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:

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	27-Sep-13	4-Oct-13	Local	USD	Local	USD
Botswana	DCI	8,594.93	8,593.48	-0.02%	11.06%	14.42%	15.97%
Egypt	CASE 30	5,704.00	5,726.22	0.39%	14.05%	4.83%	4.88%
Ghana	GSE Comp Index	2,020.26	2,013.35	-0.34%	10.65%	67.82%	64.70%
Ivory Coast	BRVM Composite	202.88	205.96	1.52%	-7.32%	23.64%	15.19%
Kenya	NSE 20	4768.03	4841.33	1.54%	5.46%	17.14%	21.50%
Malawi	Malawi All Share	10,604.33	10,638.34	0.32%	31.69%	76.85%	112.10%
Mauritius	SEMDEX	1,958.74	1,961.53	0.14%	-3.31%	13.25%	13.43%
	SEM 7	380.69	382.10	0.37%	-3.09%	13.29%	13.47%
Namibia	Overall Index	995.00	985.00	-1.01%	20.13%	-0.13%	2.92%
Nigeria	Nigeria All Share	36,436.98	36,925.82	1.34%	2.52%	31.51%	31.34%
Swaziland	All Share	292.94	293.68	0.25%	22.28%	2.80%	6.26%
Tanzania	TSI		2,053.33	2.01%	4.07%	38.21%	40.90%
Tunisia	TunIndex	4,453.45	4,461.15	0.17%	2.30%	-2.59%	-6.34%
Zambia	LUSE All Share	4,879.44	4,765.57	-2.33%	5.38%	27.93%	35.78%
Zimbabwe	Industrial Index	197.97	208.35	5.24%	5.24%	36.71%	36.71%
	Mining Index	49.90	50.53	1.26%	1.26%	-22.40%	-22.40%

CURRENCIES

	27-Sep-13	4-Oct-13	WTD %	YTD %
Cur-	Close	Close	Change	Change
BWP	8.39	8.44	0.64	10.30
EGP	6.87	6.87	- 0.03	13.52
GHS	1.87	2.16	0.33	13.51
CFA	485.39	482.71	- 0.55	- 2.55
KES	85.71	85.20	- 0.60	- 0.47
MWK	351.35	357.95	1.88	11.51
MUR	29.45	29.25	- 0.66	- 4.24
NAD	9.98	10.03	0.53	18.38
NGN	158.12	159.79	1.06	2.37
SZL	9.98	159.79	0.53	18.63
TZS	1,576.20	1,568.96	- 0.46	- 0.38
TND	1.65	1.64	- 0.50	5.68
ZMW	5.27	5.25	- 0.34	1.31

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's central bank on Thursday kept its benchmark rate unchanged at 8 percent, saying the medium-term outlook for inflation was positive, with inflation forecast to remain within target. "The current state of the economy and assumptions on both the domestic and external economic outlook suggest that the current monetary policy stance is consistent with maintaining inflation within the Bank's 3-6 percent objective in the medium term," the Bank of Botswana said in a statement on its website. *(Reuters)*

Botswana's economy grew by 4.1 percent quarter-on-quarter in the second quarter of 2013 after contracting by 2.1 percent in the first three months of the year, data from the statistics office showed on Thursday. On a year-on-year basis, GDP was up 7.9 percent in the second quarter compared with a 3.3 percent expansion for Q1, Statistics Botswana said in a report posted on its website. *(Reuters)*

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Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt is hoping to implement a smart card system at the start of 2014 for fuel purchases by vehicle drivers, Petroleum Minister Sherif Ismail said on Tuesday. The finance ministry said in July it planned to phase in the card system gradually in July, August and September. The government has been struggling to reduce the cost of its energy subsidies, which make up 20 percent of all state expenditure, without angering its citizens. *(Reuters)*

Egypt is negotiating with Saudi Arabia, Kuwait and the United Arab Emirates to supply it with petroleum products into 2014, Egyptian Petroleum Minister Sherif Ismail said on Tuesday. The three Gulf countries, which pledged to provide Egypt with $12 billion in aid after the army ousted Islamist president Mohamed Mursi on July 3, are already providing petroleum products until the end of December, Sherif said. The Gulf countries have been sending diesel, gasoline and fuel oil to Egypt since July, he said. *(Reuters)*

International Foreign Reserves fall to $18.7 billion in September, a $200 million drop from August. Egypt's International Foreign Reserves saw a minor decline of roughly $200 million in September, reaching $18.7 billion compared to $18.9 the month before, the Central Bank of Egypt (CBE) announced on Thursday. The CBE held its largest exceptional auction in early September, selling $1.3 billion from its foreign reserves to cover strategic imports such as wheat, meat, and cooking oil. The CBE says its foreign exchange auctions – which began at the end of December 2012 – are part of the effort to stave off local currency devaluation. Egypt has returned to Qatar $2 billion that the Gulf state deposited to CBE earlier in the year, after negotiations to convert the funds into three-year bonds broke down. In late September, CBE received a $2 billion deposit from Kuwait as part of $4 billion pledged by the oil-rich nation to bolster the flailing Egyptian economy following former president Mohamed Morsi's ouster in July. *(Ahram)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

Guinness Ghana Breweries Limited's net profits fell nearly 27 percent to 18.277 million cedis during the 12 months through June 2013, down from 25 million cedis during the same period a year earlier, the company said. Net turnover rose nearly 10 percent to 321.017 million cedis, while earnings per share dropped to 0.086 cedis from 0.133 cedis, the company said in a filing with the Ghana Stock Exchange on Monday. *(Reuters)*

Economic News

Government has revealed its intention to use the energy sector as a springboard to develop other sectors of the economy. The Minister of Energy and Petroleum, Armah Kofi Buah who made this revelation said: "The energy sector needs to be expanded to serve as the backbone of the country's industrialization process." Mr Buah was speaking at a durbar to celebrate this year's World and National Tourism Day at Nkroful in the Ellembele District of the Western Region at the weekend. The celebration was under the theme: "Tourism and Water: Protecting our Common Future". The Second Lady, Matlida Amissah-Arthur and Elizabeth Ofosu-Adjaye, Minister of Tourism, Culture and Creative Arts, members of Parliament and Diplomatic Corps were among the large number of people who graced the occasion. Mr. Buah noted that the tourism sector must take advantage of the numerous oil and gas projects in order to strengthen its position as a critical sector of the economy adding that the hospitality industry could take advantage of the oil and gas projects to expand and create jobs for the country's teeming youth. He said the three members of Parliament from Nzema had formed a committee to join forces to develop the tourism potentials of their areas. *(Ghana Web)*

The Ministry of Finance in collaboration with Development Partners held the 2012 Multi-Donor Budget Support annual review to take a closer look at the progress made in Ghana's medium term development agenda. The review looked at all the development issues facing the country including health, energy, education, agriculture, water and sanitation, transport and social protection. Mr. Seth Terkper, Minister of Finance, who spoke at the opening of the day's joint review workshop in Accra on Wednesday, commended the contribution of the partners to the development of the country. He appealed for more donor support in other sectors of the economy to facilitate national development. The review also mapped out development priorities for assessment next year. As part of the workshop, participants reviewed good governance, sound macro-economic policies and management, sound budgeting and public financial management systems among other topics. Mr. Yusupha Crookes, World Bank Country Director said although the country has many opportunities there are few challenges which need to be addressed. *(Ghana Vibe)*

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Kenya

Corporate News

India's Essar Energy, which co-owns east Africa's sole refinery in the port city of Mombasa, said on Thursday it would sell its 50 percent stake to Kenya's government after abandoning plans for a $1.2 billion upgrade. Essar had planned to increase the refinery's crude handling capacity to 4 million tonnes of crude per year (79,000 barrels per day) by 2018 from 1.6 million now but oil marketers in Kenya, unhappy with the refinery's products and costs, have called for it to be closed. Consultants advised Essar that the proposed "upgrade is not economically viable in the current refining environment," the company said in a statement. Uganda, keen to develop its oil reserves and which till now has relied on the Kenyan facility, is planning its own refinery. Kenya also plans to construct a refinery in Lamu, where a $5.5 billion mega port will act as the exit point for future exports from the country's recent oil discoveries. Essar bought a 50 percent stake in Kenya Petroleum Refineries Ltd (KPRL) in 2009 for $7 million from BP, Chevron and Royal Dutch Shell. Essar said it will exercise a $5 million put option it had in its shareholder agreement with Kenya's government, which owns the other 50 percent of KPLR, and which gave it the right to sell its stake to the state under certain conditions. *(Reuters)*

