



ABIS LIMITED

Apposite Business & Investment Services

October 2014

Offices to let, See page 5

Markets Newsletter October 2014

Nairobi Securities Exchange

ABIS Limited is an Agent of Sterling Capital Limited



Month's Biggest Price GAINS

Kenya Orchards
1st Oct – Kshs.80.00
31st Oct–Kshs.130.00
+138%

Car & General
1st Oct – Kshs.47.00
31st Oct Kshs.60.00
+28%

Kenya Power & Light
1st Oct – Kshs.14.05
31st Oct– Kshs.16.95
+21%

BAT Kenya
1st Oct – Kshs.884.00
31st Oct– Kshs.1036.00
+17%

Limuru Tea Ltd
1st Oct – Kshs.880.00
31st Oct – Kshs.1070.00
+16%

NSE INDEX



Month's Biggest Price DROPS

BRITAM Ltd
1st Oct – Kshs.34.75
31st Oct – Kshs.26.50
-24%

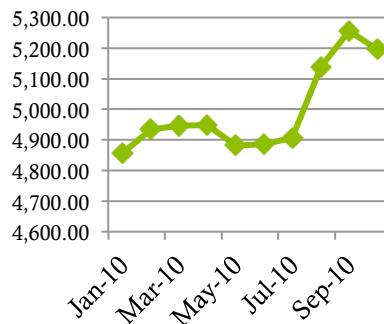
Eveready E. A.
1st Oct – Kshs.4.90
31st Oct– Kshs.3.95
-19%

Express Kenya Ltd
1st Oct – Kshs.7.95
31st Oct–Kshs.6.45
-19%

Uchumi Supermarkets Ltd
1st Oct – Kshs.10.35xd
31st Oct–Kshs.8.50xd xr
-18%

NIC Bank
1st Oct – Kshs.77.00cr
31st Oct–Kshs.63.50cr
-18%

NSE 20 Share Index EOM Movements 2014



No. of Deals 61,033 ↓ 8%
Total share volumes (MN) 674 ↓ 10%

Equity turnover. (Kshs. MN) 17,400 ↓ 8%
Mkt Cap. (Kshs. BN) 2248.23 ↓ 2%
Bonds Turnover (Kshs.MN) 36,035 ↓ 10%

After a buoyant start the latter part of the month saw price declines & reduced trading

Corporate Announcements (Extracts)

KENGEN LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Turnover	17,423,771	16,451,195	6%
Profit After Tax	2,826,323	5,224,704	-46%
Total Comprehensive Income	4,070,174	5,207,982	-22%
EPS (Basic)	1.29	2.38	-46%

The power generator's net profit dropped by 46% over the comparative period, being the biggest drop in profitability since listing in 2006. The previous year saw the company benefit from tax allowances due to large capital expenditure. For future growth, the company is banking on additional capacity from the 280MW Olkaria project, 20.4MW from the Ngong wind farm and a further 25MW from the mobile steam. A lower dividend payout of Kshs.0.40 per share (Kshs.0.60- 2013), was declared.

CARBACID INVESTMENTS LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Jul-14	Jul-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Revenue	826,360	952,836	-13%
Total Comprehensive Income	436,309	475,541	-8%
EPS (Diluted)	1.93	1.87	3%

The company's decline in sales was attributed to softening demand for exports as well as a subdued domestic market. The industrial gases company however reported a 3.2% growth in net profit, aided by lower tax charges. Its final dividend was halved to Kshs.0.30 cents a share (Kshs.0 60cents - 2013). Carbacid had capital expenditure of Kes300Million during the year, which went to purchase a new plant, machinery, equipment and transport vehicles.

