SECURITIES AFRICA

For week ending 31 August 2012

Weekly African Footprint

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

Currencies:

Currency	31-Aug-12 Close	WTD % Change	YTD % Change
AOA	95.14	0.00	0.22
DZD	79.92	-0.16	6.22
BWP	7.67	1.26	4.06
CFA	512.91	-2.02	3.67
EGP	6.08	0.23	1.10
GHS	1.91	-1.07	18.11
KES	82.69	0.21	-1.04
MWK	267.52	-0.05	64.73
MUR	29.31	0.38	4.18
MAD	8.78	0.20	2.41
MZN	28.50	0.00	6.74
NAD	8.27	-0.11	1.56
NGN	157.20	-0.60	-1.62
ZAR	8.43	2.12	3.19
SZL	8.29	-0.17	1.76
TND	1.60	0.20	7.02
TZS	1,549.70	-1.04	-0.69
UGX	2,464.78	-1.80	0.72
ZMK	4,885.91	0.33	-2.62

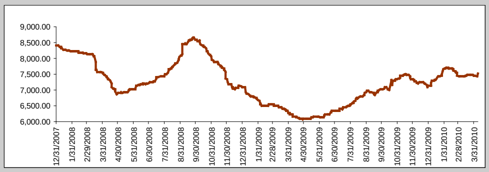
Source:oanda.com

African Stock Exchange Performance:

Country	Index	24-Aug-12	31 August 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,353.36	7,311.15	-0.57%	-0.24%	4.88%	2.40%
Egypt	CASE 30	5,215.65	5,332.25	2.24%	2.49%	47.20%	46.29%
Ghana	GSE All Share	1,027.97	1,025.90	-0.20%	-0.51%	5.87%	-11.60%
Ivory Coast	BRVM Composite	146.09	146.80	0.49%	-1.06%	5.70%	-1.64%
Kenya	NSE 20	3826.89	3865.89	1.02%	1.02%	20.62%	22.14%
Malawi	Malawi All Share	5,961.65	5,967.20	0.09%	0.09%	11.13%	-32.57%
Mauritius	SEMDEX	1,704.18	1,686.45	-1.04%	-5.26%	-10.69%	-17.62%
	SEM 7	330.58	328.64	-0.59%	-4.82%	-6.19%	-13.46%
Namibia	Overall Index	905.00	879.00	-2.87%	-2.22%	4.89%	3.86%
Nigeria	Nigeria All Share	23,399.58	23,750.80	1.50%	2.70%	14.57%	17.12%
Swaziland	All Share	284.32	284.32	0.00%	1.52%	5.92%	5.49%
Tanzania	DSEI	1,444.32	1,449.11	0.33%	1.70%	11.19%	12.30%
Tunisia	TunIndex	5,216.80	5,267.20	0.97%	-0.14%	11.54%	5.23%
Zambia	LUSE All Share	3,796.36	3,732.53	-1.68%	-1.98%	-10.49%	-7.79%
Zimbabwe	Industrial Index	131.29	132.27	0.75%	0.75%	-9.32%	-9.32%
	Mining Index	89.04	89.04	0.00%	0.00%	-11.58%	-11.58%

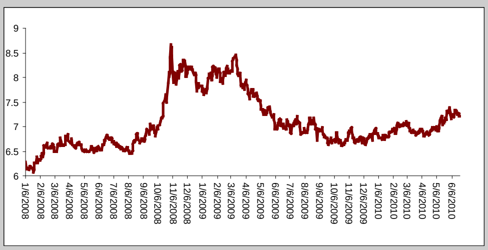
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



Source: Reuters

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-7.631	-16.259	-10.748
Current account balance (USD bn)	-0.825	-1.873	-1.304
GDP based on PPP per capita GDP	13,416.66	14,020.58	15,258.17
GDP based on PPP share of world total (%)	0.039	0.04	0.04
GDP based on PPP valuation of country GDP(USD bn)	24.186	25.568	28.149
GDP (current prices)	79.44	86.58	97.92
GDP (Annual % Change)	-10.347	4.124	8.542
GDP (US Dollars bn)	10.808	11.519	12.129
Inflation- Ave onsumer Prices(Annual % Change)	8.35	6.39	5.95
Inflation-End of Period Consumer Prices (Annual %)	6.65	6.21	5.73
Population(m)	1.80	1.82	1.85

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The DCI ended the week -0.57% lower at 7,311.15pts. CIC Engery traded 19.04% higher at BWP 14.88, Lucara edged up 17.50% to BWP 4.70. Other gainers were BOD (8.00%) and Sechaba (3.70%). Discovey lost 16.40% to end at BWP 8.36. Primetime was down 2.50% at BWP 1.95.

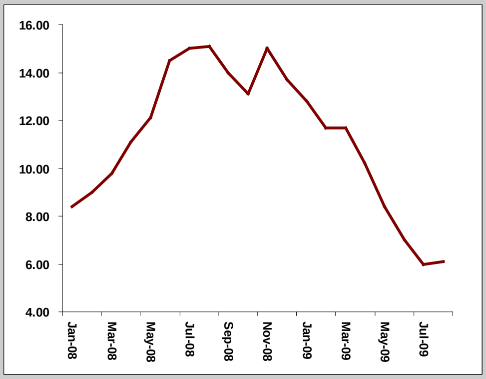
Corporate News

No Corporate News this week

Economic News

There is need to fast-track economic diversification for sustained economic growth in view of the slowdown of the mining sector's contribution to the national economy by over 30% in the past six years, principal economist in the Ministry of Finance and Development Planning, Walter Matekane, has said. Addressing a full council meeting last Friday, Matekane said economic diversification must continuously be supported to enhance economic competitiveness. He said the mining sector's economic contribution was only 29% of the total Gross Domestic Product (GDP) last year from as high as 41.7% in 2006, representing a 30% decline. "The mining sector is still dormant and has to rise to the occasion and deliver the jobs that the nation requires," he said. He added that to fast-track and sustain economic growth, the country must consider detaching the growth of non-mining sectors from dependency on government spending as well as providing the necessary infrastructure and policy environment to enhance growth of the non-mining sector. Matekane further highlighted the need to promote foreign direct investment with particular emphasis on skills, knowledge and technology transfer as well as continued improvements in the 'doing business environment' aimed at supporting the private sector and appropriate investors.

Matekane also said following the economic recession in 2008, the country's economy recovered by 7% in 2009, when measured by GDP, but declined to 5.7% last year. "We project that it will improve by an average 5% by 2016," he said. He also observed that the recurrent budget has been increasing over time while development expenditure has been constant, mainly because of the resource envelope. "We need to diversify our revenue base because the mining sector, which has been the leading source of revenue, is declining," he said. Other sources of revenue in the country include Southern African Customs Union (SACU) revenue, non-mineral income tax and Value Added Tax. The principal economist added that since 2009, the country's budget balance has been in deficit. He, however, anticipated a budget surplus of over P1bn in the current financial year. He added that foreign exchange reserves are recovering while reserves in government's investment account are building up. He also



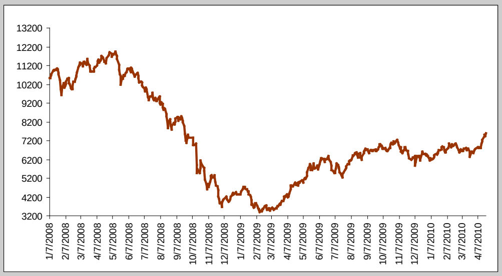
Source: SAR

expressed the need to support the private sector as an engine of economic growth, and to exercise restraint in government expenditure as revenue declines to contain debt as well as replenish reserves.

"With the looming threats of another world economic recession, future growth should not be compromised," he stressed. Matekane also highlighted the need to enhance efficiency in public spending through implementing government initiatives such as the public finance management reform programme, privatisation and merging some parastatals and outsourcing non-core activities. Councillor Tebogo Matlhogonolo said striving to have a surplus to cushion against the deficit incurred during the recession is a commendable move. He observed that economic dependency on the mining sector is no longer yielding satisfactory outcomes. He regretted that while the economic diversification drive's intent is good, there is no coordination or proper supervision by government. He cited that it is not clear whether the Selebi Phikwe Economic Diversification Unit (SPEDU) is executing its mandate well, and feared that the late release of funds by the finance ministry has the potential to hold back economic growth. *(Mmegi)*

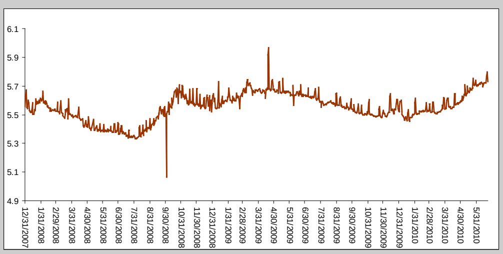
EGYPT

Cairo Alexandra Stock Exchange



Source: Reuters

EGP/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-2.354	-2.836	-2.72
Current account balance (USD bn)	-4.424	-5.912	-6.227
GDP based on PPP per capita GDP	6,147.12	6,393.94	6,676.47
GDP based on PPP share of world total (%)	0.658	0.666	0.681
GDP based on PPP valuation of country GDP(USD bn)	471.509	500.25	532.801
GDP (current prices)	2,450.41	2,664.41	2,868.74
GDP (Annual % Change)	4.7	4.498	5.008
GDP (US Dollars bn)	187.956	208.458	228.934
Inflation- Ave onsumer Prices(Annual % Change)	16.24	8.45	8.00
Inflation-End of Period Consumer Prices (Annual %)	9.96	8.00	8.00
Population(m)	76.70	78.24	79.80

Source: World Development Indicators

Stock Exchange News

The EGX30 index grew by 2.24% this week ending at 5,332.25pts. Egyptian Financial Group - Heremes Holding Company traded 4% higher at EGP 11.62. SODIC edged up 7% at EGP 20.28. Mobinil increased by 15 to finish at EGP 150.03.

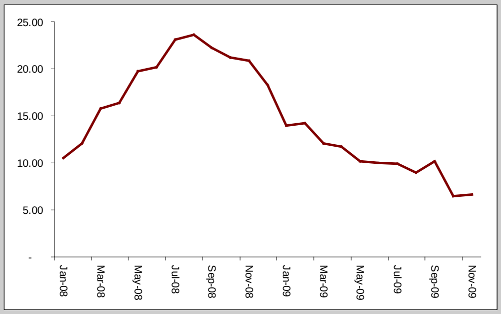
Corporate News

Swiss-listed Egyptian property and hotels group Orascom Development (OD) saw a partial recovery of revenues in the first half of 2012, helped by the slowly improving fortunes of Egypt's beleaguered tourism sector. OD on Wednesday announced total revenues of CHF132.9m (USD 138.5m) for the January to June period, 24.6% higher than the year before. Net profits, however, continued to slump on higher tax and construction costs. The company cited healthy sales growth for high-end hotels and accommodation in most of the nine countries in which it operates. "The overall demand for holidays in Egypt picked up during the first half-year of 2012 which was beneficial for our tourist destinations on the Red Sea," the company said in a Wednesday statement. It reported a total of CHF15.9m contracted sales for the last six months. OD has three developments in Egypt, home country of its chairman Samih Sawiris; El Gouna in Hurghada, Taba Heights in South Sinai and Haram City, a mid-price housing project west of Cairo.

El-Gouna, a luxury waterfront resort, performed well, the company said. But recent unrest on the Sinai peninsula including a spate of tourist kidnappings had a negative impact on occupancy at its Taba Heights resort, close to the Israeli border. OD gross profits fell to CHF12m from CHF16.3m in 2011, something management blamed on a recent wave of construction costs. A combination of lower investment income and higher taxes brought net losses for January to June to CHF27.2m, almost double the losses it recorded in 1H2011. OD reported overall net losses of CHF69.7m in 2011 due to political turmoil in Egypt and elsewhere in the Arab world. In addition to high-end projects in Oman, Jordan and Morocco, OD is also nearing completion of developments in Montenegro and Switzerland. OD shares fell 4.03% in Wednesday trade on Egypt's stock exchange, closing at LE4.76 apiece. *(Ahram)*

French bank Societe Generale said on Wednesday it was in talks to sell its controlling stake in Egyptian unit National Societe Generale Bank to Qatar National Bank, as Europe's lenders retrench from expansion abroad. SocGen owns 77.17% of NSGB, which has a market capitalisation of USD 2.3bn. The French bank is selling assets such as fund-management unit

CPI Inflation



Source: SAR

TCW as it tries to keep up with peers amid an industry-wide race to beef up capital. "The discussions are preliminary and there can be no certainty as to whether an agreement will be reached," SocGen said. "There will be other announcements in case of further developments."

Shares of SocGen rose 0.1%, at 20.87 Euros. The STOXX Europe 600 bank index was down 0.6%. NSGB shares ended the day up 0.2%. SocGen's domestic arch-rival BNP Paribas is also said to be seeking preliminary bids for its Egyptian retail banking business, sources have told Reuters, in a deal likely to generate USD 400mn. Qatar National Bank, the largest lender in the Gulf Arab state, is one of the parties which has expressed initial interest, one source said. *(Reuters)*

Economic News

The government will no longer subsidize energy for new cement factories, including 14 factories for which licenses have already been issued, according to the industry and trade minister. Minister Hatem Saleh told a press conference on Sunday that the new factories will individually purchase energy through the Petroleum Ministry according to international rates, and that energy prices for existing cement plants would gradually be readjusted to be even with prices for new ones. Saleh added that Egyptian exports between January and July 2012 were 5% less than the same period last year. He expects total exports to be LE130bn by the end of 2012, below the target of LE160bn. He also projected a further decline of 18% in August alone. In addition to the depreciation of the Euro and worldwide economic crises, Saleh attributed the decline in exports to increasing labor strikes, especially in the ports of Ain Sokhna and Damietta, which have prompted investors to cancel their contracts with the Egyptian government. *(Egypt.com)*

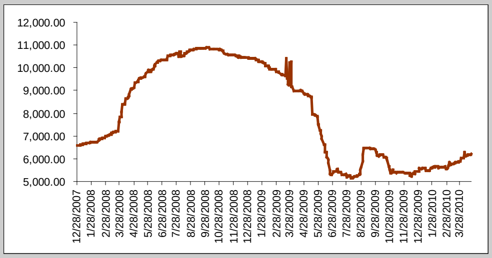
Yields on 266-day treasury bills rose at an auction on Sunday and the central bank bought fewer than it had asked for, while yields on 91-day T-bills eased, the bank said. The average yield on the 266-day bills rose to 15.863% from 15.652% at the last auction on July 29. The central bank had initially asked for 3.5bn Egyptian pounds of the bills but only accepted 3bn pounds worth. On August 12, the central bank cancelled an auction of 3.5bn pounds in 266-day T-bills. The average yield on the 91-day bills fell to 14.227% from 14.241% at last week's auction. The bank accepted 1bn pounds of the bills, the same amount it had sought. The central bank auctions the T-bills on behalf of the Ministry of Finance. *(Reuters)*

Egypt's trade deficit soared to LE19bn (USD 3.1bn) in May, 10.2% higher than the same month the year before, the state statistics agency said. The country's total trade deficit was LE17.2bn (USD 2.8bn) in May 2011. Wednesday's figures show the total value of Egyptian exports fell an annual 13.3% to LE15.1bn. They stood at LE17.4bn last May. The statistics agency, CAPMAS, attributed the overall fall to a decline in overseas demand for Egypt's petroleum products, garments, fertilisers and fresh fruit. The value of goods being imported to Egypt also saw a slight decline, from LE34.6bn in May last year to LE34bn in 2012.Egypt's trade deficit for the first five months of 2012 has been consistently higher than in the same months the year before, as the value of goods imported by Egyptians continue to outstrip those exported elsewhere. The deficit saw its highest year-on-year climb in February when it rocketed 138.1% to reach LE14.2bn (USD 2.3bn). *(Ahram)*

SECURITIES AFRICA

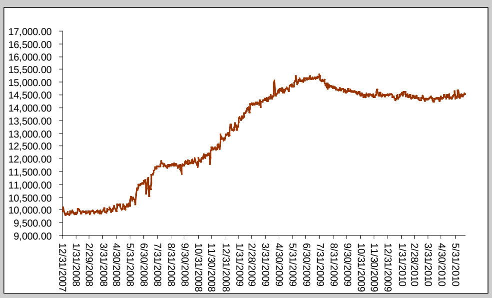
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-12.662	-15.439	-9.157
Current account balance (USD bn)	-1.869	-2.362	-1.732
GDP based on PPP per capita GDP	1,571.83	1,633.76	1,979.53
GDP based on PPP share of world total (%)	0.051	0.052	0.052
GDP based on PPP valuation of country GDP(USD bn)	36.322	38.718	48.111
GDP (current prices)	638.80	645.71	778.16
GDP (Annual % Change)	14.761	15.302	18.913
GDP (US Dollars bn)	10.808	11.519	12.129
Inflation- Ave Consumer Prices(Annual % Change)	18.46	10.15	8.43
Inflation-End of Period Consumer Prices (Annual %)	14.56	9.21	8.00
Population(m)	23.11	23.70	24.30

Source: World Development Indicators

CPI Inflation

Stock Exchange News

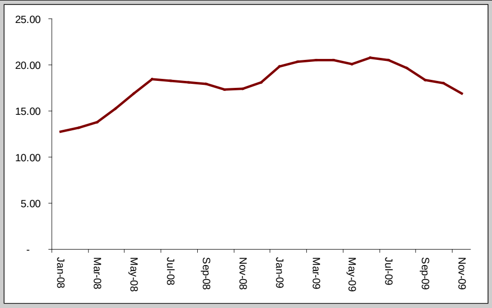
The GSE All Share Index continued trading in negative territory ending the week 0.20% lower at 1025.90pts. Top gainers were UTB (10.34%), AGA (8.82%), GOIL (3.85%) and EGL (3.33%). Top losers were CPC (-50.00%) SIC (-2.86%), SG-SSB (-2.17%) and BOPP (0.67%).

Corporate News

Ghana's state-run Tema Oil Refinery has been shut down due to the breakdown of critical equipment, two sources close to the 45,000 barrels-per-day plant said on Tuesday. The sources said both the main crude distillation unit and the residual fuel catalytic converter were shut down about a month ago. "The changers (a component of the plant) were blocked and needed to be replaced but lack of funds has delayed the work," one of the sources told Reuters. He said some boilers had also worn-out, adding that work had almost been completed on replacing them. The Tema refinery has been hobbled by repeated shutdowns in the last four years, often due to shortages in available crude after its main lender Ghana Commercial Bank cut off support due to unpaid debts. Ghana's government repaid the debt to the bank early last year, but officials said the refinery still remained indebted to some bulk oil suppliers. Its most recent shutdown was on May 23, this year. The same source said although the issue of crude shortages still remained unresolved, it was not the reason for the latest shutdown.

