

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

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

- ⇒ [Botswana](#)
- ⇒ [Egypt](#)
- ⇒ [Ghana](#)
- ⇒ [Kenya](#)
- ⇒ [Malawi](#)
- ⇒ [Mauritius](#)
- ⇒ [Nigeria](#)
- ⇒ [Tanzania](#)
- ⇒ [Zambia](#)
- ⇒ [Zimbabwe](#)

## AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	19-Feb-16	26-Feb-16	WTD % Change			YTD % Change	
				Local	USD	31-Dec-15	Local	USD
Botswana	DCI	10440.28	10231.63	-2.00%	-1.49%	10602.32	-3.50%	-3.27%
Egypt	CASE 30	5944.47	6079.13	2.27%	2.28%	7006.01	-13.23%	-13.22%
Ghana	GSE Comp Index	1992.63	1980.13	-0.63%	1.42%	1994.00	-0.70%	-2.57%
Ivory Coast	BRVM Composite	298.86	305.29	2.15%	2.96%	303.93	0.45%	3.01%
Kenya	NSE 20	3834.57	3871.62	0.97%	0.99%	4040.75	-4.19%	-3.66%
Malawi	Malawi All Share	14360.00	14263.58	-0.67%	3.94%	14562.53	-2.05%	-11.38%
Mauritius	SEMDEX	1827.63	1806.29	-1.17%	-1.43%	1,811.07	-0.26%	0.50%
	SEM 10	349.76	345.59	-1.19%	-1.45%	346.35	-0.22%	0.54%
Namibia	Overall Index	879.25	878.85	-0.05%	-1.26%	865.49	1.54%	0.18%
Nigeria	Nigeria All Share	24432.51	24228.79	-0.83%	-0.96%	28,642.25	-15.41%	-15.10%
Swaziland	All Share	335.09	335.09	0.00%	-1.21%	327.25	2.40%	1.02%
Tanzania	TSI	4152.76	4130.29	-0.54%	-0.15%	4478.13	-7.77%	-8.65%
Zambia	LUSE All Share	5548.53	5575.15	0.48%	0.75%	5734.68	-2.78%	-5.87%
Zimbabwe	Industrial Index	98.92	99.40	0.49%	0.49%	114.85	-13.45%	-13.45%
	Mining Index	18.74	19.14	2.13%	2.13%	23.70	-19.24%	-19.24%

## CURRENCIES

Cur- rency	19-Feb-16 Close	26-Feb-16		YTD % Change
		Close	WTD % Change	
BWP	11.07	11.01	0.51	0.24
EGP	7.81	7.81	0.02	0.01
GHS	3.96	3.88	2.02	1.89
CFA	590.00	585.34	0.79	2.56
KES	99.99	99.97	0.02	0.55
MWK	743.70	710.71	4.44	9.52
MUR	34.34	34.43	0.26	0.76
NAD	15.42	15.61	1.23	1.35
NGN	196.32	196.56	0.12	0.37
SZL	15.42	15.61	1.23	1.35
TZS	2,144.64	2,136.27	0.39	0.95
ZMW	11.34	11.30	0.27	3.17

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Botswana

### Corporate News

*No Corporate News This Week*

### Economic News

**Botswana's central bank said a benign outlook for inflation in the world's second-largest diamond producer this year should allow it to follow policy that stimulates the economy.** "The current and prospective developments for inflation bode well for accommodative monetary policy that supports productive lending to businesses and households," central bank Governor Linah Mohohlo said Thursday in the capital, Gaborone. Credit growth slowed to 7.1 percent last year, the weakest in a decade, as lending to businesses contracted by 0.3 percent, Mohohlo said. Inflation may be damped in 2016 by restrained global economic growth and further weakness in oil prices and is expected to remain within the central bank's 3 percent to 6 percent range, Mohohlo said. Upside risks to inflation include the oil price rising beyond current forecasts and higher food prices caused by the worst drought in 34 years, she said. The Bank of Botswana cut interest rates twice last year to 6 percent as electricity and water supply disruptions and a 38 percent drop in diamond exports weighed on economic growth. Finance Minister Kenneth Matambo said this month he expects the economy to have expanded 1 percent in 2015, accelerating to 4.2 percent in 2016. *(Bloomberg)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Egypt

### Corporate News

**Egypt's state-owned Middle East Oil Refinery Company (Midor) has signed an initial loan agreement with three banks for \$1.2 billion, the state news agency said on Tuesday.** The loan represents around 80 percent of the cost of its \$1.4 billion Alexandria refinery lab expansion, while the remaining \$230 million will be self-financed, Midor Chairman Mohamed Abdel Aziz said. The agreement was signed by Abdel Aziz with the heads of a banking consortium that includes French banks Credit Agricole and BNP Paribas and Italy's CDP. The expansion at Midor aims to increase the company's refining capacity to 160,000 barrels per day (bpd) from 100,000 bpd. Egypt has struggled with soaring energy bills caused by high subsidies it provides on fuel for its population of more than 80 million. *(Reuters)*

**Orascom Telecom (OTMT) said on Thursday it had asked its Beltone Financial subsidiary to complete the acquisition of the investment banking arm of Egypt's largest bank.** "This comes in line with OTMT's strategy to combine CI Capital and Beltone to create a regional financial conglomerate," OTMT said in a statement. "Accordingly, Beltone is expected to take all necessary procedures to successfully finalise the said transaction." Egypt's Commercial International Bank accepted a bid from billionaire Naguib Sawiris's OTMT to buy its investment banking arm CI Capital this month. OTMT, which has holdings in media, technology and cable businesses as well as energy, transport and logistics, is expanding into financial services. It plans to merge CI Capital with Beltone Financial, which it bought last month for almost 650 million Egyptian pounds (\$83 million). *(Reuters)*

### Economic News

**The African Export-Import Bank (Afreximbank) has agreed a \$500 million facility with the Central Bank of Egypt (CBE) to help Egyptian importers through a foreign currency crisis.** Egypt, which needs to import much of its food and energy, has struggled to revive its economy since the 2011 uprising drove away its main sources of hard currency, foreign investors and tourists. The Afreximbank deal, signed on Friday, will provide a trade liquidity facility to Egyptian importers, focusing on imports considered strategic to the Egyptian economy. Egypt's central bank reserves dwindled from some \$36 billion before 2011 to \$16.48 billion at the end of January as the central bank helped finance imports and kept the exchange rate artificially strong at 7.7301 pounds per dollar. The black market rate hovered above 9 pounds per dollar on Thursday, up from around 8.8 pounds a week earlier. The facility from Cairo-based Afreximbank is part of a programme approved in December and worth more than \$3.5 billion, aimed at helping member countries adjust to a collapse in commodities prices and the impact of political violence. Afreximbank is a multilateral organisation with a mandate to help African countries overcome difficulties with financing and developing trade. *(Reuters)*

**Egypt's economic growth slowed to 3 percent in the three months ending 31 September last year, down from 5.6 percent in the same period a year earlier, the central bank's January bulletin showed.** The total GDP for the first quarter of the current fiscal year, which ends in June 2016, was EGP 495.5 billion (\$63.3 billion), according to the bulletin published on Wednesday. Egypt had revised its GDP growth forecast for fiscal year 2015/16 to 5.5 percent up from 5 percent, according to statements by the planning minister in December. Egypt suffered from an economic crisis following the 2011 revolution; that year growth slowed to 2.2 percent, although it had recovered to 4.2 percent in the last fiscal year. *(Egypt.com)*

**Egypt's government hopes to return to the international bond market with a debt issue by the end of June, Egyptian Finance Minister Hany Kadry Dimian said on Monday.** Speaking to reporters on the sidelines of an economic conference in Abu Dhabi, Dimian said the size of the issue, the timing and the tenor (maturity) would depend on market conditions. "We are keeping an eye out, hoping to get into the market before the end of this fiscal year. The bottom line and final decision will be for the market to dictate - whether we are out of the consequences of turbulence that happened in China and its negative impact on emerging markets or not. "Time comes first, then size, then

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

tenor," Dimian said. He also said tax steps and other measures to strengthen state finances had been delayed, which would affect the current fiscal year's budget deficit, but he expected introduction of a value-added tax would be the first legislation to be looked at by parliament this year. The Russian plane crash in Sinai last October, which hit the tourism industry, helped to reduce projected economic growth in the current fiscal year to about 4 percent or 4.25 percent from an original projection of more than 5 percent, Dimian added. This means the budget deficit for the current year is now expected to be between 11 and 11.5 percent of gross domestic product. Dimian said Egypt would face a "financing gap" over the next three years of between \$25 billion and \$30 billion, but did not elaborate on the nature of the gap or how it would be filled. He also said the dynamics of Egypt's relationship with the wealthy Gulf Cooperation Council countries was changing, from the Gulf providing loans in a grand policy framework to direct investment. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Ghana

### Corporate News

**Africa's top bullion producer AngloGold Ashanti Ltd said on Monday that suitors have expressed interest in buying or partnering in its idled Obuasi mine in Ghana, where a company manager was killed this month during a riot by illegal miners.** "There is quite a lot of interest, even now, in terms of the Obuasi assets, even in the form of a joint venture," AngloGold Chief Executive Srinivasan Venkatakrishnan, known as Venkat, told journalists after the company released its 2015 results. Asked if anyone had approached AngloGold about buying Obuasi outright, Venkat said: "At various points in time, but it has not progressed to a point of concluding a sale." Johannesburg-based AngloGold said earlier in February that it would not look for a new joint venture partner for the mine in Ghana until it had an investment agreement with the government. Randgold Resources in December pulled out of a joint venture with AngloGold to redevelop Obuasi, a decision that could spell closure for one of Ghana's most important mines. Obuasi has since been hit by unrest and AngloGold's head of corporate affairs was killed there in early February in a car accident as he and other employees were fleeing a riot involving illegal miners. AngloGold said on Monday it swung into profit in 2015 as it benefited from lower oil prices and weaker currencies in the countries from which it exports gold. Adjusted headline earnings, which exclude certain one-off items, were \$49 million versus a loss the previous year of \$1 million.