KENYA POWER & LIGHTING LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Turnover	62,597,000	47,916,000	31%
Profit After Tax	6,456,000	3,445,000	87%
Total Comprehensive Income	7,446,000	4,712,000	58%
EPS (Basic)	3.31	1.76	88%

In contrast to Kengen, net earnings increased by 87% compared to the previous year. The company's sales grew by a third, whilst units of electricity consumed by households & businesses grew by 9.8%. The significant growth was attributed to rising sales, tariff reviews and '..enhanced system efficiency..'. The industry regulator (ERC) increased tariffs in December 2013 with the aim of strengthening the power company's financial position, which had '..weakened significantly since the last review in July 2008..'. However as reported tariff rates are expected to be reduced in the coming months.

E. A. PORTLAND CEMENT LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Revenue	9,211,462	11,957,823	-23%
Total Comprehensive Income	(385,582)	2,488,834	-115%
EPS (Diluted)	-4.3	19.73	-122%

E. A. Portland Cement attributed its decline in revenues and net income to extensive competition in prices, high staff costs and a weakening shilling. Reduced regional sales was also sighted. Further, the company paid penalties following arbitration on disputed contracts amounting to Kes200Million. EAPCC however plans to install a new cement mill feeding system, electrostatic precipitators used for gas cleaning and a Kes350Million packaging line to reduce the waiting time for customers at its cement plant.

Corporate Announcements Cont'd (Extracts)

TOTAL KENYA LTD

HALF YEAR UN-AUDITED FINANCIAL REPORTS

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Revenue	82,752,219	59,805,787	38%
Total Comprehensive Income	631,134	461,303	37%
EPS (Basic & diluted)	1	1	37%

Total Kenya attributed its strong performance in the first half of the year to winning an Open Tender System(OTS) contract. The Oil marketer won the lucrative contract to supply the police service with fuel. Its gross sales rose 37.4% in the review period. The company pins its future growth prospects on a stable macroeconomic environment, continuous participation in the Oil industry tenders under the OTS agreement and expected return on planned investments.

REA VIPINGO – Profit Alert

Rea Vipingo has issued a profit warning, expecting its year end profits to fall by over 25%. This follows a 35% drop in the half year's earnings. This has been attributed to a decline in the 'valuation of its biological assets..'. emanating from the re-defining of assets 'fair value'. The counter continues to be suspended from trading due to a shareholder war currently at the CMA tribunal between Centum Investments and Rea Vipingo UK Robinow Brothers.

SAFARICOM GOES GLOBAL WITH MONEYGRAM

With Kenya's diaspora remitting over Kshs.120bn annually largely through traditional banking & money transfer systems, Safaricom and Moneygram have come together to provide an alternative the using Mpesa system. MoneyGram the 'world's second largest money transfer company' will allow transfers to Mpesa accounts from its network of over 200 countries. Transactions however will be capped at US\$800 per transaction in compliance with CBK regulations. Meanwhile, others continue to try to get in on the highly lucrative service, Equity Bank recently launched its new mobile money transfer system, Equitel, and is also eyeing the diaspora.

NIC BANK RIGHTS ISSUE

Recommendation	BUY
Rights Offer Price (KES)	49.25
Current Price (KES)	23-Oct-14 67.00
Discount	26.49%
Market Cap (KES Mn)	40,017.93
Free Float Market Cap (KES Mn)	34,135.30
Free Float (%)	85.30%
Common Shares Outstanding	597,282,563.00

Sterling Capital's Review

We recommend an uptake of the additional NIC shares in the ongoing rights issue, which is currently priced at KES 49.25. This represents a discount of 26.49% from its current trading price of KES 67.00.

Reasons for the Offer

NIC intends to raise KES 2.1 Bn, in a bid to boost its capital base in line with the newly effected Basel II Accord. This will be the third rights issued by the bank.

The bank recently issued a KES 3 Bn bond in Q3 2014, with a 12.5% coupon payable semi-annually. The bond was oversubscribed, which saw the lender exercising its green shoe option to take on an extra KES 2 Bn. Part of the bonds proceeds are to be utilized in strengthening the bank's capital base, with the remaining amount being directed towards lending to the retail and business segments.

