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## 1:: THE WEEK IN REVIEW

**Market Summary.**

Week on week, turnover rose to KSh.810M from KSh.574M posted the previous week, the number of shares traded stood at 51M against 50M the previous week.

The NSE 20 share index gained a total of **93.91** points or **3.04%** during the week to stand at **3185.98**.

The NSE All share index was up **2.89%** during the week to settle at **69.14** points.

**Week's Gainers**

Security	Volume	Price	Change	
Crown Berger	149,400	31.75	19.81%	▲
NIC Bank	131,500	35.00	12.90%	▲
KCB	3,004,900	22.25	12.37%	▲

**Week's Losers**

Security	Volume	Price	Change	
City Trust	4,100	108.00	(10.00)%	▼
Scan group	11,326,000	25.75	(9.65)%	▼
Kenolkobil	18,300	51.00	(3.77)%	▼

**Sector Performance**

Commercials had 31M shares traded, which accounted for 60.77% of the week's traded volume. Safaricom Ltd saw 19M shares changing hands at between shs.3.55 and shs.3.80. ScanGroup down 9.65% to shs.25.75 moved 11M shares.

**Financial Sector**

Financials had 13.9M shares traded and represented 26.91% of the weeks traded volume. Equity Bank was the most heavily traded counter in this sector, with 5M shares changing hands at between shs.14.10 and shs.15.95. KCB moved 3M shares during the week and closed at shs.22.25.

**2:: ECONOMIC OVERVIEW**

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***Monetary and fiscal policy***

<b>Monetary Outlook</b>		
	<b>2008 (%)</b>	<b>2009 (%)</b>
Underlying Inflation	5.25	8.79
Overall Inflation	12.03	25.05
T-Bill rate (91-day)	7.52	8.12
T-Bill Rate (364 days)	-	8.712
Average Lending Rate	13.39	15.09
Average deposit	4.32	5.28
Spread	9.07	9.81

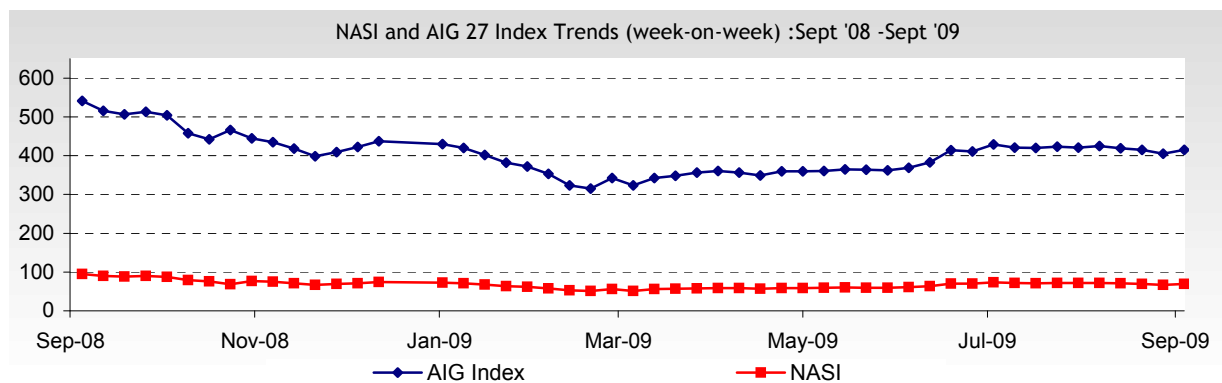
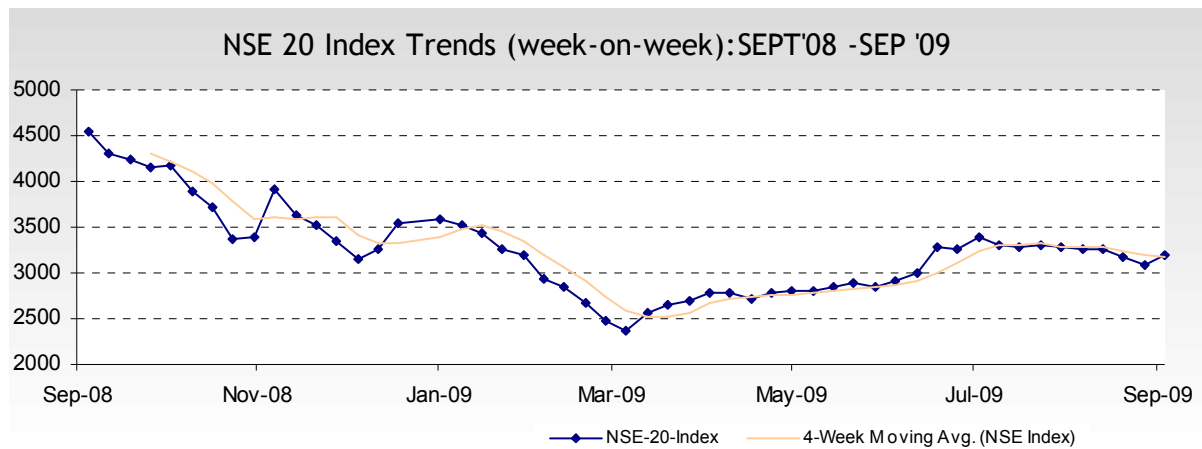
<b>Fiscal Outlook</b>		
<b>Fiscal year</b>	<b>7<sup>th</sup> Aug'09</b>	<b>14<sup>th</sup> Aug'09</b>
Gross Domestic Debt (shs 'billion)	526.4	527.0
Proportion of Short-term Debt	22.9%	23.14%
Debt Interest Payment (Kshs 'billion)	4.7	5.1

