industries Ltd. and Dangote Oil Services Ltd. *(Bloomberg)*

Nigerian oil firm Oando is close to securing funds to buy ConocoPhillips' Nigerian assets, the company's chief executive said on Wednesday, as he looked to allay fears it is struggling to raise finance for the $1.79 billion deal. Wale Tinubu told Reuters in an interview in Nigeria's commercial hub Lagos that the firm, having already raised the additional equity needed in February with a rights issue, now also has agreed in principle the necessary debt. Oando has been looking for the past year to finance its transformation from a marketer of refined petroleum products into an upstream firm focused on oil and gas exploration and production. The deal to acquire Conoco's fields, that were producing around 43,000 barrels of oil per day (bpd) last year and have proven reserves of 213 million barrels of oil equivalent, is scheduled to close by mid-2013. But analysts have questioned whether Oando can persuade investors to deliver the funds. "We're confident in our ability to raise finance," Tinubu said. "Because we have a diverse group, we've been able to raise equity from our shareholders and extract value from parts of our business to reinvest in the upstream." Tinubu also said that in reality the deal would only cost Oando around $1.5 billion, not the $1.79 billion headline figure. He declined to explain the discrepancy, but a source close to the deal said this was because of a net positive cash flow from the assets of $200-$300 million. Tinubu said of the $1.5 billion cost around $725 million would come from debt. "The debt is already arranged," he said, but he declined to name banks involved and said some details remained to be worked out. Banking sources say the debt will be in the form of a syndicated loan of international and Nigerian banks.

Tinubu said once Oando had completed its acquisitions the upstream business would account for about three quarters of its assets, against 40 percent now. The ConocoPhillips deal is the latest of several sales of Nigerian onshore assets made by foreign oil companies and Brazil's Petrobras is now looking to sell $5 billion of assets. "We would certainly be interested in considering it," Tinubu said when asked if Oando was interested in buying some of the Petrobas interests. "We know we will be approached by them," he added. Political pressure from a government keen to have more indigenous firms operating fields plus rampant oil theft by armed gangs hacking into pipelines and potential liabilities from damaging oil spills have encouraged some foreign firms to slowly move out of onshore oil production. But other firms like Britain's Afren and Nigerian firms like Seplat and Conoil are moving in, creating competition for Oando. Tinubu said local companies like Oando were in a better position to handle issues with local communities. "Being an indigenous company, we're better suited to handle the issue of theft and of community relations," he said. *(Reuters)*

Nigeria's stock market regulator said on Thursday it had lifted a suspension on Ecobank from capital market activities, imposed last month because of irregularities surrounding a margin loan. "The suspension on Ecobank has been lifted ... they can now participate in capital market activities," Securities and Exchange Commission (SEC) spokesman, Yakubu Olaleye, said. Last month, the SEC said an Ecobank client Arian Capital Management had used capital from another company as collateral for a margin loan from Ecobank. After suspending Arian, the SEC also suspended Ecobank pending an explanation. Ecobank said at the time the ban would not affect it because its Nigeria arm no longer deals in secondary markets. The sum of the loan was just 11 million naira, the bank said. *(Reuters)*

Economic News

Nigeria's trade balance improved from $10.93 billion in the third quarter (Q3) of 2012 to $11.42 billion in the fourth quarter (Q4), the Central Bank of Nigeria (CBN) has said. The CBN disclosed this in a report titled: "Developments in the External Sector of the Nigerian Economy for Fourth Quarter, 2012," posted on its website at the weekend. It showed that aggregate exports rose by 3.5 per cent from $23.39 billion as at Q4 2011, to $24.21 billion in Q4 2012. The report also revealed that the share of total trade, trade balance, exports and total foreign exchange flows as percentage of Gross Domestic Product (GDP) recorded improved performance in Q4 2012. "With this level of integration, policy should support increased domestic production and global competitiveness. The degree of openness, depicting the share of Nigeria's total external trade to GDP rose slightly to 53 per cent in Q4 2012 from 52 recorded in the preceding quarter.

"Import as a per cent of GDP decreased by 0.29 per cent point to 17.2 per cent from its level in Q3 2012. Total foreign exchange flows as a percentage of GDP rose by 0.94 percentage point to 55.4 while net foreign exchange flows as a percentage of GDP declined by 0.16 percentage point to 25.6 per cent in Q4 2012," the report added. According to the report, the aggregate demand for foreign exchange by authorised dealers consisting of the Wholesale Dutch Auction System (WDAS) and Bureau de Change (BDC) operators stood at $4.29 billion in Q4 2012, indicating a decline of 34.2 and 59.4 per cent when compared with the levels recorded in the preceding quarter and corresponding quarter of 2011, respectively. It attributed the development to increased supply of foreign exchange through the autonomous sources at the interbank foreign exchange market segment. "A total amount of $4.26 billion was supplied in Q4 2012, consisting of $3.32 billion and $0.94 billion to the WDAS and BDC operators, respectively. This indicated a decline of 34.39 and 46.35 per cent when compared with Q3 2012 and Q4 2011, respectively. "A total of $10.22 billion was utilised in Q4 2012 consisting of $6.41 billion and $3.80 billion for visible and invisible trade. This represented 62.8 and 37.2 per cent, respectively. Further analysis showed that foreign exchange utilised for visible transactions remained dominant over the last two quarters of 2012," it added. *(This Day)*

At least 30 investors have indicated interest in 10 Nigerian power plants put up for sale by the government, an official in charge of the process said. Africa's most populous country is offering as much as 80 percent of its shares in thermal power plants located across the country, James Olotu, chief executive officer of Niger Delta Power Holding Co. of Nigeria, which owns the facilities, said today in a phone interview from Abuja, the capital. "We have organizations showing interest from all parts of the world," he said without giving further details. Jointly owned by the federal, state and local governments, the power companies were set up from 2004 as a special intervention to boost gas-fueled electricity output. With combined installed capacity at more than 5,000 megawatts, they include the 850-megawatt Alaoji Generation Co. near the southeastern city of Aba, the 754-megawatt Olorunsogo Generation Co. in the southwest and the 634-megawatt Calabar Generation Co. on the southeastern coast. Nigeria sold as much as 60 percent stakes in 10 electricity distributors and five power generators that were part of the former state monopoly on Feb. 22 under a plan to increase output with private investment. Blackouts are a daily occurrence in Africa's top oil producer where electricity demand is almost double the supply of about 5,000 megawatts. Buyers included Siemens AG (SIE), Korea Electric Power Corp. (015760) and Transnational Corp. of Nigeria Plc, the West African nation's privatization agency said.*(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Notwithstanding the country's position as Africa's most populous country, KPMG has disclosed that only about 20 per cent of the population is banked. The foremost audit, financial and tax advisory firm stated this in a report titled: 'Africa Banking Industry Customer Satisfaction Survey,' for April 2013, made available to THISDAY Tuesday. It however stated that two-thirds of the country's population "have never banked at all before." In a bid to increase access to financial services, the Central Bank of Nigeria (CBN) had last year launched the Financial Inclusion Strategy (FIS). The FIS is a concerted attempt to increase access to a range of financial services such as payments, savings, and bring more people into the banking system. The apex bank had identified lack of access to financial services as a challenge to the country's growth. Continuing, the KPMG report pointed out that the Nigerian banking industry is made up of 20 banks with nearly 6,000 branches, most of which are concentrated in the urban areas. It also identified the concentration of banks in urban areas as a factor that contributes to the low level of banking penetration.