Second biggest Kenyan cement firm ARM Cement expects earnings to grow at a slightly faster rate this year after a new plant in Tanzania has pushed up capacity, its chief executive said on Thursday. East African cement consumption is growing thanks to vibrant economies, drawing in foreign firms like Nigeria's Dangote Cement, which plans a $400 million plant in Kenya. The market remains competitive, even if governments are looking to spend on projects like roads, ports and airports. "This year we are looking at increasing our top line and bottom line by 35 percent over last year and next year we expect a similar growth," Pradeep Paunrana told Reuters in his office, referring to his expectations for profitability and sales. ARM posted a 31 percent jump in pretax profit in 2012 to 1.76 billion shillings. Demand for cement in east Africa is expected to rise due to the large infrastructure projects planned by governments. ARM's new cement grinding plant in Tanzania's commercial capital of Dar es Salaam, commissioned a year ago, had added 750,000 tonnes of production capacity to the existing 1 million tonnes in Kenya, Paunrana said. Another plant in Tanga, which will be able to make 1.2 million tonnes a year of clinker, used in cement making, was nearing completion and it will start production early next year. "The economy and the construction sector was at a standstill for 25 years in Tanzania. When it opened up about 10-12 years ago, cement consumption rate was growing at a faster rate than even Kenya," Paunrana said, alluding to long socialist rule.

Tanzania, whose annual consumption stands at 3.2 million tonnes compared with Kenya's 4.7 million tonnes, was growing at a rate of 14 percent per year, he said. ARM, one of the top 12 largest firms by market value on the Nairobi bourse, spent close to $200 million on the Tanzanian investments, raised through a mix of debt and equity. ARM will turn its sights on Rwanda, where it hopes $15-20 million in planned investments will help double its share to about a third of the 450,000 tonnes a year market, he said. The investment in the Great Lakes region will be part of a $250-300 million investment over three years that will include a new cement and clinker plant in Kitui in eastern Kenya. "We have a lot of support and we will be making some kind of announcement very shortly on fund raising," he said. Despite his optimism, Paunrana warned foreign firms eyeing a bonanza that they faced a competitive market, with falling margins, forcing firms to control costs aggressively. "If we were building our plants at $400-500 million a throw, then it would be impossible to compete in this market," he said. "Everybody in the cement business and the construction sector is looking at the same set of economic data and the prospects so it is a very competitive area." A tonne of cement costs $280-$350 in Nigeria, leaving firms with a margin of $90. In Kenya it costs as little as $110, leaving firms with a margin of less than $25, he said. "The biggest challenge to the growth of the cement industry in east Africa remains power," he said, blaming low supply and ageing grids for frequent blackouts that disrupt production. *(Reuters)*

Pan-African housing financier Shelter Afrique's 3.5 billion shilling bond tranche was oversubscribed by 1.5 billion shillings, the firm said on Thursday. Shelter Afrique has been one of the more prolific issuers of corporate debt in the Kenyan market, having sold three bonds between 2005 and 2011, varying in value from 500 million shillings to 3 billion shillings, with tenors of three years each. The bond tranche, part of an 8 billion shillings issue approved by the market regulator in August, came with the option of the issuer taking an extra 1.5 billion shillings in case of heavy demand. It came with both a fixed yield and floating rate components, Shelter Afrique said, without saying what the yields were. CFC Stanbic Bank and SBG Securities were the lead arrangers for the issue. *(Reuters)*

Economic News

Kenyan inflation accelerated in September, breaking through the upper limit of the central bank's target range, after the government increased the number of items subject to value-added tax and gas prices rose. The rate climbed for a fourth straight month to 8.3 percent from 6.7 percent in August, the Nairobi-based Kenya National Bureau of Statistics said today in an e-mail. Prices rose 1.8 percent in the month. The median estimate of 3 economists surveyed by Bloomberg was 7.4 percent. "Basic food prices increased partly because of VAT," Vimal Parmar, head of research for Nairobi-based Burbidge Capital, said by phone before the figures were released. Food costs increased 2.9 percent from the previous month. The government this month began applying the 16 percent value-added tax on a wider range of goods, putting pressure on consumer prices. Adding to that, the cost of petrol increased in September by 1.4 percent in Nairobi. Monetary policy makers next convene in November to review the key lending rate, which was left unchanged for the second meeting at 8.5 percent on Sept. 3. The government targets 5 percent inflation, plus or minus 2.5 percentage points. Treasury Secretary Henry Rotich said on Sept. 27 that the country's economic growth target for 2013 remained at 5.5 percent to 6 percent even after a four-day attack by Islamist militants on a Nairobi shopping mall left at least 67 civilians and security forces dead. Five militants were killed in the standoff with security forces that ended on Sept. 24.*(Bloomberg)*

Kenya's tea export earnings are forecast to rise 9 percent year-on-year in 2013 to 122 billion shillings, the industry regulator said on Tuesday. The Tea Board of Kenya said total production increased 7.45 percent to 278.1 million kgs in the eight months to August. "High yields and production was due to good weather. That cushioned earnings from a drop in tea prices across all major auctions," said Zakayo Magara, the board's acting managing director. *(Reuters)*

Kenya's economy expanded by an annualised 4.3 percent in the second quarter of this year, a fraction slower than the 4.4 percent recorded a year earlier, official data showed on Tuesday. The Kenya National Bureau of Statistics said growth was driven by the agriculture, manufacturing and financial sectors, while the hotels and restaurants sector posted a 11.4 percent contraction due to political uncertainty around March's presidential election. *(Reuters)*

Slow recovery in tourism depressed the overall economy in the second quarter of 2013. Data released by the Kenya National Bureau of Statistics indicates that the hotels and restaurants contracted 11.4 per cent in the second quarter, against a 2.9 per cent growth over similar period in 2012. "The economic slowdown experienced in the first quarter of 2013 spilled over into the second quarter…the low bookings were mainly linked to uncertainties over the country's general elections held in March this year," wrote the bureau. The slowdown depressed the overall economic growth to 4.3 per cent from the 4.4 per cent growth reported in a similar period in 2012. This is despite continued positive performance for the rest of the economy. Financial services recovered to double-digit growth while agriculture almost doubled its pace. "It makes sense that tourism would recover more slowly than other segments of the economy because people usually make their bookings months in advance," said Nairobi economist, Mr Robert Shaw. Agriculture posted five per cent growth compared to two per cent growth last year, while the electricity and water sector recorded 12 per cent growth. Manufacturing grew 4.3 per cent boosted by performance in the non-food category. Financial services recovered quickly from the poll jitters to grow 10.9 per cent in the three months, in comparison to 5.6 per cent growth reported in a similar period in 2012. "In early 2013, investors adopted a wait-and-see approach. This would explain the heightened financial activity once people realised that there would be no outbreak of violence," said Shaw.

In the days following the March 4 election, the local currency posted strong performance and the stock market rose to a four-and-half-year high. The bureau statistical brief also notes that the gap between the value of Kenya's import and exports widened by 50.6 per cent to

Sh95.35 billion. Experts are concerned that this widening gap in the current account deficit could put pressure on the shilling and leave the economy exposed to shocks. "In situations like this, where there a major disconnect between the imports and exports, the economy becomes more vulnerable to shock," said economist, Mr Gitau Githongo. The post-election jitters have now been compounded by a terror attack in Nairobi last month. Although industry players say that they are yet to experience the negative implications of the Westgate hostage crisis, credit rating agency Moody's has said that the terror attack will significantly affect tourism. *(Daily Nation)*

Tea production in the eight months through August went up 7.5 per cent to reach 278 million Kilos on the backdrop of good weather conditions in most parts of the country. Releasing the new data on Tuesday, Tea Board of Kenya acting chief executive officer Zakayo Magara said the country experienced a relatively good weather in the eight months triggering higher production, compared to the 214.4 million kilos in 2012. "Unprecedented increase in supply was witnessed in the first eight months of 2013. High production can be attributed to good weather both in Kenya and Asian countries which led to high supply in the global markets," Mr Magara. He said oversupply in the global markets coupled with over-stocking by buyers in the run-up to the March 4 general election had a negative effect on the international tea prices. Tea prices were also affected by political upheavals in Egypt which remains a key market for Kenyan tea," Mr Magara said. Local consumption also went up in the period under review as a result of what TBK termed as enhanced promotion. Kenyans consumed a total of 15.71 million kilos of tea in the period, up from 12.39 million kilos in the same period last year. *(Daily Nation)*

