



ABIS LIMITED

Apposite Business & Investment Services

February 2015

Markets Newsletter February 2015

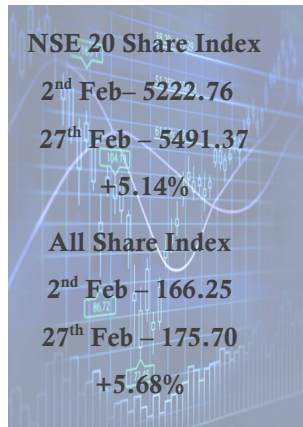
Nairobi Securities Exchange

ABIS Limited is an Agent of Sterling Capital Limited

Month's Biggest Price GAINS

Kakuzi Ltd	2 nd Feb – Kshs.225.00	27 th Feb –Kshs.330.00	+47%
Kengen Ltd	2 nd Feb – Kshs.9.50xd	27 th Feb Kshs.12.05	+27%
Standard Group	2 nd Feb – Kshs.37.75	27 th Feb – Kshs.44.75	+19%
Sasini Tea Ltd	2 nd Feb – Kshs.12.95cd	27 th Feb – Kshs.15.35xd	+19%
Jubilee Ins Ltd	2 nd Feb – Kshs.463.00	27 th Feb – Kshs.541.00	+17%

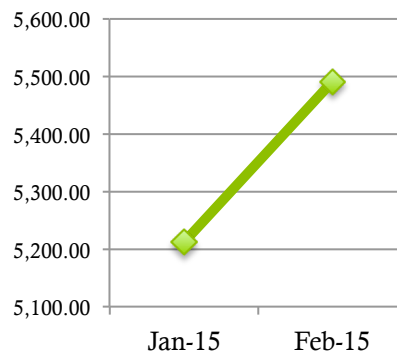
NSE INDEX



Month's Biggest Price DROPS

Car & General Ltd	2 nd Feb – Kshs.54.50cd	27 th Feb – Kshs.47.00xd	-14%
Uchumi Supermarket Ltd	2 nd Feb – Kshs.12.65xd	27 th Feb –Kshs.11.00xd	-13%
Mumias Sugar Ltd	2 nd Feb – Kshs.3.15	27 th Feb –Kshs.2.80	-11%
Kenya Airways	2 nd Feb – Kshs.11.00	27 th Feb – Kshs.9.90	-10%
Home Afrika	2 nd Feb – Kshs.3.95	27 th Feb –Kshs.3.60	-9%

NSE 20 Share Index EOM Movements 2015



No. of Deals 43,975 ↑ 5.37%

Total share volumes (MN) 562 ↑ 36%

Equity turnover. (Kshs. MN)15,910 ↑64%

Mkt Cap. (Kshs. BN) 2453.1 ↑ 5%

Bonds Turnover (Kshs.MN) 43,876 ↑ 16%

The year has started bullish as EOY announcements come in

Corporate Announcements (Extracts)

KENYA COMMERCIAL BANK GROUP LTD

AUDITED RESULTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Dec-14	Dec-13	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	377,271,886	305,659,189	23%
Loans and Advances to Customers	283,732,205	227,721,781	25%
Total Comprehensive Income	17,646,146	14,035,587	26%
EPS (Basic & Dilute)	5.63	4.82	17%

KCB posted a 17% rise in net profit in 2014 backed by a double digit increase in interest and other income. The bank, which is Kenya's largest lender by assets received Treasury's approval to offer Islamic banking services, opening a new revenue stream for the lender. The new product offerings, named Sahl, targets both Muslim and Non Muslim customers. KCB's operations in Tanzania will also provide the service. First Community and Gulf African Bank are Kenya's only fully-fledged Islamic banks.

UNGA GROUP LTD

UN-AUDITED RESULTS FOR THE HALF YEAR ENDED

GROUP ACCOUNTS	Dec-14	Dec-13	INC/DEC
	Kshs.000'	Kshs.000'	
Revenue	9,651,343	8,836,517	9%
Operating Profit	409,764	293,541	40%
Net Profit	412,241	231,537	78%
EPS (Basic & Dilute)	3.41	1.96	74%

Improved performance was attributed to increased capacity and efficiency from the new wheat mill, as well the gains realized from the sale of its stake in the paper packaging company, Bullpack. Unga's new strategy being rolled out, includes the expansion of its human nutrition product offerings. The company also plans to enhance raw material storage capacity. Whilst the modernisation of its IT systems is also on the cards for this year. The previous period saw the opening of a sales depot in Mombasa.

