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	31-May-13	7-Jun-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,672.31	8,717.48	0.52%	12.11%	16.07%	17.64%
Egypt	CASE 30	5,438.77	5,061.02	-6.95%	7.11%	-7.35%	-7.30%
Ghana	GSE Comp Index	1,884.26	1,868.88	-0.82%	1.26%	55.78%	52.89%
Ivory Coast	BRVM Composite	216.46	214.93	-0.71%	-5.48%	29.03%	20.20%
Kenya	NSE 20	5006.96	4962.66	-0.88%	0.20%	20.07%	24.55%
Malawi	Malawi All Share	6,552.53	6,688.84	2.08%	24.61%	11.19%	33.36%
Mauritius	SEMDEX	1,943.88	1,935.41	-0.44%	-1.96%	11.74%	11.92%
	SEM 7	384.27	381.64	-0.68%	-2.21%	13.15%	13.34%
Namibia	Overall Index	953.00	920.00	-3.46%	14.70%	-6.72%	-3.87%
Nigeria	Nigeria All Share	37,794.75	39,564.79	4.68%	4.79%	40.91%	40.73%
Swaziland	All Share	289.42	289.42	0.00%	19.61%	1.31%	4.72%
Tanzania	DSEI	1,549.00	1,553.49	0.29%	3.29%	4.57%	6.60%
Tunisia	TunIndex	4,569.80	4,566.07	-0.08%	1.62%	-0.30%	-4.14%
Zambia	LUSE All Share	4,420.56	4,363.64	-1.29%	6.63%	17.14%	24.33%
Zimbabwe	Industrial Index	212.38	218.84	3.04%	3.04%	43.60%	43.60%
	Mining Index	73.99	74.75	1.03%	1.03%	14.79%	14.79%

CURRENCIES

Cur-rency	31-May-13 Close	7-Jun-13 Close	WTD % Change	YTD % Change
BWP	8.42	8.43	0.16	10.22
EGP	6.96	6.97	0.07	15.13
GHS	1.87	1.99	0.29	4.33
CFA	506.13	500.69	-1.08	1.08
KES	83.43	83.55	-0.14	-2.39
MWK	326.73	320.84	-1.80	-0.05
MUR	30.03	29.95	-0.27	-1.96
NAD	9.77	9.80	0.32	15.66
NGN	156.46	156.87	0.26	0.49
SZL	9.78	156.87	0.12	15.86
TZS	1,591.20	1,595.95	0.30	1.33
TND	1.64	1.63	-0.82	4.91
ZMW	5.28	5.31	0.61	2.39

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's Orascom Construction Industries (OCI) has called a shareholder meeting for June 19 to discuss a takeover offer that will likely lead to the company's delisting from the Egyptian stock market. OCI's Dutch-listed parent, OCI NV, announced an offer in January to buy the ordinary shares of its Egyptian-listed subsidiary that it does not already own. OCI NV owns 70 percent of the Egypt-listed shares. However, the plan to delist one of Egypt's biggest company from the Cairo stock exchange was resisted by the country's financial authority and the original offer was held up by a tax dispute, as well as regulatory requests. OCI, which is run by one of Egypt's most prominent Christian families, the Sawiris, agreed to pay 7.1 billion Egyptian pounds ($1 billion) to settle the tax dispute in April. A month later, OCI NV cut the price of its tender offer. OCI said on Monday the shareholder meeting, which was requested by the regulator, would discuss the tax settlement as well as intercompany loan between OCI NV and OCI. OCI NV plans to resubmit its tender offer documentation to the Egyptian regulator imminently, it added. OCI NV has defended the planned delisting from Cairo, saying its Amsterdam base gives it greater access to international capital markets. *(Reuters)*

Economic News

Saudi Arabia and Egypt on Saturday signed a 6 billion-riyal agreement to link their electricity grids, a project that will allow power trading between the two countries. Peak-time summer power consumption in Saudi Arabia falls between noon and mid afternoon when air conditioners are most intensively used, while in Egypt peak time is after sunset. Linking the two will allow Saudi Arabia to export power to Egypt. The kingdom's majority state-owned utility, Saudi Electricity Co (SEC), and Egypt's state power company Egyptian Electric Holding Co will share the cost of the 3,000-megawatts undersea transmission cable. *(Reuters)*

Cairo International Airport has suffered more than three million Egyptian pounds in losses due to a strike staged by workers on Wednesday, airport chairman Mahmoud Esmat said on Thursday. The Egyptian aviation minister sacked 15 workers and suspended 30 others after they had staged a strike on a runway yesterday to press the management to settle a pay dispute. The minister also referred a number of workers to prosecution on charges of compromising the airport's security as well as the passengers' safety. Work has returned to normal and all workers adhered to their work schedule, the state news agency reported Esmat as saying. A group of workers at the airport staged a strike for almost five hours on Wednesday as part of a wave of protests that started a few days ago. The right to self-expression is guaranteed within certain legal regulations. The aviation sector in Egypt has witnessed an escalation in disputes over wages during the past weeks after workers in Cairo, Hurghada and Borg al-Arab airports had staged protests. *(All Africa)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana's removal of fuel subsidies last week was designed to reassure investors ahead of a $1 billion Eurobond in July but it carries risks and more action will be needed to tackle a large budget deficit, analysts say. Ghana - one of Africa's fastest-growing economies - began producing oil in 2010 and ranks as the world's number two cocoa producer and Africa's second biggest gold miner. Though popular with investors, the government has seen its fiscal management criticised amid big wage demands from restive civil servants. Ghana's creditworthiness was hit by a 2012 budget deficit of 12.1 percent, more than double the official target, analysts say. The announcement last month of a plan to issue a Eurobond in July to finance debt and capital projects has added to the pressure to curb the deficit. A 3-year bond auction last week, though oversubscribed, sounded a warning when yields climbed to 19.2 percent, up from 16.9 percent in March. It signalled that investors fear the government is failing in its attempt to pare the deficit to 9 percent this year and scrapping fuel subsidies is a response, the analysts said. Friday's announcement has so far not sparked the strong opposition that has often greeted decisions to remove subsidies elsewhere in Africa. There was no immediate reaction from the opposition National Patriotic Party or from unions, and there were no signs of street protests. "There is definitely a positive on the fiscal front. The government will now be able to get some savings by not subsiding fuel," said Edward Al-Hussainy, a sovereign risk analyst with Moodys ratings agency in New York. "The flip side is that it tells us that the government is having a tough time meeting its fiscal target," he said.

Looking ahead, the risk of higher inflation from the removal of subsidies could leave the government vulnerable to renewed militancy by public sector unions over wages. Inflation stood at 10.6 percent in April. Ghana saw a weeks-long strike by doctors and other civil servants in March and April in a dispute over how to implement a salary structure the government inherited from its predecessors. That structure saw some civil servants' salaries jump by 240 percent and the overall public sector wage bill rise by 47 percent in 2012. The impact on prices will be further exacerbated as a decision in February to partially remove fuel subsidies filters through to the economy, according to Razia Khan, regional head of research at Standard Chartered. "There is no fiscal room for manoeuvre especially with the public sector pay bill and some of those subsidies should have gone some time back," Khan said. "It would have been better if there were gradual adjustment to prices. But having left it too late and having seen overruns in other areas the authorities have little choice but to implement more dramatic action now," she said. The International Monetary Fund said in April the ballooning wage bill threatens the economy's health, though public servants argue they have historically been underpaid and point to wasteful spending by politicians as a cause of their militancy.

