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	3-Oct-14	10-Oct-14	Local	USD	Local	USD
Botswana	DCI	9490.41	9572.55	0.87%	1.92%	5.73%	1.36%
Egypt	CASE 30	9727.18	9163.81	-5.79%	-5.79%	35.10%	30.96%
Ghana	GSE Comp Index	2222.53	2223.13	0.03%	0.03%	3.63%	-25.96%
Ivory Coast	BRVM Composite	255.51	255.01	-0.20%	0.74%	9.91%	1.84%
Kenya	NSE 20	5292.42	5280.46	-0.23%	0.00%	7.17%	4.21%
Malawi	Malawi All Share	14034.43	14044.76	0.07%	2.86%	12.08%	18.00%
Mauritius	SEMDEX	2156.87	2156.31	-0.03%	-0.12%	2.89%	-1.23%
	SEM 7	409.23	407.96	-0.31%	-0.40%	1.07%	-2.98%
Namibia	Overall Index	1037.90	1010.18	-2.67%	-1.12%	1.32%	-3.74%
Nigeria	Nigeria All Share	41103.94	40444.39	-1.60%	-2.31%	-2.14%	-4.27%
Swaziland	All Share	298.01	298.01	0.00%	1.59%	4.32%	-0.89%
Tanzania	TSI	5375.65	5699.39	6.02%	5.99%	100.44%	90.72%
Tunisia	TunIndex	4594.71	4606.25	0.25%	0.77%	5.13%	-3.64%
Zambia	LUSE All Share	6214.61	6211.77	-0.05%	-0.62%	16.13%	1.88%
Zimbabwe	Industrial Index	193.45	189.14	-2.23%	-2.23%	-6.42%	-6.42%
	Mining Index	89.16	87.17	-2.23%	-2.23%	90.37%	90.37%

CURRENCIES

	3-Oct-14	10-Oct-14	WTD %	YTD %
Cur-rency	Close	Close	Change	Change
BWP	9.11	9.02 -	1.04	4.32
EGP	7.13	7.13	0.00	3.16
GHS	1.87	3.30	-	39.97
CFA	519.25	514.41 -	0.93	7.92
KES	87.70	87.51 -	0.22	2.84
MWK	402.82	391.91 -	2.71 -	5.01
MUR	30.21	30.23	0.09	4.18
NAD	11.21	11.04 -	1.57	5.26
NGN	161.92	163.09	0.72	2.22
SZL	11.21	163.09 -	1.57	5.26
TZS	1,635.48	1,635.97	0.03	5.09
TND	1.80	1.79 -	0.52	9.11
ZMW	6.23	6.26	0.58	14.00

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

No Corporate News This Week

Economic News

A major economic summit aimed at encouraging international investment in Egypt will be held on 21 February in the resort town of Sharm El-Sheikh, Supply Minister Khaled Hanafy said. During the summit, Egypt's government will present 15 mega-projects worth $100 billion, Hanafy said, according to state daily Al-Ahram on Saturday. The summit will host international companies and organisations, to encourage them to invest in the country. Egypt has already completed the planning of a project to build an international shopping zone on one thousand feddans of land near the Suez Gulf, which should create around 500,000 jobs, said Hanafy. A commodities exchange project, which is expected to cost $14 billion and have a storage capacity of up to 40 million tons, will also be presented at the summit. Egypt announced last month that it will request an assessment from IMF of the country's economic and financial affairs ahead of the summit, known as an Article IV consultation. Investment Minister Ashraf Salman said last week that the move is meant to assure investors that Egypt is taking the necessary economic reforms needed to encourage growth and a healthy investment environment. The private sector will also be able to present projects in the summit to attract international partners, Salman said last month. Since Abdel-Fattah El-Sisi became president in June, the government has made several major economic reforms aimed at fiscal consolidation, including cutting fuel subsidies by up to 78 percent, and introducing new taxes. Egypt has also seen the announcement of mega projects to expand the Suez Canal and to encourage public-private partnerships in developmental projects. But Egypt's battered economy is in need for further investments. According to Salman, Egypt will need private sector investments of LE260-LE336 billion if it is to achieve its growth target of 3.5 percent by the end of the current fiscal year. *(Ahram)*

The International Monetary Fund will participate in Egypt's economic summit in February, the fund's managing director Christine Lagarde told London-based daily Arabic newspaper Asharq Al-Awsat on Sunday. Egypt's economic summit – which Saudi Arabia called for after the election of President Abdel-Fattah El-Sisi in June – is scheduled for 21 February and will encourage international companies and organisations to invest in the country and contribute to its development. Lagarde said Egyptian authorities' "recent reform efforts" were "encouraging" and expressed her hope that participants in the upcoming summit will see how these reforms can "help restore durable economic stability and sustainable growth to Egypt." Last month, the Egyptian government called the IMF to report on the country's economic reforms ahead of the conference, namely its recent steps to reform the state budget – which has seen major cuts in subsidies and the introduction of new taxes. Lagarde also pointed out in the interview with Asharq Al-Awsat that the IMF has given advice to Egypt's authorities on tax policy and value-added tax (VAT) reform, which the current budget predicts will increase tax revenues by some LE14 billion. Both the private sector and government will be presenting projects to international investors throughout the conference, with the latter presenting plans for 15 megaprojects worth $100 billion. *(Ahram)*

Business activity in Egypt expanded at a near-record pace in September, a survey showed on Tuesday, with a nascent economic recovery encouraging companies to hire for the first time in nearly 2-1/2 years. Egypt's economy has been hit by more than three years of political and economic turmoil following the 2011 uprising that toppled Hosni Mubarak after 30 years in power. The government is trying to strike a balance between cutting its deficit whilst reviving economic growth, which fell to 2.1 percent in the 2012/13 fiscal year and remains far slower than the pace needed to create enough jobs for a youthful population of 86 million. Increased output and a sharp rise in new orders last month, however, appeared to suggest that confidence was beginning to return. At the same time, inflationary pressures stoked by a major reduction in government subsidies to the energy sector in July eased, with input and output prices rising more slowly. The HSBC Egypt Purchasing Managers Index (PMI) for the non-oil private sector stood at 52.4 points in September, just a tick below the all-time high of 52.5

points hit last November. Readings above 50 indicate expansion while those below 50 point to contraction. "Growth in new orders and employment shows us market sentiment is improving. Many challenges still lie ahead, but overall the numbers are encouraging, and we continue to expect growth to pick up pace through 2015,â€• said Razan Nasser, senior economist at HSBC, commenting on the Egypt PMI.

Egypt raised fuel prices by up to 78 percent in July in a long-awaited step to cut energy subsidies and ease the burden on the government's swelling budget deficit. The cuts pushed up prices and hit business activity in July, but the effects appear to have been short-lived, with the pace of economic activity picking up in the two months since. Egypt is targeting economic growth of up to 5.8 percent in the next three years, with the deficit staying at around 10 percent of gross domestic product (GDP). The PMI survey of around 350 private-sector firms showed that output grew steadily in September, with the related subindex standing at 53.3 points. The subindex for new orders hit a nine-month high of 53.8, up from 52.8 in August. The new export orders subindex stood at 52.4, just down from August's 52.5 points. Companies said much of that growth came from Europe and neighbouring Libya, despite the political challenges there. In a significant shift, however, Egypt created more jobs in September with the subindex hitting 51 points, the fastest rate of employment since records began in 2011. Egypt's non-oil private sector firms have been shedding jobs since May 2012, showing only a single month of stability at 50 points last July. Input prices rose sharply, with the index at 61 points, squeezing company profits, though the pace of rise eased from 63.8 points and 67.8 in the previous two months as the government cut energy subsidies. Higher input prices fed into higher selling prices in September. The output price subindex stood at 51.5 points, though the pace of increase again fell back from the previous month when it reached 51.7 points. *(Reuters)*

Egypt will sign a trade and industry cooperation agreement with Kuwait in November, state news agency MENA reported on Tuesday, citing the Egyptian minister of industry and trade. The agreement, which aims to boost mutual trade and investment, will be signed in the Kuwaiti capital. Kuwait, along with Saudi Arabia and the United Arab Emirates, has been supporting the Egyptian economy since the ouster of former president Mohamed Morsi. They have pledged $12 billion since the Muslim Brotherhood-led authorities were removed from power in July 2013. *(Ahram)*

Egypt's annual urban consumer inflation fell to 11.1 percent in September from 11.5 percent in August, the official statistics agency CAPMAS said on Thursday. Egypt's economy has been in turmoil since a popular uprising ousted autocrat Hosni Mubarak in 2011, deterring tourists and foreign investors and straining the country's finances and foreign reserves. Annual inflation reached its highest rate in nearly four years in November, then began falling back until the government introduced fuel price increases in July, triggering a rise over the past two months. *(Reuters)*

Egypt's foreign reserves rose to $16.872 billion at the end of September from $16.836 billion at the end of August, the central bank said on Wednesday. Reserves fell sharply after a 2011 uprising that ousted President Hosni Mubarak but rose last year when Gulf Arab states gave billions of dollars of aid after the army deposed elected Islamist President Mohamed Mursi. Reserves stood at about $36 billion before the 2011 revolt.*(Reuters)*

Egypt's main index inched down by 0.37 percent on Thursday to reach 9,552 points. Foreign institutions were net-sellers for LE36.9 million, dragging blue chips such as Commercial International Bank (CIB) down by 1.27 percent to trade at LE48.22 a share. Cairo-based investment bank EFG-Hermes saw its share price drop 0.73 percent to LE17.75, while metallurgical giant Ezz Steel also slid 1.27 percent to trade at LE17.82. Telecom Egypt fell 1.04 percent to LE13.33 and Global Telecom Holding dropped 0.60 percent to LE4.94. Some real estate shares were in the green, as Six of October Development and Investment Company (SODIC) rose 1.22 percent to LE17.36 and Palm Hills Development Company inched up by 0.47 percent to LE4.28. Largest-listed property developer TMG Holding inched down 0.09 percent to close at LE11. Total turnover of listed stocks dropped to a weak LE532 million. The broader EGX70 index rose 0.26 percent. *(Ahram)*

Ghana

Corporate News

Lending medium to long-term funds has been a major challenge for banks in Ghana because deposits from which they lend are more of short-term. To circumvent this challenge, however, Access Bank (Ghana) Ltd, has secured a US$40 million credit facility from the French Development Bank, PROPARCO, and its Dutch counterpart, FMO, to support lending to the private sector. The long-term credit transaction was signed in Rotterdam, The Netherlands, last week. The Managing Director of Access Bank (Ghana), Mr Dolapo Ogundimu, told journalists upon his return that the facility was in line with the bank's strategy to expand its lending portfolio to key sectors of the Ghanaian economy. "Through our extensive branch network, the bank plans to finance businesses in the export, manufacturing, agriculture and allied businesses, infrastructure and the services sectors of the economy," Mr Ogundimu said. He noted that the deal was a landmark for Access Bank and that the bank appreciated the support and trust the partners had in it, saying; "FMO and PROPARCO have been our partners since we opened shop in 2009, and this facility demonstrates their confidence in our bank's strong corporate governance and risk management policies." Mr Ogundimu said the facility would also enable Access Bank to deepen its financial intermediation role and act as a catalyst for the country's development agenda. A statement from the bank, made available to the Daily Graphic, also quoted the Deputy Chief Executive Officer of PROPARCO, Ms Marie-Hélène Loison, who spoke on behalf of the consortium, as saying that "this is the second time PROPARCO and FMO are financing the Access Bank Group". PROPARCO is proud to be the lead arranger of this facility which will increase the range of long-term financial resources and strengthen local financing capacities in a wide variety of key economic sectors, the statement said. *(Ghana Web)*

Following the agreement reached by First Bank of Nigeria Limited and International Commercial Bank Financial Group Holdings Ag (ICBFGH) for the acquisition of a 100 per cent equity interest in ICB GHANA, FirstBank yesterday announced the launch of FBNBank Ghana. A statement from FirstBank explained that as a result of the acquisition, the Nigerian bank has consolidated its position as the largest corporate and retail banking financial institution in sub-Saharan Africa (excluding South Africa). The statement explained that the transaction delivers against FirstBank's ambition to win significant market share, expand its pan-African footprint and diversify earnings while delivering value to shareholders. At the launch in Ghana, MD/CEO of FirstBank, Bisi Onasanya was quoted to have said: "The acquisition of ICBGFH assets in Ghana fulfills the first stage of our ambitions to steadily build a broader and more diverse footprint across Africa. "We are committed to developing a multi-local business model that broadens our geographic revenue base while providing enhanced service delivery to our new customers and equity participation to local investors." Commenting further on the deal, CEO, FBNBank Ghana Mr. Seyi Oyefeso noted that having built value for Nigeria over the last 120 years, FBNBank is poised to do even more in the Ghanaian financial markets. According to him, FBNBank provides customers with a collection of banking solutions that make their financial lives less cumbersome and stressful.