Kenya has offered to extend the sale of a 12-year infrastructure bond it auctioned in September through a tap sale, the central bank said on Tuesday. The bank said it will offer an additional 16 billion shillings, fixed at the initial auction interest rate of 12.363 percent, in three tranches between October 1 and December 27. The bank sold its sixth 12-year infrastructure bond worth 20 billion shillings on September 25, which was 88 percent oversubscribed. *(Reuters)*

Kenya's inflation is likely to fall back to the government's target range of 3.5 to 7.5 percent by early next year after prices were pushed higher by a new sales tax, the International Monetary Fund said on Wednesday. Year-on-year inflation jumped to its highest in 15 months at 8.29 percent last month after prices of nearly all items rose following a revision of the law on value-added tax. Kenya's central bank (CBK) has left its key repo rate unchanged at 8.5 percent since May. Domenico Fanizza, who led an IMF mission to the east African nation, said Kenya's central bank (CBK) need not react to the one-off jump in prices but needed to act if inflationary threats persisted. Stripped of the impact of the increase in VAT, inflation was still under 7.5 percent, he told a news conference at the end of the mission. "The CBK (Central Bank of Kenya) should continue to aim at anchoring expectations of low inflation," Fanizza said. The IMF maintained its economic growth forecast of 5.5-6 percent for this year, even after an attack on a Nairobi shopping mall claimed by Somali militants al Shabaab which left dozens of people dead. The attack at the upscale Westgate shopping mall was likely to have a minimal impact on tourism, said Fanizza. "The high season (July to September) is over and bookings for December to January have already been made and it is unlikely that people will lose money," he said. "There will be some cancellations but they will not be many." Earnings from tourism make up 11 percent of Kenya's gross domestic product. Kenyan shares and the shilling currency rose in the days following the four-day mall siege as investors voiced optimism over east Africa's economic growth prospects. Kenya's planned debut sovereign bond of up to $2 billion by the end of the year could be met with good demand in spite of the shopping mall attack, Fanizza said, adding that the country's debt remained sustainable. Kenya has a $750 million, three-year credit facility with the IMF. (*Reuters)*

Kenya's Mombasa port, east Africa's biggest trade gateway, is constructing a new power back-up facility after suffering frequent blackouts at a time when the port is under pressure to clear cargo faster under a regional trade plan. Kenya, Uganda and Rwanda have signed agreements to boost regional trade by cutting red tape to hasten the movement of goods between the port of Mombasa and the hinterland. Kenya also wants to keep its status as the trading hub of the region, fighting of competition from the port of Dar es Salaam in neighbouring Tanzania. The new power facility at the port will also supply a new berth commissioned in August and a second container terminal being built at a cost of $300 million, the port's management said on Wednesday. The backup plant will produce 132 kilo volts (Kv) of electricity up from the current 11 Kv, and will cost $6.4 million to build, Bernard Osero, the port corporate affairs manager, said in a statement. It would be completed by February 2014, Osero said. "It will cushion port operations from frequent power outages (and) enable the port meet the growing electricity demand from existing facilities and future expansion projects," Osero said. A three-day blackout at the port over the weekend cost the port $800,000 after it crippled the giant ship-to-shore cranes at the Mombasa Container Terminal, leading to a backlog of ships waiting to berth. Kenya's sole power distributor, Kenya Power, blamed a fire that destroyed its main transmission plant in Mombasa for the blackout which also affected the airport and petroleum refinery plant in the country's second-biggest city. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius held its key repo rate unchanged at 4.65 percent on Monday, in line with market expectations, the central bank said. The bank said in a statement that although the Indian Ocean island was facing downside risks to its economic outlook, wage developments in excess of inflation and productivity gains continue to remain the main upside risk to inflation in the medium term. *(Reuters)*

Mauritius' central bank raised reserve requirements for banks on their rupee deposits to 8 percent from 7 percent on Wednesday, citing excess liquidity. Central bank Governor Rundheersing Bheenick had said on Tuesday that an accommodative policy stance since 2009 has led to corporate indebtedness, and that monetary policy could not resolve structural problems in the private sector. The change will take effect from Friday and run until October 17, the bank said. "Taking into account the persistent excess liquidity in the banking system, the bank has decided to raise the fortnightly average CRR on rupee deposits from 7.0 percent to 8.0 percent and the daily minimum CRR for rupee deposits from 5.0 percent to 5.5 percent," the bank said in a statement. The cash reserve ratio is the proportion of cash deposits banks have to keep with the central bank in cash. (*Reuters)*

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Nigeria

Corporate News

Continental Reinsurance Plc (Continental-Re), one of the two registered reinsurance firms in the country said it raked in gross premium income totalling N7.9 billion by the second quarter of this year ended June 30, 2013. According to the firm, this amount translates to a 14 per cent improvement on the N6.9 billion recorded in the corresponding period for last year. The Managing Director of the Company, Dr. Femi Oyetunji, confirmed this in a statement in Lagos recently. He said Continental Re "has managed to defend its leading position in the Nigerian market in the face of growing competition and continues to progress in its Pan-African growth strategy." "We have had an encouraging opening half to the year and are on track to achieving our 2013 performance targets. Our key performance indicators are showing positive trends which should translate to a strong end of year finish," Oyetunji added. According to him, the company recorded paid retrocession premium to the tune of N880.40 million within the period under review, 11.2 per cent improvement over the figure of last year. The company's boss said the structure of the company's 2013 retrocession programme was the same as that of last year even as the figure fell short of the budgeted amount by 12.10 per cent. He said securities on the company's retrocession programme were highly rated by credit ratings and financial data products and services providers for the global insurance market, A.M. Best and Standard and Poors. He said loss ratio for the half year of 2013 peaked at 44.50 per cent, a marginal improvement when compared with the budgeted ratio of 46 per cent. It also reflected the conservative and prudent underwriting philosophy of the company, he noted. The net acquisition expenses ratio improved to 25.80 per cent in the first six months of this year, from 27.30 per cent recorded in the same period of 2012 while the firm's net management expenses ratio to the net premium income stood at 12 per cent, the same as for last year.

The company's boss said Continental-Re's underwriting profit rose by 4 per cent from N1.06 billion in the second quarter of 2012 to N1.1 billion in the same period of 2013. "Spurred by lower acquisition costs and the improved claims ratio, but weighed down by an inordinate increase in the provision for outstanding premiums, which is expected to reduce as the year progresses, and conservative reserving for unearned premiums pertaining to unexpired risks," Oyetunji said. Investment and other incomes raked in by the firm within the period under review was N644.8 million, 1 14 per cent improvement on the N564 million it raked in the corresponding period of last year. "The growth is attributable to an improved investment climate and fair value gains on equities. Profit before tax stood at N1.4 billion and is moderately higher than that for 2012 of N1.30 billion with the company maintaining its customary robust underwriting performance and healthy returns from its investment activities," the company's boss stated. According to him, Continental-Re's asset base was grown to N25.65 billion from N24.05 billion last year, representing an 8 per cent growth as at December 2012 mainly due to an increase in investments and fixed assets. Its shareholders' fund have grown from N13.24 billion as at end of December 2012 to N14.32 billion, representing an eight per cent growth as at end of June 2013. "Return on equity at 8 per cent remained the same in both 2013 and 2012 in the face of adverse market dynamics. The company remains committed to its strategy of increasing its scale through measured top line growth and consistent management of key indices to maintain profitability," Oyetunji said. *(This Day)*

NIGERIA Inter-Bank Settlement System (NIBSS) has recorded gross earnings of N3.8 billion for the financial year ended June 30, 2013, against N2.56 billion achieved in 2012. The bank's profit before tax stood also increased from N585 million in 2012 to N807 million during the period under review. The Chairman of the bank, Tunde Lemo, while addressing shareholders at the 20th yearly general meeting of the bank in Lagos Wednesday, explained that the per centage increase in gross earnings was 52.4 per cent while profit before tax grew by 37.8 per cent. "Total assets growth remained steady at 20 per cent as recorded in the preceding year while shareholder's fund grew by 17 per cent, compared to 12 per cent increase recorded in the preceding year." Alemo attributed the growth in profit before tax to the provision of N543 million made for net impairment loss on placement with Express Discount Limited relative to a provision of N2million made in 2012 and 51.7 per cent increase in personnel cost, from N833.2million in 2012 to N1.26billion in 2013. According to the Chairman, the overall improved performance was occasioned by the sustained relevance and product/services enhancement from cashless policy of the Central Bank of Nigeria, which aimed at improving the country's payment and settlement system, in addition to sustained partnership between SIBS International of Portugal and the company.