"We are still grappling with issues over crude availability, but for now, that was not the key reason for the current shutdown," the source added. In May, TOR's managing director Ato Ampiah announced that management had secured some USD 900m in financing from banks BNP Paribas and Standard Chartered to help the plant clear its debt backlog and purchase crude supplies. Ampiah said ahead of the bailout, the government was required to provide USD 56m to retool the plant and keep it running.
But an official of the energy ministry said government had yet to release the funds which has been reduced to USD 30m. "We know efforts are still ongoing to release some money... about USD 30m to the refinery. We expect that to happen soon," the official told Reuters, requesting not to be named. *(Reuters)*

Newmont Gold Ghana Limited NGGL) has paid USD 93.8m as royalties to government from 2006 to the second quarter of 2011 for the production of gold, Mr Agbeko Kwame Azumah, Communications Manager of NGGL said. He said the amount is from Newmont's annual gold production target of 500 to 550 koz of which the year 2011 recorded the highest in gold production of up to 580 koz with capital investments of USD 1bn. Mr Azumah made this known during a briefing of the company's activities since its establishment in 2006 to members of the Parliamentary Press Corps who were on a tour to the site in Ahafo in the Brong Ahafo region. It tour was sponsored by Newmont



Source: SAR

Gold Ghana Limited to expose members of the corps to the operations of the company. Newmont employs approximately 34,000 people globally and 5,881 in Ghana. It has two sites in Ghana, Ahafo (Operational area) and Akyem (construction stage).

Mr Azuma said the company, which has four operational pits, Apensu, Subika, Awonsu, Amoma, the Ahafo North Exploration, projects 26km North of Amoma (7 pits) has also contributed 207% of Ghana's gold exports. 9% of Ghana's total exports in 2009, which amounted to 582m dollars, was also contributed by Newmont. 29m dollars of gross revenue has been spent in Ghana and 91.1m dollars as corporate tax paid to government. Mr Azumah told the members that cyanide- a chemical used in processing gold was safe, adding that, the company subscribes to the international cyanide management code from the International Cyanide Management Institute. He said the company with a 20 year life span mines 56M metric tonnes of gold per annum as well as 7.5M metric tonnes of ore was milled per annum and only operates surface mining but was carrying out some underground mining exploration which will expire in September 2012. Though the group did not see the gold they were made to understand that the rocks were scanned in an excavator and if gold was found it was milled into fine powder before a chemical was added to get the gold.

He said studies have shown that the Ahafo gold mines generates nearly 10% of Ghana's total exports and 4.5% of total foreign direct investments and almost 2% of gross domestic products. Mr Azumah noted that projects financed from the gold revenue include; the district assembly office, the Methodist Junior High School, Rehabilitation of feeder roads, Ntotroso police station, court building, at Kenyase and Junior staff quarters. Others are senior staff quarters, teacher's quarters for Kenyase Anglican school, extension of electricity to Gyedu ICCESS, three Unit classroom block for Kenyase 2 Ahmadiya Basic school, KVIP for Ntotroso, rehabilitation of some facilities at Acherensua senior high school and 3-Unit classroom block at Wamahinso Roman Catholic Junior High School. In 2008 Newmont Ahafo Development Foundation was launched to manage sustainable community development commitment to its ten host communities by which it set aside one dollar per ounce of gold sold and 1% from the Ahafo mine into a fund with contribution as at the first quarter of 2012 amounting to approximately USD 8.25m, out of which GH4.5m was on projects and GH900,000.00 on operational costs

More than 30 infrastructural and related projects have been completed across 10 communities with 21 new projects being executed this year at the cost of GHC631,925.75 and scholarships worth GHC2,026,279.01 awarded to 2,335 students in tertiary and senior high schools. The total value of projects and investments to date is USD 3m approximately. Mr Azumah noted that with grassroots participation and demand driven approach, 220 community members received GH70,000.00 through micro-credit schemes with payment ranging from GH100.00 to GH500.00. He said the company also has some social interventions and community development in areas of health, education, infrastructure, support and capacity building, sanitation and gender mainstreaming. Also included are programmes such as livelihood re-establishment, agricultural improvement, land access, skills development and income improvement, agribusiness growth initiative and vulnerable people's programmes.

Mr Anthony Loh, Environmental Manager said efforts have been made to effectively manage the environment to comply with Ghanaian environmental regulations (Act 490, LI 1652), IFC standards ISO 14001 requirements and Newmont Corporate Standards. It is also to protect water quality and quantity, ambient air, soil biodiversity and human health as well as demonstrate good environmental stewardship and social responsibility. He said this was done in areas such as waste management of both hazardous and non-hazardous waste, cyanide management, air quality management and land reclamation. Mr Loh also explained that mining requires a lot of water and so the company impounded the Subri stream between 2005 and 2006 around the site which covers a land size of 200 hectares and contains Tilapia and catfish. He said the normal content of oxygen in the water is 7 milligrams per liter but with seasonal changes the amount drops to two milligrams per liter and this causes some problems for the survival of some quantity of the fish. He noted that efforts have been made to depopulate the stream of its fish but there was still some, adding that, by October this year the company expects to harvest more fish. The Company was looking at the agro-industry to assist in the processing of the fish as it has been found to be wholesome, noting that, cyanide cannot get into the water containing the fish. The group visited the silt fence, environment control dam, composting facility and the cyanide management plant. GNA. *(Vibe Ghana)*

Economic News

Ghana hopes to issue a seven-year government bond by the end of December, following the successful launch of three- and five-year notes earlier this year, Finance Minister Kwabena Duffuor said on Monday. Duffuor said discussions were also being held about the possibility of opening the short-term domestic bond market to residents to help shift government borrowing to the non-banking sector. Three- and five-year bonds issued this year by the West African cocoa, gold and oil exporter were oversubscribed with keen participation from offshore investors. "Plans for issuing new longer-term bonds before the year ends are unfolding - obviously, issuing longer-term maturities will help reduce our risks and that means lowering our funding costs over time," Duffuor told Reuters in an interview.

Last week, the Bank of Ghana said it sold 898.5m cedis in bids for a five-year note that auctioned Thursday, with an average yield of 23% compared to 26% at a similar auction in June. Ghana had initially planned to sell just 300m cedis at the auction, but decided to accept more bids because of the decline in the yield. Duffuor said the additional bond proceeds would be used to refinance domestic debts to lengthen their maturity profile in line with the government's debt management strategy. "We inherited a huge debt profile but we are managing to get that out of the way," Duffuor said adding that the government had so far paid some 3.8bn cedis in arrears since taking office in January 2009. He said the overwhelming subscription of the bond, issued as part of measures to shore-up the local cedi currency that has lost about 20% of its value against the dollar this year, showed the revived investor confidence in the economy.

"Our country's economic fundamental is very strong - investors are now bullish about the economy as we expand." Despite double-digit producer price inflation and the slide of the cedi, consumer price inflation remains within the single-digit target band, rising slightly to 9.5% in July. Duffuor said he expected consumer inflation to dip in August but did not give figures. "This is the food harvest period and we expect inflation to go down on lower food prices and not go up as we've seen in the last few months," he added. Ghana is preparing for presidential and parliamentary elections in December and there are fears of fiscal slippage as the government comes under demand pressures, especially from workers and constituencies. But Duffuor said the government would stay within its targets, "elections or not", adding that implementation of a new salary package for public sector workers would be completed by the end of September. He said despite shortfalls in projected oil revenue due to production challenges, the fiscal programme of the government was not distorted because of higher revenue flows from other areas such as tax collection and excess proceeds from bonds. *(Reuters)*

Export value and volumes for yam have increased in recent times with pineapple, Ghana's leading horticultural product, running the staple tuber crop a close second, particularly between 2007 and 2009. Mr Gerald Nyarko Mensah, acting Director of Export Trade Support Services at the Ministry of Trade and Industry, made this known on Monday at a National Stakeholder Workshop organized in Accra. It was to provide the forum for yam value chain actors to meet to decide on market targets, potential and segmentation; value chain performance issues and priority areas; response activities and strategy objectives and enabling environment support requirements. The workshop, which was facilitated by the International Trade Centre and the International Institute of Tropical Agriculture, was to use participatory and stakeholder-led approach together with a sub-sector specific public-private platform to co-ordinate implementation.

Mr Mensah said pineapple export dropped in 2008 and 2009 as a result of the change in preference for the variety of the fruit crop. He explained that the cultivation of the MD2 variety of the pineapple was said to have proven challenging for some farmers. According to recent reports, Ghana's leading horticultural product, fresh-cut pineapple, had suffered a steep decline in export and income over the past half-decade. "From 2004, pineapple export volumes have dropped from a peak of 71,000 tonnes to about 29,000 tonnes in 2009, a decline of over 59%. Reasons attributed to the poor performance over the years, included a drop in Ghana's competitiveness due to an increased cost of production caused by high costs of imported raw materials, and production inputs, low production volumes of key produce due to local producers' inability to supply the quantities required by industry, and for export as well as short term, high interest credit facilities from the financial institutions.

Mr Mensah told the Ghana News Agency at the end of the opening session of the workshop that, during the period of decline in export and income for pineapple, yam exports increased and surpassed, particularly in 2010 and 2011. He said in 2007 yam recorded USD 19,715,753 in value and in 2008 it hit USD 20, 841,548. In terms of volume, Mr Mensah said in 2007, the tuber crop realized 19,716 tonnes and in 2008 it inched up to 20,841 tonnes. Yam hit 19,485 tonnes in 2010 and in 2011, it increased to 27, 393 tonnes, he added. Mr Mensah, however, explained that the export value for yam for the period between 2009 and 2011 experienced some decline because of the wholesale market. He added that the low ends of the market, mainly a few foreign countries, were saturated with yam exported from Ghana. Mr Mensah said the workshop was to discuss potentials for investment and to roll out strategies for yam development in Ghana and across the globe.

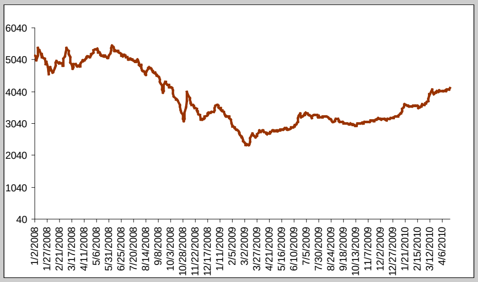
He said the importance of yam consumption could not be overemphasized, adding that, the potential existed for the staple food to be developed into beer (yam beer) and noodles. (Yam noodles, much typical to the Japanese traditional noodles, which are mainly made from buck wheat flour and some wheat flour and yam flour). The private sector-led strategy for developing yam industry and associated farming systems in Ghana is expected to improve the livelihoods of the farming communities through a market-led approach that holistically considers economic and social issues together with cross-cutting and enabling factors. It is also expected to result in detailed implementation plans that reflect buyer and producer community priorities at national and sub-regional levels. The strategy process is said to be a private-public platform for the co-ordination and prioritization of existing efforts and resources.

Its development, co-ordination and implementation are said to be driven by a private-sector led stakeholder coordinating committees. The committee members are Ghana National Chamber of Commerce and Industry, Ghana Producer and Trader Organisation, Ghana Export Promotion Authority and Ghana Root Crops and Tubers Exporters Union. The rest are Federation of Association of Ghanaian Exporters, Ghana Standards Authority, Export Development Investment and Agriculture Fund, Bank of Ghana, Ministry of Food and Agriculture and MOTI. GNA. *(Vibe Ghana)*

Kenya

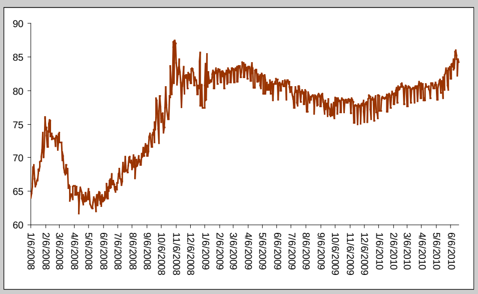
SECURITIES AFRICA

Nairobi Stock Exchange



Source: Reuters

KES/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-8.098	-6.348	-5.734
Current account balance (USD bn)	-2.447	-2.188	-2.33
GDP based on PPP per capita GDP	1,750.82	1,817.49	1,902.47
GDP based on PPP share of world total (%)	0.091	0.093	0.094
GDP based on PPP valuation of country GDP(USD bn)	62.826	66.353	70.647
GDP (current prices)	841.95	944.07	1,094.40
GDP (Annual % Change)	2.486	4.024	4.972
GDP (US Dollars bn)	30.212	34.466	40.64
Inflation- Ave Consumer Prices(Annual % Change)	12.00	7.77	5.00
Inflation-End of Period Consumer Prices (Annual %)	11.50	7.19	5.00
Population(m)	35.88	36.51	37.13

Source: World Development Indicator

CPI Inflation

Stock Exchange News

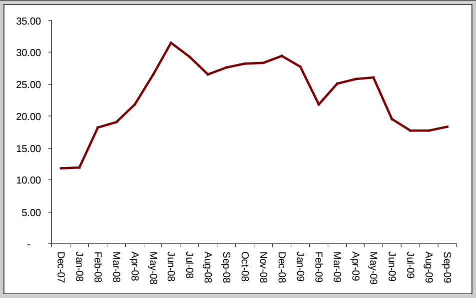
NSE 20 Index peaked at 3,878.13 points only 0.01%. Equity turnover was up 16.6% week on week to USD 14.26m. Bamburi (down 5.1%) and British American insurance (up 2.7%), were the week's top movers. KCB remained steady at KES 25.75, while Equity Bank rose 4.7% at KES 22.50

Corporate News

EABL finance costs rose 15 times in the year ended June, keeping its net profit margin flat despite a Sh10.7bn increase in sales. The branded alcoholic beverages firm's finance costs stood at Sh4.5bn compared to Sh272.1m last year, partly driven by interest payments on a Sh19.9bn loan from its parent Diageo. Sales rose to Sh55.5bn from Sh44.8bn, with net profit growing to Sh11.1bn from Sh9bn, representing a net profit margin of 20.1%. Cost of goods sold also went up 25.5% to Sh28.6bn. While the company's finance income also rose significantly from Sh109m to Sh1.1bn, analysts say the finance costs were above expectation, resulting in net finance costs growing from Sh163m to Sh3.4bn. "Net finance costs came in a lot higher than our estimates," Standard Investment Bank said in a statement, adding that the net profit growth underperformed their estimate by 24 percentage points. "Despite the robust performance, we do not see our sell recommendation on the stock changing since we view the performance as largely factored in the price." EABL's share price has gained 26.52% in the past six months to trade at Sh229.

Finance Director Tracy Barnes did not disclose the interest rate at which EABL took the loan which it used to buy back the 20% stake in its Kenyan unit that it had sold to rival SAB Miller. Ms Barnes, however, noted that net finance costs relating to this particular transaction and the acquisition of a 51% in Serengeti Breweries (Tanzania) was Sh2.4bn. In the review period, EABL also booked a Sh3.6bn gain from the disposal of its 20% stake in SAB Miller's Tanzanian unit as the rivals ended their uneasy business alliance. EABL's new chief executive Devlin Hainsworth said the company will implement new strategies to cut distribution costs, including local production of popular alcohol brands in the respective markets. For instance, Guinness and Senator beer brands will be produced in Tanzania (Serengeti Breweries) to avoid the cost of exporting the products from Kenya. The company is also aggressively marketing its flagship Tusker brand which it wants to produce locally in each of the regional markets. "We want to reduce our distribution costs by local manufacturing," he said, noting that distribution costs were a major factor in the rise in cost of goods sold. *(Business Daily)*

Equity Bank's investment banking arm has declared a profit in the first half of the year after making a loss in the same period last year. Equity Investment Bank Limited (EIB) reported a profit after tax of Sh17.2m in the first six months of the year compared to a Sh9.9m loss in a similar period last year. The division's improved performance was attributable to a reverse in fortunes in the money markets which have seen bond values rise as interest rates have dropped in the second quarter of the year. Stock values have also been picking up with the Nairobi Securities Exchange up by 10% in the first half of the year



Source: SAR

allowing for a revaluation of their equity portfolio. EIB's unrealised losses of Sh11.3m last year have now reversed to unrealised profits of Sh10.6m. It held Sh233m in equities and Sh26m in securities. Last year, the bank announced it was staffing the unit after closing it in 2009 in the wake of take-off hurdles. Chief executive officer James Mwangi (pictured) had said the unit intended to review its strategy by aiming at the small and medium-sized enterprises (SMEs) and not the corporate deals as it had done in the first stint. "We want to do what we did with banking and take investment banking to the ordinary people," Mr Mwangi had told the Business Daily then. "An investment bank that advises our customers, those who are graduating from micro to SME or SME to corporate. Basically a value-add to our existing clients as opposed to doing deals."

Efforts to get to Mr Mwangi on phone and email last Friday to expound on whether the investment bank had achieved these aims were not successful. The bank appointed Harvard graduate Jumaane Tafawa to spearhead the reviving of the investment banking business riding on his more than 10 years experience in SME development while working with the World Bank. Equity Investment Bank was formed in 2008 following the acquisition of a trading licence from then dormant Juanco Investment Bank. It reported a loss of Sh58m in 2009 largely due to operating expenses led by salaries. This came despite the unit being staffed with who-is-who in the investment banking corridors, a vast majority of whom were poached from Renaissance Capital, a Russian emerging markets investment bank, including its head, Maina Mwangi. The bank only booked professional fees as its expenses in the financials indicating that it could have decided to shelter the subsidiary by bearing its costs. Other investment and brokerage firms have posted mixed performances in the first half of this year due to a drop in brokerage commissions. *(Business Daily)*

Clothes retailer, Deacons, has announced a profit warning for its full-year results after realising a 77% decline in after-tax profits in first six months this year. The apparels dealer, recorded Sh10.4m in profits in the period ending June 30, compared to Sh44.6m the company posted in a similar period last year. The firm blamed the decline in profits on high interest and inflation rates, which eroded purchasing power, further noting that full-year earnings could decline by 25%. "Anticipated drop in full-year earnings is, in part, as a result of high interest costs which were incurred over capital expenditure required for new stores from which the revenue return has not been realised in the first half of FY2012," the retailer said in a statement signed by its company secretary John Maonga. The clothes chain opened five stores in the second half of this year, bringing the total number of stores to the country to 31 across the region. The announcement comes two weeks after the company said it was finalising the terms of engagement with Woolworths of South Africa in a joint venture to retail in the Kenyan market.

Kenyan tyre maker Sameer Africa posted a 62% jump in pretax profit for first half of 2012 to 129.9m shillings, lifted by growth in sales, the firm said on Friday. Sameer, which manufactures the Yana brand of tyres, said it was optimistic of positive performance for the rest of the year, thanks to price stability of its raw materials for tyre manufacture and international crude oil prices. "The Kenyan shilling has firmed against the U.S. dollar and we do not expect to see any significant volatility for the remainder of the year," it said in a statement. Weaker currencies in Kenya, Uganda and Tanzania last year whittled Sameer's earnings in the regional market. Turnover for the six months to June rose 15.5% to 2.1bn shillings. The company said its basic and diluted earnings rose to 0.32

shillings a share from 0.22 shillings previously, but added it would not pay an interim dividend. *(Reuters)*

The World Bank's private lending arm, the International Finance Corporation, is set to sign a Sh7bn loan deal with Kenya Airways, deepening its financial interest in the national carrier. Negotiations for the loan are already at an advanced stage, the outgoing IFC director for eastern and southern Africa Jean Philippe Prosper, said in an interview. "We have agreed with Kenya Airways on the terms of the loan, but we have not signed it yet. We will do the signing in the next few months," said Mr Prosper. IFC is Kenya Airways' third largest shareholder with a 9.56% stake acquired during the airline's rights issue, which was concluded in June. The government is Kenya Airways' largest shareholder with a 29.8% stake. Dutch airline KLM owns 26.73% of the national carrier. Mr Prosper said the KQ deal which was first announced at the beginning of this year is part of a larger pipeline of Kenyan financing deals worth Sh34bn (USD 400m) that are set to be concluded by June next year. Tanzanian airline Precision Air, which is partly owned by national carrier KQ, is also set to get between Sh340m and Sh510m (USD 4m to USD 6m) capital injection from the IFC.

