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

				WTD % Change		YTD % Change	
Country	Index	31-Jan-14	7-Feb-14	Local	USD	Local	USD
Botswana	DCI	9,454.45	9,438.66	-0.17%	19.90%	25.68%	27.37%
Egypt	CASE 30	7,405.25	7,426.17	0.28%	14.95%	35.95%	36.02%
Ghana	GSE Comp Index	2,255.52	2,425.27	7.53%	31.49%	102.15%	98.40%
Ivory Coast	BRVM Composite	246.65	246.29	-0.15%	-8.67%	47.85%	37.74%
Kenya	NSE 20	4856.20	4831.80	-0.50%	2.64%	16.91%	21.26%
Malawi	Malawi All Share	12,646.78	12,661.60	0.12%	57.65%	110.48%	152.44%
Mauritius	SEMDEX	2,086.64	2,068.30	-0.88%	-6.05%	19.41%	19.61%
	SEM 7	398.89	397.31	-0.40%	-5.59%	17.80%	17.99%
Namibia	Overall Index	978.00	992.97	1.53%	37.04%	0.68%	3.75%
Nigeria	Nigeria All Share	40,571.62	40,773.50	0.50%	3.41%	45.21%	45.03%
Swaziland	All Share	294.27	294.27	0.00%	35.66%	3.01%	6.47%
Tanzania	TSI	2,919.67	2,896.76	-0.78%	2.32%	94.99%	98.77%
Tunisia	TunIndex	4,498.42	4,619.22	2.69%	2.02%	0.86%	-3.02%
Zambia	LUSE All Share	5,395.32	5,330.25	-1.21%	12.51%	43.08%	51.87%
Zimbabwe	Industrial Index	189.25	192.51	1.72%	1.72%	26.32%	26.32%
	Mining Index	35.40	34.77	-1.78%	-1.78%	-46.61%	-46.61%

CURRENCIES

	31-Jan-14	7-Feb-14	WTD %	YTD %
Cur-rency	Close	Close	Change	Change
BWP	9.07	8.93 -	1.56	16.66
EGP	6.93	6.94	0.13	14.71
GHS	1.87	2.46	3.72	29.23
CFA	486.33	485.01 -	0.27 -	2.09
KES	85.12	84.74 -	0.45 -	0.99
MWK	421.46	420.65 -	0.19	31.04
MUR	28.91	29.06	0.50 -	4.89
NAD	11.10	11.09 -	0.07	30.89
NGN	160.83	161.56	0.45	3.50
SZL	11.10	161.56 -	0.07	31.16
TZS	1,593.32	1,584.73 -	0.54	0.62
TND	1.60	1.60 -	0.10	3.22
ZMW	5.56	5.56 -	0.06	7.24

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana forecast a budget surplus of nearly 1 percent of GDP for 2014, building on two years of surpluses for Africa's biggest diamond producer, but economic growth was expected to slow further into the year. Presenting his 2014/15 budget, Finance Minister Kenneth Matambo said he expected a surplus of 1 percent of GDP, but said risks around mineral duties and revenues from the Southern African Customs Union (SACU) posed a risk to that forecast. Mining and SACU receipts account for over 60 percent of all state revenue in the landlocked southern African nation. "There continues to be uncertainty over the prospects of our two major revenue items of minerals and customs and excise, due to sluggish recovery of the world market and the on-going negotiations of the SACU revenue sharing formula," he said. "Any shock to any or both of these sources would have a bearing on the level of available revenues and likely expenditure for the next financial year." Matambo said the economy was likely grow by 5.1 percent this year, compared with an estimated 5.4 percent expansion in 2013. Slower growth is expected from the agriculture sector, which is struggling with recurring droughts and a constrained market for beef. An increase in diamond exports, compared to lower overall imports, helped to swing the balance of payments into surplus in 2013, Matambo added. *(Reuters)*

Egypt

Corporate News

Egyptian financial firm Pioneers Holding plans to spend 1.2 billion Egyptian pounds ($172 million) in 2014 to complete ongoing investments and implement new ones, the firm said in a bourse statement. The firm, which specialises in brokerage services, did not give details on its investment plans in the statement but said it was studying new opportunities. Pioneers offers market research and investment banking for retail and institutional clients. It operates in Egypt, UAE and Bahrain. *(Egypt.com)*

Economic News

Egypt will announce details of its second stimulus package since Islamist President Mohamed Mursi was ousted in July within days, its finance minister said on Tuesday, aiming to boost tepid growth and reassure investors. Egypts economy has continued to suffer from investment outflows and a drop in tourism during political turmoil since autocrat President Hosni Mubarak was toppled in an uprising in 2011. The economy grew by just 1.04 percent in the three months through last September from a year earlier, according to latest central bank data. In the latest sign of turmoil, a senior Egyptian Interior Ministry official was killed outside his home in Cairo on Tuesday, putting pressure on the military-backed government as it struggles to contain an Islamist insurgency. The interim government is trying to give out assurances that the country is safe for investors. Bolstered by a pledge of more than $12 billion in aid from Gulf countries since Mursi was ousted, the government introduced a 30 billion Egyptian pound ($4.3 billion) stimulus package in 2013 and said it would follow up with a second package, also of around 30 billion pounds, this month. Finance Minister Ahmed Galal previously said that 20 billion pounds of the new stimulus package would be spent on public investment. The rest would be used to cover a public sector minimum wage being introduced. "It is ready, we just have a part missing with the oil ministry, ... and well announce it within days," Galal told reporters at an investment conference on Tuesday. Army chief Field Marshal Abdel Fattah al-Sisi, who deposed Mursi after mass protests against his rule, could also announce within days that he will run for the presidency, a vote he is almost sure to win. Khalil Ibrahim, managing director in asset management at EFG Hermes, said the killing of the Interior Ministry official could unnerve investors. "They get assurances and this puts them back," he said.

Galal said the government aimed to launch the second stimulus package without increasing the budget deficit, which stood at around 14 percent of gross domestic product in June, the end of the last fiscal year. The government aims to bring the deficit down to 10 percent of GDP by next June. Galal said the deficit would shrink to 8 percent of GDP within the next two to three years. Speaking at the same conference, Investment Minister Osama Saleh said that Egypt expects to beat its target of attracting $4 billion in foreign direct investment (FDI) in the year ending in June 2014, but did not say by how much. FDI totalled $3 billion in the year ending June 2013, almost $1 billion less than in the previous year. Before the 2011 revolution, Egypt was attracting net foreign direct investment of around $8 billion annually, according to central bank data. George Kazakos, a partner in Levant Partners, a Greece-based asset management firm, said political turmoil was still a problem for foreign investors. "There are opportunities in Egypt but only under conditions," he said on the sidelines of the conference. "I will wait. You have to see the political situation start to settle in order to see foreign investment." *(Egypt.com)*

Egypt's budget deficit was 89.4 billion Egyptian pounds or 4.4 percent of economic output in the first half of this fiscal year, less than in same period a year before, the state news agency reported. Citing a Finance Ministry report, MENA news agency said on Sunday the budget deficit had narrowed from 91.472 billion in the first half of the last fiscal year, which ended in June. That was the equivalent of 5.1 percent of gross domestic product. Egypt aims to bring the deficit down to 10 percent of GDP at the end of this fiscal year from around 14 percent for full-year 2012-13. Investment outflows and a drop in tourism during political turmoil since autocrat President Hosni Mubarak was toppled in an uprising in 2011 have damaged Egypt's economy and pushed its budget deficit up sharply. Bolstered by a pledge of more than $12 billion in aid from Gulf countries, the government introduced a 30 billion Egyptian pound stimulus package in 2013 and said it would follow up with a second package, also of around 30 billion pounds. *(Reuters)*