"The results for the fourth quarter and full year 2015 show the combination of a strong ongoing focus on cost and capital discipline, as well as the operational leverage the company has to weaker currencies and lower oil prices," AngloGold said. It said government-mandated safety stoppages in South Africa, which accounts for 25 percent of group production, cost the company 112,000 ounces in lost output. AngloGold produced 3.947 million ounces in total last year, down 11 percent from 2014 due to the safety-related disruptions in South Africa and the idling of Obuasi. *(Reuters)*

**Zenith Bank Ghana Limited has declared GHS115, 080,140 as profit before income tax in 2015 as against GHS200, 128,038 in 2014. In its statement of comprehensive income for the year ended December 31, Zenith Bank said total taxation for the full-year was GHS32,003,197 as against GHS62, 727,973 in 2014.** It said profit after tax attributable to equity holders of the Bank for 2015 was GHS83, 076,943 as against GHS137, 400,065 in 2014, a slump of GHS54, 323,122. Total comprehensive income attributable to equity holders of the Bank was, therefore, GHS83, 076,943 as against GHS137, 400,065. Net interest income for 2015 was GHS276, 187,598 as against GHS61,904,696 in 2014 while net trading and other income for 2015 was GHS100,560,892 as against GHS95, 976,919 in 2014. Total operating income was GHS376,748,490 in 2015 as against GHS357,881,615 in 2014. As far as the financial position of the bank is concerned as of December 31, Zenith said its total asset was GHS2, 549,130,057 in 2015 as against GHS3, 073,359,215 in 2014. Total liabilities was GHS2,114,609,580 in 2015 as against GHS2,721,915,681 in 2014. Total Equity was GHS434, 520,477 in 2015 as against GHS351,443,534 in 2014. Total equity and liabilities was GHS2, 549,130,057 in 2015 as against GHS 3,073,359,215 in 2014. The financial statements of the Bank were approved by the Board of Directors on February 11, 2016 and signed on the Board's behalf by Mr Daniel Asiedu (Managing Director/ CEO), who recently resigned and has been appointed as MD by the Agricultural Development Bank, and Henry Benyah, Director. *(Ghana Web)*

### Economic News

**Ghana has added power generation capacity more quickly in the past year than at any time in its history but must act quickly to match demand growth and ensure sustainable power supply, President John Mahama told parliament on Thursday.** The government last month ended years of power rationing cuts that angered voters and hurt business, but its responsibility for the blackouts will likely be a major issue at what is expected to be a tight election in November. *(Reuters)*

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

**Ghana's government will not repeat mistakes made during the last election and will maintain strict fiscal discipline ahead of the 2016 vote, President John Mahama told parliament in an annual State of the Nation address on Thursday.** Mahama, who will run for a second four-year term against main opposition candidate Nana Akufo-Addo in presidential elections scheduled for November, said he would ensure a peaceful and transparent vote. He said the economy had begun showing positive signs, setting the stage for transformation, and listed numerous social infrastructure projects completed during his presidency. "Change is happening, Ghana is being transformed and we are impacting people's lives," he said in the 3-1/2 hour speech, which was often interrupted by jeers from the opposition bench. After years of crippling blackouts that have hurt businesses and angered voters, power generation is likely to be another electoral battleground. Mahama said the power crisis was almost over, and that the government had added generation capacity more quickly in the past year than at any time in Ghana's history. Ghana must still act quickly to match demand growth and ensure sustainable power supply, the president said. The main opposition party described Mahama's speech as "mere propaganda", saying he had not addressed the core economic issues facing Ghanaians, such as unemployment. "The president pushed the economy to the background," minority leader Osei Kyei Mensah-Bonsu told reporters shortly after the speech. "Agriculture is in the doldrums, there is massive youth unemployment and yet all we heard was about infrastructure." During the previous election in 2012, hikes in civil service wages caused the deficit to mushroom, triggering a fiscal crisis that the government is still working to overcome with the aid of an International Monetary Fund programme. That crisis, coupled with a fall in global commodity prices, has sharply slowed growth in Ghana, whose economy -- based on exports of gold, cocoa and oil -- was for years considered one of Africa's most promising. Some economists are warning the government not to overspend in a bid to win victory. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Kenya

### Corporate News

**Kenya's Mumias Sugar reported on Tuesday a pretax loss of 2.26 billion shillings (\$22.23 million) in the six months ending Dec. 31, widening from a loss of 2.08 billion shillings in the year ago period due to increased finance costs.** Cash-strapped Mumias said in a statement that finance costs nearly doubled to 732.6 million shillings from 378.7 million shillings in the six-month period ended Dec. 31, 2014. Net revenue for the period rose 11 percent from a year ago to 2.98 billion shillings. *(Reuters)*

**Kenya's HF Group reported a 25-percent rise in annual pretax profit to 1.75 billion shillings (\$17.22 million) on Thursday helped by increased lending and the sale of new housing units.** The lender, which specialises in mortgages and has a property development business, said net interest income rose 19 percent to 3.61 billion shillings while non-interest income jumped 49 percent to 1.25 billion shillings. Provisions for bad debts fell 9 percent to 503 million shillings, HF Group said, adding it made money from the sale of houses at its residential development in a suburb of the capital Nairobi. "The growth in profitability is mainly due to our diversified banking, property development and insurance strategy," the group's chief executive said in a statement. *(Reuters)*

**Kenya Power posted a 17 percent drop in first-half profit, with higher power purchase, transmission and distribution costs offsetting a rise in electricity sales.** The country's sole power distributor said on Thursday pretax profit fell to 5.74 billion shillings (\$56.5 million) in the six months ending December 2015, from 6.88 billion shillings in the same period in 2014. Electricity sales rose nearly 11 percent to 41.67 billion shillings, it said in a statement. Non-fuel power purchase costs rose by 4.91 billion shillings to 24.95 billion shillings due to capacity charges for new power plants, while transmission and distribution costs rose by 2.61 billion shillings due to increased grid maintenance, Kenya Power said. Kenya relies heavily on renewables such as geothermal and hydro power, and aims to expand its installed generation capacity to about 6,700 MW by 2017, from about 2,500 MW now. East Africa's biggest economy also aims to halve bills from around \$0.17-0.18 per kWh in three to four years from now by relying more on renewables than diesel-fired power plants. Kenya uses costly diesel plants to cover supply shortfalls. Demand for electricity from firms and homes outstrips Kenya's installed generation capacity, which means frequent blackouts disrupt businesses and force them to spend extra to install and run generators. Kenya Power said its earnings per share fell to 1.93 shillings from 2.31 in the first half ending December 2014. The firm said it would pay an interim dividend of 0.20 shillings per share, unchanged from the same period last year. *(Reuters)*

**East African Portland Cement expects its profit to slide by more than a quarter in the financial year ending June 30 citing year-earlier gains on land sales, it said on Thursday.** "The unrealised fair value gain on investment property and the gain on disposal of land will not recur this financial year," Portland said in a statement. The company's pre-tax loss widened to 745.02 million shillings (\$7.33 million) in the first half on higher finance costs and foreign exchange losses. Portland has foreign currency-denominated debt, meaning it faces higher repayments when the shilling weakens. It said demand for cement was expected to remain strong due to numerous, ongoing infrastructure projects, but cautioned that an oversupply in the local market would weigh on prices in the short to medium term. In response, Portland said it would control costs and expected a technical support agreement it has entered into with Lafarge Holcim to boost its operations. *(Reuters)*

### Economic News

**Kenyans living abroad sent home 8.4 percent more money last year, increasing their remittances to a record \$1.54 billion, the central bank said on Friday.** Cash from abroad is a major source of foreign exchange for the import-dependent economy, along with earnings from tea, tourism and horticulture. Kenyans abroad typically send money to help their families and for investments such as real estate. Last year's

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

remittances offered much-needed support to the Kenyan shilling, which fell close to its record low of 107 per dollar last September before stabilising. The shilling is up 0.5 percent against the dollar this year, bucking the trend among other major African currencies, which have been hit by a rout in global commodities markets. *(Reuters)*

**The Central Bank of Kenya Tuesday accused commercial banks of failing to pass on the benefits of credit information sharing to their customers.** Governor Patrick Njoroge said customers with a good rating history deserve to be rewarded with lower interest rates on loans. Dr Njoroge addressed bankers at the opening of a high-level regional credit information sharing conference in Nairobi. He castigated some lenders, saying “they are quick to inform consumers when their credit profile is poor, but are mute when the score is good”. “Consequently, borrowers only know about the credit bureau when there is a problem. This needs to change. Banks in Kenya have been sharing positive data for two years now, and therefore must begin to inform and reward their low risk customers with better terms,” said the governor. He said transparency in pricing of credit by commercial banks and other financial institutions “cannot be over emphasised” citing the recent move by the regulator to publicise data on fees charged on loans by lenders. “It is in this regard that the Central Bank of Kenya has started publishing the average lending rates for various loan products as well as the overall average weighted lending rates by commercial banks. This will enable the borrowing public to make informed decisions, which in turn will facilitate a competitive banking sector with high quality and reasonably priced products,” said Dr Njoroge.

