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	30-Oct-15	6-Nov-15	WTD % Change Local	WTD % Change USD	31-Dec-14	YTD % Change Local	YTD % Change USD
Botswana	DCI	10567.93	10567.93	0.00%	-0.32%	9,501.60	11.22%	-0.09%
Egypt	CASE 30	7513.51	7541.72	0.38%	-89.95%	8,942.65	-15.67%	-92.48%
Ghana	GSE Comp Index	2013.22	1984.22	-1.44%	-0.94%	2,287.32	-13.25%	-27.45%
Ivory Coast	BRVM Composite	303.31	303.46	0.05%	-0.62%	258.08	17.58%	5.05%
Kenya	NSE 20	3868.83	3872.57	0.10%	-0.25%	5,112.65	-24.26%	-32.71%
Malawi	Malawi All Share	15332.70	15122.06	-1.37%	-4.59%	14,886.12	1.58%	-18.36%
Mauritius	SEMDEX	1881.44	1875.63	-0.31%	-1.19%	2,073.72	-9.55%	-21.25%
	SEM 10	361.11	361.11	0.00%	-0.88%	385.80	-6.40%	-18.51%
Namibia	Overall Index	1013.55	996.65	-1.67%	-2.74%	1,098.03	-9.23%	-24.39%
Nigeria	Nigeria All Share	29190.54	29175.35	-0.05%	0.35%	34,657.15	-15.82%	-23.12%
Swaziland	All Share	313.53	313.53	0.00%	-1.09%	298.10	5.18%	-12.39%
Tanzania	TSI	4598.55	4637.00	0.84%	2.34%	4,527.61	2.42%	-17.81%
Zambia	LUSE All Share	5772.35	5763.75	-0.15%	-0.76%	6,160.66	-6.44%	-53.03%
Zimbabwe	Industrial Index	130.83	129.45	-1.05%	-1.05%	162.79	-20.48%	-20.48%
	Mining Index	23.57	22.33	-5.26%	-5.26%	71.71	-68.86%	-68.86%

CURRENCIES

Currency	30-Oct-15 Close	6-Nov-15 Close	WTD % Change	YTD % Change
BWP	10.45	10.49	0.32	-10.17
EGP	8.01	80.01	899.22	-91.09
GHS	3.82	3.80	-0.50	-16.37
CFA	600.01	604.04	0.67	-10.66
KES	99.89	100.24	0.35	-11.16
MWK	557.44	576.23	3.37	-19.64
MUR	34.64	34.95	0.89	-12.93
NAD	13.78	13.93	1.10	-16.70
NGN	198.97	198.18	-0.40	-8.68
SZL	13.78	13.93	1.10	-16.70
TZS	2,151.01	2,119.46	-1.47	-19.75
ZMW	12.57	12.64	0.62	-49.80

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

BP has signed a preliminary deal with Egypt to rapidly develop the Atoll offshore gas field that is now expected to produce first gas in 2018, the company said on Thursday. BP's signing of the Heads of Agreement with Egypt's minister of petroleum followed discussions on Wednesday between BP chief executive Bob Dudley and Egyptian President Abdel Fattah al-Sisi, who is on a visit to Britain. "We are pleased to be making rapid progress towards the development of Atoll less than eight months after the announcement of its discovery," Dudley said in a statement on Thursday. BP, which has cut future investment budgets by up to a third to $17-19 billion a year due to weak oil prices, said it would likely sanction the Atoll project next year. In March, BP first announced the Atoll discovery, a relatively large find estimated to hold 1.5 trillion cubic feet of gas and 31 million barrels of condensates. Since then, it has been eclipsed by Eni's "supergiant" Zohr gas find offshore Egypt announced in late August, the largest known field in the Mediterranean. *(Reuters)*

Economic News

The Central Bank of Egypt (CBE) decided to keep interest rates unchanged after the bank's Monetary Policy Committee met on Thursday. The bank kept the overnight deposit rate, the overnight lending rate and the rate of the CBE's main operation at 8.75 percent, 9.75 percent, and 9.25 percent respectively. Two economists out of five surveyed by Ahram Online expected interest rates to remain unchanged in the last meeting in the tenure of CBE governor Hisham Ramez, who is to be replaced by deputy governor Tarek Amer when his term ends on 26 November. The Central Bank is more likely to wait till year-end before raising interest rates as the Federal Reserve is expected to have its first interest rate hike since 2008, Ziad Waleed, an economist at Cairo-based Beltone Financial, told Ahram Online in a telephone interview. In a press release, the bank cited slowing inflation and improved growth rates for making its decision. Egypt's core inflation remained almost unchanged at 5.55 percent at the end of September while real GDP grew by 3 percent in the third quarter of 2014/15 Q3 to record 4.6 percent in the first nine months of the fiscal year, read the release. *(Egypt.com)*

Egypt's budget deficit dropped to 11.5 percent of gross domestic product in fiscal year 2014/2015 versus 12.2 percent during the same period last year, the finance ministry said in a statement on Monday. "The final account shows a noticeable improvement in the government's financial performance as the total deficit in the budget declined to 11.5 percent of GDP versus 12.2 percent for the 2013 fiscal year," the statement said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

No Corporate News This Week

Economic News

The Ghana Statistical Service (GSS) is to conduct a number of surveys to enable it to collect data needed to rebase its three main economic indicators namely the Consumer Price Index (CPI), Producer Price Index and Gross Domestic Product (GDP). As part of the process, the GSS would conduct the second phase of the Integrated Business Establishment Survey (IBES II) from November to December, and data from the survey would help in rebasing the PPI. At a news conference to announce the Producer Price Index (PPI) for September in Accra, the Government Statistician, Dr Philomena Nyarko, said the rebasing of the indices would require a lot of data, which were expected to reflect changes that had taken place over time with respect to the baskets used to calculate each of the economic indicators. "We have a statistics production plan and that is what we have been following over the years. What we have done is to implement the IBES. Subsequently, we will be implementing other surveys to help us get the data we need," she said. According to Dr Nyarko, all the economic indicators would be revised, adding, "we are going to revise the CPI, PPI and the GDP. But we need certain types of data to be able to do that, that's why, for example, we are conducting the IBES which will help us to rebase the PPI." The successful completion of the IBES Phase II would update the indicators and also provide the government and the private sector with reliable, timely and relevant information that would inform the formulation of policies. For the CPI, she said, the GSS would use data from its Ghana Living Standards Survey (GLSS6) or any of their household surveys to rebase it. The GSS rebased the CPI in May 2013 to reflect current household consumption patterns which changed over time in response to changes in products and/or incomes of households.

The rebased CPI in 2013 showed an increase in the number of markets covered from 40 to 42, while items covered increased from 242 to 267. It was computed based on the Ghana Living Standards Survey 5 (GLSS 5). Although the GSS would not explicitly state when the rebasing was expected to take place, Dr Nyarko explained that availability of funds to carry out the surveys would determine when the exercises would be done. For instance, the GDP was expected to be rebased in 2017, but according to her, it was likely activities required to do the rebasing might extend further to 2018. "The GDP would require data from the PPI, CPI and even the agricultural census so that is what we have been planning. For the GDP, it will take some time because the amount of data we need to do the rebasing is very huge," she said. Ghana's GDP is currently based on a 2006 survey, while the PPI is based on a 2003 survey. Meanwhile, inflation from the producer's perspective dropped to 3.7 per cent in September 2015, 0.2 percentage points lower than the revised 3.9 per cent recorded in August 2015. The PPI measures the average change over time in the prices received by domestic producers for the production of their goods and services. The utilities sub-sector recorded an inflation rate of 7.2 per cent in September 2015. The manufacturing sub-sector followed with 4.3 per cent, while the mining and quarrying sub-sector recorded the lowest year-on-year inflation rate of -2.1 per cent. *(Ghana Web)*

Ghana has made progress on structural reforms under an International Monetary Fund programme designed to restore fiscal balance to its sagging economy, though at a "slower pace than expected in some areas," the IMF said in a review on Thursday. The West African country's economy was one of the continent's strongest performers but it has slowed sharply in the last two years, hit by a fiscal crisis and a fall in commodity prices that have hurt revenues from its gold, cocoa and oil exports. Growth is expected at around 4 percent in the first half of 2016 with inflation at 17 percent, said the IMF. The government will present measures in the 2016 budget due this month to reduce the fiscal deficit to 5.3 percent of GDP from 5.8 percent initially expected, the global body added. "Implementation of the program has so far been satisfactory with all end-August 2015 performance criteria met," the IMF said after a second review of a $918 million programme that began in April. The review must be ratified by the IMF's board before a further disbursement of funds. Ghana's President John Mahama

faces a tough contest at next year's election against opposition leader Nana Akufo-Addo and the performance of the economy is likely to be a key issue for voters. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Uchumi Supermarkets has severed links with two employment agencies that had hired over 1,200 employees to work in its stores. The retailer has announced that it has terminated contracts with third parties that it outsourced workers from as part of an ongoing staff rationalisation. The affected workers were involved in frontline tasks such as store cleaning and arrangement of goods on shelves. Chief executive Julius Kipng'etich said the decision was taken to improve efficiency. "In the meantime, we will redeploy our existing resources as part of our optimisation plan," he said. The supermarket chain has already closed down two of its non-performing branches in Uganda, following the closure of its Syokimau and Maua branches in Kenya. Closure of the Uganda subsidiaries has thrown the future of 180 workers from the two branches into uncertainty. The workers were sent home awaiting further communication from Nairobi. The company is currently carrying out an audit, which might also see more staff on its payroll forced to exit in a cost-cutting measure aimed at returning the once-vibrant retailer back to profitability. Uchumi has also procured a forensic audit to investigate claims of staff involvement in the setting up of firms to supply the retailer with goods against procurement procedures in a fraud scheme that ate into its margins. Uchumi's reorganisation began with the sacking of former chief executive Jonathan Ciano alongside chief finance officer Chadwick Omondi Okumu in June for what the board called gross misconduct and negligence. *(Daily Nation)*

The Co-operative Bank of Kenya has partnered with digital money transfer provider SimbaPay to offer international money transfer services to its customers in the United Kingdom, highlighting increased competition in diaspora banking. To send money via SimbaPay, Kenyans living in the UK with a Co-op Bank account, can download the SimbaPay app from the Apple AppStore or Google Play and proceed to make cash transfers straight from any mobile phone, tablet or computer. For ease of use, all the lender's branches have been pre-loaded on to the SimbaPay platform which eliminates the need for customers having to remember branch codes. "We are very pleased with our partnership with SimbaPay, which enables Kenyans abroad to send money home without suffering the cost of making the cash transfer," said Maurice Matumo, director retail and business banking at Co-op Bank. SimbaPay says it is able to offer the transactions for free since it will gain from the forex trades — converting foreign currency, including the British pound, into Kenya shilling. At the time of making a money transfer transaction using SimbaPay, users/senders will be required to select the branch of the recipient account and then enter the amount. In cases where a branch name is not known, the SimbaPay access to M-Pesa Pay Bill option can be used; this option requires only the Co-op Bank account number. "Our customers who already bank with Cooperative Bank or have friends and family using Cooperative Bank will be glad to see their transfers being credited instantly," said Nyasinga Onyancha, SimbaPay chief executive, in a statement. The service currently supports UK-Kenya transfers and there are plans to expand it to cover more countries in the near term. "We hope to expand this partnership to cover more regions of the world where Kenyans live and work, to enable the economy tap the full potential of diaspora, especially at this moment when the need for forex inflows has become critical," Mr. Matumo added. Diaspora remittances stood at Sh102.7 billion in the eight months ended August, rising 8.7 per cent from Sh94.5 billion a year earlier.