It explained: "Nigeria's banking sector is expected to grow from about $117 billion in 2011 to more than $168 billion in 2015 (a CAGR of around 10 per cent). The sector has recently experienced a number of regulatory changes including a repeal of universal banking licenses and the promulgation of more stringent regulations by the country's central bank which is aiming to reduce soaring books of non-performing loans and stamp out severe breaches of corporate governance. "However, with the establishment of the Asset Management Corporation of Nigeria (AMCON) to purchase toxic assets of banks and recapitalise troubled banks, some stability has returned to the sector leading rating agency Standard & Poor's (S&P) to upgrade the sector in 2012 to a positive outlook due to the country's improved asset quality, capitalisation and corporate governance." With 77.9 per cent, the report ranked Guaranty Trust Bank Plc emerged top among the first 10 'Most Customer-focused Banks' in the country. It was closely followed by Zenith Bank Plc with 77.7 per cent and Stanbic IBTC with 76.1 per cent. Others on the list were Diamond Bank (75.7 per cent), Fidelity Bank (75 per cent), Standard Chartered (74.8 per cent), First City Monument Bank Plc (74.4 per cent), Sterling Bank (73.9 per cent) and Access Bank (73.1 per cent).

"With ATMs becoming almost ubiquitous in Nigerian cities, it is not surprising that it has been the fastest growing channel in recent years. Almost eight in 10 customers surveyed use the ATM and nearly two thirds of these people visit an ATM on a weekly basis with cash withdrawal and balance enquiry amongst the most common transactions customers perform via the ATM. "However, despite the proliferation of new channels in recent years, our findings show that adoption of other alternate channels is still comparatively low with very few respondents saying they use internet banking (7 per cent), Point of Sale (PoS) (6 per cent), telephone banking (5 per cent) and mobile payments (2 per cent)," it added. *(This Day)*

Nigerian crude oil production is falling well below expectations this year due to widespread oil theft that prompted Shell to shut down a 150,000 barrel per day pipeline on Monday for six weeks. Crude oil production from Africa's largest producer averaged between 2.1 million and 2.3 million barrels per day (bpd) in the first quarter of this year, below planned output of 2.48 million bpd, the state oil company NNPC said on Wednesday. NNPC said the underperformance was due to oil theft and cost the government $1.23 billion in lost earnings, with a further shortfall of $554 million expected in April and May. The state company expects crude output to average 2.2 million bpd in those two months after Shell closed the 150,000 bpd Nembe Creek pipeline for six weeks of repairs. Economists warned that Nigeria was being overly optimistic with its 2.48 million bpd budget projection figure. Nigerian oil output averaged 2.14 million bpd in the fourth quarter of last year, according to the national bureau of statistics. Shell declared force majeure on Nigeria's benchmark Bonny Light crude oil exports on Wednesday, two days after closing the 97 kilometre Nembe Creek trunkline to fix dozens of places where thieves had broken into the pipe.

The Nembe trunkline is one of the most important production routes for one of the world's top 10 crude exporters, feeding the benchmark Bonny Light terminal. The pipeline was replaced in 2010 at a cost of $1.1 billion, Shell says. Criminal gangs frequently tap into exposed pipelines in the winding creeks and waterways in the Niger Delta. Some of the crude is refined locally but the majority is transferred onto larger ships offshore and sold internationally. Oil theft also has a devastating environmental impact, destroying fishing communities and poisoning water used for drinking and bathing in parts of the Niger Delta. Security experts say they believe Nigerian officials must be complicit in the business, considering the scale of theft, which some oil companies have estimated at as much as 200,000 bpd across the whole of the industry *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria's consumer inflation fell to a five year low in March, statistics showed on Wednesday, strengthening calls by some policymakers that the central bank should cut interest rates to support lending and growth. Nigeria's central bank has held interest rates on hold at 12 percent since November 2011 in an effort to curb inflation and support the local naira currency. Central Bank Governor Lamido Sanusi has said he is in no rush to cut rates but he is only one, among 12 monetary policy committee members. Three members voted for a cut at last month's meeting and the latest inflation numbers could persuade others to support easing monetary policy. Consumer inflation fell to 8.6 percent year-on-year in March, down from 9.5 percent year-on-year in February, and its lowest level since April 2008, data from the national bureau of statistics (NBS) showed on Wednesday. The fall was largely due to base effects because of substantially higher prices in March last year following government's partial removal of fuel subsidies. Sanusi has argued that the regulator needs to see a sustained fall in inflation beyond base effects before it considers cutting lending rates. A sharp sell-off on global oil prices in the last two months will likely put pressure on the local currency of Africa's top oil producer, supporting the argument to leave rates unchanged. Food inflation fell to 9.5 percent year-on-year in March, down from 11 percent in February, the NBS said. Core inflation, which excludes volatile farming produce and is closely watched by the central bank, fell to 7.2 percent year-on-year in March, down from 11.2 percent in February. *(Reuters)*

The federal government on Thursday allayed fears that the economy is in danger in view of falling revenue, Nigeria's major source of foreign exchange earnings, caused by drop in production. Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo -Iweala, said at a press briefing in Washington, the United States, on the sideline of the ongoing 2013 Spring Meeting of the World Bank Group/International Monetary Fund, that the government would resort to withdrawals from the Excess Crude Account (ECA) as an interim measure to ward off any threat to the economy. Nigeria has a balance of $7 billion in ECA. Giving an insight into the state of the nation's economy, she explained that Nigeria is losing a total of about 300,000 barrels per day arising from recent shut-in of Shell Nembe operations, shut-in owing to force majeure declared at Qua Iboe Terminal, which has led to a loss of 65,000 pbd and other losses , including those by Agip, and at Okono, Brass and Amenam Terminals due to repair work on equipment. In addition, the economy has suffered great loss due to the activities of oil thieves and pipeline vandals, all which has led oil production to fall to between 2.1 and 2.2 mbpd as against the 2013 budget projection of 2.528mbpd. The loss, she added, translated to a drop of $1 billion in revenue per month.

"In dealing with the impact of this on revenue, the government has had to draw on the Excess Crude Account (ECA), which was set up precisely for this purpose; that is to deal with unanticipated losses due to output and price variation. "The president has been briefed on these developments and action is presently being taken on different fronts. He (president) has ordered the navy to increase its patrols around the hotspots for oil theft and illegal bunkering," she said. She said government has been aware of the ominous threat to the budget and that was why it has taken proactive steps to stem the losses. According to her, the Minister of State for Finance, Dr. Yerima Ngama, had at the last session of the Federation Account Allocation Committee (FAAC) meeting alerted the nation to the fact that government was feeling some pressure on its finance arising from the volatility in the oil sector. Asked the fate of the 2013 budget in view of threats to its fundamentals, Okonjo-Iweala said the savings in ECA were enough to stabilise the economy for now pending when the results of steps the government has been taking to redress the situation would start bearing fruits. She explained that although there has been a general drop on collectible revenues from all fronts, she was not worried because Nigeria has saved for the rainy days, adding that that was why she has not bothered to approach any multilateral institution for help on the Nigerian economy.

