SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

- **Botswana**
- **Egypt**
- **Ghana**
- **Kenya**
- **Malawi**
- **Mauritius**
- **Nigeria**
- **Tanzania**
- **Zambia**
- **Zimbabwe**

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	28-Jun-13	5-Jul-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,688.50	8,701.90	0.15%	13.11%	15.87%	17.43%
Egypt	CASE 30	4,752.22	5,311.51	11.77%	29.28%	-2.76%	-2.72%
Ghana	GSE Comp Index	1,880.26	1,884.93	0.25%	4.51%	57.11%	54.20%
Ivory Coast	BRVM Composite	210.90	207.32	-1.70%	-6.84%	24.46%	15.95%
Kenya	NSE 20	4598.16	4585.42	-0.28%	2.14%	10.95%	15.08%
Malawi	Malawi All Share	6,914.45	6,926.60	0.18%	20.80%	15.15%	38.10%
Mauritius	SEMDEX	1,914.64	1,894.00	-1.08%	-2.94%	9.35%	9.53%
	SEM 7	374.85	369.70	-1.37%	-3.23%	9.61%	9.79%
Namibia	Overall Index	866.00	853.89	-1.40%	19.84%	-13.42%	-10.78%
Nigeria	Nigeria All Share	36,164.31	36,926.30	2.11%	4.18%	31.51%	31.34%
Swaziland	All Share	289.42	289.42	0.00%	22.42%	1.31%	4.72%
Tanzania	DSEI		1,839.78	-0.02%	2.23%	23.84%	26.24%
Tunisia	TunIndex	4,614.05	4,616.70	0.06%	2.31%	0.80%	-3.07%
Zambia	LUSE All Share	4,568.06	4,555.07	-0.28%	11.25%	22.28%	29.79%
Zimbabwe	Industrial Index	211.19	213.43	1.06%	1.06%	40.05%	40.05%
	Mining Index	73.21	70.12	-4.22%	-4.22%	7.68%	7.68%

CURRENCIES

Cur-	28-Jun-13 Close	5-Jul-13 Close	WTD % Change	YTD % Change
BWP	8.53	8.50	- 0.27	11.13
EGP	7.00	7.01	0.16	15.80
GHS	1.87	2.00	- 1.17	4.98
CFA	503.91	504.19	0.06	1.78
KES	84.52	85.33	0.96	- 0.30
MWK	322.75	315.22	- 2.33	- 1.80
MUR	29.93	29.89	- 0.12	- 2.15
NAD	9.99	9.85	- 1.40	16.29
NGN	159.47	159.47	- 0.00	2.16
SZL	10.01	159.47	- 1.33	16.86
TZS	1,579.76	1,585.24	0.35	0.65
TND	1.65	1.66	0.88	7.28
ZMW	5.45	5.43	- 0.36	4.74

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's economy contracted by 2.2 percent quarter-on-quarter in the first three months of 2013 after rising by a revised 4.5 percent in the fourth quarter of last year, data from the statistics office showed on Friday. On a year-on-year GDP was up 3.2 percent in the first quarter compared with a revised 4.1 percent expansion for Q4, Statistics Botswana said in a report posted on its website. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's President Mohamed Morsi vowed he would not quit despite mass protests demanding his resignation and an army ultimatum as fresh deadly violence rocked capital Cairo. In a televised address on Tuesday evening, the embattled Islamist leader said he had been freely elected to lead the troubled nation little more than a year ago and intended to stick to his task. The only alternative to respecting the constitutional legitimacy of the office was further bloodshed on the streets, he warned. Just hours after his speech, the health ministry reported that unidentified gunmen had killed 16 people and wounded about 200 more after opening fire on a rally of his supporters in Cairo. "Sixteen people have been killed and 200 wounded in an attack on a demonstration supporting President Morsi next to Cairo University," state television reported, citing the ministry. "The aggressors attacked us with firearms," one Morsi supporter, Mostafa Abdelnasser, told AFP by telephone, adding that he carried away a man who had been shot in the head. On Tuesday, seven people were killed and dozens wounded during clashes which included gunfire between supporters and opponents of Morsi in the southern Guizeh district of the capital, medical sources told AFP. Clashes also erupted in the Cairo neighbourhood of Helwan and the northern province of Beheira, security officials said. Morsi's speech came as the clock ticked down to a Wednesday deadline set by the army for the president to meet the "people's demands" or have a solution imposed on him. While he made no direct reference to the ultimatum in his speech, a message posted on his official Twitter account called on the army to back off. "President Morsi insists on (his) constitutional legitimacy and rejects any attempt to overstep it," the message said. "(He) calls on the armed forces to withdraw their warning and rejects any dictates, domestic or foreign."

After Morsi's speech, the opposition Tamarod movement, which on Sunday mobilised millions of demonstrators for what the military described as the biggest protests in Egyptian history, accused Morsi of "threatening his own people". Morsi and army chief Abdel Fattah al-Sisi were locked in talks on Tuesday to "discuss the current crisis," a military source said. The army's ultimatum on Monday drew a rapturous welcome from opponents of the president but his supporters accused the generals of preparing a return to the unpopular military rule of the months between the overthrow of former president Hosni Mubarak and Morsi's swearing-in last year. Government daily Al-Ahram, in its online edition, reported details of the demands set out by the army. The army told Morsi to step down if he could not come up with a plan that would satisfy the masses calling for him to go, or face being removed, it reported. The plan provided for an interim administration of up to a year to replace him, which would include the head of the supreme constitutional court and a senior army figure, the paper reported. The constitution, controversially approved by Morsi's Islamist allies last December, would be suspended for up to a year while a new one was drawn up. There would be presidential and legislative elections under terms set by the new constitution, which itself would be put to a referendum. But in his speech, Morsi said respect for the constitutional order was the "only guarantee against further bloodshed." "The people chose me in free and fair elections," and he would "continue to shoulder his responsibilities" as Egypt struggles with the legacy of decades of authoritarian rule. Once again, he accused supporters of the ousted Mubarak of trying to sow chaos and incite violence. The president renewed his appeal to the opposition to join a dialogue, an appeal already repeatedly rejected as a sham.

The main opposition June 30 Front coalition said it was ready to join urgent talks on the negotiated transition called for by the army. The Front, which includes the grassroots Tamarod movement, named former UN nuclear watchdog chief Mohamed ElBaradei as its chief negotiator. In addition to the 16 deaths at the pro-Morsi rally, seven other people were killed and dozens more injured in clashes in the capital between the president's supporters and opponents. As political uncertainty grew on Tuesday, Morsi was hit with a spate of resignations, including that of his foreign minister Mohammed Kamel Amr. Presidential spokesperson Ehab Fahmy and cabinet spokesperson Alaa al-Hadidi also resigned, officials and the media reported. US President Barack Obama, whose government is a major military aid donor to Egypt, called Morsi to warn him that the voices of all Egyptians must be heard, a White House official said. Washington was committed to "the democratic process in Egypt and does not support any single party or group," Obama told him. Morsi's opponents accuse him of having betrayed the revolution by concentrating power in Islamist hands and of sending the economy into freefall. His supporters say he inherited many problems from a corrupt regime, and that he should be allowed to complete his term, which runs until 2016. *(AFP)*

Egypt's share index fell by 1.7 percent in early trade ahead of an army deadline later in the day for President Mohamed Mursi to agree to share power, an ultimatum that Mursi has rejected. The central bank has told banks to close their branches three hours early. The military, whose deadline expires at about 5:00 p.m., says it will impose a solution on its own if Mursi doesn't comply. *(Reuters)*

Head of Egypt's High Constitutional Court sworn in as interim head of state after army ousts Mohamed Morsi. Adly Mansour, the newly-appointed head of the High Constitutional Court, has taken the presidential oath of office. "I swear by Almighty God that I will uphold the republican system, respect the constitution and the law, look after the interests of the people, protect the independence of the nation and the safety of its land," the oath said. Adly saluted the army, the judiciary and the police in a brief speech to rapturous applause. He lauded Egyptian media outlets for "lighting the road for the nation and uncovering the failures of the former regime." He also paid tribute to the youth of the revolution and all revolutionary forces for taking part in the "glorious day of 30 June." Adly Mansour was sworn in as head of the High Constitutional Court (HCC) on Thursday morning. He was appointed to the position in May and his term officially started on 30 June after former leader Judge Maher El-Beheiry reached the retirement age. Mohamed Morsi was ousted by the army on Wednesday following days of huge opposition protests. *(Ahram)*

Egypt's benchmark bond yield headed for the biggest drop on record and stocks surged after the army deposed President Mohamed Mursi in a move it said aimed to restore stability. The nation's credit risk declined. The yield on the 5.75 percent bonds due in April 2020 plunged 1.01 percentage points, the most since the notes were sold in 2010, to 9.76 percent at 11:31 a.m. in Cairo, data compiled by Bloomberg show. The EGX 30 Index of stocks rallied 7.4 percent, the biggest jump since June 25, 2012, the first trading day after Mursi was declared Egypt's first democratically elected president. Commercial International Bank Egypt SAE led the gains, surging 10 percent. The nation's five-year credit default swaps headed for the largest slide since April as Adly Mansour, the chief justice of the constitutional court, was sworn in as Egypt's interim president. The army yesterday ousted Mursi, who hailed from the Muslim Brotherhood, and called early elections as part of a road map agreed on with politicians and religious leaders. "Last night's dancing and celebrations on the streets are being echoed in the market," Ashraf Akhnoukh, Cairo-based senior manager for Middle East and North Africa markets at Commercial International Brokerage Co., said by phone. "Some could consider it a coup, but it's still better for the country because it gives it a chance to move forward and rebuild its economy, something the Muslim Brotherhood clearly couldn't do." The CDS contracts dropped 75 basis points, the most since April 12, to 825, according to CMA, a data provider owned by McGraw-Hill Cos. that compiles prices quoted by dealers in the privately-negotiated market. Egyptians were net buyers of about 150 million pounds ($21 million) of stocks in the last two days, as foreign investors exited, data compiled by Bloomberg show. The value of shares traded so far today was 116 million pounds, compared with a six-month daily average of 301 million pounds. The Market Vectors Egypt exchange-traded fund rose for a fifth day yesterday in New York. The military's announcement drew thunderous cheers from the hundreds of thousands who, for the past four days, gathered in Cairo's Tahrir Square and across Egypt, united largely by their opposition to the president. Mursi, 61, said the army had carried out a coup and Muslim Brotherhood spokesman Gehad El-Haddad said the actions by the military were the work of "the old regime." The country is struggling with the worst economic slump in two decades and facing the Middle East's biggest budget deficit as a percentage of economic output. Egypt has about 169 billion pounds of local-currency debt repayments this quarter, a record, according to data compiled by Bloomberg. The nation will seek to raise a combined 7 billion pounds of six-month and one-year treasury bills at an auction today, according to central bank data on Bloomberg. That's part of a plan to raise 200 billion pounds in the three-month period. The pound, whose movement on the interbank market is controlled by the central bank, weakened 0.1 percent, the most since May 16, to 7.0289 a dollar yesterday and was little changed today. The currency has weakened 12 percent since the central bank eased its support in December to trim a slump in foreign reserves. Twelve-month non-deliverable forwards for the pound were unchanged at a record 9.05 a dollar, reflecting bets the currency will depreciate 22 percent in a year, data compiled by Bloomberg show. *(Bloomberg)*

The Egyptian bourse suspended trade minutes after the opening on Thursday after the main index leapt 6.4 percent, buoyed by hopes for economic and political stability after Wednesday's takeover of the country by the army. A jump in share prices by more than 5 percent triggers a half-hour suspension. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

Ghana Reinsurance Company (GRC) is to increase its capital fund from its current level of GH¢115 million to GH¢ 200 million. The move, according to the GRC?Board Chairman, Mr Lionel Mobila, would enable the company to take advantage of the new opportunities such as the local oil and gas industry. Speaking at the 10th annual general meeting (AGM) in Accra, Mr Mobila said with the discovery of oil and gas in the country, there was the need for the GRC to expand and increase its funds to attract other business opportunities. The AGM brought together the board and management of the GRC and representatives of the government. At the AGM, the company presented a cheque of GH¢3 million as dividend to the government. It represented an increase of 200 per cent over 2011. "We assure our shareholders that we shall ensure that the company is continually managed in line with international best practices, ensuring the well-being of all our stakeholders with a strong commitment to good corporate governance practices and we shall continue to produce strong financial results", Mr Mobila said. He said despite the challenges the GRC faced during 2012, the company registered a rapid growth and attainment of its targets and goals. "I am pleased to announce that three years after the withdrawal of the statutory 20 per cent legal cession which constituted 60 per cent of the company's premium income, we have been able to achieve a 38 per cent growth in premium income over that of 2011," he said. Touching on the financial performance of the company in 2012, Mr Mobila said the GRC worked hard to ensure that gross premium written grew by 38 per cent from GH¢45.9 million to GH¢ 63 million, adding that profit after tax increased by 169 per cent from GH¢5.28 million in 2011 to GH¢ 14.34 million in 2012. "The shareholders fund at the close of year 2012 stood at GH¢116.55 million compared to GH¢103.57 million in 2011, an increase of 12.53 per cent. The increase is financed substantially from increase in retained profit," he said. According to Mr Mobila, GRC contributed GH¢51,000 to institutions as part of the company's corporate social responsibility. *(Ghanaweb)*

Economic News

Cabinet has come up with proposals on international business transactions that should require parliamentary approval and those that should be exempted. Consequently, it has tasked the Attorney General and Minister of Justice to submit the proposals to Parliament for consideration. Following recent Supreme Court rulings on judgement debts paid to some companies, Parliament set up a committee to determine the categorisation of international business transactions that requires approval of Parliament and those that should be exempted. The Supreme Court, on June 14, 2013, ordered a construction firm, Waterville Holdings, to refund to the government all sums paid it in the controversial GH¢51 million judgement debt case. The court held that the payments involved contracts that required parliamentary approval, a process which was side-stepped, and therefore rendered the contract unconstitutional. Again, the Supreme Court, on June 21, 2013, ordered Spanish energy company, Isofoton SA, to refund to the Government of Ghana the cedi equivalent of $325,472 it received as judgement debt. Briefing journalists at the Flagstaff House in Accra yesterday , the Minister of Information and Media Relations, Mr Mahama Ayariga, said the Cabinet, on Thursday, June 28, 2013, proposed that any international business transaction supported by a loan should require parliamentary approval. Again, the Cabinet proposed that where funds, including funds from the Consolidated Fund, could be used to service the loans for any international business transaction, such a transaction should go to Parliament for approval. It suggested that where contingent liability could be put on the government, the business transaction should require parliamentary approval. Besides, the Cabinet was of the view that any business transaction which was defined by law should go to Parliament for approval. Mr Ayariga said the Cabinet proposed that businesses involving state-owned enterprises should be exempted from going to Parliament. However, there would be no sovereign guarantee for such business transactions. The Cabinet again suggested that subsidiary agreements should not go to Parliament for approval, because the master agreements covering them should have gone to Parliament for approval. Again, the Cabinet was of the view that projects already captured in the budget should not go to Parliament for approval. However, it indicated that if the costs of projects captured in the budget were beyond a certain amount to be agreed on, then it should require parliamentary approval. He said the idea was to create the situation for the international business community to have confidence in Ghana, regarding business transactions. *(Ghanaweb)*

