



ABIS LIMITED

Apposite Business & Investment Services

Markets Newsletter September 2014

Nairobi Securities Exchange

ABIS Limited is an Agent of Sterling Capital Limited

Month's Biggest Price GAINS

Kenya Orchards
 1st Sept – Kshs.15.20
 30th Sept–Kshs.73.00
+380%

Longhorn Kenya
 1st Sept – Kshs.15.00
 30th Sept Kshs.25.50
+70%

Eveready E. A.
 1st Sept – Kshs.3.00
 30th Sept– Kshs.4.90
+63%

Britam
 1st Sept – Kshs.24.75
 30th Sept– Kshs.35.50
+43%

Eaagads Ltd
 1st Sept – Kshs.31.50
 30th Sept – Kshs.44.00
+40%

NSE INDEX



Month's Biggest Price DROPS

Uchumi Supermarket Ltd
 1st Sept – Kshs.12.25
 30th Sept – Kshs.10.40
-15%

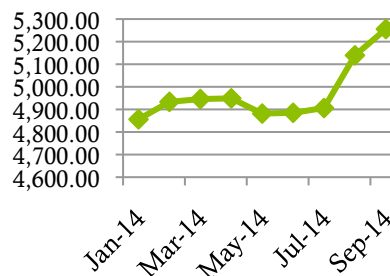
Bamburi Cement
 1st Sept – Kshs.165.00cd
 30th Sept – Kshs.146.00xd
-12%

Scangroup Ltd
 1st Sept – Kshs.45.75
 30th Sept –Kshs.40.75
-11%

Mumias Sugar Ltd
 1st Sept – Kshs.2.30
 30th Sept–Kshs.2.05
-11%

Kenya Power & Light
 1st Sept – Kshs.15.30
 30th Septt–Kshs.14.00
-9%

NSE 20 Share Index EOM Movements 2014



No. of Deals 66,580 ↑ 42%

Total share volumes (MN) 746 ↑ 19%

Equity turnover. (Kshs. MN) 18,904.11 ↑ 22%

Mkt Cap. (Kshs. BN) 2295.95 ↑ 4%

Bonds Turnover (Kshs.MN) 40,139.93 ↓ 25%

The market is clearly bullish with significant counter gains recorded in September

Corporate Announcements (Extracts)

LIMURU TEA COMPANY LTD

HALF YEAR UN-AUDITED FINANCIAL REPORTS

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Turnover	47,947	58,454	-18%
PROFIT ATTRIBUTABLE TO SH	7,554	13,170	-43%
EPS (Basic)	6.3	10.98	-43%

Total revenues decreased by 18%. This decline was due to the fall in market tea prices of 19% in the same period under review. The crop in the 1st half of 2014 was boosted by favourable rainfall distribution. The agricultural firm expects revenues in the second half to be lower compared to 2013 should the declining price trend persist.

KENOLKOBIL GROUP LTD

HALF YEAR UN-AUDITED FINANCIAL REPORTS

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Revenue	43,181,308	65,274,760	-34%
Gross Profit	2,944,715	2,691,353	9%
Total Comprehensive Income	531,168	147,364	260%

Oil Marketer KenolKobil more than tripled total comprehensive income in the half-year, primarily from asset sales and aggressive cost-cutting that made up for reduced sales. Whilst sales fell by a third, implementation of the firm's cost cutting strategy which included land selling, boosted the bottom line. The lower sales are a signal that the firm continues to lose market share to rivals, ceding its position as Kenya's second biggest retailer of petroleum products to Vivo energy.

LONGHORN KENYA LTD

HALF YEAR UN-AUDITED FINANCIAL REPORTS

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Turnover	1,396,834	1,033,295	35%
Profit Attributable to SH	95,254	121,281	-21%
EPS (Diluted)	1.62	1.61	1%

The Company's growth in sales revenues of 35% was fueled by export sales to Malawi, Rwanda, Tanzania and Uganda, as well as the increase in local sales. Export sales stood at Kes457.906Mn being 37% of the total revenues. Longhorn recorded great success in its entry into Zambia as all school book titles that were submitted in the Government tender were approved. The company is also progressively developing instructional materials for Malawa's new curriculum. Despite improved turnover a 21% decline in attributable profits was reported.

MUMIAS SUGAR COMPANY LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Revenue	13,075,912	11,957,823	9%
Loss for the Period	848,204	1,562,029	-46%
EPS (Diluted)	-1.77	-1.09	62%

The sugar industry has been significantly impacted by the influx of illegally imported sugar which in turn depressed the sugar prices. The company's loss after tax was attributed to low selling prices, higher costs of production and provisions made to address findings of a forensic audit commissioned by the Board. The company however is looking forward to improved performance in the coming year based on the assurances from Government Authorities to increase vigilance on illegally imported and counterfeit sugar.

Corporate Announcements Cont'd (Extracts)

LIBERTY KENYA HOLDINGS LTD

HALF YEAR UN-AUDITED FINANCIAL REPORTS

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Net written premiums	3,898,215	3,546,840	10%
Net Claims & Policyholder benefits	1,465,762	1,256,537	
EPS (Basic & diluted)	0.89	0.73	22%
Total Comprehensive Income	460,974	378,276	22%

The Insurer's investment income was up 27%. The growth in returns was partly due to unrealized gains from equity investments recognized in investment returns due to an accounting policy change effected in December 2013. An 18% increase in operating expenses was mainly attributed to new branch openings during the year. The Group is optimistic on its future performance, as it continues to make investments in people, systems and products.