Egypt's petroleum minister said on Tuesday that Cairo had received $4 billion worth of petroleum products from Arab states from July through the end of December. Egypt has struggled to pay for imports since a 2011 uprising that toppled Hosni Mubarak and drove away tourists and foreign investors, two major sources of foreign currency. Petroleum Minister Sherif Ismail did not specify which countries had given the assistance in the second half of 2013. Saudi Arabia, the United Arab Emirates and Kuwait promised Egypt more than $12 billion in loans and donations days after the army toppled Islamist President Mohamed Mursi on July 3 following mass protests against his rule. Ismail spoke to reporters from the Saudi capital, where Egypt's interim prime minister is expected to meet with the Saudi finance minister. Ismail had previously said that Egypt was discussing further supplies with the three Gulf Arab countries, but details had yet to be announced. The Cairo government said in December it had received $2.48 billion worth of petrol aid up to the end of November as part of the aid package. Since Mubarak's fall, Egypt has run through more than $20 billion in reserves. It has also delayed payments to oil companies and tried to reduce the cost of energy subsidies which eat up 20 percent of all state expenditure. *(Reuters)*

Egypt's net international reserves (NIR) rose to $17.105 billion at the end of January, the first increase since August 2013, according to the latest figures released by the Central Bank of Egypt (CBE) on Thursday. The $73 million rise compared to the $17.032 billion recorded at the end of December can be accredited to a fresh influx of financial aid from the Arab Gulf, an asset manager at Cairo-based HC Securities told Ahram Online. CBE governor Hisham Ramez had also assured that foreign reserves would not fall below their current levels despite an exceptional FOREX auction held in late January which sold off $1.5 billion. Ramez's announcement came after Saudi Arabia announced it would give Egypt up to $4 billion in additional aid in the form of CBE deposits and petroleum products. Half of a $4 billion aid package pledged by the Saudi Kingdom was expected to be deposited at the CBE before the end of January, according to state-run daily Al-Ahram. "The Saudi financial aid stemmed the forex losses from the extraordinary auction and the servicing of the Paris Club debt, resulting in a minor rise in reserves," Hazem explained. Egypt was scheduled to pay an instalment of around $700 million to the Paris Club in January, the first half of a total of $1.4 billion debt due this year. Aid to Egypt amounting to $12 billion from Saudi Arabia, the United Arab Emirates, and Kuwait after the ouster of Islamist president Mohamed Morsi in July had boosted Egypt's reserves to a high of $18.9 billion in August. Forex auctions, the cost of food and petroleum imports, have since chipped away at the NIR, and the return a $3 billion deposit to Qatar, as relations between the two countries turned sour after Morsi's ouster. *(Ahram)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana's central bank said it is ready to intervene to defend the cedi, which has weakened 3.1 percent against the dollar this year, should it breach an internal target that threatens to stoke inflation. "We have a certain level that is internal to us," Deputy Governor Millison Narh said in an interview at a conference hosted by Bloomberg LP in Johannesburg today, declining to give details. "We are watching and we are taking appropriate measures. When we get to a certain level, it will hurt inflation and that is where we will come in." The currency of the world's second-largest cocoa producer slid 20 percent last year, its 19th straight annual decline, according to data from when Bloomberg began tracking the currency, as the government battles to rein in its budget and current-account deficits following a surge in imports to feed faster economic growth. Inflation quickened to 13.5 percent in December, the highest of 2013, after the figures were rebased. "We are concerned about inflation to the extent that the transmission will be coming from the foreign-exchange channel," Narh said. "We know inflation has been largely driven by removal of subsidies on petroleum and utility tariffs by government. Those are structural and you will naturally not respond to that." The Bank of Ghana boosted reserves by about $1 billion in the past two years in case it needs to battle sudden outflows from foreign investors. "There is a limit" to the central bank's resources if it had to use reserves to intervene in currency markets, Narh said. The bank can use cocoa receipts to help with the "redistribution of liquidity rather than direct intervention," he said.

The regulator needs to strike a balance between having a currency that allows exporters to be competitive against keeping price gains in check, Narh said. Movements in the currency should also not be "that dramatic," he said. Ghana's Finance Ministry may also have to reconsider the timing of the sale of Eurobonds because of increased volatility in emerging markets, Narh said. Deputy Finance Minister George Ricketts-Hagan said last month that Ghana may sell its third international bond in April, depending on how markets react to the Federal Reserve's tapering of stimulus. "If now markets seem to be rebalancing then of course its important that you wait and see for it settle," Narh said. "It's not prudent to take hasty decisions, especially when you have other options to deal with when raising capital." *(Bloomberg)*

Ghana's Securities and Exchange Commission is close to approving the initial public offering of investment company Mega African Capital in what would be the West African country's first listing in more than six years. "We've raised some issues and they are resolving them," Adu Anane Antwi, director general of the SEC, told reporters in Accra today. "The commission is working and pretty soon we will be done." He didn't give a specific timeframe. Mega's IPO would be Ghana's first since Ghana Oil Co. Ltd. in October 2007, according to data compiled by Bloomberg. The company, owned by Accra-based Oak Partners Ltd., may sell stock by March, Kofi Yamoah, managing director of the Ghana Stock Exchange, said last month. The Commission is working on regulation for credit-ratings companies, Antwi said. While the agencies are able to operate in Ghana, there aren't any guidelines to direct their activities and promote their licensing, he said. *(Bloomberg)*

Ghana's central bank tightened foreign exchange rules on Wednesday and looked set to raise interest rates in response to a currency slide and the end of the U.S. Federal Reserve's monetary stimulus programme. The Bank of Ghana is under further pressure to act because of inflation, which in December hit a three-year high of 13.5 percent in a country viewed as one of Africa's brightest prospects because of its stable democracy and high GDP growth. Ghana's growth is based on exports of gold, oil and cocoa but import-led demand for dollars caused the cedi currency to depreciate nearly 20 percent in 2013 and 4.7 percent so far this year, according to Thomson Reuters data. That fall, which has rattled consumers and shaken business confidence, is the latest problem confronting authorities already wrestling to control broader economic instability shown most starkly in a high budget deficit. "These rules are intended to streamline the operations of these accounts and bring about clarity and transparency in their operations," central bank governor Henry Kofi Wampah told Reuters by telephone. "We also believe they will significantly help in our ongoing measures to stabilise the cedi." The currency measures, to be implemented immediately, require foreign exchange purchased for the settlement of import bills to be lodged in a special margin account that must be drawn within 30 days. In addition, the Bank has scrapped transfers between foreign currency accounts, including between accounts denominated in the same currency, and directed that proceeds from exports should be converted into the cedi within five working days. In one indication of the public mood, a prominent Ghanaian pastor made headlines this week when he prayed before his congregation of thousands for God to "resurrect" the cedi.