Reminded that the withdrawals from ECA could only be a short-term measure in tackling an impending budget crisis in view of the threats to the fundamentals of the 2013 Appropriation Act, she added that government was taking other long-term steps to diversify the economy and to close the fiscal gap. She said: "Customs revenue for the month of April sharing is also down because import of rice is substantially down since we moved for self-sufficiency in rice, tariffs went up in January. We think that people probably imported a great deal last year and stored them and the import is what is being drawn on and our production is going up. It is our own policy but we have to recognise that some of our policy measures would lead to reduction in revenue in this sector. "By far the largest impact that as you know is on the oil sector. However, the ECA is not meant to be a permanent feature; it is something that is both an instrument of fiscal policy in a country, not just Nigeria, that has a natural resource base that experiences a lot of volatility. It is very useful in cushioning the impact. But in the longer time, Nigeria simply has to diversify its revenue base. This administration has been very crystal clear and that is why the president focuses so much on agriculture and why we are supporting reforms that are being carried out in the agriculture sector not only to create jobs, but also to diversify revenue base. "We are going into a drive to increase our overall collection of taxes. We have large gaps also in our tax collection, especially from the corporate sector. We have been working closely with FIRS and some consulting companies to look out at the gaps. FIRS has improved over time and it can improve better. So we set ourselves targets to increase our revenue, especially from the non-oil sector. Within the next 12 months, we are going on a drive. Both the diversification of the economy and efforts to improve tax collection and administration are on stream for the longer time. *(This Day)*

The Nigerian Insurance industry's Gross Premium Income (GPI) has grown at an annual average of 25 per cent in the last five years (2008 – 2012), hitting N300 billion in 2012, a report by Agusto & Co has revealed. According to the report by the rating agency, the GPI reached a record high of 63 per cent in 2008 and a record low of six per cent in 2010. Specifically, the industry's premium income grew by 19 per cent to N240 billion in 2011 and further increased by 25 per cent to N300 billion in 2012, supported by the National Insurance Commission (NAICOM's) Market Reconstruction and Development Initiative (MRDI). The MRDI was launched in 2011 to drive insurance penetration in Nigeria, through enforcement of the compulsory insurance regulation and a continuous sensitisation of the public on the benefits of insurance. According to Agusto & Co, although premium growth plunged in two successive years (2009 –2010) to single digit, due to the capital market crisis which prevailed in the country, the industry rebounded slightly in 2011, to record a double digit premium growth. The report, however, stated that consumer apathy towards insurance remains a key challenge for the industry, given the poor public image regarding claims payments.

"We note that consumers' lack of interest in the industry has further heightened with the unfortunate Dana Air crash and alleged delay in claims payments by some insurance operators. In an effort to improve their image, some industry operators have increased public notification on claims payments; this we view positively. "The Industry's dependence on brokers for large-ticket transactions, however, remains a major weakness of underwriters in Nigeria. This is exhibited in the high premium receivables recorded in 2011 as well as in 2012. We expect the "no premium no cover regulation" passed by NAICOM in 2012 to moderate premium receivables by the end of FY13," said Agusto & Co. The industry, the firm added, is dominated by non-life operators, which collectively account for 40 per cent of its premium income. "We view positively NAICOM's plan to introduce the micro-insurance and Takaful insurance frameworks for the lower-income segment of the population before the end of 2013. We believe this should help insurance companies deepen their retail reach and market penetration going forward. The entrance of Old Mutual Limited (Anglo-South African insurance company) into the life insurance market would further change the dynamics of this segment and encourage best practices as well innovation among life operators," the firm stated. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

FIRST Quantum Mineral (FQM)'s copper production is set to hit a record high of 700,000 metric tonnes by 2015. The company's multi-stage expansion projects at Kansanshi and Trident operations in North-Western Province would play a key role in this increase. FQM aims to increase copper output capacity to 400,000 tonnes at Kansanshi Mine Plc (KPM) and 300,000 tonnes at Trident mine. Trident is still under construction but expected to be completed next year. Zambia's peak copper production occurred in 1969 when about 720,000 tonnes of copper was produced, making the nation the world's fourth largest copper producer. Speaking in Solwezi when Zambia Extractive Watch Society Organisation toured the mine, KMP assistant general manager Alan Delaney said about 10,000 workers are currently employed under Kansanshi while an additional 3,000 (2,000 direct and 1,000 indirect) will be created through the Trident project . With the recent acquisition of Inmet, another Canadian mining company, KMP's parent company FQM, ranks among the top five copper producers in the world. "Kansanshi mine currently produces about 85 percent of FQM operations' copper, it's a monster, it ranks top eight individual copper mines in the world and with our expansion plans we will be moving that up to position four. It's a large deposit but is also complicated and not easy to make money out of it," he said. Mr Delaney said KMP's strategy is to remain cost-effective, acquire bigger equipment that will move more materials and contain the cost of operations. He said the trident project is being developed at cost of US$1.8 billion with mineral reserves of 774 million metric tonnes at 0.50 percent of copper. With on-going expansion programmes, in 2009 the company produced 245,000 tonnes of copper (about 37 percent of national output) which at that point was the record for Zambia.

Last year was the best year for the mine with 261,000 tonnes of copper produced which is about a third of Zambia's copper production. Mr Delay said the mine also produces gold though in small quantities compared to copper. "The amount of copper in the tonne of ore overall is about one percent and about 0.2 grams gold…Kansanshi is a profitable mine that generates a lot of income and within 18 months of operation we started paying taxes well ahead of expectations" he said. He said the mine has undergone several expansions since it began operating in 2005 from an initial production capacity of 110,000 tonnes of copper. KMP now produces 260,000 tonnes of copper and more than 120,000 ounces of gold per year. Commenting on tax contribution, Mr Delaney said 74 percent of taxes paid are corporate tax, followed by mineral royalty at 15 percent and 11 percent for other payments such as pay as you earn, customs and import duties and export levy. FQM has todate paid KR7.7 billion (K7.7 trillion) in corporate tax and KR1.5 billion (K1.5 trillion) in mineral royalties since it started operating. "We feel the rates of taxes are at the upper end of the global extractive industry. The country must derive the benefits of its resources, but existing investments are poor cost performers with historical capital debt and pay very little profit taxes. We hope government policy focuses on encouraging more effective and broad-based investment rather than squeezing more money out of a small number of profitable companies or reducing investor freedom," he said. Mr Delaney said increased transparency and ease of doing business will help Government meet its goal of quickly deriving equitable benefits from the mineral resources. KPM, the largest copper mine in Africa, is 80 percent owned by FQM and the remaining 20 percent by Government through ZCCM-Investment Holding. *(Daily Mail)*

GLENCORE owned Mopani Copper Mine (MCM) has recorded over US$4 billion in gross revenue over a five-year period since it started operating in Zambia as a private company. MCM superintendent for public relations Cephas Sinyangwe said the company recorded gross revenue of US$4.573 billion between 2007 and 2011. Mr Sinyangwe also said MCM paid US$420 million in taxes over the same period. Meanwhile, the company has pumped US$323 million into sinking a synclinorium shaft in Kitwe which will create an additional 500 jobs and extend the mine's lifespan by another 25 years. With the sinking of the 1,272-metre deep shaft, the company will create more jobs to add to the existing 8,000 direct jobs and another 8,000 more indirect jobs. Its current lifespan is about 20 years. MCM chairman Emmanuel Mutati disclosed this when he met Zambia Daily Mail management in Lusaka and updated the newspaper on the operations of the company in Zambia. The company is operating four mines in Kitwe, producing about 3.5 million tonnes of copper ore which may rise to about five million tonnes by 2018 after concluding the sinking of the new shaft.