HOME AFRIKA GROUP LTD

HALF YEAR UN-AUDITED FINANCIAL REPORTS

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Revenue	550,420	486,672	13%
Gross Profit	224,037	319,320	-30%
Total Comprehensive Income	42,909	115,492	-63%
EPS (Basic & diluted)	0.08	0.19	-58%

Half-year net profit fell by 72% as Home Afrika adopted new accounting rules for treating property sales. The new rules demand firms record sales once buyers pay fully for their properties, until then, deposits and other part payments are not recognised as income. Costs associated with the development of these properties are however fully recognised which reduces the bottom line. The cost of sales nearly doubled to Kes326.3Million from Kes167.35Million over the period.

UCHUMI GROUP LTD

AUDITED FINANCIALS FOR THE YEAR ENDED

GROUP ACCOUNTS	Jun-14	Jun-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Net Sales	14,457,687	14,368,643	1%
Total Comprehensive Income	536,498	347,229	55%
EPS	1.45	1.35	7%

Total Group sales registered a marginal growth of 1% mainly due to the drop during the year in the Uganda subsidiary by 12%. The subsidiary's decline was attributed to competition, supply chain challenges and some locations becoming untenable due to infrastructural and tenancy mix challenges. The group is now considering divestiture and relocation to already identified more promising locations in the coming financial year. The last installment of Uchumi's loan debt to the Government of Kenya advanced during its receivership in 2006, was made in June,2014.

KENYA ORCHARD'S MONUMENTAL RISE WITH SPICES

Food Processing Company Kenya Orchards Ltd has ventured into the production of spices and seasonings, opening a new revenue line for the NSE listed firm whose share price has surged more than 20-fold this year. The company hopes to boost its bottom line with diversification from its core activity of fruit and vegetable processing and canning. Its new line of "spices, herbs and seasoning products will be available in the market in October", said company's chairman. The manufacturer currently produces food products such as fruit jams & syrups, tomato paste & sauce, mayonnaise, custard powder, white vinegar, corn starch and a range of canned foods. A manufacturing plant with capacity production of 12-tonnes of spices per day has been set up. Opening the year at Kshs.3.00 Kenya Orchard's stock has seen its share price rise 20-fold as at the month's closing price.

HASS CONSULT BUYS 4MN SHARES OF HOME AFRIKA

Real Estate firm Hass Consult through its purchase of 4Mn shares now holds a 1% stake in Home Afrika, making it the 9th largest institutional investor with a portfolio currently valued at Kes17.6Million. The last 12 months has seen the property development company's stock decline by over 50%. Some founder shareholders not being locked in to holding its shares for a stipulated period, have reduced stakes.

Corporate Announcements Cont'd (Extracts)

A combined 21.9% holdings in the firm has been offloaded, reaping more than Ksh.400Mn from their 6-year Investment. Hass offers property valuation, development, management, sale and letting services besides conducting research that gets published in the Hass Property Index.

EVEREADY CLOSES STRUGGLING NAKURU PLANT

Eveready East Africa is divesting into the real estate sector after announcing the closure of its Nakuru Battery Production factory, which has for decades been a premium employer in the Rift Valley town. The company will now transform into a distributor of ready-made imported batteries, sourced from its affiliate of the U.S firm Energizer in Egypt. Eveready is owned 10.51% by U.S-based Energizer International, which also owns Energizer Egypt. High operating costs, primarily transportation and energy bills, has seen several Kenyan manufacturers lose out to Egypt. The North African country falls within the Common Market for East and Southern Africa (COMESA) trade area. Eveready now plans to invite joint venture partners to develop commercial or residential properties on the 20 acres of land that houses the factory, with the better prospect of providing high and stable returns. Property developers have earned double-digit returns, riding on increased demand for both residential and commercial units from the middle class and businesses.

NSE LAUNCHES NEW FOREIGN CURRENCY BOND TRADING SYSTEM

The Nairobi Securities Exchange has launched a new trading system that enables listing and trading of foreign currency bonds, with an eye on bringing a local listing of the Eurobond. The new bond system is integrated with the settlement system at Central Bank and will allow online trading of debt securities. NSE plans to support market making, integration with regulatory systems and over the counter deal reporting. "With this development, we look forward to the listing of the Government of Kenya Sovereign Bond on the exchange" said NSE Chief Executive. The new system, according to the NSE, will enhance its recent shift to a same-day settlement model for bonds expected to improve turnover.

CMA APPROVES NIC BANK'S KSHS.1.2BM CASH CALL

Capital Markets Authority (CMA) gave a go-ahead for NIC Bank to raise Sh2.1 billion in a cash call. The regulator said the offer price would be known early next month (October). "This approval will allow the commercial lender to issue and list an additional 42,663,040 ordinary shares at a rights issue price to be announced by the company to shareholders of ordinary shares of NIC Bank Ltd on the register of its members at the close of business on October 2, 2014," said the CMA statement. The bank is raising the cash to meet CBK new capital requirements in addition to expanding business. The offer will open 23RD October and close on 17TH November. NIC Bank chief executive had earlier said the rights issue plans had received a boost after major shareholders agreed to take up the offer.

Mutual Funds Performance

CASH MANAGEMENT SOLUTION (CMS)

Duration	Rate
1 Month	10.50%
3 Months	11.00%
6 Months	10.50%
12 Months	10.50%

Minimum investment Kshs.1.0mn for the British American Asset Managers (BAAM) CMS high yielding investment.



*ABIS Limited
is an Agent of BAAM*

Source: Nairobi Securities Exchange – Company announcements
/ Daily Nation, Business Daily. BRITAM – Mutual funds