It will give direct loans and take up private equity in companies in diverse sectors of the economy, said Mr Prosper. IFC invested about Sh30bn (USD 360m) in Kenyan companies last year, out of a total Sh50bn (USD 600m) put in the five members of the East Africa Community trade bloc. KQ hopes to raise billions of shillings in financing to expand its fleet. The first round of cash is intended to go to financing pre-delivery payments for a fleet of nine Boeing 787-800 Dreamliner aircraft, with the first delivery expected in 2014. Analysts have termed the investments being made by KQ as critical in supporting its growth plan. The airline's stock at the Nairobi Securities Exchange is currently trading at about the rights issue price. In a report, JP Morgan predicted a price target of up to Sh18 in the period to August next year, noting that there are risks to the price such as the Euro zone crisis expected to soften business and tourism travel. "We set a one-year target price for Kenya Airways of Sh18," said the JP Morgan report dated July 27, 2012. *(Business Daily)*

ABC Bank Group realised a 6.5% growth in net earnings as its operating expenses rose significantly in the first half of the year. The profit after tax rose to Sh163m from Sh153m in the same period. The bank's total operating expenses increased to 24% to Sh431m from Sh348m in 2011. This was mostly inflated by staff costs which increased to Sh201m from Sh164m. Shamaz Savani, the group managing director, said the performance was satisfactory given the fact that the bank had invested heavily in its growth programme during the period. "We consider this year a transition period because of the various growth initiatives we have invested in so far and intend to make before the close of the year. We expect these initiatives to start bearing fruit in the years to come," said Mr Savani. The group's profit before tax increased to Sh234m in the period to June 30, 2012 up from Sh225m. Customer deposits increased to Sh12.5bn from Sh9.8bn in June 2011. ABC Bank Group comprises of ABC Bank Ltd, ABC Capital Ltd, ABC Insurance Brokers Ltd and ABC Capital Bank (Uganda). The bank says it would continue with its growth agenda, investment in IT and alternative delivery channels as it expands its suite of products and geographic reach in the region. The bank said the operating environment during the period was challenging in the face of high interest rate regime and a volatile foreign exchange rate market. Central Bank of Kenya last year raised its base lending rates forcing banks to raise interest paid to customers to avoid an expensive interbank market. *(Business Day)*

Kenya's Pan Africa Insurance Holdings posted a 131% jump in first-half pretax profit, boosted by growth in new business and a higher valuation for its equity and bond portfolio, it said on Monday. Controlled by South African insurer Sanlam, Pan Africa said it was optimistic for the second half of the year due to easing inflation, but was wary of political uncertainty and insecurity, which could slow Kenya's economic growth. Interest rates in east Africa's biggest economy have dropped steadily, tracking inflation which has tumbled to 7.7% from a high of about 20% late last year, which lifted the insurer's income, the company said in a statement. Pan Africa, which commands around 23% of the life cover business in the east African nation of 40m people, said it made a first-half pretax profit of 220.5m shillings.

Gross premium income rose by 75% to 3.2bn shillings in the period to the end of June. The company said its life insurance business was bolstered by the acquisition of a few bulk annuity schemes. Earnings per share climbed to 2.27 shillings from 0.76 shillings in the same period last year. The company said it would not pay a dividend, in line with its policy. The company's earnings were also lifted by the performance of its equity stakes on the Nairobi Securities Exchange where the main index is up 19.4% year to date."We expect this positive economic trend to continue in the second half of the year the risks to achieving this growth remain political uncertainty, insecurity and the financial crisis in Europe," it said in its statement. *(Reuters)*

Investment firm Olympia Capital Holdings is set to buy out minority shareholders in its Gaborone subsidiary which will see Olympia Capital Corporation delisted from the Botswana Stock Exchange. The buyout of the subsidiary, which brings in 90% of the investment firm's profits, is expected to be completed by the first quarter of next year at a cost of USD 1m (Sh84m). Chief executive Michael Matu said the transaction sought to give the firm full control of the subsidiary's strategic direction as it plans to expand operations in southern African markets like Zimbabwe. "The businesses operated under the subsidiary are the most profitable in our stable and we want to streamline their operations to capture growing demand in the region," Mr Matu said. Olympia holds a 50.5% stake in the subsidiary which in turn fully owns Kalahari Floor Tiles, a manufacturer of PVC floor tiles, aluminium window and door frames and industrial chemicals. Mr Matu says small shareholders will be bought out in a cash transaction while large ones will be given an opportunity to swap their stocks with those of the holding company. Olympia Capital Holdings is also considering converting the Sh109m loan owed by the subsidiary into equity.

Earnings from the Botswana operation dwarf those from Kenya and the company is keen on diversifying into new markets to cut its reliance on the subsidiary. Olympia Capital Corporation's revenues and net profit stood at Sh524.4m and Sh45.1m respectively in the year ended February. This represented 68% and 90% of the group's revenues and net profit in the same period respectively, underlining its importance. Its construction unit Kalahari Floor Tiles' products are mainly exported to South Africa. Mr Matu said the company will also invest Sh42m in a green-field venture in South Sudan where it will manufacture chemicals and distribute building materials made in Kenya. The company's focus on South Sudan comes at a time when the new republic is expected to spend billions of shillings in construction of private, commercial and public buildings and infrastructure.

This is set to boost demand for goods like PVC, vinyl floor tiles, mirrors, and doors which Olympia supplies. Mr Matu said the company is looking for opportunities in Rwanda where it may set up shop in the medium term. The expansion plans comes after the company decided to hold on to its loss-making subsidiaries in South Africa, betting on their turnaround within the first half of the year. The South Africa units are Cape Town-based Natwood that deals in furniture and home fittings and Yokota, which is based in Johannesburg and deals in curtains and accessories such as hooks and railings. “We see the subsidiaries contributing positively to the bottom line in the first half,” Mr Matu said. The subsidiaries — which it acquired in 2006 — posted an improved loss of Sh6.7m in the six months to August 2011 from the previous year’s Sh13.2m, prompting the firm to reconsider selling its interests in the twin firms. *(Business Daily)*

Kenya Airways will on Saturday receive the first of 10 Embraers as it puts its expansion plans into top gear. The Embraer E190 will be deployed on domestic and regional flights as the airline moves to double its fleet over the next five years and grow its route network. Kenya airways expects to receive an E190 every month until May 2013. “This is the first aircraf to come in our expansion plan,” said Titus Naikuni, the airline’s chief executive in an interview at the airport earlier this week. KQ has been raising billions of shillings to expand its fleet and route network. In June it raised Sh14.5bn in a rights issue. The money is intended to financing pre-delivery payments for its fleet. The national carrier is also expected to sign a Sh7bn loan deal with the World Bank’s private lending arm, the International Finance Corporation (IFC). IFC is Kenya Airways third largest shareholder with a 9.56% stake acquired during the airline’s rights issue.

The government is the largest shareholder with a 29.8% stake, while KLM/Air France owns 26.73%. Kenya Airways plans to increase its fleet to over 60 aircraft in the next ten years with the delivery of 24 Embraers - both E170 and E190, nine Boeing 787-800 Dreamliners of which the first is expected in the third quarter of 2013 and Boeing 777-800. The airline is looking to be in 91 destinations in five years and 115 in 10 years. The new aeroplane, which is fully owned by Kenya Airways, will be the airline’s 11th jet in the Embraer fleet. The airline already has five other E190s acquired on debt and five leased E170s. The delivery comes after KQ officially received a route licence for its low-cost carrier, Jambo Jet, which is expected to be launched by the end of this year. The low cost carrier will mainly serve the domestic and regional market. *(Business Daily)*

Kenya's CFC Insurance said pretax profit fell 22.87% in the first half of this year to 340.75m shillings, hit by high interest rates, inflation and an underperforming stock market, it said on Wednesday. The firm, which is controlled by South Africa's Liberty Holdings, said it was optimistic that its performance would improve in the second half, as it continues to implement its growth strategy. "The consolidated premium revenue, investment income and commissions earned grew ... However these gains were negatively affected by increase in borrowing costs and inflation-driven operating expenses," the company said in a statement. Insurance is viewed as a growth sector in the east African nation, because of very low penetration rates, with only about 8% of the population having any form of insurance cover. *(Reuters)*

NIC Bank's rights shares have been trading at a premium three days into the opening of the bank's cash call, indicating strong investor demand for the stock. The price of the lender's rights shares touched a high of Sh8 on Wednesday, closing at an average of Sh5.95 each. The lender is selling 98.72m rights shares at Sh21 each, in a transaction that aims to raise Sh2bn. That the bank's share has remained at about the pre-rights price of about Sh30 even with the looming dilution of current shareholders points to a strong investor demand. "There is confidence in the stock," said John Kamunya, head of research at Sterling Capital who added that the price of the share and the rights in the market was reflecting on investor sentiments towards the bank.

On Wednesday, the ordinary NIC Bank shares closed at an average of Sh32.75 while the rights hit a high of Sh8 and a low of Sh5.95 with 467,500 rights traded, the highest volume since the cash call started. Mr Kamunya said that the bonus that the bank is offering to investors who participate in the rights issue was also acting as an incentive to buy the stock. According the information memorandum on the rights issue the bank is offering one bonus share for every 10 rights applied for and allotted. Diamond Trust Bank, whose rights issue closed mid this month, will be announcing its cash call results next week. The lender also saw its share price trade way above the offer price of the new shares and at one point during the offer an investor who bought the rights in the open market would have ended up spending more than buying the share in the market. "I think banks have been resilient. They have performed well and the market has confidence in the stocks," said Halima Saaida, an analyst with Old Mutual Securities. CfC Stanbic Holdings rights issue starts in the second week of September while Standard Chartered Bank share sale is also planned for later this year. *(Business Daily)*

Kenyan group CIC Insurance posted a 17% drop in first-half pretax profit to 470m shillings, hurt by one-off costs related to its bourse listing. CIC, which listed its shares earlier this year, said on Thursday its earnings should improve in the second-half due to the absence of those costs and improving economic fundamentals. Inflation and exchange rates have stabilised this year, while commercial lending rates have started to fall after the central bank began cutting rates in July after inflation fell. CIC's gross written premiums rose 27% to 4bn shillings while investment income surged 75% to 471m, it said. Insurance is viewed as a growth sector in the east African nation, because of low penetration rates, with only about 8% of the population having any form of insurance cover. *(Reuters)*

Shareholders of insurance group, Jubilee Holdings, will earn Shs318.7 (Ksh11.1) per share they hold in the company following a declaration of a 110% dividend on the back of impressive profits recorded in the first half of 2012. According to the company financial results released recently, the group's half year profit before tax for the months that ended June 31rose by 19% to Shs26.6bn (Kshs928 m) from Shs22.4bn (Kshs781 m) in the same period in 2011. The dividends to be paid out this year are higher than the Shs272.8 (Kshs9.5) that shareholders received in the same period the previous year. The insurance firms' gross revenue also increased by 33% to Kshs10.6bn from Kshs8bn recorded in the same period last year. The group chairman, Mr Nizar Juma, said: "Our results amply demonstrate that we have the wisdom and experience of a 75 year old but the speed and agility of a 20 year old. This is how during the last eight years, Jubilee has grown tenfold."

The firm's revenue from short term business grew to Kshs8.059bn from Kshs5.896bn in 2011. This, according to Mr Juma, reflects strategies implemented to improve operating efficiency, rigorous focus on risk management, and an innovative product development drive that saw Jubilee expand its products in agricultural insurance and Small and Medium Enterprise (SMEs) insurance. Jubilee has been a leader in the Kenyan medical insurance market for the last five years, with a 32% market share in 2011. Its medical insurance business also grew by 40% in Tanzania and 50% in Uganda in the first half of 2012, compared to the same period in 2011. Jubilee Insurance also declared a 1:10 bonus share issue to the shareholders. The company's investment income recorded a 47% growth to Kshs1.442bn in the first half of 2012. *(Daily Monitor)*

A Kenyan court has lifted a temporary order on Kenya Airways that stops the airline from cutting jobs as part of cost reduction plans. The airline, 26.7%-owned by Air France KLM, said this month it would shed staff through voluntary retirement, redundancies and outsourcing of non-core roles. But the Aviation and Allied Workers Union, which represents 3,800 staff at the airline, challenged the cuts in court and secured restraining orders against the company. "The interim orders granted on August 10 are hereby lifted and the matter will proceed to hearing on September 10," Judge Monica Mbaru said in her ruling on Thursday. Leonard Ochieng, the lawyer for the union told Reuters that the court's decision to lift the orders was a "travesty" of justice and said he would demand a review of it on Friday. The airline declined to comment.

The union wants the court to block the job cuts altogether, arguing that the airline had not consulted the workers as required by law before deciding to terminate their services. Kenya Airways has said its wage bill more than doubled over the past six years to 13.4bn shillings while the total number of staff has risen by more than 16% to 4,834. The airline, ranked as one of the largest airlines in sub-Saharan Africa alongside Ethiopia Airlines and South Africa Airways, has not said how much it aims to save or how many jobs would go. *(Reuters)*

Kenyan group Mumias Sugar said full-year pretax profit fell a third to 1.76bn shillings (USD 21mn), hurt by lower production. The grower and miller of the sweetener said on Friday it produced 172,614 tonnes of sugar during the year to June, down 27%. "The company is setting up additional cane-buying centres in its cane zone to enable easier sugar cane collection from the fields, minimise in-transit losses and reduce poaching of cane by its competitors," Mumias said. High prices propped up revenue, which edged down to 18.7bn shillings from 18.8bn in 2010/11. Earnings per share rose 4% to 1.32 shillings, thanks to a tax credit, the company said. *(Reuters)*

Economic News

The controversy surrounding the change of ownership of the Nairobi Securities Exchange (NSE) has taken a new twist after brokers purported to have substantially slashed the government's stake. The move by the brokers aims to squeeze two fallen stockbrokers within the government's stake after they were left out in the initial arrangement, instead of reducing the shares of the 20 seat holders. Two weeks ago, the Capital Markets Authority (CMA) published new regulations stipulating that the Treasury had already appropriated its 20% stake at the NSE, apparently leaving brokers seething behind the scenes. The gazetted CMA rules, which had previously been exposed to debate as a draft, indicate that the demutualised NSE is 80% owned by 22 brokers and 20% by government. However, the Kenya Association of Stockbrokers and Investment Banks (Kasib), a lobby for NSE members, countered in a statement issued on Friday that the government did not originally own shares in the NSE and was therefore not in a position to demand a 20% ownership stake in the demutualised bourse.

In the initial agreement, reflected in the newly published rules, the government was to have a 20% stake and the remaining 80% was to be shared out equally amongst 20 brokers, which would give them a 4% stake each. Two stockbrokers, Francis Thuo and Shah Munge, were however added to the owners' list and Kasib had said that they too were to get a 4% stake each, which would leave the government with 12%. The industry regulator, CMA, has rejected this proposal and has asked brokers to allocate Francis Thuo and Shah Munge shares from the 80% stake they own. The gazette notice says that the Treasury holds a 20% stake in the demutualised NSE and not the 12% that Kasib insists on. "The number of shares to be allotted to and held directly or indirectly by the Government of Kenya and the CMA Investor Compensation Fund in the public interest being at least 20% of the total shareholding," said Legal Notice No. 87, published in the Kenya Gazette and dated August 10. "No shares have been allotted to the Government or the Investor Compensation Fund as yet because discussions have been going on over these allocations. The government is therefore not ceding part of its 20% because what is stated above has not been effected and as such the NSE as of today is wholly owned by its members," said Kasib chief executive Willie Njoroge in a statement.

Mr Njoroge told the Business Daily that the gazette notice technically showed that brokers are giving the government shares, and said this went against the original proposal. "We feel that it does not capture the spirit of what we have been discussing with the CMA and as an association we will be in discussions with them," Mr Njoroge said. He said that it planned to talk with the industry regulator and resolve the issue. A Kasib member, who requested anonymity, said that gazetting the rules while the issue was still 'not settled' did not go down well with industry players and the matter looks like it is heading to the court, so as to overturn the legal notice. "We are meeting and plan to go to court seven days from now if it is not resolved," said the Kasib member. On the surface, brokers seem to hold the aces. However, the government, whose bonds and IPOs dominate the market, can still opt to license a second exchange, leaving brokers holding a shell. The State argues it has actively contributed to the development of the market including its transformation. NSE members contend that it is only company owners who can change the ownership structure as stipulated by the Companies Act. This may bring yet another hurdle to the NSE's plan to list itself, which is expected to take place in 2014. The NSE has appointed the Central Depository and Settlement Corporation as its share registrar. NSE, which is Africa's fifth largest securities exchange in the last quarter of last year, converted from a company limited by guarantee to a company limited by shares and changed its name to Nairobi Securities Exchange. Plans are also under way to see more companies list through the introduction of the Growth and Enterprise Market Segment (GEMS), where small and mid-sized companies will be listed, allowing them to raise capital and unlock value for shareholders. *(Business Daily)*

Increased currency hedging activities and withdrawal of liquidity from the market by the Central Bank have helped the shilling to stabilise, limiting the likelihood of imported inflation. Currency dealers said corporate Kenya has increased its demand for forward contracts, whereby one secures currency at a fixed price in advance of a future payment. This is in a move to avoid the risk of volatility that characterised last year and exposed them to forex losses. Hedging normally allows banks enough time to recover dollars sold out to clients as opposed to spot purchases that increase anxiety in the market as banks look for dollars to meet demand. Dealers at KCB and Commercial Bank of Africa said more importers have taken up forward contracts this year for fear of volatility. The Central Bank of Kenya last week mopped Sh13.2bn from the market through repurchasing agreements (repo) securities and Sh1.1bn through term auction deposits. This was against repo maturities of Sh9.2bn and term auction deposits maturities of Sh9.6bn.

Analysts say this will help to lower currency risks giving regulators room to cut the cost of credit inline with falling inflation. The key concerns for the monetary policy committee had been inflation and currency risks but inflation had fallen significantly from 10.05 to 7.74% between June and July.
“We have witnessed an increase in demand for forward contracts this time of the year and most of them have not matured, spot purchases are therefore fewer hence less demand,” said Duncan Kinuthia, head of trading at Commercial Bank of Africa . With a more stable shilling in a climate of falling inflation, analysts say this sets the stage for the central bank’s Monetary Policy Committee to lower the policy rate or the Central Bank Rate. “We see this stability giving the central bank a strong case to further adjust interest rates downwards,” said Jeremiah Kendagor, the head of trading at KCB. The central bank has been active in the market mopping up liquidity helping to smoothen out volatility in the forex market. The currency is also benefiting from remittances from Kenyans working abroad which increased by 46.7% in the first half of this year. In the six months to June the country received Sh50.67bn (USD 596.23m), compared to Sh34.55bn (USD 406.55m) in the same period last year. *(Business Daily)*

Kenya's tourism sector is once again on a growth path with the number of tourists visiting the East African nation now increasing. In its latest report on economic indicators, Kenya National Bureau of Statistics (KNBS) showed that the number of tourists visiting the country through its two main international airports swelled after months of maintaining a downward trajectory. In its report titled Leading Economic Indicators, the government agency showed that the number of tourists, who arrived in the East African nation through Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) increased by 27% in June, from 76,117 persons the previous month.