"Also, FBNBank has a history of leading the market with banking solutions that set the pace for other players in the financial landscape. "The orientation of FBNBank towards co-creation means it is constantly listening and inputting feedback received from customers in development of products and services that are relevant, Oyefeso added. Also speaking, the Head, Marketing and Corporate Communications, Folake Ani-Mumuney enthused: "the refreshed launch of FBNBank embodies our internal values and the direction we are headed in as a group, like the iconic elephant, which signifies strength and resilience, two of the greatest traits to have as an individual, an institution and as a nation. "Since launch in 1894, the FBN brand has established itself as a brand of strength and dynamism, with the vision to be the leading international financial services group in Sub Saharan Africa. "Our brand is at the heart of the holistic experience we seek to deliver to our stakeholders, an essential part of retaining patronage and the competitive edge that keeps us at the coveted position of market leader. "Launching the FBNBank Ghana is a major milestone in a wider strategic plan to expand our African footprints and as part of the drive to ensure that the group is more efficient and effective in delivering on the needs of its customers as reflected in our value proposition of placing the highest priority on the needs of our customers." *(This Day)*

Economic News

The Institute of Statistical, Social and Economic Research (ISSER) of the University of Ghana, Legon, on Thursday launched the "State of the Ghanaian Economy Report (SGER), 2013. The Report, compiled by a team of researchers from ISSER, cited structural limitations in infrastructure, labour markets and declining commodity prices as contributing factors to the slow-down in the growth momentum in many emerging and developing economies including Ghana. It noted that, nevertheless, the near-term outlook for Ghana was positive, with growth projected at 8.0 per cent and that of non-oil at 6.5 per cent in 2014. "Backed by strong investment in the oil and gas sectors, as well as by the public infrastructure and favourable commodity prices, Ghana can sustain continuous economic growth well into the future; provide continuous economic growth well into the future; provided the country improves its macroeconomic management which requires bold efforts to reduce its budget imbalance," it added. The SGER, which is the 23rd edition in the series of publications since 1991, provides a detailed assessment of how the various sectors of the economy, notably agriculture, industry and services fared in the past year. Professor Felix Asante, Director of ISSER, presenting an overview of the report, said Ghana's economic growth remained fairly resilient in the face of the global recession, though the rate had been declining since 2011. He said the economy's real Gross Domestic Product (GDP) growth rate of 5.4 per cent in 2013, however, was short of the targeted 8.8 per cent. "This negative outturn is the largest since 2008. For instance, in 2012, the shortfall was 0.6 per cent, compared to the 3.4 per cent in 2013," he said. Prof. Asante said Ghana's growth in 2013 was buoyed particularly by oil exports, with the non-oil GDP growth rate of 3.9 per cent, compared with 5.4 per cent growth for the overall GDP. "Furthermore, the oil sector accounted for a much larger proportion of GDP growth in 2013 than in 2012, when the overall GDP and non-oil GDP growth rates were 7.8 per cent, respectively," he said.

He said disaggregating growth, the largest sector service, was also the fastest growing sector in 2013 with a growth rate of 8.9 per cent followed by industry at 7.0 per cent, and finally by agriculture at 5.2 per cent "While the growth of industry remained unchanged between 2012 and 2013, the growth of service fell from its 2012 value of 10.2 per cent. Finally, agriculture growth rose substantially from 2012 rate of 1.3 per cent. 'Nonetheless, this sector's share actually decreased slightly from 23.0 per cent of GDP in 2012 to 22.0 per cent in 2013. Thus, despite the major improvement in its performance, agriculture continues to perform relatively poorly, and to assume less and less prominence within the Ghanaian economy," he said Prof. Asante attributed the downward performance of agriculture sector to the rapid expansion in the oil sector, which shrieked the contribution of the agriculture sector in relative terms, even though the sector was experiencing some expansion in absolute terms. On inflation, he said the end of inflation rate in 2013 was 13.5 per cent compared to 8.8 per cent in 2012, far exceeding the targeted rate of 9.0 per cent. Prof. Asante said government's total revenue, comprising tax and non-tax revenues as a percentage of GDP, increased from 21.6 per cent in 2012 to 22.4 per cent. "Government discretionary expenditure rose in 2013 to GHC 19, 858 million from GHC 18,512 million in 2012, representing a 7.3 per cent increase. Regarding the component of discretionary expenditure, the largest items were personal emoluments, total investment, and arrears clearance," he said. He stated further that: "Personal emoluments have been consistently rising since 2009, increasing from GHC2,478 million in 2009 to GHC 4,323 million in 2011; and further to GHC 6,665 in 2012. In 2013, it further increased to GHC 8,115.4 million, indicating a 21.8 per cent increase from the 2012 figure." Prof. Asante said in contrast, total investment expenditure declined between 2012 and 2013 by GHC 673.8 million, representing a decrease of 5.8 per cent. Prof. John Owusu Gyapong, Pro-Vice Chancellor, Innovation, Research and Development(RID), University of Ghana, launching the Report, said as an educational institution of higher learning and marching towards a research institution, "it our duty to throw more light on issues rather than generate them". He said, so much discussions generated on the airwaves these days turnout to confuse the uninformed and "I think it is the responsibility of the academia to contribute to unravel what the truths are". He commended ISSER for its efforts and roles in that direction. Prof. Gyapong said people only throw heat on issues instead of throwing light to inform the public and urged ISSER to continue the in-depth analysis and try to sustain it on yearly basis. He said the University intended to expand the report to other domains of the economy to throw more light on issues in the public domain. *(Ghana Web)*

Illegal miners have invaded between 1.5 and 1.7 million hectares of cocoa lands, destroying large tracts of cocoa farms in the process -- all in their quest to explore for gold, Ekow Essabra-Mensah writes. Obviously, there are indications that cocoa growing regions in the country are under siege following activities of illegal miners, particularly in the Western Region. This accounts for the severe poverty hitting

cocoa farmers in the face, and the subsequent practice where the majority of these farmers exchange their cocoa farms as concessions to illegal gold miners for cash. This development has come about because indigenes in these communities are gradually losing interest in farming as they see the returns on the mining activity as more attractive and far rewarding. The practice, which could spell doom for the country if not immediately halted, is common in some parts of Western Region where illegal mining has become the order of the day. Available statistics indicate that every year the country experiences a reduction of about 100,000 tonnes in production of cocoa, with global reduction trends expected to hit about one million. Last year, Ghana's cocoa production declined from one million tonnes in the previous year to 800,000 tonnes, while the Ghana Cocoa Board (COCOBOD) this year has projected a production target of 830,000 metric tonnes which was later revised upward to 850,000 tonnes. A field trip to some mining and cocoa growing communities such as Bogoso, Prestea, Tarkwa, all in the Western Region, have revealed how the activities of the illegal small-scale gold miners are impacting negatively on cocoa farms, as the indigenes are abandoning their crop farms in search of the metal with impunity. With the several mining companies including Golden Star Bogoso/Prestea Limited (GSBPL), Gold Fields Limited and Golden Star (Wassa) Limited in the area being the largest employers, it is feared that if the fast-spreading illegal mining is not brought to a halt the companies' continued existence will be threatened -- with grave consequences for people in the communities. Spread all over the communities are open pits besieged by unskilled youth confidently digging for gold to sell to prospective buyers without caring about the dangers being created for themselves, the inhabitants, and the environment as a result of this unregulated practice.

A number of these open pits are taking over some cocoa farms, with farmers seriously neglecting their cocoa farming activities for illegal mining. The Managing Director of Solidaridad West Africa, Isaac Gyamfi, called for concerted efforts to tackle the threat posed to the nation's cocoa production by illegal gold mining. He said the danger is real and must never be underestimated, adding that decisive action must be taken to deal with it. Solidaridad is an international non-governmental organisation (NGO) engaged in the training of farmer groups in six countries of the sub-region, to increase agriculture production. Mr. Gyamfi said the situation where cocoa trees are felled to make way for digging the precious mineral will undoubtedly hurt production levels. The nation will pay the cost for disturbing the vegetation, he said. According to him, apart from forcing farmers to sell their farms because of high deposit of mineral resources, some of the miners forcibly entered the land to undertake surface mining without consent from the farmers. The situation, he said, requires a holistic approach for redress -- adding that as a result of rampant and haphazard activities, most of the farmers are losing their lands. He said farming activities have been reduced to zero in some cocoa growing areas, because the entire nutrients that feed the trees have been destroyed, therefore rendering such areas unfertile for farming. He said the situation has compounded the reluctance of indigenous youth who are in search of alternative livelihood activities at the expense of inheriting cocoa cultivation -- the major traditional economic activity in the Tarkwa and Prestea areas part of the region to help neutralise the aging and fast-dwindlingworkforce.

The farmers have little option because movement of heavy equipment to mining sites causes considerable damage to their crops before chiefs and landowners prevail on them to negotiate the sale. Some of the farmers in the area expressed deep worry about the turn of events, and warned that if left unchecked it could have a devastating impact on the country's cocoa production levels. Averagely, Ghana annually earns about US$2billion from cocoa. According to the International Cocoa Organisation's forecast, Ghana -- the world's second-largest producer -- could produce up to 900,000 tonnes of cocoa beans in the upcoming 2014/2015 crop season. But challenges including lack of a substantial labour force and activities of illegal mining could negatively affect productivity rates at the various cocoa farms, thereby undermining the target. Chamber of Mines' collaboration with National Security Agencies Interactions with officials of the Chamber of Mines revealed that registered members received tremendous assistance from the National Security, Ghana Army, Regional and District Security Committees in protecting assets at their mines. "In periods of distress, these agencies have not failed to respond to the call of our member-companies and we are grateful for their cooperation. In return for their assistance, members support the various security agencies with logistics," the Chamber said. In 2012, the Chamber donated a pick-up vehicle to the Ghana Armed Forces to enhance their operations in the fight against illegal miners. The First Vice President of the Chamber, Kwame Addo-Kufour, observed that illegal mining is a threat not only to government and the Chamber of Mines but everyone in the country. He called for a collaborative effort from all stakeholders to arrest illegal miners. Stakeholders have urged government security entities, such as the Bureau of National Investigations (BNI) and the Ghana Police Service, to intensify their protection and monitoring mechanisms to minimise the impact of illegal small-scale mining operations and the

activities of the foreign nationals on the country's mineral reserves. President John Dramani Mahama inaugurated an Inter-Ministerial Task Force to flush out Ghanaians and foreigners engaged in illegal mining in the country.

The five-member task force was mandated to work in a coordinated manner with the military and the police to arrest and prosecute Ghanaians and foreigners engaged in illegal mining. The task force is mandated to ensure that laws on small-scale mining are fully enforced and seize all equipment used by those who fail to comply with new directives on obtaining or renewing their licences. It is also empowered to arrest and prosecute anybody, both Ghanaians and foreigners, involved in illegal small-scale mining and deport all foreigners involved in small-scale mining. The Minerals Commission in 2012 spearheaded amendment of the existing small-scale mining laws to impose stiffer punishment on any individual that engages in illegal mining. Presently, the law stipulates that anyone who engages in illegal small-scale mining be fined 14,000 penalty units. A unit is valued at GH¢12. "Efforts will be made to seek an amendment of the law to enhance the level of punishment. "We think that insufficient sanctions in the law covering illegal mining is part of the problem; we are proposing that illegal mining should be made an offence, and that the punishment should not be a fine but offenders must be made to serve a jail-term. "We want the equipment used by the illegal miners to be confiscated to the state," former Chief Executive Officer of the Minerals Commission, Mr. Ben Aryee, disclosed to the Business and Financial Times in Accra. So far, Chinese, Indians, Russians, Spaniards, Burkinabes and other West African nationals have been found involved in the illegal mining business. "Some of our chiefs go to the extent of taking as low as GH¢20 before illegally awarding lands to these foreign illegal miners operating in their areas." There have been various calls by civil society organisations and the general public for a common platform to collaborate and develop prudent ways of developing possible linkages between mining and farming to ensure needed growth and development.