He told banks to address consumer complaints associated with credit information as promptly as possible. “Where these issues escalate to disputes, lenders should explore alternative dispute resolution mechanisms,” he said. At the same time, he said banks must be willing to invest in efforts to ensure highest standards of data quality. “This is important because a borrower’s credit report is a score-card on the character of individuals and corporates. It is imperative that every effort is made to provide accurate and updated information on each of their customers, without regard to status or social standing,” he said. Dr Njoroge said the regulator would monitor compliance with information sharing conference reporting requirements by banks “given that sharing comprehensive information on a timely basis is the only way this mechanism can reach its full potential.” “Having an inclusive financial sector goes beyond mere access to financial services to include consumer protection and making sure that the duty of care owed by financial institutions to their customers is well executed. In addition, the provision of sufficient information to assist consumers in making informed financial decisions is a fundamental enabler in enhancing financial inclusion,” said Dr Njoroge. The conference has attracted stakeholders and experts from around the world. Kenya attained enhanced rankings in the World Bank Doing Business Report, 2016. In the Ease of Getting Credit Indicator, it emerged 28th globally. This was a significant improvement from position 118 in 2015. *(Nation)*

**The number of tourists visiting Kenya from neighboring countries has increased over the past few months as the East African nation ramps up promotions around the region to make up for dwindling numbers from traditional source markets in Europe.** While tourists arriving at the nation’s two main airports dropped by 13 percent to 748,771 last year, the decline was less steep than the previous year’s reduction of 28 percent, according to the country’s statistics agency. Visitors have shied away from going on safari in the country or lounging on its white sandy beaches after a series of deadly attacks by al-Shabaab Islamists in the past few years. The government targets annual tourist arrivals of 10 million in about a decade’s time. Visitor numbers are expected to rise now that France, the U.S. and Britain have lifted travel bans to the country, which will allow tour operators to market the destination once again. East African holidaymakers staying at Amani Tiwi Beach Resort on the Indian Ocean Coast more than doubled in the past three months, General Manager Aditya Mata said in Kwale County, at the Kenyan coast. “Forty five to 50 percent of our visitors have been from Kenya and the rest of the East African countries,” he said.

Bed occupancy improved to 85 percent, compared with 50 percent a year earlier, he said. Diani Reef Beach Hotel in the same county received vacationers from Rwanda, Burundi, Democratic Republic of Congo and Ethiopia in the past six months, according to Chief Executive Officer Titus Kangangi. “Even Nigeria, which is a first for me,” he said. “I would put the number of regional visitors at around 10-15 percent, excluding Kenyans. It’s very good, it’s looking up.” Carriers such as Ethiopian Airlines and RwandAir now have flights to the coastal resort city of Mombasa. While cash remittances and agricultural exports have relegated tourism to third place in the hierarchy of leading foreign

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

exchange sources, the industry is still key for the economy. As many as one million Kenyans depend on it at the coast. Regional visitors account for a third of arrivals with Uganda the second highest source market after South Africa, acting Kenya Tourism Board Chief Executive Jacinta Nzioka Mbithi said by e-mail. *(Bloomberg)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Malawi

### 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*

TRADING

## Mauritius

### Corporate News

*No Corporate News this week*

### Economic News

**Mauritius expects its trade deficit to widen by 2.7 percent to 76 billion Mauritius rupees (\$2.1 billion) in 2016 from an estimated 73.96 billion rupees last year, the statistics agency said on Friday.** Mauritius is seeking to expand its financial services industry and manufacturing to broaden its economy away from a reliance on tourism and sugar production. "Based on recent past trends and information from various sources, total exports for 2016 is forecasted at around 95 billion rupees and imports at 171 billion. Trade deficit for 2016 is therefore expected to be around 76 billion rupees," Statistics Mauritius said in a statement. The agency did not give details on why it expects the trade deficit to widen this year, but said it had narrowed by 4.2 percent to 73.96 billion rupees in 2015 as import costs fell to 168.07 billion rupees from 172.03 billion in 2014. Exports were down slightly by 0.7 percent to 94.10 billion rupees. Britain was Mauritius' top market in Europe, accounting for 12.6 percent of exports last year. India was the main supplier of the island nation's goods, accounting for 17.7 percent of imports. *(Reuters)*

**Mauritius' tourism revenues are seen rising 8 percent this year, after a jump in 2015 that was driven by higher visitor numbers, the country's statistics office said on Friday.** Tourism is a valuable source of foreign exchange for the Indian Ocean island, known for its luxury spas and beaches but it has found long-haul visitors from Europe harder to attract since the global financial crisis. Mauritius has since then stepped up efforts to woo Chinese tourists to make up the shortfall.

The statistics agency said it expected tourism revenue to climb to 54 billion rupees (\$1.51 billion) in 2016, more than an earlier forecast of 52 billion rupees. Last year tourism earnings were calculated at 50 billion rupees. It forecast visitor arrivals to rise 6.8 percent this year to 1.23 million from 1.15 million in 2015. The statistics office said the room occupancy rate rose to 70 percent last year from 65 percent in 2014. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Nigeria

### Corporate News

**Shareholders of Forte Oil Plc will receive the N3.45 dividend per share recommended for 2015 as from April 29, 2016, the company said at the weekend.** The integrated energy solutions provider recently recorded a profit after tax of N4.5 billion and while the directors recommended a dividend of N3.45 per share. The company notified the Nigerian Stock Exchange (NSE) the weekend that dividend would be paid as from April 29 to shareholders after getting the shareholders' approval at the annual general meeting slated for April 22. Details of the financial results for the year ended December 31, 2015, showed that Forte Oil recorded a revenue of N124.6 billion, down from N170 billion. However, profit before tax rose by 16.7 per cent from N6.0 billion to N7.0 billion, while profit after tax jumped by 30 per cent from N4.5 billion to N5.8 billion in 2015. Commenting on the results, the Group Chief Financial Officer, Forte Oil Plc, Mr. Julius Omodayo-Owotuga said: "The decline in revenue of 27 per cent was as a result of the company strategy to reduce importation of Premium Motor Spirit so as to reduce the Company's exposure to subsidy receivables from the Federal Government. Other income increased by 190 per cent due to sale of investment property, investment in securities held to maturity, freight income from the investment made in the 100 trucks of the previous financial year, to mention a few." "Our ability to provide a profit for our shareholders is testament to our belief that the business is on a solid and safe trajectory and will continue to consolidate on gains made." Speaking in the same vein, the Group Chief Executive Officer of the company, Mr. Akin Akinfemiwa said; "This result in a testing economic climate which we operate, is the reward from the investments made by the company in its core business and its people. It also clearly demonstrates the resilience of our business. Furthermore, our vision to diversify into power generation has proved to be very successful not just in the near term but in the long term and we see tremendous growth opportunities in that space." (*This Day*)

**Standard Chartered Capital and Advisory Nigeria Limited has said it sponsored the listing of the N10 billion series 2 and 3 commercial paper (CP) issuance for Guinness Nigeria.** This was announced at a formal signing ceremony in Lagos recently, a statement revealed. Guinness Nigeria Plc, one of the nation's leading brewers, listed the N10 billion series 2 and 3 commercial paper issuance on the FMDQ OTC Securities Exchange, a Securities and Exchange Commission licensed over-the-counter market operator for fixed income securities. The listing followed the establishment of a N10 billion CP Programme in April 2015 and the successful issuance of the combined N10 billion 182 day Series 2 and 268 day Series 3 issues in November 2015. Speaking at the forum, the CEO of Standard Chartered Capital & Advisory Nigeria Limited, Leke Ogunlewe said Standard Chartered was proud to have sponsored the CP listing on FMDQ OTC for Guinness Nigeria. "We believe this is the beginning of many more opportunities to support institutional growth for our clients and the continuous development of the economy at large. This is clearly in line with our commitment to be here for good. "We are a leading international banking group, with more than 86,000 employees and a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90 per cent of our income and profits. Our heritage and values are expressed in our brand promise - Here for good," he added.