LONGHORN LIMITED

UN-AUDITED RESULTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Dec-14	Dec-13	INC/DEC
	Kshs.000'	Kshs.000'	
Revenue	531,040	558,170	-5%
Gross Profit	229,720	281,322	-18%
Net Profit	39,896	30,155	32%
EPS (Basic & Dilute)	0.27	0.21	29%

PAN AFRICA INSURANCE CO. LTD

AUDITED RESULTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Dec-14	Dec-13	INC/DEC
	Kshs.000'	Kshs.000'	
Net written premiums	4,990,770	5,105,827	-2%
Net Claims & Policyholder benefits	5,053,694	5,274,338	-4%
EPS (Basic & diluted)	9	13	-30%
Total Comprehensive Income	871,190	1,250,432	-30%

Earnings per share (EPS) saw a 30% decline due to a 30% drop in investment income. This was attributed to lower unrealised gains from unlisted equities, and a depressed property market which saw the insurer's property portfolio underperform. Management reported that cash reserves will be used for the new office development as well as for the finalisation of the acquisition of Gateway Insurance.

BAT KENYA LIMITED

AUDITED RESULTS FOR THE YEAR ENDED

GROUP ACCOUNTS	Dec-14	Dec-13	INC/DEC
	Kshs.000'	Kshs.000'	
Revenue	21,032,000	19,619,000	7%
Operating Profit	6,371,000	5,771,000	10%
Net Profit	4,255,000	3,724,000	14%
EPS (Basic & Dilute)	42.55	37.24	14%

Utilization of the company's Thika leaf plant increased from 19Mn to 35Mn, following the closure of its Uganda leaf plant in 2013. Cut rug exports to Egypt continued to decline, however management expressed confidence in the view that the market has bottomed out, and an upturn being on the horizon. The company expressed its key challenge as the stringent regulations of consumption of cigarettes and higher excise taxes. BAT continues to engage in talks with government on proposed regulations for the industry.

Longhorn's bottom line growth was attributed to a 70% fall in distribution costs. Its gross profit decline however, was the result of higher printing costs in turn caused by additional duty on paper and the VAT levy introduced in September 2013. It also reported the 'piracy of prime products' as well as delays in disbursement of free education funds. The company plans to acquire offices in Kampala, and to set up a subsidiary in Rwanda. It continues to grow its market in Tanzania, whilst in Zambia its book lists has received government approval. Thus its prospects remain positive.

Corporate Announcements Cont'd (Extracts)

KENYA POWER & LIGHTING CO. LTD

UN-AUDITED RESULTS FOR 6 MONTHS ENDED

GROUP ACCOUNTS	Dec-14	Dec-13	INC/DEC
	Kshs.000'	Kshs.000'	
Revenue	57,913,000	48,586,000	19%
Operating profit	49,260,000	41,818,000	18%
Profit after Tax	4,172,000	3,013,000	38%
EPS			
(Dilute)	2.14	1.54	39%

Increased sales and a tariff review, saw the power distributor record a 39% increase in profits. Transmission and distribution costs were however up by 8%. The company continues to invest in expanding its distribution network, with 36 new sub-stations underway. Alternative power lines are also being discussed with a view of reducing the erratic supply of power, particularly for industrial clients. Plans by the company to adopt a single wire earth return system is also expected to enable the company cut costs of connecting new customers.

CMC DELISTS FROM THE NSE

CMC Holdings officially delisted from the NSE after the takeover by Al Futtaim Auto & Machinery Co. (Famco), this February. The company's stock had been suspended by the NSE since September 2011 following a boardroom battle and subsequent court cases. Its last share price stood at Sh13.50 4 years ago. Al Futtaim Group had acquired 91.6% of CMC's shares early last year, and mopped up the rest of the free stock available in the market reaching 100%. The acquisition cost Al Futtaim Sh7.5 billion (\$82 million). CMC has been a major player in the East African automobile industry distributing Ford, Mazda, Suzuki and Volkswagen vehicles among other brands, operating through wholly owned subsidiaries.