Undeniably, mining activities have most often led to the degradation of lands. The possibility of rehabilitation for agricultural purposes afterward is a refreshing note and needs to be considered greatly. But in a perfect partnership where agriculture thrives in the environs of mining, farmers are encouraged to provide food and cash crops for the consumption and growth of teeming populations and communities in mining areas. On the other hand, when one thinks of the link between mining and agriculture, what immediately comes to mind are the negative impacts that unbridled mining activities have on land, water, agriculture and people's livelihoods. Experience has indeed often proved this right: where these two sectors co-exist, they look daggers at each other and are engaged in constant battles over the use of common resources and over the detrimental effects that mining activities have on the communities living around them. Identifying and addressing the missing links between a prosperous extractive sector and other productive sectors, notably agriculture, must be seen as the nation's top priority in the government economic growth agenda. Ghana, just like any other African country, is challenged with similar sectorial dynamics and the effects are creating a negative dimension on the country's economic growth.

Mining companies can contribute to the development of local communities, perhaps, by moving a step beyond traditional corporate social responsibility toward corporate economic responsibility activities. Companies can play a constructive role by providing complementary support to local communities in developing productive economic activities. These can take two main forms: notably, supporting the development of linkages within the extractive sector by providing services to the sector or by developing upstream and downstream industries to transform raw materials into higher value-added activities. Secondly, there should be a drive to promote linkages outside the extractive sector into the field of agriculture, given its importance in many resource-rich countries. The need to set up a strong industrial base and hence foster industrial linkages is self-evident and indisputable. Currently, agriculture -- which is the mainstay of the country's economy -- is estimated to contribute 30% of gross domestic product on average and 70% of labour force employment in Ghana's economic development. However, rural subsistence farming still makes up the bulk of today's agricultural production: 85% of farmers grow on less than two hectares and employ 65% of the total agricultural labour force. Extractive resources are arguably becoming politically sensitive: they are known to generate rent-seeking behaviour, which in turn creates, structures and entertains incentives for all those involved in the business. They have had a bearing on the mismanagement of resources and have often shaped governments' relationship with citizens, in essence through tax-accountability. Governments therefore have a strong interest in making sure that policies in both sectors are designed in such a way that they generate positive outcomes and complement rather than antagonise each other. This way, benefits from extractive resources will trickle down to the rest of the economy and act as a catalyst for broader economic transformation. Governments, acting

together with mining companies, should use the current windfall gains from the extractive sector to compensate and lift the agricultural sector to a higher level of development, notably by using financial resources from the extractive sector to incentivise agriculture projects. Extractive companies themselves can also play a lead role in supporting agricultural economic activities in areas where they operate. The purpose is not to turn miners into farmers, but rather to encourage and support local farmers to develop more productive activities beyond their subsistence activities. This can be a way to reduce risks of potential unrest and therefore to maintain their social licence to operate in regions where agriculture is indeed a key sector, but where farmers struggle to provide for their own subsistence. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Kenya's Wananchi Group, a pay television and high speed Internet operator, said on Monday it had raised 11.6 billion shillings ($130 million) from existing and new shareholders to fund its growth in east and southern Africa. Richard Bell, Wananchi's vice chairman, said the company would invest the cash in expanding its fibre-optic network to cover more homes in more cities across the region. "We will also invest in exciting new technologies and service platforms to improve the quality of our products," Bell said in a statement. The capital investment was led by Wananchi's existing shareholders, including Altice and Liberty Global, as well as new investors, Helios Investment Partners. Founded in Nairobi six years ago, Wananchi's Zuku brand covers a network of more than 200,000 homes in Kenya's capital Nairobi and its second city of Mombasa, the company said. Demand for broadband and pay TV in east Africa has been growing in recent years in line with economic growth and increased urbanisation. *(Reuters)*

State-controlled Kenya Electricity Generating Co (KenGen) said on Monday it wanted to team up with private investors for the first time to build geothermal power plants that would come on stream by 2016. KenGen's plan is part of Kenya's ambition to add 5,000 megawatts (MW) of capacity by 2017, against a current total of 1,664 MW, as it tries to tackle power shortages and high prices holding back business in the east African nation. By 2030 Kenya estimates it will need some 15,000 MW of extra capacity, with much coming from geothermal and other renewables which will be both cheaper than widely-used diesel generators and more reliable than its hydropower dams which are affected by regular droughts. KenGen Chief Executive Albert Mugo said the company had already drilled 45 out of a targeted 80 geothermal wells that were expected to produce an extra 400 MW by 2016 at a cost of about $1.7 billion. The company, which is 70 percent state-owned and is Kenya's biggest power generator, was in talks with development institutions to borrow money for an initial plant with capacity of 140 MW, Mugo said in an interview. "We are also looking at being able to do joint ventures," he said, adding private partners "can help us in mobilising the debt for the project and also inject a substantial amount of equity and then we do these projects together". A KenGen official said any joint venture would be a first for the company. Mugo said KenGen could probably fund a further 150 MW by issuing debt or equity, but joint ventures could be used to add the remaining 250 MW to meet the target of 400 MW by 2016.

KenGen said in February it planned to raise 30 billion shillings ($336 million) this year, with 15 billion coming from shareholders via a rights issue of new stock and the rest from the government using means yet to be announced. Mugo said the government had assured the company it would take up its share of the rights. "There is good indication that perhaps before the end of this month the government will have decided on how to take its rights," he said in reference to the government's deliberations on how to fund its part of the issue. Mugo said in July the proceeds of the issue would help KenGen restructure its balance sheet and borrow for further expansion after 2017, when it plans to have 1,252 MW in place. By the end of this year, KenGen will have added 305 MW in geothermal capacity, helping cut power bills that businesses say make Kenyan industry uncompetitive. In Kenya, an extra fuel charge or premium is added to normal power rates depending on the amount of diesel generation used and on global fuel costs. This month, the fuel premium stood at 4.79 shillings per kilowatt hour (kWh), compared with 7.22 shillings in May, as geothermal helped reduce use of diesel generators. "I won't be surprised if by next month, we will be going to below 4 shillings per kWh on fuel. So that's the kind of effect we are seeing on the tariff as we bring (on stream) the geothermal units." Overall, Kenya wants to halve electricity bills in the next three or four years from present levels of between $0.17 and $0.18 per kWh. Diesel generation costs about $0.35 per kWh, while the cost of geothermal - plentiful in the Rift Valley which runs through the country - ranges between $0.08 and $0.09 per KWh, the government says. *(Reuters)*

CIC Insurance has opted to absorb Sh5 billion at once after overshooting the amount targeted under a two-phase bond in the first offer. The two-year bond was heavily oversubscribed with the firm receiving Sh6.34 billion bids, more than two times the Sh3 billion targeted under the first tranche alone. The listed firm said it would exercise the "green shoe" option to raise the required Sh5 billion and scrap the next phase. "We had subscription from across all market segments among them local institutional investors, financial institutions, the insurance sector and the general public," CIC chief executive Nelson Kuria said in a statement. "As a result the company will exercise the

green shoe option and accept an additional Sh2 billion from the total amount raised." The information memorandum says that Sh3 billion was to be raised first with the remaining Sh2 billion sought in 2015. CIC has already identified ready projects where the funds would go, including a medical facility which has been allocated Sh800 million. The firm plans to enter the healthcare business through a strategic partner to put up a facility to offer quality medical services for patients in both the upper and low-end markets. The healthcare industry is attracting both local and international underwriters. The segment has relatively been underserved on the breakdown of State-run health facilities. Grameen Foundation, MicroEnsure, and Penda Health recently launched Uzima Project, an insurance programme targeting healthcare for the low- and middle-income end of the market. The project announced on Monday it is expected to add some 150,000 customers over the next two years. The insurer said it would roll out all its programmes immediately using the bond proceeds. Real estate, recapitalisation and regional expansion will take up the remainder Sh4.2 billion. CIC becomes the fourth bond issue to be oversubscribed and the third firm to exercise the green shoe option. NIC accepted Sh5 billion in September after its Sh3 billion bond received Sh6.5 billion in offers while the Britam bond attracted Sh7.4 billion against the Sh3 billion planned in the first tranche.The latter settled for Sh6 billion. UAP's Sh2 billion bond attracted offers worth Sh3.19 billion. Analysts said on top of high liquidity, interest rates on corporate bonds are more attractive than the Treasury bonds of comparable tenor, making them attractive to investors. "The oversubscription was expected because the bond has better returns than government bonds," said Agnes Achieng, research analyst at Sterling Capital. *(Business Daily)*

Safaricom is edging towards ranking among Kenya's top 10 largest international money transfer agents, beating 34 commercial banks in market share terms, less than five years since its foray into the cross-border cash remittance business. The latest Central Bank of Kenya money transfer data for up to August shows the telecommunications firm now handles slightly more than four per cent of all cash remitted to Kenya from foreign countries. International M-Pesa cash transfers totaled Sh3.39 billion ($38.03 million) between January and August this year, ranking the mobile cash platform eleventh with a market share of 4.06 per cent. Safaricom is riding on the popularity and vast agent network of its mobile money platform M-Pesa to win a bigger share of Kenya's diaspora inflows, which grew 11 per cent to top Sh83.5 billion ($936.03 million) as per the CBK data to the end of August. "Through partnerships, our customers and their friends and families will benefit from affordable, faster and more convenient international remittances," said Nzioka Waita, Safaricom's director of corporate affairs in an interview. Equity Bank is in pole position having handled Sh10.3 billion or 12.36 per cent of total remittances sent in the eight months to August followed by Co-operative Bank, which processed Sh8.7 billion or 10.36 per cent. Diamond Trust Bank is ranked third having moved Sh7.5 billion (9.07 per cent). Safaricom has in recent months signed up five additional global money transfer providers to allow Kenyans abroad send money directly to its customers' M-Pesa accounts. The Nairobi bourse-listed telco has signed partnership deals with Australia-based mHITs, British firm SkyForex, PostFinance of Switzerland, London-based provider Xendpay and Mapex to offer direct cash transfers to M-Pesa customers abroad. The new partnership agreements are in addition to earlier deals signed with remittance channels such as Western Union, Xpress Money, Skrill iT and WorldRemit. The telco is set to add MoneyGram to its list of international money transfer services by the end of this year.