Banks and other cash remittance firms earn substantial fees from the inflows, leading to increased competition for the global transactions. For banks, handling the transfers has the additional benefit of providing them with deposits which is at the core of their lending business. More banks have developed international money transfer and payment services, joining the traditional players including Western Union. KCB Group, for instance, has come up with a mobile app for paying bills, making bank transfers globally and to M-Pesa worldwide. Equity Group has an online multicurrency platform dubbed Equity Direct, with which it aims to grow its share of the UK-Kenya remittances. The bank runs the product in partnership with UK firm VFX Financial. Family Bank has its Daima Mkenya brands which operate current and mortgage accounts for Kenyans living abroad while Ecobank has Rapid Transfer, which targets intra-Africa cash flows. *(Business Daily)*

Kenyan banks have finally found a window of opportunity in Ethiopia's closed economy. Local banks attempted in vain to enter the Eastern Africa's most restricted economy in 2013. However, the lenders seem to have found an entry point with Kenya Commercial Bank on Thursday announcing it had received a licence to open a representative office in Ethiopia. This gives the bank a chance to tap Africa's second

largest market by population. In 2013, Ethiopia locked out Kenyan banks in an agreement that allowed local companies operating in other sectors to make forays into the country. The deal, a special status agreement (SSA), which Kenya penned with Ethiopia, gave Kenyan companies access to the country. The agreement was however restricted to trade, investment, infrastructure and food security alone. Ethiopia heavily restricts foreign investors from venturing into the telecommunication, banking, media, retail, insurance, and electricity sectors. The country seems to be now gradually opening its doors. Aside from KCB, CfC Stanbic Bank is also set to open a representative office in the country. "As required by the authorities, we made an application to the regulator to open the Rep Office and we were granted the necessary licences and approvals," KCB communication manager Peter Mwaura wrote back to Smart Company on email. "KCB has been at the epicentre of driving the economic expansion agenda across the larger East African region for decades and we are glad the Ethiopian government has given us this chance to facilitate this transformation."

Ethiopia has consistently registered remarkable economic growth, averaging about 10 per cent over the past five years. Its huge population, which is the second largest on the continent after Nigeria, offers immense opportunities for business. The country's financial services industry is however one of the least developed in the region. As at October 2013, pan-African financial service provider Ecobank estimated Ethiopia's unbanked population to be around 80 million people. This is the main reason Kenyan banks are itching to get into the country. Local lenders are also experiencing profits shrink as a result of market volatility and tension after Central Bank's regulatory action against two banks — Dubai and Imperial banks — giving them all the more reason to cast their nets wider in the region. Last week Kenya Commercial Bank and Equity Bank announced profits supported mainly by subsidiary banks. Equity Bank profit rose 14 per cent to Sh12.8 billion after tax between January and September, boosted by expansion into the regional market and SME banking. Deposits from subsidiaries in Uganda, Rwanda, Tanzania, Burundi and South Sudan, grew by 93 per cent while profits grew by 92 per cent for the nine months to September. Equity Group CEO James Mwangi said the regional subsidiaries will increase their contribution to the bank's earnings from the current 10 per cent to 60 per cent in the next five years. Kenya Commercial Bank Group, which reported a Sh13.7 billion in profit after tax, saw international businesses contribution to the bottom line rise from 7 per cent in 2014 to 12 per cent.

KCB and Equity, the biggest bank by asset and client base respectively, are seeking new markets in Ethiopia and Democratic Republic of Congo. The two countries have a huge unbanked populations. "The Kenyan market is becoming saturated so banks are going after the regional space where penetration is still very low and there is room for growth," said Sterling Capital trader Eric Munyoki. Equity Bank acquired 79 per cent stake in DRC bank, Pro-Credit increasing the number of countries it currently operates in to six. Others are Uganda, South Sudan, Tanzania, Rwanda and Kenya. Mr. Mwangi says the bank is targeting 10 million clients in the next five years from DRC alone. *(Daily Nation)*

Ukwala Supermarket outlet on Tom Mboya Street in Nairobi. Choppies Supermarkets has announced that it has acquired all assets and businesses of Ukwala Supermarkets. FILE PHOTO | SALATON NJAU | NATION MEDIA GROUP Nation Media Group. Choppies would not be liable to any further claims that remains unpaid after the expiry of the month's notice. Choppies group CEO Mr Ottapathu confirmed the buyout adding that they had partnered with a Kenyan company. The acquisition of all assets and businesses of Ukwala Supermarkets by a Bostwana firm has been sealed. Announcing its end year financial results, Choppies Supermarkets chairman and former Botswana President Mr Festus Mogae and Chief Executive officer Mr Ram Ottapathu confirmed the takeover among major highlights in its operations in Bostwana, South Africa and Zimbabwe. The end-year results confirmed Choppies expansion across Africa after its successful establishment of 73 branches in Botswana, 36 in South Africa and 20 in Zimbabwe. It said that operations in Zambia and Tanzania were going on well adding that it planned to open 35 more stores in various countries by the end of 2016, excluding acquisitions. At the same time, Choppies has established a local company, Choppies Kenya Enterprises Limited which will oversee its operations in Kenya. Details published in this week's Kenya Gazette stated that Choppies had concluded all requirements and was awaiting confirmation of Ukwala's liability status before announcing its eventual takeover. The notice released on October 30 and addressed to all debtors and creditors of Ukwala said that all claims and liabilities be filed with its lawyers as well as Ukwala's outgoing managers.

It said Choppies would not be liable to any further claims that remains unpaid after the expiry of the month's notice. The notice also

indicated that Choppies had eventually taken over all operations of Ukwala and added that it would continue operating within the same premises in Nairobi, Kisumu and Bungoma. However, the Sh1 billion takeover did not mentioned Ukwala's Kenyatta Avenue branch in Nakuru.. Details seen by the Nation showed that the two parties had agreed on the sale of Ukwala Supermarkets' Mfangano, Tom Mboya and Haile Selassie branches in Nairobi and Bungoma branch. The also agreed on acquisition of the Dubai, Kenshop, Foamat and Swan branches in Kisumu. The deal will see Choppies take over all operations, general trading, importing, exporting, distribution, supply, selling and dealing as retailers of all types of goods carried out by Ukwala Supermarkets. Choppies group CEO Mr Ottapathu confirmed the buyout adding that they had partnered with a Kenyan company, Shantal Retail holdings Limited, who have contributed 25 per cent in equity and debt proportionately in the new vehicle, Choppies Enterprises Kenya Limited. Choppies' said its move to acquire Ukwala and its entire branch network from Kenyan owners Mr Parin Bharakumar Patel and Mr Birju Pradipkumar Patel was in line with its strategy to fast track entry into Kenya which will give it a platform to grow its business in Kenya. *(Nation)*

Kenya Airways top managers were Tuesday at pains to explain how names of sacked employees failed to be deleted from the company's records, exposing the national carrier to financial risks. A special committee of the Senate constituted to look into affairs at the troubled national carrier heard that some former staff of the airline remained in the information system for more than 130 days, giving them unauthorised access to the company's operations. A report by the Auditor-General highlighted the slip, signalling that it could have led to loss of funds through unauthorised transactions by former employees. "That is a very serious issue having employees who have resigned or had their jobs terminated remain active on KQs data system over some time. What is your password policy? You were operating on good faith of the people you had sacked? Those people have not accessed your data due to goodwill. That is a major weakness," said Mr Mutahi Kagwe, chairman of the committee. KQ's management, however, denied any financial losses resulting from illegal password access. "External auditors gave us an assurance that the affected accounts had not been used for any fraudulent activities," said Mr Kevin Kinyanjui, Kenya Airways information system director. He was accompanied by KQ's Marketing Director Chris Diaz, and Human resource Director Alban Mwenda. Besides some five staff who were working in Kenya, Mr Kinyanjui cited a case where a person in Bangkok office failed to notify the head office in Nairobi about some of the staff who had left the airline.

Kenya Airways booked a Sh25.7 billion loss for the 2014/15 financial year. The company attributed the dip in earnings to competition from Middle East carriers and high operating costs. The government is the airline's single largest shareholder at 29.8 per cent. Attempts by Treasury to bail out the troubled airline were recently criticised by both Jubilee and opposition members of parliament. The Senate committee is also investigating claims that the airline sacked its workers and recruited 600 foreign nationals at the expense of locals. The team is also seeking answers on why the airline's flight costs are higher compared to other operators, an issue that is said to be driving the national airline out of business in the region. The senators observed that audit trails are not being maintained or reviewed on a regular basis to check on emerging errors. The committee also expressed fears that the current financial crisis that has threatened the airline's operations could be as a result of such weak computer systems. *(Nation)*

Kenya's Safaricom raised its full-year income forecast on Thursday due a sharp rise in new subscribers and revenue as customers increasingly used its mobile payments system and more lucrative data services in the first half of the year. Safaricom's revenue jumped by 23 percent to 97.22 billion shillings ($952.67 million), while earnings before interest, taxation, depreciation and amortisation (EBITDA) rose 16 percent to 38.8 billion shillings. Safaricom, which is 40 percent owned by Britain's Vodafone and has Kenya's biggest subscriber base, said it now expects net income to be in the 35.5 billion to 36.5 billion shilling range for this financial year, which ends March 31, up from 32 billion to 34 billion shillings previously. John Tombleson, its chief finance officer, said the company has attracted 3.25 million new customers over the last year. "It is this increased customer base, as well as additional usage from our pre-existing customers, that has driven our growth and therefore upgraded guidance," Tombleson said in a email. Safaricom also raised its guidance for free cashflow to 27.5 billion to 28.5 billion shillings, up from 25 billion to 26 billion shillings previously.

Its revenue from calls, which accounts for close to half of the total, grew 3.5 percent, while revenue from mobile data services rose to 9.16 billion shillings from 6.50 billion shillings. Revenue from its mobile money service, known as M-Pesa, jumped 24 percent to 19.35 billion

shillings. Data and M-Pesa account for about 30 percent of revenue. Safaricom said earnings per share rose 23 percent to 0.45 shillings. At 1200 GMT, Safaricom shares were up 4.9 percent at 15.00 shillings, after rising to an intraday high of 15.10 shillings. "Twenty three percent (rise in EPS) definitely beat the market expectations, so we expect to see the share price edge up," said Linet Muriungi, senior associate at Dyer and Blair Investment Bank. Safaricom said most of its capital expenditure during the six months went on speeding up its network expansion, with its 4G service now covering 14 towns and its 3G network now covering 73 percent of the population. *(Reuters)*

Economic News

Kenya's shilling was little changed on Monday with foreign investor inflows, driven by high government debt yields, supporting the local currency. At 0725 GMT, commercial banks quoted the shilling at 101.95/102.05 to the dollar, little changed from Friday's close of 101.90/102.10. The shilling has firmed in recent weeks due to inflows of dollars from offshore investors chasing government debt. Yields on the benchmark 91-day paper slipped at last week's auction to 19.471 percent but remain far above normal levels. "Based on current yields, the shilling should stay supported," said one Nairobi-based trader. Yields on the 182 and 364-day Treasury bills were above 21 percent at last week's auction. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Mauritius-based Sun Limited, formerly Sun Resorts, said its pretax loss widened 40 percent in the first quarter ending September 30, blaming costs associated with the closure of three of its resorts. Sun Limited, which also operates in the Maldives, posted a pretax loss of 384.93 million rupees ($10.75 million) in the first three months of its financial year, up from a loss of 273.33 million a year earlier. "The impact of the closures of Le Touessrock, the Four Seasons Resort in July 2015, and Kanuhura since August 2015 have affected significantly the results," the firm said in a statement. However, it said although in a seasonally low quarter tourist arrivals to Mauritius posted an encouraging 14.7 percent increase from last year while Maldives rose 3.6 percent. Sun Limited increased its room occupancy by 4.5 percent to 74.5 percent while revenue per available room (RevPAR) and total net revenue per available room (TRevPAR) rose by 12.3 percent and 7.7 percent, respectively. Revenue fell to 783.84 million rupees from 815.05 million with the company's loss per share 2.38 rupees versus 2.37 rupees a year earlier. The company said it expected its results to continue to be impacted by closure costs in coming quarters. The group's shares were unchanged at 36.10 rupees at 11 a.m. local time (0700 GMT). *(Reuters)*