"If we did not do anything [sink shaft], production would have dropped to 1.6 million tonnes of copper ore per year by 2015…when production falls to below 50 percent of your optimum levels…you might as well close because your fixed costs become so high that you won't be able to make a profit," he said. Parallel to the synclinorium shaft, Mopani is also sinking a 1,180m deep vent shaft to improve ventilation in the mine. Mr Mutati said the new shaft area contains about 115 metric tonnes of copper ore with grades of 1.9 percent total copper and 0.09 percent of cobalt. He said this will result in the production of four million metric tonnes of copper ore per annum by 2018. Commenting on development in Mufulira, Mr Mutati said Mopani has invested US$213 million in the construction of a new smelter and an acid plant which is expected to capture 97 percent of sulphur dioxide emissions by December. He said the acid produced from the plant is used within the mine while the rest is sold to Kansanshi and two of Glencore's subsidiaries in the Democratic Republic of Congo. Mr Mutati said the mine in Mufulira produces about 2 million tonnes of copper ore, which is about the best in the world. *(Daily Mail)*

FIRST Quantum Minerals (FQM) has offered US$250 million upfront finance to Zesco limited to successfully tender for the completion of the ring of power lines in central Zambia through to Kasempa and Sentinel copper project in North-Western Province. The ring of power line under construction covers a 145 kilometre 330 kilovolt of transmission line with a substation from Lusaka west to Mumbwa town. Kansanshi Mine Plc resource optimisation manager John Gladston says from Mumbwa, the power line will be extended by 400 kilometres of 330 KV transmission line to Kalumbila and another 68 km from Lumwana to Kalumbila plus a substation. Mr Gladston said the Zesco tender closed on February 15, 2013 and the preferred transmission line tender was yet to be finalised. "We are putting the money upfront for Zesco to go and tender for those contracts to start construction. We need to be sure about it because we are aiming to go operational by autumn of 2014," he said. He said a total of 180 megawatts of power will be required for the Trident Project in Kalumbila. The Trident Project is about 150km from Kansanshi Mine in Solwezi which comprises the Sentinel copper deposit and the Enterprise Resource covering Nickel reserves.

The project was acquired by FQM in January 2010 through the purchase of Kiwara Plc for about US $279 million. Speaking in Kalumbila, Mr Gladston said the Trident Project is a massive investment from FQM of US$1.75 billion. Trident mine has mineral reserves of 774 metric tonnes of low grade copper at 0.50 percent and mineral reserve of 32.7 tonnes at 1.10 percent of Nickel. He said about 300,000 tonnes of copper will be produced at Trident per annum at a cost-efficient production. Mr Gladston said the price of nickel at the international market was not good and the economy of developing enterprise asset is marginal. "Currently, Government applies an export levy on all concentrates. Copper and nickel concentrates if exported in that form, attract an additional 10 percent levy; the 10 percent levy on nickel will make the mine uneconomical. So we are not concentrating in nickel too much at the moment," he said. Mr Gladston however noted that the resources at the mine confirm potential for an operation producing on average 38,000 nickel per annum with scope to increase to 60,000 tonnes nickel per annum.

He also explained that to finish the copper mine project, about 265,000 tonnes of freight will be required, which translated to 14,500 truckloads of materials. He said because of the new mine under construction; two rivers will be dammed or diverted. He said the Trident Project is employing 1,600 locals along-side the skilled Indonesians and Filipinos who have been engaged for their expertise in steel and large concrete construction projects. "Sentinel project is one of Zambia's largest single development projects in recent times…the project will also result in development of a new town, school, airport, clinic, 690 staff houses and 590 houses for people being relocated," he said. *(Daily Mail)*

Economic News

GOVERNMENT says the construction industry has remained the fastest growth sector with an average annual growth rate of 17 per cent. Minister of Transport, Communication, Works and Supply Christopher Yaluma said the industry is expected to create more jobs as Government embarks on a number of road projects this year. "The Zambian construction industry has in the last few years remained the biggest growth sector in the economy with average growth rates of about 17.5 percent per year," he said. Mr Yaluma was speaking during the launch of the National Council for Construction (NCC) expo in Lusaka on Wednesday. "Government is further hopeful that as we embark on a number of road projects this year, coupled with other programmes such as, infrastructure development in newly created province and districts including Livingstone ahead of the UNWTO, more construction jobs will be created," he said. He said Government has placed great emphasis on infrastructure rehabilitation as a way of ensuring sustainable national development.

Mr Yaluma said vices that will hinder infrastructure progress, such as corruption and other malpractices will be dealt with to foster economic development. "The cost of corruption goes beyond increasing the construction cost, as more often than not, it ends up with unsuitable and defective construction projects…it is for this reason therefore, that Government is proactive in the fight against corruption," he said. He anticipated that all exhibitors and various Government ministries present at the expo will take concerns of the public with a view of incorporating them in their future strategic programmes. Meanwhile, the Road Development Agency (RDA) says it has started reducing requirements in bidding documents to empower local road contractors through the reserved scheme initiative. RDA director of planning and design Kanyuka Mumba said the reserved scheme is an initiative that reserves huge road tenders for indigenous Zambian firms with a 51 percent owned by Zambians. Mr Mumba said the agency has lessened requirements such as working capital and experience among others.
"We have started to soften a little bit some of the requirements in our bidding documents.For those of you that might have taken keen interest, you will notice that tenders which we have run for indigenous Zambians only, we have lowered the requirements for experience, working capital and others," he said. He said RDA has also waived in some cases requirements for bid security and instead have started requesting for bid declaration forms only. He said the construction industry plays a critical role in economic development hence the need for RDA to play a critical role to ensure issues of construction are promptly adhered to. *(Daily Mail)*

TOBACCO production by the Tobacco Association of Zambia (TAZ) has this year increased to about 450,000 tonnes from 350,000 tonnes last year due to increased hectares and farmers. TAZ trustee Elipas Chule said the tobacco industry has witnessed growth and is poised for more growth with increased farmers cultivating the crop. "There are currently 4,500 tobacco farmers and a small -scale farmer can grow up to 200kg while a large-scale can grow up to 750kg per annum," he said. Mr Chule said this in an interview in Lusaka yesterday. He said while the industry is lucrative, transacting in Kwacha terms following Statutory Instrument 33, which requires that all goods and services be transacted in Kwacha poses as a challenge for the association that exports 100 percent of the crop to China and Europe. "The tobacco industry like copper is better sold in United States dollars because the people who buy are international buyers and do not understand [the] Kwacha [as it not an international- known currency]. We can sell in United States dollars and pay farmers in Kwacha," he said. Mr Chule also said of the 14.8 million kilogrammes of tobacco, about US$51 million was raised from tobacco sales last year while over US$45 million was raised out of the 17.1 million kilogrammes of tobacco the previous year. Meanwhile, the official opening of the tobacco floor price announcement that was supposed to be graced by Agriculture and Livestock Minister Robert Sichinga on Wednesday did not take place. *(Daily Mail)*