Wampah said external pressures had prompted him to bring forward to Thursday a meeting of the bank's Monetary and Policy Committee that was originally scheduled for Feb. 19. Analysts said the Bank was likely to raise rates, making Ghana the latest in a line of countries to do so. India, Turkey and South Africa all increased borrowing costs in January to support their currencies. The decision by the U.S. Federal Reserve to roll back its bond buying has shaken emerging markets, which have been supported by the Fed stimulus in recent years. "We are projecting a 100 basis point hike to 17.0 percent but recognise that there is upside risk to this view, i.e. they could hike by more than 100 basis points," said Yvonne Mhango, research analyst at Renaissance Capital in Johannesburg. Four other analysts echoed Mhango's view and some said the rise could be up to 200 basis points. The current interest rate has been held three times since it was raised from 15 percent last May. But since then the cedi has depreciated 22.4 percent and inflation has climbed from 10.9 percent to 13.5 percent in December. The government says strong dollar demand has weakened the currency but the rise in inflation is due mainly to the impact of subsidy cuts, which it says is short-term. (*Reuters)*

Fitch ratings agency said on Thursday its concerns about Ghana's macroeconomic imbalances were growing and the government's current policy mix would not correct the situation. "You are starting to see the repercussions of loose fiscal policy: double-digit inflation and current account deficit, a sharply weakening currency and limited import cover," Carmen Altenkirch, director of Fitch's sovereign group, told Reuters. Ghana's Central Bank raised its key policy rate on Thursday by two percentage points to 18 percent. Fitch downgraded Ghana in October to a 'B' rating with a stable outlook, saying the government was overspending. *(Reuters)*

Ghana could overshoot its 11.5 percent 2014 inflation target and see inflation at 12 percent if it does not follow through on new measures including an interest rate hike, Central Bank Governor Henry Kofi Wampah told a news conference. Inflation hit 13.5 percent in December, one of a number of macro-economic problems faced by the government. Wampah announced on Thursday a rate hike of 200 basis points to 18 percent. *(Reuters)*

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TRADING

Kenya

Corporate News

The government will not inject fresh capital in KenGen during the planned rights issue, Energy Cabinet Secretary Davis Chirchir has said. Instead, the state, which holds a 70 per cent stake in the Nairobi Securities Exchange (NSE)-listed firm, will convert part of a debt that KenGen owes the government into equity. At the moment the electricity generator owes the government a total of Sh27 billion. "We will propose to the Cabinet to allow government to convert its debt to equity," Mr Chirchir said in an interview. At an annual general meeting held in December, shareholders approved a proposal to raise Sh15 billion through a rights issue and an additional Sh15 billion through debt. To keep a hold of its 70 per cent stake, the government needs to inject about Sh11 billion. The rights issue is planned to be concluded before June. "The equity we are looking to raise needs to come in before we borrow. We could also invite a strategic investor," said KenGen managing director, Mr Albert Mugo. The money will be used to fast-rack its multibillion shilling projects in power production. A consortium led by Barclays, Dyer and Blair Investment Bank, KPMG and law firm Hamilton Harrison & Mathews — currently arranging a Sh430 billion ($5 billion) through bonds and loans — will shepherd the cash call. Among the projects lined up are two coal plants at Lamu and Kitui's Mui Basin area, the grand 280MW geothermal project and some 100MW of wind power near the border of Meru and Isiolo counties. Overall, the power firm seeks to generate an extra 700 units of power within three years with the Olkaria geothermal plant set to be completed by the second quarter of 2014.

Current peak power demand is 1,800MW against KenGen's installed capacity of 1,250MW with additional energy obtained from the costlier diesel-powered generators, which currently account for a quarter of the electricity production market. Under an ambitious programme, the government seeks to add 5,000 megawatts of mainly geothermal, coal and Liquefied Natural Gas energy to the national grid to cut use of the costly diesel engines. "We plan to double the installed capacity and aim for a 40 per cent reduction in the cost of power within three years," said Mr Chirchir At US5 cents per kilowatt hour, hydro-generation is the cheapest source of power closely followed by geothermal (US7 cents/kwh) which compared to thermal costs, is five times expensive at US36 cents per unit of power. KenGen's stock has declined by 26 per cent since the beginning of the year to trade at Sh12.60 apiece at yesterday's trading from last December's high of Sh17. Analysts are cautious about performance in the short-term. "The search for additional capital may have a positive impact on the share price which has been declining. The share has now picked momentum with the news of additional capital and change of management," said Ms Agnes Achieng', research analyst at Sterling Capital. *(Daily Nation)*

Barclays Bank of Kenya reported on Thursday a 14 percent drop in its pretax profit to 11.13 billion shillings for 2013, after expenses climbed and provisions for bad loans jumped. The bank cut its dividend per share to 0.70 shillings from 1 shilling in order to build up capital in line with the central bank's new requirements, Chief Financial Officer Yusuf Omari told a news conference to announce the results. Although total income last year rose 2 percent to 27.92 billion shillings, he said total costs climbed 9 percent to 15.57 billion shillings, while provisions for loan losses soared 747 percent in the period. The bank said the sharp jump in provisions was because the bank managed to recover $1 billion from its bad loans portfolio in 2012, a one-off recovery that was not repeated in 2013. "Excluding the one-off recoveries, the impairment charge would be in line," Omari said. *(Reuters)*

A Safaricom price gain boosted the NSE market capitalisation Thursday, with the telecommunications company nearly touching the Sh12 level after clawing back ground lost due to investor profit-taking. Safaricom gained 50 cents to close the day at Sh11.95, having touched a high of Sh12.05 in trading. The company's market valuation went up by Sh20 billion to Sh478.5 billion, lifting with it the bourse's capitalisation to Sh1.941 trillion from Sh1.927 trillion. This raised the NSE All-Share Index by a point to reach 137 at close of trading. In contrast, the NSE 20-Share Index shed 26 points to close at 4,843 points. Safaricom carries the heaviest weighting on the NSE All-Share index given its position as the stock market's most valuable company. "The All-Share Index was boosted by Safaricom's gain today, and also a gain in Equity Bank's stock," said Kestrel Capital market analyst Kuria Kamau. NSE's highest priced share in nominal terms, BAT, shed Sh11 Thursday to close at Sh540, while other blue-chip counter EABL lost Sh7 to Sh262. Jubilee Holdings shed Sh6 to close at Sh302, affecting the

20 Share Index. Local investors were dominant in Thursday's trading, accounting for 60.6 per cent of the day's volumes. Barclays Bank, which announced a 12.7 per cent drop in net profit for 2013 to Sh7.6 billion, closed the day 35 cents down to Sh16.60. The banking sector recorded mainly foreign investor sell-offs following the Barclays announcement, which set the results announcement season underway. *(Business Daily)*

Economic News

Kenya is going ahead with plans to issue a debut Eurobond despite volatility in the markets following the onset of tapering of the economic stimulus programme in the United States, its finance minister said on Monday. "We have not seen major revision of interest rates globally and that is why we are working quite fast to ensure we complete the process as quickly as possible," Henry Rotich said. East Africa's biggest economy plans to borrow up to $2 billion from financial markets abroad, with marketing scheduled to start this month. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation quickened to 23.5 percent year-on-year in December from 22.9 percent the previous month, the statistics office said in a statement on Friday. Non-food inflation in December accelerated to 25.1 percent from 24.6 percent in November, the National Statistical Office said. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' economy will grow 3.7 percent this year, the International Monetary Fund said on Wednesday, less than it forecast in April but matching government projections. The Fund had previously expected 2014 growth of 4.4 percent after an estimated 3.4 percent expansion last year. It did not give specific reasons why its forecast had been revised lower. Martin Petri, head of the IMF's mission to Mauritius, told a news conference that strong activity in seafood, information and communication technology, and financial services would drive the Indian Ocean island's economy this year. The IMF welcomed the low and stable inflation delivered by the central Bank of Mauritius, although it warned that excess liquidity remained elevated. "At less than 4 percent, inflation remains subdued, and inflationary expectations appear well anchored," Petri said. "The mission projects headline consumer price index inflation to rise marginally to 3.8 percent on average in 2014." While monetary policy was appropriate, it "needs to be made more effective by removing excess reserves from the banking system", Petri said. "This will likely cause losses for the BOM (central bank), but these would be entirely justified." The central bank held its repo rate at 4.65 percent on Monday, saying the economy had withstood external economic turbulence, although its governor said he favoured a hike to prevent capital flight amid turmoil in emerging markets. (*Reuters)*