Economic News

The number of tourists visiting Mauritius rose 10.4 percent in the 10 months to October from the same period last year, with more arrivals from Asia, figures showed on Friday. Tourism is an important component of the economy and a key source of hard currency for the Indian Ocean island state, best known for its luxury spas and beaches. Arrivals increased to 912,770 during the period, the ministry of Tourism said. Numbers from Asia rose 24.1 percent to 166,487, with visitors from China up 42.4 percent. "Barring any unexpected circumstances, we should attract an additional 100,000 tourists this year," Xavier-Luc Duval, the minister of Tourism said in a statement. Last month Duval told Reuters in an interview that a major focus was boosting numbers during the island's winter season, running from June to September, by drawing more visitors from India, China, Africa and Russia. The number of tourists visiting from Europe, which accounts for two-thirds, rose by 9.9 percent to 487,487. Despite the rising numbers, central bank figures suggested tourist revenues in the first half had fallen by 3.5 percent. The tourism minister said hotels had not seen a revenue fall and the central bank has said it is reviewing its figures. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

The number of mobile internet users on Nigeria's telecoms networks has hit 97.21 million up from the 95.37 million recorded in August this year, according to figures released by the Nigerian Communications Commission (NCC). The telecoms regulatory body made the disclosure in its Monthly Internet Subscriber Data for September. According to the News Agency of Nigeria (NAN), the data revealed that internet users on both Global System for Mobile communications (GSM) and Code Division Multiple Access (CDMA) networks, which are all mobile, increased by 1.84 million in September this year. The data showed that of the 97.21 million internet users in September, 97.06 million were on GSM networks, while 151,816 users were on CDMA networks. However, the CDMA operators lost 367 internet users, after recording 151,816 in September, against 152,183 in August this year. According to the figure, MTN has 41.84 million subscribers browsing the internet on its network, the highest among the telecoms operators. NCC explained that MTN recorded an increase of 423,448 internet subscribers in September, after recording 41.41 million in August. According to the data, Globacom has 21.89 million subscribers surfing the net on its network in September. About 20.77 million surfed the internet on the network in August.

Airtel had 17.73 million internet users in September as against 17.49 million customers recorded in August. The data showed that internet users on the Airtel network increased by 235,941 in September this year. The NCC figure also revealed that Etisalat had 15.59 million customers who browsed the internet in September, against the 15.54 million users in August. The data showed that those browsing the net on Etisalat's network rose by 57,061 in the month of September. The NCC data also revealed that the CDMA operators, Multi-Links and Visafone, had a joint total of 151,816 internet users on their networks in September. It showed that the only two surviving CDMA networks in the country recorded a decrease of 367 internet subscribers in the month under review, from the 152,183 users they recorded in August this year. According to the data, Visafone has a decrease of 393 customers surfing the internet in September, with a total of 151,530 internet users, compared to the 151,923 users it had in the month of August. Multi-Links had 286 internet users in September, adding 26 customers from the August record of 260 users. The increase in the use of the internet in the month of September showed that more Nigerians were embracing data as the country moves towards achieving 30 per cent broadband penetration by 2018, as targeted in the country's broadband plan. *(This Day)*

Stanbic IBTC Holdings, a member of Standard Bank Group, has announced gross earnings of N104.4 billion for the nine months ended September 30, 2015, an increase of 10 per cent N94.6 billion earned in the same period in 2014. Analysis of the results released by the Nigerian Stock Exchange (NSE) showed that total assets went up six per cent to N1trillion as against N944.5 billion last year. In the same vein, gross loans and advances to customers went up one per cent to N418.3 billion as against N413.4 billion as at December last year. However, the bank's profit before tax declined by 49 per cent to N15.3 billion as against N30.0 billion in 2014 while profit after tax went down by 46 per cent to N13.5 billion compared with N25.2 billion earned in 2014. Commenting on the results, Chief Executive Office, Stanbic IBTC Holdings, Mrs. Sola David-Borha, said: "Our business continues to thrive in the third quarter of 2015 despite the stiff and challenging operating environment. Our performance reflects steady growth in our balance sheet position, improved revenue from fees and commission and continued drive on cost containment measures. Operating income declined by three per cent while cost growth remained below inflation rate.

Loans and advances to customers grew marginally by one per cent due to economic conditions and our focused approach to maintain good quality loan book. Deposits to customers grew by two per cent during the period as we maintain the focus of reducing cost of funds. The continued slow pace of growth in the economy impacted our results. Our focus for the rest of the year is to deliver exceptional service and value to our customers, whilst remaining profitable and improving margins." According to her, the group maintained adequate capital to support its business in nine months 2015, stating "we are well above the regulatory requirement. The group's total capital adequacy ratio closed the period at 20.6 per cent (Bank 15.7 per cent), while the tier 1 capital adequacy ratio stood at 17.2 per cent (Bank 12.1 per cent). These ratios are well above the 10 per cent minimum statutory requirement." *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The unaudited results of Diamond Bank Plc for the nine months ended September 30, 2015, showed that the bank's profit after tax fell to N15.967 billion as against the N20.180 billion recorded in the comparable period of 2014. The financial institution's profit before tax also dipped to N18.595 billion as at the end of September, as against the N23.742 billion it realised at the end of September last year. Similarly, the results showed that the bank's total expenses climbed to N74.377 billion, from N71.444 billion in the comparable period of last year. However, it reported a revenue growth of 3.2 per cent, from N151.6 billion recorded during the same period in 2014 to N156.5 billion as at September 30. Also, the bank's net interest income increased to N85.2 billion against N82.6 billion in the first nine months of 2014. The bank attributed its weak performance to the impact of regulations by the Central Bank of Nigeria and the federal government, especially the hike in cash reserve requirements (CRR) and the treasury single account. This, according to Diamond Bank partly caused a decline in deposits by about N226 billion and consequently led to a drop in total assets by 8.5 per cent year-on-year.

In his comments, the Chief Executive Officer of the bank, Uzoma Dozie, highlighted the transformation the bank was going through and remained positive that reliance on innovation, technology and lifestyle priorities will drive banking in the future. He said Diamond Bank was well positioned to take advantage of this. "We at Diamond Bank are pleased to announce continued success in implementing our retail-led strategy for profitable business growth. Our total asset declined by 8.5 per cent from December 2014 as we continue to rebuild and strengthen our balance sheet with focus on a more efficient structure that will deliver better returns to shareholders in the long term. "Our customer friendly products and services are showing positive results. By taking this approach we stand to benefit from further innovation, technology and lifestyle changes that will drive banking in the future. Our business has remained resilient despite challenges in the operating environment, and as the fastest growing retail bank in Nigeria, we have the resources and governance structures to enable us ride the current headwinds and take advantage of opportunities that may arise in the future." *(This Day)*

KPMG Professional Services has said it stand by its audit opinions on Stanbic IBTC Holdings Plc's 2013 and 2014 financial statements. In a statement signed by Partner & Chief Operating Officer KPMG in Nigeria, Yomi Sanni the accounting firm said it disagreed with the decision taken by the Financial Reporting Council (FRC), as it does not reflect the true position in the matter. According to the statement, "We have been notified, via a "FINAL NOTICE'' letter issued by the Financial Reporting Council of Nigeria (FRC) to our client, Stanbic IBTC Holdings Plc, that the FRC registration number of one of our Partners, who acted in the capacity of the Audit Engagement Partner for Stanbic IBTC Holdings Plc, has been suspended. The statement added: "We wish to state categorically that KPMG does not agree with the decision taken by the FRC, as it does not reflect the true position in this matter. Our position is that the decision of the FRC is erroneous on its merits and the process that led to it, is significantly flawed and not in compliance with the requirements of the FRC Act. "We reassure all our stakeholders - clients, regulators, vendors, etc. that KPMG will take all necessary lawful steps to address this situation. KPMG will like to reiterate that it is an organization that complies with the requirements of all regulations, acts and policies that govern its business. KPMG will continue to deliver its services to its clients with the quality, integrity and objectivity required from an established and reputable professional services firm." Shareholders of Stanbic IBTC Holdings had last week in Lagos appealed to the federal government to look into the activities of the FRC in order to forestall more damage to the operations of businesses and the larger economy.

Addressing journalists on the recent altercation between FRC and Stanbic IBTC Bank on behalf of shareholders of the bank, National Coordinator, Progressive Shareholders Association of Nigeria (PSAN), Boniface Okezie said shareholders were shocked by the actions of the FRC which have not followed procedure as outlined in the regulations. In a case where a corporate body disagrees with FRC's interpretation of its accounts, said Okezie, FRC ought to go to court according to Regulation 27 of the Directorate of Inspection and Monitoring Guidelines Regulations. "Instead, the FRC took to the media to make several questionable allegations against a corporate body." Expressing shock and disappointment at the approach deployed by FRC, Okezie stated that "we would have expected FRC to recognize that circumspection ought to be its guiding standard." He added that the role of the FRC is to help enhance the quality of financial reporting in Nigeria adding that the "FRC is not a regulator of banks neither is it a regulator of the capital market." The FRC, he added, ought to have recognized the implication of their reckless pronouncement in an unsophisticated capital market as it could lead to panic among investors. "Unfortunately, this recklessness has already made this happen as we have recorded losses in our share price over the last two days on account of the misguided

actions of the FRC." Affirming confidence in the leadership of the Board and Management of Stanbic IBTC, Okezie stated: "We have always commended the transparency and commitment by the Board to conduct business only in line with world class corporate governance principles. It is on account of this that Stanbic IBTC Holdings PLC is the only bank in Nigeria that has an AAA Fitch rating." He added that shareholders support the bid to expand the operations of the bank as this would "guarantee optimal returns on our investment." Okezie observed that FRC is currently "operating without the necessary oversight to moderate its excesses." He called on President Buhari to urgently constitute a Board for the FRC. "Such a Board will exert control and limit the excesses of the FRC which is currently run as a one-man-show by its Executive Secretary." *(This Day)*

Sterling Bank Plc has released its interim earnings report for the third quarter, showing steady growth in the top-line and bottom-line. The nine-month report for the period ended September 30, 2015 showed that the commercial bank remained consistent in its growth strategy against macroeconomic and industry headwinds with gross earnings and net income rising by 12 per cent and 6.9 per cent respectively. Key extracts from the earnings report showed gross earnings of N82 billion in the third quarter of 2015 compared with N73.1billion recorded in the corresponding period of 2014. Non-interest income grew by 13.3 per cent from N18.1 billion in 2014 to N20.5 billion in the period under review. Profit after tax rose by N400 million to N7.5 billion in the third quarter 2015 as against N7.1 billion recorded in the corresponding period of 2014. Commenting on the results, the Managing Director of Sterling Bank Plc, Mr. Yemi Adeola, said: "the third quarter performance was in line with expectations as the Bank continues to prioritise efficiency in the management of its balance sheet in response to a challenging operating environment". He explained that in spite of the pressure on earnings, the Bank was able to achieve a 12per cent growth in top-line revenue to N82 billion, driven by a 13 per cent increase in non-interest income and a 210 basis points improvement in cost-to-income ratio. He attributed the increase in funding costs by 130 basis points to tighter monetary policy measures while the increase in non-performing loan ratio to 4.9 per cent was driven primarily by a reduction in the size of the overall loan book as a result of the re-purchase of state government loans by the federal government.