This synergy, according to Lemo was geared towards positioning the company as a reliable and dependable shared-service infrastructure company for the Nigeria financial system. He explained that the Payment Card Industry –Data Security Standard (PCI-DSS) certification of the NIBSS on March, 2013 has further strengthened the discharge of the company's payment terminal service aggregator function, as PCI-DSS certification guarantees customers' confidence of protection against data breaches. Improvement in the industry adoption of NIBSS Instant Payment (NIP) and Point of sale terminal, according to Lemo further enhanced the company's performance. "NIP surpassed 1 million transaction volumes in May 2013, with assured growth momentum, as more bank customers utilize the service and enjoy the associated benefits of security and speed of service on various financial institutions' service delivery channel. "The increasing adoption of mobile payments offers another veritable avenue for a greater appreciation of your company as inalienable ally of critical players in the Nigerian financial system." He pointed out that the company commenced nationwide deployment of the cheque truncation system on June 3, 2013, noting that the development resulted to an improved clearing cycle for paper based financial instruments by reducing the clearing cycle for local cheque from T+2 to T+1. With the development, according to him, customers of banks can receive 'next day' value for cheque, adding that operational costs, as well as risks associated with manual cheques clearing operations are reduced. *(Guardian)*

Skye Shelter Fund (SSF) Plc has declared a dividend of N5 per N100 share to its unitholders for the year ended December 31, 2012. SSF is a real estate investment trust (REIT), which pools savings of investors together for onward investment in real estate and other related investments, using the unit trust scheme principles. It was the first REIT to the listed on the Nigerian Stock Exchange (NSE). The N5 dividend represents an increase of about 24 per cent compared to the N4.04 dividend paid for the 2011 financial year. Addressing unit holders during the 5th annual general meeting (AGM) in Lagos, the Chairman of the SSF, Dr. Layi Fatona, said the fund recorded a total income of N159 million, up from N156 million in 2011. According to him, net income also rose from N105 million to N110 million while operating expenses dropped from N51 million in 2011 to N48 million in 2012. The Managing Director of SFS Capital Limited, the fund manager, Mr. Patrick Ilodianya, said the company had put in place plans to expand the size of the fund, noting the expansion would enable it take advantage of emerging opportunities in the real estate industry as well as improving the liquidity of its shares. Ilodianya disclosed the company had identified new opportunities and new areas to play so as to increase value and returns to the shareholders, assuring them that they would continue to reap higher benefits year in year out. Some of the unit holders, who spoke at the meeting, commended the company for giving them enhanced dividend from year to year. Meanwhile, the Nigerian equities market remained bullish for the fourth consecutive day as renewed investor confidence continued to drive prices to new levels yesterday. The trading session saw the Nigerian Stock Exchange (NSE) All-Share Index rise by 0.88 per cent to close at 36,908.06. Similarly, volume and value of transactions grew by 41 per cent and 61 per cent respectively. Investors committed N4.897 billion in 396.232 million shares in 4,356 deals yesterday up from N3.039 billion invested in 279.16 million shares on Monday. *(This Day)*

FCMB Group has disclosed that it has committed over $275 million to the power sector reform and the value chain opportunities in Nigeria. It also reaffirmed its commitment towards providing the necessary support to ensure the successful implementation of the ongoing reforms in Nigeria's power sector. This, it stated, is in line with its contribution towards national development. The Bank gave this assurance at a special forum titled, ''Financing the Power Sector Reforms for Economic Development'', held in Abuja on Friday, 27 September, 2013, to showcase the N300 billion Bank of Industry-Power and Aviation Intervention Facility (BOI-PAIF) initiative which was launched in 2010. According to the Group Head, Project and Structure Finance of FCMB Capital Markets Limited, Mr. Robert Grant, FCMB has committed over $275 million to the Power Sector reform and the value chain opportunities. He added that FCMB Capital Markets is actively involved in the ongoing Niger Delta Power Holding Company's (NDPHCs) privatization of its National Integrated Power Projects (NIPPs). Also speaking at the event, Vice President Mohammed Namadi Sambo (GCON) stated that reforming the Power Sector is integral to developing Nigeria's economy. He acknowledged the support provided by the Nigerian banking industry to the Power Sector to date, and urged continuous support towards achieving 20,000 megawatts (MW) of electricity generation by the year 2016. He pointed out that the Federal Government and other stakeholders like the Bureau of Public Enterprise were determined to ensure that the privatization of the Power Holding Company of Nigeria (PHCN) was concluded on schedule and that the Roadmap for Power Sector Reform Programme is on course and that that all hands must be on deck to realize the 20,000 MW objective.

FCMB was one of the first banks to access the BOI-PAIF with provision of a N3.2 billion Term Loan Facility to Tower Power Utilities Limited (TPUL) for their 17.75 MW combined cycle gas fired power generation plant in Otta Industrial Estate, Ogun State. The feedstock is gas supplied by Shell through a pipeline which terminates in the Ota Industrial Estate. Apart from scheduled maintenance, the gas supply has been uninterrupted since inception. The plant provides power to several enterprises including but not limited to Aluminum Rolling Mills, Kolorkote Nigeria Limited, Eagle Packaging & Printing, Green Fuels, Dychem, Covenant University and Euro Global & Food Distilleries. The clear value proposition is the constant power supply that has significantly improved efficiency, competitiveness and profitability as almost all TPUL's customers have effectively de-mobilized their existing diesel-fired assets.(*Vanguard)*

The Securities and Exchange Commission (SEC) has approved the allotment of result for the special placing of shares by Wema Bank Plc to raise N40 billion from the capital market. The bank said SEC approved the 26,667,123,333 ordinary shares of 50 kobo each valued at N40,000,684,999.50 that were allotted to successful institutional and private investors at N1.50 per share in two tranches. Speaking on the special placing process, the Managing Director/Chief Executive Officer, Wema Bank, Mr. Segun Oloketuyi, thanked all stakeholders for their support towards the successful capital raising. He also thanked shareholders and customers. He reiterated the board and management's commitment to ensuring that the bank regains its pride of place in the industry without compromising on values and standards. On the National Banking License, Oloketuyi said the bank would now commence the process of securing a National Banking License in coming months. He said: "With this development, the shareholding structure of the bank remains diverse with no single investor having a controlling shareholding in the bank. "Over the past four years, Wema Bank has been successfully repositioned against all odds by creating a strong platform for sustainable superior financial performance through quality personnel, better risk management and corporate governance principles, improved systems and processes, and an enhanced capital base." *(This Day)*

Economic News

Nigeria's power sector reform is apparently panning out well, given the ongoing evolution of massive employment opportunities in the emerging sector, to be driven by private enterprise as the Federal Government is set to hand over the successor companies carved out of the Power Holding Company of Nigeria (PHCN) to the new investors. Government only yesterday did a shadow handover of the assets to the new investors as it presented certificates of ownership to new core investors of PHCN's generation and distribution companies. The physical handover is however slated for October 30, 2013. In yesterday's ceremony, Government also granted additional $750 million for the Nigerian Bulk Electricity Trading Company, NBET, also known as the bulk trader. BussinessDay learnt that the privatisation exercise has started opening up a vista of opportunities for various cadres of skilled workers, as job advertisements being placed online are more related to the power sector than any other sectors of the economy. The job openings range from technicians to engineers in different categories, among others. Just recently, the Federal Government recruited 522 engineers for the Transmission Company of Nigeria (TCN) in a move aimed at tackling the challenge of electricity transmission in the country. The post-privatisation era is expected to see increased demand for skilled persons by the investors, especially the distribution companies, to ensure better service delivery and enhance revenue. Opportunities include investing in start-up power services companies, providing information technology services like remote monitoring, supervisory control and data acquisition (SCADA) and related services, to even supplying consumables and spares parts, he said. Ayodele Oni, an energy law and policy expert and senior associate in top law firm, Banwo & Ighodalo said "opportunities exist in form of collaborations between Nigerians and foreigners looking to invest in the electric power sector. Like in the oil and gas industry, individuals and corporates can earn 'finder's fees' for facilitating the investments of multinationals in the power sector." He added that for skilled Nigerians, the opportunities are countless, especially when one considers that, unlike the oil and gas industry where there were no effective local content rules for several decades, there would be local content rules for the power sector," "There would in fact, now be electric power lawyers, economists, technical persons, among others."