The nation of 25 million presents a paradox to investors. By some measures, it has the fourth biggest economy in sub-Saharan Africa and GDP growth in 2012 stood at 8 percent, making it one of the hottest economies on the continent. Oil production allows Ghana to join an elite group: an African state with petroleum, peace, stable democracy and a reputation for good governance. The deficit plus a current account balance clouds the picture. It is further darkened by international reserves which stand at just three months of imports as of the end of April. One key question facing Ghana is how far the deficit will weigh on investor confidence. "I do hope that Ghanaians will understand that we really cannot afford the large deficit," said Joe Abbey, executive director of the Centre for Policy Analysis think-tank in Accra.
Shortly after Ghana announced that its budget deficit last year overshot its 6.7 percent target, Fitch ratings agency reduced the country's outlook to negative from stable. Carmen Altenkirch, a director at Fitch, said on Monday the removal of subsidies was the kind of action the government should be taking to combat high borrowing costs. "This is encouraging but you are seeing high bond yields so significantly you would hope for more," she said. The government should attempt to slow a rise in the public sector wage bill to below the rate of inflation and improve financial management in part by installing better IT systems, she said. It was also important to improve the tax net, according to Altenkirch and other analysts. *(Reuters)*

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Kenya

Corporate News

Williamson Tea Kenya said full year pretax profit edged down in its financial year ended March while its sister firm Kapchorua Tea said it more than doubled its profit. Williamson, which shares directors with Kapchorua, posted a profit before tax of 1.15 billion shillings, slightly down from the previous year's 1.16 billion shillings. It attributed the flat performance to two hailstorms in April and August that cut its crop output. A production rebound in the last quarter due to good rainfall was not enough to counter this decline. Kapchorua, whose revenues are much smaller than Williamson's, reported a pretax profit of 255.75 million shillings, more than double the 112.58 million shillings achieved in the previous period. "There was rainfall throughout the year which ensured the crop levels remained high particularly in the last quarter of the year," the company said in a statement. Both firms warned that unpredictable weather conditions, uncertain market demand, foreign exchange fluctuation and the ever increasing costs of production could curb earnings this year. *(Reuters)*

Centum Investment's profit after tax more than doubled in the full year financial period ending March 2013 following impressive growth in investment income. The investment firm's after-tax profit rose by 111 per cent to Sh2.5 billion compared to Sh1.2 billion recorded last year. The earnings were boosted by a 207 percentage point rise in investment income to Sh3.9 billion. "Diversification of quoted securities into other Sub-Saharan markets has proved somewhat rewarding," Sterling Capital analysts said. Currently, 14 per cent of the firm's investments is in marketable securities, with 19 per cent invested outside Kenya. The private equity business line accounts for 19 per cent of the firm's total assets with 39 per cent of the funds under its management belonging to third parties. The firm's chief executive officer, James Mworia said private equity added a significant value to overall performance. *(Daily Nation)*

UAP insurance has bought controlling stake in a Tanzanian insurance firm as its seeks to establish a footprint in the region. According to a statement sent to newsrooms on Thursday, UAP Insurance has acquired 60 per cent stake in the Century Insurance Company Ltd. The company will now operate as UAP Century Insurance Company. The move is part of the company's strategy to expand across the Common Market for East and South Africa. "We see a great opportunity for growth of the insurance and financial services sectors in Tanzania, as the country moves towards achieving middle income status in 2020," said the company's managing director, Mr Dominic Kiarie. The company has a presence in six African countries having moved into Rwanda and the Democratic Republic of Congo last year. UAP Century Insurance will at first provide services in marine and aviation before expanding its portfolio to include financial services. *(Daily Nation)*

Jubilee Insurance plans to venture into new markets across Africa to tap into the growing sector. Speaking during the annual meeting on Thursday, Jubilee Group chairman Nizar Juma said the firm is conducting market research in several countries in Eastern and Central Africa where it intends to roll out operations in 2013 or 2014. "We will actively engage with market expansion strategy and research is being undertaken in target markets and scanning of opportunities in West Africa," Mr Juma said. Some of the countries under its radar are Democratic Republic of Congo, Rwanda, South Sudan, Madagascar and Mozambique. The insurer, which opened offices in Burundi and Mauritius two years ago, has operations in Kenya, Uganda and Tanzania. Early this year, Jubilee entered into a partnership with international healthcare firm, Bupa International, in which the insurer provides the firm's products to its customers in Kenya and later in other countries.
During the meeting, shareholders recommended payment of Sh7 in dividend per share, a 40 per cent increase from last year. Shareholders, however, will have to wait longer before a share split can be carried out due to what the management termed as "not enough shares" available for sale. "The real reason why there's no enough liquidity in Jubilee is that people don't want to sell their shares. Everybody is holding on," Juma said. *(Daily Nation)*

Economic News

A new Sh2.3 billion coffee project targets to raise production five-fold in five years. With joint funding from the Dutch government and

Ecom Coffee, an international coffee processor, the project targets farmers in Kenya and other East African countries. It will be implemented by the Kenya National Federation of Agricultural Producers and will cover about 2.4 million smallholder farmers across the country. Mr George Nyamu, the project's coordinator, said smallholder farmers are emerging as key in coffee production chain following the conversion of large tracts of land to real estate by big producers. "We want to create viable smallholder coffee farms in East Africa to offer long-term livelihood for 2.4 million smallholders," Mr Nyamu noted. He added that the target is to raise the country's production levels to as much as 250,000 tonnes from less than 50,000 tonnes currently. "Smallholders will continue to dominate supply, as large estates are being turned into urban developments," Mr Nyamu said. This comes as the International Finance Corporation on Tuesday announced it will transform a million smallholder farmers in Kenya and other sub-Sahara African countries into small businesses. *(Daily Nation)*

The Central Bank of Kenya said on Wednesday it intended to mop up 6.5 billion shillings in excess liquidity from the market using repurchase agreements. The bank has regularly absorbed excess liquidity from the money markets since last year, which has lent support to the shilling, by making it slightly more expensive for banks to hold long dollar positions. *(Reuters)*

An Australian company has urged the Kenyan government to overhaul the mining law in order to make the business climate for favourable for investors in the sector. Base Titanium's managing director, Mr Tim Carstens, said that the government needs to focus on making the country's mining sector economically viable to investors by drafting favourable laws. The company is mining titanium in Kwale County. His remarks come barely a week after the government said it would revoke a regulation requiring mining companies operating in Kenya to have at least 35 per cent local shareholding. "The 35 per cent was something that can't be sustained. It would make Kenya's mining sector very uncompetitive and uneconomical," Mr Carstens said. The government has instead proposed a 10 per cent free-carried interest to be held in a proposed National Mining Corporation, which will be the government's investment arm. The free-carried interest proposition is a common industry practice in many other African countries. A new Bill for the sector also proposes that 75 per cent of resources in the country belong to the national government, while 20 per cent will go to the county government and 5 per cent to the local community. Mr Carstens said that in reviewing policy in the sector, the government should engage different stakeholders including local communities and the mining companies. "It is not clear whether the free carried interest alternative is better since the government stake will be non-contributory," analysts at Standard Investment Bank noted in their report last month. *(Daily Nation)*

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The Kenyan shilling was steady on Thursday, but traders said it remained vulnerable to importers and offshore investors taking profit from this year's shares rally. At 0732 GMT, commercial banks quoted the shilling at 85.00/20 to the dollar, barely changed from Wednesday's close of 85.10/20. "The shilling might weaken gradually towards 85.50 in coming days. We expect some importer dollar demand and offshore buyers," said John Muli, a trader at African Banking Corporation. Kenya's main NSE-20 share index has gained 20 percent so far this year as foreign investors faced with minimal returns on investments in developed markets have bought local stocks. A peaceful presidential election in March also helped lift sentiment. Some traders said the central bank may offer support to the shilling, by mopping up liquidity and the occasional sale of dollars directly to banks, to maintain stability in the market. The bank sold dollars to banks last week for the first time in four months. It sold an unspecified amount of dollars on May 29, after the currency fell 1.7 percent over five sessions to hit an eight-week low of 85.25/45. *(Reuters)*