According to him, the Bank would deploy the capital freed up from the liquidation of the re-purchased loans to generate further earnings and bolster the returns to shareholders. "Our capital adequacy ratio reached an all-time high of 19.3 per cent driven by asset substitution arising from the liquidation of the previously highlighted sub-sovereign loans. Additionally, liquidity ratio improved substantially to 47.8 per cent, further improving our buffers in a very difficult operating environment," Adeola said. He outlined that the bank would in the last quarter of the year enhance its operational efficiency by completing the ongoing implementation of a number of technology-led service improvement initiatives across core and subsidiary systems. "We remain focused on our customer acquisition and revenue diversification initiatives, while loan growth will remain steady and disciplined," Adeola assured. *(This Day)*

Guinness Nigeria Plc, a subsidiary of Diageo Plc, has announced its financial results for the first quarter ended 30 September 2015, showing a 3 per cent increase in revenue year- on- year (yoy). Commenting on the results, the company's Managing Director/Chief Executive Officer, Mr. Peter Ndegwa, stated: "In the period under review, sales continued to grow despite a challenging trading environment, being 3 per cent ahead of the same quarter last year. Despite the sales growth, gross profit declined by 12 per cent versus the same period last year due to the impact of exchange rate devaluation, inflation, an increased share of value brands, together with the phasing of costs. Marketing, distribution, administrative and other expenses at N8 billion were 2 per cent ahead of the prior year. Reported operating profit at N1.4 billion is 50 per cent below the previous year but is significantly impacted by the phasing of costs which is expected to reverse during the rest of the year." Guinness Nigeria was established in 1962 with Nigeria being the first country to have a Guinness brewery built outside of the British Isles. Products from the brewer's stables include Guinness Foreign Extra Stout, Harp Lager Beer, Malta Guinness, Orijin Spirits Mixed Drink and Satzenbrau Lager. *(This Day)*

Nigerian Breweries Plc has successfully raised N17.7 billion under its three-year N100 billion Commercial Paper (CP) programme. The N17.7 billion has a yield of 12.50 per cent per annum. According to the company, the offer, which closed on October 8, following strong institutional investor participation, demonstrates confidence in the Nigerian Breweries story. The Nigerian Breweries CP programme is a significant addition to the Nigerian capital market. The success of the maiden issuance represents the strong acceptance of the issue in the

market, which is further evidenced by the diverse category of investors to whom the securities were distributed (including asset managers, insurance companies, trustees and banks). Finance Director of Nigerian Breweries Plc, Mark Ruttenhas said the transaction provides the company the ability to periodically access alternative debt funding at rates mirroring money market and treasury bill yields. "This also serves to help bring down overall funding costs, which complement the company's other sources of working capital whilst diversifying its funding sources to include non-bank investors. Our commercial paper issuances in the local markets will help to effectively manage and support the short term funding requirements of the company," he said. The notes will be quoted on the FMDQ OTC platform to facilitate active secondary trading in the CPs, as it is a dedicated over-the-counter platform with an aim to promote liquidity of publicly issued securities.

The Managing Director of Nigerian Breweries, Mr.Nicolaas Vervelde, had said the establishment of the N100 billion CP programme underscored continued commitment of the company to winning with Nigeria and represents the largest ever commercial paper programme to be established by a (non-financial institution) corporate issuer following the 2009 guidelines on commercial paper from the Central Bank of Nigeria. Nigerian Breweries is engaged in the brewing, marketing and selling of both alcoholic and non-alcoholic beverage drinks. Following the Company's merger with Consolidated Breweries Plc in December 2014, Nigerian Breweries has a market share of around 70 per cent. It is a subsidiary of Heineken N.V., the largest brewer in Europe and the third largest brewer by volume in the world. The company has an established track record of consistent and sustainable growth and has contributed significantly to the development of Nigeria and the economy. *(This Day)*

Fidelity Bank Plc recorded a slight increase by 1.8 per cent in profit after tax in its unaudited results for the period ended September 30, 2015, as it climbed to N11.4 billion as against N11.2 billion realised in the comparable period of 2014. The bank's gross earnings also grew from N96 billion as at September 30 2014, to N106.6billion in the third quarter of 2015, while total equity increased by 4.2 per cent to N180.3 billion from N173.1billion as at December 2014, operating income stood at N62 billion, a 9.7 per cent rise compared to N56.5 billion in the nine month period. Commenting on the result, Managing Director and Chief Executive Officer, Fidelity Bank Plc, Nnamdi Okonkwo, stated that business operations during the period under review were constrained by regulatory and economic pressures arising from currency devaluation concerns, tight monetary stance, and implementation of the Treasury Single Account (TSA). This situation, Okonkwo explained, had culminated in negative earnings in the banking sector. He however, expressed great optimism in the new business model which the bank adopted and which resulted in a year-on-year (y-o-y) growth in both fund and fee based income resulted in a three per cent growth in profitability . "Despite these challenges we continued with the disciplined execution of our medium term strategy. profit before tax increased to N13.8 billion despite the decline in our total assets due to the TSA implementation," he added. Okonkwo, however pointed out that the bank continued to increase yields on earning assets faster than growth in funding costs, which improved its net interest margin to 6.9 per cent in third quarter of 2015. This growth put the bank in pole position to attain its 2015 target of 7.0 per cent, he said. According to the bank chief, net fee income increased by 7.7 per cent y-o-y to N21.4 billion but declined by 4.2 per cent quarter-on-quarter due to lower forex income on the back of trading restrictions in the market. Alluding to the impact of the bank's current retail strategy in driving revenues, Okonkwo stated: "Electronic banking income increased by 128.4 per cent y-o-y to N4.5 billion and 115.4 per cent q-o-q," adding that this was driven essentially by the deployment of the bank's innovative online banking application, increased migration of customers to alternate electronic channels as well as a rise in international card transactions. Despite the challenges, the bank chief said Fidelity Bank is committed to keeping its promise to its customers. *(This Day)*

Nigeria's central bank did not find "material mispresentation" after examining past accounts of commercial bank Stanbic IBTC and sees no need to ask it to restate them, the central bank said in a statement on Tuesday. The statement comes after Nigeria's Financial Reporting Council, gave Stanbic IBTC, the local unit of Standard Bank Group 60 days to restate its 2013 and 2014 accounts owing to what it said were "misleading" disclosures relating to expenses. *(Reuters)*

Nigeria's Fidelity Bank said on Tuesday it has reduced its deposit growth target for 2015 partly as one of its top customers MTN may withdraw funds to pay for a $5.2 billion fine imposed by authorities. "MTN is quite important. It's partly one of the reasons why we modelled a decline in deposit. We are quiet strong in the deposit and collections of their business," Gbolahan Joshua, Fidelity's head of

Strategy told an analysts call. "For loans they account for less than 5 percent of loan book and less than 3 percent of deposits. They are one of our top 50 customers in terms of obligors and depositors in absolute amounts." The mid-tier lender expects a 10 to 15 percent decline in deposit growth this year, which has recorded a negative 6.6 percent growth as at nine-months to September. Deposits rose 1.7 percent last year. *(Reuters)*

Nigeria's telecoms regulator has extended MTN Group's operating license, the company said on Tuesday, quelling fears that Africa's biggest mobile phone firm would have to pay a $5.2 billion fine before the license could be renewed. Johannesburg-based MTN is in talks with Nigerian authorities about the fine, imposed on its unit in the west African country for failing to cut off more than 5 million users with unregistered SIM cards. Nigeria has been pushing operators to verify the identity of their subscribers, on concerns that unregistered SIM cards were being used for criminal activity in a country facing an insurgency by Islamic militant group Boko Haram. The fine came months after Muhammadu Buhari was swept to the helm of Africa's biggest oil producer, after a campaign in which he promised tougher regulation and a fight against corruption. It also came after the kidnapping on Sept. 21 of Olu Falae, former Nigerian finance minister and runner-up candidate in the 1999 presidential election, by kidnappers who the regulator said had used MTN phone lines to negotiate a ransom. "The kidnappers used MTN SIM cards and MTN was unable to provide any registration data for those SIMs," a memo from the regulator said. MTN spokesman Chris Maroleng declined comment, citing regulatory compliance issues. Falae was released after payment of a ransom. MTN, founded with the help of the South African government after the end of apartheid in 1994, has written to the presidency and the regulator asking for leniency and a review of the fine, a regulatory source said. "The letter is asking for a review of the fine downwards. They did not state how much review they want,â€• the source said.

MTN, which earns 37 percent of its revenue from Nigeria, will pay $92.2 million to renew its operating spectrum and extend the licence in its biggest market by revenue to 2021. "We view this extension as a demonstration of confidence in MTN's capacity to continue to provide ground-breaking and innovative services to its customers," MTN corporate affairs executive Akinwale Goodluck said in a statement. Shares in MTN, down 25 percent since the fine was announced last week, ended nearly 5 percent higher at 155.54 rand. "It's encouraging and pleasing to see MTN and the regulators are able to constructively engage on commercial basis," said Anthony Sedgwick, a fund manager at Abax Investments in Cape Town. Some analysts have said the size of the fine risked damaging Nigeria's efforts to shake off its image as a risky frontier market for international investors, though others said it showed Nigerian regulators were keen to enforce the law. If imposed, the fine would leave MTN with little money to spend on its network in Nigeria because it would wipe out more than two years of annual profits. Paying the fine this month and the licence fee before the end of December could also prove to be a liquidity headache as the company's cash is spread over more than 20 countries, said Momentum SP Reid analyst Sibonginkosi Nyanga. Bismarck Rewane, CEO of Lagos-based Financial Derivatives Company Ltd, said the fine was based on outdated average revenue per user (ARPU) of $50 a month, dating from 15 years ago. "Now ARPU is around $8. The country cannot tolerate corporate arrogance, but this may also deter other investors because of the size of the fine,â€• Rewane said. *(Reuters)*

The Executive Director, South South/Retail Banking, Skye Bank Plc, Mrs. Ibiye Ekong, has pledged the bank's continued support to the growth of small and medium enterprises (SMEs) through capacity building and funding. Speaking at the bank's 7th SME seminar in Abuja with the theme, "Leveraging Technology to Grow Your Business," a statement quoted Ekong to have assured the bank's customers and SME owners that the institution would assist them access both the Central Bank of Nigeria (CBN) and Bank of Industry (BOI) SME funds to grow their businesses. She also said the bank would in November launch an online mall platform called 'YesMall' to promote SMEs. She described the proposed online platform as a veritable avenue for bringing the bank's customers and prospects to showcase their goods and services to the growing online population in Nigeria. The bank director said the 'YesMall' platform was conceived to help grow the bank customers' businesses both locally and globally, noting that Nigeria had about 93million internet subscribers online.

In his speech, the guest speaker and business mogul, who is also the Managing Director/CEO of Imsy Ventures,Mr. Benois Imoisili, expressed great optimism about the expansion of small and medium business in Nigeria. According to him, the SME sector has the capacity to drive and encourage indigenous business and rural economic development such that the whole country can be transformed into a

productive economy and help the people to employment. "For me, I feel there are lots of reasons to be optimistic about the development of the sector in Nigeria. Forum like this opens our eyes to the depth of what we can transform our businesses to if we truly open our heart to suck in information. I know that there are still loads of businessmen that are not aware but they need to know with the joint efforts of Skye Bank Plc, CBN andBoI", Imoisili submitted. *(This Day)*

The Nigerian Stock Exchange (NSE) on Tuesday said it was reviewing the situation regarding the delayed filings of the Audited Financial Statements (AFS) of Oando Plc for the year ended December 31, 2014, its first quarter and half year delayed fillings. Although the exchange said it had sanctioned Oando Plc for violations of its post-listing obligations in accordance with its applicable Rules, it has also invited the company's AuditCommittee as well as its external auditors. "Should Exchange's continuing review reveal that Oando committed other infractions, the exchange will mete out appropriate sanctions pursuant to its Rules. The exchangehas reported the situation to the Securities and Exchange Commission. And, will involve other stakeholders, as appropriate," the NSE said. Oando Plc posted a loss of N184 billion for the 2014 financial year. Speaking on the performance, the Group Chief Executive Officer of Oando, Mr. Wale Tinubu ,said the company would bounce back into profitability by 2016. "Upstream players have been forced to record significant reductions in the fair value of their asset portfolios. Oandois no exception to this global trend, which has led us torecognise about N76.9 billion of impairment charges in our exploration and production business. This impairment is as a result of lower oil prices leading to a reduced valuation of certain exploration and appraisal assets.