"The number of tourists went up by 27.3% from 76,117 persons recorded in May to 96,906 persons in June," said the report received on Tuesday. This is the first time since January that the number of tourists arriving through JKIA and MIA increased. In May, the number of tourists who arrived in Kenya through the two entry points fell by 4.3% from the previous month. The number dropped from 79,544 persons recorded in April to 76, 117 in May. In April, tourist arrivals through the airports dropped by 16.8% from 95,633 persons. In February, the number stood at 105,041 having dropped from 111,584 in January. Tourist arrivals in Kenya have been on a downward path as Al- Qaeda allied Al-Shabaab militant group scaled up attacks in the capital Nairobi and coastal city of Mombasa.

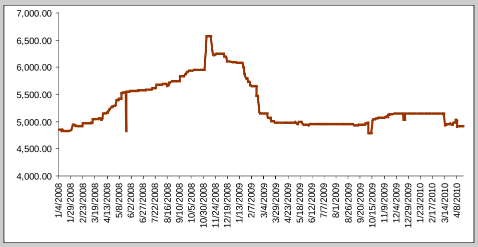
The situation had been aggravated by travel advisories frequently issued by Britain and US, Kenya's main tourist source markets. While the two airports recorded a jump in the number of tourist arrivals, JKIA in Nairobi, recorded the highest. The number of tourists, who arrived through the airport during the month under review, rose by about 20,000 from 71,287 persons in May to 90,972. On the other hand, the number of tourists arriving through MIA in Mombasa, increased marginally from 4,830 in May to 5,934 persons in June. Similarly, the number of passengers, who left the East African nation through its main airports increased marginally by 0.4% during the period in review. "The number of passengers who embarked at JKIA increased from 172,704 in May 2012 to 173,391 persons, while passengers who landed increased by 0.5% from 171,127 in May to 181,770 persons," said the report. People destined to Europe led in the number of those who left the country at 39,451 up from 36,592 in May. Africa came second with 34,639 down from 39,144 the previous month followed by Asia at 28,282 up from 26,379. *(East African)*

The World Bank will partly guarantee generation projects by four Kenyan independent power generators that will jointly produce an additional 285 megawatts of electricity by 2014, it said on Tuesday. Like other African states where blackouts are common due to generation shortfalls and ageing grids, east Africa's biggest economy is required to invest huge sums of money yearly, to meet growing demand for power, amid robust economic activity. Johannes Zutt, the bank's country director for Kenya, said Thika Power, which will produce 87 MW by the end of the year, would be the first to benefit from the partial risk guarantees totalling USD 166m. "This... financing for the energy sector will enable Kenya to mobilise additional financing of USD 623m, including USD 400m in private investments and commercial lending," he said. Partial risk guarantees offer comfort to investors who are assured of repayment in case of unforeseen risks like political upheavals, and usually act as an alternative to government guarantees, thus keeping public debt under control.

Other power producers to benefit from the bank's guarantees are Triumph Generating Company, Gulf Power and Ormat Technologies' OrPower 4, Zutt told a press briefing. All four firms have power purchase agreements with Kenya Power, the state-controlled sole distributor of electricity. The country has an installed capacity of 1,250 megawatts but power generating firms and the government are racing to keep up with the growing demand. There is no shortage of independent firms willing to start generation projects, but they were hampered by lack of finance, Patrick Nyoike, the top official at the country's ministry of energy, told Reuters. "(Lack of partial risk guarantees) is one of the major challenges. These power plants ought to have been up and running by June last year," said Nyoike, referring to the projects by Thika, Gulf and Triumph. He said that once the generation from the project by Thika Power kicks in, it would help retire contracts signed by the government for provision of about 90 MW from expensive diesel plants ran by private firms. *(Reuters)*

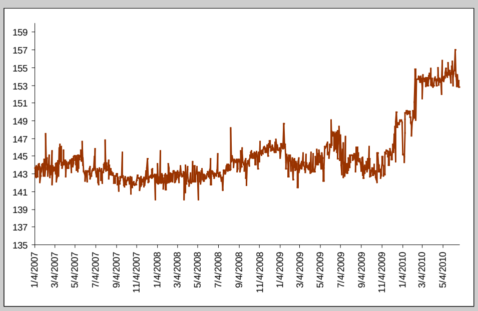
Malawi

Malawi Stock Exchange



Source: Reuters

MWK/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-4.073	-5.502	-4.791
Current account balance (USD bn)	-0.2	-0.306	-0.3
GDP based on PPP per capita GDP	880.88	916.63	940.29
GDP based on PPP share of world total (%)	0.018	0.018	0.018
GDP based on PPP valuation of country GDP(USD bn)	12.271	13.027	13.632
GDP (current prices)	352.37	390.91	432.14
GDP (Annual % Change)	5.878	4.557	3.175
GDP (US Dollars bn)	4.909	5.555	6.265
Inflation- Ave Consumer Prices(Annual % Change)	8.60	8.24	9.31
Inflation-End of Period Consumer Prices (Annual %)	7.76	8.35	9.73
Population(m)	13.93	14.21	14.50

Source: World Development Indicator

CPI Inflation

Stock Exchange News

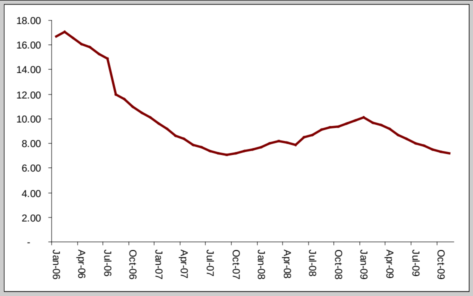
The Malawi All Share Index inched upwards by 5.58 points to close the week at 5967.23.65 points. The market recorded trading activity in 5 counters, namely, ILLOVO, MPICO, NBM, NITL and REAL during the week.

Corporate News

No Corporate News this week

Economic News

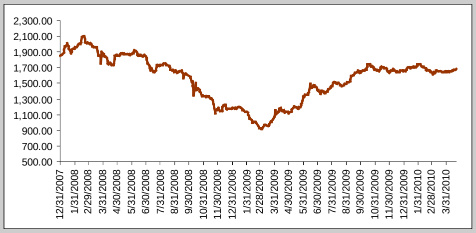
Malawi's inflation rate accelerated to 21.7% in July from 20.1% in June as food prices rose, the National Statistical Office (NSO) said on Monday. "The impact on headline inflation has been somewhat countered by the reduction in the prices of selected processed foods, newspapers, second hand clothing, and other textiles and gasoline," NSO said in a statement. *(Reuters)*


18.00
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
-
Jan-06
Apr-06
Jul-06
Oct-06
Jan-07
Apr-07
Jul-07
Oct-07
Jan-08
Apr-08
Jul-08
Oct-08
Jan-09
Apr-09
Jul-09
Oct-09

Source: SAR

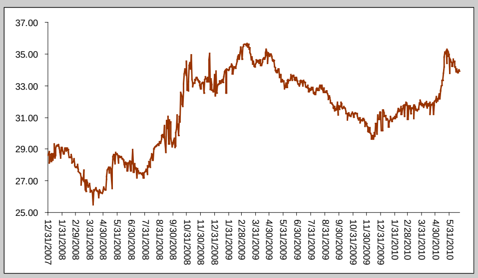
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-9.308	-10.579	-9.758
Current account balance (USD bn)	-0.852	-0.947	-0.931
GDP based on PPP per capita GDP	12,356.23	12,699.51	13,389.07
GDP based on PPP share of world total (%)	0.023	0.023	0.023
GDP based on PPP valuation of country GDP(USD bn)	15.831	16.391	17.406
GDP (current prices)	7,146.27	6,935.94	7,339.15
GDP (Annual % Change)	2.065	1.98	4.695
GDP (US Dollars bn)	9.156	8.952	9.541
Inflation- Ave Consumer Prices(Annual % Change)	6.40	4.05	5.00
Inflation-End of Period Consumer Prices (Annual %)	3.10	5.00	5.00
Population(m)	1.28	1.29	1.30

Source: World Development Indicators

CPI Inflation

Stock Exchange News

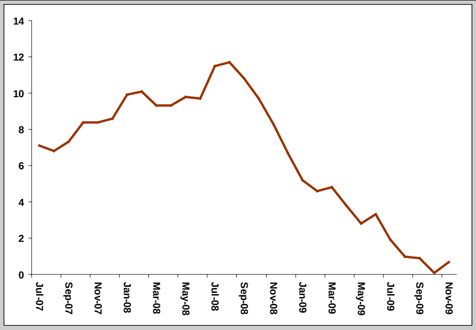
The market continued to trade in the red with the SEMDEX down 1.04% at 1,686.45pts while the SEM-7 edged down 0.59% at 328.64pts. Total turnover stood at Rs370.6m, driven by MCB and Rogers. MCB witnessed several crosses resulting in a 794.8k shares crossing the floor in the past week. The name however closed 0.6% lower at Rs162. Rogers ended the week 0.6% lower at Rs308 on 387k shares. SBM was unchanged at Rs82. Bramer banking tumbled by 8.6% to Rs6.40.

Corporate News

No Corporate News this week

Economic News

Mauritius' trade deficit widened by 17.9% in the first six months of this year on the back of an increased imports bill, the government statistics agency said on Tuesday. Statistics Mauritius said it expected a trade deficit of around 81bn rupees (USD 2.67bn) for all of 2012, rising from a deficit of 72.165bn rupees in 2011, but smaller than a previous forecast of 85bn rupees in May. In the first half of 2012, the deficit grew to 38.86bn rupees compared to 32.95bn rupees in the same period last year, Statistics Mauritius said. Exports rose by 6.2% to 38.43bn rupees while imports increased 11.8% to 77.30bn rupees. "Based on recent past trends and indicative information from various sources, total exports for the year 2012 are expected to be of the order of 82bn against 163bn for imports. The trade deficit would be around 81bn," Statistics Mauritius said in a statement. The euro zone remained a major export market for the Indian ocean island accounting for 59.6% of total exports. Britain was the leading destination of Mauritian exports in the first six months with a share of 19.8% of total exports while India was the main source of imports accounting for 24.5%. Statistics Mauritius said the import bill of machinery and transport equipment by 45.1% to 16.83bn drove up the overall bill. *(Reuters)*

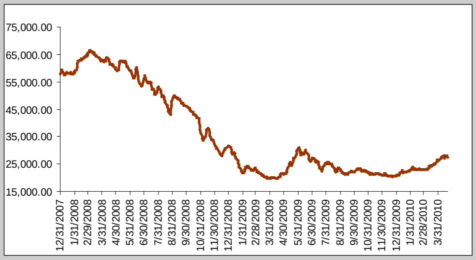


14
12
10
8
6
4
2
0
Jul-07
Sep-07
Nov-07
Jan-08
Mar-08
May-08
Jul-08
Sep-08
Nov-08
Jan-09
Mar-09
May-09
Jul-09
Sep-09
Nov-09

Source: SAR

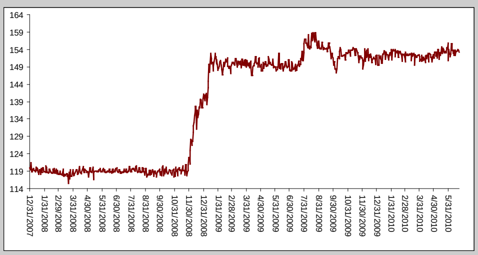
Nigeria

Nigeria Stock Exchange



Source: Reuters

NGN/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	6.939	13.792	14.278
Current account balance (USD bn)	11.48	25.631	28.488
GDP based on PPP per capita GDP	2,199.08	2,281.27	2,369.35
GDP based on PPP share of world total (%)	0.475	0.489	0.499
GDP based on PPP valuation of country GDP(USD bn)	333.983	355.995	379.907
GDP (current prices)	1,089.30	1,190.86	1,244.37
GDP (Annual % Change)	2.905	4.985	5.215
GDP (US Dollars bn)	165.437	185.835	199.526
Inflation- Ave Consumer Prices(Annual % Change)	11.96	8.80	8.50
Inflation-End of Period Consumer Prices (Annual %)	9.12	8.50	8.50
Population(m)	151.87	156.05	160.34

Source: World Development Indicators

CPI Inflation

Stock Exchange News

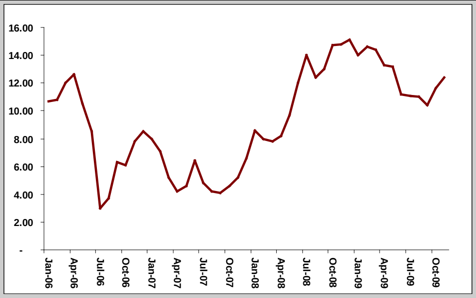
The NSE All-Share Index (ASI) opened at 23,399.58 appreciating by 1.50% to close on Friday at 23,750.82. Nestle Nigeria Plc led on the gainers' table by 4.75% to gain NGN 24.94 followed by Guinness Nigeria Plc by 1.41% to gain NGN 3.50. PZ Cussons Nigeria Plc led on the price losers' table, dropping by -4.67% to shed NGN 1.12 followed by Conoil Plc with a loss of NGN 1.03 or -4.96%. A turnover of 1.461 billion shares worth NGN 10.142 billion.

Corporate News

Flour Mills of Nigeria Plc have announced the acquisition of a controlling interest in Thai Farm International Limited (Thai Farm), a statement filed at the Nigerian Stock Exchange (NSE) has said. According to the statement, the acquisition further confirmed the Flour Mill's support for the federal government's Agricultural Transformation Agenda. It added that the company has already commenced major agro-allied investments in the areas of - Rice cultivation and milling; Sugar growing, milling and refining; Maize and Soya beans, growing; Palm oil cultivation and refining; and Production of animal feeds. Flour Mills said additional investment is urgently required to increase Thai Farm's capacity in order to meet the growing need for HQCF by flour millers in Nigeria. Thai Farm will be provided with strong support to enable it diversifies into the production of other value adding items like starch and sweeteners.

Thai Farm, which began operations in 2010, grows and processes cassava in Ososa, Ogun State. Thai Farm has grown to be one of the two leading corporate suppliers of High Quality Cassava Flour (HQCF) to Flour Millers in Apapa and Elsewhere for the past two years. The projected availability of HQCF is expected to boost the implementation of the Cassava Inclusion Policy of the federal Government. By the acquisition therefore, flour Mills would be able to ensure consistency in quality, availability and affordability of HQCF. *(Business Day)*

RT Briscoe Nigeria Plc has declared N2.287bn increase in its revenue for the second quarter of the year. The company in its report to the Nigerian Stock Exchange (NSE) in Lagos said it recorded an increase of 25.66% in revenue by making N11.199bn in second quarter of 2012 compared to N8.912bn in the same period of 2011. It made profit before tax of N181.158m in second quarter of 2012 compared to N133.697m in the same period of year 2011, indicating a growth of N47.461m or 34.50%. RT Briscoe recorded an increase of N32.273m or 35.50% in profit after tax during the second quarter of 2012 from N90.914m in 2011 to close the period at N123.187m. The company recorded earning per share of 50 kobo in 2012 from 45 kobo in 2011, translating to an increase of 5 kobo or 11.11%. The current share price of RT Briscoe is N1.72 kobo per share. *(Daily Trust)*



Source: SAR

First Bank of Nigeria Plc will on September 24, seek the approval of its shareholders on the adoption of a holding company (HoldCo) structure in compliance with the Central Bank of Nigeria's regulation that scrapped universal banking. First Bank last week notified the Nigerian Stock Exchange (NSE) that it had received the appropriate regulatory approvals to create a holdco to be known as FBN Holdings, which will serve as the vehicle through which its shareholders will indirectly own its banking and non-banking businesses. But the shareholders of the bank will have to give their final consent approval at a court-ordered meeting scheduled for Lagos on September 24. Apart from the endorsement by the shareholders, the NSE has, however, directed the First Bank to also seek the appropriate approvals from the exchange. Before now, the Securities and Exchange Commission (SEC) had given its consent for the holdco structure. The Chief Strategy Officer, First Bank, Mr. Onche Ugbabe, had recently said the bank would conclude the implementation of the process in the third quarter of this year.

Explaining how the holdco would work, the Group Managing Director of First Bank, Mr. Bisi Onasanya, had said the holdco would be regulated by the CBN. "First Bank will continue to focus on the core banking business and will retain FBN United Kingdom (UK), FBN Bureau de Change, First Pension Custodian and Banque Internationale de Credit as its subsidiaries. FBN Capital will be the primary vehicle of our investment banking and asset management business. First Registrars is in the process of being divested in compliance with the new regulation, while FBN Mortgages will divest its equity investments in real estate in accordance with CBN rules and the mortgage activities will be transferred to the bank," he said. According to him, shareholders would be exchanging First Bank shares for the same number of shares in the holdco, disclosing that the decision to form a Holdco had been part of plans by the bank, even before the CBN came up with the issue. *(This Day)*

Conoil Plc has announced plans to invest N1.5bn to reinvigorate the totally deregulated and high margin-yielding lubricant business over a four-year period with projected revenue of N33bn over same period. To achieve the projected revenue, Conoil has upgraded the filling lines at its Apapa plant in Lagos, with additional four lines to increase its production capacity to 50m litres per annum. The company has also projected 25m litres per annum each from its Port Harcourt and Kano plants. Strategically, the Apapa plant is positioned to cater for the engine oil needs of the South-west, while Port Harcourt and Kano Plants will cover South-east and the North, respectively. The oil marketing company, which recorded N8bn revenue from lubricant sales in 2011, is projecting a growth rate of N13bn in 2012, N18bn in 2013, N25billion in 2014 and N33billion in 2015. Statistics from the Department of Petroleum Resources (DPR) showed that Nigerian lubricant market would grow by 25% over the next three years. Conoil currently controls 20per cent of the industry market share, from its current production of 20m litres per annum.

The company's award-winning lubricant brands, Quatro and Golden Super Motor Oil, are formulated to industry world set standards for automobile and industrial machines' engines. The brands consist of a range of high quality brands of automotive engine oils, gear oils, transmission oils and multi-purpose bearing greases. Market survey shows that Quatro and Golden Super have grown a formidable customer base and have become the fastest-growing lubricant brands in Nigeria. The Quatro brand, which has won awards back to back for its world-class quality, contains special additives that ensure minimal fuel consumption, retain oil thickness and protect car engine from rust. Its detergent and dispersant properties clean car engine, keep it sludge-free thereby enabling it to run at its best. Other Quatro range includes Quatro Ultra and Quatro Premium for petrol engines, Quatro HDX Turbo and Quatro HDX for diesel engines. On the other hand, GSMO brand offers adequate engine protection in older, gasoline fuelled cars. Its performance features include comprehensive additive package, good detergency and dispersancy, good oxidation stability and good anti-wear properties. *(This Day)*

President of Dangote Group and member of the National Economic Management Team, Alhaji Aliko Dangote, has urged Nigerian businessmen to invest in the country and delve into manufacturing, as a sure way of reducing unemployment and poverty among the people. Also, investing in the local economy, according to him, would help in reducing inflation which has reduced the purchasing power of Nigerians. Speaking at an investment forum in London, the foremost entrepreneur challenged Nigerians to look inward and invest, adding that opportunities abound within the national economy for investment to thrive better than many foreign countries. To him, doing so would not only stimulate the economy by adding to the number of jobs created but it would also yield good returns on investments pointing that the destiny of Nigeria as a country is in the hands of Nigerians themselves.

