

**Markets Newsletter May 2014****Nairobi Securities Exchange***ABIS Limited is an Agent of Sterling Capital Limited***Month's Biggest Price GAINS**

Express Kenya 2nd May – Kshs.4.95
 30th May –Kshs.7.00
+41%

Kenya Orchards 2nd May – Kshs.7.20
 30th May Kshs.9.45
+31%

Car & General 2nd May– Kshs.31.25
 30th May– Kshs.40.00
+28%

Kakuzi Ltd 2nd May – Kshs.116.00cd
 30th May– Kshs.146.00cd
+26%

Unga Group 2nd May– Kshs26.00
 30th May – Kshs.32.00
+23%

No. of Deals 47,133 ↑ 23%

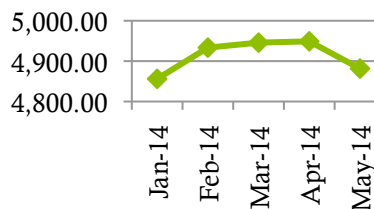
Total share volumes (MN) 854 ↑ 21%

NSE INDEX**NSE 20 Share Index**

2nd May – 4959.91
 30th May – 4881.56
-2%

All Share Index

2nd May – 151.85
 30th May 150.2
-1%

NSE 20 Share Index EOM Movements 2014**Month's Biggest Price DROPS**

Liberty Holdings 2nd May – Kshs.22.00
 30th May – Kshs.17.20
-22%

Kengen Ltd 2nd May – Kshs.11.50
 30th May – Kshs.10.25
-11%

Uchumi Supermarket 2nd May– Kshs.14.25
 30th May –Kshs.12.80
-10%

TPS Eastern Africa 2nd May – Kshs.40.75cd
 30th May–Kshs.36.75xd
-15%

CIC Insurance 2nd May – Kshs.17.05ca
 30th May–Kshs.10.40ca
-8%

Equity turnover. (Kshs. MN)23,023↑50%

Mkt Cap. (Kshs. BN) 2091.655 ↓ 1%

Bonds Turnover (Kshs.MN) 35,237 ↓ 35%

The month saw a number of counter declines, though turnover rose

Corporate Announcements (Extracts)

SAFARICOM LIMITED

UNAUDITED FINANCIALS QUARTER ONE 2014

GROUP ACCOUNTS	Mar-14	Mar-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Turnover	144,672,477	124,287,856	16%
EPS (Basic & diluted)	0.57	0.44	30%
Total Comprehensive Income	23,017,540	17,539,810	31%

COOPERATIVE BANK LIMITED

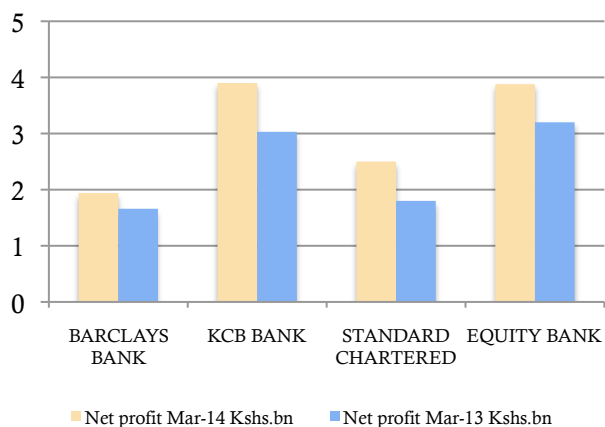
UNAUDITED HALF YEAR FINANCIAL RESULTS

GROUP ACCOUNTS	Mar-14	Mar-13	INC/DEC
	Kshs.000'	Kshs.000'	
Total Comprehensive Income	3,398,014	1,634,258	108%
EPS (Basic & diluted)	K Sh0.59	K Sh0.62	-5%
Loans & Advances to Customers	154,648,317	119,107,304	30%
Customer Deposits	187,165,735	162,210,361	15%

The group reported an 11% increase in the number of customers in year ended March, 2014. Heavy investment in both the expansion and modernization of the company's 2G and 3G networks continued to spur growth. Voice service revenue contributing 60% to revenues rose by 12%. The growth was attributed by the group's loyal customer base attracted by a superior network experience.

Co-operative Bank plans to set up shop in Uganda, Tanzania and Ethiopia using its model of partnering with local co-operative movements; similar strategy the lender used to enter the South Sudan market. "Expanding the operations will contribute positively to the group's profitability from June this year"; quoted by the Bank's managing director.