We prudently booked an additional N16.9 billion write down on under-lift receivables and Production Sharing Contract receivables in our exploration and production business, and our energy services business realized impairments of N37.1 billion, as the current oil price environment has brought about reduced drilling activity and in turn reduced day rates accruable to our rig assets, as well as a weaker market outlook," Tinubu said. He explained that in addition to the decline in oil prices there was a 8.4 per cent devaluation of the Naira which generated a significant foreign exchange loss in our downstream business. "The nature of the business makes us extremely vulnerable to foreign exchange risks as we import in dollar denomination and recover our costs in Naira. The delay of payments of subsidies from the federal government has served to increase this vulnerability and led to arealisation of N7.3 billion in foreign exchange losses," Tinubu stated. *(This Day)*

Oando Energy Resources (OER), the upstream subsidiary of Oando Plc, has announced the repayment of its $100 million African Export-Import Bank (Afrexim) loan facility, which was utilised in financing the landmark $1.5 billion acquisition of the ConocoPhillips Nigerian Oil and Gas business in July 2014. The company said in a statement that combined with cash on hand, its net debt position now stands at $500 million; down 44 per cent from $900 million outstanding at the completion of the COP acquisition. Oando Plc recently released its long-awaited results for the full-year ending 2014, in which it declared a historic loss after tax of N183.9 billion compared with a profit after tax of N1.396 billion in 2013. The company also released its half-year unaudited results for 2015, recording another loss after tax of N35.12 billion from a profit after tax of N8.980 billion in the corresponding period in 2014. It also recorded a loss after tax of N47.8 for the nine months ended September, 30. Despite these colossal losses, the oil firm claimed the "confidence in its operations and asset quality by international financial institutions has been further strengthened, notably due to its operational performance in the last 12 months in spite of crude downturn." The company said in a statement: "OER has achieved significant milestones in the course of the year, including the generation of cash inflow of $283mn from the reset of oil hedges; the commencement of production at Qua Iboe, which added 2,500 b/d to OER's gross total taking it to 53,169 b/d; and finally an increase in 2P reserves by 82 per cent to 420.3mn boe.

"A $91 million RBL Upsize was arranged by Standard Chartered Bank and African Export-Import Bank with participation from Standard Bank of South Africa Limited, Stanbic IBTC Bank Plc, and Natixis; while the proceeds, along with cash on hand, were used to repay the $100 Million Afrexim Facility." Chief Executive Ofiicer, Oando Energy Resources, Pade Durotoye was quoted to have said: "The upsizing of the RBL loan is a true testament to the quality of the assets we acquired in July 2014. The cash flows from these assets have continued to pay down the Company's post acquisition debt with the assistance of the value realized from the resetting of our hedge instruments, leaving a debt equity ratio of 0.57, compared with 0.91 in July 2014. "OER remains focused on its financial and operational goals of strengthening its balance sheet

and maintaining stable production levels through production optimisation in these times of reduced oil prices and limited capital investment. With the new global pricing reality, reduced investments, and industry shrinkage, Oando is reaffirming investors' confidence in its operations and has espoused a strategic focus of aggressive debt reduction, optimisation of production levels, and inorganic growth through M&A deals that create immediate and long term equity value for shareholders." *(This Day)*

Conoil, one of the nation's major oil marketing companies has declared a profit before tax of N1.8billion for the financial period ended September 30, 2015. Also, profit after tax dropped to N1.2 billion from the N1.4 billion in the corresponding period of 2014. However, its assets increased from N86 billion in 2014 to N96billion in 2015. Considering the challenges in the downstream of the sector of the nation's petroleum industry, analysts said the performance is Most players in the oil sector have been confronted with unprecedented challenges arising from unpaid government debts, tight credit conditions and weak naira amongst several other issues, which have negatively impacted sales. However, Conoil, in a statement attributed its modest performance to focused strategy and cost control mechanisms. "We returned a good performance notwithstanding the difficult operating environment due primarily to the efficient product procurement process put in place in the second half of the year. This efficiency translated to high profit margin on product sales. The profit for the period would have been much better save for the high finance cost, consequent upon the long outstanding large receivable from the Petroleum Support Fund," the company said. Challenges in the downstream have been overwhelming and analysts are of informed opinion that if the government continues to prolong the payment of long overdue subsidy refunds outstanding to the marketers, their profitability will continue to dwindle and return on investments for shareholders adversely affected. Despite the gloomy picture, the Conoil promised to continuously transform its business and prepare for the increasingly fierce competition.

"We will consistently pursue initiatives that will enable our brands, processes and people drive our corporate vision and ultimately drive value for our shareholders," it said. Chairman of Conoil Plc, Mike Adenuga recently assured stakeholders of a rosy future for their investments, saying that in spite of the challenges facing Nigeria at the moment, the future of the nation's economy remains very bright. Adenugua, who spoke at the company's 45th annual general meeting in Uyo, Akwa Ibom State, declared: "Our company's long term future is assured beyond any doubt. Conscious efforts will be directed at achieving better execution, especially in the areas of marketing and customer management. Greater attention would be devoted to cutting costs of operations in the different segments of the company's business, while maintaining and improving on the quality of its products and services." *(This Day)*

Economic News

Nigeria's state oil company reported a loss in September as persistently weak oil prices hurt Africa's biggest crude producer, a report showed on Monday. The report, published on the Nigerian National Petroleum Corporation's (NNPC) website, showed it recorded a 59.40 million naira ($298,522) loss in September. It also recorded a loss of 60.67 million naira ($304,905) in August. The unlisted company gave no figures for the same months last year. It began publishing provisional financial and operational reports last month as part of a drive by new chief Emmanuel Kachikwu to improve transparency in the oil sector, which has been beset by corruption and mismanagement for decades. Africa's largest economy, which relies on crude sales for around 70 percent of government revenues, has been hammered by the more than 50 percent fall in oil prices since June last year. The report showed that total receipts for crude oil and gas exports between January and September 2015 were $3.69 billion. Under Nigeria's constitution, NNPC gives its oil revenue to the federal government, which then pays the company what it needs based on a budget approved by parliament. Of the receipts, $610 million was remitted to the federation account, while the balance of $3.09 billion was used to fund joint venture cash calls for that period. "The dwindling oil price has negatively affected the NNPC dollar contribution to the federation account," the report said. *(Reuters)*

Nigeria plans to raise 122.95 billion naira ($617.90 million) in treasury bills with tenors ranging from three months to one year on Nov. 4, the central bank said on Monday. The bank said it will raise 45.17 billion naira in the 3-month bill, 23.43 billion naira in the 6-month and 54.35 billion naira in the 1-year, using the Dutch auction system. Money market traders said yields on the paper are expected to be lower

than the returns at the last auction on Oct. 21, when yields on the 3-month paper were 8.49 percent, the 6-month debt attracted 10.15 percent and the 1-year paper fetched 10.81 percent. Expectation of lower yields was based on the prevailing returns on the secondary market and the high level of liquidity in the money market. *(Reuters)*

Tanzania

Corporate News

CRDB Bank posted a net profit of 38.57bn/- from its operations during the third quarter (July-September) of this year, up from 31.25bn/- recorded at the same period last year. The bank described the performance as historic success. The bank's cumulative profit for the nine months of this year surpassed the entire net earnings of last year by slightly less than 10bn/-. The bank statement , for the group, reported to have generated net profit of 103.69bn/- which exceeded the last year net earnings by some 96bn/-. CRDB's financial statement shows the profit was mainly attributed to net interest income that generated 275.58bn/- up to September compared to 198.38bn of similar period last year. Revenue from net interest rise was attributed to the loans and advances that went up to 3.06tri/- in the months ended September compared to 2.91tri/- at the end of June. The loan and advances portfolio increase was the results of escalating customers' deposit that grew to 4.02tri/- in third quarter from 3.75tri/ of second quarter. The bank assets grew by 5.0 per cent to 5.27tri/- in quarter three to make CRDB one of the biggest bank in term of assets-or balance sheet. On the other hand, non interest income also made some contribution after posting 131.93bn/- against 108.47bn/- of last September. The main contribution of non-interest income came from fees and commission that generated 106.42bn/- compared to 87.29bn/-.

Foreign currency dealings contribution rose by some 4.0bn/- to 24.59bn/-. The bank share at Dar es Salaam Stock Exchange closed the week at 385/-, but on year to date dropped by 13.15 per cent. The share opened the year at 430/-. The report shows that basic earnings per share increased 40 per cent to the end of September compared to 33 per cent of the same period last year. In general, the period under review, saw other key bank's variables like assets, deposits, shareholders fund and expansion plan registering outstanding results. However, non-performing loans to total gross loans increased slightly by 0.1 percentage point to 7.0per cent. The bank, which was founded in 1996, provides commercial banking services to individuals, small-to-medium sized businesses and large corporations. *(Reuters)*

EQUITY Bank Tanzania has posted net profit of 5.03bn/- in the year ended September 2015 compared to 1.52bn/- registered in the previous year. Also; the bank posted 1.14bn/- profit in the quarter ended September 2015 compared to 531m/- posted in the corresponding quarter 2014. Similarly, Equity group holdings limited has posted net profit of 256bn/- (Kshs.12.8 billion) as at September 2015 up from 224bn/-(Kshs.11.2 billion) last year. Also, the Groups profit before tax grew by 14 per cent to 362bn/-(Kshs.18.1 billion) up from 318bn/- (Kshs.15.9 billion). The Equity Group's Chief Executive Officer, Dr James Mwangi said during an investor's briefing session that the outstanding performance is contributed by the bank's strategic initiatives and innovations toward enhancement of access, convenience and affordability of financial services. He said the impressive growth is underpinned by continued investment in the innovative new channels of agency and mobile banking, success of diversification and regional expansion that saw the Group's acquisition of Pro-Credit of DRC Congo completed and consolidated into the Group's 3rd quarter results. Equity Group also posted a 32 per cent growth in total assets, a growth of 2.13tri/- (Kshs.106.4 billion) to 8.92tri/- (Kshs.445.8 billion) up from 6.788tri/- (Kshs.339.4 billion). The nearly half a trillion balance sheet growth has been driven by a 30 per cent growth in customer deposits to 6.34tri/- (Kshs.317 billion) up from 4.86tri/-(Kshs.243.1 billion) during the same period the previous year.