Sam Amadi, chairman, Nigerian Electricity Regulatory Commission (NERC), had said that the power sector reform was potentially a huge creator of jobs. "If Nigeria is growing at seven percent without power, with steady power, the growth will double; more businesses will start and employ people. Unbundling means that with private sector investment, there will be more businesses in upstream and downstream. This will result in more job creation." Oni further said that "with the milestones achieved so far in the power sector, come more opportunities for the discerning Nigerian businessman and also persons who have been developing capacity in relation to electricity related matters. There would now be more opportunities along the whole value chain of the power sector for consultants, I.T experts, energy (particularly electricity) lawyers amongst other areas of human endeavour." The Nigerian electricity supply industry is currently characterised by an ageing workforce, most especially in the area of engineering. Reuben Okeke, director-general, National Power Training Institute of Nigeria, also attest to the huge opportunities in the sector. "Since 1998, there has not been structured employment in the power sector but now that there are openings for the private investors to come and participate in the running of the industry, there are several job openings that Nigerians can take advantage of," he said, noting that there are opportunities for artisans, technicians, and engineers in the transitional electricity market. On the other hand, the Federal Government in its commitment to ensure sustainable power supply, yesterday granted additional $750 million for the Nigerian Bulk Electricity Trading Company, NBET, also known as the bulk trader. The fund, according to President Goodluck Jonathan, is aimed at positioning the NBET to carry out its post-privatisation mandate without financial constraints.

This is coming just as government said it was concessioning the Kainji and Shiroro hydro power plants. President Jonathan, while performing the symbolic handing over of Share Certificates and Licenses to the 14 new Core investors of the Power Holding Company of Nigeria (PHCN) successor companies, at the Presidential Villa, Abuja, Monday, also expressed hope that the event will mark the turning point for electricity development in Nigeria. He announced that the new owners of generation companies (Gencos) are inheriting signed gas supply and transportation agreements, adding that government will maintain the agreed gas supply pricing policy, in order to encourage new investments in gas supply and infrastructure development "The implementation of the gas policy will culminate in a willing buyer-willing seller structure to establish a full market-driven environment," he said. The Gencos handed over to new owners yesterday were the Geregu, Ughelli, Kainji, Shiroro and Egbin Power Plc, while the distribution companies (Discos) include Abuja, Benin, Eko, Ibadan, Ikeja, Jos, Kano, Port Harcourt, Enugu and Yola distribution companies. The government announced that processing of paper work on the Kaduna Disco and Afam Genco were nearing completion and would soon be handed over to their new owners, while that of Sapele will await the settlement of the legal issues which have entangled the sale of the company. *(Business Day)*

Despite the pressure faced by the naira at other segments of the forex market in September, the traditional intervention of the Central Bank of Nigeria (CBN) at its regulated Wholesale Dutch Auction System (WDAS) during the month helped to stabilise the naira. However, from today, the WDAS will no longer exist following its suspension and the re-introduction of the Retail Dutch Auction System (RDAS) by the CBN. Data compiled by THISDAY showed that the central bank supplied a total of $2.8 billion to dealers at the WDAS in September. This represented an increase by 17 per cent, compared to the $2.4 billion offered by the regulator in August. However, the CBN sold only $2.626 billion out of the total amount it supplied to the market in September, higher than the $2.165 billion, which was purchased by dealers the previous month. While the CBN offered $300 million apiece at eight trading sessions held during the month, it raised its dollar supply to $400 million on September 25th, as part of efforts to bolster the naira. The lowest level the naira attained against the dollar at the WDAS was N155.76/$1; while it's highest value in the month under review was N155.75/$1. Throwing more light on the RDAS window, the CBN explained that the minimum bid by authorised dealers shall be $100,000.00, saying that just like the WDAS, auction at the retail dutch auction would be held every Monday and Wednesday. "The importation of foreign currency banknotes by dealers shall henceforth be subject to a prior approval by the CBN. Any authorised dealer intending to import foreign currency cash is required to forward an application, stating the amount and purpose to the Director, Trade and Exchange Department, CBN for consideration," the central bank added.

Meanwhile, at the interbank arm of the forex market, the naira closed at N161.60/$1, N162/$1 at the Bureau De Change and N163/$1 at the parallel market on the last trading day in September. The Financial Market Dealers Association (FMDA) predicted that in the near term, the nation's currency would appreciate against the dollar following the withdrawal of public sector deposits in banks. Also, it is expected that the clamp down on perceived illegal forex sales by some BDCs last month would bring sanity into the system, thus strengthen the naira. The central bank last weekend withdrew the operating licences of 20 BDC operators and requested the Economic and Financial Crimes Commission (EFCC) to investigate them for money laundering. *(This Day)*

The Nigerian retail sector has continued to witness a momentous growth as a result of a combination of factors that include transparency in the investment atmosphere, which has driven down the costs of doing business, one of the more traditional constraints on growth, Oxford Business Group (OBG) has said. Oxford Business Group is a global publishing and consultancy company producing annual investment and economic reports on more than 30 countries. In a report made available to THISDAY, OBG noted the retail sector might see some major investments in the months ahead provided the government and its agencies keep up its current campaign against graft and continue moving towards further easing of the foreign and domestic direct investment climate. "As the most populous country in Africa–and one recently experiencing some of the highest and most sustained gross domestic product (GDP) growth anywhere in the world – Nigeria is going through the early days of a major boom in its retail sector. This is affecting everyone from white goods manufacturers to commercial real estate developers, as the country's 160 million people play catch up with the world of consumer products. However, OBG noted there were a number of important constraints on the Nigerian middle class' ability to spend. OBG stressed that there was a major opportunity for retail developments in high-population, middle-class districts, which is likely to dovetail with a trend of movement to the suburbs of cities such as Lagos, given the heavy traffic congestion of island areas. "Another constraint on purchasing power is of course, inflation, which the central bank has worked hard to curtail. Lower oil prices in recent months have also had an impact on the Nigerian currency peg, with the possibility of higher interest rates ahead and/or a depreciated naira, raising the cost of imported consumer goods".

Furthermore, OBG said the retail segment suffers from an underperforming distribution network, with poor infrastructure and clearance procedures dramatically lengthening delivery timelines. "Some 95 per cent of imported containers must be manually checked, for example, while road networks chock-full of potholes slow transit. This has prompted some major Fast-Moving Consumer Goods (FMCG) manufacturers to consolidate their distributor lists to streamline factory-to-outlet linkages, "OBG said. Nigeria, OBG said, currently had a number of bans on imported products, which were ostensibly in place to encourage local production but limit the ability of retailers to stock shelves. *(This Day)*

THE World Bank has approved a $300 International Development Assistance (IDA) credit to Nigeria for affordable mortgages for middle-income and lower income families. The development was disclosed in a statement from the World Bank's country office in Abuja. The Coordinating Minister for the Economy and Minister of Finance, Dr Ngozi Okonjo-Iweala, had in April, at the Spring Meetings of the International Monetary Fund (IMF) and World Bank in Washinghton, United States told reporters that the World Bank had agreed on to assist Nigeria reintroduced mortgages and was ready to lend to Nigeria up to $300 million. President Goodluck Jonathan equally re -echoed this penultimate week in Abuja while declaring open the Nigerian Economic Society yearly meeting, where he said as part of measures to curtail the temptation to commit graft by both the public and private sector workers, the Federal Government was reintroducing housing and vehicle loans. "The Nigerian financial system has quickly grown and is becoming increasingly integrated into the regional and global financial systems," said Marie Francoise Marie-Nelly, the World Bank Country Director for Nigeria. She added: "Today's project will further the country's economic success, strengthen the nascent mortgage market and create much-needed jobs in construction, housing improvement, finance and other sectors throughout Nigeria." The project is an integral part of the government's transformation agenda and is designed to provide access to long-term financing for first time homeowners and new homeowners with lower family incomes, including people who are self-employed in the micro finance market segment. The project will support the establishment of a mortgage refinance company, also known as a mortgage liquidity facility that will generate long-term funds for home mortgages. It will also establish a mortgage guarantee product, targeted at lower income borrowers that will be used to guarantee some of the credit risk for this special group of lenders.