Microfinance operators have kicked against any increase in the minimum capital required for their operations. As part of its review of the sector's microfinance regulations, the Bank of Ghana has initiated moves to soon increase the 100 thousand minimum capital in a bid to address the current financial challenges in the sector. This has been triggered by the recent serial reports about many of the firms closing down due to financial difficulties. The issue dominated discussions at the first Microfinance Forum organized here in Accraby the Ghana Microfinance Institution Network. Some of the operators of microfinance firms who later spoke to Joy Business argued that any increase in the capital would not be in the interest of the industry. "I think it's a very bad move because it's rather going to encourag e a lot of underground, unregulated and illegal microfinance operations because many companies cannot afford the amount" One of the oper ators stated. "Its just a year now since they introduced the current minimum capital so what empirical evidence do they have to say that its not helping the firms" another questioned" Microfinance Consultant,Roderick Ayeh who first argued against the increase in capital said tightening regulation is a more prudent option for addressing the current challenges in the sector. He told Joy Business, inc reasing the capital is only likely to compound the situation. "When you raise the capital higher, you're going to get more people who are only for the profit aspect because they have to cough the money to get into business. So we would have products and services that may not necessarily target the pro-poor who microfinance is for" he said. "The problem we're having is not necessarily about capital requirement. Mo st of the issues are only a matter of liquidity management and so the ends can only be tightened from the regulatory perspective" he ad ded. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Africa-focused Tullow Oil Plc hailed a "very successful" exploration programme in frontier oil country Kenya on Wednesday, reporting a strong well test flow rate and doubling its estimates of the depth of the oil resource in the basin. In the first half 2013 trading statement it also announced confirmation of a new oil discovery at its Etuko prospect in the southern part of the Lokichar basin, and said its Sabisa-1 well in Ethiopia had established that the hydrocarbon system there was oil prone. The report for Tullow's Ngamia-1 well said tests had found a constrained flow rate of 3,200 barrels a day, more than the minimum analysts had been hoping for, and doubled its estimate of net oil pay depth to 200 metres for Ngamia-1 and 75 metres for another Lokichar well, Twiga-South-1. "The Kenya upgrades... will drive the stock higher today," said analyst Mark Wilson at Macquarie. "Overall Kenya is getting the company back on track to following up basin opening success with basin commercialising success." Tullow sees a flow rate potential of 5,000 barrels a day based on Ngamia-1 and Twiga-South-1, and estimates there are 250 million barrels of oil in place - a forecast it said could increase further after appraisal. Tullow is focused on exploration but is producing oil in Ghana. It said government talks about developing resources it discovered in Uganda, another frontier oil country, were "ongoing". *(Reuters)*

Standard Chartered Plc will start offering Islamic banking in Kenya as a springboard into the rest of Africa and it may expand services in Indonesia, its global head of Islamic consumer banking said on Wednesday. Shariah-compliant banking makes up two percent of Kenya's banking industry, split between two Islamic lenders and conventional banks with Shariah-compliant products, like Barclays Kenya. "We are looking at Africa as the next frontier for the Islamic banking sector," Wasim Saifi told reporters in the Kenyan capital, where he attended an Islamic finance conference. He said the bank would offer the services through its Islamic banking brand, Standard Chartered Saadiq, targeting the country's official Muslim population of 4 million people, 10 percent of the total, as well as non-Muslims. "One of the main reasons for doing that is primarily because the local market place for Islamic banking is already well developed," he said. The two Islamic banks operating in Kenya, Gulf African Bank and First Community Bank, were licensed in 2008. A Takaful insurance company has also begun operating in the past two years. Saifi said the new products will first be launched in Kenya, then in other countries in east Africa and west Africa, as well as further afield. "We are looking at numerous countries for extending our Islamic banking footprint. One market that excites us a lot is Indonesia," he said. Standard Chartered currently offers Islamic banking in Indonesia through associate Bank Permata. With the biggest Muslim population in the world, the country has a five percent penetration rate for Islamic finance, which is set to triple or quadruple in the next five-ten years, Saifi said. *(Reuters)*

Economic News

Kenya's tourist arrivals during this year's low season have declined significantly compared to a similar period last year. The low season usually starts in March to June. However, this year, it began in February as Kenya was heading to the polls on March 4. Data from the Kenya National Bureau of Statistics shows that tourist arrivals through Kenya's main airports, Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) in Mombasa, during this year's low season dropped by at least 10,000 persons each month. In February, tourist arrivals through the two airports stood at 73,001. This was a significant drop from last year's 105,041 persons. Most of the tourists during the month arrived through JKIA. The airport recorded 48,970 tourists compared to MIA's 24,031. During the same period last year, JKIA recorded 80,405 arrivals while MIA had 24,636. In March this year, the number of tourists dropped to 69,953, with three quarter of the visitors (52,103) arriving through JKIA. During the same month last year, 95,633 tourists visited Kenya. Most of the tourist arrivals (75,668) were recorded at JKIA. In April, the number of tourist arrivals stood at 68,424, with JKIA recording 61,685 persons while MIA had a paltry 6,739. "The total number of tourists arriving through JKIA and Moi airport declined from 69,953 persons recorded in March to 68,424 persons in April," said KNBS Leading Economic Indicators report received on Friday. During a similar period in 2012, Kenya received 95,633 tourists, with JKIA registering 75,668 while MIA 19,965. According to the analysis, between February to April, Kenya received 211,378 tourists compared to a similar period in 2012 when 280,218 tourists arrived in East Africa's largest economy. *(Daily Nation)*

The taxman has partnered with a Pan-African bank to pilot an online tax remittance system in an effort to embrace technology in revenue collection. Dubbed the Integrated Tax Management System (iTax), the platform is expected to improve convenience and accountability while reducing the time Kenyans spend filing returns. Launching the system at the weekend, Kenya Revenue Authority commissioner for domestic taxes Alice Owuor said the partnership with UBA Kenya Bank Limited is part of the authority's efforts to tap into technology in order to scale up tax inflows. "With this new system, taxpayers will be able to file returns electronically, make payments and enquire about their tax status online, while monitoring their accounts in real-time," Ms Owuor said. She noted that UBA Kenya Bank Ltd had demonstrated the zeal and capability to pilot the programme and urged the public to use the system to submit their income tax returns on time. UBA Kenya Bank managing director Tunji Adeniyi said the bank is committed to providing convenient services aimed at making the lives of Kenyans better. "There will be no need to queue for long hours in banking halls to make tax payments and file tax returns. This will save people precious time, especially considering the traffic challenges that we experience in Nairobi as well as the long distances that people in rural areas have to travel to get to a bank," said Mr Adeniyi. Ms Owuor said KRA will continue to explore technology to streamline revenue collection. *(Daily Nation)*

The Kenyan government plans tomorrow to re-introduce legislation that lawmakers rejected last year for removing value-added tax exemptions on processed food and other goods, Treasury Secretary Henry Rotich said. "There are over 300 exemptions which means too many refunds, which makes administration of the tax cumbersome," Rotich told reporters today in the capital, Nairobi. "Maintaining an exemption does not necessarily benefit the poor which it is supposed to." Kenya is trying to boost revenues to help finance increased spending on infrastructure development that will help spur the economy, including a rail line from the port of Mombasa to the Uganda border and geothermal-energy production. In addition to the VAT law, Rotich announced plans in the 2013-14 budget statement to introduce a 1.5 percent levy on imports for a new Railway Development Fund and re-enact a capital gains tax starting with real-estate transactions. Income from the VAT, which is applied at a rate of 16 percent, has fallen to 5 percent of gross domestic product from as much as 8 percent previously because the number of businesses with tax-exempt status keeps growing, Rotich said. The International Monetary Fund, which supported the review of the tax system as part of a three-year loan program, said the proposed legislation will help boost efficiency. "If one looks at Kenya's tax revenue performance, one sees that income tax represents about 50 percent of tax receipts, while VAT only represents about 25 percent," Ragnar Gudmundsson, the IMF's representative in Kenya said in an e-mailed response to questions June 25. "This is unexpected in an economy like Kenya's, where the informal economy plays an important role," he said. The proposed legislation was rejected by legislators in December because they wanted items including food, fertilizers, seeds and sanitary towels zero-rated, the Business Daily newspaper reported, citing a parliamentary committee. "This time we will sensitize the public more about its benefits and intentions," Rotich said. The Consumer Federation of Kenya is planning to protest outside government buildings tomorrow against the draft legislation, which it says would increase the cost of living. "Removing exemptions will definitely have an upward effect on prices because producers will transfer that burden to consumers," Joseph Thogo, a Dar es Salaam-based senior manager on tax at Deloitte Tanzania, said by phone today. Kenya is the world's biggest exporter of black tea and it supplies a-third of all flowers traded in Europe. The government of East Africa's largest economy estimates growth will expand 5.8 percent this year from 4.6 percent in 2012. About 46 percent of Kenya's 42 million people live in poverty, according to the World Bank.*(Bloomberg)*

The Kenyan shilling edged down early on Wednesday, weighed by oil importers buying the dollar, traders said. At 0719 GMT, commercial banks quoted the shilling at 86.00/20 to the dollar, slightly down from Tuesday's close of 85.80/86.00. "There was some pent-up (dollar) demand from the oil guys that's coming in now. The dollar has also strengthened against major currencies," said John Muli, a trader at African Banking Corporation. The dollar hit a one-month high against a basket of currencies on Wednesday while Asian shares fell, hit by worries that the days of easy money from the U.S. Federal Reserve are numbered. The shilling, however, remained within its recent range of 85.70-86.20 per dollar, which technical charts suggest could hold at least for the next week. Traders said the shilling could get support from tighter liquidity in the money markets and cautious trading before a July 9 central bank rate-setting meeting. The weighted average rate on the overnight borrowing market rose to 8.4752 percent on Tuesday from 8.0254 percent on Monday. The Central Bank of Kenya cut its key lending rate by 100 basis points to 8.50 percent at its last meeting in May and market participants said inflationary risks might point to a hold decision this time around. "Focus for now will mainly be on the Monetary Policy Committee meeting next week Tuesday," said Bank of Africa in a daily note. "Our expectations are for the Central Bank Rate to hold steady at 8.50 percent owing to an up-tick in inflation for the month of June." *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' annual average inflation was unchanged at 3.6 percent in June from the previous month, a source at the statistics office said on Friday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Shareholders of Sterling Bank have thrown their weight behind the effort of the bank to increase its capitalisation by way of right issue. As a way of showing this, individual retail shareholders and shareholders' groups have indicated interests in picking up their rights in the issue, which is ongoing. Indeed, some shareholders are mobilising other shareholders to support the recapitalisation programme of the bank. The expressions of interest and supports from minority and retail shareholders manifested the unanimous endorsement of the bank's capital raising programme by shareholders at the recent general meeting. Non-core shareholders with less than five per cent equity stake, including a large number of minority retail shareholders of more than 88,000, collectively hold about 65 per cent equity stake in Sterling Bank; underlining the highly diversified shareholders' base of the bank. Most retail shareholders are spread in groups and other representations. A broad section of shareholders' groups, representations and individuals have confirmed they would pick up their rights and mobilise others to take advantage of what they described as "a window of opportunity". Several shareholders indicated they would demand for additional shares, raising prospects of oversubscription. The supports from non-core shareholders strengthen the prospects for the rights issue, which had earlier received firm commitments from major Nigerian and foreign shareholders including the State Bank of India, Dr. Mike Adenuga, Alhaji Suleiman Adegunwa's Ess-ay Investments Limited and other directors. Sterling Bank is raising N12.5 billion through a rights issue of about 5.889 billion ordinary shares of 50 kobo each at N2.12 per share. Sterling Bank had traded at a high of N3.05 at the stock market. The shares have been pre-allotted on the basis of three new ordinary shares of 50 kobo each for every eight ordinary shares of 50 kobo each held as at May 20, 2013. The application list, which opened on June 24, 2013, will run till July 31, 2013. According to the President, Association for the Advancement of Rights of Nigerian Shareholders (AARNS), Dr. Faruk Umar, the rights issue came at the right time and at the right price. He also noted that the historic performance of the bank, as exemplified by the impressive results and dividends for the 2012 business year, has made it a toast of investors. "We are going to invest in the bank; the rights' price is a bonus to shareholders because even at the market price, the bank is grossly undervalued. There is a strong possibility of a double in the price in the next two years," Umar said. According to him, given the performance of the bank with its previous modest capital, additional capital would result in better values for shareholders over the years.