Bolstered by the increased deposits and a focus on the SME lending, the Group's loan book registered a 27 per cent growth to 5.27tri/- (Kshs.263.4 billion) up from 4.13tri/- (Kshs.206.7 billion) posted in September 2014, with SME segment contributing 70.6 per cent of the total loan book. High quality loan book was maintained with NPL remaining at 4.4 per cent but with coverage increasing to 89 per cent as a result of enhanced NPL provisions which grew by 89 per cent from Kshs. 0.9 billion (18bn/-) to Kshs. 1.7 billion(34bn/-) proactively responding to the rising interest rate regime. The Group's strategy to de-risk profits by reducing reliance on the often volatile interest income received a major boost with fees, commissions and transaction income growing by 29 pr cent to 336bn/- (Kshs.16.8 billion) while interest income grew by 21 per cent to 632bn/- (Kshs.31.6 billion). Non-funded or non-interest income constituted 40 per cent of the total income. Dr Mwangi said the unique achievement was as a result of pursuit of a strategy of diversifying income that saw foreign exchange trading income grow by 64 per cent, merchant banking commission growing by 59 per cent, insurance, custodial and brokerage fees rose by

91 per cent. Diaspora remittance processing commissions grew by 20 per cent. "We are confident of sustaining this trend and are optimistic of achieving a 50:50 percent contribution between interest income and other income as the growth of the latter is underpinned and driven by the success of the SME strategy that now constitute 70.6 per cent of the loan book", said Dr Mwangi. *(Daily News)*

Economic News

VF Corporation, the world's largest garment buyer, has visited the country to explore investment opportunities in garment production. Tanzania Investment Centre (TIC) and the Ministry of Industry and Trade's Textile Development Unit co-hosted the visiting investors. TIC encouraged the investors to consider Tanzania as their next destination in Africa, saying the country offers friendly business environment underwritten by good investment policy and legislation as well as geographic location that makes her as a natural regional business hub. TIC, according to a statement issued in Dar es Salaam yesterday, described the sizeable market of 48 million people, availability of raw materials, availability of semi-skilled and skilled labour as great incentives for investment. A TEAM from VF Corp's Hong Kong sourcing office is currently visiting Africa and was in Dar es Salaam last Sunday. The team included the Managing Director of product supply, Vice-President of Sourcing, Merchandising director and the strategic engineer based in Tanzania. Organized in 1899, VF Corporation is a global leader in branded lifestyle apparel, footwear and accessories, with over 30 brands, 60,000 associates and 12.3 billion US dollars in revenue. Their businesses and brands are organized into five categories called coalitions, comprising: outdoor & action sports, Jeans wear, image wear, sportswear and contemporary brands.

While VF is highly diversified across brands, products, distribution channels and geographies, their culture and approach to doing business provides unique and powerful competitive advantage. Their brands include: Wrangler, Lee Jeans and Nautica amongst many others. Currently VF Corporation is placing orders in one factory in Tanzania and is considering expanding their purchasing from other sewing factories in the country. As part of the visit, these investors have reviewed the investment climate in Tanzania with view to possibly encouraging some of their other factories around the world to consider Tanzania as new garment origin. VFC has an exemplary record of ethical and environmentally-sound sourcing in both its own factories in the Caribbean and also with its subcontractors. *(Daily News)*

THE shilling opened the month firmly on the back of continued month end foreign currencies inflow and tight money supply stance. The banks' trading reports show that the shilling stagnated at 2115/2190 levels when the market closed on Monday. National Microfinance Bank (NMB), said the shilling firmness was backed by month end dollar inflows when main players are demanding greenback to settle shilling obligations. "Shilling extends the gains on month-end inflows," NMB said through e-Market report. Another bank, CRDB, also said the end of month inflows caused the shilling to make some gains against the greenback during Monday's trading session. "The shilling closed the session trading around the levels of 2150/2190 against the dollar," CRDB said. Under normal circumstances, the shilling tends to appreciate at end-month due to corporate obligations that demand local currency. The month end obligations saved the shilling after gaining slightly follows a four-month drop mid-last month of 2,148/2,208 a US dollar. Though day-to-day interbank foreign market reports shows the shilling stagnated, on a monthly basis depreciated from 2160/- at the state of last month to 2,173/-of on Tuesday. The International Monetary Fund (IMF), recently reported that the shilling was close to find its 'equilibrium' point after too strong a level last year. "The shilling, which was assessed to be somewhat overvalued in 2014, is now closer to equilibrium," the Washington-based lender said. *(Daily News)*

THE shilling continued to appreciate since the beginning of this month backed by various variables, but mainly traders' confidence as the president-elect was sworn-in. The shilling started walking on the bullish mode as the nation was inching to the beginning of the new fifth phase government. The fanfare experienced at the climax of the swearing in ceremony held at the Uhuru Stadium which was also attended by eight heads of state. The National Microfinance Bank (NMB) said the shilling continued to gain on Wednesday backed by agricultural inflows and subdued demand from importers. "The shilling gains - ahead of the announced public holiday tomorrow (yesterday) as the president-elect Dr John Magufuli is (was) sworn-in," NMB said in e-Market statement. NMB quoted the shilling closing the Wednesday

session at 2105/2180 a dollar while CRDB Bank trading board showed 2150/2190 against the greenback. Another bank, CRDB, said the end month corporate obligations, including taxpaying, helped the shilling to appreciate. "End of the month inflows caused the local currency to make some gains against the greenback during yesterday's (Wednesday) trading session," CRDB Bank said. The month end obligations saved the shilling from a four-month drop mid-last month that saw the shilling sunk to 2,148/2,208 a dollar. Recently, the International Monetary Fund (IMF) reported that the shilling was close to find its 'equilibrium' point after too strong a level last year. The shilling, which was assessed to be somewhat overvalued in 2014, is now closer to equilibrium," the Washington-based lender said. The shilling's gains comes at a time when the dollar inched towards two and half month highs against a basket of currencies on Wednesday, buoyed by returning expectations of a rise in US rates and better growth globally, which has prodded yields on US government bonds higher this week. *(Daily News)*

IFC, a member of the World Bank Group, is providing a $60 million loan to Pan- African Energy Tanzania Limited to help develop Tanzania's offshore natural gas reserves as a means to provide reliable, low-cost electricity in the country that suffers frequent power shortages. PanAfrican Energy Tanzania Limited is a wholly owned operating subsidiary of Orca Exploration Group Inc. ('Orca). IFC's financing will be used to fund the development of the Songo Songo gas field, located about 15 km from the Tanzanian mainland and 200 km south of the commercial capital, Dar es Salaam. "This investment enables Orca to undertake urgently needed development of the Songo Songo field and safeguards Songo Songo's future as an important part of Tanzania's energy security," said W. David Lyons, chairman and chief executive officer of Orca. "The Songo Songo field is Tanzania's most important source of proven natural gas production, and is the largest supplier of energy to the Dar es Salaam region," said Lance Crist, IFC Global Head of Natural Resources. "Through this investment, IFC is working to help to alleviate electricity shortages in Tanzania, which are an impediment to the country's continued economic growth and development." Only 38 per cent of Tanzania is electrified, with demand for electricity growing nearly 15 per cent per year. Developing natural gas reserves for gas-to-power projects will help the country diversify its power supply which is currently heavily reliant on hydropower facilities, which can be unreliable during droughts. According to the Tanzania Private Sector Foundation (TPSF), access to reliable electricity is the top barrier to doing business in Tanzania.*(Daily News)*

Zambia

Corporate News

ZAMBIAN Breweries corporate affairs director Ezekiel Sekele says construction of a US$33 million malting plant is expected to be complete in five months. Speaking when Zambia Chamber of Commerce and Industry (ZACCI) president Geoffrey Sakulanda visited the plant which is nearing completion at the Lusaka South Multi Facility Economic Zone (MFEZ), Sekele said Zambian Breweries intends to take the first delivery of barley next month. "We anticipate that construction will be complete by March next year. We are delighted with the development of this project as it demonstrates, in practical terms, the benefits that accrue from carefully executed, import substitution and value creation to our raw materials," said Sekele. And Sakulanda said manufacturing was important to the country's economic growth. He said reducing barriers to manufacturing was important. The new Zambian Breweries plant will process barley grown by local farmers into malt andthus avoid the need to export the raw crop to Zimbabwe for further processing. "It is impressive what Zambia Breweries is doing here at the malting plant. Once the country has fortified its manufacturing base, it will see a significant increase in government revenue and job creation," said Sakulanda. Construction of the malting plant commenced in October 2014. With an initial production capacity of 15,000 tonnes per annum, the plant will have sufficient dimension to meet local demand with the excess exported to regional markets. *(Post Zambia)*

Zambian President Edgar Lungu said he won't allow Glencore Plc's local unit to cut about 4,000 jobs and that the nation, which is Africa's second-biggest copper producer, will find other investors to take over mining operations if the current owners have failed. The company plans on suspending production at its Mopani Copper Mines unit for 18 months while it invests $950 million in building new shafts and upgrading plants amid copper prices near six-year lows. The plan includes firing more than 4,000 employees, and a bigger number of contract workers. Mopani should use the profits it made during times of high copper prices to sustain its workforce now, Lungu said in comments broadcast Tuesday on state-owned ZNBC TV, speaking in the local ChiBemba language. If mining companies have failed to run their operations, government will find other investors to take over, he said. Lungu made the remarks during a five-day tour of Copperbelt province, much of which he has spent talking to mining investors and worker unions as the industry faces its biggest crisis since 2009. Falling metal prices and a power shortage have contributed to a 49 percent decline in the kwacha against the dollar this year, the biggest drop out of the 155 currencies tracked by Bloomberg globally. *(Bloomberg)*

Economic News

BANKERS Association of Zambia (BAZ) says customer deposits have grown to about K47 million from over K25 million due to stability in the economy in the past four years. BAZ chairperson Clergy Simatyaba said significant growth has been witnessed in all deposits, with current account registering the largest deposits of over K30.8 million, representing an increase of 33 percent as at end of last month, from about K21 million as at December 2012. Mr Simatyaba said time deposits increased by 50 percent to K11.5 million as at August 2015 from K5.8 million as at December 2012, while savings deposits grew to about K4.6 million, recording an increase of 25 percent from K3.4 million, as at December 2012. "Since 2000, bank deposits have averaged around 15.7 percent of the gross domestic product in Zambia. Analysis of the overall growth in deposits over the past four years reveals that the total customer deposits have been on an upward trajectory growing from K25,162 million in 2012 to K47, 013 million as at end of September 2015, representing a growth rate of 46 percent," he said during a media breakfast on Friday. Mr Simatyaba said the savings growth rate has been lower than that of other deposits despite the fact that most accounts in banks are savings accounts. He said there is need to grow the deposits from the current K47 million by 25 percent to create liquidity in the economy. Mr Simatyaba said having a strong deposit base will enable banks to lend out to investors in the various economic sectors. "The economy has been growing steadily. If the economy is growing it means people are able to set aside a bit of wealth for investment," he said. *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

THE IMF says Zambia's economic activity is being held back by depressed copper prices, high interest rates and severe electricity shortages. And the kwacha has sharply depreciated to around K12.60 on announcement by the International Monetary Fund that the expected further fall in copper prices and end of cheap dollars will further reduce Africa's economic growth rate this year. Meanwhile, the IMF says Zambia, Ghana and South Africa are the hardest-hit countries by the current economic crisis in the sub-Saharan region outside the eight oil producers led by Nigeria and Angola. On Tuesday, IMF released its latest Africa Economic Outlook, entitled 'Dealing with the Gathering Clouds', with revelation that sub-Saharan Africa was likely to grow by 3.75 per cent this year and 4.25 per cent next - the lowest growth rate from the years before and after the 2008/2009 global financial crisis. "Where fiscal deficits are particularly large and external costs have already risen substantially, recourse to domestic markets is also becoming increasingly difficult, as in Ghana and Zambia," the IMF stated. "This has pushed domestic borrowing costs up - crowding out the private sector in the process and restraining the emergence of new, more diverse, domestic sources of growth…Fiscal retrenchment, high inflation, reduced electricity supply, and a disappointing cocoa harvest are also weighing on Ghana's growth, while Zambia's economic activity is being held back by depressed copper prices, high interest rates, and severe electricity shortages." And the announcement of the regional economic outlook by IMF sent the kwacha tumbling and only support from the Bank of Zambia held back the embattled local currency from further depreciation.