[Source: CBK]

### 3:: STOCK MARKET WATCH

Stock Market Trends				
Week ending	14 <sup>th</sup> Aug '09	21 <sup>st</sup> Aug '09	28 <sup>th</sup> Aug '09	4 <sup>th</sup> Sept'09
NSE 20 Index	3262.92	3179.30	3092.07	3185.98
NASI	71.27	69.16	67.20	69.14
AIG 27 Index	419.30	415.22	404.84	415.19
Market Cap (Kshs 'bn)	825.35	800.88	778.38	800.89
Volume of shares traded	64,772,300	80,961,400	50,023,900	51,831,500
Volume of bonds traded	1,211,550,000	1,240,150,000	2,676,800,000	2,105,200,000

(Source: NSE)



## 4:: COMPANY PROFILE.

### SASINI TEA LTD

<i>Business Performance</i>			
<p>Sasini is one of the big 6 tea and Coffee producers in Kenya. Sasini is mainly involved in the growing, processing and sale of tea and coffee, which contribute the bulk of sales. In its bid to diversify its product portfolio, and contain the price instability of the tea and coffee, the firm is also increasing its involvement in dairy and horticultural activities. In addition, to further curb against the adverse effects of price volatility on both tea and coffee prices, the firm has intensified its value addition initiatives both locally and abroad.</p> <p>In the light of this, it aims to gain and foster brand equity by the introduction and popularising of the “Sasini” brand for value added teas and coffees. Perhaps these brands will have a greater impact in the export market as Kenyan teas and coffees already extract a quality premium internationally coupled with the fact that local consumption of both commodities is relatively low.</p> <p>Consequently, the firm has ventured into coffee house business opening several branded cafes, under the name <b>Savanna</b> , which are target at the more upmarket clientele both in Kenya and abroad while sasini tea and coffee brands are targeted towards the lower market segment. However, the firm needs to invest more in making the sasini brand the product of choice in the middle and lower market segments because these are the segments that will solidify the brand.</p> <p>The firm’s financial results for the first half of 2007/08 are on a general decline occasioned by deteriorating performance in the tea sector brought about by unfavourable weather, a strong shilling and rising fertilizer and fuel prices. Revenues were down 7.1% to Kshs 651 million while profit from operating activities was down from Kshs 23.6 million, the previous year, to a loss of Kshs 20.5 million. Accordingly, earnings were down from Kshs 0.52 per share, the previous year, to Kshs 0.38. Overall profitability was mainly on account of gains in fair value of biological assets of Kshs 108 million.</p>			
<i>Future Prospects</i>			
<p>In the short run price instability in both tea and coffee will prevail but in the long run its branding initiatives coupled with its horticulture and dairy ventures should help to stabilize the firm’s profitability and increase shareholders’ value.</p>			
<b>Key Financial Statistics 2007/08</b>		<b>Stock Performance</b>	
	<b>(Kshs) ‘000’</b>		<b>04/09/09</b>
Sales	1,325,354	Current Price (Kshs)	6.50
Operating Profit	(60,192)	P/B	0.20
Net Loss	(33,571)	Earning Yields (%)	(2.30)
EPS (Kshs/share)	(0.15)	Dividend Yields (%)	0.00
Dividends (Kshs/share)	0.00	Trailing P/E	1.69