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Nigeria

Corporate News

Flour Mills of Nigeria plans to invest $1 billion over the next 3-5 years to fund growth and expand into West Africa, its vice chairman told Reuters on Friday. John Coumantaros said revenue for the manufacturer of products like pasta, flour, vegetable oil, livestock feed and also cement grew 11-15 percent over the last five years. He expected that rate to continue at the same rate over the next 5 years. The conglomerate will not need to tap equity markets to fund growth, he said, which will be funded with internal cash flows and debt. *(Reuters)*

Oando Plc said it has met its financial obligations for the acquisition of ConocoPhillips' Nigerian (COP) assets and is only awaiting the final regulatory approvals to seal the deal. Oando, through its subsidiary Oando Energy Resources (OER), had in 2012, entered into an agreement with COP to acquire ConocoPhillips' Nigerian businesses for a total cash consideration of $1.55 billion. An initial deposit of $450 million was paid and a combination of equity and debt was raised to secure the balance financing towards the acquisition. The company said at the weekend that while it has duly completed all financial commitments regarding the acquisition, closing of the COP acquisition remains subject to "satisfaction of closing conditions, including approval from the Nigerian Minister of Petroleum Resources, although ConocoPhillips has already submitted an application to the Nigerian Minister of Petroleum Resources in this regard." In light of this regulatory requirement OER entered into an amendment agreement with ConocoPhillips to extend the outside date for completion of the acquisition from January 31, 2014 to February 28, 2014. Pursuant to this agreement, OER will pay an additional deposit of $50 million. Accordingly, the total deposit for the COP acquisition will now amount to $500 million.

According to the Group Chief Executive Officer of Oando, Mr. Wale Tinubu said: "We are immensely pleased to have secured all funding to complete our acquisition of COP assets. We are tremendously excited about the future of our organisation as this acquisition will not only provide significant growth in size and scale but will substantially strengthen our position in the upstream sector." He expressed optimism that ministerial consent is a near certainty and expect final approval will be granted within the next month. Commenting further Tinubu said: "Oando embodies a multifaceted approach in spite of our origins as a predominantly downstream company; and the successful acquisition of COP Nigerian assets is part of our diversification strategy into the higher margin upstream. We aim to maintain our dominant positioning in the mid-stream and downstream sectors but see this acquisition as holding unprecedented opportunities for the business." The acquisition is a game changer for Oando as it will immediately position the company as the largest indigenous oil producer in Nigeria. Oando through OER currently produces 4,500 barrels of crude oil per day from two producing fields, with this acquisition it will start producing circa 50,000 barrels per day from 6 producing fields. *(This Day)*

Flour Mills of Nigeria said on Monday its pretax profit for the nine months to December 31 last year declined by 28 percent to 8.35 billion naira, from 11.53 billion in the same period of 2012. Gross earnings, however, rose to 240.18 billion naira from 205.51 billion, the company said in a filing with the Nigerian Stock Exchange. *(Reuters)*

Dangote Sugar has demonstrated its commitment to the realisation of the national sugar master plan with the purchase of farm machinery worth $35 million from Panafrican Equipment. The Panafrican Equipment Group is a frontline company in provision of mining and construction grade equipment and after sales support solutions. Speaking at the equipment handover ceremony, weekend at Tin Can Island Port Complex, Apapa, Lagos, Nigeria, the Group Managing Director of Panafrican Equipment, Scott McCaw, described the sale as a 'landmark sale' adding it is Panafrican's biggest deal within the agricultural sector and in Africa. He opined that the sale is in line with the Nigerian 2010 transformation agenda to drive growth in the agricultural sector. He stated that "We are delighted to have been chosen by Dangote Sugar as a major supplier for their agricultural expansion project in Sugar production in Nigeria. We look forward to building on this relationship and to being their partner for development in Nigeria now and in the future. As the sale includes a long-term maintenance support and parts supply contract, we fully expect to maintain a critical role in helping Dangote Sugar achieve their goals in the sugar backward integration project".

Group Managing Director, Dangote Sugar Refinery, Graham Clark, in his comments said "This purchase is in line with the Backward Integration Policy (BIP) of the Federal Government of Nigeria and National Sugar Development Council (NSDC). This is yet another milestone in the Dangote Sugar journey as we work towards the achievement of our strategic sugar master plan to produce 1.5 million metric tonnes of sugar per annum, locally." Dangote Sugar is actively pursuing a backward integration master plan with a target of producing a total of 1.5 million tons of sugar locally per annum. The subsidiary, Savannah Sugar Company Limited, Numan, Adamawa State is geared to meet this target. Savannah Sugar is located on 32,000 hectares of land with a 50,000 MT/PA sugar production capacity. Currently, the company has 5,000 hectares on cane which is now being harvested for sugar production. In addition, Dangote Sugar has commenced the acquisition of additional hectares of land allocated across Nigeria for the project. Plans are underway for the investment of additional N180billion towards the realization of the Dangote Sugar Project. The locations are in Sokoto, Kebbi, Kogi, Kwara, Jigawa, Taraba States amongst others.*(This Day)*

Standard Chartered yesterday initiated a process that will lead to securing a $100 million syndicated term loan for Union Bank of Nigeria Plc. The debt is expected to finance the bank's United States dollar trade finance business and general funding requirements. Bloomberg quoted an e-mailed statement from the arranger to have showed that the tenor would be three years, while repayment would be amortised after one year. A source at the bank declined to comment when contacted by THISDAY yesterday. Union Bank of Nigeria last year embarked on a Transformation Programme to upgrade the bank and enhance its performance. It had also invested in technology, upgrade of infrastructure, strategic recruitment and the review of processes to make them more efficient for customers. The bank said: "Today, given the growth and expansion in the core-banking business itself, and the ability that banks have within that core-banking business to provide diversified and value-added products and services through partnerships and cross-sells, the importance of actually owning the non-core businesses directly has become less strategically critical." *(This Day)*

Flour Mills of Nigeria Plc (FMN) and Northern Nigerian Flour Mills (NNFM) Plc Tuesday reported a decline in their profits for the nine months ended December 31, 2013. In its unaudited nine months performance, FMN posted a decline of 27 per cent in profit after tax (PAT) in spite of recording a growth of 17 per cent in turnover. On the other hand, NNFM recorded a decline of 4.4 per cent in revenue and ended the period with decline of 54 per cent in PAT. Specifically, FMN recorded a revenue of N240 billion in 2013, up from N205 billion. But PAT fell by 27 per cent from N8.167 billion to N5.932 billion, while earnings per share depreciated by 32 per cent from 319 kobo to 217 kobo. A further analysis of FMN's performance showed its bottomline was affected by high cost of operations. Selling and distribution costs rose 37 per cent from N2.561 billion to N3.517 billion. Financing cost also rose by 19 per cent from N8.857 billion to N10.574 billion. For NNFM, it ended the nine months with a revenue of N8.414 billion, down from N8.805 billion. Profit before tax dipped by 73 per cent from N965 million to N251.22 million.