The government is fast-tracking the review of regulations for the oil sector ahead of anticipated commercial exploitation of the resource. Energy and Petroleum Cabinet Secretary Davis Chirchir on Thursday said the review, which is being carried out with the assistance of the World Bank, is already under way. The new rules will set out the operating standards in the oil sector and develop fiscal and contractual terms for natural gas. "We have held two workshops at which stakeholders have had the opportunity to interrogate the draft review documents to ensure that the country takes informed ownership of the final documents that should meet the stipulated thresholds of the national interests," Mr Chirchir said during the opening of a forum for oil and gas transactions in Nairobi. The two-day conference brought together delegates from across Africa to deliberate ways to avoid the "oil curse" that has befallen other countries in West Africa due to cases of violence that have marred their oil exploration activities. The Cabinet Secretary said East African countries are faced with the challenge of negotiating contracts with oil companies as the countries, including Kenya and Uganda, have discovered oil not long ago and are yet to venture into commercial production. "Even where oil has not been discovered, there's an abiding need to negotiate purchase agreements with oil companies," he said. The ministry will also establish a petroleum department that will deal with any challenges that may arise as the country forges ahead with commercial exploitation of oil and gas resources and also develop a master plan proper management of petroleum resources. Kenya discovered oil in March last year but could exploit the resource commercially the same time as Uganda, which discovered the resource in 2006. *(Daily Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Mauritius

Corporate News

No Corporate News this week

Economic News

The Bank of Mauritius said on Wednesday it was re-opening a three-year Treasury bond worth 1.3 billion rupees with a coupon rate of 3.52 percent. The weighted average yield on the three-year security at its last sale on May 22 was 3.62 percent. That auction was three times oversubscribed. The central bank said in a statement on its website that the auction would be held on June 12 and the bond would have a maturity date of May 24, 2016. *(Reuters)*

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Nigeria

Corporate News

A foremost global ratings agency, Standard & Poor's Rating Services (S&P), has upgraded Access Bank's long-term credit rating to 'BB- 'from 'B+' with a stable outlook. Similarly, the bank's long term Nigeria national scale rating was upgraded to 'ngAA-' from 'ngA', attesting to its continued adherence to global best practices, sound corporate governance and best-in-class risk management framework. The development is impressive given Access Bank's stability, which insulated it from the gale of rating downgrade witnessed by some of the world's largest banks last year. This is the second consecutive upgrade the bank has received in two years and attests to its resilience and its importance to the Nigerian financial system and economy. The rating review has further affirmed Access Bank's position amongst Nigeria Tier 1 banks as the bank is no longer excluded from rating nomenclature that characterises the exclusive league. Correspondingly, the upgrade is an acknowledgement of the bank's successful integration of Intercontinental Bank and its reduction of risk related to foreign currency lending. Justifying the rating upgrade; S&P said: "Access Bank completed the integration of Intercontinental Bank in 2012 to become the fifth largest bank operating in Nigeria, and a highly systemically important financial institution. "We believe that the bank's improved franchise, branch network, and cost of funds will enable it execute its strategy to lend increasingly to Nigeria's most creditworthy institutions.

"We also think that the risks the bank faces from foreign currency lending, although still relevant, have decreased due to stronger risk management and lower foreign currency exposure. Consequently, the bank's credit losses should continue to compare well with those of Nigeria's top rated banks through the next credit cycle". Justifying its rating of the bank, the S&P said: "We base our view on the bank's cost of risk, which has compared favourably with levels of rated peers over the past five years while stating that the factors highlighted for the upgrade in the bank's rating would result in future asset quality that compares well with levels at the highest rated Banks in Nigeria". Over the years, Access Bank has evolved into a financial powerhouse with consistent record of impressive performance and history of creating value for its shareholders. For the year ended December 31, 2012, the bank recorded a Profit Before Tax (PBT) of N44.9 billion. The result showed significant improvements across key profitability indices as the bank's Profit After Tax (PAT) grew by 150 per cent to N42.9 billion compared with the N17.1 billion recorded in the corresponding period in 2011.

The bank's performance during the period clearly highlighted the efficacy of the sustainable banking model evolved to nurture the bank to continental leadership; as shareholders have begun to reap the benefits of the adoption of this model, following the growth recorded in the bank's earnings. Pointedly, the bank's earnings per share almost doubled, growing from 86k in the previous year to 169k while dividend per share increased by 42 per cent. Similarly, gross earnings rose by 54 per cent to N208.3 billion in relation to last year's figure of N135.6 billion, which reflects a cumulative annual growth rate of N33 billion over the last four years. Analysts have described the bank's performance as a valid testament to its capacity for sustainable growth, adding that this performance had shown that Access Bank was already delivering value of enlarged operations to stakeholders and banking industry through its series initiatives. The bank was reputed for promoting the ideals of responsible business practices and sustainable social agenda. *(This Day)*

Economic News

Minister of Agriculture and Rural Development, Dr. Akinwumi Adesina, has revealed that Nigeria's development partners have committed about $2 billion into the country's agricultural transformation agenda. Adesina said this in Abuja during the inaugural meeting of the Nigeria Agribusiness Group (NAG). He disclosed that the Global Financial Institutions have endorsed the establishment of staple crop processing zones in the country, which, according to him, would attract private sector investment in the industry. According to Adesina, the development partners rallied around Nigeria's agric transformation efforts with commitments totaling $2 billion, which include the World

Bank with $1 billion, the African Development Bank (ADB) with $500 million, USAID with $100 million, the International Fund for Agricultural Development (IFAD) with $100 million, and funds from DfID, UNDP and the Bill and Melinda Gates Foundation. He added that the stable crop processing zones were being established to setup food manufacturing plants in areas of high production for imports substitution to reduce the costs of doing business. "I am pleased to inform you that Staple Crop Processing Zones are being established, with tax and infrastructure incentives, to attract private sector companies to set up food manufacturing plants in areas of high production, for import substitution. To reduce the cost of doing business within these zones, government will automatically upgrade infrastructure, especially the provision of power, water and roads," he said.

Adesina also said the private sector contribution to the agricultural transformation agenda in Nigeria has tremendously increased within the last 18 months, adding that the sector was able to attract $8 billion of private sector investment commitments into the agriculture sector, from local and multinational companies. "The private sector input to the agricultural transformation agenda in Nigeria has been massive. Within 18 months, we were able to attract $8 billion of private sector investment commitments into the agriculture sector. Since March 2013, we have received 23 Letters of Intent from indigenous and global private-sector investors with commitments worth N370 billion ($2.3 billion). The planned investments cover farm mechanisation, retail outlets, production and/or processing in rice, cassava, dairy, beef, maize, sorghum, poultry, pineapple, orange, mango, palm oil, soybeans, sugar, tomato, wheat, cotton, fish, and rubber," he said. The minister urged stakeholders in the agricultural sector to advocate and drive policies that would ensure the success and sustainability agric-investment in the country. "The Nigerian Agribusiness Group (NABG) will help to drive accelerated investments in the agricultural sector and advocate for policies and incentives that will ensure success and sustainability of the agricultural transformation agenda. The group will have its own corporate persona and become the core group for driving agribusiness investments. The group will also help to identify the challenges to greater agribusiness investments and propose ways for resolving them," he concluded. *(This Day)*

Nigeria's outstanding debt will rise to $55.4 billion by the end of 2015 from around $47 billion currently, its debt management office (DMO) said in a document seen by Reuters on Monday, "The total debt stock is projected to reach $55.4 billion," the DMO said in the document, which outlines the country's debt strategy for the next three years. "The adoption of (the debt plan) would sustain ... development of the domestic debt market ... (and) provide external funding at preferred cost ... for capital projects." *(Reuters)*

The amount of United States dollars offered by the Central Bank of Nigeria (CBN) at its regulated Wholesale Dutch Auction System (WDAS) decreased by 8.3 per cent to a total of $2.2 billion in May, THISDAY findings have shown. Data compiled by THISDAY on Monday, showed that the amount reflected a reduction by $200 million, compared to a total of $2.4 billion that was offered by the central bank at the bi-weekly regulated market in April. However, the central bank sold only $2.018 billion of the greenback out of the amount supplied as against the $2.154 billion that was sold in April. According to dealers, the public holidays that were declared to commemorate workers' day on May 1 and Nigeria's Democracy day celebration on May 29, which fell on two Wednesdays, affected the supply of the greenback. Just like the previous months, the CBN did not publish the amount of dollars demanded by dealers throughout the seven auctions held in May. In the month under review, THISDAY checks also revealed that out of the seven sessions observed at the bi-weekly auction, while the CBN offered $400 million to dealers at only one session, it supplied $300 million to market participants at six separate sessions. The naira was largely stable as it oscillated around the N155 to a dollar band. The highest value it attained in the month under review was the N155.74, while its lowest value in the month was N155.75 to a dollar.