Standard Chartered is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India. In Africa, Standard Chartered has more than 8,000 staff and a history of more than 150 years. Currently the Bank covers 38 markets on the continent – 16 on a local presence basis, and an additional 22 on a transaction basis supporting its clients. Earlier, the Managing Director/CEO of Guinness Nigeria, Mr Peter Ndegwa said: "We are very pleased with the successful quoting of this Commercial Paper issuance for Guinness Nigeria Plc and the support received from FMDQ OTC and our advisors to enable this. "The quoting of this CP has allowed us successfully diversify our short term funding sources at a reduced cost whilst delivering value to our shareholders. We will continue to access the CP markets for optimal funding as ideal windows open for Guinness Nigeria to access funds from a varied pool of investors." (*This Day*)

**Seven Energy International Limited, an integrated oil and gas company has announced that it has secured \$100 million of new equity capital.** This, according to the firm, comprises \$50 million from existing shareholders of the Group, including Temasek, Petrofac, Capital

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

International Private Equity, Standard Chartered, International Finance Corporation and IFC African, Latin American and Caribbean Fund, by way of an open offer and \$50 million invested by the IDB Infrastructure Fund II, sponsored by the Islamic Development Bank and other institutional investors. The IDB Infrastructure Fund II, with a target fund size of \$2 billion, invests in infrastructure opportunities across Asia, the Middle East and Africa. The fund is managed by ASMA Capital Partners B.S.C. (c) (ASMA). Stephen Vineburg, the Chief Executive Officer of ASMA, will join the Board of Directors of Seven Energy. These additional funds enhance Seven Energy's liquidity as it completes the gas pipeline that integrates its existing pipelines in the south east of Nigeria over the next few months. When complete, Seven Energy will own and operate a flexible gas transportation network which reaches from Ukanafun and Ikot Abasi in the west to Calabar in the east. This will enable the Group to deliver more gas to Nigeria's growing domestic market for power generation and industrial consumption. Seven Energy's total investment in gas production, processing and distribution infrastructure is over US\$1 billion.

The Group is currently delivering total gas volumes in excess of 110 million standard cubic feet per day to three power stations, a cement plant and a fertilizer factory, and is the leading integrated gas company in south east Nigeria. As the power stations - Alaoji, Calabar and Ibom - complete their commissioning work and electricity transmission infrastructure, the Group forecasts gas deliveries to increase to 200 mmscf/d over the coming year. Seven Energy's Chief Executive Officer, Phillip Ihenacho, said of the new funding would enable the company to complete its current development phase. "I am pleased by the continued support shown by our leading shareholders and the vote of confidence in our business plan demonstrated by the investment from the IDB Infrastructure Fund II. Seven Energy is now established as a significant participant in the rapidly developing Nigerian gas market. Our gas deliveries have more than trebled during the course of 2015, and are currently running in excess of 110 mmscf/d. This new funding enables us to complete our current development phase, enhancing our pipeline network which will be capable of transporting 600 MMcfpd of gas to the growing regional market," Ihenacho explained. (*This Day*)

## Economic News

**Banking sector credit to the private sector increased year-on-year by 2.5 per cent or N12 billion to N18.719 trillion at the end of December 2015, compared with the N18.707 trillion it stood at the end of November 2015.** This was revealed by data compiled from the Central Bank of Nigeria's (CBN) money and credit statistics for December 2015, released recently. The central bank data also revealed that broad money (M2), which generally is made up of demand deposits at commercial banks and monies held in easily accessible accounts climbed year-on-year from N18.367 trillion as at November, to N20.030 trillion at the end of December. Similarly, narrow money (M1), which includes all physical monies such as coins and currency along with demand deposits and other assets held by the central bank edged higher year-on-year to N8.571 trillion in the review month, as against the N6.980 trillion recorded the previous month. Also, currency outside banks rose from N1.261 trillion in November, to N1.456 trillion as at the end of December. In the same vein, currency-in-circulation increased to N1.858 trillion at the end of December, compared to the N1.633 trillion it was the previous month. The central bank data showed that the total amount of banks' reserves with the central bank fell from N4.006 trillion the previous month, to N3.955 trillion.

But demand deposits, which are funds held in an account from which deposited funds can be withdrawn at any time without any advance notice to the depository institution increased from N5.053 trillion in November, to N7.116 trillion in the month under review. Also, quasi money, which is made up of highly liquid assets that can easily be converted to cash increased slightly to N11.458 trillion in December, from N11.387 trillion the previous month, just as Net Foreign Assets rose to N5.653 trillion, from N5.287 trillion. But considering developments in the macroeconomy, analysts at Afrinvest West Afric Limited have stressed the need for the monetary authority to step in to stem what they described as the rent-seeking activities going on in the parallel market. "Going forward, the challenge of greater import costs on businesses is expected to further impact both the core and food inflation rates as cost push factors weaken operating margins amid demand pressure in the forex market," they added.

The National Bureau of Statistics (NBS) released the January 2016 Consumer Price Index (CPI) report, which indicated that CPI stayed flat at

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

9.6 per cent year-on-year. The volatility in the foreign exchange market at the BDC and parallel market segments were at unparalleled levels last week as the US\$/Naira exchange rate depreciated to unprecedented record lows, triggered by both fundamental supply gap of forex in the economy and speculations of further tightening of exchange rate rules. The official (CBN) and interbank rates were stable all week at N197.00/\$1 and N199.10/\$1 respectively. However, forex rose astronomically all week at the BDC and parallel segments of the market, with rates trading at N337/\$ at the start of the week, rising to N365/\$ by Thursday at the BDC and record high N400/\$ at the parallel market. Owing to the stance of the CBN and fiscal authorities on foreign exchange adjustments, the increase in speculative activities at the less-regulated segments of the market and widening spread between the official and parallel market rates may not likely generate a ny reaction from regulators in the short term. *(This Day)*

**Nigeria's naira firmed sharply to 375 on the parallel market on Monday after importers started to reduce demand for dollars following the president's defiance over devaluing the currency, hit hard by the fall in global oil prices, one trader said.** The naira firmed 4 percent from Friday's close of 390 to the dollar, while the official interbank rate remained at 199.50 to the dollar at the close of trading on Monday. Aminu Gwadabe, the head of Nigeria's bureaux de change association, said that retail currency operators were working to introduce a single quote across the parallel market and maintain a bid-ask spread of 3.5 percent for trades. "We have set up a unit to monitor compliance with the new measures," he told Reuters, adding that the central bank has been informed of the measures. President Muhammadu Buhari on Saturday again rejected the idea of devaluing the West African nation's currency, despite a hammering of the naira on the secondary market last week. Gwadabe said the market was trying to adjust to the reality of no currency devaluation by the government. The central bank has resisted the depreciation by imposing hard currency curbs. It banned dollar sales to retail currency outlets last month, sending the naira to record lows on the parallel market, and later stopped daily sales to the interbank market, in an effort to conserve reserves, now at their lowest in more than 11 years. *(Reuters)*

**Nigeria's government revenues fell in January to 370.388 billion naira (\$1.86 billion), down from 387.777 billion naira in December, due to a drop in oil prices, the finance minister said on Tuesday.** "There was a slight increase in production of crude in December 2015 but the resulting income was marginal due to a 10 percent drop in crude oil prices," Finance Minister Kemi Adeosun said in a statement. "Shut-in and shut-down of operation for repairs and maintenance continued during the period under review," she added. The revenue includes VAT, refunds from state oil firm NNPC and exchange gains, the statement said. It will be distributed to the federal, state and local authorities. Adeosun also said that the rainy day fund, the Excess Crude Account, remained unchanged at \$2.26 billion. Nigeria, Africa's top oil producer and biggest economy, relies on crude sales for about 70 percent of its government revenues. Global crude prices have fallen sharply since mid-2014, hurting the country's public funds and leaving many states unable to pay public salaries in time or fund infrastructure projects and other state services. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Tanzania

### Corporate News

**THE CRDB Bank has said its Burundi subsidiary made 1.1bn/- profit from its operations during the year ended 2015, being its positive performance after three years.** The profit in Burundi was made despite political challenges currently being experienced in the central African country. The CRDB Bank Managing Director, Dr Charles Kimei, said the unit had managed to register a first profit earlier than anticipated. "This is a good performance and it came earlier," Dr Kimei said, adding "I hope things (political challenges) will stabilise in the near future." The CEO also said "even the Burundi government has put a lot of trust on us (CRDB). They are using our services, which is a good sign." The Burundi profit assisted to amplify further CRDB Bank's profit jump last year and cemented its position as the biggest bank in terms of balance sheet and branch network. The bank announced early this year that it has registered a profit increase of 46 per cent to slightly over 139bn/- for the Group compared to 95.64bn/- of 2014. The bank's net interest income generated mostly to the profitability after contributing 390.99bn/- last year from 276.18bn/- of 2014. While, non interest income generated 180.32bn/- last year against 151.09bn/- of 2014, as fees and commissions contributing 143.96bn/-. CRDB Bank has 199 branches in Tanzania and Burundi, with 2,651 staff. Its basic earnings per share climbed up to 53/- from 44/-. CRDB Bank share price rose by 1.27 per cent to 400/- at the close of the market last Friday. *(Daily News)*