The new mobile-based money transfer partners will increase M-Pesa's geographical presence to cover Europe, North America, Australia, the Middle East and Asia where there are significant Kenyan migrants. CBK statistics show M-Pesa has only been receiving inward remittances from Europe, attributed to Safaricom's deal with Western Union in March 2011. M-Pesa's expanded list of global money transfer providers takes the battle for the control of diaspora cash to the doorstep of commercial banks that currently dominate the remittances market by acting as cash agents for providers such as MoneyGram, Western Union and Xpress Money.KCB Bank is ranked fourth with Sh7.3 billion followed by Chase Bank (Sh7.2 billion), CfC Stanbic(Sh6.8 billion), NIC Bank (Sh5.2 billion), Western Union-Postbank (Sh4.7 billion), First Community Bank (Sh4.1 billion) and Barclays in tenth position, having handled Sh3.4 billion. Safaricom is banking on the convenience of consumers receiving money on their mobile handsets and going to any of its 81,025 M-Pesa agents to withdraw the money rather than going to a bank as a major attraction for customers. The telco, which has 19.3 million registered M-Pesa users, said customers are not charged for receiving diaspora remittances via M-Pesa. *(Business Daily)*

Britam has lost a lucrative real estate deal to a company formed recently by its former employees. Its partner, Acorn Group, has signed a Sh20 billion financing deal with Cytonn Investment Management in exchange for a 50 per cent stake in upcoming Sh40 billion real estate

projects. Cytonn Investment was formed last month by a former chief executive of Britam's asset management unit, Mr. Edwin Dande, who has teamed up with three colleagues also previously with the company. Acorn said it opted to work with Cytonn because its management comprises the team which conceptualised the real estate project while still working at Britam. "Acorn Group's engagement with Cytonn Investment is a continuation of a collaboration that started when the team was at Britam Asset managers," chief executive officer Edward Kiraithe said on Wednesday. The NSE-listed financial services group has a 25 per cent stake in Acorn Group, an investment that was aimed at boosting its presence in the real estate sector. The deal clinched by Cytonn involves shopping malls, master planned developments, mixed use developments commercial space and budget hotels. Mr. Kiraithe said the flagship project will be Arboretum square which will be an integrated lifestyle set up in East Africa. Mr. Dande, Cytonn's chief executive, said the Sh20 billion would be sought from high net worth individuals, institutional investors and the diaspora. "There is no shortage of capital — the world is awash with capital looking for handsome returns," he said. Real estate has become one of the fastest-growing sectors over the last decade, fuelled by a burgeoning middle class. *(Daily Nation)*

Kenya's regulator said on Wednesday it had given preliminary approval to a joint bid by Safaricom and Airtel for the mobile assets of Essar Kenya and the final nod could be given next month. The two firms lodged a joint bid valued at $100 million to buy the assets of Essar Kenya, which operates under the "Yu" brand in the east African nation, in February this year. "The whole project is at an advanced stage," Francis Wangusi, the director general of the regulator, the Communications Authority of Kenya (CAK), told a news conference. He said CAK and the competition authority approved the deal but needed to wait until the end of the month for other parties to raise any objections, in line with legal requirements, to give their final agreement. That could happen next month, he said. Safaricom, which has a 68 percent share of Kenya's 31 million mobile phone users, will get Yu's network infrastructure and spectrum. Airtel will take Yu's 2.6 million subscribers. Safaricom plans to use the additional spectrum to iron out quality issues on its network like the frequency of dropped calls, while Airtel needs the extra users to boost its base that now stands at 5 million, well behind Safaricom's 21 million. Telkom Kenya, which is majority-owned by Orange, is the fourth operator in the market with 7.7 percent of users. Essar, which started operating in Kenya in 2008, is exiting the Kenyan market after failing to recoup its investment in the competitive mobile market. *(Reuters)*

Equity Bank on Wednesday restored mobile money withdrawals from its Automated Teller Machines (ATMs), after a two-day lockout that left millions of Safaricom's M-Pesa, Orange Money and Yu subscribers unable to access their money. The consumers, who have been accessing their mobile money through the lender's ATMs, were until mid-day Wednesday unable to withdraw cash from the machines that immediately cancelled all such requests. Safaricom confirmed that the service had been deactivated on Monday though no explanation had come from Equity Bank. The services resumed Wednesday in the afternoon but Equity maintained that no such outage had occurred. "The service was deactivated Monday although we have had no official communication from Equity," Bob Collymore, Safaricom chief executive said. Equity has more than 620 ATMs and 7,700 agents in East Africa that Kenyan's four mobile operators, Safaricom, Airtel, yuMobile and Orange have been riding on to fill in any gaps in their agency networks and to boost cash flow in the system. Through the ATMs, Equity subscribers can also withdraw money from their bank accounts and transfer it to a mobile account. Other than withdrawing money, the cash machines also enable Equity Bank account holders to buy airtime from Safaricom, Orange, Airtel or yuMobile. Safaricom runs an 85,000 M-Pesa agency network that is supported by multiple agreements with commercial banks, including Equity, to service its 18.1 million mobile money users. The large agency network that makes it easy for subscribers to deposit and withdraw cash is seen to be a key ingredient of the success that Safaricom has had in positioning M-Pesa at the centre of Kenya's payment system. Safaricom's rivals Airtel, Orange and yuMobile have a relatively smaller number of agents, a challenge that has forced them to rely heavily on agreements with commercial banks such as Equity. The skewed market landscape saw Airtel petition the Competition Authority of Kenya (CAK) seeking orders compelling Safaricom to open up its agency network. *(Daily Nation)*

Economic News

Business leaders have "extremely high" confidence that the economy is set for strong growth in spite of a slowdown in tourism and the

recent security threats. Releasing the first of its Business Sentiment Indicator (BSI) report, Standard Chartered Bank notes that although their confidence barometer has returned above the 50 per cent mark since the results were first collated in February, the September improvement to 65.3 per cent from August's 56 per cent is notable. "Business confidence in Kenya appears to be extremely strong," the Standard Chartered report indicates. "The optimism was also broad-based. Ten of the 15 current conditions indicators picked up. Of the individual components of our BSI, both new orders and current production rose to series highs."

The bank, which will officially launch the new economy barometer next month, warns that the "survey has too short a history to justify drawing any firm conclusions, and much will depend on whether the positive sentiment is sustained. But it says the findings are nonetheless noteworthy. The Standard Chartered MNI BSI polls up to 200 business executives representing different sectors of Kenya's economy — manufacturing, services, construction and agricultural firms. They answer questions on how they feel about current and future economic conditions. The survey, which is undertaken in partnership with international research firm MNI Indicators, seeks leaders' views on whether business activity has increased, decreased, or remained the same, compared with the previous month. The leaders are also asked about their expectations over the next quarter. An indicator above 50 shows an expansion. One below 50 indicates a contraction; while a result of 50 means no change. The September BSI denotes that despite increased security threats and reports of a weak tourism season, the business environment in Kenya is still resilient. Although findings of the survey have a short history (they were initiated in February this year), the report is noteworthy, given it paints an overall picture of the status of the business environment.

This is in regard to new business orders, production, employment, order backlogs and supplier deliveries. All these components, except order backlogs, increased in September, indicating a sound business environment. Overall, business conditions firmed to 73 in September (from 61.4 in August) on the indicator, as many companies reported higher sales and orders. New orders also increased for a third consecutive month, reaching a new series high. Increased export momentum appears to have driven much of this gain, with export orders rising to 74.6 in September from 55.2 in August. The report also suggests that rebasing of Kenya's GDP did not reveal a dramatically different structure in the economy, suggesting that the survey's samples remain broadly representative. Rebasing of Kenya's GDP on September 30 saw the size of the economy hit Sh4.76 trillion in 2013, up from an earlier estimate of Sh3.8 trillion. This made Kenya join lower middle income status with average per capita income of $1,246, with the growth rate for 2013 revised to 5.7 per cent from 4.7 per cent earlier. "This confirms what we had previously suspected — that the economy has demonstrated good momentum and has been growing faster than the official data indicated. It fits with much of the anecdotal evidence available to us: robust business confidence, increasing capex plans, and healthy private sector credit growth," said Ms Razia Khan, the managing director of Macro Research at Standard Chartered Bank. *(Daily Nation)*

Kenya will auction a 12-year infrastructure bond worth 15 billion kenyan shillings ($168.44 million) in October and the proceeds will be used to fund transport, energy and water projects, the central bank said on Thursday. The bank said the amortised bond will have an 11 percent coupon and is on sale between Oct.8 and Oct.21 ahead of its auction on Oct.22. At the last auction of a 12-year infrastructure bond in September 2013, its weighted average yield stood at 12.363 percent. *(Reuters)*

Kenya is selling infrastructure bonds for the first time in a year to cover spending needs that are among the highest in Africa for expanding transportation networks and electricity supplies. The East African nation is offering 12-year bonds worth 15 billion shillings ($168 million) at a fixed rate of 11 percent, according to the Nairobi-based Central Bank of Kenya. The sale closes on Oct. 21. The proceeds will finance road, energy, water and irrigation programs, the central bank said. The government needs money to build roads, a railway and port and lay down a pipeline to ensure oil reserves that are being developed in the remote north can be exported, even as it struggles to narrow its budget deficit. Kenya's investment needs of $4 billion a year to deliver on its infrastructure pledges is one of the largest on the continent, according to the Tunis-based African Development Bank.

Proposed projects such as the construction of a new railway from the port of Mombasa to the border of Uganda and a second international harbor in Lamu will accelerate growth in government investment by 30 percent in 2016-17 compared with 16 percent in the current fiscal

year through June, according to the Nairobi-based Parliamentary Budget Office. The government targets narrowing its "consistently high" budget shortfall to 8 percent of gross domestic product this year from 10 percent in 2013-14, the office said in a report last month.
Before the current bond issue, the government sold five infrastructure bonds since 2009, according to the budget office. The last sale in October 2013 raised 16 billion shillings of 12-year securities at an average yield of 12.36 percent in an auction that attracted more bids than supply. The state has also sought financing for capital projects on the international markets by raising $2 billion in five-year and 10-year notes during its debut Eurobond sale in June. The portion maturing in 2024 carried a 6.875 percent interest rate. The yields have dropped 78 basis points since they were issued to 6.09 percent by 2:23 p.m. in Nairobi. The shilling, which weakened 3.1 percent this year, pared its decline to trade 0.1 percent higher at 89.05 per dollar. "I don't see much downward risk" for investors of the infrastructure bond, Aly-Khan Satchu, chief executive officer of Nairobi-based Rich Management Ltd., said in a phone interview today. "Yields could trend toward 10 percent."*(Bloomberg)*

Kenya's shilling weakened slightly in quiet Friday morning business as traders bought dollars to square positions before the weekend, while demand for shillings to meet tax payments could help strengthen the currency next week. By 0720 GMT, the shilling was 89.05/89.15 to the dollar, modestly weaker than Thursday's close of 89.00/89.10 but still in a tight range of recent sessions of roughly 89.00 to 89.30. "It's Friday so typically we don't see a lot of trading volumes today," said Nahashon Mungai, a trader at Kenya Commercial Bank. "Traders want to close for the weekend square." "We remain stuck in a range but with a bias for a stronger shilling near term," he said, adding mid-month tax payments falling due next week would lift demand for the Kenyan currency. Further support for the currency, which weakened after a spate of attacks drove away many tourists and their dollars, could come from foreigners seeking shillings to buy a 12-year infrastructure bond this month, said Chase Bank's Martin Runo. *(Reuters)*

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

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Nigeria's state-owned rescue bank AMCON has selected mid-tier lender Skye Bank, as the successful bidder to buy nationalised lender Mainstreet Bank, AMCON said. Asset Management Company of Nigeria (AMCON) had sought bidders for the sale of its 100 percent stake in Mainstreet Bank, one of three banks nationalised following a $4 billion central bank bailout that saved several Nigerian lenders from near bankruptcy in 2009. An AMCON statement released on Saturday did not give details of the agreed price of the sale. *(Reuters)*

Nigerian banks' asset growth and earnings will fall in the next 18 months because of the central bank's (CBN) moves to protect the economy and banking customers, Fitch Ratings Ltd says in a report. "All these moves led to weaker profitability and stemmed credit growth" in the first half of 2014, Fitch says in the report published yesterday (Oct 08) in London. This is likely to continue into 2015, it says. The CBN increased cash reserve requirements (CRR) on public sector deposits to 75 percent from 12 percent since July last year to curb inflation, and limited how much banks can charge account holders when they withdraw money. The Asset Management Corporation of Nigeria (AMCON), a state company created to buy bad debt from lenders after the country's 2009 financial crisis, also last year raised its annual levy on banks to 0.5 percent of their assets, from 0.3 percent. Nigerian banks' ability to create risk assets is also being squeezed by CBN regulations on capital requirements. Bisi Onasanya, group managing director and chief executive officer, First Bank of Nigeria, says a balance must be struck between fiscal and monetary policies against the current obsession with fighting inflation. "The introduction of Basel II means that every N1 of loan you create, you have to provide capital to cover it.