Dangote noted that the government of President Goodluck Jonathan was desirous of seeing many Nigerians embrace the on-going economic transformation agenda of the administration and put efforts together to lift Nigeria's economy through investments in manufacturing. He stated that the sector holds the key to any meaningful economic development if Nigeria is to be ranked amongst the top 20 economies of the world in 2020 (Vision 20:2020) as being targeted by the Federal Government. Said he; "the manufacturing sector is critical to the actualisation of this vision. It is one of the most powerful engines for economic growth as it acts as a catalyst to transform the economic structure of a nation". Dangote stressed that manufacturing had one of the highest multiplier effects on indirect employment generation and urged government at various levels to see to the provision of infrastructure to ease the burden on businesses and serve as incentives to investors.

To this end, he disclosed that his business conglomerate has put in place and would not deviate from its growth strategy of organic expansion and development of Greenfield projects to make Nigeria net exporter of basic products to save her foreign earnings. In doing this, he pledged that Dangote Industries Limited would extend its policy of import substitution to cover other sectors like sugar, wheat, and salt by investing in production to meet consumption needs and export purposes, thereby removing the country from the list of importers of the commodities. He explained that although the move would be fraught with challenges, but with the right government policies in place, the basic products could be produced to local taste and improved upon with time for export later. He added that all that would be needed would be motivation and encouragement by government through provision of conducive operating environment.

Dangote maintained that there were so many things Nigeria has no business importing but because there were no deliberate efforts to task the local entrepreneurs to venture into their production massively, adding that governments have lots to do to encourage indigenous investors. “Within the last one year, we have had combined production output to meet local needs in cement; we in Dangote are now planning to replicate this achievement with import substitution strategy in sugar, salt and wheat. Nigeria has no business importing sugar. About USD 1.7bn will be spent this year to import wheat from the United States. We certainly cannot continue like this. “Government has to look at the infrastructural deficit in the manufacturing sector. For instance, the gas used by companies in Nigeria is much more expensive than anywhere else in Africa. Nigerian companies pay four times more than the cost of gas in Egypt and Algeria”, he stated.

He insisted that it was only manufacturing that could pull Nigerians out of poverty through job creation and government must find ways of dealing with the lack of infrastructure which make locally produced products unable to compete with imported foreign goods. Dangote therefore appealed to government to review some of the policies that are out of tune with the present day reality in the manufacturing sector, fine tune them and be firm in their implementation, expressing regret that Nigeria ought to have gone beyond where it is in local production of goods. *(Vanguard)*

Flour Mills has announced its financial result for the first quarter (Q1) ended June 30, 2012 on the floor of the Nigerian Stock Exchange, showing a 10% growth in turnover, 32% in profit before tax and 42% in profit after tax. The company ended the Q1 of 2012 with a turnover of N70.7bn, up from N64.2bn in the corresponding period of 2011. Profit before tax rose from N3.9bn to N5.1bn in 2012, while profit after tax grew from N2.7bn to N3.9bn. Shareholders did not react positively immediately to the result as the share price of Flour Mills of Nigeria remained stagnant at N52 per share. However, analysts at FBN Capital Limited, in their first reaction to performance, remained neutral on the share price. While the analysts commended the improved profitability, they noted that operating expenses (opex) of the company rose by 19.6% to N5.3bn. “Although we do not yet have management’s comments as to the key drivers behind the growth in opex, we note that some other consumer companies have also recorded sizable opex growth figures, 39.2% in Nestle Nigeria’s case. One common driver in these consumer goods companies’ opex increase is increasing distribution costs in northern Nigeria as a result of the security challenges in the region.

Despite these headwinds, the strong profitability further up the profit and loss helped ensure that Flour Mills’ profit before tax grew robustly, by 32% to N5.1bn and profit after tax grew 42%,” they said. Flour Mills of Nigeria Plc have announced the acquisition of a controlling interest in Thai Farm International Limited (Thai Farm), a statement filed at the Nigerian Stock Exchange (NSE) has said. According to the statement, the acquisition further confirmed the Flour Mill’s support for the federal government’s Agricultural Transformation Agenda. It added that the company has already commenced major agro-allied investments in the areas of - Rice cultivation and milling; Sugar growing, milling and refining; Maize and Soya beans, growing; Palm oil cultivation and refining; and Production of animal feeds. Flour Mills said additional investment is urgently required to increase Thai Farm’s capacity in order to meet the growing need for HQCF by flour millers in Nigeria. Thai Farm will be provided with strong support to enable it diversifies into the production of other value adding items like starch and sweeteners. Meanwhile, trading at the stock market ended on a negative note as depreciation suffered by some blue-chip stocks wiped out part of the gains recorded the previous day. The NSE All-share Index fell by 0.05% to close at 23,186.73. *(Business Day)*

Some shareholders have advised the Nigerian Stock Exchange (NSE) against the planned delisting of nine companies, saying it would further dampen investor confidence in the equities market. According to them, delisting firms due to their violation of post-listing requirements have not yield any positive result to both investors and regulators. The companies expected to be delisted for non-compliance and performance include: Capital Oil Plc, Union Dicon Salt Plc, Lennards Nigeria Plc, West Africa Glass Industry Plc, Nigerian Wire Industries Plc, Aluminum Manufacturing Company of Nigeria Plc, Rokana Industries Plc, Hallmark Paper Products Plc, Nigerian Wire Industries Plc and Udeofson Garment Factory Nigeria Plc. Trading in these shares had earlier been suspended since the beginning of this month. However, the President of Nigeria Shareholders Solidarity Association (NSSA), Chief Timothy Adesiyan, said the management of the exchange should think twice and explore ways they could assist the companies to recover in order to comply with listing requirements. “If the management of the NSE means well for the market, they should not allow the companies to just delist from the exchange. They should be made to give investors fair value for their investments. Once they delist them, there would be asset stripping and the shareholders would be biggest casualties,” Adesiyan said.

In his reaction, the General Secretary, Independent Shareholders Association of Nigeria (ISAN), Mr. Adebayo Adeleke, said delisting had never been the best option and strategy to protect investors’ interest and encourage more patronage for the market. “Is delisting the best option and strategy? Has it yielded positive results? Has ever helped Securities and Exchange Commission in protecting investors’ interest?” he asked. To Mr. Oderinde Taiwo of Proactive Shareholders Association of Nigeria(PROSAN), the action is tantamount to destroying the market. “The NSE is poised to destroy the market through its obnoxious policies. Our group is set to sue NSE on this wicked agenda. We are calling on SEC to call the exchange to order,” Taiwo said. Also, the Chief Executive Officer of the NSE, Mr. Oscar Onyema, had explained that the NSE adopted a proactive approach by calling on companies to understand the challenges they were going through that preventing them from complying with the post-listing requirements. According to him, the motive of notifying the companies was to give them support that would make them comply with rules and to also allow investors know the companies that are struggling. *(This Day)*

Flour Mills of Nigeria plans to invest NGN 100bn over the next 5 years in Africa's most populous nation as it looks to tap into rising demand for pasta, bread and fast food, an executive said. Chief financial officer Jacques Vauthier said the firm planned to double its 12,000 tonne per day milling capacity to meet the demands of a growing Nigerian middle class, as it turns more attention to fast and convenience foods. He said the Nigerian top miller, which has operations spanning pasta manufacturing, cassava processing to packaging, was on track to becoming the world's largest flour miller. "We are ready to invest up to 100bn naira in the coming five years," Vauthier, who joined the miller in 2011 from local rival Nestle, told Reuters in his office in the commercial-hub Lagos.

"Nigeria's economy is growing GDP per capita is also improving (and) we are here to meet expectations." With more than 160m people, Nigeria has a larger population than Russia and is viewed by investors as a huge potential consumer market, especially as the middle class grows. Nigerian demand is likely to grow, as it only consumes around 80 grams per person of flour per day, compared with 200 grams in South Africa and 400 grams in Egypt, Vautheir said. Last week, Flour Mills posted a 32% rise in profit before tax to 5.1bn naira in the first quarter on 70bn naira turnover. Vauthier said flour milling accounted for around 76% of total group sales. Flour Mills has a 55-60% market share in the flour and pasta business in Nigeria and aims to expand into higher margin retail products like snacks to defend its market share.

The company said this month it will seek shareholders' approval to acquire a 90% stake in a privately-held vegetable and edible oil business Rom Oil. Vauthier said the firm used part of its 28bn naira proceeds from a share sale it concluded in February to part finance its acquisitions but it planned to carry on funding its large-scale expansion through internally generated cash. He said Flour Mills had invested USD 160m to build a 750,000 metric ton sugar refinery which it will commission this year. He said its strategy is to cover the entire value chain for its products from farming to retail distribution.*(Reuters)*

RedStar Express has posted a turnover of N5.03bn in its 2012 performance, against N4.2bn recorded in 2011. The company's profit before tax also rose to N640mn from N411.3mn in 2010. Also yesterday, the company's shareholders endorsed a dividend of N177mn, culminating to 30 kobo per share due to every shareholder of the company. The Chairman of the company, Alhaji Mohammed Koguna, while reviewing the company's performance at the 19th yearly general meeting of the company in Lagos yesterday, told shareholders that the percentage increase in turnover is 20% while profit before tax grew by 56per cent. He however, added that profit after tax decreased by 2%, from N333.6mn in 2011 to N327mn during the year under review.

He attributed the drop in profit after tax to the 'N131mn irrecoverable withholding tax receipts in compliance with the requirement of Statement of Accounting Standard (SAS 19), while assuring shareholders of better performance in the current year and increased returns on investment. Explaining further, the Managing Director of the company, Sule Umar Bichi, who lamented the failure on the part of the tax authorities to issue receipts to customers who remitted the 5% empowerment loan into the coffers of the tax authorities, said: "We are supposed to use the receipt to offset our taxes but the those holding taxes are not forthcoming. "We have about N131mn to remit but they said they have not receives receipts from them and until it is done, we cannot recover it but our consultants are going after the receipts, but at times they are not forthcoming.

To enhance profitability, the managing Director explained that the company has diversified into three major services in the areas of E-commerce, sea freight and executive chauffeur services. "To sustain growth of the company, we ensure that we bring in new businesses where logistic market is going, we diversify our revenue basis by bringing in subsidiary to look into new products and services which dynamic societies are demanding. "We have ventured into sea clearing and forwarding and the margin is not the same with the one in the air. The structure of the revenue are slightly different and the sea is the direction our commerce is going so we have to align with the future of our logistics," he added. *(Guardian)*

The board of Guaranty Trust Bank (GTB) Plc will distribute of about N7.4bn as interim dividend to shareholders as the first half's profit of the bank rose by about 63%. The audited report and accounts for the six-month period ended June 30, 2012, released to the investing public yesterday indicated that shareholders would receive an interim dividend per share of 25 kobo. The report showed substantial increase in gross earnings and profitability. Profit before tax jumped by 62.9% to N53.64bn in 2012 as against N32.92bn recorded in comparable period of 2011. Profit after tax also leapt from N26.84bn to N44.94bn. Gross earnings grew by 25% to N106.12bn compared with N84.77bn in previous year.

The performance of the bank was driven by its growing core banking business as well as improvement in cost efficiency. Interest income rose from N61.5bn to N83.18bn. Fees and commission income however, increased modestly from N22.1bn to N24.81bn. Total operating income also leapt from N69.36bn to N91.55bn. The report further showed steady improvement in the balance sheet of the bank with customers' deposits rising from NN1.03tn to N1.06tn. Loans and advances expanded to N798bn in 2012 as against N707bn in 2011. Shareholders' funds increased to N252.18bn by first half 2012 compared with N234.01 recorded for the year ended December 31, 2011.

GTB had recently paid a final dividend of 85 kobo per share to cap its full-year payout for 2011 at N1, after it had paid similar 25 kobo as interim dividend. Audited report and accounts of the bank for the year ended December 31, 2011 had shown that that gross earnings rose from N153.91bn in 2010 to N188.82bn in 2011. Profit after tax closed 2011 at N52.65bn as against N38.35bn in 2010. Managing director, GTB, Mr. Segun Agbaje said the bank'S performance was due to a well-defined business plan, the passion of its employees and a determination to achieve results without compromising on the bank's standards of service quality, professionalism and integrity. *(Nation)*

Flour Mills of Nigeria Plc, Thursday, said it plans to spend about N9.7bn in the expansion of its milling plants across the country. According to Mr. Emmanuel Ukpabi, Group Managing Director, Flour Mills, who spoke at its pre-Annual General Meeting media briefing in Lagos, the expansion drive would increase the company's total milling plants to about 15 mills. Specifically, he said that the West Mill, which will house four of the milling plants is nearing completion and would soon be commissioned. He explained that on completion, the West Mill would have a milling capacity of 2,750 metric tonnes per day, while the combined plants across the nation would boast of 18,500 metric tonnes of flour per day, adding that the expansion would consolidate the company's position as second largest flour producing entity in the world. According to him, the mills would run for 24 hours in a day and undergo maintenance service for period of eight hours every week.

He assured that in continuation of the company's commitment to quality consistency in all its products, it made further investments in high-tech quality laboratory equipment, upgrading its state-of-the-art laboratory facilities accordingly. "Our millers and quality assurance personnel continue to attend courses in the USA, Europe and South Africa for improved skills and exposure to modern technology. "In order to formalise our commitment to product quality assurance, we have commenced the process of seeking accreditation to the quality standard ISO 9001:2008. This will help set a benchmark to measure our performance against best global practice within the flour milling industry," he said.

Lamenting the impact of negative operating environment on flour milling businesses in Nigeria, Ukpabi said that government's new policy on wheat importation which requires milling companies to pay 15% levy and 10% duty on imported wheat, as well as infrastructural decay were hampering activity not just for the company, but for the entire industry. He also listed the challenges facing the company to include poor power supply and bad road network, saying that it was their expectation that government would make do its promise of improving services in those two areas. While also explaining the impact of increased competition on their brand, he said that the government's new policy on compulsory inclusion of cassava in their range of product was yet another challenge as it would require putting more infrastructure in place to aid smooth take off.*(Vanguard)*

Economic News

The World Bank has allocated USD 300m to fund a program Nigeria has launched to promote employment and to reduce poverty in 20 of the 36 states which make up the Federal Republic. According to Undp latest data, unemploymnet in Nigeria soared from 12.3% in 2006 to 23.9% in 2011, hitting the record figure of 46.5% among the youths. The funds will be used mainly to help young farmers adopt new technologies and purchase new equipment, as well as to support SMEs in gaining access to credit. The Nigerian government said that by the end of its term in 2015, the country's unemployment rate will be reduced substantially by, among other measures, "creating 3.5 millions of new jobs in agriculture alone." Official data show that since coming to power a year ago, the administration chaired by Goodluck Jonathan developed projects which are meant to generate 480,000 new jobs of which 110,000 will be created by 3,600 new entrepreneurs while the remaining 370,00 will come from an ad hoc program targeting women and the young. Nigeria is Africa's second largest economy and the continent's most densely populated nation with 167m inhabitants. *(AGI)*

The National President, Nigerian-American Chamber of Commerce, Sam Ohuabunwa, has disclosed that the United States of America had invested USD 2bn in Nigerian agricultural sector. Ohuabunwa disclosed this in an interview with the News Agency of Nigeria in Lagos, yesterday. He said that the U.S. government was also interested in developing Small and Medium Enterprises (SMEs) in Nigeria. The Chamber President explained that the U.S. was interested in the development of the agricultural sector and SMEs because of their importance to economic recovery and manufacturing. "The investments are made available to support these two areas because all over the world small and medium enterprises hold the economy."Agriculture and agro-processing, power, security issues, as well as other human development areas, such as health and education are focus policy arenas of the American government for Nigeria," he said.

According to Ohuabunwa, the USD 2bn grant is also being provided to promote wider use of solar and green energy by SMEs. "Electricity is a major issue in

Nigeria. Many businesses have folded up owing to inadequate electricity supply. "The U.S. wants to encourage the development of power generating capacities in rural areas," he said. Ohuabunwa pointed out that the U.S. Export and Import Bank was also making funds available to prospective Nigerian agro-allied entrepreneurs who might want to make use of U.S. technology. He said that the U.S. government was working with civil society groups and some Nigerian commercial banks to ensure that the grants were properly disbursed. "We will collaborate with non-governmental organisations, government agencies, some commercial banks and with our Bank of Industry to allocate the grants to legitimate SMEs," he added. The chamber president however, said that the SMEs must be registered in accordance with Nigerian laws to qualify for any grant. He said that it would be an advantage if the SMEs were members of the chambers so that they could be recommended to get any grant.*(Guardian)*

South African investors have shown keen interest to invest in Nigeria's petroleum sector through the rehabilitation of some of the nation's pipelines. The South African delegation unveiled their strategies to the Nigerian National Petroleum Corporation (NNPC), during a working visit to the corporation. The team led by Stephan Mcburger, said the visit was to explore the abundant potentials in the Nigerian petroleum sector by the various business investors from South Africa. "We are here to introduce cutting edge technology that will help in rehabilitating the NNPC oil and gas pipelines that cut across the country and this will also create job opportunities for the army of youths in the country," he said. Mcburger said the various business investors from South Africa would also help in training Nigerians on the job that will help in sustaining their numerous investments in Nigeria.

The Group Managing Director of the corporation, Andrew Yakubu stated that the NNPC would collaborate with investors willing to develop the oil and gas sector of the economy, stressing that the draft Petroleum Industry Bill (PIB) forwarded to the National Assembly by the Federal Government for consideration and passage into law would create the enabling environment for investors and bolster investment in the oil and gas Industry in Nigeria. Represented by the Group Executive Director Corporate Services, Peter Nmadu, the GMD averred that the PIB, when passed into law, would provide a veritable platform for investors from different parts of the globe to invest in the upstream, midstream and downstream sectors of the petroleum industry in the country.

"Certainly at a time like this, when critics are expressing uncertainties about the Petroleum Industry Bill, what we are witnessing today is a huge endorsement of the Nigeria oil industry. We have a huge delegation of investors from South Africa to discuss with NNPC on potentials of investment in the oil and gas sector. "I think this is a positive development because it is a clear testimony to the fact that the PIB is not an impediment to investors as is being touted but a real catalyst for investors," he said.*(Guardian)*

The Central Bank of Nigeria, CBN, Thursday, said it has disbursed N198.178bn to 258 beneficiaries under its Commercial Agriculture Credit Scheme, CACS, from inception in 2009 to July 2012. According to the CBN, in its CACS report for April to July 2012, among the 258 beneficiaries, 228 were private promoters while 30 states received N38bn. According to the report, from inception to date 19 banks participated in the scheme, namely, Access Bank Plc, Fidelity Bank, First Bank of Nigeria, Guaranty Trust Bank, EcoBank Plc, Skye Bank, Stanbic IBTC, Union Bank of Nigeria, Keystone Bank, United Bank for Africa, Unity Bank Plc, Zenith Bank Plc, Diamond Bank Plc, Sterling, Citibank, Wema Bank, Mainstreet Bank, Enterprise Bank and First City Monument Bank.