However, an increase in interest income and other gains from other businesses assisted in reducing the decline in PAT 54 per cent. The company recorded PAT of N231.492 million compared with N509.881 million in 2012. EPS fell from 286 kobo to 129 kobo. Despite the decline in profit, the equity of FMN rose marginally by 1.1 per cent or N0.95 to close at N87.95 per share. NNFM shares remained static. Meanwhile, the equities market partly reversed the gains of the previous day with the Nigerian Stock Exchange (NSE) All-Share shedding 0.73 per cent to close at 41,064.91. Similarly, the market capitalisation shed N96 billion to close at N13.163 trillion. Twenty-five equities depreciated, compared with 32 that appreciated. *(This Day)*

First Bank of Nigeria Limited for the third consecutive year has been adjudged Nigeria's number one banking brand in the 2014 'Top 500 Banking Brands' global ranking. The Nigerian bank and was joined in the ranking in second and third by Guaranty Trust Bank (GTBank) and Zenith Bank respectively. The ranking was done by the Banker Magazine, Financial Times Group and Brand Finance in the United Kingdom. According to a release by the Country Representative, Nigeria, The Banker, Mr. Kunle Ogedengbe, First Bank which was also ranked number one banking brand in 2012 and 2013, came top amongst the Nigerian banks. First Bank was ranked 382 in the world from 414 last year. The brand value of the bank also increased to $228 million from $201 million from the preceding year. GTBank was also ranked 422 from 415 while Zenith Bank was ranked 453 from 454 last year. Apart from the three banks, no other Nigerian bank made the ranking. Brand Finance is the world's leading brand valuation consultancy which advises branded organisations on how to maximise their value through the effective management of their brands and intangible assets. According to The Top 500 Banking Brands report, though there are numerous ways of calculating brand value, Brand Finance which complied the ranking used royalty relief method that values the brand based on what would be paid to use the brand if it were owned by a third party. It explained that the method is recognied by courts and tax authorities. "The valuations of the brand take into account brand-specific financial and revenue data, model the market to identify market demand and the position of individual banks in the context of all other market competitors, establish the royalty rate for each bank, calculate the discount rate specific to each bank (taking account of its size, geographical presence, reputation, gearing and brand rating) and discount future royalty stream to a net present value, that is, the brand value. According to the Africa Editor of the magazine, Mr. Paul Wallace, brand value of Nigerian banks increased by three per cent to $593 million. This, he said made Nigeria to be among the Top 50 countries of the world by total brand value. The top 10 banking brands in the world remained in America, Europe and Asia. The 2014 number one banking brand in the world was Wells Fargo (USA) which was second last year. It was followed by HSBC (UK) Bank of America, Citi, JP Morgan Chase (all from USA), ICBC (China), BNP Paribas (France), Santander (Spain), China Construction Bank and Agricultural Bank of China.(*This Day)*

Toronto-listed Oando Energy Resources (OER), the upstream business of Oando Plc, said it had secured funding for the closure of the acquisition of the Nigerian upstream oil and gas business of United States-based group ConocoPhillips. The company, which is focused on oil and gas exploration in Nigeria, currently estimates that the net purchase price payable to complete the ConocoPhillips acquisition will be about $1.05 billion (after deducting payment of the $450 million deposit previously paid, an additional $50 million to be paid and giving effect to expected adjustments as of the outside date). OER expects to fund payment of the net purchase price using funds from the corporate facility and reserve-based loan agreement with third party lenders, proceeds from the proposed private placement of units of the company, subject to approval by the Toronto Stock Exchange, and a convertible loan from Oando Plc, the 94.6 percent shareholder of the company. Pursuant to an amendment agreement executed with ConocoPhillips, OER and ConocoPhillips agreed to extend the outside date for completion of the ConocoPhillips acquisition from January 31, 2014 to February 28, 2014, according to a statement from the company.

As part of this agreement, OER will pay an additional $50 million towards the acquisition for a total deposit of $500 million. The company said closing of the ConocoPhillips acquisition remains subject to satisfaction of closing conditions, including the anticipated consent of the minister of petroleum resources in Nigeria. Once concluded, the ConocoPhillips transaction will substantially boost the operations of OER with about production of 50,000boepd post acquisition, generating extensive growth in revenue and profitability. Additionally, the acquisition will immediately position OER as one of the largest indigenous oil producers in Nigeria, as the company will also grow its 2P reserves and 2C resources by 221MMboe and 492MMboe respectively. The acquisition comprises the indirect acquisition of all of the shares of Phillips Oil Company Nigeria Limited, Phillips Deepwater Exploration Nigeria Limited and Conoco Exploration and Production Nigeria Limited.*(Business Day)*

The Group Chief Executive Officer of Oando Plc, Mr. Wale Tinubu, Thursday told stockbrokers on the trading floor of the Nigerian Stock Exchange (NSE) in Lagos that the ConocoPhillips (COP) Nigerian assets would boost its earnings before tax to N100 billion yearly. Giving an update on the Oando's bid to acquire the COP assets in Nigeria, Tinubu assured the stockbrokers that all the financial obligations for the acquisition have been met. He re-emphasised that Oando is not raising fresh capital to finance COP acquisition, explaining that all the financings needed for the deal have been raised. "All we require now is the consent of the minister, which is the legal requirement. The transaction will not be fully consummated until the minister consent is received. He assured the brokers that ministerial consent is a near certainty, saying the final approval will be granted very soon," he said. He told the brokers that, Oando, through its subsidiary Oando Energy Resources (OER), had in 2012, entered into an agreement with COP to acquire ConocoPhillips' Nigerian businesses for a total cash consideration of $1.55 billion. He said an initial deposit of $450 million was paid and a combination of equity and debt was raised to secure the balance financing towards the acquisition. According to him, the acquisition is very strategic for the future growth of the disclosing that it will be of great benefit to all stakeholders. He disclosed that the COP assets would increase the earnings before interest, taxes, depreciation and amortisation (EBITDA) of Oando to N100 billion, from the current average N45 billion annually.

The increased earnings, he said, would also lead to improved dividend payment to shareholders going forward. Tinubu said: "Oando embodies a multifaceted approach in spite of our origins as a predominantly downstream company; and the successful acquisition of COP Nigerian assets is part of our diversification strategy into the higher margin upstream. We aim to maintain our dominant positioning in the mid-stream and downstream sectors but see this acquisition as holding unprecedented opportunities for the business." The acquisition is a game changer for Oando as it will immediately position the company as the largest indigenous oil producer in Nigeria. Oando through OER currently produces 4,500 barrels of crude oil per day from two producing fields, with this acquisition it will start producing circa 50,000 barrels per day from 6 producing fields.*(This Day)*

Ecobank has called an extraordinary general meeting for March 3 to adopt an action plan and reconstitute its board of directors in response to criticism of its governance by Nigeria's securities regulator. The meeting of one the biggest financial institutions in sub-Saharan Africa will also adopt a resolution on capital raising and amend the company's articles of association, according to a press release. The bank is under pressure to reform after Nigeria's Securities and Exchange Commission (SEC) criticised weaknesses in the board's ability to manage its own activities, monitor management, evaluate performance and oversee ethical behaviour. The SEC report in January said there was an absence of clear vision and strategy at the bank, inadequate transparency in recruitment procedures and conflicts of interest. "The EGM is to adopt a plan of action to implement the recommendations of the SEC in governance improvement of the company," Ecobank spokesman Mwambu Wanendeya told Reuters. The meeting, to be closely watched by investors, will be held in Lome where Ecobank Transnational Incorporated, as the bank is officially known, has its headquarters. The SEC called for the EGM to be held in February. Initially, Ecobank said it was waiting for two governance reports it had commissioned but would try to comply with the timetable. Those reports had been received and only technical reasons and a desire to give shareholders enough time meant the meeting was pushed to March, Wanendeya said. Ecobank operates in 33 African countries and is listed in Nigeria and Ghana, two of Africa's foremost frontier markets. Its pretax profit for the first nine months of 2013 grew 56 percent from a year earlier. Its assets rose to nearly $20 billion in 2013 from $8.3 billion in 2008, according to its website. *(Reuters)*