There are now only 45-55 percent of deposits available for lending," Onasanya said at a conference in Lagos last month. "We want policies that will create employment and we must not fixate on exchange rates. Whatever you sterilise you make unavailable for lending," he said. Onasanya says the CBN's CRR policy has effectively kept N460 billion of First Bank's funds at the apex bank earning zero interest rates, instead of being available for lending. Total bank credit extended to the private sector was equivalent to N17.39 trillion or only 21.6 percent of GDP as at August 2014, according to data from the CBN website. Nigerian lenders have recovered from the home-grown financial crisis of 2009 and are generally better positioned today compared to four years ago, after the establishment of AMCON to buy bad loans. Non-performing loans (NPLs) have fallen from a high of 35 percent to about 4 percent today. However, banks are still perceived as averse to lending and more willing to invest in government's fixed income securities at yields in upwards of 12 percent. The CBN has justified its tight money policy on the need to maintain monetary stability and protect the naira. Consumer prices in Nigeria have dropped from a high of 13 percent in 2009 to 8.5 percent in August 2014, while the naira has outperformed other African peers such as South African rand and Ghanaian cedi in the same period.

Implementation of Basel II and capital adequacy ratio will also pare bank stock prices, says Bismarck Rewane, CEO of Financial Derivatives Company (FDC) Limited, in an October 2 presentation. The report, however, observes that despite the monetary headwinds, the banks are currently performing well, with the agency rating nine of them on the international scale, with six of them having Long-Term issuer default rating (IDRs) driven by potential state support. The banks are First Bank of Nigeria, United Bank for Africa, Diamond Bank, Union Bank, Fidelity Bank and First City Monument Bank. It also notes the willingness of the regulatory authorities to support domestic banks, which has continued to be on the increase. Three banks – Zenith Bank, Guaranty Trust Bank and Access Bank – have IDRs driven by their intrinsic strengths as defined by the Viability Rating (VR). All Nigerian banks have VRs in the 'b' range, mainly due to the high influence of the operating environment on their ratings.*(Business Day)*

Shareholders of Access Bank plc will this month approve the raising of additional equity capital of N68 billion through a rights issue. The bank had in a notice for an extraordinary general meeting expected to hold in Lagos, also said with shareholders' approval, the rights issue might be underwritten on terms to be determined by its directors, subject to obtaining approvals from the relevant regulatory authorities. In view of this, the bank has explained that the N68 billion rights issue it is trying to raise would be channelled to telecom, oil and gas,

manufacturing, general commerce and lending to retail sector, among others. The bank also says it would focus on electronic branches and expansion specifically to other African regions such as Ghana, Rewanda and Zambia, among others. "Today, there are some countries we have identified in terms of where we see growth opportunities.

These countries are Ghana, Zambia and Rwanda. "For these countries, just as we see growth opportunities in Nigeria, over the next two or three years, we are going to increase our investments in them to take care of the opportunities we see there," according to the bank. Other areas the bank intends to channel the funds to include replacing of obsolete equipment, replacing of some ATM merchine, enhance IT infrastructure, increase working capital, enhance lending among others. Speaking at a media parley in Lagos, recently, Seyi Kumapayi, chief financial officer of the bank, lists some reasons why an investor should invest in Access Bank, saying because the bank is Tier 1 bank with robust financial indicators, enlarged resource base with strong upside potentials, credible leadership with a clear focus on value creation for shareholders, strong returns for investors – capital appreciation and dividend payout, attractive market price trading at a 0.9x discount to book value, strong corporate governance and shareholder management practices, window of opportunity in rapidly expanding and consolidating banking sector, and backdrop of stable economy. Other reasons include demonstrated capacity in integrating and extracting value from acquisitions, actively traded stock with a robust shareholder base and track record of strong performance, and kept every promise made since 2002. "Nigeria continues to be a compelling story with significant growth opportunity. Access Bank is fully embedded as a Nigerian Tier 1 bank and completed our transition to a large diversified financial institution. Enhancement of Tier 1 capital is imperative to enable us exploit the market opportunities and achieve our vision, while delivering superior shareholder value," he says. According to Kumapayi, Access Bank is poised for building and leveraging on resources and benefits of being a large diversified financial institution, as it is resolute to achieving the objective of becoming the world's most respected African Bank. Access Bank is firmly entrenched as a Tier-1 bank and among the top five banks in Nigeria with about 360 branches and over 1,000 ATMs. *(Business Day)*

Nigeria's Access Bank said on Thursday its nine month pretax profit rose to 42.15 billion naira ($256.54 million), up 20 percent from a year ago. Gross earnings climbed to 161.79 billion naira in the period to Sept. 30, compared with 155.02 billion naira in the same period last year, the top-tier lender said in a filing with the Nigerian Stock Exchange. *(Reuters)*

In line with the agreement for its acquisition of 100 per cent shares of Mainstreet Bank Limited, Skye Bank Plc has signed a Share Purchase Agreement (SPA) with the Asset Management Corporation of Nigeria (AMCON). The Agreement was signed at AMCON's Lagos office on Wednesday. Skye Bank's executive management team led by its Group Managing Director/Chief Executive Officer, Mr. Timothy Oguntayo, signed on behalf of the bank, while AMCON was represented by its executive management. It was also gathered that Skye Bank has paid the mandatory deposit of 20 per cent for the acquisition of Mainstreet Bank. Although AMCON did not disclose details of the transaction, a reliable banking industry source who is privy to the deal, told THISDAY that the winning bid submitted by Skye Bank for the acquisition of the bank, which is wholly owned by AMCON was N120 billion. The payment, which was made well ahead of the deadline, confirms Skye Bank's commitment to seal the transaction. The bank also confirmed its ability to meet the remaining financial commitment on the acquisition within the specified time frame. AMCON had announced Skye Bank as the preferred bidder for the acquisition of all its interest in Mainstreet Bank, representing the entire capital of the bridge bank. Skye Bank emerged the preferred bidder after a rigorous bidding exercise that spanned five months, which over 20 bidders participated. The acquisition of Mainstreet Bank is part of Skye Bank's strategic plan for growth. Skye Bank had emerged from the merger and integration of five banks in 2006, following the first phase of the banking industry consolidation. The bank intends to leverage its wealth of experience from the successful integration of five banks to drive efficiency, increase market share and ultimately ramp up stakeholder value from the acquisition of Mainstreet Bank.

"The acquisition would avail the bank many benefits, including cost leadership, business optimisation, and greater ability to offer business convenience to its teeming retail and commercial customers, with a combined branch network of over 450, across all the states of the federation," a statement from the bank explained. Skye Bank, a leading tier 2 Bank in Nigeria, was among the eight banks recently designated as 'Systemically Important Banks by the Central Bank of Nigeria. AMCON had announced Cedar One Investment Partners Limited as the first reserve bidder and Fidelity Bank Plc as the second reserve bidder for the acquisition of the entire issued and fully paid up

ordinary shares of Mainstreet Bank Limited. But the corporation pointed out that in the event that Skye Bank is unable to complete the transaction in line with the payment terms and other provisions of the SPA, "the SPA entered into with Skye Bank would be terminated and Cedar would become the preferred bidder. Further, in the event that Cedar is unable to complete the transaction in line with the payment terms and other provisions of the SPA, Fidelity Bank would become the preferred bidder." *(This Day)*

Economic News

The Executive Secretary of the Nigerian Content Development and Monitoring Board (NCDMB), Mr. Ernest Nwapa has stated that the implementation of the Nigerian Oil and Gas Industry Content Development (NOGID) Act of 2010 has recorded an inflow of over $5 billion into the Nigerian economy. Speaking during the ground – breaking ceremony of the fabrication yard for local integration of Floating Production Storage Offshore (FPSO) vessel in Lagos at the weekend, Nwapa stated that the plan by Samsung Heavy Industries Nigeria Limited and Lagos Deepwater Logistics LADOL) base to integrate FPSOs locally was a demonstration that Nigerian entrepreneurs were capable of executing complex projects in the oil and gas industry. Nwapa expressed his appreciations to Samsung and LADOL for making a public show of the milestone, stressing that it has validated how the vision of President Goodluck Jonathan to transform Nigeria into a modern industrial economy was taking roots in all fronts. He said the NOGID Act signed in 2010 by President Jonathan was one of the key drivers of the vision. According to him, the Act provides the strong mandate to the NCDMB to anchor a structural implementation of these provisions, under the supervision of the Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke. "In recent times and on a weekly basis, the NCDMB has witnessed ground-breaking ceremonies from new facilities, sail-away ceremonies for Nigerian-owned marine vessels and rigs; commissioning of upgraded infrastructure in existing yards; graduation ceremonies for youths under training; acquisition of Exploration and Production (E & P) access by Nigerians or similar strategic activities. So, from Port Harcourt to Calabar; from Onne to Cainman island; from Olokpo to Koko; from Ajaokuta to Abuja and from Snake Island to Ogogoro, modern facilities from fabrication for pipe and equipment manufacturing, machining, for shipbuilding, for training, for Research and Development, for logistics and offshore operations support are coming up all over the place," he explained. Nwapa said the ground-breaking for the construction of a fabrication yard for local integration of FPSO was the first step in a famous journey that Nigeria as a nation had been planning to embark on for so many years, with repeated frustrations. He said the project was the first time the oil and gas industry was bringing such massive investment into the country in one fell swoop. The NCDMB scribe said the project would allow Total to derive maximum benefits from the Egina project. "I must say that for Samsung Heavy Industries, this is a major opportunity for them to become the first Korean Engineering Procurement Construction (EPC) company to establish a comprehensive footprint in Nigeria. It also give Samsung Heavy Industries a good opportunity to clear the suspicions that they plan to export the Nigerian content scope," he added. Nwapa gave an assurance that the federal government would continue to provide the enablers for genuine investors. *(This Day)*

Nigeria's recent emergence as the biggest economy in Africa and the rising profile of Aliko Dangote, Africa's richest man, among others are compelling reasons why the country has become first port of call for investors, according to entrepreneurs. The stakeholders, including Mohammed Shaibani, executive director and CEO, Investment Corporation of Dubai; Stephen Schwarzman, chairman/CEO, Blackstone Group; Ann Cairns, president, international markets, MasterCard; and Charles Robertson, global chief economist/head of macro-strategy, Renaissance Capital, said Nigeria's untapped resources in some sectors as revealed by the recent rebasing of its Gross Domestic Products (GDP) and rising population with higher percentage of youth are capable of attracting international discerning investors. Other speakers at the just-concluded Africa Global Business Forum in Dubai include Hamad Buamim, president and chief executive officer, Dubai Chamber of Commerce and Industry; Ahmed Sulayman, chairman, DP World; Hanna Tetteh, Ghana's minister for foreign affairs and regional integration; Mulatu Teshome Wirtu, president of Ethiopia; John Mahama and Paul Kagame, presidents of Ghana and Rwanda, respectively. Schwarzman, whose company recently announced a $5 billion investment in energy projects in partnership with Dangote Industries, said his dealing with Africa was successful, particularly through Dangote, as the partnership was expected to grow his business faster with electricity which would lead to sustainable development.

He listed requirements for investments for sustainable development to include faith in the country, stressing that this required going through an insider as it had happened in the case of his joint venture with Dangote. Others include education, aspiration of the citizens toward success in life, good governance or leadership and ease of doing business. Shaibani, whose company recently invested $300 million shares in Dangote Cement, singled out existence of corporate governance coupled with high growth potentials as some of the factors endearing Dangote and Nigeria to the company for investment, promising more areas of cooperation in the future. "I see myself having entrepreneurship as a common denominator between us. I can tell you that it is not easy to operate in sub-Saharan Africa, but the fact that Nigeria is the biggest in Africa and with the right partner makes our decision the right one. We want to use Dangote as a gateway to Africa, just as we want to use Dubai to reach the world," Shaibani said. Robertson said the country's rebasing had made Nigeria 25 percent above South Africa, adding that he foresaw a change in the savings pattern of Africans from emergencies to education, which he said had the potential to bring about sustainable development. Cairns said the rebasing had revealed a lot about Nigeria's untapped opportunities, making it more attractive to investors. She said the current partnership between Nigeria and SmartCard would be mutually beneficial as it would enhance the policy on financial inclusion and cashless policy. Besides, the multi- functional nature of the card would enhance quality of governance and lives of the citizens, she said. Dangote, who admitted that the forum was capable of bridging the gap between Dubai and Africa, however, said that he saw brighter prospect in agri-business, adding that in the next five years Africa would be self-sufficient in some produce like sugar and rice. He further said apart from the backward integration in the agri-business that could lead to emergence of processing industries, it employs the larger population of the youth, which he said could reduce insurgency in the country.