"Over the short-term, the naira will likely continue to trade on the interbank market within the CBN's per cent band either side of N155/$," analysts at Ecobank Nigeria Ltd said. But the Financial Derivatives Company Limited explained that the naira had remained relatively stable as a result of foreign inflows and the CBN's intervention. "Currently trading at N155.74/$ in the official market, we expect foreign portfolio inflows in the capital and forex market especially with the recent interest rate cut in Europe. The entry of foreign capital will continue to help maintain a strong and stable naira in the forex market. We expect the naira to dip slightly as liquidity thins out in the market, barring any significant inflows from portfolio investors," the research and investment firm predicted. The WDAS had experienced higher market demand in April, compared to May. The sizeable increase in WDAS greenback supply was then compromised by the inflows from energy companies estimated at $480 million, which proved short to douse rising demand. *(This Day)*

Nigeria plans to set up a cocoa regulatory agency that would be run by the private sector as part of its efforts to revive its cocoa industry and double output in two years, its agriculture minister said on Wednesday. Aimed at diversifying its economy away from oil, the plan comes decades after the government disbanded the state-run Cocoa Marketing Board, which was used in the 1960s when Nigeria was the world's second-biggest grower. Nigeria is now the fourth-biggest cocoa grower. "I think it was a mistake to have disbanded them," Akinwumi Adesina, Nigeria's minister of Agriculture and Rural Development, said in an interview after addressing the World Cocoa Foundation partnership meeting in Washington, D.C. "Now we are establishing the Cocoa Corporation of Nigeria," he said, adding that this would be led by the private sector. Adesina said the government started registering growers in 2012 to help organize Nigerian farmers, who lack cooperatives that exist in other countries. "I plan to organize them into farmer cooperatives," he said. The current lack of organization among Nigerian cocoa farmers means they are often not up to date on current prices so they frequently sell their beans for less than beans are sold in other countries. Nigeria's earnings from cocoa exports were roughly $900 million in 2012. "It's a buyers market. That, we're going to deal with, with the Cocoa Corporation of Nigeria."

Adesina wants Nigeria's annual cocoa production to reach 500,000 tonnes per year by 2015, roughly 13 percent of the world's current output and nearly double the 260,000 tonnes estimated to be harvested in the 2012/13 crop year. The corporation will be established this year, Adesina said. Ivory Coast, the world's biggest cocoa grower, recently revamped its cocoa sector, introducing a governing body that established a minimum price for 2012/13. That price has been deemed too high by buyers, and as a result a number of producers are having difficulty selling beans this year. Adesina's plan is ambitious but he said it is also realistic because the Nigerian government is working toward helping cocoa farmers increase production by introducing high-yielding plant varieties and encouraging farmers to expand to savannah, or grassland, that is not cultivated. "We actually have surplus land," he said. "Currently, we grow cocoa on less than one-quarter of the 3 million hectares of land suitable for cocoa production in Nigeria," Adesina told the meeting. He said that in 2013, the government would provide $14 million to support 160,000 cocoa farmers with improved access to cocoa hybrids and agrochemicals. The Nigerian government has begun distributing free to farmers 4 million cocoa pods from cocoa hybrid trees that were created in Nigeria. This could potentially equate to 114 million new plants, Adesina said. A pod is the fruit that is grown on the cocoa tree and contains seeds. Farmers plant these to grow seedlings that eventually develop into cocoa-yielding trees. This new variety yields five times what is currently produced in the country, harvesting 2.5 tonnes per hectare versus 0.5 tonnes currently, he said. It also matures in two and a half years, compared with the usual five years, he said. *(Reuters)*

A report has warned that if Nigeria's crude oil production remains at its current level due to insufficient investments in the upstream sector, the amount of barrels available for exports will shrink, thus putting further pressure on the budget as well as economic growth. Renaissance Capital Limited (RenCap), a Lagos-based financial advisory and investment firm stated this in its latest report titled: "Crude Times- Thoughts from Nigeria," made available to THISDAY. According to the report, as a "mature producer" of conventional oil, Nigeria seems to be facing similar challenges other oil producing countries such as Indonesia and Venezuela were facing. It pointed out that the biggest challenge for Nigeria currently is from the biggest energy consumer, which it identified as the United States, "where the shale revolution is transforming the global energy value chain." The International Energy Agency (IEA) expects the US to add another 2.8 million barrels per day of production by 2018 at a breakeven price of less than $70 per barrel, which is more than the whole of the Nigerian oil output in 2012 (estimated at 2.1 million barrels per day). Crude oil theft and pipeline vandalism have continued to take a toll on the economy as the Nigerian National Petroleum Corporation (NNPC) recently announced a drop in crude oil revenue of about $1.23 billion (N191 billion) due to a drop in crude oil production for the first quarter of 2013. Consequently, the report warned: "Such developments put traditional producers at risk and create the urgency to bring new technologies and capital to revive stagnating production. "For Nigeria, the challenge is even bigger as it is competing with other emerging countries some of which have an advantage due to recent discoveries and often more favourable regulatory and security environments such as East Africa or Brazil.

"We are encouraged that these challenges are well recognised by many representatives of the oil industry whom we have met so far. Over the past decade, the US has cut its imports from Nigeria by half, which forces the latter to find new destinations for its crude. It is clear that with rising Asian demand companies from that region could be natural partners in future development." Furthermore, it noted that with the country's Gross Domestic Product (GDP) around seven per cent per annum over the past 10 years and with a population of 160 million, the country's energy thirst is increasing (from the currently extremely low 300kb/d level). "Apart from the obvious need to invest in future production by developing new areas such as deep offshore, as well as increasing recovery rates at old oil fields in the Delta, the biggest factor that could transform the Nigerian energy market would be the emergence of gas. "With 5bcm of gas flared in Nigeria every year and many non-producing gas fields, it is only a matter of time before gas enters the Nigerian energy equation which should provide a major boost to the economy reducing the energy bill and increasing the amount of barrels available for exports. "We were also encouraged by recent plans announced by Aliko Dangote to build a new local refinery with a 400kb/d capacity which should improve pricing terms for both local producers as well as consumers not to mention new jobs and the multiplier effect on the economy," it added. *(This Day)*

A three-day rally by the bulls saw the market capitalisation of the Nigerian Stock Exchange (NSE) hit its 2008 peak of N12.6 trillion yesterday just as year-to-date growth of the NSE All-Share Index stood at 40.5 per cent. Dangote Cement Plc, which accounts for 28 per cent of the NSE capitalisation, was a major driver of the growth that pushed the market to its pre-meltdown level. Since the resumption of trading this week, shares have remained on the upswing following renewed demand by institutional investors who have found blue chip stocks irresistible. Trading had resumed on Monday with a marginal growth of 0.07 per cent, which improved to a growth of 1.7 per cent on Tuesday. The bulls consolidated their hold on the market Wednesday with the NSE All-Share Index jumping by 2.5 per cent to close at 39,453.23. Market capitalisation gained N309 billion to close at N12.605 trillion, the peak of 2008 boom days. Although many blue chips have been witnessing growth in the past few days, an analysis of the growth indicated that Dangote Cement was the major driver.