Zimbabwe

Corporate News

ZIMBABWE Stock Exchange-listed mining concern RioZim Limited is in the process of restructuring its debt running into millions from short to long-term, a company official has said. Addressing an analyst briefing last Friday, RioZim chief executive officer Ashton Ndlovu said the company was last year in financial distress. He said as of last year, the mining group owed $91 million to its creditors, which include $60 million accrued from interest charges levied by local banks. "Our relationship with banks has improved due to continuous engagement. A year ago they were our investors and today they are our partners," said Ndlovu. "I am pleased to say that a lot of our major banks are now in the process of returning our remaining loans to tenure of between 24 to 36 months and those negotiations are quite at an advanced stage." The relationship with banks improved, according to Ndlovu, after a successful recapitalisation and introduction of new management, leading to the withdrawal of the judicial management application by the banks.

Ndlovu said RioZim relationship with suppliers had also improved. "Continuing efforts will be made to reduce and restructure the debt burden," he said. He said most cash generated from the operations would be diverted to repay the debt burden. RioZim group treasurer Bhekinkosi Nkomo said the group had since managed to reduce the debt to $45 million. "As we speak we have made a lot of progress on the debt and in two months or so we will have engaged all the banks," Nkomo said. RioZim recorded a revenue growth of 33% to $72,383 million in the year ended December 31 2012 from $54,544 million in 2011. *(Newsday)*

DIVERSIFIED company Lifestyle Holdings has introduced a TN Virtual Mart — where it will deliver groceries to its clientele's doorstep — as competition in the country's retail sector intensifies. TN Mart sells food and non-food items. Foods items include mealie meal, cooking oil, non alcoholic beverages, teas and coffees, milk, breakfast cereals, biscuits and sweets, etc. Non-food items include washing powders and soaps, health and beauty products, toiletries, travel goods, kitchenware, stationery and polishers. Lifestyle Holdings chief executive officer Tawanda Nyambirai told NewsDay Business yesterday that the development had been inspired by the demand of services by TN Mart customers. He said to date 33 000 applications had been received with 7 000 coming from the Warren Park area. "We are getting orders and we are ready to deliver," Nyambirai said. He said the TN Virtual Mart applications were being grouped according to their geographical locations, thereby spreading the costs of delivery. "We expect to fully service the 33 000 customers' accounts and continue to build our customer base," Nyambirai said. In a statement over the weekend, TN Mart said the Virtual Mart was an exciting and convenient way of purchasing groceries. "We will deliver your order right to your doorstep as quickly as possible. "Payment is done on delivery. It's that easy! Call us now and order your groceries. No order is too small or too big," reads part of the statement. The group recently expanded its product offering by launching a retail brand, TN Mart, and a fast-food chain, TN Grill. The group entered into a 12-year lease agreement with Rufaro Marketing for its former beerhalls which it intends to use to further expand its retail offering. *(News Day)*

ZIMBABWE Stock Exchange-listed transport and logistics group Pioneer Corporation Africa plunged to $562 000 after-tax loss for the year to December 31 2012 compared to a $291 000 profit in the prior year on the back of rising operating costs. The group maintained the same revenue level of $26,6 million compared to $26,4 million last year driven by foreign subsidiaries which accounted for 70% of total revenue. Operating profit of $37 000 was recorded compared to $236 000 in 2011. Operating expenses shot to $761 000 during the period under review from $72 000. Distribution expenses rose to $230 000 from $184 000. "The group's operations have been significantly affected by the challenging environment and limited liquidity which has prevailed in Zimbabwe for the last few years, with the current year being no exception," group chairman Peter Chingoka said in a statement accompanying the audited financials. "Although local subsidiaries' revenues improved significantly compared to 2011, overall, they did not perform to expectations again in 2012, due to the challenging operating environment. Passenger business operations continue to be affected by depressed bus fares due to prevailing economic environment challenges." The results, however, did not incorporate Unifreight financials as the company continues to wait for regulatory approval for the purchase of the company's assets by Pioneer. Unifreight recorded an unaudited operating profit of $508 811 amid expectations that once the deal is sealed, the group's revenue could double. "The right sizing and business restructuring initiatives, which began some 18 months ago and was implemented beginning of 2013, should result in significant turnaround of group performance going forward," Chingoka said. "The ongoing recapitalisation of the business will result in improved operational efficiencies and strong group brands for our customers. A structured cost reduction drive has been implemented to ensure viable profit margins are achieved in 2013 and beyond." *(Reuters)*

A LOCAL advisory company, Aurifin Capital, has come up with a rescue plan for David Whitehead Limited to save the former textile giant from liquidation. Whitehead provisional judicial manager Mr Winseley Militala has declared the company insolvent and recommended it be placed under liquidation. The company's shareholders and creditors are expected to meet today at the High Court to decide its fate and that of its more than 2 000 workers. The shareholders may opt for liquidation, as recommended by Mr Militala, or final judicial management.
But it is understood that the rescue plan by Aurifin, premised on conversion of debt into equity, disposal of non-core assets to raise working capital and restart factories, as well as bringing in a strategic partner, could receive support. The rescue plan has already been placed before the Master of the High Court. According to the plan, Aurifin is proposing "a scheme of compromise" to avoid liquidation. The report says workers and other creditors, who are owed about US$8 million, can be persuaded to convert part of their debt into equity, but only on condition that the company will be subsequently re-listed on the Zimbabwe Stock Exchange. Capital and reserves would increase by US$8 million while liabilities will decrease by the same amount, thereby strengthening the company's balance sheet. Workers will be guaranteed job security while other creditors, such as suppliers of goods and services, would continue doing business with the company. "A scheme of arrangement in which workers will receive shares resonates with the Government's indigenisation and empowerment programme," says Aurifin. The proposed scheme of arrangement saved Bindura Nickel Corporation from liquidation.

Aurifin is also proposing the sale of the company's non-core assets to raise working capital. "In our opinion, the sale of non-core assets, such as the Gweru factory to mobilise working support,will receive prime consideration," according to the rescue plan. "The balance sheet will become attractive after the removal of huge debts," says the plan. It adds that thereafter "capital raising initiatives, either through the disposal of non-core assets and debt equity could be pursued". Debt-equity could be mobilised but this may be difficult, owing to the liquidity challenges obtaining in the economy. At the moment, DW will score low marks on credit rating because of its well-documented challenges. Production would be expected to start in phases. It is envisaged that production would start at the spinning division in Kadoma. Spinning involves the conversion cotton lint into yarn that could be sold on the local or export markets. Other production divisions such as weaving, dyeing and hosiery require intensive refurbishment of machinery and equipment before resumption of production. It is then expected that proceeds generated from the spinning division in Kadoma would be used for the refurbishment of machinery at the weaving, dyeing, and hosiery divisions in Chegutu over an estimated period of six months. Upon restoration of normalcy, the process to identify an investor with textile expertise, financial capacity and willingness to re-list on the ZSE would start.