Buamim expressed optimism that the forum which attracted over 1,000 delegates from over 60 countries would further bridge the gap between Dubai and Africa on one hand and Africa and the Middle East on the other. He admitted that Dubai had since improved its business relationship with Nigeria and Africa in general with Emirate Airlines' increased flights to the region. Presidents Mahama, Wirtu and Kagame were unanimous in their submissions that Africa's transformation for sustainable development was only possible through good governance, investment in infrastructure, skills acquisition and judicious application of resources. They also agreed that provision of energy through privatisation of power sector, provision of enabling environment, making opportunities from the challenges and elimination of barriers to trade among African countries should be pursued with vigour. But Tetteh was quick to point out that although progress might have been made, a lot needed to be done, particularly in the areas of harmonisation of regulation and standards. She challenged the heads of government and regional blocs to be alive to their responsibilities and embark on details and due diligence before seeking for financing. She decried a situation whereby agreement on continental free trade area (CFTA) was taking more than seven years to be ratified, saying the different targets set by different governments might be responsible for the non-realisation of the single currency project by the region. *(Business Day)*

The total value of offshore investors' stake in Nigeria's fixed income securities as at July 2014 has been put at $13.5 billion. This is largely made up of treasury bills held by the foreign investors. CSL Stockbrokers Limited stated this in its latest report titled: "FX Rate – surviving 2014 and beyond." CSL explained that although the estimate of the total offshore positioning in Central Bank of Nigeria's (CBN's) and Federal Government of Nigeria (FGN) debt instruments was less than half the $28.9 billion figure cited in the Net International Investment Position (NIIP) statistics published by the CBN, it was consistent with the $11.6 billion reported by the media towards the end of last year.

"In our view, the NIIP figures are overstated because they do not encompass capital leaving the country. Meanwhile, we understand that the $11.6 billion figure cited in the press was obtained by working with the custodians which hold fixed income investments on behalf of foreign investors, and write the Certificates of Capital Importation (CCIs) required to enter and exit these investments. "Assuming our estimates approximate closely to the truth, could a reversal of portfolio inflows compromise the naira's peg, as most investors seem to assume it would? If the global financial crisis of 2008-09 is representative of how investors would behave in the event of a reversal, then we could expect a 30 per cent reduction in offshore holdings," the firm said. For Nigeria, the report pointed out that the development translates into outflows of $4 billion or about one tenth or current forex reserves. This, it also noted, would certainly create some volatility, but would not be sufficient to force a devaluation. "It is possible that actual outflows would be greater than $4 billion.

Indeed, some argue that hedge funds and other similarly fast forms of money account for the majority of offshore holdings, while the stickier 'real money' investors are a minority. "Yet even in the extreme scenario, if the offshore positioning were cut by 50 per cent, this would still only require $6.7 billion of reserves. From the CBN's perspective, we think this is a large but still manageable cost to pay for maintaining the peg," it also stated. According to data from the IMF's Sovereign Investor Base Dataset for Emerging Markets (EM), shows that over half of the total offshore holdings of EM were acquired after 2010, the majority of this coming from asset managers (as opposed to governments or banks). By their estimates, foreigner investors now own 24 per cent of the average EM sovereign debt market. The period of rapid accumulation of EM debt since the end of the global financial crisis was characterised by flows that were almost always positive (on a monthly basis) and seldom differentiated between countries. This was both the result of unconventional monetary policies in the developed world, and the apparent improvement in EM sovereign balance sheets. Over the course of this period, several countries including Poland, South Africa, and Lithuania received inflows equivalent to more than 10 per cent of their Gross Domestic Product (GDP). *(This Day)*

The World Bank has declared that despite weaker than expected global growth and stable or declining commodity prices, African economies, including Nigeria's, have continued to expand at a moderately rapid pace, with regional gross domestic product (GDP) projected to strengthen to 5.2 per cent yearly between 2015 and 2016 from 4.6 per cent in 2014. According to the bank's 'New Africa's Pulse'—a twice yearly analysis of the issues shaping Africa's economic prospects - significant investment in infrastructure, increased agricultural production and expanding services in African retail , telecoms. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania's economic growth slowed to 6.9 percent in the second quarter of 2014 versus a revised 7.6 percent expansion in the same period a year ago, data showed on Friday. The state-run National Bureau of Statistics (NBS) said it revised expansion in the second quarter of 2013 upwards from 6.7 percent previously. *(Reuters)*

Tanzania will complete a $455 million power transmission line next year linking its power grid to Kenya and Zambia, part of plans to export electricity powered by its gas and coal reserves to neighbours, the Energy and Minerals Ministry said on Monday. Tanzania, which has found commercial quantities of gas offshore and sits on big coal deposits, aims to double its generation capacity to 3,000 megawatts (MW) by 2016 to meet rising domestic demand and supply the region. Power shortages are common across Africa and businesses often complain that poor or erratic supplies deter more investors and push up prices of local products, as many firms have to rely on costly generators when power is cut. Known as the "backbone interconnector", Tanzania's Energy Ministry said the $455 million link would be in place by April, one of several regional projects that include links running between Kenya and Ethiopia and between Kenya, Uganda and Rwanda. "The backbone project will link with Kenya's northern power grid and Zambia's southwestern power grid and transform Tanzania into a regional hub for the east and southern Africa power pool, the ministry said in a statement. The 667-km (417-mile) high voltage line is being built with financing from the European Investment Bank, World Bank, African Development Bank, Japan International Cooperation Agency and Korean Economic Development Cooperation Fund. Tanzania, Kenya and Zambia signed a deal in Dar es Salaam on September 30 to link the three countries. Tanzania's Energy Ministry said last year it was in talks with Kenya to export 1,000 MW of electricity to east Africa's biggest economy. Tanzania has 46.5 trillion cubic feet (tcf) of proven natural gas reserves and is investing in a pipeline and new gas-fired power plants to boost generation. It also aims to export gas with a planned build liquefied natural gas (LNG) plant. It also has 5 billion tonnes of coal reserves and plans to build coal-fired power plants. *(Reuters)*

Tanzania's arabica coffee prices rose at auction last week on the back of higher New York markets, the regulator Tanzania Coffee Board (TCB) said on Tuesday. Tanzania, Africa's fourth-largest coffee producer after Ethiopia, Uganda and Ivory Coast, produces mainly arabica and some robusta coffee. Prices of its arabica normally track the New York market while those of robusta take their cue from London. The state-run TCB said the benchmark grade AA arabica sold at auction last Thursday fetched $212.80-$270.00 per bag, up from $193.00-$243.00 at the previous week's sale. Grade A fetched $216.20-$245.00 per bag, up from $198.00-$224.00 at the previous sale. No robusta coffee beans were offered for sale at the auction. "Overall average prices at the Moshi exchange were up by $18.31 per 50 kg for mild arabica compared to the last auction," the board said in its auction report. "Average prices were above the terminal market by $13.54 per 50 kg." The TCB said a total of 19,177 bags were offered at the latest sale and that 18,768 bags were purchased. At the previous sale, 15,663 60-kg bags had been offered for sale with 13,842 bags sold. East African coffee is normally packed in 60-kg bags, but the prices are quoted for quantities of 50 kg. The coffee regulator says it expects a bumper 2014/15 harvest, with production seen exceeding 55,000 tonnes from about 48,700 tonnes in the previous season. *(Reuters)*

Tanzania's inflation rate edged down to 6.6 percent in the year to September, helped by slower rises in food prices, the statistics office said on Wednesday. Year-on-year inflation stood at 6.7 percent in August, the state-run National Bureau of Statistics (NBS) said. As in other east African countries, food prices are a major driver of inflation in Tanzania. "The decline of the annual inflation rate in September is attributed to slower increases in food prices," Ephraim Kwesigabo, director of population census and social statistics at NBS told a news

conference. Food and non alcoholic beverages inflation fell to 8.5 percent year-on-year in September from 8.8 percent in August. "The government's target is for the inflation rate to remain in single digits, therefore measures of curbing inflation are bearing fruit," Kwesigabo said. The consumer price index rose 0.4 percent in the month of September, up from 0.1 percent in August. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia could simplify its fiscal regime for mining companies by scrapping corporate tax for the sector next year, a government source said on Friday, a move that comes against the background of a simmering dispute over value-added tax (VAT). Instead of corporate tax, regarded as hard to administer, companies would face a higher mineral royalty rate in Africa's second-largest copper producer, the source said, without detailing the size of the rise. The rate is currently 6 percent. "This is under very serious consideration and may be announced by the finance minister," said the source, who asked not to be named. Zambia's 2015 national budget is set to be presented to parliament next week. Like many producer countries, Zambia would like to see a bigger slice of mine revenue remain at home, and it has periodically been at loggerheads with mining companies, claiming in the past that it was owed hundreds of millions of dollars in unpaid taxes. Now the industry says $600 million of VAT refunds are being withheld by the government under a previously unenforced 1997 rule, prompting threats to cut back investment. Glencore, the mining group and commodity trader, has halted its zinc operations in the southern African country. Its Mopani copper unit has suspended some of its planned $800 million investment in Zambian projects. Konkola Copper Mines (KCM), owned by Vedanta Resources, said the issue of its VAT being withheld was hindering its investments and could have a "long-term negative impact". The roots of the VAT row lie in Zambia's efforts to get to grips with the destination of its copper exports.

The regulation in question requires mining companies and other exporters to produce import certificates from destination countries to qualify for tax refunds. This was aimed at determining whether or not Zambia was getting fair value and revenue for its mineral resource. For example, a 2010 study by Christian Aid showed that as Zambia's copper production soared in the 2000s, Switzerland came to account for more than half of the southern African country's exports of the commodity. But the price of Swiss re-exports of the copper was far higher than that received in Zambia. In 2008, the study estimated, Zambia's GDP would have been 80 percent higher if the copper leaving its borders in that year alone had received the same price as Switzerland. "The international trade data suggest that Zambia may be suffering losses in the billions of dollars by failing to receive the real value of its exports," said Alex Cobham of the Centre for Global Development, a trade and aid think tank. The industry for its part says that it is almost impossible to get produce such documentation because it sells to multi-national trading houses."Products once received by the traders can be split, can change hands several times and may even be changed into different products before reaching the final point," Zambia's chamber of mines said in a recent statement. "It is impossible for the seller/exporter to track the products and obtain documentation from the receiving customs jurisdiction to confirm that the products did reach that destination or destinations," it said. Critics say the difficulty in tracking metal raises questions over the transparency of the commodities market, but Zambia's changing tax focus has also raised concerns. In 2012, its mines minister at the time said the industry owed the fiscus up to $1 billion in unpaid taxes. Now, it is enforcing an old rule that enables it to retain more cash. "The Zambian governmentâ€™s tendency to intervene directly in the pursuit of its objectives has shed a poor light on the countryâ€™s investment climate in recent months," said Irmgard Erasmus, an analyst at NKC Independent Economists. "The current time is not optimal for the government to be throwing its weight around, especially against a backdrop of a softening in copper prices." *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

MEIKLES Limited will inject $4 million into its retail division, a move that would return it to profitability in the second half of the financial year, the Zimbabwe Stock Exchange-listed conglomerate said yesterday. The retail division consists of Meikles Store, Barbours and Meikles Mega Market. In a notice to shareholders, Meikles said the group would now have access to its funds held on deposits at the Reserve Bank of Zimbabwe (RBZ). "As a result, approximately $4 million will be injected into the retail division which will have a material impact on the second half of the current financial year. We believe that the division will return to profit and a positive cash flow in the second half of the financial year, while growing its market share," Meikles said. In the financial year ended March 31, Meikles said funds on deposit with RBZ had increased to $90,8 million as a result of interest negotiations. Meikles said it was in receipt of Treasury Bills worth $49,6 million and was advised by the relevant authorities that upon completion of their required processes, Treasury Bills of similar terms to those already in our possession will be issued for the balance. The Meikles retail division will focus on providing affordable products to the mass market while providing high end clothing and accessories through Barbours. "Sales in Barbours are up on the previous year while sales in Meikles Mega Markets have been growing very rapidly. The division is in the process of rationalising costs through the centralisation of its head office structure and combining all activities under a single structure and command with key focus on the provision of the required skills," the notice read. Meikles Store would operate in all their traditional properties in Zimbabwe, but in a smaller space with the remaining space occupied by Meikles Mega Market and TM Supermarkets. "It is expected that these developments will ensure that by the end of the calendar year, the Meikles' Retail Division, together with its company TM Supermarkets, will be the largest retailer in terms of sales in Zimbabwe."*(News Day)*

BOARD changes and a possible delisting are looming at diversified group Amalgamated Regional Trading (Art) Corporation following a significant increase in shareholding by Korean investor, Taesung Chemical, which increased its stake by 12 percent. Taesung now has a 46 percent shareholding in the group, up from 33,3 percent. The group could either delist or maintain its presence on the Zimbabwe Stock Exchange if the minority shareholders oppose the offer. Taesung Chemical increased its shareholding after acquiring the 12,7 percent shareholding disposed by the National Social Security Association (NSSA) on August 18. Some of the shares were bought through Platinum Nominees. Taesung Chemical, in partnership with an investment vehicle (Basrum Inv) owned by Art chief executive officer, Richard Zirobwa, is said to have initially acquired 42 percent of ART in August last year, but split the shareholding to avoid making a mandatory offer. inorities are likely going to be offered a minimum of 0,6 cents per share, a premium on the last bid price of 0,5 cents, in line with listing requirements. The Korean investor's investment vehicles, Cranbal Investment and Silvermine Investments, is to buy the shareholding from minorities.