Leading shareholders rights' activist, Nonah Awoh, said the board should make arrangements for oversubscription given the mood of the investors and general perception of the bank at the stock market. He said the profit and return forecasts of the bank, though conservative, imply a huge inflow of over 50 per cent return from dividend payments alone in five years, noting the positive relation between such huge payouts and capital gains at the stock market. President, Progressive Shareholders Association of Nigeria (PSAN), Mr. Boniface Okezie, said the rights issue would lay another strong foundation for future growth noting that additional funds would allow the bank to increase lending to the real sector and further contribute to national economic growth. According to him, increased lending and expansion would lead to increased returns to shareholders. Noting the dividend track records of the bank, Okezie said shareholders were excited over the additional shares. He however advised against absorption of oversubscription pointing out that excess monies should be returned. "I will pick my rights; it's good for the bank and the shareholders. Additional capital would put the bank in better position to expand its operations and increase lending to the real sector. This is good for all stakeholders," Okezie said. Chairman, Shareholders United Front (SUF), Mr. Gbenga Idowu, said the fundamentals of the bank were attractive and there is no reason to doubt the continued growth of the bank. "We will support the management and the board by not only picking our rights but we will demand for extra shares," Idowu said. Another shareholders' leader, Godwin Anonoh, said his personal experience as a customer and shareholder of the bank gives him confidence to always support the bank. He said Sterling Bank's track records of high dividends and the potential for capital appreciation assure investors of double returns over the years pointing out that there is possibility the share price would more than double in a short while. National Coordinator, Pragmatic Shareholders Association, Mrs. Bisi Bakare, said Sterling Bank ranked as one of the best stocks in terms of returns on investment assuring that she would mobilize supports for the bank. "The time is right and the price is right, shareholders are getting dividends from their investments now, so we have money to invest. We will put this money in Sterling Bank," Bakare said. Speaking on the prospects of the bank, National Coordinator, Independent Shareholders Association of Nigeria (ISAN), Mr. Sunny Nwosu, commended what he described as impressive performance of the bank over time. He urged the bank to continue exploring ways to consolidate its performance, assuring the directors of the supports of shareholders. The net proceeds of the rights issue, estimated at N12.13 billion, would be used to finance branch expansion, infrastructure upgrade in support of automated and cashless payment, enhance information technology and additional working capital. About 35 per cent of the net proceeds, estimated at N4.24 billion, would be used for branch expansion; 15 per cent of the funds estimated at N1.82 billion would be used for infrastructure upgrade, 10 per cent of the funds equivalent to N1.21 billion would be used for information technology and the largest chunk of 40 per cent, estimated at N4.85 billion, to be set aside as additional working capital. *(This Day)*

The Nigerian Stock Exchange (NSE) last week reviewed The NSE 30, NSE 50 and the five sectoral indices with new entrants. The five sectorial indicators are: NSE Banking, NSE Consumer Goods, the NSE Oil & Gas, NSE Industrial and NSE Insurance. The composition of these indices after the review will be effective today. While the NSE began publishing the NSE 30 Index in February 2009 with index values available from January 1, 2007, it had developed four sectorial indices with a base value of 1,000 points, July 2008 designed to provide investible benchmarks to capture the performance of specific sectors. In its review of the indices, Oando Plc joined the NSE-30, while Mobil Oil Nigeria Plc exited. In the NSE-50 Index, Livestock Feeds Plc was brought in while Nigerian Bag Manufacturing Company Plc was removed. In the NSE Consumer Index, there was no change, while Mutual Alliance Insurance Plc and Law Union & Rock Insurance Plc joined the Insurance Index. On the other hand, Linkage Assurance Plc and Goldlink Insurance Plc were removed. With respect to the Banking Index, Sterling Bank Plc entered while FCMB Group Plc exited, just as Eterna Plc joined the NSE Oil/Gas Index, while Japaul Oil & Maritime Services Plc exited. The NSE Lotus Sharia complaint Index had three changes. Julius Berger Nigeria Plc, Chemical & Allied Product Plc and Presco Plc were added to the index, while Japaul Oil & Chemical Service Plc, Dangote Flour Mills Plc and Honeywell Mills Plc were removed. The sectoral indices comprise the top 10 most capitalised and liquid companies in the each of the sectors. According to the index committee, the NSE-30, NSE-50 and NSE Industrial Indices are modified market capitalisation index with the numbers of included stocks fixed at 30, 50 and 10, respectively. The numbers of included stocks in the NSE-Consumer Goods, Banking, Insurance and Oil/Gas Indices are 15, 10, 15 and seven respectively. The committee explained that the stocks were selected based on their market capitalisation from the most liquid sectors. "The liquidity is based on the number of times the stock is traded during the preceding two quarters. To be included, the stock must be traded for at least 70 per cent of the number of times the market opened for business," the committee said. *(This Day)*

Continental Reinsurance Plc (Continental-Re), one of the two reinsurance companies licensed by the National Insurance Commission (NAICOM), has taken a bold step towards developing life assurance business across the continent. To actualise this dream, the company has entered into partnership with one of the leading reinsurance companies in the world, Swiss Reinsurance Company (Swiss-Re). The two companies reaffirmed their commitment to this course during the Life Business Strategy seminar they jointly hosted in Johannesburg, South Africa, recently. The programme drew its participants from Nigeria, Rwanda, South Africa, Mauritius, Kenya, Sudan, Tanzania as well as Liberia and Ghana. The Executive Director of Continental-Re, Mr. Gbenga Falekulo, in his presentation during the programme, observed that insurance penetration was very low in Africa. He explained that life assurance refers to various products that may be used to protect life, investments or a combination of both where the subject matter of the contract has to do with the duration of the life or survival of the policy holder. He said his organisation is committed to deepening insurance penetration in the continent by making the populace to be more aware of the relevance of insurance to individuals and the society at large. "With the seminar, we are trying to create more insurance awareness on the continent and improve human capacity available to develop the life business in insurance firms," he said. Continental-Re, according to him, decided to provide free insurance training across the continent as part of its effort to deepen insurance penetration among Africans and improve their participants' contributions to their nation's Gross Domestic Products (GDP). Falekulo also observed that the seminar was meant to provide room for cross fertilisation of ideas among the different nationalities who participated in the programme. The executive director also reassured participants that his organisation would continue to play a leading role in reinsurance business on the continent through the provision of proper reinsurance treaties and capacity building through series of training. Falekulo also reassured stakeholders in the insurance market the Continental-Re would sponsor the programme biennially and would continue to help insurance firms develop capacities across the continent. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Shittu Ibrahim ekes out a living for his two wives and 11 children by selling tomatoes he grows to passersby along a highway that runs through the Kadawa Valley near Kano, the biggest city in northern Nigeria. With no way to find new customers, about two-thirds of his crop rots. Now the country's central bank and Africa's richest man, Aliko Dangote, have teamed up to establish a $25 million tomato-paste factory that could boost income for Ibrahim and the 8,000 farmers who live in the valley. "We are doing this only to feed, as you can see, I can't afford the luxuries of life," the stocky 56-year-old said as he sat on a stool on June 6 outside his mud-walled house, which is surrounded by tomato fields as far as the eye can see. "There are better prospects in supplying Dangote because people will buy from them from all over the country. We hope that things will improve." The intervention by the Central Bank of Nigeria, which commissioned a study to show that processing local tomatoes is cheaper than importing paste from China, is part of the government's drive to cut annual food imports of more than $10 billion. It also plans to boost agriculture in a country that was food self-sufficient in the 1960s, and create jobs in the north where poverty and unemployment have fueled an Islamist insurgency. "We want to take Kadawa as a model and prove that with the right application of government policy we could get finance to the sector, improve productivity, create jobs and raise income," Central Bank of Nigeria Governor Lamido Sanusi said in a June 25 e-mailed response to questions. The 2011 study showed that Nigeria, Africa's most populous nation, pays $360 million to import more than 300,000 metric tons annually of tomato paste from companies including Hebei, China-based Baoding Sanyuan Food Packing Co. and Singapore's Olam International Ltd (OLAM). a year. The country produces 1.5 million tons of tomatoes annually of which about 900,000 tons rot, Agriculture Minister Akinwunmi Adesina said at a June 13 presentation in the capital, Abuja. Annual consumption is about 900,000 tons. Tomatoes feature in popular Nigerian dishes like Suya, a spicy northern delicacy of meat kebabs with raw tomatoes, as well as a tomato stew eaten with rice, beans, yams and cassava dough. Dansa Holdings Ltd., a unit of Dangote Group, the company that accounts for the bulk of Aliko Dangote's $19.9 billion wealth, took up the project after a failed attempt to get importers including Olam, Conserveria Africana Ltd. and Chi Group Ltd. to form a venture. The plant is expected to start by November and will produce more than 400,000 tons of tomato paste annually. Most of its tomatoes will come from farmers in Kadawa Valley. Farmers will receive a guaranteed price of about $700 per ton compared to an average of less than $350 now, the central bank said. Dangote, the world's 32nd richest man according to the Bloomberg Billionaires Index, owns businesses including flour mills, fruit canning plants and palm oil refineries. He also owns cement, salt and oil assets. He was born in Kano. "It's a win-win situation. We have a price we can compete with and the farmer has a price that makes the tomato a good value," said Sani Dangote, vice president of Dangote Group and a brother of Aliko Dangote, in a June 18 interview in Abuja. "It's only agriculture that can take poverty away overnight because it doesn't take long for the farmer to see the results and reap the rewards." While agriculture accounts for more than 40 percent of the economy of Africa's biggest oil producer, most output is by subsistence farmers who eat much of what they grow.

Gross domestic product per capita is $1,436 in the south and $718 in the north, according to Lagos-based Financial Derivatives Co. Nigeria is now the world's second-largest importer of rice and sub-Saharan Africa's biggest wheat and sugar buyer. Farmers in northern Nigeria once grew cotton, peanuts, cowpeas and rice for export. Half of Nigeria's 160 million people dwell in rural areas and four-fifths of those live on less than a dollar a day, according to the United Nations' International Fund for Agricultural Development. Nigeria attracted agricultural investment worth more than $8 billion in the past 18 months, Adesina said. Still, only 40 percent of its 21 million hectares (51.9 million acres) of arable land is cultivated. "Our strategy is to change the face of the north," Adesina said. "We're using agriculture for poverty reduction; our intention is to create wealth." Key to the government's plan to end rice imports, now costing 1 billion naira ($6.2 million) a day, by 2015 and expand crop exports, is a central bank plan to channel credit to agriculture. The Nigeria Incentive-Based Risk-Sharing System for Agricultural Lending, or Nirsal, a unit of the Central Bank of Nigeria, which carried out the tomato study, also provides credit guarantees to enable banks to lend to farmers, Jude Uzonwanne, its head and a former consultant at Boston-based Monitor Group, said in an interview in Abuja. At Kadawa, Nirsal determined that "about 8,000 farmers producing in about 5,000 hectares needed roughly 4 billion naira in working capital," he said. It also established a farm office of agronomists and managers "to run all the middle mechanics between growing crops and delivering to the Dangote factory."Nirsal has the mandate to guarantee as much as 75 percent of loans to agriculture. Since giving its first cover for a loan by Sterling Bank in July last year, it has gone on to work with most lenders in Nigeria, according to Uzonwanne. By April, it had issued guarantees for loans worth 25 billion naira, covering an average of 57 percent of lending, he said. Apart from tomatoes, Nirsal has provided similar guarantees for producers of cassava chips, rice, soybeans, cocoa and leather. Loans to agriculture as a share of total credit rose to 3.8 percent in February from 1.5 percent in December 2009, according to figures released by the Bankers'

Committee. The central bank has set a target of 10 percent of all loans to agriculture by 2016. Dansa expects to produce enough tomato paste for both the local market and export, Sani Dangote said. Chinese exporters to Nigeria have responded. "We've seen prices from China drop 30 percent in the light of our plan," he said. "Everyone in the tomato world is aware of our project." For Ibrahim these developments mark a turn of fortune. "Before the price of tomatoes would keep going down because all the farmers sell at the same time," he said. "With the coming of the Dangote factory, prices won't go down that way any more. We can be sure of a stable income." *(Bloomberg)*

Shareholders of Oando Plc, Nigeria's leading indigenous integrated energy group will receive a dividend of N5.1 billion for the year-ended December 31, 2012 as the company resumes payment of dividend. Although the company has been paying dividend over the years, 2011 was different. The shareholders did not receive dividend following a major decline in the profit due to one-off write-offs that resulted from impairments of assets, acquisitions, and termination of technical and managerial services charges. However, having posted a profit after tax of N10.9billion for the 2012, the directors have recommended a dividend of N5.1 billion, which translated to 75 kobo per share. The company, which is listed on the Nigerian Stock Exchange (NSE) and Johannesburg Stock Exchange (JSE), reported a jump of 526 per cent in profit after tax in 2012 to N10.9 billion from N1.8 billion in 2011. Oando ended the year with a turnover of N675.5 billion up by 18 per cent from N573.2 billion in 2011. Profit before tax rose by 35 per cent from N13 billion to N17.5 billion, while profit after tax soared from N1.8 billion in 2011 to N10.9 billion in 2012. Commenting on the results, the Group Chief Executive, Oando Plc, Mr. Wale Tinubu, said: "We are pleased to report our twelve months performance for 2012, in which we have taken positive steps in the implementation of our strategic focus to build our diversified higher margin business segment." Explaining the performance of the divisions of the group, Tinubu said: "In the Upstream division, we listed Oando Energy Resources (OER) on the Toronto Stock Exchange (TSX) in Canada; increased our production capacity through successful drilling campaigns on OML 125, the Ebendo Field (OML 56) and the Qua Iboe Field (OML13); we also paid a 25 per cent deposit of $435 million for the acquisition of Conoco Philips Nigerian business." Meanwhile, trading at the stock market closed on a negative note as the NSE All-Share Index declined by 0.26 per cent to close at 35,949.01.*(This Day)*

As part of efforts to increase its presence in key sectors of the economy, UAC of Nigeria Plc, Tuesday, said that it has completed the acquisition of 51 percent equity stake in Portland Paints and Products Plc. In a notice filed with the Nigerian Stock Exchange, NSE, UACN said the acquisition resulted in take over of 204 million units of shares of Portland Paints at an acquisition price per share of N4.47. It stated that the acquisition followed a Memorandum of Understanding signed with the paint manufacturer on July, 2012, while the deal was fully executed on 28th June 2013. UAC of Nigeria Plc stated that it was convinced that the acquisition of a controlling interest in Portland Paints & Products Plc would deepen its presence within Nigeria's decorative paints industry, adding that Portland Paints would also benefit from UACN's vast experience and operations in the Nigeria's real estate and building materials sectors. UACN had explained that the proposed transaction was driven by potential synergies between the two companies, while saying that the move was in line with its strategy of building a portfolio of brands and businesses geared towards the growth of the Nigerian economy. "The transaction will allow Portland Paints to leverage the relative strengths of UACN and yield considerable benefit to stakeholders in both companies. UACN and Portland Paints, with their established presence in the Nigerian paint industry, are uniquely positioned to partner on deepening the presence of both companies in existing markets, achieve scope and scale economies in procurement, production and distribution," the company said. It will be recalled that an approval to that effect had been secured from the Securities and Exchange Commission, SEC, and the shareholders of both companies in a separate court-ordered meeting. The partnership is expected to deliver long-term value to the stakeholders.*(Vanguard)*