**NATIONAL Microfinance Bank (NMB) has opened the new branch in Kakonko District, which is the fourth branch in Kigoma Region in a move to take banking services to the communities in the far-west of the country.** The new branch brings the number of the NMB branch network to 175 and continues to lead other banks with the widest branch network. Kigoma Regional Commissioner Mr Issa Machibya said after opening the new branch in Kakonko District, Kigoma Region that the facility will reduce hassles to the people of travelling about 300 kilometres to access banking services in the nearest bank branch. "The new bank branch will bring significant change to the people in Kakonko District and the nearby communities who travelled all the way to Kibondo District for the same services," he said. He said the new branch will reduce the cost of transport, risk of walking with money long distances as well as keeping money by using traditional methods. NMB Manager western zone Mr Leon Ngowi assured people in Kakonko District that the new branch will provide all varied banking services to quest their demand with an ultimate goal of transforming their livelihood. Apart from opening the new branch, NMB bank provided desks to various primary schools in Kakonko District worth 5m/- and hospital beds worth 5m/- to the District Hospital. "As part of the its corporate social responsibility, NMB has been supporting communities social services in all the areas where it operates," he said. NMB bank is listed on the Dar es Salaam Stock Exchange (DSE) and yesterday traded at average of 2,100/- per share. *(Daily News)*

**TOL Gases share price has reached an historical high level after appreciating by 5.26 per cent since the year began to reach 800/-.** The share, as per yesterday, was the only domestic stock that positively appreciated in the first nine weeks of this year. The rest of the shares, according to Tanzania Securities daily analysis report, registered either negative price growth or stagnated. Zan Securities Chief Executive Officer Raphael Masumbuko said TOL share will continue to appreciate as long as the firm maintains its good performance paraded in recent years. "In comparison with other manufacturing sector shares, TOL is still low. This attracts buyers since the firm is now doing well," Mr Masumbuko told 'Daily News'. The CEO said the share price has reached an 'all time high' level since TOL was listed at Dar es Salaam Stock Exchange almost two decade ago. TOL was the first firm to be listed on DSE in 1998.

Ever since it has failed to give dividends as required following years of loss making amid mismanagement and soaring debts. However, three years ago the firm started to register profits. In 2013 it posted a net profit of 998m/- before it jumped to 2.0bn/- in 2014. This year's expectations are high. Mr Masumbuko argued that since investors have a positive confidence on buying manufacturing sector, TOL share price are expected to climb further in the near future. "Yes, as I said earlier, (TOL) share will continue to climb as long as the firm continuous with good performance," Mr Masumbuko said. After the good performance, TOL now mulls to start selling its products to Kenya, Zambia and Zimbabwe. This follows the completion of the first round of the rehabilitation of its Aspen plant, which also, improved reliability and efficiency. The plant now can produce crude argon and it is expected that the plant will be in a position to produce pure argon in the second

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

phase of repairs expected in the last quarter of 2015. *(Daily News)*

## Economic News

**TIGHT liquidity in money circulation has influenced the five-year bond's performance resulting into undersubscription. According to the NMB Bank e-market report, the five-year Treasury bond auction was undersubscribed by 26bn/- signalling tight liquidity stance as overnight rates are still at 15 per cent highs and low appetite on long term papers by investors.** In the sale of five-year bond, the government quest to raise 96.60bn/- through the instrument was not achieved **after receiving bids worth 69.85bn/- although in the end only 28bn/-** was the successful amount. The funds raised from the sale of the long term government notes are targeted to finance development projects including road and railway infrastructures aimed not only at cutting down cost of transport but speeding up economic growth. The weighted average price for successful bids was 69.65 while the minimum successful price/100 was 68.26. Of the 78 bids received, 32 emerged successful. The highest and lowest bid/100 were 72.80 and 50.50 respectively. The weighted average yield to maturity increased to 18.79 per cent compared to 17.51 per cent of the five year bond auctioned in December. The weighted average coupon yield rose to 13.17 per cent compared to 12.58 per cent of the other session. Some of the key investors in government securities include pension funds, insurance firms, some microfinance companies and few commercial banks. *(Daily News)*

**TANZANIAN traders have been called to collaborate with their Mauritian counterpart to penetrate and exploit opportunities available in the Indian Ocean islands.** Trade Promotion and Marketing Director, Mr. Odilo Majengo, said the government highly welcomed the partnership between Tanzania and Mauritius business communities. "Tanzania has all what it takes for investments-it is high time for you (Mauritians) to come and invest as well as partner with local people in business," he noted. Mr. Majengo said Tanzania had a wider market for various goods, attributing that the country's strategic geographic position and membership to regional groupings including the East African Community (EAC) and South Africa Development Community (SADC). The two-day event at the Julius Nyerere International Convention Centre (JICC), in Dar es Salaam, was organized by Talemwa Investment Consulting Company (TICC) Tanzania in collaboration with Enterprise Mauritius, Tanzania Trade Development Authority (TanTrade) and The Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA).

TICC Managing Director, Mr. David Lutabana, said cooperation between industrialists and traders from the two countries would e economies. "We need to initiate strong and serious partnership with our counterparts from Mauritius to be able to benefit in terms of business undertakings" noted Mr. Lutabana. He said the cooperation would enhance transfer of technology from Mauritius in making optimal utilisation of the available resources in the country and promote business. "As we know Mauritius is highly developed technologically, cooperation with it, will pave a way for our mushrooming businesses," he stressed. He urged businesses in Tanzania not to waste what he called the golden chance, by taking the quick decision towards cooperating with their counterparts. Earlier, Manager of Enterprise Mauritius, Mr. Rajen Subbamah said the event aims at creating valuable network opportunities and promoting improved trade between Tanzania and Mauritius. *(Daily News)*

**APPETITE for the one year treasury bills auctioned on Wednesday remained high despite the fulfillment of local obligations by institutions and corporations.** Similarly, the high demand for the treasury bills is translated into high liquidity in the circulation that pushed the short term maturities into four times subscriptions. According to the Bank of Tanzania (BoT), auction results, a total of 133bn/- was offered to the market for bidding and in the end it attracted bids worth 467.42bn/-, although the government retained 312.09bn/- as successful amount. Yield rates across all tenures remained flat at weighted average of 18.59 per cent compared to 18.45 per cent of the previous treasury bills session held two weeks ago. Likewise out of 345 number of bids received during the trading session, only 162 emerged to be successful. Some of the investors in the one year treasury bills are commercial banks, pension funds, insurance companies and some microfinance institutions. The two tenures, 364 and 182 days have continued to be the most attractive after contributing about 99 per cent of the total bids while 91 and 35 shared less one per cent. The 364 and 182 days offer attracted bids worth 301.42bn/- and 165.64bn/- respectively

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

against 75bn/- and 50bn/- offered to the market for bidding while the 91 days offer attracted 350m/-. *(Daily News)*

**The African Development Bank (AfDB) has approved a loan package worth \$1.1 billion to Tanzania to be paid out over five years to fund infrastructure projects and improve public sector governance, it said.** The line of credit will be used primarily to support the transport and energy sectors and improve the business environment in east Africa's second-biggest economy. The loans would support "transport and energy to promote domestic and regional transport connectivity and improve access to reliable, affordable and sustainable electricity," AfDB said in a statement late on Thursday. "The second pillar prioritises strengthening of financial management and improving the enabling environment for private sector investment and finance for sustainable job creation." The government plans to spend \$14.2 billion to construct a new standard gauge rail network in the next five years financed with external loans. It also plans to build a new \$10 billion port at Bagamoyo, expand existing airports and invest in new roads. Tanzania, like its neighbour Kenya, wants to profit from its long coastline and upgrade existing rickety railways and roads to serve growing economies in the land-locked heart of Africa. Tanzania boasts economic growth of 7 percent a year, yet it is largely driven by state investment and poverty remains stubbornly high.