For instance, yesterday when the market gained N309 billion to hit N12.6 trillion, Dangote Cement accounted for N233 billion or 75 per cent. The stock recorded the highest price gain of N13.74 to close at N210 per share. Market operators said demand for the shares of companies in the Dangote Group increased since the announcement that Aliko Dangote remained the richest man in Africa and has climbed to the position of 25th richest man in the world. Apart from Dangote Cement that led the price gainers yesterday, the remaining three firms in the Dangote Group, namely, Dangote Sugar Refinery, Dangote Flour Mills Plc and National Salt Company of Nigeria Plc, also appreciated in prices. In all, 39 stocks appreciated in value compared with 24 that depreciated. Volume and value of trading also witnessed growth as investors traded 442.892 million shares valued at N5.575 billion exchanged in 6,595 deals, up from 347.134 million shares valued at N4.745 billion traded the previous day. *(This Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania has signed an agreement with Japan-based Sumitomo Corp to build a 240-megawatt natural gas-fired power plant, the Tanzanian president's office said, as the east African pushes to alleviate power problems. The office said Sumitomo will set up the plant on the outskirts of Tanzania's commercial capital Dar es Salaam, at a cost of 675 billion Tanzanian shillings. Sumitomo will implement the project jointly with other Japanese companies, including Japan Bank for International Cooperation, Nippon Export and Investment Insurance and Sumitomo Mitsui Banking Corp. Although Tanzania has vast deposits of natural gas, it has been plagued by frequent power outages, which led to a slowdown in economic growth in 2011/12. *(Reuters)*

Tanzania's central bank should consider putting more emphasis on using interest rates to manage the economy and letting the shilling currency's value move more freely, the International Monetary Fund said. The east African nation mainly uses reserve money targeting to contain inflation and also targets money supply and private sector credit growth rates. "It would be appropriate for the BoT (Bank of Tanzania) to complement the reserve money targeting framework with a more flexible approach to policymaking that gives a greater role to the policy interest rate," the IMF said in a statement on Monday. It said greater exchange rate flexibility could play a useful role if there was renewed pressure on the currency, without specifying what steps would need to be taken. Like neighbouring Kenya and Uganda, Tanzania has struggled for much of the last two years to keep inflation in single digits. "The Tanzanian economy has continued to grow at a robust pace and the recent decline in inflation is welcome," the IMF said, crediting measures taken by the authorities. Year-on-year inflation eased to 9.4 percent in April from 9.8 percent in March and has now fallen in 14 of the last 15 months. In December 2012 it was unchanged. *(Reuters)*

Tanzanian inflation maintained its downward trend in the year to May, slowing to 8.3 percent from 9.4 percent in April, the National Bureau of Statistics said on Friday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

Zambia's Konkola Copper Mines, owned by London-listed Vedanta Resources, has stopped a plan to cut 2,000 jobs after holding talks with the government and unions on the proposal, the company said on Wednesday. "The redundancy programme originally proposed by the company has been put-off," it said in a statement. "Significant progress has been made in identifying measures that will mitigate the company's financial and business challenges." *(Reuters)*

KONKOLA Copper Mines (KCM) has asked the government for time to pay back an overdue KR136.8 million or US$25.8 million debt it owes the Zambia Revenue Authority (ZRA). Zambia Daily Mail investigations have established that the Vedanta-owned company has held "high-level" talks to discuss the unbundling of the debt amounting to about US$25 million, according to documentation in possession of the newspaper. The US$25 million debt was first discovered after a standard routine ZRA probe which commenced in April, according to documents. "The ZRA carries out systematic announced probes in various companies, regardless of their ownership," a source said. "It appears it is at this stage that they [ZRA] discovered the debt which then stood at about K33 billion which has now risen after penalties."
According to Daily Mail investigations, the mining company has asked the government to give it "time to pay", citing high costs of production in the industry even as copper prices remain buoyant. The three months price of copper in London yesterday stood at US$7,450 per tonne after starting at about US$7,931 at the beginning of the year, which is still way above the forecast five-year price of US$7,250.

The revelation of the debt comes shortly after the company announced that it planned to cut some 2,000 jobs but later reversed the decision after discussions with the government. KCM's parent company – Vedanta – is valued at more than US$5.3 billion in London and its production costs rose by 8 percent to US$5,621 per tonne, as the price promises to rise in the coming years to about US$8,000 per tonne. Commerce and Trade Deputy Minister Miles Sampa described the KCM debt as sad, given the fact that studies show that several multinational companies in Zambia are costing the country billions of dollars annually through tax avoidance or profit transfers.
"It's very sad that we earn very little from our mineral exports and the little money we are supposed to earn is either delayed or not even collected at all," Mr Sampa said. "We must swiftly plug this tax avoidance hole." KCM public relations manager Joy Sata promised to respond after a query on Tuesday. Vedanta bought KCM 10 years ago at about US$25 million when copper prices were low and the cost of production was high, making mining unprofitable and mining assets cheap. *(Daily Mail)*

Economic News

The policy committee of Zambia's central bank increased its main lending rate by 25 basis points to 9.5 percent on Friday, saying it anticipated upward risks to inflation in June. "The committee, however, expects inflationary pressures to be moderated by the relative stable prices of food items," it said in a statement. *(Reuters)*

THE Kwacha has continued its downward trend in a second consecutive session against the United States dollar (US$) on Tuesday sliding to a one-week low due to increased demand for the green buck, Zanaco says. Zanaco says demand for the green buck by importers has kept the Kwacha on a bearish streak sending the local unit into oversold levels. The Kwacha is expected to remain on the back foot against the green buck trading within the KR5.3 (K5, 300) and KR5.4 (K5, 400) boundaries. On Tuesday, the Kwacha traded flat at KR5.33 (K5, 335) and KR5.35 (K5, 355) for bid and offer respectively toauching a session low of KR5.35 (K5, 350) and KR5.37 (K5, 370) against the dollar.
The Kwacha lost KR0.05 (K50) on the day to close at KR5.34 (K5,340) and KR5.36 (K5,3600) against the dollar. "Kwacha fell further in a second consecutive session against the dollar on Tuesday sliding down to a one week low," the statement reads. Similarly, Standard Chartered Bank says the Kwacha on the interbank activity was pretty quiet as demand matched supply. The bank's daily brief says the local

unit closed around KR5.33 (K5, 330) and KR5.38 (K5, 380). *(Daily Mail)*

Zimbabwe

Corporate News

ECONET Wireless Zimbabwe's after-tax profits declined by 15,5 percent for the year to February 28 2013 weighed down by a significant increase in depreciation and amortisation, chief executive Mr Douglas Mboweni has said. The firm's full year earnings took a knock declining from US$165,7 million to US$139,9 million after depreciation and amortisation went up from US$46,4 million to US$71,5 million during the year. "If you noticed, we have deployed a lot of equipment into the business for the last five years, so things like depreciation and amortisation begin to hit your accounts," the Econet Wireless boss said. But Mr Mboweni said Econet had reached a stage where it would gradually scale down on its investment in infrastructure. Investment in this regard declined to US$147 million this year from US$216 million outlay into infrastructure last year. The firm suffered a decline in profitability despite revenue increasing significantly from US$611 million to US$694,8 million in 2012. Earnings before interest tax depreciation and amortisation increased by 5 percent to US$305,3 million in line with growth in assets. The company said the value of assets had gone past US$1 billion, a 25 percent growth on prior year, making the mobile phone operator one of the biggest investors in the economy since its inception in 1998.