Economic News

The non-oil sector of the Nigerian economy was the main driver of the country's real Gross Domestic Product (GDP) growth in 2013, a report has indicated. According to the report, ongoing reforms in the key sectors of the economy also aided output of the non-oil sector.
FSDH Merchant Bank Limited stated this in its economic and financial outlook titled: "Time to Rebalance," obtained at the weekend. The National Bureau of Statistics (NBS) data had shown that GDP growth rate stood at 6.81 per cent as at the third quarter of 2013. The growth rate of the non-oil sector stood at 7.95 per cent as at the third quarter of 2013, the highest quarterly growth as at end-September 2013. The increase in the economic output recorded in the third quarter of 2013 was as a result of increases recorded in the agriculture, hotels and restaurants, building and construction and telecommunications sectors of the economy. The contribution of the non-oil sector in the third quarter of 2013 was due to benign weather conditions that led to bountiful harvests in the agriculture sector, increased investments by local and foreign investors and the positive macroeconomic environment. The report however identified the privatisation of the power sector, agricultural transformation initiative among factors to drive the country's growth.

It noted that the privatisation of the power generation and distribution companies erstwhile owned and operated by the Power Holding Company of Nigeria (PHCN) had set the tone for the eventual turn-around and increased growth in the output potential of the Nigerian economy in the medium-to-long term. Furthermore, it pointed out that the supply of adequate and consistent electricity in the country would help to galvanise activities in both the formal and informal sectors of the economy. "We expect GDP to grow by 6.54 per cent in 2013 and will average 8.12 per cent during 2014 and 2018. The import substitution policy and other fiscal measures of the federal government aimed at encouraging the development of the agriculture sector and agro-allied activities will boost output of the sector," it added. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

An increasingly personal clash between Nigerian Finance Minister Ngozi Okonjo-Iweala and parliament is holding up passage of the 2014 budget, a document seen by Reuters shows. The administration can continue using last year's budget for six months before the government theoretically goes into shutdown, the constitution says. That has not happened before. The budget bill, which represented a delicate balancing act between the finance minister's drive to slash spending and lawmakers' demands for more money for projects, has been stalled since December. Now, the non-partisan National Assembly Budget and Research Office (NABRO), a committee whose members include lawmakers from both lower and upper houses, is calling for a public hearing in which Okonjo-Iweala would be quizzed on her performance as finance minister before any budget vote. Parliament's finance committee submitted 50 questions on the economy to Okonjo-Iweala last month, but lawmakers are not happy with her responses, the confidential NABRO document shows. Africa's second-biggest economy and top oil producer has become more attractive to sovereign debt investors in recent years due to its fast growth, but they still worry about the tendency of its fractious and often corrupt politics to hinder economic reforms. Political wrangling is expected to continue until elections next year and could damage public finances at a time when oil savings are dwindling and its currency, which has been largely stable, is under pressure during a sell off of emerging market assets. Okonjo-Iweala, a former World Bank vice president, told Reuters the hold-up was down to "partisan politics". "The budget should not be used as a weapon," she said.

Nigeria is already facing a political crisis over President Goodluck Jonathan's assumed intention to run in elections scheduled for February next year. That led five state governors and dozens of lawmakers to defect from the ruling People's Democratic Party (PDP) late last year and join the opposition All Progressive Party (APC). The APC, which has one more seat in the House of Representatives than the PDP following the defections, has ordered its members to block the budget over an unrelated issue regarding insecurity in the Niger Delta. The PDP still holds a comfortable majority in the Senate. Yet many ruling party legislators are also preparing for a showdown over the budget, sources say. "The budget's not likely to be done any time fast," said a source in parliament. "It's become really personal." Okonjo-Iweala, in her second stint as finance minister, had already made some concessions in the $28.6 billion budget by raising the benchmark oil price - above which Nigeria saves money it earns from oil exports - to free up more money for spending. The NABRO document shows lawmakers in no mood to accept Okonjo-Iweala's responses to their questions on the economy, accusing her of "an unfriendly and discourteous style of writing", disputing her data, and urging "a public hearing on the matters raised". Any such hearing could delay the budget by weeks. The questions the lawmakers say they want answered include why economic growth of above 6 percent has failed to lift more Nigerians out of poverty, and why the administration has cut capital spending when Nigeria is in need of infrastructure. "There was always a risk politics would get so contentious as to delay the budget," said Standard Chartered's Razia Khan. "I wouldn't be surprised if this doesn't go right down to the wire." *(Reuters)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania's debut Eurobond could be up to $1 billion and is likely to be issued in the second half of 2014, Tanzania's Central Bank Governor Benno Ndulu said on Wednesday. Tanzanian officials want to build new roads, railways, ports and to tap the country's vast natural gas and coal reserves to end chronic energy shortages. Ndulu said the government has yet to decide the size of the bond but expects it to be between $500 million and $1 billion. "Anything up to a billion should make sense," he told Reuters on the sidelines of a mobile money telephony conference in Kenya. Ndulu added the previous plan to issue the bond in the 2013/2014 financial year ending June will be difficult to pull off and therefore it would be "more realistic (to assume it will be issued) during the first quarter of the new financial year". The economy is seen expanding at around 7 percent over the next few years and the government has stepped up borrowing to fund the country's growing infrastructure needs. Ndulu said Tanzania is also on course to rein in its large current account deficit, which the International Monetary Fund put at 13.5 percent in the fiscal year 2012/2013, some way above the government's target of 5 percent or below. "We are working hard to bring it down back to 5 percent this year and I think we may be able to do that," Ndulu added. (*Reuters)*

Zambia

Corporate News

GLOBAL mining conglomerate, Vedanta Resources, has disclosed that copper production at its Zambian subsidiary, Konkola Copper Mines, dropped by 19 per cent in the last quarter of 2013. Vedanta reported at the weekend that this was due to suspension of operations at the KCM's Chingola open-pit mine since January 2013, when a contract with an equity partner called U & M Mining of Brazil expired. In the third quarter of 2013, KCM produced 32,000 tonnes of copper, 19 per cent less as compared to 34,000 tonnes of the metal mined in the second quarter of the year. Vedanta said it was however working on a turnaround of operations by improving volumes and profitability.
"Having earlier completed the project phase of the Konkola Deep Mining Project (KDMP), we are now focusing on the underground mine plan and development, to equip the underground mining team with additional talent. "We are also transitioning to a higher degree of mechanised mining, which would improve volumes, productivity, costs and profitability, and increase our contribution to the exchequer in the form of higher royalties and taxes," the report said.