Comparative 1st Qtr 2014 Net Profit

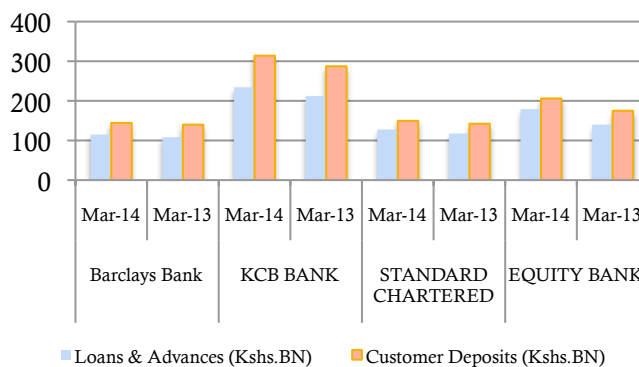


Standard Chartered Bank reflected the highest increase over the comparative period, with net profit rising by 39%. Followed by KCB Bank, at 29% growth. Barclays Bank's net profit rose the least at 17%, whilst Equity Bank showed a 21% gain.

Performance on the stock market, saw Equity Bank and KCB Bank attracting most foreign investor inflows in the month of May.

Equity Bank lead with increases in both loans & advances & customer deposits. The bank had gains of 28% and 18% respectively. The other banks reflected single digit growth.

Comparative Bank Loans & Advances/ Customer Deposits 1st Qtr 2014



Source: Nairobi Securities Exchange / Sterling Capital Limited / Daily Nation & Business Daily

Corporate Announcements Cont'd (Extracts)

EAST AFRICAN CABLES CHANGE IN SHAREHOLDERS

Transcentury and private equity firm Aureous East Africa Fund LLC have entered into talks that will see the latter exit their joint investment in E.A Cables, a stake that stands at 68.38% in the firm. Under the proposed deal, Transcentury will acquire all shares in Cable holdings and in exchange offer its listed shares to Aureous East Africa. E.A Cables reported a decline in its earnings due to a drop in world's metal prices. The group has been focusing on export sales to compensate for the low demand in the local market.

EAST AFRICAN PORTLAND CEMENT LIMITED – Profit Warning Issued

The Cement company has issued a profit warning for the financial year ending 30th June 2014. Sighting increased competition which pushed prices down. With the entrance of new suppliers, the company's local market share has been eroded, whilst its exports also declined over the period. The company projects profits to fall more than 25% over the previous year.

EVEREADY EAST AFRICA LIMITED APPLICATION FOR DIVERSIFICATION

The group is seeking CMA's approval to diversify into new product lines and cut reliance on its core business (battery manufacturing) that has been hit with falling sales, which accounts for nearly 90% of sales. The firm has seen a consistent decline in sales volumes and profitability in the

BIDCO'S DIVERSIFICATION INTO SOFT DRINKS MARKET

Bidco Oils has secured land off the Thika- Garissa highway on which it plans to build a production and bottling facility for non-carbonated still drinks, carbonated soft drinks and water. The Edible Oils manufacturer plans to battle with seasoned players such as Coca-Cola, Pepsi and Delmonte whose local positions have international backing. The family- owned business manufactures edible oils, cooking fats, soaps, baking powder, animal feeds and detergents. The beverages factory will have two processing lines- each with a capacity to produce 24,000 bottles per hour. A separate plant will produce about 100 Million plastic bottles every year.

CENTUM TWO RIVERS PROJECT ATTRACTS WORLD'S GLOBAL RETAILER

Investment Company Centum, which has lately raised its stake in the Real Estate sector is set to lease space to French International Hypermarket Chain, Carrefour. Carrefour, billed as the world's second largest retailer after Wal-Mart has booked 16.1% of the upcoming 620,000sq ft shopping complex situated in Runda. The Carrefour Franchise is run by Dubai- based Al Futtaim Family who recently purchased Motor Dealer CMC Holdings, marking a second major investment by the Al-Futtaim Group in the country.

LARARGE DENIES DOMINENCE IN KENYA'S CEMENT SECTOR

The Competition Authority of Kenya is probing Lafarge France over its influence on cement prices in the country. The investigation comes amid a dispute between shareholders and the Government over Lafarge's ownership of a 59% stake in Bamburi Cement and a 42% stake in East African Portland Cement. The Competition Authority said earlier this month it may force Lafarge to sell some of its interest if the company is found to have a dominant position in violation of antitrust legislation.