Econet said its mobile phone-based money transfer business EcoCash subscriber numbers had registered 62 percent growth to 2,1 million while agents saw a 242 percent growth to 3 000 countrywide. Mr Mboweni said after increasing its equity in TN Bank to 98 percent the investment was expected to underpin EcoCash's growth. "The company acquired TN Bank as it realises the strategic role financial services will play in future growth. Mobile money services in Zimbabwe require a banking licence and this investment allows the company to be firmly in control of the future growth of its financial services related innovations," Econet said in its financial statement. The country's largest mobile phone operator said internet broadband service continued to register massive growth due to its high speed, excellent quality and wide coverage of Zimbabwe. Econet said subscribers to its data services had increased by 52 percent to 3,1 million during the 12 months period under review. The company has reason to be optimistic about the future after successfully renewing its mobile operator's licence, which is now for a 20-year tenure following the expiry of its 15-year licence. *(Herald)*

RESOURCE firm RioZim Limited appears to have turned the corner after a solid financial performance in the first quarter of 2013. A trade update released by management at the firm's annual general meeting in Harare last week shows RioZim is consolidating gains that started rolling in over the better part of 2012. The firm that teetered on the brink of liquidation last year has suddenly found a new lease of life under new chief executive Mr Ashton Ndlovu, who took over as CEO in April last year. "RioZim will soon return to its rightful place as one of this country's blue chip institutions, supporting employment and growth," Mr Ndlovu said. RioZim saw revenue grow 43 percent to US$22,6 million in this year's first quarter. Earnings before interest, tax, depreciation and amortisation jumped 124 percent to US$518 000 while operating profit grew by 117 percent to US$390 000. Hitherto, RioZim had seen turnover jumping 33 percent to US$72,3 million while earnings before interest, tax, depreciation and amortisation skipped 317 percent to US$6,9 million in 2012. "Full year turnover grew by 33 percent. The growth was accelerated in the second half where a turnover growth of 69 percent was achieved in comparison to the same period last year. ENR revenue for the year grew by 40 percent over the same period last year due to the sale of own metals (as opposed to) toll manufacturing," Mr Ndlovu said at the AGM. Operating profit jumped by a staggering 415 percent to US$4,6 million while net loss declined 48 percent to 7,4 million. Things are certainly looking up for a firm that, only 12 months ago, was choking under a US$90 million debt with US$60 million of this owed to banks, as the threat of liquidation hovered above.

Short-term bank debt has since decreased by 24 percent due to repayments and restructuring of short-term debt to long-term liability. The gearing ratio improved by 37 percent in 2012. Against the odds posed by the prevailing liquidity crisis, RioZim successfully raised US$11,6 million through a rights issue and private placement. However, capital constraints remain the firm's biggest hurdle on planned projects due to the fact new foreign shareholders, GEM Raintree, at the moment cannot commit equity capital without breaching the Indigenisation and Economic Empowerment Act, a poser management is grappling to find a solution. Government has since been engaged on this. As further evidence of changing fortunes RioZim has managed to commit slightly over US$28 million towards settling its principal loan and interest obligations to financial institutions. And RioZim directors have noted the progress achieved thus far and will test their resolve this year against more ambitious targets. This year RioZim expects to ramp up gold production by 5,2 percent to 715 kilogrammes, nickel output is seen 1 209 percent up at 3 789kg while copper is expected to jump 421 percent to 4 723kg. Corporate restructuring, which is only part of several strategic initiatives lined up by the group for 2013, is gathering speed with completion expected in the second quarter of the year. RioZim will hold a majority stake in the 5 new entities (Rio Gold, Rio Base Metals, Rio Diamonds, Rio Energy and Rio Chrome) whilst utilising the remaining 49 perecnt shareholding to raise capital, acquire assets and or source expertise. *(Herald)*

ZIMBABWE Stock Exchange-listed property firm Mashonaland Holdings after tax profit for the six months to March marginally rose to $2,1 million from $1,9 million buoyed by an increase in net property income. Net property income increased to $3,4 million from $3,1 million against the backdrop of a growing debtors' book. Group chairperson Elisha Mushayakarara said the growth in revenue was in line with the company forecast and largely reflective of the trading environment. "Management is actively pursuing opportunities that will bolster the current revenue streams," Mushayakarara said. Mushayakarara said the rental growth rate of 9% from March 2012 to March 2013 was a result of rental reviews to market levels. "The total portfolio rental yield at 8,2%, was marginally lower than the prior year. Given the upward rental trend, this decline was attributed to increasing capital values. At $0,97 million, the annualised arrears level was at 12% compared to 7% in 2012," Mushayakarara said. He, however, said ongoing efforts were in place to reduce the arrears position. In the period under review properties expenses at $0,41 million for the six months ended March 31, 2013 from $0,43 million in 2012, were 4% below last year figure. Mushayakarara said salary adjustments during the year under review had also contributed to rising operating expenses. "Administrative expenses at $0,97 million rose by 21% from the prior year due to increases in staff-related costs. "Consequently, the expenses to income ratio marginally grew from 22% last year to 25% in the period under review," he said

The net property income after administrative expenses grew by 4% to $2,59 million from $2,52 million in 2012. The operating profit margin at 65% was largely in line with the previous year. Mushayakarara said vacancies increased to 11% for the six months ended March 31, 2013 from 8% in the prior year as a result of tenants either downsizing space requirements or vacating to cheaper premises in the outskirts of the Central Business Districts (CBD). He, however, said the company was actively pursuing opportunities outside the CBD in line with the decentralisation trend. *(Newsday)*

ZIMBABWE Stock Exchange-listed conglomerate TA Holdings Limited says it will later this month seek shareholders' permission to buy back a maximum of 10 percent of its issued ordinary share capital. The proposal would be tabled at the company's annual general meeting scheduled for June 27, which would consider a raft of other issues. TA said the AGM would consider, if deemed fit, by way of special resolution, with or without modification, that "the shares to be purchased under this resolution shall not exceed 10 percent of ordinary shares of the company in issue prior to the date of this resolution. "The purchase price shall not be lower than the nominal value of the company's shares and not greater than 5 percent above the weighted average trading price for such ordinary shares traded five business days immediately preceding the date of purchase of such company shares by the company," the conglomerate said in a statement. If granted, the authority would fall on the date of the company's next AGM with all shares acquired under this authority put to Treasury. TA said it will be able, in the ordinary course of business, to pay its debts, maintain assets in excess of its liabilities after the share buyback and have working capital adequate for the next 12 months. Share buybacks come in two main forms, namely an offer to stockholders to buy up to a certain number of shares at a fixed price (usually at a premium over the market price). There is a time limit on the offer. The other way is to buy the shares in the open market over a period. Companies often use this method when the stock's price is especially depressed.

There are several reasons why a company may want to buy back shares of its own stock, some of them for the benefit of stockholders, while others have less altruistic purposes. If a company is sitting on a large sum of cash and must decide how to invest it, one of the options is to distribute part of it to shareholders. Companies can do this either of two ways: as dividends or buying up outstanding shares. If it chooses to buy up shares, stockholders benefit even if they do not sell by the reduction in outstanding shares. If a company's stock is suffering from low financial ratios, buying back stock can give some of the ratios a temporary boost. Key ratios like earnings per share and price earnings ratio look better because they are based on the number of outstanding shares. Another reason companies buy back stock is to cover large employee stock option programmes. The effect of these programmes, which were out of control during the tech boom of the late 1990s, was to dilute the stock and shareholder's equity. Buying back shares reduces dilution and increases shareholder value. Some companies buy back shares as protection against hostile takeovers from other companies. Gathering outstanding shares off the open market makes it more difficult for a raider to take control. *(Herald)*

GOVERNMENT is fully aware of the plight of NewZim Steel, formerly Ziscosteel, workers and families and is working tirelessly to ensure the mothballed company resumes operations, a senior Government official has said. Secretary for Industry and Commerce Mrs Abigail Shonhiwa said in a statement last week that the restart of NewZim Steel was imminent. Her remarks follow reports that NewZim Steel workers were facing serious problems and were failing to make ends meet as the firm was not able to meet salary obligations because it has not resumed operations due to shareholder issues. "The ministry is fully aware of the hardships faced by the workers and their families at NewZim Steel in Redcliff. While the process to restart operations has gone beyond our expectations, the ministry would like to ensure the workforce and other stakeholders that operations will commence shortly," she said. However, what she would not disclose what action Government and Essar would take to ease the plight of workers who need money to pay for basic needs such as food, education and medical services. It is also not clear whether Essar still had the same commitment to the acquisition of Government's 60 percent interest in Zisco/NewZim Steel after issues arose on the extent of mining rights they should be entitled to considering at some stage they released funds for workers' salaries. Appearing before Parliament's Industry and Commerce Committee last week, NewZim Steel/Zisco Artisans' Union chairperson Mr Obert Shokombishi rapped Industry and Commerce Minister Professor Welshman Ncube saying he was not sympathetic as he only visited Redcliff once in 2011 for the official ceremony after Essar Africa acquired a majority stake in Zisco.