Meanwhile, the IMF stated that activity in sub-Saharan Africa was projected to decelerate from five per cent in 2013-2014. "Against the backdrop of these global and domestic headwinds, the outlook for the region is clearly much less favourable than in the recent past," the IMF stated. [It will strengthen] to 4.5 per cent in 2016 on the back of the gradual pick-up in global activity. The growth performance this year will be lower than in 2009, when the region was reeling from the aftermath of the global financial crisis and will hardly be enough to create much-needed jobs to absorb the growing young population and make significant progress on poverty and inclusion." IMF stated that Zambia, the fourth largest exporter of copper to China among sub-Saharan countries, would be among the hardest-hit as China moved away from manufacturing, construction and massive exports. "China, the largest single trade partner of sub-Saharan Africa, is rebalancing its growth away from manufacturing, construction and exports - where production inputs are highly skewed toward raw materials - toward the services sector and consumption," stated IMF. "For countries where exports to China account for a very significant share of total exports, such as Angola, the Democratic Republic of Congo, the Republic of Congo, Sierra Leone, South Africa, and Zambia, this represents a particularly strong shock…Several middle-income countries, such as Ghana, South Africa and Zambia, are also facing unfavourable conditions, including weak commodity prices, difficult financing conditions in the context of large domestic imbalances and electricity shortages." *(Post News)*

Zambia's central bank raised its benchmark lending rate to a record 15.5 percent on Tuesday to curb soaring inflation which nearly doubled last month as the currency of the African copper producer weakened sharply. The rate hike, the first since November 2014, also came after a steep fall by Zambia's kwacha brought on by tumbling copper prices as the consumption in top copper consumer China slowed along with its economy. The southern African nation had kept the key rate unchanged at 12.5 percent in August, saying it predicted inflation would breach the regulator's 7 percent target by year end. "Keeping inflation expectations anchored in single digits is critical," Central Bank Governor Denny Kalyalya said. But consumer prices rose to 14.3 percent from 7.7 percent in September, as Zambia's currency weakened.
The central bank also lifted the cap restricting commercial bank lending rates to a maximum 24.5 percent to allow better functioning of the credit market, Kalyalya said. The Zambian kwacha firmed 1.36 percent to 12.41 after the rate hike but later traded up 0.56 percent at 12.5000. "This should allow the kwacha to at least stabilise,"

Standard Chartered Bank Africa economist Razia Khan said. "A more significant reversal of recent losses would require some turnaround in copper prices and much higher interbank rates." Economic growth is expected at 4.6 percent in 2015 due to weaker global activity and lower commodity prices as well as a domestic electricity crunch, but would tick up to 5 percent next year, finance minister Alexander Chikwanda said in the 2016 budget speech. Zambia suffers from severe power shortages. The state utility firm Zesco Ltd has cut the electricity supply to mining firms and doubled prices for other industrial users and household consumers. Despite these measures, the price of copper, Zambia's main export, was still low and power outages were expected to continue putting pressure on the kwacha and spiralling inflation, BanABC

head of Treasury John Mapiye said. "We expect yields to rise and that may attract foreign portfolio investment in securities and help strengthen the kwacha temporarily," Mapiye said. "The cost of borrowing will increase and ultimately this will filter down to the consumer hence we still expect to see an upward spiral in the rate of inflation." *(Reuters)*

Zambia's kwacha extended losses against the dollar on Friday, reaching a new record low as the copper export driven economy struggles following a plunge in the metal's price now at five-week lows. The kwacha fell more than 1.1 percent to 12.8750 against the greenback, Thomson Reuters data showed. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Zimbabwe's largest platinum miner Zimplats swung to a profit of nearly $6 million in the quarter to September from a loss of $32 million in the previous quarter after nearly doubling sales of platinum group metals (4E), the company reported on Friday. Revenue during the quarter surged 67 percent to $108 million but direct operating costs shot up 24 percent. Cash costs per 4E ounce fell 32 percent from the previous quarter largely due to an 88 percent increase in matte production. "In addition, management commenced a cost rationalisation exercise in the quarter in response to the declining metal prices," said Zimplats. Ore mined increased improved by 10 percent from the previous quarter largely due to an increase of 117,400 tonnes in ore mined from the open-pit operation. Production from the underground mines increased by 32,900 tonnes compared to the previous quarter. Local spend in Zimbabwe for the quarter decreased by four percent to $44 million while total payments to government in direct and indirect taxes were flat at $7 million. The company said redevelopment of its Bimha Mine was progressing well and on schedule to reach full production in April 2018 as planned. *(Source)*

ECONET will discontinue its philanthropic project to train young people in computer skills, before the company barely achieved half the initial set objectives due to budgetary concerns. At least 1 000 young people have been trained and have since graduated from the high-tech computer training facility, Muzinda Hub, to develop various computer programmes. But Econet Wireless said yesterday that it will not be able to train 10 000 school leavers in computer skills as initially planned because the company can no longer afford the cost of doing so. Zimbabwe's biggest mobile phone operator recorded a 52 percent plunge in profits to $23 million in the half-year to August 2015, after revenue nosedived 17 percent to $323 million during the interim period in review. Econet Wireless recently cut salaries by 20 percent for all staff and sought a 15 percent cut on prices from suppliers, as it explored ways to reduce operating costs and grow the profits. The trainees who have just completed their course were trained at Muzinda Hub, set up by Econet Wireless to train young school leavers in designing of in demand high-tech computer programmes such as applications. The young people, who were educated by Econet Wireless through its support programme for orphans, have been given the opportunity to start earning a living by providing independent programming services to local and global companies. This is the first time such an initiative has been launched in Zimbabwe.

Econet Wireless Zimbabwe Chief Executive Officer Douglas Mboweni said there were opportunities for those trained to earn money by providing independent programming services to companies who outsource certain of their activities to independent developers. Already, global companies such as Google, Amazon and Microsoft are spending millions of dollars by outsourcing computer programmes, as they found this to be much cheaper than employing their own developers. "In Africa, these companies are currently spending more than $5 billion a year. Countries like Nigeria, South Africa, and Kenya are the leading nations where over 500 000 young people have already been trained by Government programmes to get these type of skills," he said. He said although Muzinda Hub is not a profit activity, it is still expected to be self-sustaining. "Muzinda was originally set to train 10 000 young people but the company will not be training those numbers because of budgetary constraints," said Mr. Mboweni. He also confirmed that although Econet Wireless will continue to support orphans at schools, it won't be able to continue with job creating schemes like Muzinda Hub due to budgetary constraints. "Our priority will always be orphans still at school. We will help those who are young adults, whenever resources permit." Econet Wireless in partnership with the Masiyiwa Family foundation has assisted more than 200 000 orphans over the last 20 years. It is considered one of the largest such programmes in the world. Econet Wireless founder Strive Masiyiwa has directed most of his personal income towards the programmes to educate orphans, since he left the country 15 years ago. *(Herald)*

Chinese financial institutions will release $1,1 billion early next month for the expansion of Hwange Thermal Power Station, the first tranche from mega deals signed between President Mugabe and his Chinese counterpart President Xi Jinping during his state visit to China in August last year. The expansion of the power station being carried out by Chinese firm Sinohydro will start in earnest once the funds are released. When completed, the $1,1 billion project will add 600 megawatts to the national grid. Finance and Economic Development Minister Patrick Chinamasa and Energy and Power Development Deputy Minister Tsitsi Muzenda told legislators attending a

pre-budget seminar here that the power deficit affecting the country would be a thing of the past in the near future. "We have been working on Hwange 7 and 8 and, it will add 600 megawatts into the national grid," said Minister Chinamasa. "We are looking at $1,1 billion to do it and we should get the money for that in early December from Chinese financial institutions. Financial closure will be done in December." Minister Chinamasa said there were a number of private power producers at different stages of implementing their projects to increase power generation. Deputy Minister Muzenda said Government was also implementing a number of projects to address power problems bedevilling the country. "To date, as of 30 September 2015, 33 percent of work (at Kariba South) has been completed," she said. "Pre-work at Hwange 7 and 8 has been done. I am also pleased to say that the financial closure of this project is going to be signed by December. We have also to date awarded 300MW solar plants to three companies."

The envisaged release of the $1,1 billion for Hwange Thermal Power Station will be a major milestone in the implementation of the mega deals signed between Zimbabwe and China. More funds are expected in the near future for deals signed between the two countries, which are meant for various sectors, including transport, energy and mining. A high-powered Chinese delegation was in Zimbabwe a few weeks ago to put final touches on some of the deals, which are expected to help with the turnaround of the economy. On electricity shortages, Mines and Mining Development Minister Walter Chidhakwa told the legislators that Government was in discussion with South Africa on the importation of about 300MW that will exclusively be for the mining industry. Minister Chidhakwa said the power shortages being experienced have seriously hampered mining operations, affecting efforts to turnaround the economy. "We recognise that if we do not sort out power and lose eight hours of power in the mines everyday, all the companies will go on care and maintenance," said Minister Chidhakwa. "We cannot afford to do that. We have approached the South Africans. We have opened discussions and yesterday, I was briefed that we are very close to arriving at an agreement for an approximately 300 megawatts, which we will send to the mines." Minister Chidhakwa said mines will pay eight cents per kWh for the electricity from South Africa, compared to 13 cents per kWh which they are paying to Zesa Holdings. The Parliamentary Portfolio Committee on Mines and Energy chaired by Gutu Central MP and Zanu-PF Chief Whip Cde Lovemore Matuke said there was need to address the power situation if the economy was to grow.

Meanwhile, the committee on Youth, Indigenisation and Economic Empowerment chaired by Gokwe-Nembudziya MP Cde Justice Mayor Wadyajena (Zanu-PF) did not present its report. Cde Wadyajena told the delegates that the new Youth, Indigenisation and Economic Empowerment Minister Patrick Zhuwao barred his ministry and youth-affiliated organisations from presenting their budgetary expectations for 2016. He told participants at the seminar that Minister Zhuwao sent a director in his ministry with the message, who told him that his minister was of the view that he was working against President Mugabe. This prompted National Assembly Speaker Advocate Jacob Mudenda to say that he would take up the matter when they returned to Harare. The committee on Justice, Legal and Parliamentary Affairs chaired by MDC-T MP for Harare West, Ms Jessie Majome complained that efforts to get input from the Judicial Services Commission had been futile in the past two years. Ms Majome said the JSC did not respond to correspondence sent to them and implored Adv Mudenda to intervene.*(Herald)*

Economic News

Zimbabwe has clinched a $30 million Indian investment deal to set up a state-of-the-art bottling plant that is expected to create 500 direct jobs and 3 000 indirect ones through downstream distribution activities. The investment facilitator, Savanna Tobacco executive chairman Mr. Adam Molai, said in an interview that the business, which will bottle PepsiCo's brands in Zimbabwe, will also include alternate beverages and packaged drinking water plants. The rolling out of Pepsi chilling equipment to outlets has already started ahead of the ground breaking ceremony planned for November 14, with the official opening by President Mugabe scheduled for September next year. The investment is the brain child of Mr. Ravi Jaipura through his company, Varun Beverages India, which is part of RJ Corp and will trade as Varun Beverages Zimbabwe Pvt Ltd. Mr. Jaipura is listed in Forbes Magazine as one of the top 50 wealthiest Indians, with a net worth of $1, 67 billion. His company produces 55 million litres of ice cream a year and holds more than 50 percent of the Pepsi soft drink business in India. "It is an honour and pleasure to meet His Excellency President Mugabe and his Cabinet ministers," said Mr. Jaipura while confirming the

investment to The Herald. "I would like to take this deep friendship and trust bestowed on me a step forward and become business partners. "I would like to complete my first venture in Zimbabwe before the end of the year 2016. I love your beautiful country and have the desire to spend more time and further strengthen the ties of friendship and commerce between the two countries." Mr. Molai said the project would take off soon after the ground breaking ceremony next month.