The company has nearly 1 000 members whose investments were made redundant when it was de-listed from the ZSE. These members and creditors who would have converted their debt into equity should be given the opportunity to redeem their securities. The company will also have access to cheap finance available on the capital markets. "Oversights that may have been made during the first judicial management in identifying an institutional and credible investor should be avoided at all costs," says the plan. A DW shareholder said yesterday: "The plan has the support of all shareholders and the majority of creditors. Nobody has ever benefited from liquidation except the liquidator. The allegations (he has raised) will be investigated while the company is running." In 2001, Lonrho Africa disinvested from the textile industry and a management consortium of senior managers took over an 88 percent stake. DW was suspended from the ZSE in April 2005 after failing to publish its financial statements within the stipulated time and corporate governance shortcomings. A year later, the company was placed under judicial management, which resulted in the appointment of Dr Cecil Madondo of Tudor House Consultants as the judicial manager. During the first judicial management, a significant restructuring took place that resulted in the sale of 51 percent shareholding for US$5,4 million to Elgate Investments. In May 2008, Elgate Investments took over the management of the company, following the cancellation of the judicial management order. The company was subsequently delisted from the ZSE. In December 2010, DWTL was placed under judicial management, for the second time, resulting in the appointment of Mr Winsely Militala of Petwin Executor & Trust Company as provisional judicial manager. At the time of writing, the company had been under provisional judicial management for more than two years. According to Mr Militala, the company's liabilities at about US$14 million far outweigh assets at US$6 million. *(Herald)*

ZIMBABWE Stock Exchange-listed industrial concern Delta Corporation expects beverage volumes to remain flat despite a growth in lager, sparkling and maheu in the year ended March 2013. In a trading update yesterday, Delta said the full year lager beer volumes were 4% ahead of the prior year, but down 6% in the last quarter. "Total beverage volumes closed the year flat on prior year as the growth in lager beer, sparkling beverages and maheu was offset by the decline in sorghum beer. There was a noticeable showdown in consumer spending in the quarter ending March 2013," said Delta. "The decline is partly attributable to the adverse impact of the excise duty increase in December 2012 and the resultant disruption to retail pricing." Finance minster Tendai Biti last year increased excise duty for lagers to 45% from 40%.

The rate, according to Biti, had not been reviewed since January 2004, in order to allow ample time for business to reinvest in a new plant and equipment. Delta said sparkling beverages volumes were 9% during the year under review and 7% in the last quarter. Sorghum beer 8% and 6% for the year and fourth quarter respectively. "The overal financial performance for the year is inline with our expectations." Revenue for the group increased 36% to $554,8 million for the full year ended March 2012. Delta is due to publish its financial results for the full year to March 2013 next month. *(News Day)*

PRODUCTION at Murowa Diamond Mine has decreased from 98 000 produced during the first quarter to 79 000 carats, the parent company Rio Tinto has said. The mine's first quarter output was however higher than the corresponding period in 2012 when 66 000 carats were produced. Murowa Mine, which is situated in the Midlands province, is a joint venture between Rio Tinto and an independent Zimbabwean-owned and listed firm, RioZim Limited (RioZim). Last year, the mine produced 313 000 carats and is one of about six gem producers in the country. Its first quarter output was however higher than the corresponding period last year when 66 000 carats were produced. During the period under review, it processed ore amounting to 153 000 tonnes. The group also reported that its total diamond output in the first quarter reached 3,236 million carats down from 3,248 million carats mined in the previous quarter. It said this was also less than the 3,359 million carats extracted in the corresponding previous quarter. The group added that production at Argyle Mine in Australia reached 1,990 million carats from 2,010 million carats the previous quarter. However, Diavik Mine in Canada improved output to 1,167 million carats from 1,141 million carats mined in the last quarter of last year. "Our operations achieved a solid performance in the first quarter," said Rio Tinto chief executive officer Mr. Sam Walsh. "A streamlined executive committee structure is now in place and some demanding targets for 2013 including for cash cost savings are locked into our performance measures. We are making good progress in achieving our cost reduction targets and other priorities for 2013, and are determined in our pursuit of greater value for shareholders," he said. The group has announced that it may dispose some of its shares in diamond ventures. At the moment, the diamond industry faces a lean spell largely because of the euro zone debt crisis coupled by slow Asian purchases while demand for end products continues to shrink. As a result, rough diamond prices went down by 16 percent in 2012 with the diamond market growing by about 3 to 4 percent. In 2011, the gemstones market achieved a 10 percent growth and this year it is anticipated to register a marginal growth. *(Blulawayo24)*

BINDURA Nickel Corporation last week resumed nickel exports about five years after mothballing operations due to crippling economic and financial constraints. The Mwana Africa Plc subsidiary made its first shipment of nickel concentrate to Durban, South Africa, as part of an off take agreement with Glencore International signed between BNC and the global commodity trader. "Mwana is pleased to announce that the first shipment of nickel concentrate from Bindura Nickel Corporation's Trojan Nickel Mine in Zimbabwe was dispatched on the 15th of April 2013. The timing of the shipment is in line with previous guidance given by the company," said Mwana. This follows the refurbishment of the surface milling, flotation, tailings and concentrate handling facilities, hot commissioning has been successfully completed and the first shipment of nickel concentrate was trucked from. As part of the agreement with BNC, Glencore will purchase all of the concentrate produced at the Trojan Mine at a price linked to the London Metal Exchange settlement price. Mwana said the processing plant is now producing concentrate of saleable quantity and quality and the remainder of the commissioning activities during the year will focus on increasing throughput and improving recoveries. This shipment of concentrate from the Trojan Mine marks a major milestone in the restoration of the BNC's nickel assets, following a four-year period of care and maintenance, the Alternative Investment Market-listed firm said.

Mwana Africa Plc group chief executive officer Mr Kalaa Mpinga said having successfully completed the commissioning process at Trojan Mine "we are very happy to be announcing the dispatch of first nickel concentrate". "This marks a major milestone in our strategy to bring our (BNC) nickel assets out of care and maintenance and back into production," Mr Mpinga said. BNC is owned 52,9 percent by Mwana Africa and is Africa's only integrated nickel extraction company as it also owns a smelting and refinery plant. BNC was placed under care and maintenance in 2008 after succumbing to volatile global metal prices and crippling economic challenges in the country at the time. After dollarisation of the economy and an improved operating economic environment, together with a recovery in the nickel price, BNC management decided the time was right to restart operations at the mine. The strategy is to phase the restart operations with the first step being Trojan Mine. But BNC struggled to raise the required funding for the restart until in June last year when Mwana Africa offered to underwrite a US$21 million rights issue. Mwana Africa, through its subsidiary, Zimnick, invested US$21 million into BNC through this process. Other shareholders invested an additional US$2 million in new cash. BNC said the US$23 million was sufficient to fund the first year of the Trojan restart, adding that the group would require an additional US$11 million for the second year of the restart. After the mine has restarted, BNC is targeting an annual production of 7 000 tonnes of nickel in concentrate. It will take about three years to reach this level of production. *(Herald)*