FRANCE TELCOM SELLS ITS UGANDA OPERATIONS

France Telecom, the majority owner of Telkom Kenya has sold 95% of its stake in the Orange Uganda Subsidiary to Africell. This was after the Ugandan business failed to meet the group's criteria in terms of '...performance and value creation..'. The French firm, operating as Orange Kenya, is conducting a similar review in Kenya. The firm has a 70% stake in Orange, Kenya's third largest telecoms operator, whilst the Kenya government holds the balance (30%). The majority shareholder's search for new partners in Kenya however has been barred until, it settles a multi-billion-shilling award that the Court of Appeal granted 997 former workers nearly 3 years ago.

Mutual Funds Performance

Cash Management Solution

Duration	Rate
1 Month	10.00%
3 Months	11.00%
6 Months	10.00%
12 Months	10.00%



ABIS Limited is an Agent of BAAM

BAAM currently has a special offer of 12% funds invested for 3 – 12 months. Minimum investment is Kshs.1.0mn. (Rates of return are subject to change on a weekly basis)

Investment Product	Description	Investment Objective	Suitability
Cash-Management Solution	— Opportunity to invest cash at an agreed rate for excess cash that you will not need for at least 30 days	Facilitates efficient management of cash-flow requirements through investment of funds over effective short-term horizons of 1, 3, 6 and 12 months, and with a guaranteed return.	<ul style="list-style-type: none"> — Capital preservation — Money that can be invested for an agreed period for an agreed rate. Periods range from 3, 6, 9, 12 months
BAAM Active Strategies	— Aggressive product aimed at actively trading in shares and fixed income in a risk conscious environment.	Product seeks to earn above average absolute returns through effective and fast entry and exit on identified securities mispricing opportunities	<ul style="list-style-type: none"> — High net-worth investors open to an aggressive investment strategy and medium to high risk appetite
BAAM Property product	— Diversify your portfolio to include property directly by participating in property investments or indirectly through a property fund	Attractive asset class that is stable, inflation proof and uncorrelated to market volatility	<ul style="list-style-type: none"> — Illiquid but lower risk — Looking to build an income stream from rental or capital gains from development and price appreciation
BAAM Global Alpha Fund	— Diversify investments to other African countries and also to other global markets	The offshore funds that facilitates diversification to Global markets.	<ul style="list-style-type: none"> — Investments looking for diversified exposure and returns

Source: Nairobi Securities Exchange – Company announcements

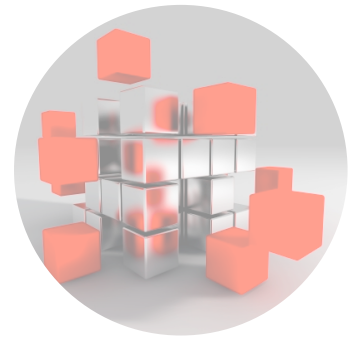
BRITAM – Mutual funds / CMS, Agent information

ABIS Limited

Other Services offered by ABIS Limited

NSSF Act Implementation – New Rates

- Despite continued legal challenges against, the NSSF the new rates revised upwards to 12% (6% each employee and employer) of pensionable earnings, is due to take effect from **1st June 2014**. Every employer with one or more employee is required to register with the fund and also register the employee(s).
- An employer may opt for Tier 2 contributions into a contracted out scheme it participates in or opts to establish or participate in. The application for opt out must be made to and administered by Retirement Benefits Act (RBA). Tier 1 contributions have to be paid to NSSF. The contracting out process, which is still being developed will require approval by the RBA Act before application.



Scenario	Employee Earnings	Pensionable Earnings	Tier I Pensionable Earnings	Tier I Employee Deduction	Tier I Employer Contribution	Tier I Total Contribution	Tier II Pensionable Earnings	Tier II Employee Deduction	Tier II Employer Contribution	Tier II Total Contribution	Total Pension Contribution
1	3,000	3,000	3,000	180	180	360	-	-	-	-	360
2	4,500	4,500	4,500	270	270	540	-	-	-	-	540
3	6,000	6,000	6,000	360	360	720	-	-	-	-	720
4	10,000	10,000	6,000	360	360	720	4,000	240	240	480	1,200
5	14,000	14,000	6,000	360	360	720	8,000	480	480	960	1,680
6	18,000	18,000	6,000	360	360	720	12,000	720	720	1,440	2,160
7	20,000	18,000	6,000	360	360	720	12,000	720	720	1,440	2,160
8	100,000	18,000	6,000	360	360	720	12,000	720	720	1,440	2,160
9	500,000	18,000	6,000	360	360	720	12,000	720	720	1,440	2,160

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 Limited



ABIS LIMITED

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