It also has natural gas reserves that are estimated at more than 57 trillion cubic feet (tcf) and the central bank believes 2 percentage points would be added to its annual economic growth simply by starting work on a plant to process that would draw in billions of dollars of investment. "Board members underscored the need for Tanzanian authorities to ensure that the country's high GDP growth delivers robust economic transformation, poverty reduction and improved livelihoods," AfDB said. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Zambia

### Corporate News

**COPPERBELT Energy Corporation (CEC) last week posted a slight gain in share price on the local bourse to record an increase in revenue to about K1 million, amid a reduction in total turn-over on the local bourse of K200,000 the previous week. Of the total turn-over of about K1.1 million, CEC netted in K1,017,142 compared to the previous week's K1.3 million.** According to Lusaka Stock Exchange (LuSE) weekly news update for February 19, 2016, CEC posted a gain of K0.01 while Standard Chartered Bank Zambia and Zanaco recorded share price losses of K0.01 each, and Zambeef Products of K0.09. Last week, overall trading occurred in 11 firms as a total of 1,653,530 shares worth K1,114,958 were transacted in 30 trades in comparison with a total of 2,128,205 shares which were transacted in 72 trades, yielding a market turn-over of K1,392,511 the previous week. Other firms which recorded activity apart from CEC were Atel (formerly Celtel), which recorded K35,673 followed by Metal Fabricators of Zambia Limited (ZAMEFA) at K21,115 and Lafarge, which stood at K17,398. Among other firms which recorded trading were Zanaco, African Explosives Zambia Plc, Zambian Breweries, Madison Finance Services and Zambia Sugar. During the week under review, the LuSE-all-share index closed the week at 5,548.53 points, down by 0.16 percentage point from the previous close of 5,557.58 points. On market capitalisation, the local bourse last week closed at K63.51 billion, including Shoprite Holdings, which translates a marginal drop from the previous week which registered market capitalisation of K63.55 billion. Excluding Shoprite Holdings earnings, the figure was at K29.27 billion compared to K29.31 billion the previous week. *(Daily Mail)*

### Economic News

**The Zambia Chamber of Mines said on Friday the new price-based copper royalty approved by the government would boost investment in new projects in Africa's second-biggest copper producer.** Zambia will next month start implementing its new royalty system that varies depending on the copper price as it seeks to keep struggling mines open and limit job losses. The royalty would be 4 percent when the price of copper was below \$4,500 a tonne, 5 percent when it was between \$4,500 and \$6,000 and 6 percent when above \$6,000, presidential spokesman Amos Chanda said on Friday. "This shows that the government is striving to collect revenue from the industry in the way that does not discourage mines from investing in new mining projects and new employment," Chamber of Mines spokesman Talent Ng'andwe said. "The gesture by the government is a good life-line," Ng'andwe added, saying the prevailing low copper prices posed a serious challenge to mining operations. Mining companies operating in Zambia including Vedanta Resources and Glencore have cut thousands of jobs and closed copper shafts in recent months with prices near six-year lows. Zambia in June last year cut mineral royalties for underground mines to 6 percent from 9 percent and those of open cast mines to 9 percent from 20 percent following an outcry by mining firms. Mining lobbies had asked for a price-based royalty structure to ease the tax burden during a period of depressed prices. *(Reuters)*

**Zambia's 2016 budget deficit will widen to 8.1 percent of gross domestic product (GDP) from a target of 3.8 percent, underscoring the impact of a plunge in the price of copper, its major export, the minister of finance said on Tuesday.** Alexander Chikwanda also told parliament the cabinet had given the green light for the government to engage with the International Monetary Fund (IMF) on an economic programme in 2016. Chikwanda said Zambia's economy was projected to grow 3.7 percent in 2016, below a targeted 7 percent, and inflation was expected to come in at 15 percent, well beyond its 7 percent target. Zambia's electricity deficit has risen to 1,000 mega watts (MW) from 700 MW in November as Africa's No. 2 copper producer cuts hydro power generation due to falling water levels as drought bites in the region. "We have gradually continued to reduce generation. We are 1,000 MW short of the installed capacity," Energy Minister Dora Siliya said. *(Reuters)*

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# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

1,000 MW short of the installed capacity," Energy Minister Dora Siliya told parliament on Tuesday. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Zimbabwe

### Corporate News

**FERROCHROME producer ZimAlloys is seeking \$5 million to revive its second smelter, judicial manager Mr. Reggie Saruchera said.** “Our target is to refurbish the bigger furnace this year and we will require at least \$5,5 million,” said Mr. Saruchera in an interview last week. Last year, the company revived the smaller furnace, which produces an average 300 tonnes of ferrochrome per month. Mr. Saruchera said the company was upgrading the power capacity of the smaller furnace with a view of increasing its smelting capacity. ZimAlloys, bought from Anglo American plc by a local consortium in 2005, was placed under final judicial management in 2013 due to poor performance attributed to the closure of its four furnaces, poor global metal prices and high operational costs. ZimAlloys is one of the major ferrochrome producers in the country alongside Zimasco, a unit of China’s Sinosteel Corporation and Afrochine. Zimasco, the country’s largest ferrochrome completely stopped operations at its ferrochrome refinery in Kwekwe late last year after switching off furnace number five and six. These were the only running smelters as the company had already switched off other furnaces due to low cash flows resulting from subdued international ferrochrome prices.

Zimasco said the decline of global prices has seen the company failing to meet operational requirements. Furthermore, the weak market and regional drought have seen some of the company’s major customers curtailing standing orders. Zimasco has the capacity to produce 180 000 tonnes of high-carbon ferrochrome a year, or 1,2 percent of global production. Government lifted the ban on chrome ore exports in July last year to enhance the viability on miners and improve the liquidity into the economy. Shipments resumed in November, for the first time since 2011 when Government imposed ban of raw chrome exports. The ban was meant to encourage beneficiation of the mineral. While the Government had imposed the ban on chrome ore exports to encourage firms to beneficiate the mineral, the suspension had negative impact on producers, particularly small scale miners, some who were forced to shut down due to viability problems. Small scale miners could not sell their produce due to low smelting capacity in the country, leaving them with stocks of chrome ore and no alternative source of revenue. The Government had to modify implementation of value addition to allow for ring fenced exporting of stockpiles of raw chrome excess to domestic beneficiation capacity. About 300 000 tonnes of chrome ore were reserved for local value addition. The exporting of ring fenced raw chrome ore and fines is being undertaken through a Special Purpose Vehicle created by Government to ensure realisation of fair value on exports. The established SPV is expected to mop up chrome ore from small scale miners and explore chrome ore refining opportunity through tolling arrangements, that way promoting increased value addition. (*Herald*)

**FAST food group, Simbisa Brands employment costs have gone through the roof at close to \$15 million per year following its unbundling from Inncor Africa.** Simbisa listed on the Zimbabwe Stock Exchange last November and employs more than 2 000 workers at 200 outlets dotted around the country. Vice-President Phelekezela Mphoko in a speech read on his behalf by Industry and Commerce deputy minister Chiratidzo Mabuwa at the official opening of the Chicken Inn drive through in Bulawayo last week, revealed that Simbisa was spending \$15 million towards employment costs. Vice-President Phelekezela Mphoko The facility, the first of its kind in Bulawayo, cost the group \$1,1 million according to Simbisa board chairperson, Addington Chinake. “I have been informed that the first Chicken Inn outlet was opened in Harare in 1987 and now Simbisa Brands has 200 stores in Zimbabwe, employing 2 500 workers, with 753 employed in 64 stores in the southern region,” Mphoko said. “I have been further informed that the company pays out close to \$15 million (\$14 441 451) per year to its workers. I would like to congratulate Simbisa Brands for expanding its business in Zimbabwe and in so doing creating employment and contributing to the food security of our people.” The group operates its own fast food outlets in Kenya, Zambia, Ghana and the Democratic Republic of Congo as well as franchised operations in Swaziland, Lesotho and Malawi. These regional operations weighed in with \$52 million in revenue in the full year 2014, while the Zimbabwean fast food business, where Inncor enjoys 82% market share, contributed \$98 million.

Meanwhile, Mphoko added that due to the economic downturn, several businesses were closing down and as such sound economic policies needed to be employed to keep firms afloat. “Therefore, when a company does what Simbisa Brands are doing, it is a good sign that with the right policies and an inclusive approach by government and the private sector, the Zimbabwean economy can and will be revived,” he

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

said. Mphoko challenged other companies to positively respond to the government's call for public private initiatives, especially with State enterprises. He said the government has been seized with improving the ease of doing business in order to make it easy for new companies to invest in Zimbabwe, while existing companies can expand such as Simbisa Brands. He said the private sector should come on board and work with government to alleviate the serious effects of drought by taking their social responsibilities seriously. He said the drought that has slowed down the government's thrust towards economic recovery through Zimbabwe Agenda for Sustainable Socio Economic Transformation has to be tackled inclusively by all stakeholders that include government, the private sector and the United Nations agencies in the country. He said it was gratifying when companies like Simbisa were forging ahead and expanding their operations. "I have been working with the business community of Bulawayo to craft strategies of resuscitating businesses in Bulawayo so that Bulawayo can become the business hub of Zimbabwe once again," he said. *(News Day)*