Other delisting firms over the years include, Unilever Tea Kenya Ltd in 2009 after its main shareholder, Brooke Bond, bought out minority shareholders; Telecommunications firm Access Kenya in 2013 following its acquisition by South Africa's Dimension Data. Whilst the UK-owned Rea Vipingo Plantations (RVP) may also be delisted, depending on the outcome of its court cases over a takeover.

TPS EASTERN AFRICA ISSUE PROFIT WARNING

TPS Ltd (Serena) issued a profit warning for the financial year 2014, signalling a more than 25% drop in earnings compared to earnings reported for the same period in 2013. Not surprisingly, this has been attributed to a challenging environment in Kenya caused by travel advisories issued by key source markets and insecurity concerns. The tourism sector in the past one of Kenya's top foreign exchange earners, has significantly slumped over the period. TPS reported the downturn in Kenya had created a ripple effect on its operations in other East African countries, which was further compounded by the outbreak of Ebola in West Africa. The group posted a net profit of Kes668.5Million in 2013, a 35.4% growth in net profit from the previous year. The company in 2014 did however take measures to safeguard shareholder value, maintain market share, and maintain its assets so as to avoid compromising standards of products and services. It has also implemented efficiency measures to reduce energy, procurement and general operating costs without sacrificing operating standards.

EQUITY GROUP CROSS LISTS IN RWANDA

Equity Group Holdings, cross listed on the Rwanda Stock Exchange market, a signal that of confidence in Rwanda's growing capital market. The announcement came during a high-level international conference dubbed, "Capital Markets East Africa 2015" in Kigali that was looking at ways of harnessing capital market as a source of raising capital for economic growth. Equity joins Bank of Kigali which was the only listed bank on the Rwanda stock market. Whilst it joins other cross listed companies from Kenya, including, KCB, Nation Media Group and Uchumi Supermarkets. The bank also announced its intention to cross-list on the Dar-es-Salaam securities in March 2015

ATLAS DIVERSIFIES INTO GEOTHERMAL

Atlas Development & Support Services Limited (Atlas), the African focused support services and Logistics Company, will start drilling geothermal wells in Kenya as it diversifies from the oil and gas sector. There has been concern globally that the low oil prices will persist, leading upstream oil companies to cut back on capital expenditure. In Kenya, Atlas main client (Tullow & Africa Oil) has suggested cutting back on the number of rigs from four to one by the end of the year. However, Kenya still holds significant potential as host to some of the 'lowest cost oil globally'. Atlas also provides turn-key support service solutions to multiple sectors including mining, construction, NGOs and government. The company is cross listed on London's AIM and the Growth Enterprise Market Segment of the NSE.

Mutual Funds Performance

Cash Management Solution



*ABIS Limited
is an Agent of BAAM*

Minimum investment Kshs.1.0Mn

Duration	Rate(p.a)
1 Month	11.25%
3 Months	11.50%
6 Months	10.50%
12 Months	13.00%

Minimum investment US\$100,000

Tenor	Rate(p.a)
3 Months	4.50%
6 Months	4.50%
9 Months	5.00%
12 months	5.00%

BAAM Responses to frequently asked questions:

When you talk of guarantees what is the rate, is it the rate shown on the schedule?

- If the client chooses to invest for three months, they will enjoy the rate quoted 3 months return for the entire duration, if they choose 1 month, then the return is for the entire month.

The weekly changes on interest rates can they go lower or higher?

- Changes in interest rates are communicated weekly as they change on a weekly basis

On the weekly changes, does the person who invested last week enjoy the new rates?

- Once the client invests the return rate is locked for the entire period they have chosen, regardless of whether the rates go up or down in the future

Source: British American Asset Managers

ABIS Limited

Other Services offered by ABIS Limited

Your Will – Extracts from the Matrimonial Property Act 2013



S.4 EQUAL STATUS OF SPOUSES

A married woman has the same rights as a married man:

- To acquire, administer, hold, control, use and dispose of property whether movable or immovable;
- To enter into a contract; and
- To sue and be sued in her own name

S5 RIGHTS & LIABILITIES OF INDIVIDUALS

Property acquired or inherited before marriage is not part of matrimonial property

S6(4) PRENUPTIAL AGREEMENTS

- 5.1 parties to an intended marriage may enter into a prenuptial agreement to determine their property rights
- 5.2 Courts may set prenuptial agreements aside on the grounds of fraud, coercion, or manifest injustice