The report stated further, “The analysis of number of projects financed under CACS by value chain showed that out of the 228 CACS private sector sponsored projects; production accounted for 48.64% and dominated the activities funded while processing accounted for 38.64%. “These activities were distantly followed by marketing, storage and input supplies which registered 7.27%, 5.0% and 0.45% respectively. “With regards to the value of funds released, processing accounted for 51.7% followed by production which accounted for 33.8% of the value of enterprises financed. These were followed by marketing, storage and input supplies which registered 9.6%, 3.83% and 1.1%.” *(Vanguard)*

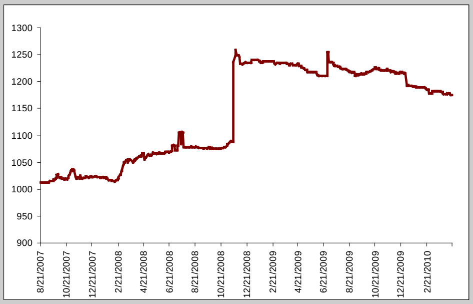
The Nigeria Stock Exchange, NSE said it will develop and launch an Industrial Goods Index by January 2014. In a statement, Director General of the Exchange, Oscar Onyema said that the Industrial Goods Sector was listed on November 5, 1992, and has 27 companies, adding that 26 of these are quoted on the Main Board and one on ASeM. Oscar said that the Year-to-Date (YTD) performance of the sector is +8.54%. “Comparing this with global Industrial Goods performance shows that the Sector can do better. FTSE 350 Industrial Goods &Services has YTD of 13.23%; S&P Industrial Index, 12.15%; MSCI Egypt Industrial Index, 38.53% and FTSE/JSE African Industrial Index, 25.11%,” he said.

He said the NSE has laid Corporate Governance on the front burner as one of the vital elements for ensuring a sound investment environment and maximising shareholder returns. “The NSE will continue to consistently enforce its rules on Corporate Governance in a firm and fair manner in order to build a strong investment climate for market participants. We cannot afford to do otherwise if we are to become the gateway to African markets.” He stressed that it is imperative for companies quoted on The Exchange to take advantage of the opportunity presented by the Facts Behind The Figures programme, adding that they should endeavour to raise the quality of their investor relations programmes including disclosing information about their companies to stock market stakeholders regularly.

“It goes without saying that if stockbrokers do not have adequate information about a company -no matter how great the prospects of such a company, it will be difficult for them to appropriately price its stock. “More importantly, rational investors will find it difficult to invest in a company they do not have adequate information about. These and a lot more reasons make it imperative for companies listed on our bourse to take part actively in managing investor relations,” he said. *(Vanguard)*

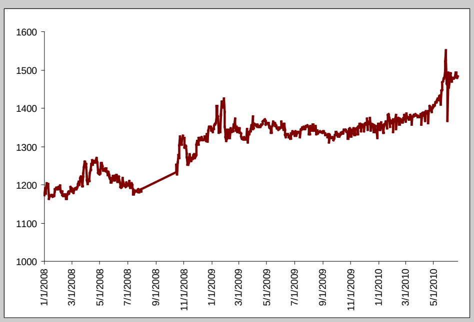
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-9.907	-9.086	-9.7
Current account balance (USD bn)	-2.195	-2.15	-2.477
GDP based on PPP per capita GDP	1,414.36	1,487.35	1,578.68
GDP based on PPP share of world total (%)	0.082	0.085	0.088
GDP based on PPP valuation of country GDP(USD bn)	57.335	61.5	66.582
GDP (current prices)	546.63	572.25	605.346
GDP (Annual % Change)	4.954	5.649	6.74
GDP (US Dollars bn)	22.159	23.662	25.531
Inflation(Annual % Change)	7.251	7.028	7.126
Inflation (Annual % Change)	6.659	6.423	5.5
Population(m)	38.2	38.964	39.743

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The DSEI closed the week 0.33% higher at 1,499.11pts. TBL traded 3.17% higher at TZS 2,600. CRDB edged up 6.82% at TZS 117.50. SIMBA ended 0.84% higher at TZS 2,400.

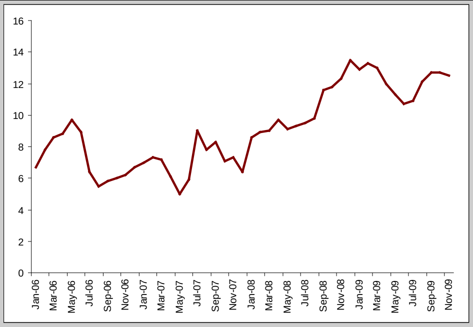
Corporate News

EXIM Bank has drawn strategies to enable it become Tanzania's preferred bank in the years ahead according to bank's Chairman of the Board of Directors, Mr Yogesh Manek. Speaking during the Exim Bank Tanzania 15th Anniversary Staff Celebration held in Dar es Salaam as well as other branches in the country over the weekend under the theme 'A Brilliant Past, A Golden Future', Mr Manek said his bank will invest massively in staff training to enable the bank provide unmatched and tailor-made services. "We have moved ahead with our vision of being the preferred bank and we have already established an academy called 'Exim Academy' in Dar es Salaam that will offer hands-on training to all our staff. We believe competent staff can be a big catalyst to the bank's growth.

He said his bank has registered satisfactory progress in all major areas that include deposits and assets among others in the last 15 years adding that would not have been possible without committed and dedicated staff. "The growth we have been able to register in the past 15 years however would not come without hard work and dedication of our staff. My plea is that employees should strive at growing the Exim Bank brand in the years ahead," he added. The Exim Bank Managing Director, Mr Anthony Grant, however said his bank will always strive to improve staff working conditions and expertise that will in turn enhance service delivery and customer satisfaction.

"Looking back at the 15 years of Exim Bank journey, our hearts are filled with thanksgiving and gratitude for all the shareholders, partners, customers and staff who have offered support in one way or another," Mr Grant said. He said Exim Bank looks forward to being an integral part within the East African Community (EAC) providing unmatched financial services within the region and beyond. Twenty-four long serving Exim Bank staff were rewarded for their dedication during the celebrations that brought together the bank's staff and the bank's board of directors. *(Daily News)*

Swiss oil trader Addax has won a tender to supply Tanzania with 350,000 tonnes of gasoil for delivery in October, an industry source said. The tender was awarded at around $53 a tonne premiums to Middle East quotes, the source said. The trading arm of the Swiss group Addax and Oryx is a dominant presence in African oil trading markets, but has recently became the target of job cuts. AOG slashed 18 out of 77 positions related to its trading



Source: SAR

activities earlier this year. The group said the redundancies were part of a plan to integrate its trading activities into its downstream organisation. AOG had been seeking a buyer for key African trading and downstream assets but dropped plans to sell part of its operations in Afria after failing to find a buyer. *(Reuters)*

Dangote Cement's new plant currently under construction in Tanzania is expected to help fill the cement supply gap in the country, according to a new report by the Tanzania Investment Centre (TIC). Tanzania Investment Centre (TIC) in the report said the cement deficit in the area has hit 1mn tons since 2011 but the new Dangote plant is expected to alleviate this. The TIC acting executive director, Raymond Mbilinyi, said that in few years the country will not experience such deficit due to the establishment of the new Dangote Cement plant in Mtwara. According to the report, Dangote unit will be producing 2mn tons every year and will create 400 new jobs.

"Apart from creating employment, the factory will stimulate trade and create a multiplier rippling effect to the entire economy," Mbilinyi said. It is expected to start operation in 18 months, and will cut the cement deficit in the East African Region, the report said. Dangote Cement is Africa's biggest producer of the building material. The company's production target is expected to hit 60mn tons a year by 2015 from around 28mn tons at the moment, a 107% rise, with production capacity outside Nigeria expected to reach 22mn metric tons per annum by the end of 2013.Dangote reported in July that its pretax profit for the first half of 2012 grew by 23% year-on-year to N71.3bn (USD 443mn), from N58.1bn last year. Revenue of the cement maker climbed to N142bn during the period, compared with N112.7bn a year ago *(Business Daily)*

TANGA Cement has posted a net profit of 15bn/- for the first half of the year, an increase of 56% from 9.9bn/- in the corresponding period last year. The cement firm that trades on the Dar es Salaam Stock Exchange as Simba has attributed the profit surge to exports and improved supply of electricity during the period. Simba Cement's acting Chairman, Prof Samuel Wangwe said: "With substantially reduced maintenance and electricity costs, gross profit for the period increased by 40% to 30.25bn/-," Prof Wangwe said in the statement issued. The gross profit was pushed by sales volumes that rose 14% over the same period last year, including a 35% rise in export. "…the firm is well positioned to take full advantage of its production capabilities to exploit the growing markets in Eastern Africa," he said. During the same period, the company experienced no major mechanical problems between January and June, whereas last year a kiln was stopped for almost six weeks for major refurbishment. On the other hand, the availability of rail transport declined compared to the first half of 2012, with only 170 wagons being loaded, a drop of 58% to push up the cost of sales to 59.78bn/- from 50.67bn/-.

A study carried by Tanzania Securities entitled: 'Equity Research Cement Sector Local Listed Companies indicates that the country is expecting to become a net exporter of cement in the next two years, with her production capacity standing at 3.25mn tonnes per annum and likely to double in the next three years to 6.75mn tonnes. "We consider Tanzania's prevailing price of 120 US dollars per tonne to be competitively very low versus West Africa's 200 US dollars per tonne," the study shows. The study's projections indicate that prices will continue to fall to between 90 -105 US dollars per tonne in the medium term and translate into higher export levels to available markets of Rwanda, Burundi, DRC and Zambia with 200 US dollars. *(Daily News)*

TANZANIA Breweries Limited (TBL) has approved 58.9bn/- in paying its shareholders 200/- dividend per share for the year ending April 2012, about 17% interest which is more than twice the returns paid by most commercial banks. Speaking during the 39th company's Annual General Meeting (AGM) in Dar es Salaam, the TBL Board Chairman, Mr Cleopa Msuya, said despite some economic hardships last year, the firm managed to post outstanding performances that led to hefty dividends to shareholders. "Apart from market competitions, shilling fluctuations, power and water problems, TBL managed to record an outstanding performance thus making the AGM to approve the dividend of 200/- per share amounting to 58.9bn/- as proposed by the board of directors," said Mr Msuya. For example, the prolonged interruptions in power supply together with the 40% increase in electricity tariff had an adverse impact on the cost of manufacturing. Likewise, the weakening shilling against world currencies increased pressure on the cost of imported goods and raw materials.

However, the impact of change of the fundamental factors was minimised by effective cost controls, currency hedging and improved efficiencies which resulted into 24% increase in gross profit over the period under review. According to the company's financial statement, the profit jumped to 166.4bn/-, compared to 121.6bn/- posted in the year earlier. The profit before income tax increased by 30% to 239bn/- compared to 219bn/- recorded in the corresponding period. Similarly, TBL total revenues rose by 26% to 801bn/- compared to 635.8bn/- of the previous period largely due to volume gains, improved product mix in the premium segment as well as below inflationary price increase adjustment. The company's contributions to the government coffer comprising of income tax and VAT increased to 312bn/-, equivalent to 32% in the year ending March this year. Mr Msuya told the shareholders that TBL intends to utilise farm inputs and raw materials sourced in the country so long as they meet the quality and procuring price does not affect cost of production. *(Daily News)*

Economic News

Tanzania is leading in m-commerce (mobile money services) across the Sub Saharan African markets, beating South Africa, Ghana and Nigeria and even Uganda, according to a research released in August this year by Ericcson. Presenting the findings here on Thursday, a senior advisor with the Swedish company, Anders Elarndsen said according to the research, titled Consumers in Sub-Saharan Africa Ready for Next Step in M-Commerce, Tanzania is leading by 67% in the mobile money services market against Ghana (9) and South Africa (24). Tanzania also leads in mobile payments — airtime top ups, merchants, bills and salary payments -- by 60%, followed by South Africa 19% and Ghana by 6%. In mobile money transfers — both domestic and international —Tanzania is also the leader with 42% followed by South Africa (4) and Ghana (1).

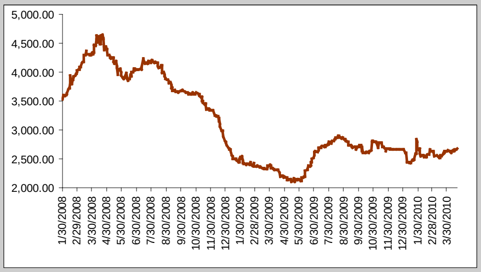
Even in mobile banking -- balance enquiry, withdrawals, deposits and credit services — Tanzanian subscribers comprise 19% followed by South Africa (13) and Ghana (3). Tanzanians also lead in the region with more subscribers having more than two simcards — 35%, two simcards and 11% more than two. South African consumers lead in the region with more subscribers holding one simcard (95%), while Ghana follows with 66%. Responding to the question why most Tanzanians subscribers go for two or more cards, he said in Tanzania most people do not use conventional banking, adding that they have more trust in the phone as their wallet. Elerndsen said South Africa prefers to use conventional banking to mobile phone money system because they trust the former most. He said the most interesting thing about m-commerce is that women play a very important role, sometimes more often than men.

He said according to Ericcson Consumer Laboratory, where reliable infrastructure is lacking in Africa, new technologies have stepped in and transformed the situation, with data showing that the population is ready for any technological transformation in m-commerce. According to Finscope Gallup, 30mn people in the three countries remain unbanked and without phones, while 40mn are banked and have mobile phones, he said. At least 50mn people are unbanked mobile phone users, he said adding that these are the targets of banks and mobile network providers. Ericcson is a leading provider of communications technology and services operating in more than 180 countries with more than 40% of world's mobile traffic going through its network and supporting more than 2.5bn subscribers.*(IPP Media)*

SECURITIES AFRICA

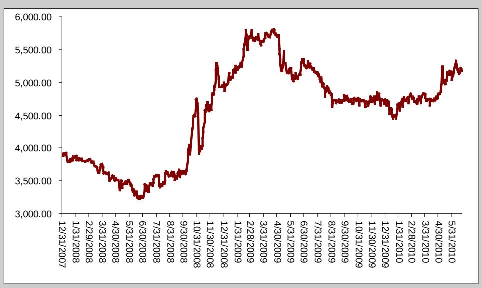
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-3.935	-2.871	-2.561
Current account balance (USD bn)	-0.484	-0.453	-0.469
GDP based on PPP per capita GDP	1,544.01	1,615.66	1,696.23
GDP based on PPP share of world total (%)	0.026	0.027	0.027
GDP based on PPP valuation of country GDP(USD bn)	18.482	19.711	21.091
GDP (current prices)	1026.921	1294.482	1472.322
GDP (Annual % Change)	4.537	5.042	5.495
GDP (US Dollars bn)	12.293	15.792	18.307
Inflation- Ave Consumer Prices(Annual % Change)	13.989	10.201	7.261
Inflation-End of Period Consumer Prices (Annual %)	11.996	8	7.017
Population(m)	11.97	12.2	12.434

Source: World Development Indicators

CPI Inflation

Stock Exchange News

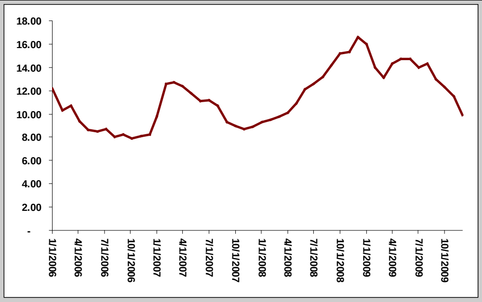
The LuSE index ended the week 1.68% lower at 3,732.54 points . SHOPRITE traded at ZMK 55,000. ZAIN ended the week at ZMK 705 while ZANACO closed at ZMK 164.

Corporate News

PUMA Energy Zambia Plc is offering to purchase 120, 811, 168 shares held by minority shareholders at a price of K1, 205 to be settled at the close offer period. The transaction arises from the sale by BP Africa Limited of its businesses, operated in Zambia, Malawi, Botswana, Namibia and Tanzania to various subsidiaries of Puma Energy. In compliance with the mandatory offer provisions of the Securities Act, Puma Ireland has formally announced its intention to make a mandatory offer to acquire the remaining 120, 811,168 representing 24.1622% of the company's shares from minority shareholders of the firm.

MOPANI Copper Mines (MCM) has completed the installation of the second convertor shell under the final phase of the Mufulira smelter upgrade project which will reduce sulphur dioxide emissions to almost zero percent by the end of next year. MCM chief executive officer Danny Callow said in a statement yesterday that the project worth about K2.2 trillion was initially supposed to be completed in 2015 but the company brought the deadline forward by 18 months to December next year. MCM, which is majority-owned by Glencore International Plc of Switzerland, embarked on the smelter upgrade project to enhance its efficiency and to curb sulphur dioxide emissions, which has been associated with the smelter since the 1930s. "I'm happy that so far, everything is moving smoothly and we are on target to meet our self-imposed 2013 deadline to complete the project. "Everything being equal, we will achieve this target because we are determined to bring an end to the problem of sulphur dioxide emissions once and for all," Mr Callow said. He said the 110,000-kilogramme convertor shell has been mounted on permanent saddles and all associated components are currently being installed ahead of its commissioning in December this year. "Once completed, this project will result in over 97% capture of sulphur dioxide from the smelter, compared to zero percent sulphur dioxide capture for decades before privatisation. "Installation of the second convertor shell is a huge milestone in the smelter upgrade project.

This will allow for installation of all the vital components for the successful operation of the equipment," Mr Callow said. The second convertor arrived in Zambia in March year following the successful commissioning of the first convertor in February. Mr Callow said manufacturing of the third convertor is currently underway and the equipment is scheduled to be delivered in April next year. The third convertor and the second acid plant are scheduled to be commissioned in December next year and will mark the completion of smelter



Source: SAR

upgrade project. Mr Callow said MCM is awaiting clearance from the Zambia Environmental Management Agency for the construction of a second acid plant which is a vital part of phase three of the smelter upgrade project. "This has delayed commencement of some works such as layout fixing and piling for the project," he said. Mr Callow said MCM is, however, happy that generally the smelter upgrade project is on schedule and hopes that it will meet its target. *(Daily Mail)*

Economic News

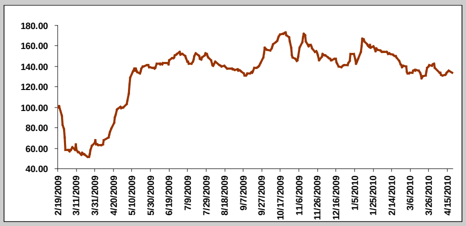
Standard Chartered Bank says prudent macro economic policies put in place by Government positions Zambia as an investment destination of choice in Africa. Standard Chartered Bank head of Africa, Middle East and Pakistan Raheel Ahmed says Zambia, whose gross domestic product (GDP) is expected to grow by 7.7% this year, is a shining example of growing economies due to favourable policies which have attracted investors. "Zambia has been recognised as one of the countries with high GDP growth rate and a country that is transforming quite quickly and we want to be part of this growing economy," he said. Mr Ahmed said at a media briefing in Lusaka on Monday evening that the bank is supportive of efforts Government is making to spur economic development.
He said the bank will continue to invest in the Zambian economy and support growth sectors such as mining, agriculture and Small and Medium Enterprises (SMEs) with the bank growing its SME loan book to about USD 20million (ZMK 100bn) representing over 200% increase in the first half of this year.