**Struggling coal miner Hwange Colliery Company (HCC)'s restated unaudited financial results for the six months to June 30 last year showed that losses skyrocketed by more than 400 percent to \$44 million on a higher tax bill and plummeting sales, the company said on Monday.** Acting chairman Jemister Chininga said the republication of the interim financial results has been necessitated by materiality of the final Zimbabwe Revenue Authority liability with an additional tax bill of \$28,5 million, pushing the final figure owed to the taxman to \$69,1 million following of a special exercise covering the period 2009 to 2015. Chininga said the amount had previously been reported as a contingent liability. In the period under review, sales revenue was \$35,4 million compared to the \$39,9 million recorded the same period in the previous year. "The sales revenue for the six months under review was \$35,4 million compared to the \$39,9 million revenue recorded during the same period last year. The company incurred a loss after taxation of \$44,1 million compared to the \$7,9 million loss recorded for the same period in 2014," he said. Chininga said the operating loss stood at \$48 million compared to \$7,6 million. Finance costs were flat at \$1,1 million. "The burden of servicing legacy debts continued to strain the company's cash flows and this presented working capital challenges," he said. Coal and coke sales were down 10 percent to 685,759 tonnes during the period under review resulting in an 11 percent decline in revenue to \$35,3 million. The company said it is engaged with government over conversion of a \$5 million tax liability to equity, which will be structured through a fully underwritten rights issue and private placement. Headline loss per share more than doubled to 0,09 cents. Going forward, Chininga said the company has introduced cost cutting measures that will reduce the cost of coal. "The infrastructure costs of maintaining the town and utilities will be shared with other coal mining companies and stakeholders around Hwange. The reduction of overheads through management salaries and benefits cut is being finalized," he said. *(The Source)*

**HWANGE Colliery Company Limited (HCCL) is finalising salary and allowances cuts for management as part of a raft of costcutting measures. Hwange Colliery is primarily listed on the Zimbabwe Stock Exchange and also listed on the Johannesburg Stock Exchange and the London Stock Exchange.** Late last year, management was ordered by Mines and Mining Development minister Walter Chidakwa to cut their salaries and allowances by 50% and to deliver in three months, failure of which they would be fired. The lowest paid employee at the coal mining company reportedly takes home \$274 per month. The coal mining firm is said to have 24 executive managers with 13 of the administrators reporting directly to managing director, Thomas Makore. "The reduction of overheads through management salaries and benefits cuts is being finalised," said acting chairman, Jemister Chininga briefly in restated unaudited condensed financial results for the six months ending 30 June, 2015. He said there was now "undivided management focus on the mining division. The trust being to improve the efficiencies and cost leadership in order to realise optimum margins in the backdrop of declining commodity prices on the local and international markets".

Chininga said the firm has also introduced cost cutting measures that will reduce costs of coal. "The infrastructure costs of maintaining the town and utilities will be shared with other coal mining companies and stakeholders around Hwange." He added that HCCL has been awarded new coal concessions in the Western Areas, Lubimbi east and Lubimbi west and that will increase the firm's lifeline by at least 50 years. Last year, HCCL purchased equipment worth \$31,2 million from a Belarus firm, Belaz and BEML of India through a vendor financing scheme secured from PTA Bank and India Exim Export Bank respectively. Production was expected to be boosted but not much has been realised from the use of the machinery. A few months after the commissioning of the equipment management admitted that about five of the heavy machinery that were acquired had faults. *(News Day)*

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

**RioZim says its Murowa mine is not part of the Zimbabwe government's plans to nationalize firms in the diamond sector. On Monday, mines minister Walter Chidhakwa ordered diamond firms operating in the Marange diamond fields to stop operations and gave them 90 days to withdraw their equipment from the mines, saying they had resisted government plans to consolidate operations into one state-dominated mining company.** RioZim, which operates the 400,000 carat per annum Murowa diamond mine in south central Zimbabwe, said in a statement issued Tuesday its operations would not be affected by the government directive. "Our attention has been drawn to the press statement of 22 February 2016 made by the Minister of Mines and Mining Development, Honourable Walter Chidakwa on the above matter. We hereby wish to advise all our stakeholders who include our financiers, suppliers, shareholders and employees that Murowa Diamonds is not part of what the Minister said," RioZim said in a statement. "Accordingly, we wish to advise all our stakeholders that Mu rowa Diamonds continues to operate as usual." RioZim, a wholly-owned Zimbabwe spin-off from Rio Tinto, assumed total control of Murowa last when the global mining giant, which owned 78 percent of the operation, divested from Zimbabwe after 60 years.

Announcing the government move to halt all diamond mining operations on Monday, Chidhakwa seemed to suggest that the Zimbabwe Consolidated Diamond Company, a wholly-owned state entity now held all diamond concessions, including those held by Murowa. The state has sought to bring all diamond mining operations in the country under one firm in which it would hold a 50 percent shareholding after accusing the miners of failing to account for revenue from their operations. There are eight miners in Marange, including Anjin Investments, Diamond Mining Company, Jinan, Kusena, Marange Resources and Mbada Diamonds. The government holds 50 percent shareholding in all the firms. Chidhakwa charged that the miners had declined the state's invitation to participate in the new government dominated firm — a move his finance counterpart Patrick Chinamasa said earlier was necessary to bring accountability to the murky dealings in the sector — and that they had failed to renew their operating licences. Chidhakwa gave the miners 90 days to clear out their equipment and other valuables. Access to the mines during the time will be by request.

The Marange diamond find was regarded as one of the world's richest alluvial diamond deposits, but its resources are depleting, experts say. It was estimated to have produced around 17 million carats in 2013, 13 percent of the global rough diamond supply, according to the Zimbabwe Mining Development Corporation. Marange produced 12 million carats in both 2012 and 2014, while production figures for 2015 are not yet available. Chidhakwa said government had only received \$637,3 million in revenue from the miners since 2010. Since 2009, the miners had only invested \$186 million in the joint ventures. The Chinese-owned Anjin — in which the state holds a 10 percent shareholding — has yet to produce audited accounts since it started operations, documents from the mines ministry show. At the press conference, Chidhakwa rebuffed efforts by Anjin Chinese representatives to defend the mining operation in terms of a bilateral agreement between Harare and Beijing. *(Source)*

**Cables manufacturer Cafca has warned that it expects a 30 percent drop in turnover in the half-year to March with profits hit by poor sales. Cafca primarily operates in Zimbabwe but is listed on both the Johannesburg and Zimbabwe stock exchanges. Last week managing director Rob Webster told the annual general meeting that sales in the first quarter were 31 percent down year on year.** Profit for the same period was down 84 percent although volumes were 25 percent lower. The poor performance of regional currencies, particularly the South African rand had hit export earning, Webster said at the AGM. Apart from supplying the local market, the company exports its product to South Africa, Mozambique and Zambia. "Profitability has been adversely affected by the anticipated 30% drop in turnover from both a drop in local sales due to lack of liquidity in the market and a drop in export sales due to foreign exchange shortages and devaluation in our primary export markets currencies to the US\$," Cafca said in a statutory trading update on Tuesday. In terms of the JSE listings requirements, companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported upon next will differ by at least 20 percent from those of the previous corresponding period. "Basic earnings per share and headline earnings per share for HI FY 15/16 will be approximately 0.6 US\$ cents per share which is 75% lower than the 2,59 US\$ cents per share of HI FY 14/15," Cafca said. In the six months to March last year, the firm revenue grew by 41 percent to \$14 million while operating profit stood at \$1,1 million. *(Source)*

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

**Zimbabwe's largest financial group, CBZ Holdings, on Wednesday reported a 7 percent increase in after-tax profit to \$35.2 million in the full year to December 2015, but said it had written off \$24 million in bad debts as the country's deteriorating economy adversely impacts asset quality.** CBZ, which operates the country's biggest retail bank as well as insurance and asset management subsidiaries, reduced the amount of total loans advanced to \$1,021 billion during 2015, down from \$1,126 billion previously. In 2014, the bank wrote off \$4,45 million. Zimbabwe's central bank has created a special purpose vehicle to buy bad loans from the banking sector, thereby reducing the industry's non-performing loan ratio from about 20 percent in June 2014 to 10.9 percent by December 2015. The central bank's asset manager has so far purchased nearly \$300 million bad loans from banks, improving their asset quality. CBZ's non-performing loan ratio did improve marginally to 7.45 percent in 2015, from 7.63 percent in 2014, with interest having been suspended on loans worth \$76 million, their financial statements show.

The bank's decision to keep a huge chunk of non-performing loans in-house, as opposed to selling them off to the state asset manager, suggest they are betting on their ability to recover some value. The group's total assets grew 18 percent to \$1.974 billion, while total income, minus interest expense, was \$184 million, a 19 percent improvement on the prior year. CBZ's insurance business weighed in with net underwriting income of \$12.5 million last year, up from \$8 million in 2014. CBZ's flagship commercial banking unit weighed in with \$140 million, or 76 of total income. The banking subsidiary's after-tax profit for 2015 was \$26.1 million, up from \$16.3 million in 2014. The group had closed the year with \$42.5 million cash in the bank, down from \$73 million in 2014. *(The Source)*

### Economic News

**POWER utility Zesa Holdings (Zesa) is set to import electricity from Zambian company, Nusenfwa from August to address power shortages in the country.** Speaking during a tour of the Kariba Hydropower Station on Friday, Zesa spokesperson, Fullard Gwasira said Nusenfwa was a private public partnership arrangement and Zimbabwe was targeting to import up to 100MW from Zambia this year. "Zimbabwe will import an initial 56MW from Nusenfwa from Zambia as of August 1, but will add 20MW until it ramps up to 100MW, as some of the mitigation measures to ensure availability of electricity in the country," he said. Gwasira said presently the government was spending \$6,5 million monthly on power imports from South Africa's power utility Eskom. Zimbabwe is importing 300MW of electricity from South Africa's power utility Eskom and another 40MW from Mozambique. The country generates about 1 300MW against a demand of 2 200MW. Presently the Kariba power station is generating 285MW instead of 750MW due to low water levels. Zesa also generates power at Hwange, Kariba and three smaller thermal stations in Harare, Munyati and Bulawayo. Gwasira, however, said the power imports were meant to augment electricity production in the country and some of the measures to increase power generation include the Kariba South Power Station project, which is now 40% complete, Hwange Power Station, Dema emergency diesel power plant and the solar geysers, electricity tariff increase among others.