Art Corporation was recently given the nod to borrow up to US$20 million to revive operations by its shareholders, but analysts say the group might fail to raise half of that amount due to a persistent liquidity crisis, cost of money against the group's present financial position and credit risk now associated with manufacturing companies. The group's borrowing limit was at US$10 million. Art's subsidiaries, Eversharp, Chloride and Kadoma Tissue Mills, are operating at 80 percent, 60 percent and 17 percent of their capacity respectively. The group's other divisions include Fleximail, National Waste Collections and Softex. Art is in the process of importing new equipment for Chloride, Eversharp and Kadoma Tissues and Paper Mills. Zirobwa said the first phase of the exercise would commence in November. The group registered a marginal decline in revenue to US$33,7 million for the year ended December 31, 2013 down from US$34,1 million as the company battles the liquidity crunch and cheap imports.*(Financial Gazette)*

ZIMBABWE Stock Exchange-listed company, African Distillers Limited (Afdis) has commissioned a new $5 million cider packaging plant with the capacity to produce 4 200 litres per hour, a company official has said. Speaking at the official commissioning of the new cider plant yesterday, Afdis chairperson Joe Mutizwa said the installation of the plant would improve the company's production by 59%. "This investment has resulted in the businesses installed annual production capacity improving from 34 million litres to 54 million litres. The new

packaging line will produce 4 200 litres per hour, a huge improvement from the 1 300 litres produced on the old lines," Mutizwa said. He said previously Afdis activities were centred on the sale and distribution of imported spirits and wines. To date, Afdis now manufactures the bulk of the products it markets and currently operates with six depots situated in Bulawayo, Harare, Kwekwe, Masvingo, Mutare and Victoria Falls. He said even though the plant was designed for new range of products, it would allow production of existing products at competitive efficiency levels benefitting both business partners downstream as well as valued customers. He, however, said the new investment would create jobs and save the nation from reliance on imported products. The new plant has the capacity to do 1 500 bottles per hour and this will contribute to the reduction in prices to 22% and 25%. "As the business focuses on expansion, this investment will bring with it competitive advantage as we venture into the regional exports. The future of Afdis is placed on a very sound footing for decades to come with this initiative which supports government plans on the restoration of the manufacturing sector of our country," Mutizwa said. Speaking at the same event, Industry and Commerce minister Mike Bimha said Afdis had made a significant capital and capacity development impact on the Zimbabwean economy. "It is, thus, encouraging and worth to repeat that despite the current liquidity constraints in the economy and limited access to lines of credit, companies in the sector like, Mutare Bottling Company, Schweppes Zimbabwe and Delta Beverages have all acquired state-of-the-art machinery and technology in the past 18 months," Bimha said. *(News Day)*

Zimbabwe's largest gold producer, Metallon Gold, plans to ramp up output to half a million ounces a year in the next five years and will be looking for acquisition opportunities, its incoming chief executive said on Wednesday. Ken Mekani told a mining conference in Harare that gold production would hit 100,000 oz this year, up from 82,000 oz in 2013. Metallon has five gold mines in Zimbabwe, but only four are operating. "Some of our operations are not running at full capacity. Our plan really is that in the next five years, Metallon should produce at least half a million ounces a year," Mekani said. "Wherever possible we are going to do mergers and acquisitions if an opportunity fits our strategic vision." Metallon owns How Mine, its flagship asset in western Zimbabwe, Mazowe and Shamva north of the capital, Arcturus near Harare and the closed Redwing in the east. Redwing will be re-opened in mid-2015, according to Mekani. Mekani said Metallon's average production costs were $900 per ounce and that the company would reduce this to $800. The spot gold price rose to a session high of $1,220.40 on Wednesday. Costs at How Mine, which produces half of Metallon's total output, are among the lowest in the world at $600 per ounce, Mekani said. "Even if the price of gold continues to fall, How Mine will continue to survive," he said. The Zimbabwe government this month cut the royalties imposed on gold to 5 percent from 7 percent, which Mekani said would boost the company's finances. The government is set to approve Metallon's black economic empowerment plan, he said, which is designed to comply with a law that requires foreign-owned mines to sell majority shares to blacks. Uncertainty over the black empowerment drive, frequent power cuts, shortage of finance to expand production and weakening bullion prices have dampened gold production. Zimbabwe's gold output fell 26 percent to 6 tonnes during the January-July period this year from the year before, according to official data. Alex Mhembere, Chamber of Mines president, told the mining conference that production could rise to 28 tonnes a year by 2018 if the sector received $420 million in financing. *(Reuters)*

Economic News

Zimbabwe has the highest taxes in Sub-Saharan Africa, the Labour and Economic Research Institution of Zimbabwe (Leritz) says. The economic think tank said this has left the financially distressed country "limited room to manoeuvre in raising revenues through additional taxes". "With taxes accounting for 93,9 percent of total revenues during the period January to June 2014, and 28,4 percent in 2013, Zimbabweans are already over-taxed relative to their compatriots in Sub-Saharan Africa," Ledritz' economist and senior researcher Naome Chakanya said at a Zimbabwe Coalition on Debt and Development (Zimcodd) meeting in the capital on Tuesday. "At 27,5 percent of GDP, the revenue-to-GDP ratio is already high, compared to levels below 20 percent for Sub-Saharan Africa," she said. She added that the raft of tax measures introduced by Finance minister Patrick Chinamasa in his mid-term fiscal policy statement recently was short-sighted. "The avenue taken in the mid-term fiscal review statement — in particular the excise duties on fuel and telecommunications airtime (voice and data), customs duty on handsets — is retrogressive and anti-poor as it increases the tax burden on the already overtaxed Zimbabweans." "The

focus on raising taxes without enhancing productive capacity and productivity amounts to nothing short of milking the cow without feeding it," she said. According to the International Monetary Fund (IMF) stipulations, Zimbabwe's tax-GDP ratio is already too high. "…a country's taxes must match its per capita. Currently the Zimbabwe tax to GDP ratio stands at about 49,3 percent and this is already too high," said Cade Zvavanjanja, a local analyst with Greeyps Risk, Efficiency and Development Consultants. *(Daily News)*

"According to the Monetary Policy Statement released by the Governor of the Reserve Bank of Zimbabwe on August 25 2014, we exported $1,228 billion of merchandise as at 30 June 2014 (manufactured goods), but imported US$3 billion of merchandise as at 30 June 2014," he said. "Thus, for every dollar that we earned in exports, we spent US$2,43 on imports. Consequently, we had a negative trade balance of US$1,768 billion. This deficit is partly the source of our liquidity problems," Bimha said at the Zimtrade annual exporters' conference last week. Bimha said the country needed to increase its export earnings in order to stem demand for imported goods, but however, noted that this required that the country also produce goods that are not only attractive to the export market, but also to the local market. "The creation of a national brand is, therefore, a critical deliverable in the process of promoting our exports and investments," he said. The influx of imports has killed local industries that are failing to compete with imported products. The cost of production locally is high due to other costs, such as the required investment in alternative energy sources in the wake of power cuts. This ultimately makes local products uncompetitive. In his mid-term fiscal policy review, Finance minister Patrick Chinamasa said government acknowledges efforts to promote the consumption of local products. "Government, on its part, is instituting measures to align public sector procurement arrangements to the Buy Zimbabwe campaign as necessary on its consumables and those of institutions drawing on the public purse," Chinamasa said. Bimha said the conference, under the theme Creating Brand Zimbabwe had come at an opportune time when the country needed unity of purpose to re-brand after the battering of its image in the international media during the last 15 years. Bimha pointed out that the involvement of the informal sector in building Brand Zimbabwe was vital as they played a critical role in the creation of jobs and export of products. "Industry stakeholders have a collective responsibility to ensure that SME's are provided with the necessary support and technical assistance for their effective participation in export business," Bimha said, adding that SME's had the potential to develop and become meaningful contributors to GDP and exports. *(The Standard)*

THE African Export-Import Bank (Afreximbank) is disbursing an average of $500 million per annum through various financing facilities to Zimbabwe, a bank official has said. Afreximbank senior director (finance) Philip Kamau told delegates at an investor conference in South Africa last week that the key facilities provided to Zimbabwe includes the CBZ diaspora bond for $60 million, Sable Chemical loan of around $40 million for fertiliser imports and Econet Wireless Zimbabwe. In 2012, Econet got a syndicated loan of $307 million from a group of financiers, Afreximbank included. The bank has also given Grain Marketing Board loans for grain imports, financed Zesa's electricity imports from Mozambique. "On average, total disbursement exceeded $500 million per annum and loans outstanding ranged between $250 million and $300 million at the end of each year over the past years. Basically we have been giving Zimbabwe a lot of support in bigger amounts targeting sectors like the minerals sector, diamond exports, financial sector, cotton exports, telecoms sector, among many others," Kamau said. Kamau said currently the bank was working towards an initiative to support the Zimbabwean banking sector through a $100 million Trade Debt-backed Securities Facility (AFTRADES) aimed at releasing some liquidity in the banking sector. He said AFTRADES was aiming at unlocking the deposits held by the international banks in order to inject the much needed liquidity in the economy and the $100 million facility will be concluded before the end of the year. In March, Afreximbank came up with a $100 million facility designed as a collateral swap whereby it will lend its securities to local banks in exchange for eligible collateral. The banking sector has been operating without an active interbank market under the multi-currency regime introduced in 2009 due to the absence of acceptable collateral.