On branch expansion, Mr Ahmed said the bank is expected to open six branches before the end of the year but could, however, not disclose which areas have been earmarked. At the same event, Standard Chartered Bank Zambia head of consumer banking Sonny Zulu also hailed Government's macroeconomic interventions adding that the policy rate has brought about transparency on the market. Government has, among other economic interventions, introduced the policy rate, which allows the central bank to signal an increase or decrease in the price of credit in the market. The authorities are also in the process of rebasing the Kwacha to enhance efficiency in the payment system and also foster confidence in the local currency. *(Daily Mail)*

Zambia's August Inflation accelerated to 6.4% year-on-year from 6.2% in July, driven higher by food prices, the Central Statistical Office said on Thursday. Food inflation quickened to 7.3% in August from 6.3% in July, CSO data showed. The price of the staple maize meal increased by 2.4% and that of dried fish rose by 7.6% between July and August. Zambia's inflation will remain around 6% in 2012 in line with the government's target of 7%, the International Monetary Fund forecast last month, urging the government to remain vigilant on price pressures and tighten policy if needed. Zambia recorded a trade surplus valued at 383.2bn Zambian kwacha in July from another surplus of 163.0bn kwacha recorded in June, the CSO also said on Thursday. *(Reuters)*

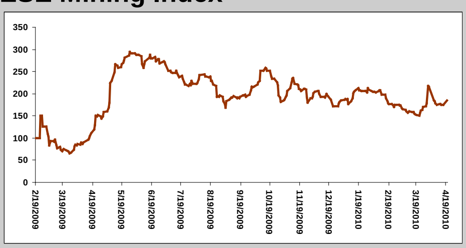
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-21.357	-19.898	-19.582
Current account balance (USD bn)	-0.76	-0.84	-0.946
GDP based on PPP per capita GDP	303.146	359.739	411.761
GDP based on PPP share of world total (%)	0.004	0.005	0.005
GDP based on PPP valuation of country GDP(USD bn)	3.731	5.954	5.983
GDP (current prices)	303.146	359.739	411.761
GDP (Annual % Change)	3.731	5.954	5.983
GDP (US Dollars bn)	3.556	4.22	4.831
Inflation- Ave Consumer Prices(Annual % Change)	9.00	11.96	8.00
Inflation-End of Period Consumer Prices (Annual %)	0.813	8.731	7.4
Population(m)	11.732	11.732	11.732

Source: World Development Indicators

Stock Exchange News

The Industrial Index edged up 0.98% to end the week at 132.27pts while the Minings Index held steady at 89.04pts. Interfresh traded 20% higher at 0.18c. Afdis edged up 15.38% to 15c. Old Mutual increased by 4.66% at 157c while Delta closed 4.11% higher at 71c. PGI led the losers after shedding 50% sinking to a low of 0.50c. Colcom tumbled 20.7% to 23c. Aico lost 10.5% to finish at 8.5c.

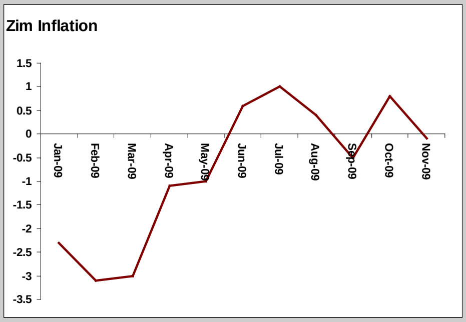
Corporate News

MEIKLES Limited registered a 15% increase in revenue to USD 89m in the quarter to June 30 2012, driven by growth in the agro-focused business and supermarkets. In the future, sales are seen rising faster, leveraged by the contribution from its Pick 'n Pay branded supermarkets. Pick 'n Pay invested about USD 13m into TM Supermarkets and opened its first branded store in Zimbabwe in June. The investment raised its stake in TM Supermarkets to 49% while Meikles retained a majority stake of 51%. "Growth in turnover was registered in TM Supermarkets and Tanganda. The new (Pick 'n Pay) branch has been well received by customers and has done exceptionally well to date," Meikles said in an interim management report last Thursday. The company said three more Pick 'n Pay branded supermarkets would be opened in Zimbabwe before the end of this year.

The uplift in turnover for the supermarkets chain was expected to "continue" as refurbishment and rebranding of more branches was undertaken. The growth registered by Zimbabwe's first Pick 'n Pay branded store will help TM Supermarkets solidify its leading retailer status, analyst Mr Johannes Kwangwari said. "Pick 'n Pay is a bigger retailer and has the capacity to understand the needs of consumers. The growth in turnover may also have been spurred by positive sentiment from the market, which drove volumes," he said. Another economist, Mr Takunda Mugaga, said more new retailers would enter sector. "An economy on a recovery (path) spends more on consumption than on investment," Mr Mugaga said. Besides running the TM Supermarkets chain, Meikles has other interests in beverages, tea growing and processing, hospitality and leisure sectors, where it is a major player.

Although Meikles disposed of the Cape Grace Hotel in South Africa for USD 30m last year, it said the outlook for its hotels division was positive with increased traffic likely to be seen in the period after the elections, expected this year. The flagship Meikles Hotel in Harare is currently undergoing refurbishment and this has forced the hotel to close a wing comprising 135 rooms. This has had an impact "on revenue growth as expected" from hotels. The diversified group's other flagship, Victoria Falls Hotel, is also set to undergo renovations, starting in November. Players in the Zimbabwean hospitality and tourism sector are

CPI Inflation



Source: SAR

gearing up for bumper tourist arrivals on the back of the United Nations World Tourism Organisation General Assembly to be jointly hosted by Zimbabwe and Zambia in August next year.(*Herald)*

BINDURA Nickel Corporation plans to increase production to 7 000 tonnes of nickel concentrate per annum when it restarts Trojan Mine, which is currently under care and maintenance. London Alternative Investment Market-listed Mwana Africa expects its Zimbabwe nickel producing unit to reach steady state production levels in 24 months. BNC stopped production in 2008, at the height of Zimbabwe's economic challenges, but was largely weighed down by poor prices on international markets. "The restart plan of Trojan Mine involves the production of 7 000 tonnes of nickel in concentrate a year, to be sold to Glencore. Production ramp-up will be very quick, as would be expected, and the operation should reach steady production within 24 months," said chief executive Mr Kalaa Mpinga in Mwana Africa's 2012 annual report.

The 52,9% shareholder in BNC has worked hard towards the restart of operations, including seeking a USD 10m loan from the Industrial Development Corporation of South Africa and raising USD 12m from the sale of Mwana Africa's ordinary shares. The controlling shareholder is now working on a USD 21m rights issue which was supposed to close end of July but now extended to end of this month, as efforts to resume nickel production gather momentum. Repairs have covered the main rock shaft bunton sets, main rock shaft ore, bin and waste conveyors, crushing plant steel structures, electrical panels and electric cables, overhauling crushers, conveyors and screens and hot commissioning of crushing circuit. Work on the main steel structures in the milling section is in progress. But further funding will be required to take Trojan to the stage where it is cash-generative. The directors have not disclosed the amount of additional funding needed. BNC is Africa's only integrated nickel smelting and refinery firm.

"There has been a great deal of progress in priming the operation for restart, including complete refurbishment of the crushing circuit," said Mr Mpinga. "BNC work is now focused on resolving legacy creditors and concluding a retrenchment programme at the Trojan, as well as recapitalising BNC, so operations at Trojan may be restarted." The BNC board of directors has decided the most viable way to restart BNC's operations is in stages, starting with the resumption of concentrate production from the Trojan and processing facility, Mwana Africa chairman Mr Oliver Baring said. He said BNC had been through a difficult year and operations had remained on care and maintenance. In spite of this, the management team has quietly gone about refurbishing the Trojan operation and priming it for the restart of production. Most major components of the operation have been refurbished to a high standard and this will be of major benefit to the production ramp-up when operations restart. Mr Baring said other BNC assets remain under care and maintenance, but it was important to keep in mind the huge strategic value within BNC, including a fully integrated nickel smelter and refinery and the undeveloped Hunter's Road nickel deposit. (*Herald)*

Platinum miner Zimplats has said the company's Phase 2 expansion project could be delayed due to cash constraints and weak commodity prices prevailing on the international market. The expansion project involves construction of a 30 000-megalitre dam and development of a new underground mine. Other investments under the programme included a concentrator and related infrastructure which were scheduled to be commissioned by April next year. This was supposed to increase capacity by 100% by March 2015. In terms of production, this was set to increase to 270 000 ounces, and an additional 1 000 jobs created. Zimplats chief executive officer Mr Alex Mhembere said difficulties prevailing in the global platinum industry might hamper its expansion plans. “Completion date for the project is due for 2015, but could be delayed due to cash constraints and weaker base metal commodity prices,” he said. “The fundamentals for platinum mining in Zimbabwe still remain strong; however, the success of our Phase 2 expansion being completed by 2015 will be strongly dependent on strong metal prices and cash conservation measures for 2013.”

The platinum industry has been plagued by low demand from the automobile industry in Europe which has been hard hit by a debt crisis. This, coupled with ever rising operating costs, has seen prices of the metal trading at an all-time low of between USD 1 375 and USD 1 475 per ounce. As a result, several platinum mines have been forced to scale down operations with some ceasing operations entirely. Zimbabwe has the world’s second largest known platinum reserves in the world after South Africa. Currently, there are three mines operating in Zimbabwe, namely Zimplats, Mimosa and Unki platinum mine. In 2011, at least 340 000 ounces of the white metal were produced in the country. *(Herald)*

Standard Chartered (Stanchart) Bank Zimbabwe Limited has surpassed half of the Reserve Bank of Zimbabwe(RBZ)’s revised minimum capital requirements as foreign-owned banks reassert their market position. In an unaudited financial statement for the half-year ended June 30 2012, the bank said its capital base stood at USD 62m, indicating that it was on course to meet the new capital levels. The central bank raised minimum capital requirements for commercial banks to USD 100m from USD 12,5m in a staggered exercise expected to be completed by 2015. Banking institutions are expected to raise USD 25m in capital by December 31. Banks are also expected to comply with 50% of the prescribed minimum capital requirements for the applicable class of banking business by June 30 2013. Bank capital represents the resources contributed by shareholders towards the establishment of the bank and its working capital requirements. It also represents a permanent commitment by a bank’s shareholders and shows the networthness of a bank, that is, the difference between the value of the bank’s assets and its liabilities.

Stanchart Bank Zimbabwe Limited narrowed its after-tax profit for the six months to USD 7,9m from USD 12,6m posted in the same comparative period on the back of a rise in operating expenses. Operating expenses rose to USD 18m from USD 15m. Non-interest income, which stood at USD 23,3m was three times higher than net interest income which indicates income was earned from banking transactions processed through various channels such as automated teller machines, Internet banking and point of sale devices. Interest income on the other hand is received from loans to customers. The bank’s loans and advances grew by 7,6% on the year, driven by consumer bank lending. Total banking sector deposits rose 25,8% from USD 3,1bn in December to USD 3,9bn as confidence in the country’s banking system improved. The bank’s assets grew to USD 365m during the period under review from USD 307m recorded during the same comparative period. According to the central bank, a low capital base restricts a banking institution’s capacity to underwrite sufficient business and generate enough revenues to meet its operational costs. This means that the higher the capital base, the greater the loss absorption capacity and therefore the resilience of the institution to adverse endogenous and exogenous shocks. *(Newsday)*

ECONET Wireless Zimbabwe said Monday it was taking delivery of new equipment as part of an investment that will see network increased capacity to 10m subscribers. The company said the expansion drive would see its investment in Zimbabwe exceed USD 1bn since it launched its operations in July, 1998. “Shipment of the equipment, which began in the last few days, was expected to continue well into next year. The equipment is being supplied by Ericsson of Sweden and the Chinese telecom equipment manufacturer ZTE,” the company said in a statement. “The new expansion drive by Econet is also expected to see its investment in Zimbabwe exceed USD 1bn, the largest ever in the country's history. It follows the approval by the Econet board to "mop up" the remaining demand for lines in the Zimbabwe market.” Econet is Zimbabwe’s largest telecoms company with about 6.5m subscribers, representing nearly 70% of the country’s mobile market. Its rivals include Telecel Zimbabwe, in second place, and the state-owned NetOne which is ranked third.

A dispute over interconnection fees saw Econet cutting off NetOne last week. But the spat only lasted briefly after NetOne challenged the decision at the High Court. Econet claims its rival refuses to remit USD 20m in interconnection fees, a charge denied by NetOne. Meanwhile, Econet said it was also stepping up efforts to diversify into new business areas that depend on its network such as the mobile banking platform EcoCash which the company describes as one of its largest investment efforts to date. “Econet is developing EcoCash to address the acute shortage of cash in the economy by making it easier to buy and sell goods without the need for cash,” the company said. “Another major new business area is the provision of solar powered lighting which depends on the cell phone network. A new service, called the Home PowerStation, has also gone into full pre-commercial trials in Zimbabwe for the first time. Econet said this product was expected to light up many homes in the rural areas by Christmas. *(New Zimbabwe)*

An exciting era is beckoning on the horizon for ZABG after multimillion dollar fresh capital injection by new controlling shareholder Trebor and Khays. Only two months ago, there were fears that the bank could miss the Reserve Bank of Zimbabwe minimum capital threshold of 12,5m then for commercial banks(since revised to USD 100 by June 2014), given the little time that had left before the lapse of the central bank deadline. But Trebor and Khays, a local investment firm owned by Mines and Mining Development Minister Obert Mpofu came to ZABG’s rescue by injecting USD 22,8m. This was after the collapse of a series of negotiations between the bank and potential investors. The bank’s capital base grew from a negative USD 10,8m and is now capitalised to the tune of about USD 18m. This marked the rebirth of the once troubled bank. Last Friday, the bank officially launched its 23rd branch in Victoria Falls where Reserve Bank of Zimbabwe Governor Dr Gideon Gono was the guest of honour.

Describing the renaissance of the bank, Dr Gono said: “This is the first time that a bank which was facing closure in January this year finds itself six months later among the now very strong banks not only financially but to the point of expanding when others are battling to survive and indeed, closing branches and making losses.” The fresh capital injection has boosted the bank’s underwriting capacity and its balance sheet. Speaking at the same occasion, ZABG chairman

Mr Farai Mutamangira talked about a journey that the bank has just started in view of transforming it into one of the leading and strong financial institutions in the country. Mr Mutamangira, a renowned lawyer, said the bank was finalising a loan facility of up to USD 10m to support small-scale gold miners. This was in recognition of the critical role played by small to medium-scale enterprises in the economy. This facility will assist mining companies in acquiring machinery and equipment in their mining activities among other services. Apart from the loan facility, Mr Mutamangira said ZABG was also in the process of establishing a gold trading facility that would go a long way in enhancing production
.
And to add convenience to the banking public, the bank will soon start installing deposits auto teller machines which will enable customers to make cash deposits through ATMs. The bank will also roll out "cash to cash" payments, a facility that will enable any person, not necessarily ZABG account holders, to send and receive money through the bank. With an estimated USD 3bn believed to be circulating in the informal sector, ZABG is working on products that will encourage deposits from the sector. In addition, it will develop electronic products that will facilitate access to the unbanked sector.
With regard to the central bank's new capital thresholds, Mr Mutamangira said the bank was not only prepared to meet the new requirements of USD 100m by 2014, but to "exceed" them. He said the bank has already started working on equity initiatives that would see it exceed all the deadlines that were set, further expressing confidence that the initiatives would begin yielding positive results in the short term before the December deadline.

Last month, the RBZ raised minimum capital requirements for all financial institutions, with commercial bank required to have a minimum capital base to USD 100m from USD 12,5m on a phased basis to 2014. Mr Mutamangira also expressed satisfaction on the performance of the bank. He said the Victoria Falls branch had received enormous support since opening its doors to the banking public at the beginning of August this year. ZABG chief executive Mr Stephen Gwasira said the opening of the branch was part of its growth and repositioning plan. He said the bank would expand its branch network and was targeting towns such as Masvingo, Beitbridge and Zvishavane. ZABG was unbundled in 2010 from an amalgamation of Trust Bank, Barbican Bank and Royal Bank. With a branch network of 23, ZABG is offering a variety of financial services, encompassing retail banking, wholesale banking, corporate advisory services, treasury, asset management and leasing finance. Products on offer also include internet banking, SMS banking, personal and corporate loans, specialised banking services for small to medium-size enterprises and Dstv subscriptions. *(Herald)*

SEED CO Ltd is this year set to reduce production by nearly two-thirds due to carry over stock from last year, according to CEO Morgan Nzwere. Nzwere told shareholders at an annual general meeting this week the company would cut seed production to 24 000 tonnes compared to last year's 64 000 tonnes, a move aimed at clearing carry-over stock. "Closing stocks by year-end will be reduced by 47% as compared to prior year," he said. This, however, comes after the company early this year anticipated to produce 68 200 metric tonnes of seed for 2012/13 in correspondence to the market size. Apart from carryover stocks, the company had been set back by debtors, particularly government, which had however committed to pay the USD 13mn it owed the company by end of this August. Payment by other debtors, who owe the company USD 16mn, was slow due to the persistent liquidity challenges, Nzwere said.

Seed Co was striving to reduce borrowings in the current financial year to USD 40mn, compared to USD 44mn in the year ended March 31 this year. Borrowings in the year March 31 2012 had doubled to USD 44mn to fund carryover inventory. This resulted in net finance costs going up 70% to USD 4,33mn from USD 2,92mn the previous year. The Seedco group recorded a 20% rise in turnover to USD 117mn in the year under review, helped by a 22% increase in sales volumes to 67 240 metric tonnes. In terms of contribution by market, Zimbabwe brought in 38% to turnover, Zambia 23%, Malawi 10%, East Africa 9%, Botswana 7%. Cotton seed producer Quton contributed 13% to group turnover. Zimbabwe sales volume grew 74% as the group fought to increase market coverage, taking into account the abundant viability of stocks. Nzwere said the company's market share in Zimbabwe remained flat at 70%, Zambia 51%, Malawi 50%, Tanzania 46% and Kenya 10%.

The group reported a net profit of USD 19,08mn, an increase of 10% in the comparable period, while earnings per share also grew 10% to 9,90 US cents. Nzwere said a new seed processing plant was currently being installed in Kenya while an acid delinting plant was also being installed in Malawi and Tanzania. *(Independent)*

CAMBRIA Africa, majority shareholder in Zimbabwe Stock Exchange-listed Celsys, has exited the IT Services business locally as part of a bid to reorganise the business. Cambria, registered on London's Alternative Investment Market, announced this week that it had sold shares in Diospyros Investments (Pvt) Ltd, which trades as CES Zimbabwe (CES) to Complete Enterprise Solutions Mauritius (CES Mauritius) for USD 190,000. Cambria had invested around USD 155,000 in CES. In the six months to February 2012, CES generated 2,7% of Cambria's gross profit. "Cambria may, at a later stage, reconsider entering the IT services market, which it continues to consider attractive. However, at this point, the company will focus on developing and strengthening its four remaining businesses: PayServ; Celsys; Millchem; and the Leopard Rock Hotel," the company said in a statement.

The provision of IT services through CES was considered a core business for Cambria, the company said. However, CES is currently jointly managed by Cambria and CES Mauritius through a franchise agreement, which proved unsustainable, the company said. The company also said it had signed a memorandum of understanding with joint venture partner ForgetMeNot Software Limited (FMNS over the sale of Cambria's shares in ForgetMeNot Africa (BVI) Limited (FMNA) to FMNS for USD 250,000. FMNS will pay the sale price within 12 months from completion, which is expected within the forthcoming month. CES Zimbabwe develops and delivers IT outsourcing for small, medium and large enterprise companies looking to optimise their IT investment, whilst simultaneously reducing costs and allowing management to focus on their core business. Outsource solutions offered by CES include design and implementation of a company's IT infrastructure, day-to-day on-line monitoring and management of their networks and establishment of robust data storage and disaster recovery solutions. *(Independent)*

Economic News

Finance minister Tendai Biti yesterday said the inclusive government had no money for elections as the August 30 Supreme Court deadline for President Robert Mugabe to call for by-elections in three vacant constituencies beckoned. Mugabe on July 11 lost a Supreme Court appeal to delay the by-elections in Lupane East, Nkayi South and Bulilima East after former MDC legislators in the constituencies won a High Court case to force the new polls. Njabuliso Mguni, Abedinico Bhebhe and Norman Mpofu lost their seats after they were expelled from the MDC and had been fighting in the courts to force government to call for the by-elections. The veteran ruler was reportedly now toying around the idea of calling for by-elections in over 30 other vacant constituencies. A shadowy State media columnist, Nathaniel Manheru, believed to be Mugabe spokesperson George Charamba, even suggested the Zanu PF leader could go further and call for harmonised elections. But Biti told journalists in Harare that government had only budgeted money for the referendum for the new constitution set for October. “I don’t have money for by-elections, but referendum, as we have done with the (population) census,” Biti said.