The workers' representative blamed Minister Ncube for stalling the full consummation of the US$750 million Essar/Zisco deal. NewZim Steel has not resumed operations despite consummation of the deal in March 2010. The process was held up after the Ministry of Mines and Mining Development expressed reservations over the awarding of the entire mining rights held by NewZim Steel mining subsidiary, NewZim Minerals, beyond what NewZim Steel's would ordinarily need for its operations. The Mauritius-registered Indian company had presumably acquired most of Zimbabwe's known iron reserves, including the vast Mwanesi deposits estimated at 32 billion tonnes, to feed NewZim Steel operations, which currently has a million tonnes annual capacity. Essar had indicated it would increase the capacity to about 2,5 million tonnes in the short to medium term. In some quarters, this raised suspicions that the investors, who have operations elsewhere producing about 14 million tonnes annually, where in it more for feedstock into their global operations than reviving closed Ziscosteel. These fears where further heightened when Essar announced plans to build a pipeline linking Chivhu, where the Mwanesi Range is located, and Beira in Mozambique to export iron ore slurry. Critics felt it was premature to think about such an investment long before NewZim Steel had been revived. *(Herald)*

ECONET Wireless Global's Liquid Telecom has accelerated its pan-African growth ambitions after it acquired the assets of Rwandatel, Rwanda's fixed telecommunications network operator. In a statement, Econet Wireless said the deal includes Rwandatel's customer base, copper, fibre and wireless networks, but excludes most of the land (which remains Rwandatel property). Liquid Telecom is the leading wholesale carrier in Africa. It has built Africa's largest fibre network, which runs from the north of Uganda to Cape Town. In total, its award-winning pan-African fibre network spans over 13 000km across Kenya, Uganda, Rwanda, Zambia, Zimbabwe, Botswana, DRC, Lesotho and South Africa. Liquid's fibre network is the first to cross country borders and covers Africa's fastest-growing economies where no fixed network has existed before. Liquid Telecom Group chief executive Mr Nic Rudnick said hailed the investment in Rwanda, which he said was attractive to FDI. "Liquid Telecom is expanding rapidly and this is an important and strategic investment. Rwanda is an outstanding Foreign Direct Investment destination and we are very confident in the country's economic future and growth prospects," Mr Rudnick said. This transaction comes four months after Liquid Telecom acquired the East African assets of Altech Group (JSE code: ALT) including a controlling interest in Kenya Data Networks. The South African-registered firm Altech announced that it had embarked on a realignment of its East Africa interests by redirecting its networking business into a strategic partnership with Liquid. Liquid Telecom is a highly successful independent telecommunications group providing diverse telecommunications and data services within Central and Southern Africa.

Altech will contribute its East African network assets and has subscribed US$17 million in cash for an initial 8,6 percent equity stake in Liquid with shareholder voting rights of 10 percent as well as the potential to further increase its shareholding in Liquid in the future. "Our priority is to quickly rehabilitate Rwandatel's core network and to build out the access network in order to serve Rwanda's people and businesses with the most reliable, high speed, and affordable telecommunications. "Customers can be assured of service continuity, new products and value added services along with improvements in network availability and performance," said Liquid Telecom Rwanda chairman Mr Sam Nkusi. "Liquid Telecom Rwanda will now contribute to Rwanda's ICT4D and Agaciro vision by providing true broadband services with comparable data speeds to anywhere in the developed world," he said. Work on network improvements and expansion is expected to start within weeks, as Econet Wireless continues on its growth targets. Econet Wireless Global, headquartered in South Africa, is the majority shareholder in Zimbabwe Stock Exchange-listed Econet Wireless Zimbabwe, the country's biggest mobile phone operator. Telecommunications and internet data services represent one of the fastest growth sectors in African economics largely as a result of technology revolution that only became pronounced in the 1990s. *(Herald)*

ZIMBABWE Stock Exchange-listed industrial concern Delta Corporation Limited, an associate of SAB Miller of South Africa, says it is still waiting for a response from government on an indigenisation plan submitted three years ago, the group chief executive has said. The Indigenisation and Economic Empowerment Act requires foreign-owned companies with a net asset value of $500 000 or more to sell a 51% stake to indigenous people. Speaking at the Imara Capital Investment conference in Harare, Delta CEO Pearson Gowero on Monday said: "We have no clearance, but we comply with the country's laws. As a business we have submitted an indigenisation plan, as of today our plan has not been signed off since 2010." According to the Zimbabwe Stock Exchange (ZSE) as of January 31, 2013, the top three shareholders for Delta were Stanbic Nominees (22,79%), SABMiller Zimbabwe (21,86%) and Rainier incorporated with 15,75% shareholding. Market watchers say foreign investors would surpass the 51% threshold as Delta has been a favourite stock for foreign investors on ZSE. Major manufacturing concerns such as cigarette maker British American Tobacco have already partially complied with the empowerment law. Gowero said the company will continue to engage government regarding the Indigenisation Act. Turning to the company's performance, the group reported a 38% growth in after tax profit to $104 million for the full year to March 31 due to a significant growth in revenue.

Delta's sparkling beverages full-year volume performance grew by 9% driven by improved product availability following the commissioning of a new PET packaging line in November 2012. He said mahewu volumes grew by 42% due to localisation of the product and sorghum beer volumes were down 8% partly affected by the poor agriculture season and a raw material cost-induced price increase. The group has plans to increase lager production capacity to 3 million hectolitres (hls) if the need arises from the current 2,4 million hls. Sparkling beverages capacity stood at 1,7 million hls and this could be increased to 2,4 million hls while sorghum beer production could also be increased to 5 million hls. *(Newsday)*

AFRICA First ReNaissance Corporation (Afre) shareholders yesterday approved the name change of the company to First Mutual Holdings Limited, as the company posted $4 million after tax profit in the four months ending April 2013. Speaking at the annual general meeting, Afre chief executive officer Douglas Hoto said gross premium went up by 14% to $33,5 million from $29,4 million due growth in business written. Net premium written was up by 19% to $29,5million. Hoto said the claims have gone up by 44% due to health claims. Total claims were at $14,7 million in the period under review from $10 million last year due to an increase in health insurance claims which were up $1,5 million. Hoto, however, said the claims would be stabilised this year as company adopts a conservative approach. The financial services and insurance group, formerly known as First Mutual Limited, changed its name to Afre in 2008 under the leadership of Patterson Timba. The company faced challenges which stemmed from shareholder delinquency issues. Shareholders also approved the establishment of a share option scheme for the benefit of eligible employees, agents and directors. The scheme would be equivalent of 5%, the company's issued share capital subject to the Zimbabwe Stock Exchange.

The company also received authority to buy back some of its shares, a move that will help the company raise working capital and pay some of its debts in 12 months. The group posted a profit after tax of $13,4 million for the year ending December 31, 2012 from $1 million during the same period last year. Total revenue during the 12-month period was $95,8 million. Gross premium written stood at $88,5 million due to improved performance of the health insurance business and short term businesses. Rental income was up by 9,1% to $7,3 million from $6,7 million. Afre subsidiaries include Pearl Properties, First Mutual Life Assurance Company, FMRE Life & Health and FMRE Property Casualty Zimbabwe and Botswana. *(Newsday)*

MEIKLES LIMITED will start mining operations next year after its investment vehicle, Meikles Resources, obtained a special mining grant in the Midlands province, the group said in a statement yesterday. The special grant allows the group to prospect for various minerals, including iron ore and chrome. Meikles said it also had opportunities relating to gold and tantalite. "We plan to have at least one mine in operation in 2014," the statement said. "We have signed a Memorandum of Understanding, which will shortly become a full shareholders' agreement, with a substantial technical partner to pursue these opportunities, including the provision of necessary capital, skills and expertise in mining." The Zimbabwe Stock Exchange-listed firm could not say how much investment is needed to start the mine but indicated "the division will raise its own capital and will not be dependent on the group's financial resources". During the year end to March 31, 2013, the group reported a revenue increase of 11 percent from US$354,1 million to US$391,3 million, boosted by supermarket sales. But the group managed to make an operating profit of US$5,1 million compared with a loss of US$8,3 million in the same period last year.
Supermarket division contributed US$335,9 million compared with US$296,4 million last year, followed by the agriculture division which contributed US$24,2 million from US$20 million in the prior year.