ZIMBABWE remains attractive for investment due to positive gross domestic product (GDP), a steady increase in foreign direct investment (FDI) and low inflation, a leading international firm has said. In its interim report for the six months to February 29, Cambria Africa plc chief executive officer Edzo Wisman said 2013 was a time for exploring regional opportunities to capitalise on the success built in Zimbabwe. Cambria Africa plc is a long- term, active investment company, building a portfolio of investments primarily in Zimbabwe. "During the period under review, Zimbabwe experienced bursts of liquidity shortages, resulting in cautious consumer spending which directly contracted growth within our portfolio," Wisman said. "Following the credible electoral process witnessed in the recent constitutional referendum, Zimbabwe is moving towards harmonised presidential and parliamentary elections later this year. "The country remains attractive in terms of strong fundamentals, positive GDP growth, a steady increase in foreign direct investment inflows and low inflation levels (2,91% in 2012) compared with neighbouring countries. "Following the agreement of a new constitution, investor interest in Zimbabwe continues to strengthen, as evidenced by the Zimbabwe High-Level Investment Conference in Johannesburg this month." The country has witnessed a steady increase in investment inflows from $60 million in 2009, to $166 million in 2010 and $387 million last year.

Zimbabwe was one of the top economic performers on the continent with average annual growth of 7% in the period 2008-2012. Irrespective of country, Cambria said election years always brought uncertainty in the run-up to the anticipated polls, as consumers hesitate and investors wait and Zimbabwe was no different. Cambria said during the first six months of the year, occupancies at Leopard Rock Hotel dropped to 54% (2012: 64 %), a decrease of 16%. Average room rates decreased by 23% to $87 (2012: $ 113). RevPar for the period was $47, when compared to $72 for the same period last year. "The hotel continues to operate at a loss and Cambria has repeatedly expressed its dissatisfaction about the performance of the hotel to Lonrho Hotels. If the operating issues do not improve over the coming periods, Cambria will review further strategic and operating alternatives, which may lift performance of its investment in Leopard Rock Hotel," Wisman said. On Celsys, Cambria said significant further investment into Celsys would be required to bring the company to a sustainably profitable multi-line print concern. Transactions processed through Celsys' Legacy ATM division continue to grow with revenues amounting to $968 000. "With Celsys' core business being printing, Cambria does not intend any further investment in the ATM division," he said. During the period under review, Cambria's losses went down 88% to $1,8 million. *(News Day)*

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Economic News

ZIMBABWE missed its revenue target for the first quarter of the year, as Government warns this year's economic growth forecast may not be achieved. Finance Minister Tendai Biti said yesterday, in an update on the State of the Economy, that while the macro-economic environment had remained "stable", the economy "exhibits" a number of downside risks which may impact on growth. In the 2013 Budget, Minister Biti had projected that the economy would expand by 5 percent this year. "The weaknesses are reflected through liquidity and financing challenges, limited revenue growth, as well as widening of the current account gap emanating from depressed exports and overdependence on imports," said Minister Biti. "As a result, capacity utilisation of most productive sectors remains well below potential, dampening prospects of economic recovery." Since the formation of the inclusive Government and the adoption of the multi-currency regime, Zimbabwe has enjoyed strong economic growth, although the robust recovery achieved between 2009 and 2011 slowed down last year. The finance minister was concerned over the growing budgetary pressures. Government collected US$765 million, against a target of US$825 million. "The underperformance of revenues, against the background of high employment costs, some critical external loan repayment obligations, the referendum, elections and the unbudgeted for new requirements in support of grain importations, all pose major pressures on the Budget," said Minister Biti.

Zimbabwe held a referendum on the draft constitution last month and is due to hold general elections by June 29 this year. Minister Biti said the polls would require US$132 million. He said Government has also paid US$77 million towards retiring external debts. The country had "a bad agricultural season", with maize output expected at 900 000 tonnes, against 1,4 million required to adequately feed the entire nation. About US$51 million is required to import 150 000 tonnes of grain. But Government would provide US$5 million. Private players would import the reminder. Of the total revenue, tax inflows amounted to US$739,1 million against a target of US$780,2 million, while non-tax revenue was US$26 million. Diamond revenues amounted to about US$5 million against a US$15 million target, Minister Biti said. The public service wage bill absorbed 75 percent of the total revenue generated, while US$51,6 million was disbursed for capital projects. Inflation was contained below 3 percent, recorded at 2,5 percent in January, 2,98 in February and 2,76 percent last month. With regards to key productive sectors, mining performed within the 2013 Budget targets. But agricultural yields are expected to be below forecasts due to shorter rainy season. Trade deficit in the period widened, with imports, at US$1,7 billion, outstripping exports at US$689 million from US$ 768,2 million in the same period last year. This translates to a trade gap of more than US$1 billion. Minerals contributed the bulk of the exports at US$473,6 million. Platinum dominated mineral exports, with US$210 million, followed by gold at US$124 million and diamonds at US$113,7 million. *(Herald)*

GOVERNMENT has repaid external debts amounting to about US$77 million, mainly to Chinese institutions, as it seeks to unlock additional lines of credit. Finance Minister Tendai Biti said the repayments will speed up implementation of the US$368 million Kariba South Hydro Expansion programme by Sino Hydro and the release of funds for the Victoria Falls Airport expansion. China Jiangsu International was contracted to carry out the US$150 million Victoria Falls Airport upgrade with funds sourced from the Import and Export Bank of China. Minister Biti said Government had to settle some of its arrears with Beijing to unlock more credit. "During the first quarter of 2013, Government has had to make US$76,5 million towards various external loans repayments, targeted at unlocking additional lines of credit," Minister Biti said, adding: "The bulk of these loans have gone to China." Government paid US$27,1 million for farming equipment imported by Farmers' World and the Industrial Development Corporation five years ago. Minister Biti said, however, that a forensic audit would be conducted to establish how Farmers' World, a private company, and the Government's IDC ended up with such a huge debt. But he said the State was obliged to pay because it guaranteed the transaction. About US$4 million was paid to another Chinese company for supplies to Ziscosteel, now NewZim Steel, while US$10 million was paid for medical equipment. Sino Hydro won a contract to build two additional units at Lake Kariba. But the company said it could not start the project because of the debt arising from farm equipment supplies. The Kariba South expansion will add 300 megawatts to the national grid. The project will be completed in four years and would significantly narrow the gap between demand and supply. Sino Hydro has been in contract negotiations with ZPC and has agreed to take up the role of engineering, procurement and construction of the Kariba 7 and 8 extension to boost the station's power output. Minister Biti said an agreement with another Chinese company for the expansion of Hwange Thermal Power Station would be concluded in the next two months. Last week, Vice

President Joice Mujuru commissioned the upgrade of Victoria Falls International Airport and the project is expected to be completed by December next year.*(Herald)*