The funds will also support the development of a new home microfinance industry in the country that will serve as a pilot designed to demonstrate a sustainable business case for this activity. "This project will directly benefit new home owners who struggle to find available cash to purchase a long-term mortgage and increase incomes for Nigerian families through the creation of new jobs," said Michael Wong, the World Bank Task Team Leader for the project. The World Bank's International Development Association (IDA), established in 1960, helps the world's poorest countries by providing zero-interest loans and grants for projects and programs that boost economic growth, reduce poverty, and improve poor people's lives. IDA is one of the largest sources of assistance for the world's 82 poorest countries, 40 of which are in Africa. Resources from IDA bring positive change for 2.5 billion people living on less than $2 a day. Since 1960, IDA has supported development work in 108 countries. Annual commitments have increased steadily and averaged about $16 billion over the last three years, with about 50 percent of commitments going to Africa.*(Guardian)*

The Delta State government has attracted more than 16 billion dollars worth of investment for its export free zone, which is expected to create some 500,000 jobs The state governor, Dr Emmanuel Uduaghan, said in Warri, Delta State that investors from Saudi Arabia and India are ready to invest in petrochemical and fertiliser plants. Uduaghan also said that the Koko Export Free Zone had been approved by the Federal Government and the issue of approval for Warri Export Free Zone was still being pursued. He said that it was the nature of Koko as an export free zone that attracted the investors since the Federal Government/NNPC Master plan approved three states, namely, Rivers State, Delta State and Akwa Ibom State for such projects. The governor said that the location of the state and the approval of Koko as an Export Free Zone helped it in securing the approval. Uduaghan further said, "Every investor is very much interested in the tax regime and there are some tax relief for companies in the export free zones." The governor said that the Delta State government has done much in Koko by ensuring the approval of its status as an export free zone, ensuring peace and following closely the gas master plan. He said that already, the state government has prepared grounds for the free zone by putting in place the Asaba Airport, which would assist investors to fly their equipment into the state. Uduaghan said that Asaba-Ughelli dual carriage way project is being implemented to offer easy and fast transportation from Asaba Airport to the Koko Export Free Zone. He said that the strategic location of Koko also would assist cargo shipping through the Benin River. Uduaghan said that the Federal Government would tackle the dredging of the Benin River to allow bigger vessels to get to Koko, adding, "'transport infrastructure is very critical". On provision of constant power supply, he said that the state's Independent Power Plant (IPP) project was progressing as the turbines were presently on test-run. The governor, however, said that the important aspect of the investment was the creation of direct and indirect jobs that would bring down the unemployment rate in the state. Uduaghan, who described the petrochemical and fertiliser plants as one of the heaviest investments in the country, said that the plants would prop up other large and medium-scale industries in the state."'With the cooperation of everyone, the future is very bright," he said. The governor, however, said that fund was the major challenge facing the state and that this would make the state government to embark on vigorous, aggressive revenue drive in the state. *(Vanguard)*

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

Miner Gemfields Plc said it would focus on acquiring more emerald deposits as it looks to position itself as the De Beers of international emerald trade. The company, which produces about a fifth of the world's rough emeralds, reported a 42 percent drop in revenue as it had to push back an auction following a directive by the Zambian government. Gemfields, owner of the luxury jewellery brand FabergÃ©, was selling output from its flagship Kagem mine across the world until the Zambian government said in April that all emeralds mined in the country must be auctioned at home. "Because of some of the problems we've experienced with our emeralds over the last little while, we want to make sure that we're not dependent on any single source and we don't want to put all our eggs in one basket," Chief Executive Ian Harebottle told Reuters. The company, which was lobbying the Zambian government to extend its emerald auctions beyond the African country, said interactions with the government were "better than they have ever been". "There is a chance that resolution to the current impasse with the Government of Zambia may be achieved during the year," J.P. Morgan Cazenove analyst Alexander Mees said in a note to clients. The London-listed miner also said that it was keen to expand into other gemstones and was close to acquiring a sapphire asset. "I've said it a few times that Gemfields would like a traffic light of coloured stones. So what we'd like is emerald rubies and sapphires - the red, green and blue - and then the rest to piggy-back on that," Harebottle said. Gemfields reported a pretax loss of $22.8 million for the year ended June 30, compared with a profit of $161.5 million a year earlier, mainly due to costs related to the acquisition of luxury jewellery brand FabergÃ© and higher marketing expenses. The miner also said it appointed Janet Blas as group chief financial officer, replacing Mark Summers who left the company. Gemfields bought FabergÃ©, famed for making lavish Easter eggs for Russia's last tsar, in a deal valued at about $142 million last November and appointed Mila Kunis as its brand ambassador in February. Shares in the company were down 3.8 percent at 25.35 pence at 0844 GMT on the London Stock Exchange. *(Reuters)*

Economic News

Zambia's Ministry of Finance is raising a new $250 million syndicated loan as more African countries, including Tanzania, turn to the loan market for financing, bankers said on Wednesday. Zambia's loan, its first in nearly 30 years, is being arranged by Standard Chartered and Citigroup and is expected to sign this month with a group of local and international lenders, the bankers said. Syndicated loans for African sovereign borrowers have been rare. Kenya re-opened the market in August 2012 with a $600 million two-year loan. The new $250 million loan is Zambia's first syndicated facility since 1984, one of the bankers said. Tanzania has also sent out a request for a loan of between $200 million-$700 million, the bankers said. "The Government of Kenya opened the floodgates last year with its loan. Now there are a number of discussions going on with African countries including Tanzania," the second banker said. Tanzania's Ministry of Finance was not immediately available to comment. Zambia's Ministry of Finance was not available to comment. Zambia initially considered raising money in the bond market, but opted to approach banks for a loan after recent bond market volatility, the bankers said. "If the bond market doesn't open soon there will be more demand for these (sovereign) loans," a second banker said. Kenya's $600 million two-year syndicated loan was a bridge loan to the bond market. The bond has however been delayed due to the Kenyan elections. "A bond is still on the horizon but not expected to be done until early next year," the first banker said.*(Reuters)*

Zimbabwe

Corporate News

PG Industries Zimbabwe posted a loss of $2,4 million for the half year ending June 30, 2013 compared to a loss of $2,7 million due to high level of borrowings. In a statement accompanying the group's results, PG said net revenue increased by 11% to $17 million on the backdrop of softening demand and tight liquidity conditions. "Competitive pressure, particularly at the merchandising division, resulted in the overall group gross margin percentage declining from 31% to 27%. "Net operating expenses declined by 10%. Loss before interest and tax declined to $842 245 from $2 million in 2012," the company said. Sales for the merchandising division grew by 4% to $11 million, while finance charges for the group amounted to $1,4 million. "The tight liquidity conditions and competitive pressure that prevailed in the market negatively impacted on the performance of the division. Subdued business activity is expected to continue for the remainder of the year. However, innovative supply agreements with both local and foreign suppliers have resulted in significant improvements in accessing key products for the group to distribute through its branch network," PG said. During the period under review, Zimtile sales increased by 29% to $4,6 million due to strong demand for concrete, roofing tiles, bricks and pavers while PG Glass sales increased by 22% to $1,5 million on the back of an improvement in stocking levels. The group revealed that current liabilities exceeded current assets by $8,9 million from $6,8 million in December 2012. "The conditions give material uncertainty that may cost significant doubt that the group's ability to continue as a going concern and therefore may not be able to realise its assets and discharge its abilities in the ordinary course of business," the group said. The company disposed off 18,9% of its 27,9% investments in Manica Boards and Doors and the remainder will be for the group's investment. The group in a statement reported that it managed to dispose of some of its investment in shares and part of loan investments with a book value of $2,4 million, however, continued liquidity problems in the market slowed the sale of properties held for sale.*(News Day)*