Hotel contribution to revenue was overall constrained due to renovations at the Meikles Hotel in Harare and Victoria Falls. The Victoria Falls Hotel's revenue increased relative to the previous year due to improved room rates. A deliberate decision to curtail credit saw revenue from Thomas Meikles Stores declining from US$24 million to US$18,5 million. Cash flow from operations increased by 243 percent from US$6,1 million to US$21 million. About US$18,3 million was spent on refurbishments at the hotels and supermarkets. Net borrowings rose by US$14,3 million to US$59 million, including a long-term debt of US$7,4 million. Total assets grew by 7 percent to US$275,5 million with current assets declining by 32 percent to US$69,6 million due to the disposal of US$38 million worth of assets which were held for sale in the prior year. Current liabilities grew by 23 percent due to an increase in short-term debt, trade and other payables. Thus, the current ratio deteriorated from 1,2 to 0,66 as short-term obligations increased. Meikles highlighted the challenge the company is facing in accessing its Initial Public Offer funds deposited with the Reserve Bank of Zimbabwe, amounting to US$26 million and the impact it is having on the gearing position of the company. The funds on deposit with the central bank originated from the listing of the group on both the Zimbabwe and London stock exchanges and the raising of funds from a number of substantial international investors for the benefit of the group. The funds were remitted to Zimbabwe and ultimately placed on the deposit to be used for balance of payments support. "We have without success engaged both the RBZ and the Ministry of Finance in an attempt to negotiate arrangement whereby access to these funds may be facilitated," said the group. "In the circumstances, we deem it appropriate to further escalate our efforts to access these funds." The management said believed if it had had an opportunity to utilise this money, the interest burden on the financial statement would be much less than the current situation. Going forward, the company said "the group's fortunes will be affected if the funds held on deposits at the RBZ are not made available". *(Herald)*

TELECEL Zimbabwe Ltd, a unit of Orascom Telecom Holdings Ltd, sees an opportunity expanding banking services via mobile phones as it seeks to generate higher revenue per user, general manager Angeline Vere has said. "We have all seen how mobile banking can allow unbanked people into the mainstream economy and how it can drive growth for the whole economy," Vere said yesterday by e-mail. "We believe it is an area of opportunity." Telecel, with 2,5 million subscribers, is the country's largest telecommunications operator after Econet Wireless Holdings Zimbabwe Ltd and also competes with State-owned NetOne. With Zimbabwe's mobile teledensity at 97%, the company is focusing on data offerings to win more customers and retain existing ones who may spend more, Vere said. "You can also look at the average revenue that a subscriber can generate and improve your profitability even if your subscriber numbers are not growing," she said. "This is done through offering additional value-added services that maximise usage of the network, especially data-based services." While Econet and NetOne operate mobile-money platforms, Telecel discontinued its service in 2011 though its customers can still send and receive cash through the ZimSwitch network, which is managed by a separate company.

Figures on mobile-phone usage in Zimbabwe are distorted by the prevalence of people using numerous subscriber-identity modules, known as SIM cards, signalling there's room for further growth in the industry, Vere said. "The official figures point to high levels of penetration, but we are also aware that there are very high levels of multiple SIMs in this market," Vere said. "There is still room for improvement especially in terms of the quality of subscriber one can attract and have on their network." The company is engaged in talks about the sale of a majority stake of the company to black Zimbabwean investors, she said. The State introduced a law in 2010 requiring all foreign and white-owned businesses to sell or cede 51% of their ownership to black citizens. "Efforts are currently underway among the shareholders to resolve this issue and it is being given the necessary priority," Vere said. The government might revoke Telecel's licence unless it gives the majority of shares to local shareholders, the State-controlled Herald newspaper reported on May 31, citing Transport, Communications and Infrastructure Minister Nicholas Goche. *(Newsday)*

ZIMBABWE Stock Exchange listed financial services group, FBC Holdings (FBCH), is seeking shareholder approval for a merger between its flagship unit and mortgage finance arm as the group seeks to meet the revised Reserve of Bank of Zimbabwe minimum capital requirements later this month, the company announced yesterday. Shareholders are expected to convene an extraordinary general meeting on June 27 this year, three days before banks comply with the staggered minimum capital requirement. The central bank last year raised minimum capital requirements for commercial banks to $100 million from $12,5 million. This June, banking institutions are expected to raise $50 million in capital. According to the company's abridged circular to shareholders, plans are underway to merge FBC Bank and FBC Building Society (FBCBS) as part of the restructuring exercise. "FBCH proposes to undertake the corporate restructuring transaction which will involve the merger of FBC Bank and FBCBS by way of transfer of undertaking of FBCBS to FBC Bank and the share swap. In order to give effect to this, the board further proposes to transfer NSSA's shareholding in FBCBS to FBCH via the share swap of NSSA's shareholding in FBCBS for shares in FBCH," reads the circular in part.

"The merger will ensure that FBC Bank and FBCBS comply with the scheduled minimum capital requirements for June 2013, while the share swap will simplify the structure of FBCH by ensuring that all the subsidiaries are owned 100% by FBCH except for Turnall Holdings and Eagle Insurance Company (Private) Limited post the merger." The operations of the building society, according to the circular, would be divisionalised into a semi-autonomous business unit within FBC Bank through a transfer of the assets and liabilities of FBCBS to FBC Bank. In terms of the share swap, NSSA is entitled to receive 80 099 800 FBC Holdings Limited ordinary shares with a nominal value of $0,00001 each, on the basis of 7,33 shares for every 100 FBC Building Society shares it has in FBC Building Society. The share swap represents 13,53% of FBCH's issued share capital prior to the share swap and 11,92% of FBCH's issued share capital after the swap, indicating dilution to other shareholders. The swap ratio of 7,33 FBCH shares for every 100 FBCBS shares held by NSSA, the company said, was based on valuations conducted by FBC Bank (the financial advisors) and verified by an independent valuation expert. The value of FBCH used for the share swap was determined by the market capitalisation of the group on the Zimbabwe Stock Exchange while FBCBS valuation was derived through a weighted average of four key valuation methods, namely—net asset value, discounted cash flow, excess return valuation and sustainable earnings. *(News Day)*

Economic News

Five main rivals of Zimbabwean President Robert Mugabe on Wednesday rejected an election deadline set by the country's top court. Zimbabwe's Constitutional Court last week ordered Mugabe to set a date before the end of July for crucial elections, which will end the long serving ruler's uncomfortable four-year power-sharing government with his top rival, Prime Minister Morgan Tsvangirai. But leaders of five political parties, including Tsvangirai, "expressed reservations about the practicality" of the deadline given the gamut of reforms still to be made to ensure a credible poll. The court's decision last Friday was in response to a case brought by a journalist and democracy activist, Jealousy Mawarire. In a statement after a meeting in Harare, the five leaders said the court's action "ironically supposedly informed by the desire to safeguard the rights of the individual applicant, has resulted in the infringement of the rights of millions of Zimbabweans."

The court's decision to bring elections forward has played into the hands of Mugabe, who has always wanted to have early elections. Mugabe had wanted elections by the end of the current parliamentary term on 29 June. Yet his opponents are pushing for a later date to allow more time for all major reforms to be effected to guarantee a free and fair vote. One of their main complaints is inadequate time for voter registration. They also want security and media laws they say infringe on free political activity to be changed before the vote. Security institutions - which are widely seen as pro-Mugabe - need to be reformed to abide by the new constitution, which forbids partisanship, said the leaders. Human Rights Watch has urged the country's power-sharing government to "rein in the security forces and keep them out of politics if the elections are going to have any meaning". *(News24)*

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