"Kariba South Power Station is 40% complete, we are very happy with the progress and we are sure we will meet the 2018 target for completion in line with Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZimAsset). "Plans are at an advanced stage to introduce solar geysers, so they are a wide variety of measures for both the supply and the domestic side," he said. Zimbabwe has various projects that could generate an additional 3 540MW by 2018. According to reports, these Zimbabwe Power Company projects are Gairezi Hydro Power Project to produce 30MW, solar projects to produce 300MW, Mutare peaking power plant to produce 120MW, coal-bed methane gas to produce 300MW, Kariba South 7 and 8 extension to produce 300MW, Hwange 7 and 8 Expansion to produce 600MW and together with other works on existing plants which will total 1 890MW. *(News Day)*

**THE government has begun paying off the balance to acquire a 60% shareholding in Telecel Zimbabwe and the transaction should be complete by next week.** Sources yesterday revealed that the government had sent \$30 million to VimpelCom. "The transaction is still to be completed and by next week it should be complete. The government will hold 60% shareholding of Telecel Zimbabwe," a source said. The total value of the 60% stake in Telecel by government is \$40 million and government made the initial deposit of \$10 million last year.

## WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

Telecel International, which owns 60% Of Telecel Zimbabwe, last year agreed to sell the stake for \$40 million to Zarnet. Zarnet is owned by government through the Ministry of Information Communication Technology, Postal and Courier Services. Contacted for comment, Telecel Zimbabwe spokesman, Francis Chimanda could not disclose any information on the transaction. "This is a shareholder issue and once we have confirmation, we will share an official statement," he said. VimpelCom's subsidiary, Global Telecom Holdings, entered into an agreement with the government to sell its 60% stake in Telecel Zimbabwe in November last year. VimpelCom is an international provider of telecommunications services headquartered in Amsterdam Netherlands. ICT Minister Supa Mandiwanzira said the transaction was currently being executed. "When all formalities are completed, the ministry will issue a statement to advise stakeholders accordingly," he told NewsDay on Friday. *(News Day)*

**The Zimbabwe Stock Exchange ended its losing streak to rebound marginally at the close of trading yesterday. However, the overall market still remains subdued with thin volumes concentrated in a few counters.** A total of seven counters were active, which saw a mix of big caps and consumer facing stocks dominating trading. Yesterday, Government directed all diamond mining joint venture companies to cease all mining activities with immediate effect and to vacate the mining areas covered by Special Grants for diamonds within 90 days. Meanwhile, Hwange Colliery Company republished its interim financial results for the half-year ended June 30 2015. This was necessitated by a materiality of the final Zimbabwe Revenue Authority (ZIMRA) liability concluded on November 27, 2015 wherein there was recognition of an additional tax liability of \$28,5 million resulting in a tax liability of \$69,1 million. The amount had been previously reported as a contingent liability. Hwange Colliery Company did not trade yesterday. The mainstream Industrial Index rose to 99,15 from last week, on account of a 0,96percent jump in from Delta to 52,50 cents from Friday's closing price of 50 cents. Delta was the only counter to trade in the green today. Other movements were recorded in Econet, which lost 0,14 percent to close at 22,02 cents while Old Mutual shed a marginal 0,01 percent to finish the day at 180 cents. Afdis, OK Zimbabwe, Willdale, and Zimre Holdings remained unchanged to maintain previous levels. The Mining Index was flat at 18,74. Value traded rose to \$183 201,90, with Afdis having the largest value traded at \$122 002,02, followed by OK Zimbabwe at \$35 000. A total 2,52 million shares were bought and sold in today's session, and the ZSE's total market cap improved slightly by 0,2 percent from prior levels to end at \$2,85 billion. Foreign sales stood at \$45 316 while foreign buys were \$4 195. *(Herald)*

**Zimbabwe ordered diamond mining firms to stop operations immediately on Monday and leave the Marange fields as their licences have expired but denied the government was seizing the mines.** The diamond fields in the east of Zimbabwe near Mozambique are mined by nine firms. Eight, including two Chinese-run companies, are joint ventures 50 percent owned by the government and the other one is wholly owned by the state. "The JV companies neglected or failed to renew the special (mining) grants. Some expired as far back as 2010 and others in 2013," Mines Minister Walter Chidhakwa told reporters and executives from the mines in question. "Since they no longer hold any titles, these companies were notified this morning to cease all mining activities with immediate effect," he said, adding that Harare's position was final and not negotiable. Monday's move follows months of wrangling between the mining companies and the government over its plans to merge the mines into one new entity to ensure efficiency and transparency, a proposal opposed by some of the firms. Chidhakwa said the state-owned Zimbabwe Consolidated Diamond Company (ZCDC) will now hold all the diamond claims in the country, but said the state was not nationalising the mines. "We are not expropriating. Remember the concession that we are taking does not belong to the company ... it vests in the state. We are not touching the equipment, the bulldozers, the excavators, everything that you have put up remain s your assets," Chidhakwa said.

The latest move by President Robert Mugabe's government could further tarnish the country's image as a risky investment destination, with investors already unnerved by Mugabe's drive to force foreign-owned firms to sell majority shares to locals. "We have created a very unstable and threatening investment environment, no matter which sector you invest in Zimbabwe you will be interfered with," said economic consultant John Robertson. Zimbabwe was the eighth largest diamond producer in the world with 4.7 million carats in 2014, according to industry group Kimberly Process. Last year, the government received \$23 million in royalties and other fees from diamond mines, down from \$84 million in 2014. Chidhakwa gave the firms, including Chinese-run Anjin and Jinan, 90 days to remove their equipment and said company officials now required government approval to access the mines. He said companies in Marange had not fulfilled their

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

investment promises and refused to be part of a new ZCDC, which was part of the reason why the government had to cancel the expired licences. Robert Mhlanga, chairman of the largest mine in Marange, Mbada Resources, declined immediate comment on the move. *(Reuters)*

**The International Monetary Fund (IMF) has started talks with Zimbabwe's government to review its economic performance, stepping up engagement as Harare seeks a financial aid package after years of isolation.** President Robert Mugabe's government started defaulting on debts to the IMF, World Bank, African Development Bank and several Western lenders in 1999 - leading to a freeze in IMF assistance - and is struggling to emerge from a catastrophic recession that ran for a decade until 2008. Without balance of payment support or foreign credit, Zimbabwe is running its budget hand-to-mouth, leaving it with virtually no money for infrastructure. With formal unemployment above 85 percent, Zimbabwe has since December 2013 softened previously sacrosanct policies in the hope of gaining fresh loans. At the same time, Western countries have eased sanctions imposed over alleged human rights abuses and vote fraud, looking beyond the rule of the 92-year-old Mugabe, Zimbabwe's sole leader since independence in 1980. An IMF team met government representatives on Wednesday under the final phase of a Staff Monitoring Programme, Christian Beddies, the IMF representative in Zimbabwe, told Reuters. The team will also meet central bank officials and local business leaders before March 10. "The team is also doing the annual Article IV consultation, which is an important ingredient in the re-engagement process," Beddies said.

Zimbabwe started the SMP - an informal agreement with the IMF to monitor implementation of its economic reforms - in December 2013, and has met its targets. These include softening provisions of its black empowerment law to attract foreign investment, making it easier for firms to lay off workers, and improving government financial accountability. A senior treasury official said Zimbabwe hoped to begin negotiations this year on new financial aid, which will require it to tackle difficult reforms such as cutting the state wage bill, 82 percent of the national budget. A parallel programme to clear \$1.8 billion in external arrears would also be undertaken. "We are working on the structure of a new financing programme from the IMF and we will soon present to them a country strategy paper on this and the economic reforms that will support the programme," said the treasury official, who is involved in discussions with the IMF.

The worst drought since 1992 has left 3 million people facing hunger and Zimbabwe has appealed for nearly \$1.6 billion to help pay for grain and other food. Zimbabwe says it expects growth of 2.7 percent this year after 1.5 percent in 2015, but the World Bank says the economy will stagnate due to drought and weak commodity prices. Beddies has already said the IMF might resume aid to Zimbabwe this year if foreign creditors accept its plans to clear arrears and implement economic reforms. *(Reuters)*

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