Economic News

In spite of the positive changes recorded by the Nigerian insurance industry, its contribution to the Gross Domestic Products (GDP) of the country last year was still less than 1 per cent of the total figure. The Chairman of the Nigerian Insurers' Association (NIA), Mr. Remi Olowude, confirmed this in his statement at the 2013 Annual General Meeting of the umbrella body of licensed insurance and reinsurance companies in the country, which held in Lagos recently. Presenting the scorecard of the industry for last year, Olowude, who was represented by the Vice Chairman of the association, Mr. Godwin Wiggle, said: "The industry's contribution to the nation's Gross Domestic Product remains at less than 1 per cent in 2012." Total premium income raked in by members of the association, according to him, hovered around N240 billion, which translates to a 10.24 per cent improvement on the N217.7 billion recorded in the previous year. The association's boss also observed that the amount of claims paid out by members of the association went down last year even as they met their respective financial obligations in the form of prompt claims payment to policyholders in the period under review. Olowude noted that the industry had continued to grapple with inadequate infrastructure and unstable weather, which exposed insured assets to natural disasters such as floods in the year under review. "The current performance of the industry has not been sufficient for it to reach the critical mass necessary to make the desired impact on the economy," he added. Olowude also stated that members of the association have resolved to revive the Nigerian Oil and Energy Insurance Pool to help improve the industry's oil and energy underwriting capacity. The association also organised 14 training programmes for its members in 2012 in addition to ongoing collaboration with the GIZ of Germany for the purpose of building underwriting and technical capacities on micro-insurance. He also stated that the association has successfully completed the first phase of the Nigerian Insurance Industry Database (NIID) motor insurance module. Meanwhile, the Director General of the association, Mr. Olorundare Thomas, said the association was working with the National Insurance Commission (NAICOM) on the anti money laundering and fight against terrorism financing programmes. He said the NIA has advised its members to take all the necessary steps to preserve the integrity of the country's insurance market. *(This Day)*

The World Bank, yesterday, said it has approved credit facilities of $300 million for Nigeria to boost farming output and food security. A $200 million loan will go to small-holder farmers organised in clusters in six of the country's 36 states for producers of rice, cassava, sorghum and other staples, the World Bank said. Another $100 million will be used to improve crop yields, promote market access and better management. Nigeria is the world's second-largest importer of rice and sub-Saharan Africa's biggest wheat and sugar buyer. President Goodluck Jonathan's government plans to stop rice imports, now costing 1 billion naira a day ($6.2 million), by 2015. Agriculture Minister, Akinwunmi Adesina had a couple of month ago, stated that the country was expecting $1 billion in support from the World Bank, with $500 in agriculture and $500 for expanding the country's irrigation capacity. Nigeria attracted agricultural investment worth more than $8 billion in the past 18 months, Adesina said on June 13. Still, only 40 per cent of its 21 million hectares (51.9 million acres) of arable land is cultivated. Agriculture employs 70 percent of Nigeria's population, Marie-Francoise Marie-Nelly, the World Bank Country Director for Nigeria, said in the statement. The credit will be provided under the International Development Association's terms for helping poor countries, according to the statement. As of 2010, more than 60 per cent of the West African country's population of more than 160 million people lived on less than $1 a day, up from 51.6 per cent in 2004, according to the National Bureau of Statistics. *(Vanguard)*

Nigeria comfortably raised $1 billion in its return to the Eurobond market on Tuesday, taking advantage of a short period of relative calm in otherwise turbulent markets to issue both a long and shorter-dated bond. The issue was four times oversubscribed, with just over $4 billion in bids, a source told Reuters - underscoring still buoyant investor appetite for scarce frontier African paper, despite a recent selloff in emerging market assets. "We're very happy that at this time, when the markets are exhibiting turbulence, we were able to (achieve) ... four times oversubscription," Finance Minister Ngozi Okonjo-Iweala told a journalists' conference call after the issue. "The coupon shows confidence in the Nigerian economy," she said, adding that the money would be spent on infrastructure. Africa's top oil producer issued a $500 million 5-year bond at a yield of 5.375 percent and a $500 million 10-year bond with a yield of 6.625 percent, according to IFR, a Thomson Reuters news and analysis service. The 5-year paper received bids of $1.77 billion and the 10-year of $2.26 billion, the source said.
By comparison, Nigeria's debut $500 million 10-year Eurobond, which it issued in 2011, received bids worth two and a half times the amount on offer. The yield on the 10-year bond is less than the 7 percent the West African country paid in 2011, but higher than what it could have paid if it had issued just a few months ago, analysts said. "We saw a window of opportunity ... appetite for our paper was strong," Okonjo Iweala said. The 2021 bond traded at a 5.92 percent yield on Tuesday but was 3.66 percent at the start of the year. A rise in U.S. Treasury yields since late April and comments by U.S. Federal Reserve chairman Ben Bernanke about tapering its bond-buying programme have pushed up yields on African Eurobonds by up to 300 basis points in some cases. Most Eurobonds rallied this week. Nigeria decided to take advantage of the improved conditions ahead of the release of U.S. non-farm payrolls on Friday, said Nicholas Samara, vice president in capital markets origination at Citi, one of the lead managers along with Deutsche Bank. Strong non-farm payrolls could heighten fears of an end to the Fed's quantitative easing. Wednesday was also a no-go, he added, as it will be a busy trading day ahead of the July 4 holiday in the U.S. "It's an opportunistic trade today that Nigeria, alongside other issuers, have done," Samara said. "Today was an open window. Come

Friday, if you have strong non-farm payrolls the next opportunity possibly could be September." Nigeria's domestic debt was about 18 percent of GDP in 2012 and external debt was 2.5 percent of GDP, lower than its peers. But investors remain wary of the country's tendency to squander its oil windfall. The oil savings account had $9 billion in it last December. Okonjo-Iweala admitted it was now down to around $5 billion, but she said it was merely performing its function in helping cushion the against commodity shocks. Inflation is in single digits and investors are optimistic about power sector reforms, seen as key to unlocking growth. Samir Gadio, emerging markets strategist at Standard Bank, said the rally in emerging market Eurobonds in the past few days could have enough momentum to see yields fall further. "That said, the government will still have to pay a higher external funding cost than what it could have secured a couple of months ago," he said. *(Reuters)*

Nigeria will issue 74.56 billion naira worth of treasury bills with maturities of three or nine months at its regular auction on July 10, the central bank said on Wednesday. The bank said it will sell 20.16 billion naira in 91-day bills and 54.40 billion naira in 182-day notes, using the Dutch auction system. Nigeria, Africa's top energy producer, issues treasury bills regularly as part of money supply control measures.
Yields on the short-dated debt have been rising since the last three consecutive auctions, as offshore investors have sold off emerging market debt. *(Reuters)*

Forty six insurance companies and two reinsurance firms have been sanctioned for failing to meet the June 30, 2013 deadline for the submission of their 2012 financial reports to the National Insurance Commission (NAICOM). The companies were respectively made to pay a daily fine of N5, 000 for all the days they breached the regulation. The commissioned confirmed this on Monday when it said only three out of the 49 insurance and two reinsurance companies under its supervision were able to meet the deadline set for the submission and approval of 2012 financial report for operators. The Senior Manager, Corporate Communications at NAICOM, Mr. Salami Rasaaq, made this known yesterday in a statement titled: "Submission Status of 2012 Financial Statements of Insurance Companies as at July 1, 2012." The three companies that met the deadline, according to him, were Mansard Insurance Plc, Wapic Insurance Plc and ADIC Insurance Company Limited. The commission allows companies under its supervision six months from the preceding year to submit and get their financial reports for the previous year approved even as stakeholders had made a strong case for this to be reviewed down to three months. Also, any company that fails to meet the deadline pays N5,000 fines for each day it remain in breach of this important rule. Likewise, stakeholders have asked the commission to raise this amount of the fine significantly to ensure that operators comply. Reporting on the level of compliance with the submission rule this year, Salami said three other companies, Continental Reinsurance Plc, Law Union & Rock Insurance Plc and FBN Life Assurance Limited had their reports returned with queries. Their responses were still being awaited at the commission as at Monday. Also, three other companies, Oasis Insurance Plc, Aiico Insurance Plc and Consolidated Hallmark Assurance Plc (CHI) that submitted and had their financial reports returned with queries have since responded to the queries. The commission is reviewing their responses, he said. Salami also confirmed that nine other companies managed to submit their 2012 financial reports to the commission as at July 1, 2013, adding that the commission was still reviewing their submission as this is still within the four days allowed for the review. They are UBA Metropolitan Life Assurance Limited, Custodian & Allied Insurance Plc, NEM Insurance Plc, Crusader General Insurance Company Limited and Crusader Life Assurance Limited. The others are Zenith Life Insurance Company Limited, Zenith General Insurance Company Limited, Standard Alliance Life Assurance Company Limited and FIN Insurance Company Limited. Meanwhile, the Commissioner for Insurance, Mr. Fola Daniel, has traced the low turn out to the difficulties associated with the conversion to the International Financial Reporting Standards (IFRS). He, however, added that the commission had in place necessary machinery to help the operators cope with the IFRS challenges. "In the last four weeks we have come up with about five pages write up to say these are common problems because it is a year of transition to IFRS and there is going to be transitional difficulties. "So we have come up with about five pages explanatory note and we have also created a help desk in NAICOM where you meet about 13 people and you are encouraged to ask questions before submitting your accounts and clear areas where you have doubts with a view to shortening the approval time," the commissioner said. He also stated that the commission has set up a standard for approving qualified financial reports submitted to it in just four days. "In NAICOM, I have also instructed that every account submitted must either be cleared in four days or you revert in four working days. If the accounts is good, we must approve in four days and wherever I may be I can approve it online but if they are not approvable then we must send a query back to the respective companies in four days and so far we have cleared only five companies," Daniel said. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Strong indications have emerged that the Nigerian capital market would soon witness a wave of initial public offerings (IPOs), following relative improvement in the prices of stocks in the Nigerian capital market. IPOs are enabling either listed companies or unlisted companies to issue fresh shares the investing public to raise funds. Since 2008 when the financial crisis drove prices of shares to record lows, the market has been without IPOs. The only segment of the new issues market that has been active is rights issue and bonds market. Many companies have been reluctant to sell shares via IPOs for fear of under-pricing. However, a top official of the Securities and Exchange Commission (SEC) told THISDAY that companies have started making enquiries preparatory to the floatation of IPOs. "The level of the success rights issues have recorded in recent times and the improved prices of most of the shares at the secondary market, coupled with the increasing investors demand, have encouraged some of the companies, which are now preparing to make IPOs," the source said. The DG of SEC, Ms. Arunma Oteh, alluded to this development last week, when she said improvement in the level of investor confidence is beginning to attract issuers to the primary market. According to her, the commission approved the floatation of eight equities and one supra-national bond worth N56.87 billion as at June; compared to three equities and one corporate bond of N4.49 billion in the corresponding half year of 2012. The market has witnessed an unprecedented patronage recently with many of the local retail investors, who had taken flight on account of the drastic reduction in value of stockholding engendered by the season of decline, now returning to the market. As at May 31, 2013, participation of domestic investors in the market stood at 51 per cent while that of foreign was 49 per cent. This showed an improvement on the previous 61 per cent to 39 per cent in favour of foreign investors in 2012. Oteh has always reiterated the commission's determination to strengthen its enforcement mechanism as way to restore investor confidence. One of those strategies to restore investor confidence is the introduction of a framework that would enable it address investors' complaints within five days. She had added that the revamping of the Nigerian Investor Protection Fund and the framework for the collective investor scheme would help to increase the confidence of more investors in the capital market. *(This Day)*

With a target of about 20 million customers over the next five years, sophisticated world class technology, deepening of retail banking business, and consolidation of its position in wholesale banking, Access Bank plc is set to create an African financial power house which can compete with any top financial institution across the globe. In recognition that there is no commitment the bank made since 2002 which it has not delivered, Access Bank plc, under Herbert Wigwe, newly named CEO designate, would like to be known as the "world's most respected African bank" by 2018. Speaking at the Nigerian Stock Exchange (NSE) during the bank's five-year strategy session (for 2013-2017) Wigwe said: "In the past ten years, we have basically grown consistently as a financial institution. Over the ten years, we have been extremely true in delivering our promises to our shareholders. We are today, Nigeria's second largest bank, in terms of customer base." He said: "We are ready to dominate the financial market. Customers remain our priority. One of the greatest benefits of our segmentation is that we are able to identify the basic needs of each of our customers. We are providing proper segmentation in deepening our retail banking." Wigwe steps in as Aigboje Aig-Imoukhuede, group managing director/chief executive officer, Access Bank plc leaves the bank in December 2013 in what financial analysts, investors and market players say is a robust succession planning policy. Already, the Central Bank of Nigeria (CBN) has approved Wigwe's appointment as the CEO designate. Access Bank plc is a full service commercial bank, operating through a network of 350 branches and service outlets located in major centres across Nigeria, with subsidiaries in Sub Saharan Africa and the United Kingdom. Listed on the Nigerian Stock Exchange in 1998, the bank serves its various markets through four business segments, namely commercial banking division, business banking division, personal banking division as well as the corporate & investment banking division.

The bank has over 800,000 shareholders including several Nigerian and international institutional investors, and has enjoyed what is arguably Africa's most successful banking growth trajectory in the last 11 years, ranking amongst Nigeria's five largest and Africa's top 20 banks by total assets and capital. Also making his presentation, Aig-Imoukhuede said: "We believe planning is of utmost importance . We have confidence in our execution capabilities and are also confident in our plan. Between 2003 and 2007, we succeeded in creating outstanding value to our shareholders. We are one of the tier-1 banks with a balance sheet size of N1.74trillion. "Along our growth story, we have executed outstanding mergers and acquisitions (M&A) track record. We are the evangelists of a skill story. Analysts keep telling us that the skill story is a key differentiator. We have a very clear strategy which has evolved since 2002," Aig-Imoukhuede added. He further said:

"The banking business is all about people, and people make the business. We are one of the first financial institutions in Nigeria to adopt IFRS. That is a result of the type of governance that operates in Access Bank. We recognise only global governance standards. Because we are the newest entrants in the Tier-1 banks league, we have the highest upside valuation in terms of investment returns." *(Business Day)*

Down a winding dirt track in this sleepy village in northern Nigeria lies a corn farm which looks much like the dozens that surround it. The difference is, this one is turning a profit. "I can barely lift my 8-year-old. He's the fattest in the village," said Ibrahim Mustapha, 50, drawing laughter from his fellow farmers as he pretends to lift up his chubby son. The Babban Gona or "Great Farm" project, in northern Kaduna state, is one of a handful where private investment is helping former subsistence farmers like Mustapha make profits for themselves and the companies backing them. When President Goodluck Jonathan was elected two years ago, he pledged reforms that would transform the lives of tens of millions of farmers who live on less than $2 a day despite occupying some of Africa's most fertile land. Oil remains the main source of foreign currency and state revenues, but agriculture is by far the biggest contributor to GDP, making up 40 percent of Africa's second largest economy. With 170 million mouths to feed and a growing food import bill thanks to the disarray in the farming sector, agriculture ministry officials say there's no time to lose. If productivity does not improve Nigeria could face a food crisis within a decade, its current account surplus would be wiped out and the credit worthiness of Africa's second biggest debt issuer would be under threat. "If we did nothing, it would be a disaster," Agriculture Minister Akinwumi Adesina told Reuters in the capital. "We don't eat oil, we don't drink it ... We cannot sustain the amount of money we use to import food," Adesina said, a Nigerian flag hanging behind his office chair. In some cases, the imports substitute for things Nigerians are growing but can't get to market or lack the means to process. The country is the second largest grower of citrus fruit in the world after China and yet it spends $200 million (131 million pounds) a year on imported fruit juice while its own produce rots, Adesina said. It also produces 1.5 million tonnes of tomatoes annually of which 45 percent perish, while consumers spend $360 million on tomato paste imported from countries such as Italy and China.