## 5:: COMPANY PROFILE.

### REA VIPINGO PLANTATIONS LTD

<i>Business Performance</i>			
<p>Rea Vipingo is the largest producer of sisal both domestically and regionally. The Company operates a flourishing sisal business, which entails cultivation, manufacture, spinning, and export of sisal fibre and sisal products. The group operates various estates, which include two sisal estates in Kenya (Dwa &amp; Vipingo) where an average of 11,000 tonnes of fibre is produced annually representing more than a half of Kenya total production. Vipingo is renowned for its high quality and very white fibre that enables it to produce the rare No 1 and No 2 grades.</p> <p>In Tanzania, the group owns two sisal estates (Mwera and Sakura estate). These two estates are owned by Amboni Plantation Ltd, a wholly owned subsidiary of the Rea Vipingo Plantation Ltd. The Tanzanian Estates produce an average of 5,500 tonnes of sisal fibre per annum which most of it is imported to the world markets.</p> <p>With a total Sisal production capacity of over 16,500 tonnes per annum the company is, by far, the largest sisal fibre producer in Africa. Other than some fibre that is used in the group's sisal spinning mill in Tanzania, all fibre produced is exported.</p> <p>The group's exported products are marketed by Wigglesworth &amp; Co. Ltd who With decades of experience in sisal Industry, and a very strong position in the sisal market, Wigglesworth and REA Vipingo make a perfect business match and are in an excellent position to conduct business</p> <p>The firm has benefited from the rise in sisal fibre prices and is well positioned in both the bulk market and the niche market, hence it is able to extract higher margins from its sales. However, both production and sisal fibre prices seem to have topped out and are unlikely to rise significantly in the near future, hence future growth of the Company will largely depend on extraneous factors - rainfall patterns and the strength of the shilling (a stronger shilling will lead to subdued revenue).</p>			
<i>Future Prospects</i>			
<p>Improved weather patterns and the stabilization of the dollar will enhance both output and the value of output and as a result future revenue flows will largely depend on the degree to which favourable exchange rate patterns are able to mitigate against the expected decline in global demand for sisal fibre.</p>			
<b>Key Financial Statistics 2008/09</b>		<b>Stock Performance</b>	
	<b>(Kshs '000)</b>		<b>04/09/2009</b>
Turnover	1,356,427	Current Price (Kshs)	12.25
Operating Profit	251,996	P/B	0.53
Net Profit	168,153	Earning Yields (%)	22.85
EPS (Kshs/share)	2.80	Dividend Yield (%)	1.63
Dividends (Kshs/share)	0.20	Trailing P/E	4.38