S7 OWNERSHIP OF MATRIMONIAL PROPERTY

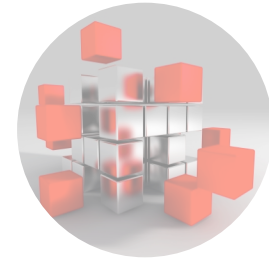
Where there is no prenuptial agreement, matrimonial property vests in the spouses according to the contribution of either spouse towards its acquisition, and shall be divided (not equally) between the spouses (emphasis supplied)

S8 PROPERTY RIGHTS IN A POLYGAMOUS MARRIAGE

If the parties in a polygamous marriage divorce or a polygamous marriage is otherwise dissolved: Matrimonial property acquired by the man and the first wife, before the man married another wife, shall be retained equally by the man and the first wife only; Matrimonial property acquired by the man after the man marries another wife shall be regarded as owned by the man and the wives taking into account any contributions made by the parties Any wife can own matrimonial property equally with the husband without the participation of the other wife or wives.

BPO - Administrative Services

HR Analytics

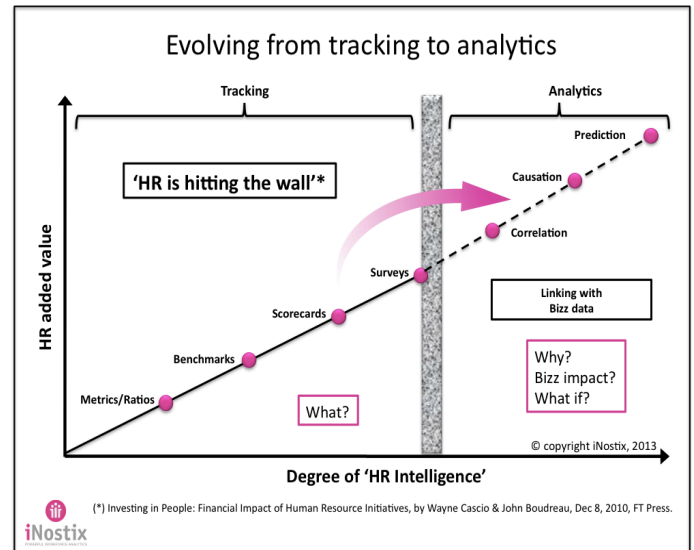


Building an analytics culture within the organisation, is the first step towards building an analytics team. Being able to collate and use data for 'fact based decision making' is crucial. The modern HR department is aptly fit to building HR analytics. This is the enabling of the correlation of business data and people data. By establishing these important connections, the 'cause & effect' relationship can be used to create strategies based on the information garnered from the relationship.

HR analytics can be used for purposes of recruitment & selection, human capital utilisation and impact on the organisation. By quantifying and identifying the impact of investments in employees, and visa versa, the organisation can look to determine what impact certain trainings have on revenue development. Similarly, other measures may be the impact of high/ low employee turnover has on company revenues.

In the past data, reports & metrics have been compiled but analysing data has been limited. Moving from just tracking data to analysing to 'acquire insight into the impact of activities' requires the combining of HR data with business data.

Organisations should be looking to determine the 'tangible impact' of skill development, motivation and empowerment related programs & activities that lead to changes in operational and financial performance. This in turn can enhance decision making and strategic planning.



Source: HR Analytics Insights – Inostix.com

	Efficiency	Effectiveness	Impact
Analytics objectives	Measurement of HR activities, volume – hrs/ days / cost focus	Measurement of HR programs that have desired effect in the area of knowhow & expertise	Measurement whether HR investments have a tangible impact on the business or organisation
Examples	Total cost of training/ Cost of turnover / Cost of absence/ Productivity ratios/ revenues vs. hrs worked	Has person x acquired the right skills to be able to operate independtly Has leadership cosaching program led to better leadership quality Quality of hire	What is the impact of high turnover on customer satisfaction Impact of sales training on sales growth Impact of stress on work accidents & productivity



ABIS LIMITED

Member of Kenya Association of Stock Broker & Investment Banks

Apposite Business & Investment Services

P.O. Box 51385,00200, Nairobi, Kenya.

Mobile: +254-772-701018

Email: info@abiskenya.com **Skype:** althea-mccourt /**FaceBook:** ABIS Kenya

Web: www.abiskenya.com/ **Twitter:** @ABISKENYA

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