Last year, the Zimbabwe Electoral Commission said it required USD 220m for the referendum and harmonised elections. The government struggled to raise USD 37,2m for the census and had to extend a begging bowl to donors for USD 15,2m for the programme. Biti said he was confident the draft constitution would be taken to a referendum despite the deadlock caused by Zanu PF’s bid to smuggle in its positions on the proposed supreme law. “There will be a solution. According to the Maputo (Sadc) resolutions, we should consult the facilitation team whenever there is an impasse and I am happy the facilitation team as a matter of urgency is coming tomorrow (today),” he said. Biti said he was baffled why Zanu PF had rewritten the Copac draft after its representatives had given the government-led process the nod. “If the contents of the draft constitution do not reflect the views of the people, the people will speak at the Second All-Stakeholders’ Conference,” he said. “Zanu PF has no right to veto the views of the people or speak on behalf of the people. Let the people themselves punish us by voting against the draft in a referendum.” Biti blamed factionalism in Zanu PF for the impasse in the constitution-making process. *(Newsday)*

Foreign direct investment (FDI) inflows into Zimbabwe remain a major cause for concern, considering its importance in financing government’s Budget deficit and new business opportunities, a survey by a local advisory firm has shown. FDI is direct investment into production by a company located in another country, either by buying a company in the target country or by expanding operations of an existing business in that country. According to a recent report by MMC Capital, FDI inflows into Zimbabwe remained very low when compared to other regional countries and this indicated the high risk premium on the country. “Despite several benefits accruing to Zimbabwe in attracting FDI, the key challenge, however, remains the ability to attract more inflows, ensuring that natural resource extraction contributes to strengthening domestic revenue mobilisation and fostering greater linkages of FDI with local economies,” reads part of the MMC Capital report. The 2012 Doing Business Index ranked Zimbabwe 171 out of 183 countries in terms of FDI inflows.

In 2008, Zimbabwe received USD 52m and the inflow increased to USD 60m the following year with 2010 recording USD 165m.

In the Southern African Development Countries, Angola had high FDI inflows followed by South Africa and Zambia. According to an International Monetary Fund working paper, the past decade was characterised by a sharp increase in global FDI flows to low income countries before it sharply declined in 2009, as a result of the global financial crisis. FDI helps tap natural resources in a country and according to the Zimbabwe Investment Authority, the country has about 13m tonnes of gold, 2,8bn tonnes of platinum, 930m tonnes of chromite and 16,5m tonnes of diamond untapped resources. “The government should ensure that greater FDI, particularly in natural resources, translates into higher fiscal revenue, which can then be spent in priority areas. “This is of major concern in Zimbabwe since currently, there is no clarity on the actual returns from the sale of the Marange diamonds,” MMC said. *(Newsday)*

A total of 144m kg of tobacco worth over USD 500m were sold in the 2011-2012 marketing season, the Tobacco Industry and Marketing Board has said. Statistics released by TIMB at the close of clean-up sales show the country earned USD 525m, representing a 46% increase on last year’s earnings of USD 360m. Clean-up sales were conducted on August 22, 2012, while contract sales are still going on. Though the country missed a production target of 150m kilogrammes, tobacco farming is slowly rebounding after years of decline. The 144m kg sold this season is the highest production since land reforms began over a decade ago. Of the 144m kg total, 52m kg were sold through auction, while the remainder was sold under the contract system. The average price per kg this year was USD 3,66 compared to last year's USD 2,77, TIMB said. Production has been rising since 2009, though it remains lower than the peak in 2000 of 236m kg. Tobacco is one of Zimbabwe’s major agricultural exports, accounting for 10, 7% of GDP. Major export destinations for Zimbabwean tobacco include China, UK, South Africa, Indonesia, the United Arab Emirates, Mauritius and Russia. *(Herald)*

Government is working on laws to create a fund for the takeover of the banks’ non-performing loans, one of its recent concerns in the beleaguered banking sector. It also emerged yesterday that the Reserve Bank of Zimbabwe would this week deal “decisively” with banks on their reported high bank charges and punitive interest on loans. At the same time, efforts are being pursued to free the central bank from its huge debt and enable it to recapitalise. Finance Minister Tendai Biti said impending legislation was designed to strengthen the banks, which were said to be “sitting on high levels of non-performing loans”. Minister Biti spoke on Monday during a Press briefing on the two-day high-level economic forum starting in Victoria Falls today and progress thus far in the 2012 National Population Census. “Important is the issue of creating a fund that will deal with the non-performing assets said to be sitting on the books of commercial banks,” he said.

“As you are aware, the majority of our commercial banks are sitting on high levels of non-performing loans. So, we are on the verge of concluding an Act of Parliament that, through private means, will take over the debt to allow stronger banks to remain.” Companies and individuals have been struggling to repay debts due to punitive interest rates levied by most of the banks. In an interview at the weekend, central bank governor Dr Gideon Gono said the banks had until September 1 to adjust to a “reasonable and sustainable framework of bank and other charges which reflect adherence to best international standards and are not exploitative". "The ordinary man and woman in the street, the civil servant out there and businesses have suffered enough and it's high time our 'failed moral suasion' approach is twitched a gear up without necessarily introducing legislation to govern bank charges. "Legislation is difficult to deal with, once it's there and this is the message we will be taking to the bankers," said Dr Gono.

Instead, the central bank was considering signing a memorandum of understanding with banks to make charges and interest on loans "a focus area" for the RBZ's banking supervision and surveillance teams. Furthermore, there were plans to establish a banking Ombudsman to handle customer grievances on time. The Ombudsman would be funded by the banks themselves. Minister Biti said Government was also working on resolving the central bank's indebtedness, which has hindered its operations. "We are concluding an RBZ Debt Restructuring Bill that will liberate the bank's (RBZ) balance sheet of the USD 1,1bn debt. "Once we have dissected the RBZ balance sheet, which, in fact, is in a state of insolvency, it will be easier to recapitalise the central bank, "You cannot do that with a huge debt of USD 1,1bn, sitting on the books of the central bank," said Minister Biti. In doing this, Government would use the proceeds from the disposal of some RBZ assets acquired when the bank carried out quasi-fiscal activities.

Through its investments arm, Financial Trust of Zimbabwe, the central bank had shares in such companies as Homelink, Cairns, Tractive Power Holdings and Tuli Mine, which are now being sold to repay its debts. Due to the debt overhang, the central bank has not been able to perform some of its traditional roles such as lender-of-last resort functions. As such, there has not been a fundamental basis for setting of interest rates and the interbank market, which resulted in the lending rate spike. Government also said it would not sit on its laurels while banks fleeced companies and individuals through punitive interest rates. Minister Biti said he was concerned at the practice by banks, which were earning most of their income from fees and commissions. Dr Gono said the central bank was also concerned with the rate at which depositors' properties were being attached by banks. However, he said it was not practical to expect banks to refund bank charges that depositors had been made to pay since dollarisation. "Calls for refunds can be and are disruptive of current stability in the banking sector and lead to unintended consequences on the welfare of banks. We would not support those moves unless they are voluntary between individual customers and their banks for whatever valid reasons," said Dr Gono.*(Herald)*

About 1,7m people require food aid in Zimbabwe this year, Acting President Joice Mujuru has said. She attributed the situation to drought conditions experienced in the previous farming season. Officially launching the Sirdamaize 113 drought-tolerant maize variety developed by the Scientific and Industrial Research and Development Centre in Harare yesterday, the Acting President challenged researchers to come up with new crop varieties that are not prone to the vagaries of climate change. "According to the 2012 Zimbabwe Vulnerability Assessment Committee Survey, an estimated 1,7m people in Zimbabwe require food assistance today and household food insecurity, in Zimbabwe, and indeed other parts of the world, has been attributed to recurrent droughts and the absence of suitable crop varieties," she said. "In the face of this challenge, the Government has over years implored agricultural research centres to come up with new crop varieties suitable for drought-prone areas." According to the final crop assessment report by the Ministry of Agriculture, Mechanisation and Irrigation Development 1 689 786 hectares were put under maize during the 2011/12 agriculture season. Forty-five% of the crop, which is 722 557 ha, was a complete write-off. Among the worst affected provinces are Masvingo which had 155 484 ha, Midlands with 137 663 ha and Manicaland (94 271) of their maize crops written off.

Acting President Mujuru applauded Sirdc for responding to Government's plea by introducing a new drought-tolerant maize variety. She said this would contribute towards improved food security in Zimbabwe in line with Government policy. "This effort is well in line with the aspirations contained in the Food and Nutrition Security Policy which was recently adopted by Government. "This policy was a result of the collaborative efforts of Government ministries and various stakeholders co-ordinated by the Office of the Presidency and Cabinet and the Sirdc's Food and Nutrition Council, and we commend them for a job well done," she said. The Acting President said the Sirdamaize 113 variety demonstrated Government's commitment to increasing and diversifying agricultural production capacity in Zimbabwe. Sirdc used the molecular marker-assisted selection techniques and conventional plant breeding methods to come up with the Sirdamaize 113. The Sirdc research was done in partnership with rural farmers in Hwedza and Buhera districts, making the variety home grown and suitable to Zimbabwe's climatic conditions.

The research started 15 years ago and was funded by Sirdc to the tune of US$200 000. About 200 tonnes of Sirdamaize 113 would be available on the market during for the 2012/2013 summer cropping season. This will cover 8 000 hectares for commercial grain production with Sirdc indicating that it had put in place an expanded programme to successively increase the amount of the Sirdamaize 113 variety to meet demand for drought-tolerant seed maize by the nation. Acting President Mujuru encouraged farmers in marginal rainfall and drought-prone areas to adopt drought-tolerant seed maize like the Sirdamaize 113 in their plans for the coming planting season.
Key characteristics of the Sirdamaize 113 include early maturity (136 days), drought tolerance and resistance to foliar diseases such as maize streak virus, grey leaf spot and maize rust. *(Herald)*

SOME 40 new mining projects worth USD 190m were approved in the first half of the year as the sector continues to dominate capital inflows into the country, the Zimbabwe Investment Authority (ZIA) has said. "Projects approved in the first half of 2012 involved new players from different countries. This really shows how investor confidence in Zimbabwe has been changing," ZIA chief executive Richard Mubaiwa said. He added that the mining sector was expected to bring the much-needed foreign investment to help improve the country's economy as well as boost employment creation and infrastructure development. Some of the countries which have expressed interest in Zimbabwe's mining sector include China, Italy, Mauritius, South Africa and Australia. Meanwhile addressing an economic forum at the Victoria Falls resort Wednesday, Prime Minister Morgan Tsvangirai said foreign investors were keen to exploit the country's mineral wealth. "There are a lot of people out there who are keen to explore opportunities in our great and beautiful country; a nation endowed with vast resources and a hard-working and committed people," he said.

Tsvangirai however, warned that "policy inconsistencies, unpredictability and mixed messages" from within the government could undermine prospects of attracting international capital. "Investment opportunities are enhanced when government begins to create a transparent business environment and this cannot happen when government itself is opaque on its own revenue inflows," he said. "Zimbabwe's diamond wealth alone could realise billions of dollars per year if this valuable asset is exploited transparently in line with regional best practices. "So far, pretty little has been realised from the sale of diamonds because of the murky manner in which these resources are being mined and sold. "As a government, we have asked for the relevant Ministries and government departments to work together to ensure transparency in the extraction and disposal of this precious national resource." *(New Zimbabwe)*

The recent introduction of a trade development surcharge on imported goods and services will further cripple companies that rely on imports and increase the cost of conducting business, analysts have said. A surcharge is an additional liability on something already due such as a tax-on-tax. The Reserve Bank of Zimbabwe has since directed authorised dealers to collect trade development surcharge in accordance with provisions of the Trade Development Surcharge Act. Under the Act, the importation of goods and services would now attract a surcharge of 0,1% of the free-on-board value of goods. Gold or articles made wholly from gold, currency, electricity, petroleum or fuels and oils derived from petroleum have been exempted from the surcharge. Any export of minerals by Minerals Marketing Corporation of Zimbabwe (MMCZ) or pursuant to a contract negotiated by MMCZ would also be exempted. Analysts said the surcharge comes at a time when companies had been finding it difficult to stay afloat.

Economic commentator Alexender Rusero said this was not the time for the country to be introducing levies that made it difficult for companies to operate. "It's ill timed to introduce any new form of tax.
"Instead, the government should put in place incentives that promote the survival of local companies rather than continue to milk the already strained industry," Rusero said. "It's clear that the government has become reliant on taxes for revenue as there have not been any meaningful foreign direct investment coming into the country." Rusero said instead of the government choking the already struggling companies by introducing additional taxes, it should instead, create a proper business environment with clear policies that increase investor confidence. Another analyst, who could not be named for professional reasons, said most companies had been importing not out of their will, but as a result of unavailable raw materials locally. "Until such a time when all raw materials can be sourced locally, the government should make it much cheaper for industry to access these from other countries. The failure by companies to import would result in additional company closures," the analyst said. *(News Day)*

FINANCE Minister Tendai Biti says the economy requires extensive structural reforms to remove bottlenecks that recently forced him to cut the 2012 growth forecasts. Addressing delegates at a high-level economic forum here yesterday, Minister Biti said the forum sought new ideas to bring back growth to levels achieved three years ago. "Apparent structural challenges are arresting economic growth and only a mad person can continue doing the same things over and over again," he said. "We need to take a step back and refocus and) I hope by the end of the forum we will be able to come up with a list of things we will be able to do about the economy and at least four scenarios (to build the economy)." He said the findings from the ongoing economic discussions would be presented to principals in the inclusive Government, the

Cabinet and Parliament. The findings would also guide the formulation of the 2013 National Budget Statement. Minister Biti was forced to revise this year's growth forecast from 9,4% to 5,6% due to underperformance in key sectors such as agriculture as well as poor revenue inflows.

The budget was also reduced from USD 4bn to USD 3,4bn. Structural challenges cited as stalling economic growth include the USD 10,4bn national debt overhang, cyclical politics, a dual enclave economy (urban and rural extremes) and low gross capital formation. There is also poor infrastructure, outdated accumulation models based on resource extraction, lack of competitiveness, lack of a common vision, lack of regional integration and the breakdown in the social contract, critical for peace and stability. Minister Biti said there was need to address these structural challenges to spur economic growth and development, as the majority of Zimbabweans remained trapped in poverty. Zimbabwe has a per capita income of about USD 320 against the USD 600 considered globally to be above the poverty levels.

At 5% to 5,4% growth rates the country needs 15 years to break the poverty chain, but could breach the streak by 2019, if it registered consistent annual growth of 15%.Citing the levels of poverty brought about by structural constraints, such as high levels of poverty, the minister pointed out that 37% of the population had no clean water supply, 45% have no access to ablution facilities while less than 50% had access to electricity supply. But he said the country could rebuild on its educated and skilled human resources, good climate for agriculture, productive land, strategic geographical location in Sadc, a fairly young population and huge appetite for ICTs.

Officially opening the forum, Prime Minister Morgan Tsvangirai said the country's growth potential was on a leash due to policy inconsistencies, unpredictability, mixed messages and political discord. This, he said, was despite the business confidence that ensured formation of the inclusive Government in 2008. "Our potential is on a leash," he said. "But over the past three and half years I have attended several conferences in and outside Zimbabwe and was heartened by renewed business confidence in the country. "A lot of foreign investors are keen to explore (business and economic) opportunities in our country." Professor David Hulme of Manchester University told the forum that Zimbabwe had recorded one of the biggest declines in human and economic development across the globe. This was based on an evaluation of all countries, except those in war situations. He said the country needed to adopt strategies and policies that ensured sustainable and cross segment economic growth. Factors that determined growth or failure included the geographical location of a country, the culture of its people, ignorance of critical needs and nature of key institutions. *(Herald)*

THE Indigenisation ministry, in collaboration with private sector partners, is planning to set up a second stock market in Zimbabwe, which will trade in shares from the indigenisation fund. Youth Development, Indigenisation and Empowerment minister Saviour Kasukuwere told business digest this week the shares would be listed under an Indigenisation Index (Indigedex) but the modalities of how this would be structured were still being worked out. He said indigenisation was a technical process which required intricate planning to avoid a haphazard approach. The move to set up a stock exchange would afford everyone a chance to participate in the empowerment programme, Kasukuwere said. The plan to set up the Indigedex comes at a time when government has called on all mining companies to primarily list on the Zimbabwe Stock Exchange. Government believes such an arrangement would ensure capital yielded from mining activities would help to ease liquidity challenges in the market.

Currently, there are only two foreign mining firms listed on the ZSE, BNC and Falcon Gold. Major mining firms such as Zimbabwe Platinum Holdings (Zimplats) and Caledonia Mining Corporation (which operates the Blanket Gold Mine) are listed on the Australian Stock Exchange and Toronto Stock Exchange, respectively. According to the Securities Act, the Securities Commission can license as many exchanges as feasible, as long as the bourses comply with the requirements that are stated under Section 29-37 of the Act. Zimbabwe has lagged behind over the development of its capital markets, with plans to open a commodities exchange and a secondary bourse for small-to-medium enterprises being on the cards for donkey's years.

Analysts say that the move to create a second stock market would initially generate excitement, but that will soon fizzle out as Zimbabwe has a small market, with the ZSE trading in negative territory owing to weak investor sentiment. Kasukuwere also said his ministry would soon be launching workers' share participation schemes in the banking sector. Under the scheme, employees would own upward of 10% of the banks they worked for. He said the move, to be implemented by foreign-owned banks, was in line with the indigenisation requirements. The indigenisation minister said the raising of the minimum capital requirements of banks to USD 100mn for commercial and merchant banks would not affect the indigenisation programme because according to the law, foreign-owned companies have to comply. Under Zimbabwe's indigenisation and empowerment plan, in which Kasukuwere has been at the forefront, foreign-owned companies are expected to dispose of 51% of their shareholding to locals. For mining companies, part of the 51% stake is supposed to go to employees as well as communities within which the mining companies operate.

Most mining companies in Zimbabwe have already complied with the indigenisation requirements. Under the generally opaque distribution, shares not allocated to communities and employee trusts have either been taken up by "private" investors or placed into the National Indigenisation and Economic Empowerment Fund (NIEEF). Initially, the stakes that now fall under the NIEEF, were supposed to have been housed under a sovereign wealth fund, but there were disagreements over who would administer the fund, whose actual existence was also questionable. The ministers of Finance and Economic Planning argue the Indigenisation ministry was not representative and hence could not administer the fund, which would hold state resources. *(Independent)*

Notes

Securities Africa Limited

South Africa
☎ Direct: + 27 11 243 9030
Fax: + 27 11 268 5708
Zimbabwe
☎ Direct: + 263 4 706012
Fax: + 263 4 705816
UK
☎ Direct: + 44 20 7101 9290
Fax: + 44 20 7691 7057
USA
☎ Direct: + 1 441 278 7620
Fax: + 1 441 295 6735
✉ Email: Mail@SecuritiesAfrica.com