Commenting on the Afreximbank loan facilities to Zimbabwe, Kamau said the key facilities provided under the first Zimbabwe programme included the $25 million grain import financing facility, $35 million gold export backed financing facility, $100 million revolving import/exports Relay Trade Financing facility to Zimbabwean banks. He, however, said under the enhanced programme, the facilities provided in support of the Zimbabwean private sector entities include $100 million for grains and oil import financing facilities, $150 million metals and minerals exports-backed facility, $50 million revolving guarantee in support of migrant remittances and Diaspora bond issuance, among others. "The enhanced financing facility under the Second Country Programme was aimed at reorganising the various facilities to make them

more directly supportive of the government's priorities especially in relation to the achievement of economic stability. Such prioritisation was important in order to make the Bank's intervention more relevant and supportive of the country's economic recovery programme," he said. He added that the bank has also provided export financing facilities in support of processing of goods for export including tobacco, metals, horticulture, cotton and manufactures and project financing in support of telecoms and export manufacturing and mining. Kamau also told investors that in 2011, the Bank had put in place a $100 million Zimbabwe Economic and Trade Revival Facility (Zetref) for the purpose of supporting Small and Medium-Scale Enterprises to enable them contribute effectively to the country's economic recovery. The proceeds of Zetref were disbursed to selected Zimbabwean banks for on-lending to Small and Medium-Scale Enterprises (SMEs). "It is expected that 27 enterprises, about 400 people, will benefit directly from the facility and that beneficiary entities will help strengthen export manufacturing in Zimbabwe," Kamau said.*(News Day)*

The bond will be offered by Dolinate Investments, a special purpose vehicle established to facilitate the bond issuance. The funding would be used to support the growth strategy of MFIs."Increased access to microfinance by individuals, micro and small to medium scale enterprises will accelerate financial inclusion and support economic growth." The proposed issue is the first tranche of a $10 million medium -term asset-backed bond programme that may be issued for subscription by investors. The bond has a coupon (interest) rate of 15% per annum. The coupon payment would be made annually. The tenor of the bond is three-year. The offer opened on Monday and closes on December 5. The proceeds of the proposed bond issue will be used to discount a select of quality loans receivables from MFIs, thereby assisting them increase credit to individuals and institutions involved in micro and small to medium enterprises. The bond targets individuals and institutional investors including, but not limited to insurers, pension funds, asset managers and any other financial institution. The bond is seen as an alternative asset class and its issue "expands the investable market to investors operating in a market with limited financial assets". The bond is seen as offering investors "an opportunity to improve the performance of their investment portfolio by including this asset with high returns to their portfolio without assuming primary risk". The issuers say the bond will redirect capital to individuals and institutions constrained by limited access to financial services yet they are an integral and significant part of the economy, especially those involved in productive activities. A recent report by the Reserve Bank of Zimbabwe (RBZ) showed that total loans advanced by MFIs grew by over 80% to $177,76 million as at June 30 from the same period last year due to improved levels of funding in the sector. In the same period last year, total loans were $97,01 million. Total assets increased to $214 million during the period under review from $131,96 million in the comparable period last year. "The growth in total loans reflects improving levels of funding in the sector particularly from institutional shareholders, development oriented donor funders and off-shore funders," RBZ said in a latest report on the sector. "The growth in total loans is also attributed to the emergence of commercially oriented credit only MFIs which are backed by institutional investors or bank holding companies." As at June 30 2014 total loans in the sector constituted 4,67% of total banking sector loans of $3,81 billion. *(NewsDay)*

Speaking on the sidelines of the Workshop for Banks on Publicity Requirements of the Deposit Protection Scheme, Chikura said courts need to understand that banks deal with people's money and should expedite the process. "Currently the appointment of the corporation as a liquidator is still subject to confirmation by the courts. Proposed amendments have been submitted to the Ministry of Finance," Chikura said. Chikura said judgment had not been made on Royal Bank since December last year. He also added that Trust Bank was still awaiting its fate from the courts. "What we want is that if a bank is closed and the Reserve Bank of Zimbabwe appoints DPC as a liquidator, that must be regarded as equivalent as that of the court. Depositors, some who have money that is above $500, have not been given their money. Employees and the creditors are not being paid as they wait for the courts," he said. Chikura said there are 22 banks in total and as at June 30 2014, 11 institutions have been contributing with a $1,2 billion deposit and were on DPC's watch list. "At a cover level of $500, DPC's exposure was $52,3 million, affecting 770 053 depositors (54%). Six of the 11 institutions on the watch list are in a distressed financial condition. DPC's exposure to distressed contributory institutions was $16,9 million, representing 138 186 accounts," he said. "Previously we have been investing in RBZ treasury bills and they have adopted to invest in Old Mutual. The reason we are investing outside the banking sector is we are diversifying the risk. It is considered best practice. We don't invest in member banks." Chikura said the deposit protection fund had $14 million which represents 19% of the $76 million that was required. He said the funds were not adequate. "The current exposure level calls for a robust deposit insurance fund capable of instilling confidence in the banking sector," Chikura said. DPC was set up in 2003 and has compensated depositors of failed banking institutions which were subjected to liquidation. The institutions include, among

others, Century Discount House, Rapid Discount House, Sagit Finance House and Genesis Investment Bank. Chikura said payments to Genesis, Royal, and Trust depositors were still ongoing. He said some of the financially distressed banks were not paying DPC premiums. Meanwhile, banking institutions are expected to publicise the Deposit Protection Scheme. *(NewsDay)*

IDLE capacity in manufacturing firms declined to 64 percent this year, from about 60 percent in 2013, as the economic crisis in the country deepened, an authoritative survey revealed yesterday. The CBZ Bank-sponsored Confederation of Zimbabwe Industries (CZI)'s Manufacturing Sector Survey 2014, which was unveiled at a breakfast meeting in the capital, appeared to indicate a gloomy outlook for the now-ailing economy, currently ravaged by corruption, bad governance, government profligacy and mismanagement. Forty-seven percent of about 250 chief executive officers (CEOs) and financial managers surveyed warned of sustained recession in the next 12 months. Four percent of the respondents were confident of a rebound. A liquidity crisis that has been worsened by an ailing banking sector, extensive company closures, rising formal unemployment estimated at about 85 percent, a slide in production levels, non-performing loans, power shortages and a rapidly slackening consumer purchasing power are now endemic negative factors on the Zimbabwean landscape. So dire has been the steep economic decline that 54 percent of the respondents said manufacturing operations are in distress, compared to 48 percent last year, and 31 percent in 2012. Only seven percent said they had registered improved viability during the period. "Industries in Zimbabwe are under serious threat," said the CZI.

"Deindustrialisation has reached catastrophic levels, with dire consequences to the state of the economy. Arresting deindustrialisation will not be an easy task." "The average capacity utilisation of 36,3 percent would imply a decline of 3,3 percentage points from last year's average of 39,6 percent. Of the respondents, 37 percent said they were operating at levels above 49 percent while the remainder said they were operating at levels below 49 percent. The factors affecting industry and limiting capacity in the manufacturing sector remain unchanged with similar factors being recorded over the last three years," said the survey. The shocking state of affairs in Zimbabwe's manufacturing sector confirmed earlier reports that a number of firms have collapsed this year, with latest reports indicating that 600 companies had closed down between August last year and September this year. A significant of them have also been severely undermined by an influx of cheap imports, while 28,8 percent said they had been troubled by eroding disposable incomes, sparked by increasing job losses. About 2 065 workers had lost their jobs by June. The survey said pressure from South African imports had increased, with 40 percent of respondents saying imports from that country could inflict further knocks on troubled local producers, while others said imports from Zambia were increasing. Zimbabwe's import bill for the half-year to June stood at about US$3 billion, just about the same figure as the 2014 National Budget.

The CZI survey said the negative economic factors were the factors behind government's decision to review Gross Domestic Product (GDP) growth rates for this year down to 3,1 percent, from an earlier projection of 6,1 percent. Across all sectors of the country's tottering economy, the trading environment has deteriorated, with nearly all companies struggling to stay afloat due to depressed demand and the inability by cash-strapped customers to pay for goods and services on time. The result has been an unhealthy working capital situation that has seen most companies lagging behind with payments for their raw materials and other inputs, salaries, medical aid and pension contributions as well as statutory payments such as taxes. Regardless, the taxman has been demanding his dues, thereby driving most companies to the brink of closure. About 15 percent of respondents said they had retrenched staff. But even those that had not retrenched said they could not afford the cost of laying off staff. The issue of labour costs and their negative impact on business viability remained a challenge for industry, according to this year's survey. About 55 percent of the respondents indicated that their wage bills had increased in 2014 compared to 77 percent in 2013. Also clear in the crisis that has ruthlessly hit industries has been government's outright failure to implement growth stimulating measures to arrest extensive suffering and muted public discontent.

The widening trade deficit and a slide in foreign direct investment (FDI) have also become an albatross around the economy, although government is trying to rescue the situation through its medium-term blueprint, the Zimbabwe Agenda for Sustainable Socio Economic Transformation (Zim-Asset), which was hastily put together in September last year. With the local economy only generating US$3,6 billion in annual revenues, Zim-Asset is anchored on the mobilisation of US$27 billion; this was expected to come mostly from the economies of Brazil, Russia, China, India and South Africa, the so-called BRICS nations. Evidently, the economic blueprint was adopted without taking due

consideration of the realities of running an economy in a US dollar regime. With the BRICS having no history of lending, the best that government can salvage from the group would be buyer's credit. But under these arrangements, the cash remains in the country offering the credit, making it difficult to immediately channel it to address the prevailing liquidity crisis. "The current challenges facing the economy are so intertwined that sometimes it is not easy to separate the causes from the effects. It is, however, important to make sure that the challenges are properly contextualised and diagnosed in order to come up with appropriate and relevant solutions to underpin economic recovery. An analysis of these challenges shows that the economy has failed to sustain the strong growth trajectory stimulated by the liberalisation of the foreign exchange system in 2009 after failing to attract critical offshore financial inflows (both foreign direct investment (FDI) and long-term lines of credit). These would be critical for replacing the short-term expensive loans that have been granted by local financial institutions since the commencement of the multiple currency system," said CZI. *(Financial Gazette)*

The industrial and mining indices have been on a decline path since the beginning of this month. As of yesterday, the industrial index stood at 189,98 points, while the mining index stood at 87,17 points. The industrial index started the month at 194,71 points. The mining index started on 89,16 points beginning of this month. "Generally, the operating environment in Zimbabwe remains tough and trading activity continues to be weighed down by these sentiments. However, there were some trading 'spikes' in the market mainly on the back of block trades in Zimplow, Econet and Delta," research firm MMC Capital said. It said the market was likely to trend northwards in the short to medium term. "The shortage of shares relative to demand, particularly those that are dear to foreigners [Econet, Delta, Innscor and Natfoods], will likely result in positive trading. In order to entice those holding the shares to sell, buyers will have to offer a premium," MMC Capital said. The market capitalisation started the month at $5,6 billion and as of yesterday, stood at $4,86 billion. Listed companies that have reported their financial results have cited unavailability of working capital, low aggregate demand, high cost of borrowings and low liquidity levels as some of the major challenges that companies were facing in this environment. Since the beginning of the year, activity on ZSE has been dominated by consumer stocks and blue chip counters. *(News Day)*

The first draft is expected to be out by mid-2015, Transport and Infrastructure Development secretary Munesu Munodawafa said yesterday. Speaking at the Mining and Infrastructure Indaba 2014, Munodawafa said the master plan would give solutions on how to plan for the national economic growth within the context of Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). ZimAsset is the new economic blueprint. He said the master plan would also cater on the long-term needs of all the other economic activities including mining and agriculture. "Talking of the Transport Master Plan, we have secured funding of $1,3 million from the Africa Development Bank and we have since gone to tender. AfDB has since short-listed and I think now the number has narrowed down to six companies [international and some of them with local partnerships] to spearhead the master plan that they will be working with Zimbabweans," he said. "Once we have finalised the selection process, there will be engagement and thereafter we start working on the master plan." Munodawafa said by mid next year, Zimbabwe would have at least the first draft of the Transport Master Plan for the country. "It could very well happen that there are mining initiatives wanting to take place in some areas where there are no roads now, so the master plan will seek now to identify all the potential economic activities including the current ones," Munodawafa said. He said this was one of the biggest projects that the ministry was working on and would inform decision-making in Zimbabwe as to which sector to concentrate on. "With the Master Plan, we will be able to say is it roads or roads to where to concentrate on rather than us just continuing to work on the current roads because they have always been there. These roads were done to serve an economic purpose," he said. He, however, said there were areas like Gokwe which, without taking any serious study, one would be able to tell that the area has lot of potential for cotton. If government was to open the Kwekwe-Lupane road without any scientific study, it would promote economic activity in that area. Munodawafa said the Transport Master Plan would be done in a scientific fashion where people actually got on the ground doing all the assessment and then informed the decision-making process so that Zimbabwe doesn't wake up one day, saying the Kwekwe to Lupane road should be done while there are more pressing needs elsewhere in terms of potential economic growth. Munodawafa said with the Master Plan, the country would look at what needs to be done in Lupane following the discovery of methane gas. He said if companies started mining where there are no roads, it would become the impediment and the missing link to grow the economy. *(News Day)*

Disclosures Appendix

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

© Securities Africa Limited 2012

SECURITIES AFRICA®