To succeed, Adesina's reforms will need to reverse the inadvertent damage done to the sector by Africa's earliest and biggest oil and gas boom, which crowded out other commodities. In the 1960s, Nigeria was the biggest exporter of peanuts in the world and had 27 percent of the palm oil trade. It remains one of the world's top cocoa growers, but production and bean quality have declined since their heyday in the 1970s. While an elite allied to a series of military dictatorships grew rich on the spoils of the energy sector, millions of mostly subsistence farmers were given little or no help at all. The result: Nigeria is now the world's second largest importer of rice and the biggest buyer of U.S. wheat, while much of its own fertile land lies fallow. A booming population has sent its food import bill rocketing to around $11 billion a year - equivalent to more than a third of the federal budget. Agriculture also offers the best chance to cut unemployment, which feeds an Islamist insurgency in the north and oil theft in the south. Unemployment is 23 percent and youth unemployment double that, national statistics suggest. "Poverty is the source of a lot of the insecurity problems we have. A hungry man is an angry man," Adesina said. The minister plans to create 3.5 million new jobs in agriculture and boost food production by 20 million tonnes by 2015, the year of the next national election.
To achieve this, he wants to boost access to microfinance for farmers and draw in $10 billion of foreign investment into farming and food processing. He has received tentative praise for early successes from foreign diplomats, bankers and aid agencies, but big agro-business projects have yet to take off. Adesina took a corrupt fertiliser subsidy out of politicians' hands and now farmers are texted subsidy vouchers directly to their mobile phones so they can recoup from fertiliser sellers, a policy used in Kenya's farming reforms. Seventy percent of farmers now receive subsidised fertiliser and seeds, compared with 11 percent under the corrupt programme previously run by state governments, Adesina said.

Production of rice, cassava, wheat, sorghum, and corn are rising and cocoa, Nigeria's most important export crop, looks set to go up by more than a third this season. In 2012, agriculture exports rose by 128 billion naira (516 million pounds) and food imports fell by 850 billion, Adesina says. Foreign investors such as food giant Cargill, seed company Syngenta, brewer SABMiller and Africa's richest man Aliko Dangote are planning to build everything from fertiliser plants to food processing factories. Yet rice imports still soak up $7 million a day, while poor infrastructure and policy flip-flopping have in the past seen farming potential wasted. Farmers needs infrastructure to get goods to market -- and rural Nigeria's is as woeful as it gets. Nigerian billionaire Dangote has pledged to spend $35 million on a tomato paste plant in the northern city of Kano and $45 million in Cross River state to process pineapple juice. Adesina says he has received $8 billion in commitments but such promises are often not kept in Nigeria. Cargill and SABMiller told Reuters they are only "considering" investing. "I would estimate that no more than one dollar of investment actually occurs for every $100 of announced commitments," said Fola Fagbule, an Africa-focused investment banker in Lagos. A central bank initiative has issued guarantees on around 25 billion naira of agriculture loans since it began in July last year, lifting lending to the sector to around 4 percent of total loans, from 1.5 percent at end-2009, the bank says. The World Bank is putting in $100 million into agriculture, while British and U.S. aid projects pump in tens of millions. This barely scratches the $10 billion Adesina says the sector needs by 2015. Smallholders say banks still don't lend to them, while the scheme doles out cheap money to big firms. "We've heard it all before and I have never seen it get better," says Alhaji, a farmer wrestling with two scrawny long-horned cows dragging a rusty plough through a field. "I have 15 children and ... we barely get enough food to feed ourselves," he said. A few success stories nonetheless give cause for optimism. Farmer Mustapha says he made $1,350 per hectare from his harvest after paying back private firm Doreo Partners, which runs the Babban Gona project, compared to previous years where he might earn $200 per hectare. Now I want to grow my farm, I have so much space I never used. Now I will send my children to school," he said, while behind him mostly unused farmland stretched to the horizon. Doreo is working with 600 farmers. It has ambitious plans to boost this to 500,000 by 2020, and 5 million by 2030. "I know it sounds ambitious but it's been done elsewhere and Nigeria has so much easy-to-reach potential," said Kola Masha, the company's head. Masha is attempting to emulate giant food cooperatives like CHS in the U.S. or India's dairy franchise Amul, who make huge profits while helping millions of smallholder farmers. He gives farmers high-quality fertiliser, seeds, equipment and expertise on credit to massively increase their yields, while negotiating with firms like Nestle to buy the produce at higher prices than the farmers could get themselves. Farmers working with Masha, he said, are using 40 times more fertiliser than neighbours who could never afford that amount. "It's early days but I'm more optimistic than I've ever been," he said. *(Reuters)*

Nigerian President Goodluck Jonathan will travel to China next week to sign off on $3 billion in Chinese loans to build infrastructure in Africa's most populous country, the finance minister said on Wednesday. The agreed loans will come from the Chinese government and will be based on interest rates of less than 3 percent over a 15-20 year period, Minister of Finance Ngozi Okonjo-Iweala said. The deal underscores increasing Chinese interest in Africa and its resources - Nigeria is the continent's top oil producer - in competition with Western powers. Okonjo-Iweala estimates Nigeria needs $10 billion a year of investment to improve infrastructure like roads and electricity to keep up with a rapidly growing population, already some 170 million, and to sustain economic growth at around 6-7 percent. U.S. President Barack Obama launched a $7 billion initiative on Sunday to help Africa with electricity shortages but this is dwarfed by the $20 million in loans China has promised the continent. Obama did not visit Nigeria. "We know that China fuelled its growth by really keeping one step ahead in terms of infrastructure ... we need roads, we need power, we need help on aviation, agriculture," Okonjo-Iweala told Reuters at the presidential villa in the capital. China has made a string of cheap loans in the past few years to countries in Africa, a continent which supplies oil and raw materials like copper and uranium to the world's most populous country and second-largest economy. The loans to Nigeria include $500 million to build airport terminals in Lagos, Abuja, Port Harcourt and Kano; and over $700 million to build a hydroelectric power plant in Niger State. It also includes $600 million to build a light railway in the capital Abuja, most of which has already been invested on a project due to be completed early next year. Lending at below market rates to fund infrastructure projects using Chinese firms has enabled Beijing to cement relationships in Africa while subsidising its construction industry. Nigeria's central bank governor Lamido Sanusi warned African governments in March that China's pursuit of raw materials and markets for its manufactured goods on the continent carried "a whiff of colonialism" similar to that introduced by Europeans in centuries past. "I'm not of the school that says 'look this is colonialism' ... We should be open to whoever wants to invest and help us finance our needs," Okonjo-Iweala said. The loans are part of a $7.9 billion external borrowing plan approved by Nigeria's national assembly last year as government seeks to up cheaper external borrowing and limit domestic debt. Okonjo-Iweala said the delegation travelling to China on July 7 would also be discussing China's interest in oil from Nigeria, an OPEC member and Africa's top producer. "They want more oil and gas, we have something they want now and they have something we want, so you have grounds for negotiations," Okonjo-Iweala said. With the discovery of shale oil and gas in the United States, Nigeria is losing its biggest customer and looking for new buyers. India has been increasing its imports from Nigeria. *(Reuters)*

The Managing Director, Nigeria Export Processing Zones Authority (NEPZA), Mr. Olugbenga Kuye, has said in the next five years, the Zones will generate N2.4 trillion investment into the country's economy. Kuye, who stated this while briefing newsmen on his plans and programme for the agency in Abuja, said already the Free Trade has attracted about 1.5 trillion worth of investment in the Nigerian economy. The NEPZA boss said the agency was putting mechanisms in place to increase the volume of investment to at least N2.5 trillion in the next five years and expressed determination to use free zones as a veritable tool for economic development in the country. In his words: "To date, we have $9.4 billion investment in all the free zones in Nigeria. This is without the one we just successfully got through General Electric. I believe we should be looking at investment in the sector to the tune of $15billion in the next five years". Kuye expressed optimism that the agency would be transformed from its regulatory role to an industrialisation agency. He however said out of the 25 free zones in the country, only nine were fully operational, six under construction, four in design states and six zones that are largely owned by the states. In line with the planned industrialisation status, the NEPZA MD said the agency had mapped out four key sectors that would form its major focus. "Specifically, we are focusing on four key sector such as agriculture, solid mineral, manufacturing, petroleum and petroleum products and other sectors that have to do with population, like housing", he said.

He disclosed that the agency had already commenced discussion with investors in Netherland to come and set up agricultural park in Nigeria Kuye said: "All over the world, free zones are being use as a veritable tool for economic development. Along those lines will need to revive the moribund free zones in the country. Simultaneously we are also carrying out audit of the free zones to identify their viability. And those that are not working will be closed down. "Free zone scheme has worked in a lot of places. When the concept started in Nigeria after the UNIDO report, the focus was on manufacturing. Now the focus is on all the sectors of the Nigerian economy. Dubai has used it to develop its health care sector, developed their financial services sector and the US use it to boost their export. We are going to do the combination of all these. "As we speak, we are working on seven free zones applications that are awaiting approval. They are going through normal due process and soon as it goes through, we will get them on for approval." He promised that by the time the various reforms aimed at putting the free zones on the path of good business is concluded, all the enterprises that had left the various zones would have come back. "We also believe the gains of the power reforms would have been yielding result and those who left as a result of lack of power would have also returned," he said. *(This Day)*

The Central Bank of Nigeria (CBN) yesterday gave reasons for the restriction of telecommunication companies from offering mobile banking services in the country. The Director, Banking and Payment System Department, CBN, Mr. Dipo Fatokun, stated that telcos were not given the opportunity to provide mobile payment services because the central bank did not have direct control over them. Fatokun who said this while speaking at the ongoing 18th central bank seminar for finance correspondents tagged: "Financial Inclusion in Nigeria: Issues, Challenges and Prospects," in Umuahia, also argued that there was a lack of synergy between mobile payment operators and telecommunication companies in the country. "What we have seen is that because of the way mobile payment had taken off in some countries where telecoms companies were in the forefront, the Nigerian scenario is quite different. We excluded telcos from providing mobile payment because of reasons of not having direct control over them. "The CBN believes that the core business of the telecom companies is not banking and payment and therefore it does not have supervisory power over telecom operators," Fatokun who was represented by the Payment Policy Manager, CBN," Mr. Chai Gang said. According him, in the last decade, there had been an explosion of different forms of remote access to financial services, beyond branches. These, he pointed out, had been provided through a variety of different channels, including mobile phones, automatic teller machines (ATMs), point-of-sales (POS) devices and agent banking. "One of the main obstacles to financial inclusion is cost: both the cost to banks involved in servicing low-value accounts and extending physical infrastructure to remote rural areas, and the cost (in money and time) incurred by customers in remote areas to reach bank branches," he said. On his part, the Director, Development Finance Department, CBN, Mr. Paul Eluhaiwe, revealed the N200 billion Micro, Small and Medium Scale Enterprises Development Fund proposed by the central bank, would be inaugurated in August this year. The fund, according to him, would help promote financial inclusion. "The fund should have been launched when the financial inclusion strategy was inaugurated last year. It will be open to microfinance banks and other institutions to access the fund for on-lending to micro and small enterprises. 60 per cent of that fund is supposed to go to women and that is aimed at expanding financial inclusion," he explained. *(This Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania raised its forecast for the country's 2013-14 crop after revising data. Output in the marketing season starting today through June may climb to 45,000 metric tons of robusta and arabica beans from a February forecast of 40,000 tons, Adolph Kumburu, director general of the Tanzania Coffee Board, said today by e-mail. The East African country reaped the biggest crop in 20 years in 2012-13, according to Kumburu, who didn't provide a figure, and exported 70,633 tons valued at $181.1 million. The country ships mainly to the U.S., Japan and Germany, according to the board. The 2012-13 crop was set to almost double to about 65,000 tons, he said Feb. 14. "Crop estimates are at 45,000 metric tons, a little up from earlier estimates due to recasting data collection," said Kumburu. The robusta harvest more than doubled last season to 30,000 tons, he said. Robusta trees will this year enter the lesser-yielding half of a two-year cycle. Auctions for this season may be begin late this month or early August, depending on the availability of stocks, Kumburu said. Tanzania plans to raise production to 80,000 tons by 2016 as new trees are planted and global demand increases, according to the board. The arabica variety is grown in the northern and southern regions and robusta beans are more prevalent in the northwestern region known as Kagera. The country reaps its crop from April through August.*(Bloomberg)*

TANZANIA is set to house East Africa's first ammonia based chemical manufacturing plant following the signing of a multibillion shilling deal between local companies and a Malaysia based firm. The signing, for the establishment of the plant that will be located in the country and will utilize abundant natural gas resources, signals the beginning of local companies to make use of partnerships in the gas sector. Huchems Fine Chemical Corporation (Malaysia) and Gro Energy and Infotech Investments Group on Sunday signed Memorandum of Understanding to Build East Africa's First Ammonia-Based Chemical Manufacturing Plant in Tanzania. At the signing ceremony, the Minister of Foreign Affairs and International Cooperation, Bernard Membe, said the planned investment of 800m US dollars will utilize abundant Tanzanian natural gas resources, create jobs and increase availability of key ammonia-based products such as fertilizer. He said they will invest $800m and build East Africa's first ammonia-based chemical manufacturing plant. The plant will be located in Tanzania and will utilize country's abundant natural gas resources. He paid tribute to Infotech's chairman for taking advantage of the opportunity and partnering with Asia-based company with experience and expertise for the venture. Mr. Membe said the initiative would likely create between 500 and 1000 jobs especially for people in Mtwara, living around the gas projects. The Permanent Secretary in the Ministry of Trade and Industry, Ms Joyce Mapunjo, said it was commendable that Infotech had taken advantage of the enabling environment, put in place by the government to realize such partnerships. Chairman of Infotech Investment Group, Mr. Ali Mufuruki said the energy sector is strategic and calls for sophisticated technology that is in many cases not available locally, a situation that calls for partnerships. He said the planned chemical plant represent an important development in the African energy and petrochemical sectors, tapping local energy supplies for domestic industrial product rather than export, creating locally produced, value added chemical products that are critical to other sectors of the domestic economy such as fertilizer for agriculture.