Year	Issue	Target Amount (KES Bn)	Subscription Level
2007	Rights Issue	1.10	149%
2012	Rights Issue	2.07	339%
2014	Bond Issue	3.00	217%

Source: Sterling Capital Limited/ Nairobi Securities Exchange - Company announcements / Daily Nation, Business Daily

Mutual Funds Performance- BAAM Communication

Britam
With you every step of the way

Dear Client,

We refer to our earlier communication regarding the transition in the asset management team.

Further to this we wish to make reference to media reports regarding a judicial process that the company has instituted. Since the matter is now subject to a court process we cannot delve into the details of the case.

However we wish to reassure you that all your funds held in trust by our custodians – Standard Chartered Bank, as regulated by the Capital Markets Authority (CMA) and Retirement Benefits Authority (RBA) - are safe.

We would also seek to reiterate that we have strong management team at Britam Asset Managers that is duly supported by the group and the board. Our promise is to continue offering quality service to you as is indeed our brand promise we will be with you every step of the way. We will endeavour to build on the trust and strong foundation that has been laid over the past decade.

Your relationship manager is available to respond to any queries that you may have.

We would like to take this opportunity to sincerely thank you for your continued business and we look forward to your support.

Yours sincerely,

DR. BENSON I. WAIREGI, EBS JUDE ANYIKO, CFA
GROUP MANAGING DIRECTOR AG. CHIEF EXECUTIVE OFFICER



*ABIS Limited
is an Agent of BAAM*

Source: Britam Limited

ABIS Limited

Other Services offered by ABIS Limited

BPO – Capital Gains Tax – Effective January 2015

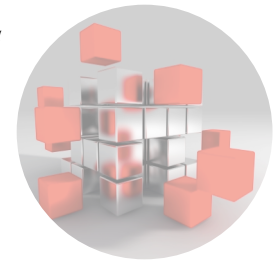
As reported in the past, following the re-activating of the Capital Gains Tax Act (CGT), capital gains will now be applied to property & land, and extractive or mining industry, from January 2015. Capital gains are the profits that an investor realises when the capital asset is sold for a price higher than the purchase price. It is applied only when the asset is sold.

How is it applied?

If you purchased a piece of land/ property for Kshs.5.0mn for purposes of speculation 10 years ago for example, and today its value is Kshs.20.0mn, capital gains tax will be charged on Kshs.15.0mn, ie. the difference between the original purchase price and the selling price. In this example CGT is Kshs.750,000 (assuming no other charges or concessions & no indexation applied). Costs of acquiring, maintaining and developing the properties can be deducted. Kenya's rate of 5% is significantly below that of its neighbours, Tanzania & Uganda currently at 20% and 30% respectively. The UK uses CGT to encourage investors to hold property for longer periods of time, thus for owners holding property for less than a year, a 50% CGT is charged.

The suspension in 1985, moved the advantage to the seller, as the buyer continued to pay 2-4% stamp duty on purchase. Capital gains tax on the sale of shares remains suspended.

Source: The East African September 2014



Your Will – Will preparation services

A will allows you to clearly set out and communicate to your family and friends, who you may wish to look after minor children, and who you wish to oversee your affairs.

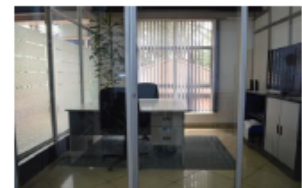
Make the decision today to look after your affairs and loved ones. Talk to ABIS



Offices to Let – New Muthaiga Sopping Mall

Call Maryann
On
0774-157-784
or
0771-343-478

Sq. Ft	1000
Monthly Rent	Kshs.131,236
Current Fixtures/ Layout	Office space (currently used for training), glass partitioned board room, small breakaway sound proof room



Can be taken in vacant possession or office furniture can be purchased



ABIS LIMITED
Apossite Business & Investment Services

Apossite Business & Investment Services (ABIS) focusing on providing the missing services for businesses and individuals in East Africa

Member of Kenya Association of Stock Broker & Investment Banks

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