On other developments, the mining conglomerate said the Nchanga smelter has increased customer smelting volumes since December using suitable feed from neighbouring mines to improve smelter utilisations and costs. "Additionally, we have optimised the blend and throughput of the feed to the Tailings Leach Plant (TLP) for higher production," read the report in part. Vedanta Resources has invested over US$2.7 billion in its Zambian operations to boost copper production through projects such as the KDMP and the Upper Ore Body (UOB) at Nchanga.
When completed and operational, the KDMP is expected to double KCM's annual copper production from the current 200,000 tonnes. *(Times)*

Economic News

ZAMBIA and the United Kingdom (UK) Government yesterday signed a new agreement for the avoidance of double taxation (DTA) with respect to taxes on income and capital. The agreement would see businesses and individuals in both countries paying taxes fairly and equitably. The purpose of the DTA is to promote international trade and investment by ensuring the businesses were not subjected to double taxation of certain types of taxes between the two countries, as that would be detrimental to investment. Speaking during the signing ceremony in Lusaka yesterday, Acting President and Finance Minister Alexander Chikwanda said the agreement was also aimed at providing enhanced certainty on taxation rights for investors when they engage in bilateral trade and investment activities. "The new agreement enhances tax administration between our two countries. The agreement now includes anti-abuse provisions so that only beneficial owners of dividends, interest and royalties that are being distributed get the benefits of the DTA," Mr Chikwanda said.

Mr Chikwanda said over the years, the agreement of 1972 as amended in 1981, had become outdated in many respects and needed to be repealed and replaced by a new one. This was to ensure that mechanisms of avoiding DTA of the same income between the two countries were in line with modern standards. Meanwhile, the trade volumes between Zambia and UK declined by 4.4 per cent at US$ 104.9 million in the first quarter of 2013 from US$ 109. 8 million recorded during the corresponding quarter in 2012. Commenting on the decline of the trade volumes between the two countries, Mr Chikwanda said the out turn was driven by a decline in exports of copper cathodes and articles to the UK and imports of industrial boilers. He said the signing of the agreement would further promote and strengthen the economic relations that existed between the two countries. British High Commissioner James Thornton said the new agreement contained many improvements that would be of mutual benefit. *(Times)*

Zambia will commission power projects this year that will boost generation capacity in Africa's biggest copper producer by about 39

percent, Mines and Energy Minister Christopher Yaluma said. The landlocked nation has an electricity shortage and needs to increase supply to mines that will grow output of the metal to more than 1 million metric tons in 2015 from 760,000 tons last year. Companies including First Quantum Minerals Ltd. (FM),Vedanta Resources Plc (VED) and Glencore Xstrata Plc (GLEN) have expansions projects under way, and these will draw more power. "The mining industry cannot grow to the next step of making a significant contribution to economic development if the necessary infrastructure is not in place," Yaluma said yesterday in a speech at the Investing in African Mining Indaba in Cape Town. Zambia will start producing 80 megawatts from the Kariba North Bank hydropower plant extension this month, after the project added 280 megawatts in November, Yaluma said. One megawatt is enough capacity to power about 2,000 average European homes. The Itezhi Tezhi project, about 200 kilometers (124 miles) west of Lusaka, the capital, will contribute 60 megawatts to the power gridby August and an equal amount by the end of the year, he said.

The 750-megawatt Kafue Gorge Lower hydropower project will start producing electricity by 2018 to 2019 and will be an important energy source for Zambia and surrounding countries, said Yaluma. Scheduled blackouts are common in Zambia due to a lack of investment in the industry, while demand from mines grew rapidly after the sale of state assets. More than 90 percent of its approximately 2,000 megawatts of generation capacity comes from hydropower. A local unit of Nava Bharat Singapore Pte Ltd. (NBVL) is building a 300 megawatt coal-fired power plant in southern Zambia, which will start producing electricity by the end of the year. Zambia will also complete a review of its mining legislation by the end of the year, in a bid to "make the investment climate more conducive," said Yaluma. *(Bloomberg)*

Zimbabwe

Corporate News

BRITISH America Tobacco Zimbabwe has spent more than US$5 million over the past five years in capital investments, the company's finance director Mr Peter Doona said.About 50 percent of the amount was invested in manufacturing and the company is now operating at 65 percent capacity. Mr Doona said the company would increase its capital expenditure this year, but could not say how much would be invested. This further confirms that the company has no intentions to divest from Zimbabwe. "We will increase our capital expenditure this year to enhance our manufacturing," he said. BAT manufactures a variety of cigarettes brands which include Madison, Kingsgate and Everest. The company enjoys 79 percent of the market share and produces about 130 million sticks per month, BAT chief executive Mr Lovemore Manatsa said. The company currently has close to 100 workers on its payroll. BAT is among the companies that are complying with the country's empowerment laws. Its share Employee Share Ownership Trust (ESOT) was established to give employees an opportunity to participate directly in the development and growth of the company. It was introduced as part of the company's compliance with the indigenisation legislation. Employees are getting a 10 percent shareholding in the company. With the establishment of the ESOT, BAT Zimbabwe is effectively transferring more than two million shares to its employees.

At the current share price of US$4,50, this equates to a total value of close to US$10 million. Half of the stock will be issued as free shares to employees through the trust, while the other half are to be issued for value. BAT said "this speaks directly to the Government's indigenisation objectives of creating broad-based empowerment through direct ownership to those who would otherwise not have had this opportunity." "Our Employee Share Ownership Trust will give BAT Zimbabwe employees part ownership in the company. We will also provide employees with the necessary assistance to be able to access those shares that will be issued for value, further enabling them to increase their holding in the company," said Mr Manatsa. *(Herald)*

TSL Limited profit rose to $6,8 million for the year ended October 31, 2013 driven by new initiatives that the group embarked on during the period under review. The group's profit stood at $4,9 million during the same period in 2012. In a statement accompanying its financial results, TSL said earnings per share increased by 21% to 1,78 cents per share. "Group performance has continued to be strong with revenue growth of 27%. Profit from operations was 43% up in the previous year as the impact of new initiatives and the sustainable operating cost base yield results," the group said. The group's revenue went up to $40,5 million during the period under review from $31,9 million prior year. The group's cash position closed the year below the previous year's, reflecting the working capital requirements of the group. Gearing increased to 21% of shareholders funds during the period under review. The company's operations that include Avis Car Rental Services, Tobacco Sales Floor, Propak Hessian, TSL Classic Leaf, Agricura and TSL Properties recorded profit in the full year period. While Bak Logistics recorded a flat revenue compared to the previous year and profit declined during the period under review. TSL Properties is targeting a third party tenancy of 50% from the current 25%. The group said the repairs and maintenance that were undertaken this year have seen an increase in the value of property portfolio with a value gain of $3,3 million. The company said the increase in tobacco output this year will impact on tobacco-related and logistics businesses.

"The acquisition of Premier Forklift should improve the quality and range of handling services offered to clients and introduce new revenue streams. "The expansion of our real estate capacity continues, with 9 000 square metres of new warehousing units to be commissioned during the first half of 2014," reads part of the company's statement. *(News Day)*

LISTED financial company NMB Bank managed to raise US$4 million during the floatation of the first tranche of its two-year US$50 million mortgage-backed Small to Medium Enterprises bond issue which opened during the last quarter of 2013.According to the plan, NMB seeks to carry out the bond issue in five tranches of US$10 million. The first US$10 million tranche opened in October and closed in early December. The bank's managing director, Mr. Benefit Washaya said the institution intends to raise US$50 million in the long run for Small to Medium Enterprises but the facility is drawn down on an "in-need basis". "This means that when the bank identifies deserving enterprises, we approach a select number of investors and raise the (required) funds. Therefore this is a private placement between NMB Bank and the identified investors." He added: "In the last quarter, after a careful analysis given the difficult trading environment in the country, we identified a number of qualifying small businesses and raised about US$4 million for them." The earmarked SMEs should at the minimum have an asset base of between US$10 000 to US$2 million, employ five to 20 people and have an annual turnover of US$30 000 to US5 million. Facilities shall be availed for working capital, trade finance, asset financing, lease financing, order financing and capital expenditure. All loans created from the proceeds of the SME Bonds will be secured by the borrowers with immovable property. "As a precondition for lending by NMB Bank, borrowers should show commitment to their projects and businesses by providing acceptable collateral in the form of property with ascertainable values, which will be ceded to the Trustee in terms of the Trust Deed.