**STATISTICS OF STOCKS LISTED AT THE NSE**

MAIN INVESTMENT MARKET SEGMENT .	VWAP Prices 21/08/09	Total Shares Issued	Mkt Cap. Kshs Mn.	EPS	DPS	P/E	Dividend Yield	Sector Review
Kakuzi	32.00	19,599,999	627.20	13.12	1.00	2.44	3.13%	<p>The Govt has commissioned a shift from rainfall driven Agri to irrigation based. This being a long-term objective, the sector continues to face challenges raging from prolonged dry spell, decline in revenues as the shilling continues to loose ground to the hard currencies. Agriculture is the largest sector in Kenya's economy, accounting for 24 per cent of the total marketed production, the gross domestic product (GDP) has been going through lean times due to poor weather</p> <p>The sector serves the ICT, hospitality Industry and Media services. With the landing of the fibre optic cable, Its expected that both data and voice services currently being offered in the market will go through a changing phase as firms moves in with innovative products &amp; services to attract and maintain customers. Top on these Firms, which has positioned themselves strategically, include <b>Safaricom</b> who most likely will use its huge clientele base to put up a stiff challenge against its competitors. <b>Acess Kenya</b> has invested heavily in the Fibre project and will be looking upon their current corporate clientele to give them a jump start. As the country recovers from political instability, coupled with the global decline in oil prices the Tourism sector is slowly picking with hotels reporting about 58% occupancy. With economic recovery on the right course, the future looks bright for counters under this sector.</p>
Rea Vipingo	12.25	60,000,000	735.00	2.80	0.20	4.38	1.63%	
Sasini Ltd	6.50	228,055,500	1,482.36	3.84	0.00	1.69	0.00%	
<b>Commercial and Allied</b>								
Access	22.50	206,331,223	4,642.45	0.99	0.40	22.73	1.78%	
Car & Gen	44.00	22,279,616	980.30	9.50	0.67	4.63	1.52%	
CMC	11.35	582,709,440	6,613.75	1.59	0.35	7.14	3.08%	
Kenya Airways Ltd	23.75	461,615,483	10,963.37	-8.84	1.00	-2.69	4.21%	
Marshalls	24.00	14,393,106	345.43	-11.80	0.00	-2.03	0.00%	
Nation Media Group.	123.00	142,610,520	17,541.09	9.00	5.50	13.67	4.47%	
Safaricom Ltd	3.65	40,000,000,000	146,000.00	0.265	0.10	13.77	2.74%	
Scangroup Ltd	25.75	220,689,655	5,682.76	1.79	0.62	14.39	2.41%	
Standard Group Ltd	40.00	73,275,029	2,931.00	3.57	1.10	11.20	2.75%	
TPS(Serena)	41.50	105,864,742	4,393.39	2.10	1.25	19.76	3.01%	

## STATISTICS OF STOCKS LISTED AT THE NSE

Ordinary Shares	VWAP Prices 21/08/09	Total Shares Issued	Mkt Cap. Kshs Mn.	EPS	DPS	P/E	Dividend Yield	Sector Review
<b>Finance &amp; Invest.</b>								
Barclays Bank	48.75	1,357,884,000	66,196.85	4.10	2.00	11.89	4.10%	<p>On the back of a shrinking market due to stiff competition among the players in the banking sector, fuelled by the global economic downturn and reduced business activities, Various banks have moved to strategically expand both their branch network as well as entering into new regional markets to widen their customer base and attract deposits e.g. KCB In southern Sudan, Uganda and Rwanda. <b>Co-op bank</b> the 4<sup>th</sup> largest bank in terms of Assets announced recently its looking into entering Sudan market. Monetary and fiscal policies which are key ingredients in economic recovery, CBK has cut down both the CBR and CRR and in a move to welcome such initiatives, <b>Stan chart</b> reduced their lending rate by 3.5% to 17% from 19.5%. Other banks as well as Saccos' from where many low incomers do access credit facilities are expected to follow suit if they are to remain competitive.</p> <p>The Insurance Industry is adjusting to the rising customer demands of products that meets the changing market needs e.g. Product to cover risk areas that has not been addressed by the current products available in the market. The growth in the sector will be in tandem with economic prospects plus innovativeness of individual firms. <b>Jubilee Holdings Ltd</b> in conjunction with recently launched a product that will cover a wide range of risks, market players have welcomed the move and with an already market available for such product, we expect others to follow in those steps.</p>
Centum	13.55	549,951,880	7,451.85	0.57	0.00	23.77	0.00%	
CFC Stanbic Holdings	58.50	273,684,211	16,010.53	4.94	1.90	11.84	3.25%	
Diamond Trust	70.00	163,037,108	11,412.60	6.28	1.40	11.15	2.00%	
Equity Bank Ltd	15.25	3,702,777,020	56,467.35	1.07	0.30	14.28	1.97%	
Housing Finance	16.20	230,000,000	3,726.00	0.80	0.30	20.25	1.85%	
Jubilee Holdings Ltd	113.00	45,000,000	5,085.00	14.14	4.25	7.99	3.76%	
K.C.B	22.25	2,217,777,777	49,345.56	1.80	1.00	12.36	4.49%	
Kenya Re-Insurance	11.35	600,000,000	6,810.00	1.97	0.50	5.76	4.41%	
National Bank	38.00	200,000,000	7,600.00	4.50	0.00	8.44	0.00%	
National Industrial Credit	35.00	326,361,621	11,422.66	3.49	0.50	10.03	1.43%	
Olympia Capital Holdings	7.35	40,000,000	294.00	-1.42	0.10	-5.18	1.36%	
Pan Africa Insurance	50.00	48,000,000	2,400.00	-2.00	1.60	-25.00	3.20%	
Standard Chartered Bank	142.00	271,967,810	38,619.43	11.34	10.00	12.52	7.04%	
Co-operative Bank	9.45	3,499,212,000	33,067.55	0.80	0.10	11.81	1.06%	