"It demonstrates the importance of energy resources such as natural gas beyond commodity exports, and the opportunity for the development of many more value adding chemical manufacturing plants that create jobs and stimulate domestic economic growth." This project is expected to create stable manufacturing jobs, while increasing the availability and lowering the cost of key chemical products. "With Huchems' long-term experience in the petrochemicals industry and natural resources from Tanzania, this project can be successfully realized and be a win-win for both Tanzania and Huchems," said GyuSung Choi, CEO of Huchems Fine Chemical Corporation and Huchems Malaysia Sdn. Bhd. "The investment can contribute to the socioeconomic development of Tanzania by creating jobs and providing technical education while also contributing to the growth of the agricultural sector throughout East Africa by being a regional producer of fertilizer," he said "I believe this project could be a model for the development of Africa's energy resources," said Sara Menker, Co-founder and Managing Partner of Gro Energy. She was optimistic that they had partnered with an Asian company that combines the expertise of best-in-class global manufacturing companies with local partners, and creates products that can have an economic impact across multiple sector of the economy beyond the energy sector. Huchems Fine Chemical Corporation is a South Korean and Malaysian-based company engaged in the manufacture of chemical products. The company mainly manufactures fine chemical products, including dinitrotoluene (DNT) used to produce polyurethane and toluenediisocyanate (TDI); mononitrobenzene (MNB) for polyurethane and methylene diphenyl diisocyanate (MDI); nitric acid for metallurgical usage, pigment and gunpowder, and ammonium nitrate for explosive and anesthetic. It also provides basic chemical products, such as melamine used for tableware, car paints and others; methanol used to produce methyl tert-butyl ether (MTBE); ammonia used to produce fertilizer, caprolactam, nitric acid and other chemicals. Gro Energy is an Africa focused advisory firm that provides highly customized services in the areas of energy law and regulation, finance upstream and downstream and services, power generation, business development strategy and fiscal policy development. *(All Africa)*

Zambia

Corporate News

Precious stones miner Gemfields Plc said its auction of emeralds would take place a month later than originally planned and that the delay would lead to a 46 percent fall in full-year auction revenue. Gemfields, owner of the FabergÃ© luxury jewellery brand, said its auction of higher-grade rough emeralds would now take place in Lusaka, Zambia from July 15 to 19, instead of Singapore, where it was originally scheduled from June 10 to 14. The Zambian government issued a directive in April that all auctioning of emeralds be held in Zambia as their sale in foreign markets contributes to capital flight. Gemfields said on Monday that it had completed only two auctions in the financial year ending June 30, 2013, due to the delay, generating aggregate auction revenue of $42 million. In the prior financial year, four auctions were held, generating auction revenue of $77.9 million. *(Reuters)*

First Quantum Minerals Ltd., owner of the $1.7 billion Sentinel copper project in Zambia, expects to win clearance to resume building a dam at the mine in the next one to two weeks. "We're fully expecting within seven to fourteen days to have the protection order lifted," said John Gladston, resource optimization manager for First Quantum's Trident project, which includes Sentinel. The Vancouver-based company has had "helpful" talks with Mines Minister Christopher Yaluma and Finance Mister Alexander Chikwanda over permitting delays at the project, Gladston said. The Zambia Environmental Management Agency in May ordered First Quantum to halt work on the Chisolo dam, citing alleged irregularities in how the company gained land rights. A targeted start for Sentinel production in the third quarter of 2014 could be at risk should First Quantum be prevented from making progress on the project before the October-April rains. "If we lose this dry season, the delay could be anything up to a year," Gladston said in a telephone interview. "Every hoop that they showed us we jumped through it. There were no irregularities in the company's land acquisition to build the Chisolo dam." First Quantum in April acquired Inmet Mining Corp. for C$5 billion ($4.8 billion) to become the world's fifth-largest copper producer. It forecasts annual output of as much as 300,000 metric tons of the metal at Sentinel. The company overcame an earlier potential delay to the project in April by ending a dispute with Zambian electricity supply company Zesco Ltd. about erecting a line to supply power to Sentinel, a person familiar with the matter said on May 30. That disagreement began April 23 when the copper producer took Zesco to arbitration because of a dispute over the selection of contractors for the transmission line's construction. The companies in May agreed that First Quantum would award the contract that will cost about $95 million, while Zesco would hire a consultant to oversee works, according to the person. First Quantum would be able to resume work quickly after the ban on construction at Chisolo is lifted, Gladston said. "We have all our workers and machinery poised."*(Bloomberg)*

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

HWANGE Colliery Company Ltd has announced the acquisition of mining equipment from a Chinese company, Sany Heavy Equipment Corporation, as two similar deals worth US$27 million are about to be sealed. Acting managing director Mr Stanford Ndlovu told shareholders last Friday a deposit of US$2,2 million had been made to SHEC. The delivery of the equipment was expected at the end of next month. "A total of 13 pieces of heavy-duty mining equipment is currently being shipped from China and will be commissioned at the mine by the end of July 2013. "The company is now executing the acquisition of drilling equipment worth US$5 million from other overseas suppliers. Procurement of additional mining equipment from China North Industries Corporation and XCMG, totalling US$22 million is being executed and delivery (is) expected before the end of the year." Earlier, the management said the equipment would ensure the company doubled production to four million tonnes. Mr Ndlovu also highlighted the company remained troubled by legacy debts accumulated in the last five years. He said a forensic audit revealed the company had unrecorded liabilities totalling US$19 million, due mainly to what he called Maputo transaction (US$5 million), BancABC coke facility (US$3 million), OHO Siminon invoices (US$6 million and differed tax (U$2 million). "Further, the audit ascertained that the company liabilities are in excess of US$150 million and the amount was incurred during the period 2009 to 2011," he said. "Debt redemption strategies being pursued hinge on the ramping up of production volumes and the rescheduling of most of the liabilities." Mr Ndlovu said some creditors owed about US$13 million had dragged the company to the courts. Last year, the company sold two million tonnes of coal and coke, down from 2,5 million tonnes a year ago. Production was mainly affected by equipment inefficiencies. Total coal sold was 1,68 million tonnes, down from 2,4 million tonnes a year earlier, while coke sales (including breeze) rose to 228 201 tonnes from 74 877 tonnes. Hwange Power Station accounted for 54 percent of coal sold in 2012. Exports rose by 28 per cent to 260 803 tonnes, up from 203 096 tonnes. Hwange's main export markets include Zambia, the Democratic Republic of Congo and South Africa. Revenue for the period fell to US$104,2 million from US$107,8 million in 2011. Export revenue of US$26,1 million accounted for 25 percent of the total turnover compared with US$13,4 million, equivalent to 12 percent a year earlier. Hwange said the export revenues were expected to continue rising, given the anticipated increase in production volumes and the delivery of the new equipment. Operating profit was up 73 percent from US$4,1 million a year ago to US$7,1 million. Net earnings declined to US$3,1 million compared with US$3,9 million. Administrative costs were down US$27,5 million from US$31,2 million in 2011. Borrowings amounted to US$31,6 million. Giving a trading update for five months to May, Mr Ndlovu said the company's performance was "fairly satisfactory" and that the company was on course to meet the production target for 2013. *(Herald)*

CFI Holdings Limited is planning to sell its 49 percent shareholding in Victoria Foods to a South African company, Grindrod Trading Limited, for US$3,2 million, the company announced last Friday. "As a result of the transaction, CFI's shareholding in Victoria Foods will be diluted to 51 percent," said CFI in a notice to shareholders. The extraordinary general meeting would be held on July 26. Under the transaction, Grindrod, a Johannesburg Stock Exchange-listed company, would also provide Victoria Foods with a US$2,7 million shareholder loan at an annual interest rate of 8 percent. The loan has no fixed tenure and interest may be varied but subject to the limit set by the Reserve Bank of Zimbabwe. Grindrod will also sign various commercial contracts that would result in Victoria Foods accessing a US$12 million 90-day CMA grain procurement facility. The proceeds of the proposed transaction would be channelled towards debt restructuring, repayment of creditors and working capital requirements. CFI will restructure the US$2,8 million of its intergroup loan receivable that incorporates short- and long-term debt owed to it by Victoria Foods, into a shareholder loan. "The injection of long-term capital into Victoria Foods and the restructuring of debt is projected to have an immediate positive impact on its financial performance, with the enhanced working capital position positively impacting inventory levels and revenue generation," said the CFI group. Grindrod Trading is a subsidiary of Grindrod Limited, a JSE-listed South African-based holding company involved in the movement of cargo by road, rail, sea and air. Grindrod Limited operates four divisions - shipping, trading, financial Services and Freight Services. The Trading division trades in agricultural products, industrial raw materials and marine fuels and lubricants. Victoria Foods manufactures baking flour, maize meal, snake foods and packs a wide range of fast-moving consumer goods. CFI said the refurbishment of infrastructure and introduction of technical skills at Crest Poultry Group, one of its divisions would allow for better bird performance and ultimately lower costs and improved throughput. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

CASH-SRAPPED starafricacorporation is technically insolvent as its liabilities far outstrip assets. Starafrica will thus sell its investment in Botswana-based associate Tongaat Hulett and Blue Star Logistics to clear the debts. Chairman Mr Joe Mutizwa indicated in the financial results for the year to March 31, 2013, during which the company suffered a US$16,4 million loss, that liabilities outweighed assets by US$10,4 million as at March 31 2013. "As at that date (March 31) total liabilities exceeded assets by US$10,4 million and current liabilities exceeded current assets by US$22,2 million." A company is technically insolvent if the value of its liabilities is greater than that of its assets, which means it has negative asset value and would not be able to fully compensate those it owes in the event of it winding down. The borrowing powers of the group as stipulated in the Memorandum of Association had been exceeded by US$29 million. The company recently agreed with creditors and lenders that it would not make payments for six months in order to dispose of assets worth about US$10,4 million to retire debts. The balance from the US$19,7 million owed to creditors and lenders would then be paid over a period of 36 months for unsecured lenders and creditors and 18 months for the secured lenders and creditors of the troubled company. Interest to secured creditors and lenders would be charged at the lower of rate charged by an individual creditor or 10 percent per annum and the lower of the rate charged by unsecured lenders or creditors or 12 percent per annum. Retired Justice Smith, who chaired the scheme of arrangement meeting with lenders and creditors, agreed to stay payments for six months, the decision was taken when some creditors wanted to sue the company and proceed to attach its property. Starafrica would dispose of Blue Star Logistics and its 33 percent shareholding in Tongaat Hulett Botswana Limited under the scheme of arrangement that would also see the firm installing a new refinery at its Harare plant. starafrica has also made arrangements with raw sugar suppliers Zimbabwe Sugar Sales for flexible payment plan where the company only pays after selling to its clients. The company's operations have been weighed down by serious working capital constraints, old equipment and competition from often lower priced imported sugar. After completion of its sugar refinery plant upgrade and when it builds capacity to meet demand starafrica intends to enforce annexure 7 of the Sadc trade protocol to prevent "dumping" of refined sugar on the local market. Mr Mutizwa said a financier had already been secured for the Harare refinery plant upgrade and that the renewal would enhance operational efficiencies and volumes. "On completion of the plant upgrade the refinery will be producing bottlers' quality sugar that will be sold to local and international markets. Management believes that the company will be able to reclaim the market share which, in the current domestic supply constraints, is dominated by imports," he said. The plant upgrade would increase the company's production capacity from the current 300 000 tonnes per day to 600 000 tonnes per day while improving the sugar yield. Starafrica said the loss for the period to March 2013 was as a result of the closure of its Harare refinery plant after ZSR stopped raw sugar supplies when Starafrica failed to pay. This reflected in the group's revenue plunging from US$53 million last year to US$24 million in comparative period this year. *(Herald)*

ZIMBABWE Stock Exchange-listed horticultural concern, Interfresh Limited is seeking shareholders' approval at an extraordinary general meeting later this month to raise US$3million for recapitalisation through a rights offer in an effort to increase equity funding. In a statement, the company said the proposed recapitalisation would raise funds to retire its short-term debts and finance working capital requirements. A total of 150 000 000 new ordinary shares with a value of US$0,01 will be offered to shareholders at a subscription price of US$0,02 at the company's EGM to be held later this month. The group said the approval of the rights issue would restructure the balance sheet by reducing the debt and provide scope for acquiring long-term funding to counter the effects of losing 1 600 hectares of land at the Mazoe Citrus Estates earlier this year. Government acquired the land in terms of Section 5(1) of the Land Acquisition Act (Chapter 20:10). "The consequent loss of revenue and assets impairment has left the balance sheet in need of restructuring through an increase in equity funding," the company said. Interfresh said the approval of the rights offer would not change the shareholding structure of the company. The company's revenue for the year ended December 31 2012 went down 23 percent to US$5, 4 million from US$7,1 million in the previous year. The company said this figure was primarily comprised of revenue from its agricultural operations. This contributed to the 388, 6 percent decline in the total comprehensive loss for the period from US$1, 5 million in 2011 to US$7 656 236 in the period under review. The company's total assets went down 39,12 percent from the 2011 figure of US$25 489 352 to US$15 516 768 in the comparable period. *(Herald)*

ZIMBABWE Stock Exchange-listed group TA Holdings says its revenue in the first quarter rose seven percent to US$15,9 million after improved performance from the group's hotel and insurance businesses. Profits for the full year to December 2012 however declined to

US$3,2 million weighed down by a rise in net claims and losses in the group's agrochemicals unit. In 2011 the company posted a US$6,2 million profit. Group chief executive, Gavin Sainsbury, said the insurance and hotels divisions had performed to expectations while the agro-chemicals operations were still depressed. "In insurance, gross written premium was up in the last six months compared to the same period last year. Both Zimbabwe and outside operations were profitable," Sainsbury said at the company's AGM. "Cresta Zimbabwe revenues increased five percent from the year ago period mainly driven by an increase in RevPar. Cresta Marakanelo revenues increased 13 percent in pula terms but due to the depreciation of that currency to the US$, revenue only increase two percent in dollar terms" Refurbishing work is also underway at Sprayview Hotel in Victoria Falls ahead of the United Nations World Tourism Organisation General Assembly to be jointly hosted by Zimbabwe and Zambia this August. Sainsbury also said negotiations for a viable electricity tariff are still on-going with the relevant authorities TA's regional operations which include hotels and insurance in Botswana and Uganda, continued to outshine local units as seen by growth in after tax profit which rose to US$4,4 million from US$3,6 million. Profits from local units dipped to US$1,1 million from a US$2,6 million profit achieved in prior comparative year. Net insurance claims during the period under review rose to US$22 million from US$19 million recorded in the comparative prior year. Gross written premiums for Zimnat Life, the group's local insurance arm rose by 59% compared to the same period last year largely as a result of an increase in individual life and employee benefits business. In the hotels division, an improved revenue-per-available-room outturn saw Cresta Zimbabwe grow its profit before tax position. Sable chemicals and ZFC, the group's agrochemicals units, incurred losses citing low production of ammonium nitrate and liquidity constraints. "Ammonium nitrate production was 28 percent lower than what was produced largely due to … the suspension of electricity supply in the first half of the year, together with consequential mechanical breakdowns," said the company in a statement accompanying the audited financial results. Group chairman, Shingi Mutasa, said a plan to shut down the electrolysis plant at Sables – which is 51% owned by TA - and import ammonia instead had been abandoned due to "unprecedented increases" in global ammonia prices last year. "Consequently, Sable will continue using the electrolysis plant to manufacture ammonia whilst engaging the Government and Zimbabwe Electricity Supply Authority (ZESA) to secure a viable electricity tariff," he said. "In the meantime Sable is also continuing with its efforts to change ammonia production technology within the next five years." The group is however still pursuing plans to dispose of its 22 percent interest in ZFC. "The process to divest out of ZFC Limited is still underway and, as highlighted in 2011, this process will be protracted and complicated," Mutasa added. *(New Zimbabwe)*