Lending rates and associated charges will be within the framework of the law or any other prevailing legislation or agreement such as the recently signed Memorandum of Understanding between the BAZ and the RBZ (and any amended, subsequent or successor Memoranda of Understanding). It should be highlighted that other charges such as insurance costs, property valuation, mortgage and Bond registration fees that are not part of the Memorandum of Understanding will be passed to the borrowers in loan arrangements," said the group. Mr. Washaya said the bank would continue monitoring the trading environment and has lined up another tranche from investors for projects under consideration during this quarter. The bonds are being issued in registered form, in denominations of US$10 000 subject to a minimum subscription amount of US$100 000. The bonds have an attractive 10,5 percent annual coupon rate payable quarterly. The principal is redeemed over two years, with one half being paid back to investors in year one and the remaining half in year two). They also have been collateralised by urban properties (mortgage bonds held by Old Mutual Custodial Services on behalf of bond holders). The bonds have been accorded prescribed asset status and as well as liquid asset status making them attractive assets on the portfolios of banks, insurance companies, provident and pension funds.*(Herald)*

EXOR Petroleum, one of the country's indigenous oil companies has entered into a $9,3 million joint venture agreement with Mozambique oil giant Petroleos de Mocambique (Petromoc) to form a new company PetromocExor. In response to an email from NewsDay PetromocExor said: "The deal is estimated to be worth $9,3 million, a due diligence is yet to be concluded. "The company is indigenised and approved by the Zimbabwe Investment Authority and relevant authorities. Petromoc will hold 49% and Exor Petroleum 51%." PetromocExor's general manager, Felizberto Guizemana said the joint venture between Exor and Petromoc, a quasi-government Mozambican company, would see the gradual rebranding of all Exor service stations to reflect the new PetromocExor brand. Guizemana said the joint venture is expected to usher in a bright future, not only for the two brands, but for the oil industry and the country at large. He said Exor Petroleum's capital contribution to the new company includes 14 operational service stations, four ready-to-build sites, four operational holding depots and one ready-to-build depot site as well as commercial tanks across the country, while Petromoc will bring in working capital and vast technical capabilities. Guizemana said priority would be given to the refurbishment and rebranding of service stations. New sites are expected to be completed within 12 months. "We are already working on refurbishing the Sunningdale site and will move onto St Mary's in Chitungwiza, Kamfinsa in Greendale, Bulawayo and later the Masvingo proposed petroport project situated on the Harare-Beitbridge highway," he said. *(News Day)*

Economic News

A TANZANIAN firm has shown interest in Zimbabwe's sole manufacturer of glass packaging, Zimbabwe Glass Industries (Zimglass) and will dispatch a team by the end of the month to tour the plant. According to a report presented to the Parliamentary Portfolio Committee on Industry and Commerce recently, AfrAsia Bank was appointed financial advisor in 2012 to look for a solution on how the firm would be recapitalised. "Interest to invest in the company has been shown by a Tanzanian investor called Kioo Limited. "A meeting and tour of the company has been planned for the end of February 2014 by the potential investor after which they should be able to make a decision," Industrial Development Corporation of Zimbabwe said in the report. "A number of glass companies worldwide have been contacted to invest into Zimglass by AfrAsia Bank," the report added. A revaluation of Zimglass and review of business models was done by AfrAsia Bank.

The coming on board of a potential investor would result in the dilution of the IDCZ shareholding. IDCZ, which is a government entity, wholly owns Zimglass.

Zimglass produces 2 100 tonnes of flint glass per month and its main customer is beverages maker, Delta Corporation. However, Zimglass' market is under threat from the use of convenient packs such as PET by Delta thereby affecting the uptake of flint glass on the local market. The dilution of IDCZ's interest in Zimglass is part the corporation's move to restructure its operations in the absence of government support. IDCZ acknowledged that the current model of a holding and management services corporate was at the expense of new project development, rescue of distressed industries and development finance and capacity building roles. The State enterprise said it required an injection of $37 million to clean up its balance sheet to enable it to borrow or attract foreign direct investments. It said its profit generation capacity was insufficient to cover debt service on short term debt and to refurbish its plant and equipment or sweat its assets, most of which were old and obsolete.*(News Day)*

Zimbabwe's mining industry is in favour of a government proposal to build a new platinum refinery by 2016, a senior mining official said on Monday. "We are at one with the government on this issue... it is the how and the means that differ," Alex Mhembere, president of the Zimbabwe Chamber of Mines, said on the sidelines of an African mining conference in Cape Town. Mhembere, also the chief executive of Impala Platinum unit Zimplats, said the industry was nearing the 500,000 ounces of annual output needed to make such a refinery viable. Separately, Zimplats reported a 48 percent drop in operating profit for the three months to end-December, dragged down by weaker sales and global metal prices. Revenue was down 13 percent during the same period. *(Reuters)*

The Zimbabwe government requires $27 billion to implement its economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset), in the next five years. Speaking at a workshop organised by the Confederation of Zimbabwe Industries (CZI) on ZimAsset, acting director of fiscal policy in the Ministry of Finance Jonah Mushayi said Treasury was working on Special Economic Zones that would offer special fiscal and trading platforms. "We have developed the necessary regulatory framework. There is a team that has been dispatched to Uganda to learn about Special Economic Zones," Mushayi said. "There are certain things we need to attend to as government and business. $27 billion is required for the blueprint. It's quite a huge figure over five years." He, however, said the country was facing various challenges including liquidity constraints, high interest rates and a decline in money supply. Mushayi said government has so far identified the sources of funding for the blueprint as domestic mobilisation, regional financiers, debt relief as well as accessing external sources. The country's debt stands at $6,1 billion. Mushayi said the country's budget of $4,1 billion cannot do much to fund the financial needs of the country as 73% of the budget goes towards employment costs, 15% is for recurrent expenditure and capital expenses will be 12%. "We need to pursue joint ventures, we have scope to achieve greater mileage," he said. Mushayi said in 2013 $1,8 billion was received from diaspora remittances and government was developing a document to create Diaspora bonds. Deputy chief secretary in the Office of the President and Cabinet Christian Katsande said the Office of the President was working on a regulatory framework for Special Economic Zones to attract investment in the country as the implementation continues.

"The Ministry of Finance is working on a regulatory framework for Special Economic Zones. We need to finalise that matter urgently. "We are not looking at a perfect document. We have seen other nations generating economic activities, hubs that have focused either on Information Communication Technology or opportunities," he said. CZI president Charles Msipa said the workshop was about unpacking the role of the private sector in ZimAsset. The industry body's chief economist Lorraine Chikanya said the business community has identified gaps in the blueprint that include lack of implementation plan for the indigenisation policy and how government will address liquidity crisis in the economy. The document has categorised the various sectors of the economy into clusters and set goals on how they will achieve the set target. The social services and poverty eradication cluster will enable government to improve the living standards of the citizens. ZimAsset is a five-year plan to 2018 and it seeks to ensure that government will be committed towards building a robust and sustainable results-oriented socioeconomic growth and performance management culture while performance contracts will be introduced at all senior management levels in the public sector. *(News Day)*

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