ZIMBABWE'S National Statistics Agency (Zimstats) has announced that the inflation rate shed 0.22 percentage points on the February figure of 2.98 percent to 2.76 percent in March. Finance Minister Tendai Biti said the drop was due to a decline in the value of South Africa's rand against the dollar, making Zimbabwe's imports from its giant neighbour much cheaper. Zimbabwe uses a mixture of the dollar and rand, having scrapped its own currency in 2009 to end years of hyperinflation. Zimstats said the year-on-year food and non-alcoholic beverages inflation prone to transitory shocks stood at 4.18 percent while the non-food inflation rate was 2.04 percent. The monthly food and beverages rate of inflation for March 2013 stood at 0.32 percent, shedding 1.08 percentage points on the February rate of 1.40 percent. Month-on-month non-food inflation was pegged at 0.15 percent, shedding 0.57 percentage points on the February rate of 0.72 percent. The month-on-month inflation rate in March 2013 shed 0.74 percentage points from February's figure of 0.95 percent to close at 0.21 percent. This means prices, as measured by the all-items consumer price index, increased by an average of 2.76 percentage points between March 2012 and March 2013. The consumer price index for the month ending March 2013 stood at 101.2 compared with 101.0 in February 2013 and 98.5 in March 2012. "The implementation of COICOP classification is also part of the harmonisation project of consumer price indices in different regions, such as Sadc, as all member states are supposed to adopt the new procedure to enable inter-country comparisons of the Consumer Price Index and the rate of inflation," said ZimStat. *(New Zimbabwe)*

ZIMBABWE could face another bleak winter wheat cropping season after it emerged that the government is still making frantic efforts to raise $80 million to grow the cereal, barely two weeks before plantation of the early crop begins. The development comes at a time when Treasury has also undertaken to inject $1 million for the setting up of the much-delayed Commodity Exchange, an open market for the country's agricultural produce, two years after the project was first mooted. Presenting the first quarter state of the economy report on Monday, Finance minister Tendai Biti said plans were underway to source funds for the winter wheat at a time when State coffers have 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.

About 40 000 hectares of land are expected to be put under wheat production this season. The government says it will contribute $30 million of the amount required to produce a 160 000 metric tonnes of wheat, but time is running out before the cut off date for planting the last variety of the crop. Critics blame the chaotic land reform programme implemented more than a decade ago for relegating Zimbabwe, once the bread basket of the region, into basket case. Meanwhile, plans to breathe life into the dormant exchange were announced nearly a decade after the project was abandoned when the Grain Marketing Board (GMB) was given monopoly to buy wheat and maize. Delays in paying farmers for maize deliveries made to GMB has in turn fuelled side marketing, prompting the government to re-establish an open market. Experts say since the commencement of grain marketing season early this month, the cash-strapped government has no capacity to buy the cereal. "Clearly, given the parlous state of finances, an attempt to use the GMB as the buyer of last resort will create problems for farmers," Biti said. "Treasury anticipated this in 2012 when it pushed for the establishment of the Commodity Exchange to allow farmers to sell their crop at a competitive price and receive payment immediately. In this regard, Treasury will avail $1 million to the concerned ministries for the setting up and operationalisation of the Commodity Exchange as a matter of urgency."

Turning to food security, official figures show that the country has to date imported 432 400 tonnes of maize to meet the cereal gap of 436 211 tonnes. A total of 1,4 million people, according to Biti, are currently receiving assistance through the government and humanitarian agencies. "Currently, the government is negotiating with the Zambian government for the importation of 150 000 tonnes of maize valued at $60-$70 million, as part of the Grain Importation Programme," Biti said. "The grain importation programme will be funded by both government and private sector players, in view of the limited capacity of the fiscus." *(Herald)*

ZIMBABWE'S total gold deliveries for the month of February declined by 0,54 percent from 967,45kg in January 2013 to 962,2kg.

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TRADING

According to figures from the African Development Bank's monthly economic review, deliveries by small-scale producers during the same period grew by 4,9 percent to 150,42kg while deliveries by primary producers declined by 1,49 percent to 811,8kg during the same period. AfDB said production of gold at the Freda Rebecca Gold Mine was affected after leach tanks used at the gold processing plant collapsed and ruptured. This resulted in a discharge of effluent into the soil beyond the bounded containment area. This contributed to the decline in deliveries by major producers because, although the company managed to restart production within a week after the incident, it was at a reduced scale. The global prices of gold declined during February closing, at US$1 590 per ounce from January's US$1 670. Analysts believe the Federal Open Market Committee's pledge to maintain low interest rates until mid-2015 and the depreciation of the major currencies against the United States dollar, particularly the euro, Australian dollar and the yen, were the main drivers of the decline in precious metal prices.

The depreciation of these currencies resulted in the price of precious metals becoming expensive in those currencies, subsequently reducing demand for the metals. The total global gold supply reached 31 597 tonnes, representing a 22,5 tonne gain. The increase in world supply might also have led to the decline in the price of bullion. On a year-on-year basis, total gold deliveries grew by 3,69 percent to 962,22kg in February 2013. However, deliveries by small-scale producers declined by 11,35 percent to 150,42kg, while deliveries by primary producers grew by 7,05 percent to 811,80kg in February of 2013. Zimbabwe's gold output rose 13,4 percent last year to 14 742kg from 12 992kg in 2011 but fell short of the targeted 15 000kg. But Zimbabwe is set to benefit from a projected bull run of the yellow metal this year. Gold prices have risen for 12 consecutive years, positioning it as one of the longest running bull markets in history. Demand for gold, particularly in China, India and the United Arab Emirates which account for approximately 65 percent of consumer demand, is projected to increase this year. Chinese gold demand is estimated to grow around 10 percent this year from about 800 tonnes in 2012 as a result of the recovery of the Asian economy. *(Herald)*

GRAIN millers require a total of 150 000 tonnes of maize to meet the country's consumer demand before the new harvest lands on the market, it has been learnt. The development comes after the Grain Marketing Board (GMB) last month stopped selling maize to millers.
According to the Africa Development Bank (AfDB) Zimbabwe monthly economic review for March, GMB currently has 92 000 tonnes of maize in its reserves and has since stopped selling to millers, reserving it for the grain loan scheme. "Poor harvest and lack of fertiliser in the last season has left the country with severely depleted grain reserves," the AfDB monthly report read. AfDB said the grain shortages in the country had pushed the price of mealie-meal, adding that the supply of grain under the grain loan scheme was inconsistent. "This is because the reserved grain is insufficient and transporters are not willing to move it to the affected areas as they are not paid on time," AfDB said in its monthly report. AfDB said Zimbabwe usually imports maize from Malawi, South Africa and Zambia, but the costs involved in moving the grain from these countries were too high compared to buying from the GMB. The regional lender said there was need for the government to come up with strategies to ensure that grain reserves were well-stocked and that transporters were paid on time to avoid unnecessary food shortages in some parts of the country.

Presenting the first quarter state of the economy report on Monday, Finance minister Tendai Biti said the government had finalised arrangements to mobilise and ring-fence $5 million towards the importation of maize. Official figures show that the country has to date imported 432 400 tonnes of maize to meet the cereal gap of 436 211 tonnes. A total of 1,4 million people, according to Biti, are currently receiving assistance through the government and humanitarian agencies. "Currently, the government is negotiating with the Zambian government for the importation of 150 000 tonnes of maize valued at $60-$70 million, as part of the Grain Importation Programme," Biti said. "The grain importation programme will be funded by both government and private sector players, in view of the limited capacity of the fiscus." *(News Day)*

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TRADING

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