PG INDUSTRIES which recorded a third consecutive annual loss since the dollarization in 2009 despite disposing of non-core assets in order to reduce short-term debts, has said sales increased 21 percent to US$14,3 million in the five months to May. Chief Executive Hillary Munyati said the group had reduced its shareholding in Manica Board & Doors with the proceeds used to restore credibility with the funders. He however, said there had not been any progress in selling properties identified as excess to the group because of the prevailing environment. "The group was in the process of reducing staff levels by 25 percent with negotiations to that effect having started this month and should be concluded in the third quarter," Munyati said. The group said improved performance during the first five months of the year had been achieved against a background of low consumer demand and tightening liquidity conditions. At PG Building supplies, sales were 28 percent up following the coming in of Sherwood International although Munyati noted that stock levels were still far from satisfactory despite a notable improvement. Last year, the PG signed a 3-year business process outsourcing agreement with Sherwood International South Africa to improve the group's merchandising division. Zimtile sales had gone up 47 percent with Munyati adding that the group had cemented its position as a trusted brand and was now well-placed to weather competition from new entrants and cheap imports. PG Timbers sales were down nine percent after the group took a decision to focus mainly on projects driven sales due to the lack of funding. Glass was up 34percent and margins were maintained while Mozambique was six percent ahead in US dollar terms. Over the year ending December 31 2012, the group recorded a loss of US$7,9 compared to US$5,5 million loss in the previous year. Management said the group had continued to face working capital constraints which had given rise to significant doubt over the company's ability to continue as a going concern. Consolidated net sales declined by 15,3 percent from US$39,6 million in 2011 to US$33,5 million during the period under review. This was attributed to the fall in PG Merchandising volumes and the non-consolidation of the Manica Boards and Doors, a subsidiary in which PG Industries shareholding was reduced from 60 percent to 27,9 percent last year. "The remaining investment was accounted for as an associate company. Share of loss of associate amounted to US$959 415," the group said. Shareholders approved the disposal of the associate company with a book value of US$2,4 million in December last year. *(New Zimbabwe)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

THE country's largest mobile phone operator Econet Wireless has approached the courts once again in a bid to recover $12 million owed by State-owned mobile company Netone in interconnection fees. In papers filed at the High Court in May, Econet wireless wants Netone to pay its outstanding debt in interconnection fees. "On or about 13 August 2004, plaintiff (Econet) and defendant (Netone) entered into an interconnection agreement in terms of which plaintiff provided defendant telecommunications services including voice traffic and leased circuits and these services would be provided for a fee," reads Econet's declaration. Econet said: "In the period commencing June 2010 to August 2012, plaintiff was entitled to payment of $12 171 048, 64 being interconnection fees due and owing to plaintiff by defendant, which amount, despite demand, defendant has refused, neglected and or otherwise failed to pay. "Wherefore the plaintiff is entitled to an order directing defendant to pay the sum of $12 171 048,64." The company was also demanding interest at the prescribed rate from the date of service of summons to the date of full and final payment. The two companies, Econet and Netone, operate under an agreement that allows traffic to flow between their networks. Econet has over the past years turned to the courts in a bid to recover its millions owned by other mobile companies. Individuals, companies and embassies have not been spared.*(News Day)*

AICO Africa Limited operations performed below expectations in the full year to March 31, 2013 due to a 34% decline in seed business profits and losses in both the cotton and fast-moving consumer goods (FMCG) businesses. In a statement accompanying the group's results, company chairman Bekithemba Nkomo, however, said the FMCG business improved. "The seed business suffered a 12% fall in volumes to 59 406 tonnes mostly as a result of sales volumes shortfalls in Seed Co Zimbabwe. Slow payment of trade receivables by key customers together with high inventory levels resulted in interest charges escalating by 73% to $7,4 million," Nkomo said. During the period under review, revenue for the group was 10% lower than last year at $263,9 million due to much softer lint prices compared to last year. The lint prices were 45% lower than the prior year. Operating costs were 29% higher than last year at $73,4 million while operating profit was 37% lower than last year at $24,2 million. "Consequently, loss before tax of $0,5 million fell 103% relative to last year after charging interest costs of $25,4 million (Last year $24,4m). Higher interest charges are due to higher loan facilities necessitated by the need to increase working capital financing to cope with late payment of trade receivables in the seed business," he said. Profit after tax went down 114% to a loss of $2,1 million during the period under review. Group sales volume rose 18% above last year to reach 213 720 tonnes driven by improvement in cotton intake volumes. Earnings Before Interest Depreciation and Amortisation was 31% lower at $32,7 million. Capital expenditure for the group was $10,9 million during the period under review. Going forward, Aico expected a resurgent performance from the seed business driven by recovery of sales volumes in Zimbabwe and in the east African businesses and new business in West Africa. Nkomo said the fundraising initiatives were taking long and the group was engaged in a number of discussions that were now at an advanced stage. *(New Day)*

THE injection of long-term capital into Victoria Foods and the debt restructuring initiative is projected to induce positive performance for diversified CFI Holdings Limited. The group says it is optimistic of the future performance of the subsidiary and that an investment in working capital would be strategic in maintaining and improving its market position. In a statement accompanying its financial results for the half year ending March 31, CFI Holdings chairman Simplisius Chihambakwe said CFI is also set to partner a South African firm, Grindrod Trading, to recapitalise Victoria Foods. Under the terms of the proposed transaction, Victoria will issue 812 841 new shares to Grindrod, representing 49% of the company's issued shared capital. He said the South African firm would pay $3,25 million as the subscription price, while at the same time it would provide Victoria Foods with a $2,75 million loan. Chihambakwe said the injection of the long-term capital and the debt restructuring exercise was expected to yield positive results "with the enhanced working capital position positively impacting inventory levels and revenue generation". He said under their specialised units, Kobenhavn was disbanded at the end of the half year period under review, while little progress on the joint venture was seen at Maitlands. The group chairman said trading environments for the major subsidiaries continued to be attractive with strong local demand and legislation that continues to support local production and processing of foods. CFI Holdings also plans to divest from non-core assets. "CFI will continue to seek to exit these investments and will inject the proceeds of such disposals into continuing operations along with capital raised from the ongoing transactions," Chihambakwe said. CFI Holdings has three divisions – retail, specialised and poultry. Group turnover for the half year declined by 13% to $48 million compared to $55,4 million achieved in the comparative period. Revenue also declined by 25% and 28% for poultry and specialised divisions respectively due to inadequate working capital. CFI said growing demand for hardware and agro-inputs in the retail division saw the unit register an 8% revenue growth during the period. Of the total turnover, poultry division contributed 42% (2012 H1 – 50%), specialised unit 11% (2012 H1 – 13%) and retail 47% (2012 H1 – 37%). The group posted an operating profit from continuing operations before depreciation and financing costs of $553 297 against $272 360 of last year's. *(New Day)*

ARISTON HOLDINGS after-tax profits vaulted 83,4 percent to US$2 million in the half year to March 31 2013 on fair value adjustment as revenue in the interim was almost flat at US$6,6 million. All of Ariston's three units - Southdown, Claremont Estate and Kent Estate - recorded profits in the interim on fair value adjustment. The agricultural produce-oriented company had suffered a US$225 556 loss in the comparative period the prior year. "Group revenue reduced to US$6,682 million. The operating profit was US$2,917 million after fair value adjustment," said Ariston in a statement accompanying the group's half-year financial results. The company said during the period under review its management had been reinforced with the appointment of Dr Anxious Masuka as chief operating officer and Mr Martin Dzviti as finance director. Ariston said adequate funding in the first half has seen improvement across the board particularly in agricultural activity.
The company said full production capacity is still a prospect for the future and the ZSE-listed concern said "nevertheless significant strides have already been made in rehabilitating the group". "The introduction of a large potato crop will bring new balance to horticultural activities. "Much remains to be done to reach full potential thus additional investment in the second half will be made into irrigation, plant material and factory equipment," the firm said. The Zimbabwe Stock Exchange- listed agri-produce concern said increased production has not been converted into sales and the second half will focus on converting the considerable stock into cash. Traditionally, winter sees strong blended tea sales. Combined with improved focus, this should see trading contributing in the second half. Ariston said Southdown reported a turnover of US$1,357 million, which was a slight reduction of 2 percent excluding inter-company sales of US$1,193 million to Fruits and Vegetable Company. Favco turnover was slightly reduced by 2 percent to US$4,2 million, contributed 64 percent to group turnover and posted a US$265 000 loss. Claremont Estate's turnover at US$759 000 was 11 percent of group turnover, representing a 27 percent surge compared to 2012. The unit suffered an operating loss of US365 000 compared to US$67 000 in 2012. A US$1,332 million fair value adjustment pushed the Ariston subsidiary into a US$968 000 before tax profit. Kent Estate posted US$318 000 turnover, representing a 24 percent decrease over the same period last year and 5 percent of group revenue. Profit before tax of US$502 000 was after fair value adjustment of US$1,096 million during the period under review. *(Herald)*

Retail giant OK Zimbabwe has partnered South African company Kawena (Pty) Limited to tap into the US$500 million per year being remitted by Zimbabweans in South Africa for family support and other personal projects. According to OK Zimbabwe's business information systems executive, Mr. James Madondo, Zimbabweans working in South Africa can visit a Kawena office and make a payment into their beneficiary's OK/Kawena Shop Easy Card. "The payment is immediately electronically credited into the recipient's card. The beneficiary can then use the card to purchase their grocery requirements at any OK, Bon Marche or OK Mart stores in Zimbabwe," he said. The Shop Easy Card is a voucher that is provided by OK to enable its customers to make purchases. Mr. Madondo said the facility would make sending groceries home from South Africa easy for the Zimbabweans working there. "Zimbabweans in South Africa have had to use all sorts of methods, some very risky, to get groceries to their loved ones at home. "What OK and Kawena are offering through this new arrangement is not only convenience but also speed, security and peace of mind in the guarantee that the goods a person sends will be received by the right hands with quality preserved," he said. He said the facility would enable the country to capture the value of support given to locals by their relatives in the Diaspora. In the past, people working in South Africa relied on informal channels to send money and goods home making it difficult to capture the real value of the money that comes into the country from the Diaspora. Many local companies have been entering into such deals with South African companies to try and formalise the channels with money transfers such as Western Union, Mukuru.Com and MoneyGram taking the lead. *(Herald)*

Beverage manufacturer Delta Corporation will provide communal and commercial farmers with US$3 million to produce 12 000 tonnes of sorghum under contract in the 2013/14 cropping season, an official said on Tuesday. Company secretary Mr. Alex Makamure said Delta Corporation would continue supporting sorghum producers. "The company has an ongoing sorghum contracting scheme covering both commercial and communal farmers for both red and white (macia) sorghum. "The value of the contracted produce for the season is about US$3 million depending on the final intake price. "Under the A2/commercial sector scheme we will target farmers in Mashonaland Central, Mashonaland East, Mashonaland West, Midlands, Manicaland and Masvingo provinces," he said. Mr. Makamure said the company required more that 10 000 tonnes of sorghum per year. "Our business requires a total of 12 000 tonnes of red and white sorghum annually. The prices are set in line with the market. "The current season intake price is expected to be similar to the average of US$285 per tonne ex-farm paid last season. The price has to be viable to the farmer but allow for viability of the brewer as well," he said. He said the contract schemes were an ongoing programme and therefore would be maintained into the foreseeable future. "The committed hectarage will be driven by the business requirements. The hectares to be committed for 2014 will depend on the anticipated volumes of sorghum beer and Eagle Lager but also depend on the yields achieved by the farmers and the rainfall patterns," he said. He said yields from communal farmers traditionally hovered around one tonne per hectare while the target for commercial was around 3,5 tonnes to 5 tonnes per same unit area. Mr. Makamure said the scheme was open to all farmers, but under the A2/commercial sector scheme each farmer should cover at least 20 hectares. (*Herald)*

THE Econet Wireless-owned TN Bank has been renamed Steward Bank with management also revealing that its capital base was now over US$75 million, ranking it among the country's top five banks in terms of capitalisation. The Reserve Bank of Zimbabwe (RBZ) set a minimum capitalisation target of US$50 million for commercial banks to be achieved by the end of this year. But chief executive officer, Kwanele Ngwenya, said Steward Bank had already surpassed the TBZ's target. "As you know, we are 100 percent owned by Econet Wireless, I am happy to say that the bank is well capitalised to the tune of US$75,1 million as at February 2013," he said. "By June 2013 we should have been at US$50 million, but we have already surpassed that. We have already met the December 2013 deadline, so we are very excited about the journey and definitely we will meet our capitalisation target by June 2014." Ngwenya said the bank would over the next "few" months launch a series of innovative products and services which were relevant to their customers' needs. "We are working on a seamless transition and have set up a call centre to provide an interactive platform for our customers. We are committed to transforming Steward Bank into an innovative, stable and dependable institution. We invite all Zimbabweans to join us on this journey of excellence," he said.
"We are one of the (best) capitalized banks in the country and are looking forward to serving our customers both old and new in professional manner. We want to build a financial institution that inspires confidence on the market." The rebranding exercise follows the acquisition of TN Bank by Econet Wireless in January this year. Ngwenya, a South African national who was appointed to head the bank early this year, said the name 'Steward' was chosen because it reflects the bank's values and commitment to its customers. "A steward denotes a custodian who grows and protects customer's resources, hence our promise: Your money our commitment," said Ngwenya. "This supports our values of honesty, professionalism, innovation, excellence, integrity and Hunhu/Ubuntu." Econet acquired the bank after buying out its founder Tawanda Nyambirai with management saying the unit would be used to drive the company's fast-growing EcoCash service. The telecoms group initially took up a 45 percent shareholding after advancing the bank a US$20 million loan to help recapitalise its operations. *(New Zimbabwe)*