LISTED coal miner Hwange Colliery Company (HCC) says it is aiming to increase production in the near term through continued investment in new mining equipment. The firm has been weighed down by obsolete machinery which has seen reduced coal production over the years. In order to overcome its operational challenges, the company last year invested US$7.0 million in new plant equipment and has also spent a further 11 million USD this year on new machinery from China which is expected to be commissioned before the end of the month. The new equipment includes dump trucks, excavators, bulldozers and graders. HCC Chairman Farai Mutamangira said the company was also looking forward to a better financial performance, buoyed by the procurement of new mining equipment. "The company has taken delivery of the mining equipment worth US$11 million from Sany Heavy Equipment Company Limited of China and the commissioning is expected to be completed by Sept 30, 2013," he said in an update for the half-year ended June. "The equipment will augment the mining machinery worth 7.0 million USD procured in October 2012. "Another initiative to procure drilling equipment from South Africa is at an advanced stage and should be concluded in time for delivery of the drills in the fourth quarter of 2013. "There is no doubt that these recapitalization initiatives currently being implemented will result in improved production performance." Operations at HCC are presently plagued by working capital constraints, water logging and an inadequate supply of spares. It is estimated that the coal mining concern requires more than US$100 million in fresh capital to recapitalise its operations. Experts say the company has the capacity to produce five million tonnes of coal per year, but due to viability problems production has been low. The bulk of the coal produced at HCC is sold to Hwange Power Station, with the remainder being sold to other local businesses. The company also exports coal to other countries, including the Democratic Republic of Congo (DRC), Botswana, Mozambique and Zambia.*(New Zimbabwe)*

AICO Africa Limited could receive US$48 million for the sale of its 20 percent shareholding in Seed Co to a seed company Limagrain based in Britain, scoring a premium of 48 percent on the seed firm's current value, sources have said. AICO owns about 50 percent in Seed Co, Zimbabwe's largest seed company. Sources familiar with the deal said Aico and Limagrain agreed on US$240 million as the value of Seed Co but subject to variations after final assessment of the business. Limagrain hopes to gain a foothold in Southern Africa seed market through the acquisition of a stake Seed Co. In the region, Seed Co has established operations in Malawi and Zambia as well as Tanzania in East Africa.
"The completion of the deal is now closer and some formal announcements will be made soon," said one source. Seed Co has been trading

under cautionary since June 27 this year. Since then, its share value has fallen 3,5 percent from US82c. AICO chief executive Mr Pat Devenish said in an interview yesterday "we are now attending to regulatory issues and once we are done, we will publish a circular to shareholders" soon. He, however, refused to shed light on the value of the proposed transaction because the matter was "confidential." AICO intends to use the money realised from transaction to finance some operations under the group's stable, group chairman Mr Innocent Chagonda said yesterday. Apart from 50 percent, AICO owns in Seed Co, the group also owns 100 percent in the Cotton Company of Zimbabwe and 49 percent in Olivine Industries.

The investments were made by Cottco when it was still listed on the Zimbabwe Stock Exchange. AICO was formed in September 2008 and its shares were subsequently listed on the ZSE when Cottco shareholders exchanged their shares for equity in AICO. This merger also involved transferring the assets of Cottco to AICO and the later replacing Cottco's listing on September 1 2008. "At the moment, both managements are working on the transaction, but for us, it looks like a good deal," said Mr Chagonda. "Through selling part of the group's stake in Seed Co, AICO will raise a substantial amount to finance some of the group's operations while at the same time, remain very influential." Seed Co chief executive Mr Morgan Nzwere could not reveal much saying the matter was "private." Debt remains the greatest threat to AICO and the planned unbundling exercise, when it gets off the ground may be the group's last survival chance, analysts say. *(Herald)*

AFRICAN Sun Limited has republished interim financial results showing a detailed account of adjustments to the income statement and balance sheet to correct earlier accounting errors. The adjustments had been included in the financial statements published in June for the group's interim results to March 2013 showing restatements regarding free hold and leased properties as well as treatment of equity related earnings from associate Dawn Properties Limited. The republication of the financial statements follows a directive from the Zimbabwe Stock Exchange review committee for more details on prior period errors to enhance financial disclosure. Africa Sun said the restatement relates to inclusion of staff houses and time share cottages omitted from valuation in 2009 upon dollarisation, having been written off during hyperinflation. The restated amount of the assets was US$6 711 452, split as US$4 654 309 freehold property and US$2 057 143 leasehold property based on revaluation was carried out in February and April 2013, which were restated back to 2011 as it was impractical to restate to 2009. Another error that was restated in the group's accounts involved treatment of equity accounted earnings where African Sun would deduct from Dawn Properties profit a portion of rentals paid to the 28 percent owned associate, relative to its stake in the properties company. The method is a departure from International Accounting Standard 28, Investment in Associates, and would have resulted in perpetual loss to the group as Dawn's revenue is predominantly from rentals from African Sun. This error was corrected retrospectively to 2009. "The correction of the error resulted in aggregate increase in assets (investments in associates) of US$1 416 161," African Sun said in a statement to the March 2013 interim results.

In the interim to March 2011 the corrections decreased profits by US$551 447, declining to US$103 396 in 2012 and US$206 792 in 2013, but understating deferred tax expense by US$191 242 in 2011, US$35 858 in 2012 and US$71 716 in 2013 and increasing depreciation by US$742 689 in 2011, U$$139 254 in 2012 and US$278 508 in the interim to March 2013. Against this background, the group's total equity and liabilities increased by US$6 711 452 in 2011, but declined by US$103 396 in 2011 and US$206 792 in the six months interim to March 2013. The group had omitted the valuation of staff houses, 142 in Victoria Falls and nine in Kariba while 11 blocks of time share cottages where excluded in Kariba with a total of 24 left out in Nyanga. African Sun said it does not collect rentals for staff houses occupied by workers from its three hotels in Victoria Falls and one in Kariba as maintenance or repairs are done by occupants of the houses. Normally, this is when one would note such errors for accounting purposes. The time share cottages are owned by Sun Vacation, which is a subsidiary of African Sun Limited. The comparative figures were restated from 2011 although the error occurred in 2009 as there is inadequate information currently available to support the valuation as from the year 2009. *(Herald)*

OLD Mutual Zimbabwe has opened a one-stop financial shop, that will offer customers the convenience of a single destination for all financial services offered by the group. Group chief executive Mr. Jonas Mushosho, officially opened the one-stop shop in Harare yesterday, demonstrating the firm's commitment to customers and the economy. "The opening of this Old Mutual Harare CBD branch reaffirms our commitment to Zimbabwe in general and its financial services sector in particular," he said. Mr. Mushosho said the message to its clients and stakeholders was that Old Mutual was there to stay. He said Old Mutual also continues to bring convenience and value to their customers and stakeholders. "As the country's largest integrated financial services group, we are proud to pioneer a concept that is bound to wow the market. This shall also see the consolidation of Old Mutual's position as the undisputed market leader," Mr. Mushosho said. He added that the new shop would demonstrate to the market the diversity and relevance of the wide range of products the group offers. This covers savings, banking, investment, insurance and property meant for all Old Mutual's clients. "Each of our client services consultants is well acquainted with the entire range of products we offer. This helps to give us that extra edge in service delivery. "It would have been naïve of us to make such a significant investment in this facility and neglect the most important aspect of all, our human resources which is our base," Mr. Mushosho said. He added that the financial and property services group has put together a team that will raise the bar in client relationship management. According to Mr. Mushosho, the group has already undergone intensive training in product knowledge, grooming and etiquette. Old Mutual is one of the country's oldest and biggest financial services providers. They specialise in the provision of financial planning and banking solutions. They also cover unit trust investments, life cover and funeral covers as well as insurance solutions on the personal. On corporate services, the diversified Zimbabwe Stock Exchange-listed group provides financial solutions on property investments, asset management, employee benefits, securities and custodial services and short-term insurance.*(Herald)*

BRAINWORKS Capital Management has acquired a 32 percent interest African Sun Limited (ASL) in a transaction that sees the hotel and leisure group's chief executive Shingi Munyeza become a key shareholder in the private equity firm. Munyeza's family trust, Nhaka, controlled the 32 percent shareholding through various vehicles and the deal with Brainworks will see the African Sun CEO become a significant shareholder in Brainworks, owning about 17 percent of the firm. ASL also announced the disposal of a 16.54 percent interest in Dawn Properties, the company which manages its hotel properties, to Branworks for about US$4.3 million. "African Sun disposed of 294,7 million Linked Units in Dawn Properties Limited for a consideration of US$4,3 million to Lengrah Investments, a hotel and real estate investment company incorporated in Zimbabwe," African Sun said in a statement. "Lengrah is a subsidiary of Brainworks Capital. The disposal was undertaken solely for the purpose of reducing short-term debt, pursuant to the ASL's strategic thrust of strengthening the Group's capital structure as communicated previously." The transactions will see Brainworks, which was at the centre of controversy over its involvement in some of the country's major indigenisation transactions, become a significant shareholder in both African Sun and Dawn properties. More significantly for African Sun however, is the fact that a key shareholder in Brainworks is the German-listed African Development Corporation with the hotelier hoping the pan-African investment group will help boost growth prospects through capital raising initiatives and referrals.