## STATISTICS OF STOCKS LISTED AT THE NSE

Ord. Shares	VWAP Prices 21/08/09	Total Shares Issued	Mkt Cap. Kshs Mn.	EPS	DPS	P/E	Dividend Yield	Sector Review
<b>MAIN INVESTMENT MARKET SEGMENT (MIMS)</b>								
<i>Athi River Mining Ltd</i>	91.50	99,055,000	9,063.53	5.08	1.25	18.01	1.37%	<p>The Sector covers a wide range of Industries from Energy to Construction and manufacturing among others. Currently the Country is facing serious challenges in the Energy sector because of reduced water levels in the main dams where about 60% of the country's power is generated. This led to closure of a number of dams and subsequent application of power management policies through rationing. To overcome such future challenges, <b>Kengen</b> has turned to wind as well as thermal as power sources. <b>KPLC</b>, which is the main player in the distribution of power, has entered into power agreements with various private firms such as <b>Mumias</b> who use their waste material from sugar production to generate power. In the oil Industry, the Market players have managed a market share growth in the middle of an Economic slowdown resulting from the increase usage of Fuel powered generators to compensate lack of Electricity. <b>KenolKobil</b> Kenya's biggest oil marketer marginally lost its share of the business, its grip on the market remains strong at 23.26 per cent <b>Total Kenya</b> lost significant proportions of their market strengths during the same period. State-owned National Oil Corporation of Kenya (Nock) doubled its share to 7.6 per cent to become the greatest beneficiary of the changing landscape.</p>
<i>BOC (K)</i>	160.00	19,525,446	3,124.07	10.26	6.80	15.59	4.25%	
<i>Bamburi</i>	153.00	362,959,275	55,532.77	8.78	6.00	17.43	3.92%	
<i>British American Tobacco</i>	177.00	100,000,000	17,700.00	17.00	17.00	10.41	9.60%	
<i>Carbacid</i>	137.00	11,326,755	1,551.77	14.72	10.00	9.31	7.30%	
<i>Crown Berger</i>	31.75	23,727,000	753.33	1.20	1.00	26.46	3.15%	
<i>E.A.Cables</i>	22.00	202,500,000	4,455.00	1.94	1.00	11.34	4.55%	
<i>E.A.Portland</i>	70.00	90,000,000	6,300.00	5.96	0.00	11.74	0.00%	
<i>E.A.Breweries</i>	144.00	790,774,356	113,871.51	9.09	8.05	15.84	5.59%	
<i>Eveready East Africa Ltd</i>	2.70	210,000,000	567.00	0.085	0.00	31.76	0.00%	
<i>KenolKobil Ltd</i>	51.00	147,176,120	7,505.98	8.15	8.56	6.26	16.78%	
<i>K.Pow.&amp; L.</i>	129.00	79,128,000	10,207.51	22.30	4.00	5.78	3.10%	
<i>KenGen</i>	12.75	2,198,361,456	28,029.11	2.19	0.90	5.82	7.06%	
<i>Mumias</i>	7.05	1,530,000,000	10,786.50	1.05	0.40	6.71	5.67%	
<i>Sameer Africa Ltd</i>	5.00	278,342,393	1,391.71	0.54	0.00	9.26	0.00%	
<i>Total</i>	29.50	173,013,000	5,103.88	4.02	2.50	7.34	8.47%	
<i>Unga</i>	9.90	75,708,873	749.52	3.67	0.00	2.70	0.00%	

## 6:: NSE SECTOR REVIEW - Glossary

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OPM – Operating Profit Margin

TAT – Total Asset Turnover

CLR – Claims Ratio Estimate

ADV/DPT – Advances to Deposits

D/E – Debt to Equity

Fwd P/E – Forward P/E

ROI – Return on Investment

C-ADQ – Capital Adequacy

P/BV – Price to Book Value

RSI – Relative Strength Index

A/L – Assets to Liabilities

NPL% - Non Performing Loans (%)

(S) - Suspended