TELONE requires $30 million to kick-start projects to upgrade its infrastructure and finish the fibre optic cable installations in the country, a company official has said. In an exclusive interview TelOne managing director Chipo Mutasa said the company required funds for recapitalisation and was pursuing various options in that regard. She said the company would require three years to complete its recapitalisation projects. "Our infrastructure is aging. We need to upgrade it. I think it's a combination of external and internal funding that we will look at. We need $30 million to kick-start some of the projects. We have switches that include digital and analogue that are old fashioned and there is no back up equipment from manufacturers, " Mutasa said. She said the company was expanding its asymmetric digital subscriber line (ADSL) project, but could not divulge further detail as it was still work in progress. Mutasa said in April this year, the parastatals laid fibre optic cables between Harare and Bulawayo, Harare and Kariba and Harare and Forbes border post in Mutare linking it to East African Submarine System in Maputo. She said the company was working on Bulawayo-Victoria Falls and Bulawayo-Beitbridge fibre projects. Mutasa said the company plans to complete nine backbone fibre optic rings nationwide to offer diversity routing and for restoration purposes ensuring 100% link availability. She said the challenges that were being faced in the fibre optic cable work included intense competition in the development of backbones at the expense of quality service, lack of synchronisation of investments with some routes being over-invested and others under-invested. "The country's limited resources are used to duplicate investment on assets which can be shared therefore there is need for clarity on policy for infrastructure sharing," she said. *(News Day)*

FBC Holdings unit Turnall Holdings will next week commission a $2,5 million tile-manufacturing plant in Harare, in a move meant to increase its. The group's chief executive officer John Mushayavanhu said the plant had the capacity of producing 45 000 tiles per day. "We will commission the plant next week. That will be a new revenue line for Turnall," he said. FBC Holdings invested in plant and machinery to augment roofing product lines last year. Speaking at the company's extraordinary general meeting recently, Mushayavanhu said in the five months to May, the company was trading at 15% ahead of budget in a positive territory. "The units have done very well, FBC Society, FBC Bank and FBC Re are trading well ahead of their budgets," he said. He said Turnall performance rebound in the second quarter of this year. During the five months period the group secured $48 million lines of credit from PTA Bank and African Export-Import Bank. PTA Bank offered $8 million and Afreximbank $40 million to the bank. *(News Day)*

Economic News

The volatility of the South African rand has brought no joy for Zimbabwean consumers who expected the weakening of the rand against the US dollar to contribute to the lowering of prices. There was an expectation that the weak rand, which has been sliding between 8,46 and 9,8 to the dollar in the past few months would mean lower prices as Zimbabwe imports most commodities from Down South. However, according to the Consumer Council of Zimbabwe this had not been the case as the cost of living increased by 0,54 percent to US$564,73 in the month of June from US$561,73 in May. CCZ said the just ended supermarket promotions had also contributed to the increase in the cost of living. The food basket increased by US$3,38 or 2,26 percent from US$149,70 in May to US$153,08 in June. Prices of detergents decreased by 2,47 percent from US$12,97 in May to US$12,65 during the period under review and laundry bars went down by 10c from US$1,35 to US$1,25. Mealie meal, which had gone down by US$1 in May to US$10,78, increased by US$1,08 to US$11,86 for 20kg roller meal. A 500g packet of margarine went up 23c from US$2,19 to US$2,42 while the price of 2kg flour increased 14c from US$1,85 in May to US$1,99 last month. Rice went up by 16c from US$1,69 in May to US$1,85 a kg in the following month and a kilogramme of onions increased 9c from US$1,30 to US$1,39. The prices of bath soap went up 2c from 85c to 87c for a tab and butcheries increased the prices of beef by an average of 40c from US$3,90 to US$4,30/kg in June. Decreases in prices were recorded in white sugar, which went down by 25c from US$2,20 to US$1,95. Fresh milk went down 3c from 73c to 70c while a kilogramme of tomatoes decreased by 33c from 98c to 65c and cabbage by 20c from 70c to 50c per head. The prices of the other basic commodities which include tea leaves, cooking oil, bread, salt and washing powder remained unchanged from the May figures. CCZ encouraged consumers to shop conscientiously and to always buy certified products and examine if the products they are purchasing are well labelled, packaged and provided with vital information such as manufacturing and expiry dates.*(Herald)*

THE Zimbabwean economy, which has registered a 25,2 percent growth since 2009, wields great potential for sustained growth and poverty reduction, the World Bank has said. The multilateral lender said this in a report for its interim strategy note designed for Zimbabwe covering the period 2013-2015. Through ISN the bank seeks to help rejuvenate tiring economic growth by fostering private sector-led growth, strengthening core systems of public sector management, reducing vulnerabilities and supporting human development.
But the growth is now under serious threat from lack of competitiveness due to old equipment, high cost of utilities (power, water), elusive capital, high cost of funding and labour, the report said. "Despite the current difficulties, Zimbabwe has great potential for sustained growth and poverty reduction and the economy could bounce back quickly," the World Bank said. Unsustainable debt, at US$10,7 billion, is also hindering access to funding from international financial institutions including the International Monetary Fund, World Bank, African Development Bank and European Investment Bank. However, regardless of these weigh down factors the Washington-based global lender, which last lent to Zimbabwe in 2009, contends the country can sustain its growth. This confidence followed major improvements since 2009 that include growth in industrial capacity from 10 percent in 2008 to 57 percent in 2011 and 45 percent in 2012. Revenue rose to US$3,5 billion in 2012 from just US$970 million in 2009. Further, inflation fell from 231 million percent in July 2008 to less than 3,5 percent in 2012 while investment has grown by over 142 percent to about 11 percent of the estimated US$10 billion GDP. The Bretton Woods institution also cited favourable economic endowments (water, land), mineral resources, hydro-power potential, diverse industrial base, skilled personnel and stable neighbours as factors that could anchor Zimbabwe's growth. Its assertion was also based on Zimbabwe's strategic

position in the region, trunk roads and transmission lines still in good condition, citizens in the Diaspora and tourism potential. The bank said Zimbabwe's gross domestic product has averaged 7,8 percent annual growth since 2009, adding the economy has entered a period of recovery and was set for growth. This contrasts sharply with the decade to 2008 when the country's GDP was estimated to have contracted by 50 percent. Zimbabwe's economic recovery between 2009 and 2011 was underpinned by mining (35 percent) and agriculture (16 percent). While the growth looked bright since 2009 after dollarisation of the economy and short-term recovery policies that Government adopted, growth is now appearing to lose steam. Economic growth for 2013 is forecast to decline to 5 percent this year from 5,4 percent last year and 9,3 percent in 2011. Some analysts believe that Zimbabwe has exhausted major driving factors that sustained growth at dollarisation in 2009. To bring about fresh impetus for growth the World Bank believes there is need to create an environment conducive to support it. As such, the bank will focus its ISN on building new or additional capacity in industry and agriculture, public finance management, infrastructure, human skills development, service delivery, debt control and investment promotion among others. *(Herald)*

The Zimbabwe Investment Authority has approved projects worth US$134 million in the first five months of this year with the bulk coming from China with over US$100 million. According to ZIA, the projects were approved in different sectors including mining, manufacturing, transport, tourism and agriculture. China, which has been the leading foreign direct investor in the country, contributed the bulk of investments in the local manufacturing sector amounting to US$81,2 million. The Asian nation also injected an additional US$16 million in the local mining sector. Figures show that trade between China and Africa rose from US$9 billion in 2000 to US$200 billion in 2012. Other significant FDI into Zimbabwe came from Mauritius which injected US$11 million in the mining and services sectors. South Africa injected US$7 million through a mining venture while Israel also topped with US$2, 6 million investments in mining. According to the statistics, manufacturing and mining constituted the bulk of the investment inflows. Meanwhile, latest statistics from the United Nations Conference on Trade and Development show that Zimbabwe's foreign direct investment increased from US$387 million in 2011 to US$400 million last year. Since 2009, Zimbabwe has been registering growth in FDI following the adoption of the multi-currency regime which stabilised the economy. Zimbabwe also embarked on a reform agenda through adoption of friendly policies to attract FDI. These include the creation of a one-stop investment shop and the adoption of the Medium Term Plan. The Government is working on harmonising the indigenisation and investment policies to improve FDI inflows. ZIA also embarked on the digitalisation of the one-stop shop in a bid to speed up investment procedures.*(Herald)*

ZIMBABWE has earned US$577.3 million from the sale of 156.2 million kgs sold at an average price of US$3.70 per kg since the marketing season opened at the beginning of February. The volume of tobacco sold to date is a 20.4 percent improvement from the 130 million kgs worth US$480 million sold during the comparable period last year. Data released by the Tobacco Industry and Marketing Board show that of the total tobacco sold 103 million kgs were through contract sales while the remainder went under the hammer. The 2013 flue-cured tobacco selling season will close on Friday, July 5 after 99 selling days while the 2012 selling season lasted 145 days. Last year, the country produced about 144.5 million kg of tobacco against a projection of 130 million kg, with sales raking in US$527.6 million. This season, 170 million kgs were targeted to go under the hammer. Since the adoption of multiple foreign currencies the tobacco industry has become one of the fastest to recover from the economic meltdown of the past decade. The sector has been on a rebound as over 70 0000 farmers registered to grow the crop this season. Many farmers have been shifting from other crops such as cotton to tobacco due to the favourable prices. Tobacco is one of Zimbabwe's major agricultural exports, accounting for 10.7 percent of gross domestic product. South Africa is the leading market for Zimbabwe's tobacco this year with 10.1 million kgs worth about US$30 million having been exported so far. Other major export destinations for Zimbabwean tobacco include China and Russia. *(New Zimbabwe)*

THE African Development Bank (AfDB) says project implementation of investment projects since 2008 has been a paltry 6,9%. During 2008-2011, actual investments in the country amounted to $709,5 million out of $10,2 billion investment projects approved by the Zimbabwe Investment Authority. According to the AfDB monthly economic review for the month of May, the regional lender said: "Although ZIA approval figures show that foreign investors have an intention to invest in the country, actual investment has always been far less than the approved levels over the years. "This gives an implementation rate of only about 6,9%, which is worrisome for a country that is desperately in need of investment." AfDB said the one stop shop launched in 2010 was expected to result in more investment as it shortened the number of days taken by companies, to register companies but that had not been the case. "The reasons for the low implementation rate need to be investigated to address the bottlenecks delaying implementation of approved investment projects," said AfDB. "The ZIA also needs to put in place monitoring mechanisms to ensure that the reasons for the lack of actual investment after registration are fully understood and addressed. While some of the reasons could be speculative tendencies as well as the normal time between approval and investment." AfDB said there was need to invest in new technology to replace antiquated technology to grow the manufacturing sector that is collapsing. The manufacturing sector is facing challenges that include the unavailability of long term capital, shortages of utilities and company closures as they cannot compete with companies in the region. In a recent World Bank and International Finance Corporation Doing business report, Zimbabwe dropped to position 172 this year from 170 last year out of the 185 countries. *(Herald)*

THE MDC formations led by Morgan Tsvangirai and Welshman Ncube are on Friday expected to confirm the formation of a grand coalition to challenge President Robert Mugabe and his Zanu PF party in the next elections. The development comes after the Constitutional Court rejected several appeals - two of which were filed by the MDCs - for the vote to be delayed and ruled that the elections would go ahead on July 31 as proclaimed by Mugabe. A top MDC-T official, keen to avoid jumping the gun before the official announcements, told NewZimbabwe.com Thursday night that "talks (were) not going well but ongoing". Ncube's MDC party has called a press conference at the Bulawayo Holiday Inn on Friday at which, sources close to the development insisted, the industry and commerce minister would confirm the effective re-union of the MDC after its acrimonious and damaging split in 2005. Elsewhere, the MDC-T's launch of its own election campaign, initially scheduled for Saturday, has been moved to Sunday at Rudhaka Stadium in Marondera. NewZimbabwe.com understands that the alliance also includes Dumiso Dabengwa's ZAPU with the former Zipra commander having been promised the defence portfolio should the coalition win the elections because of his links with the security services. Our sources also said that it has been agreed Tsvangirai would lead the alliance with Ncube set to become the first vice president and Tendai Biti the second VP if they manage to topple Mugabe and his Zanu PF party. Current MDC-T vice president Thokozani Khupe is said to have bitterly opposed the proposed arrangement, insisting she was elected by the party's congress, but was allegedly overruled by Tsvangirai. "Tsvangirai feels more vulnerable than ever due to his love scandals, growing divisions in his own party and opinion polls that point to possible defeat in the elections, hence the alliance with one of his most visceral critics in Ncube," said an observer clued into the negotiations. Early last month, the MDC-T leader said he was ready to work with his erstwhile colleague as he launches yet another bid to topple Mugabe after coming close in 2008 when he won the first round of the presidential ballot but pulled out of the run-off, accusing the Zanu PF leader of brutalising his supporters. "Let's unite to make sure that we achieve what we set (out to do) in 1999,"

Tsvangirai told a meeting of civil society organisations. "If it means Tsvangirai and Welshman are the impediments to that alliance or that coalition then Tsvangirai and Welshman Ncube should not be leaders of political parties." Mavambo Kusile leader Simba Makoni – whose role in the new arrangement remains unclear - recently confirmed that the parties had discussed the possibility of a coalition adding he had decided not to run for the presidency to help ensure an agreement was reached over a single candidate to challenge Mugabe. The former Zanu PF politburo member however conceded that leadership of the proposed alliance had proved to be the major sticking point. "It (alliance leadership) is a complex issue; MKD prefers Simba Makoni (but) there are many considerations to accommodate. Many parties had prepared to contest alone," Makoni said as he confirmed he would not run. "(However) I am sure we will make it on time. I am convinced that other leaders who are genuinely committed to national interest will rise to the challenge. I am fully committed and so is our party to back one candidate agreed by the grand coalition. We are in constant meetings." And the negotiations appeared to have collapsed after Dabengwa and Ncube separately filed papers to run for the presidency last Friday, with MDC secretary general Priscilla Misihairabwi Mushonga saying her party had not been involved in any coalition talks. "I can't speak on something that has not been brought to our attention and we have always been clear about it people talk about it in the papers," she said. "I don't even know what that grand coalition is about no one has spoken to us about it." Sources however, said Misihairabwi Mushonga's denial, along with Dabengwa's and Ncube's nominations, were part of deliberate efforts to wrong-foot Zanu PF. Speculation over the alliance was initially sparked by a meeting held by the party leaders to agree a joint strategy after Mugabe proclaimed the election date without consulting them. *(New Zimbabwe)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®