"African Sun hopes to leverage on its shareholder base that now includes the likes of ADC and Brainworks and Old Mutual as the some of the high profile shareholders of the hospitality company. Brainwork's becomes a significant shareholder in both African Sun and Dawn," said Munyeza. ASL also hopes that the cross shareholding between involving Brainworks will help improve often frosty relations between the hotel group and Dawn Properties, a former subsidiary that was demerged and listed separately in 2003.Meanwhile, ASL revenue grew by two percent to US$26,6 million over the interim period ended March 31, 2013 from US$26,1 million the group revealed this week. The marginal growth was attributable to a six percent growth in Average Daily Rate (ADR) on the back of a reduction in total room nights by six percent from the same period last year. However business is expected to rebound from the domestic markets as the group enters is peak period. "The recovery in room capacity is imminent, as we are nearing completion of our refurbishment program for Crown Plaza Monomotapa and Holiday Inn Harare," said Munyeza. Cost of sales and administrative expenses were down five percent and three percent respectively driving a 65 percent growth on EBITDA to US$3,59 million (13 percent margin) from US2,17 million (eight percent margin) achieved during the same period last year. Interest expenses increased by 84 percent from the same period last year to close at US$1,55 million following an increase in short-term loans and the average cost of borrowing. "The group posted a profit before tax of US$1,23 million from a profit of US$1,50 million in the prior period. Excluding prior year other income and other expenses which were non-recurring, profits before tax grew by 303 percent from US$0,3 million to US$1,23 million," Munyeza added.*(New Zimbabwe)*

Economic News

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

ZIMBABWE looks set for its worst power situation this year triggered by ongoing annual maintenance of main power stations that have knocked out more than a half of the country's generation capacity. The nationwide power cuts are already having severe negative implications on the already squeezed industry and it is now being feared the situation could threaten the survival of struggling firms. Residents countrywide have not been spared either, with many people enduring full day power cuts and this has forced households, industry and commerce to invest in expensive alternative sources such as generators. Zesa Holdings generation unit, Zimbabwe Power Company said the maintenance at Kariba and Hwange power stations would only be completed in February 2014. Kariba and Hwange have dependable capacity of 750 megawatts and 700MW respectively, but are currently averaging 500MW and 380 MW. Imports, mainly from Mozambique are ranging between 50MW and 300MW, depending on the source peak periods. Zimbabwe experienced over 17 percent deficit on its requirements in the eight months to August 2013. And the current output falls far short of the country's electricity requirement of 2 200MW at peak periods of demand usually experienced in the morning and evening, which is balanced through load shedding. Zimbabwe National Chamber of Commerce president Mr Hlanganiso Matangaidze expressed concern over the increase in loadshedding over the past few weeks saying it was detrimental to industry. "At the moment only a few companies are operational as most companies closed shop due to operational challenges while capacity utilisation is very low," he said. "Increased load shedding is therefore a threat to the survival of those companies and we believe the power utility should at least spare industry from increased load shedding."

He added that increased load shedding was "suicidal" towards increasing industry's capacity utilisation. Confederation of Zimbabwe Industries president Mr Charles Msipa bemoaned the increase in load shedding saying it has forced companies to run on generators for long hours pushing up operational costs. "It is very bad we are running generators the whole day and this obviously comes with exorbitant operational costs," he said. CZI is the country's largest industry lobby group. Yesterday, the power utility reminded consumers that the current increase in loadshedding, which is outside the published schedule as previously advertised, was due to statutory annual maintenance at Hwange and Kariba Power Stations and some unplanned outages at Hwange. The crippling power cuts deficit yesterday interrupted the flow of business of some service providers such as the Zimbabwe Revenue Authority and Zimpost. However, Government is vigorously working on expanding Hwange Thermal Power Station units 7 and 8 and Kariba South Hydro Power Station for an additional 900MW, which is estimated to take up to 42 months. China Machinery and Energy Corporation and Sino Hydro will undertake the expansions. *(Herald)*

THE cost of living for an urban family of six increased by 0,8% to $567,03 last month pushed up mainly by the rising cost of food, latest figures from the Consumer Council of Zimbabwe (CCZ) have shown. The September figures, despite a slight increase from the $562,52 the previous month, showed that a majority of Zimbabweans could barely sustain themselves due to high unemployment levels. Most civil servants and workers in the private sector earn less than $567 a month. In the period under review, the food basket gained $4,11 to $154,58 by end of September, while detergents increased by 3,07% from $13,05 to $13,45. The increase in the food basket cost was pushed up by white sugar which gained 21 cents to $2,20, roller meal which increased by 2c to $12, meat (beef) which rose by 53c to $4,38 per kilogramme and fresh milk which gained a cent up to 74 cents per 500ml. "The last three months, beef has remained very expensive ranging between $4,30 and $4,50," CCZ said in its report. "Consumers' choice has been chicken and fish, which are cheaper." Decreases in prices were recorded in margarine, which went down by 5c to $2,25, cabbage dropped by 9c to $0,40 a head, rice fell by 6c to $2,04 per 2kg, flour shed 5c $1,84 per 2kg and onions lost 10c to 85c a bundle. CCZ said decreases in cabbage and onions were attributed to the seasonal increase in supply on the market. The prices of the other basic commodities which include fuel, cooking oil, tea leaves, bread, salt, tomatoes, bath soap and washing powder remained unchanged from August 2013 figures. CCZ urged consumers to shop conscientiously and to buy certified products. Where the products were not certified, consumers were urged to exercise their right to information by carefully examining if the products they were purchasing were well-labelled, packaged and provided with vital information such as manufacturing and expiry dates and ingredients used in the making of the products. The consumer lobby group conducts a survey twice during the first and the last weeks of every month and total cost of the food basket. The price of each commodity was arrived at by averaging prices gathered from retail outlets throughout the country.*(News Day)*

GOVERNMENT is in the process of approving a short and medium term economic plan to address challenges faced by the industry, a

Cabinet minister has said. Addressing delegates at the launch of the Manufacturing Sector Survey report yesterday, Industry and Commerce minister Mike Bimha said the Zimbabwe Programme for Social and Economic Transformation will be launched by President Robert Mugabe once it was finalised. "This programme will be buttressed by immediate resolution of the outstanding issue of the development and nurturing our dying industry through financial and tariff support," he said. "To this end, I have already engaged my counterpart in the Finance ministry to agree on the immediate modalities and measures to resuscitate an industry that is already in comatose." He said the document borrows some of its contents from the Medium-Term Plan and would be the new government's focus. "Consultations have been done and the Office of the President and Cabinet is co-ordinating the process and last night (Tuesday night) they had a meeting. "I have no doubt in my mind, even without the benefit of having seen the survey results, that the clarion call will be made for government to take the urgent and necessary measures to resuscitate an industry that is already in a comatose, " Bimha said. The document followed other economic plans such as Short-Term Economic Recovery Plan 1 and 2, Medium-Term Plan, the Industrial Development Policy and the Trade Policy launched by government during the tenure of the Government of National Unity. *(News Day)*

Zimbabwe's government said on Wednesday it would supply poor rural farmers with $161 million of free seed and fertilizer to improve food security, but the grants may be too late for farmers due to start planting this month. Once a net food exporter, the southern African country is facing its worst food shortage in four years after a drought and poor harvest, the U.N. World Food Programme said last month. Finance Minister Patrick Chinamasa and Agriculture Minister Joseph Made said the government wanted to help 1.6 million farmers who are unable to buy the inputs. The government expects to pay $21 million this week to clear arrears to fertiliser and seed firms, as well as farmers who supplied maize to the state-owned Grain Marketing Board. "This is a demonstration of support to agriculture, which is the backbone of our economy," said Chinamasa. "It is unfortunate though that because of elections, which came late, and the formation of the new government, which came late, we were not able to go into this matter earlier." President Robert Mugabe, 89, won an overwhelming victory in the July 31 elections, which were disputed by the opposition. Made said Britain, the United States and European Union, which have criticised the vote as flawed, had contributed to a $20 million Food and Agriculture Organisation fund to buy agriculture inputs for 70,000 poor farmers. However, with farmers already preparing land for planting at the end of the month, the aid may arrive too late. Made also said stocks of fertilisers were very low, which could see companies resorting on imports to meet demand, a process that could take at least two months. *(Reuters)*

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