"We are indeed excited with the development which will bring an initial $30 million worth of investment with more than $250 million expected as RJ Corp rolls out more projects under the investment portfolio," said Mr. Molai. Under the RJ Corp portfolio, Mr. Jaipura intends to drive investment in other key areas such as facilitating the support of small-scale potato farmers by setting up a potato processing plant that ensures food outlets and other such companies would buy processed French fries. In addition to the beverage plants, the company would, as part of its investment drive, set up a tomato processing plant to sell the paste thereof to local food outlets for making pizza and ketchup and for export to India where Mr. Jaipura owns a large chain of Pizza Hut and KFC outlets. The company will also roll out a 100 Megawatt solar project once the approval has been secured, with the project expected to start within 12 months of being approved.
Mr. Molai said the bottling plant, tomato and the potato processing plants were in line with the Zim-Asset agenda as they all have a strong component of value addition and beneficiation, and infrastructure clusters that are key result areas of Zim-Asset. Another project that was brewing was the establishment of a hospital in Zimbabwe in partnership with India's Medanta Group. Setting up such a hospital would create "a regional medical tourism hub" as Zimbabweans would cut on the costs of flying to India for treatment, while the hospital would provide services to the regional market. "We have facilitated these investments through our friendship with Mr. Jaipura," said Mr. Molai. "I would also like to appreciate the role played by H.E. the President, Zimbabwe's ambassador to India, Mr. Maxwell Ranga, and the entire delegation of ministers and staff in supporting the initiatives and encouraging Indian investment into Zimbabwe." "What was achieved in India, in terms of business, reflects the possibilities when Government and private sector work together, collaboratively, in driving investment. "This model is a model for success that will see Zimbabwe becoming a major investment destination." *(Herald)*

Zimbabwe's tax revenue for the third quarter came in below target after mining royalties and company tax fell in an economy struggling with weak commodity prices and high unemployment, the tax agency said on Monday. The Zimbabwe Revenue Authority (ZIMRA) raked in $878 million in tax revenue between July and September against a target of $964 million, the agency's chairwoman Willia Bonyongwe said, missing its stated target by 9 percent. ZIMRA collected $884.5 million during the corresponding period in 2014. Mining contributes more than half of all export earnings in the Southern African nation, but weak metal prices, especially of platinum and gold, are hitting Zimbabwe's earnings. Bonyongwe said mining royalties were 55.6 percent below target at $17.27 million. When compared to the same period last year, mining royalties fell 48 percent from $33 million. The fall in revenue "can be attributed to the depressed international mineral prices and lower sales than anticipated as a result of non-production and reduced production by some mining companies," Bonyongwe said in a statement. Value added tax on the sale of local goods was 15 percent below target while company tax at $85 million was 31 percent short of target, the agency said. This reflected weak consumer demand and companies forced to close due to high operating costs, competition from cheaper imports and electricity shortages, it added. Without any balance of payment support and starved of foreign credit, Zimbabwe is running its budget hand-to-mouth, leaving it with virtually no money for infrastructure. Zimbabwe has halved its growth forecast to 1.5 percent this year but most economists say the Southern African country could fall into recession for the first time since 2008. *(Reuters)*

TELECOMS operators are pushing for the reversal of a government sanctioned tariff cut which they say has seen the sector's revenue fall by as much as 14 percent and the fiscus lose $120 million in taxes. The industry regulator Postal and Telecommunications Regulatory Authority (POTRAZ) in December last year the operators to cut their voice tariffs to 15 cents per minute from 23 cents after adopting a new pricing model. It abandoned the COSITU pricing framework – an International Telecommunications Union's model for the determination of costs and tariffs (including interconnection and accounting rates) for telephone services – in favour of a long run incremental cost (LRIC) model, which saw a 35 percent reduction in voice tariffs. The tariff is expected to come down further to nine cents per minute in 2016. In an industry position paper by the four players — Econet Wireless, Telecel Zimbabwe, Telone and NetOne — to government, the operators said traffic across industry had declined despite the reduction in tariffs resulting in revenue falling drastically. "The prevailing economic decline

and tight regulatory environment have resulted in subdued performance of the telecoms industry. The introduction of the LRIC in December 2014 has exacerbated this decline with revenues falling 14,2 percent from Q4 2014 to Q1 2015," the telcos said.

They proposed a cut of between 10 and 15 percent from the November 2014 tariff, adding that the 35 percent reduction had seen government miss out on $120 million in VAT. "The impact on VAT revenues is that $19 million less per quarter is being remitted to the fiscus and an estimated $40 million less per year in corporate income tax. This results in $120 million lower annual contribution." Among other recommendations, the operators requested government to completely scrap off the five percent duty on airtime and 25 percent duty on handsets introduced by government last year. *(New Zimbabwe)*

Zimbabwe and Mozambique have to capitalise on their proximity amid rising trade between the two countries, trade and export promotion body ZimTrade has said. Trade between Zimbabwe and Mozambique grew to $725 million, in 2014 as compared to $570 million in 2013 with Zimbabwe exporting products like tobacco, cement and tea among many other goods. Zimbabwe's exports to Mozambique increased to $577 million last year from $369 million in 2013. Imports from Mozambique declined to $148 million last year from $200 million in 2013. Speaking at the trade and investment seminar for the Mozambican inward buyer mission, ZimTrade chief executive officer Sithembile Pilime yesterday said there was need to capitalise on the proximity of the two countries to increase two-way trade. Pilime said both countries should take advantage of the Sadc Trade Protocol and the Zimbabwe/Mozambique Bilateral Trade Agreement that offer preferential market access to qualifying products. The trade and investment seminar follows two successful outward missions hosted by ZimTrade in Tete in 2012 and 2014. As a result of these two events, a number of Zimbabwean companies established linkages and started doing business with their Mozambican counterparts. Most have not looked back since then," Pilime said. "The objective of this mission is to build on the momentum gained from the aforementioned Tete outward missions. We urge participants to use this platform to establish new business networks that are mutually beneficial to both our countries."

Speaking at the same event, Embassy of the Republic of Mozambique first secretary Custodio Ferreira Ossifo said the trade between Mozambique and Zimbabwe was significantly improving and expected to grow following the trade mission. Mozambique is among the top 10 fastest growing economies in sub-Saharan Africa with average annual real GDP growth of 8%. In 2014 Mozambique had a population of 26 million with a GDP of $16 billion. Ossifo said Mozambique was in the process of addressing some of the doing business challenges which are to do away with bureaucratic processes in acquiring licences in setting up a company in Mozambique and to date has established a one-stop business centre to facilitate licencing processes among many others. Products identified for supply to the Mozambican market include electrical goods and accessories, machinery, engineering, trailers, iron and steel products, cement, protective and corporate clothing, non-alcoholic beverages, fruits, vegetables, dairy products, boilers, twine and ropes, conveyor belts, doors and window frames, among others. *(News Day)*

The US dollar in Zimbabwe is overvalued by 45% thereby affecting export competitiveness, the Reserve Bank of Zimbabwe (RBZ) has said. The country has been using the multi-currency regime, which has the South African rand, US dollar, Botswana pula and British pound as currencies, since 2009 after discarding the local unit. The Zimbabwean dollar was recently decommissioned from the formal system. In a working paper, Assessing the Impact of the Real Effective Exchange Rate on Competitiveness in Zimbabwe, RBZ said the country's real effective exchange rate has been overvalued since the adoption of multi-currency regime in 2009. It said the magnitude of the overvaluation, however, increased significantly starting in 2011. "The results show the real effective exchange rate gap of about 45% by end of 2014, implying that the currency is overvalued to that extent. The overvalued exchange rate has been hurting export competitiveness, with exports remaining subdued against a huge import bill," RBZ said. It said the absence of an exchange rate policy to deal with the overvalued real effective exchange rate implies that the country has to undertake fiscal and internal devaluation to eliminate the disparity between the current account norm and the underlying current account deficit. A fiscal devaluation aims primarily at influencing the competitiveness of a country in the short-term by mimicking the effects of nominal currency devaluation. "The standard fiscal devaluation takes the form of a reduction in taxation of labour, financed by an increase in VAT. Fiscal devaluation can be undertaken through a revenue-neutral shift from taxes on labour to taxes on consumption. By reducing the tax burden on exports and raising that on imports, this policy

can help to restore competitiveness," RBZ said. RBZ said the government can increase value added tax (VAT) on imported finished products by the magnitude of the real exchange rate overvaluation. This, RBZ said, will result in levelling of the playing field on price competitiveness between the country and its trading partners.

South Africa is Zimbabwe's largest trading partner and the depreciating rand has made exports to South Africa expensive compared to those coming from other regional countries such as Zambia. RBZ said government can simultaneously reduce taxes on labour, particularly low income earners, by the same potential revenue gain from increases in VAT in a way that ensures a revenue-neutral shift. The broad objective of a revenue-neutral shift, RBZ said, was to boost domestic demand thereby promoting long-term growth and employment creation. "Fiscal devaluation measures can be boosted by ensuring availability of affordable credit facilities for financing the companies producing the targeted import-substituting products. Cheaper financing from the banking sector would lower the cost of production for domestic producers, improve their competitiveness, and enable them to expand production, increase employment and lower prices," RBZ said. "Moreover, increased consumption of domestically-produced goods has further downstream benefits for the economy, including increased output, employment opportunities and additional future tax revenues for government." The use of the multi-currency regime since 2009 has created headaches for the economy, with monetary authorities moaning over the loss of their ability to manage the exchange rate for export competitiveness purposes. In January, RBZ governor John Mangudya said fiscal and internal devaluation were viable options after the loss of monetary autonomy and lack of exchange rate flexibility to enhance export competitiveness. *(News Day)*

Zimbabwe resumed chrome exports last week for the first time since 2011 when Government imposed a ban of raw chrome exports to encourage beneficiation of the mineral. The Government lifted the four-year ban on chrome ore exports in June this year to boost foreign earnings from the sector and enhance viability of small-scale miners. While the Government had imposed the ban on chrome ore exports to encourage firms to beneficiate the mineral, the suspension had a negative impact on producers, particularly small-scale miners, some of whom were forced to shut down due to viability problems. Small-scale miners could not sell their produce due to low smelting capacity in the country, leaving them with stocks of chrome ore and no alternative source of revenue. Apart from lifting the export ban, Government scrapped the 20 percent export tax on raw chrome to restore viability, but the royalty rate was increased from 2 percent to 5 percent. "The volumes have started moving, though slowly, but the good thing is we have started," Deputy Mines and Mining Development Minister Fred Moyo said in an interview. The ban on raw chrome exports will allow local producers to export up to 30 million tonnes and this would give companies enough time to invest in beneficiations facilities. Already, the Government has signed off agreements with international buyers, including a leading global commodities firm. "The agreements are on the basis of what the buyers want at any given time in terms of quality and quantity," said Mr. Moyo. Before the export ban, Zimbabwe had been producing an average 750 000 tonnes per year.

The 2011 ban was not the first as Government in 2007 suspended raw chrome. Government has also faced challenges putting in place a system to avoid prejudice on revenue since lifting the ban in 2009, the chrome sub-sector continued to experience challenges. These included lack of effective accounting framework for chrome ore volumes and values that were being exported through the port of Maputo, lack of a well-coordinated administration and monitoring framework for production, marketing and export of chrome ore and environmental degradation resulting from uncontrolled mining of chrome ore. As such, the Government has now created a special purpose vehicle to facilitate buying and selling of chrome ore from small-scale miners following the lifting of export ban on the mineral. The SPV, to be composed of the Ministry of Mines and Mining Development, the Reserve Bank of Zimbabwe, Minerals Marketing Corporation Zimbabwe and Zimbabwe Revenue Authority, is meant to create efficiencies in buying and selling of chrome ore. Zimbabwe, alongside South Africa holds about 90 percent of the world's chrome reserves, according to the US Geological survey. The major producers are ZimAlloys, currently under reconstruction and Zimasco, owned by China's Sinosteel Corporation. *(Herald)*

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