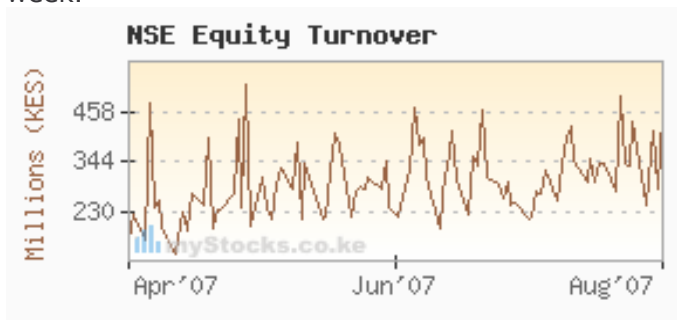


NSE MARKET REPORT

1) EQUITIES

Week on week, turnover declined to KSh.1.7bn from KSh.1.8bn posted the previous week, the number of shares traded stood at 37M against 40M the previous week.



The NSE 20 share index was up 1.23% during week to settle at 5234.70.

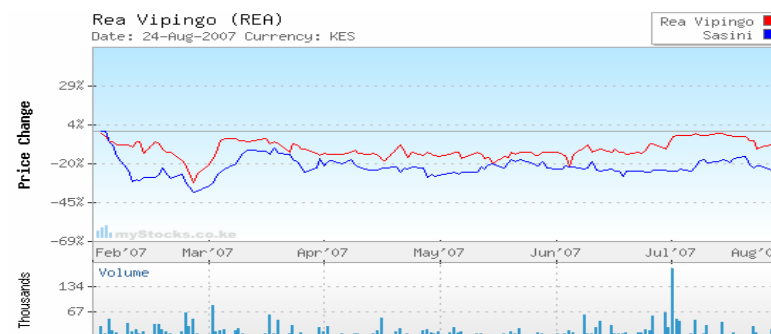


25 August 2007

MAIN INVESTMENT MARKET SEGMENT (MIMS)

Agricultural Sector

This sector traded 1M shares, which accounted for 2.72% of the week’s traded volume. Sasini down 2.65% to shs.18.40 moved 826,000 shares. Rea-vipingo closed the week at shs.21.00 with 138,000 shares traded, up from shs.20.75 posted the previous week.



Commercial and Services Sector

Commercials had 6.3M shares traded, which accounted for 16.87% of the week’s traded volume. AccessKenya up 4.9% to shs.15.00 moved 3M shares. CMC Holdings moved 1.4M shares during the week and closed at shs.15.35. Kenya Airways saw 957,000 shares changing hands at between shs.69.50 and shs.75.00



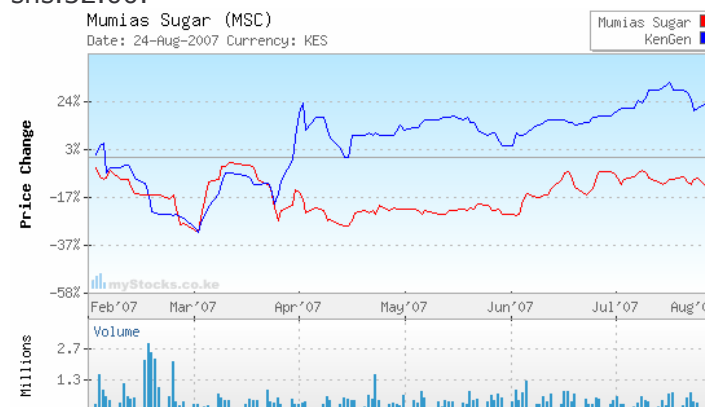
Financial Sector

Financials had 12.4M shares traded and represented 33.18% of the week's volume. KCB was the week's biggest mover with 6.9M shares dealt at between shs.25.00 and shs.28.00. ICDC Investments up 7% to shs.30.50 moved 2.9M.

Industrial and Allied Sector

This sector had 12.7M shares, which accounted for 33.77% of the week's volume. KenGen competitively moved 6.7M shares at between shs.27.50 and shs.33.50. Athi River Mining unchanged at shs.94.50 moved 1.2M shares. Mumias Sugar moved 1.7M shares

during the week and closed at an improved price of shs.32.00.



ALTERNATIVE INVESTMENT MARKET SEGMENT (AIMS).

This market segment had 247,000 shares traded, which accounted for less than 1% of the week's volume. Up 7.29% to shs.25.75, Express Ltd moved 237,000 shares.

FIXED INCOME SECURITIES MARKET SEGMENT (FISMS).

2) BONDS

The Bond Market recorded improved activity with bonds totaling to KSh.1.8bn transacted compared to KSh.1.4bn dealt the previous week.

MARKET HIGHLIGHT

Bamburi looking for mergers as it cements its foot in East Africa.

Eating words has never given me indigestion- Winston Churchill.

This is the question the Government will be seeking to answer in a next few weeks if not month as it processes a proposal for the merger of Bamburi Cement Ltd and East Africa Portland Cement Ltd.



The Government position, as advocated by the trade minister, Mukhisa Kituyi, is that the French cement conglomerate, Lafarge, the majority shareholder in Bamburi, should relinquish part of its stake in East Africa Portland, arguing that its involvement in the shareholding of the three major producers in Kenya constituted a conflict of interest.

Lafarge has a 41 per cent stake in East Africa Portland and a 15 per cent stake in Athi River Mining Ltd even as it retains a controlling stake in Bamburi — allowing it to enjoy a strategically dominant position in the cement industry in Kenya with representation in the boards of all three cement manufacturers.

All three are listed at the Nairobi Stock Exchange with both Bamburi and Portland commanding a 97 per cent in market share.

If approved the merger could herald the most comprehensive restructuring of the cement industry in Kenya in years and setting the country in a position to wage cement marketing war both in the East Africa market and also in the greater lake region.

This is bound to trigger a big dent on local competition, as it will give Bamburi a majority (97 per cent) control of the local cement market giving it a free hand in pricing.

The new restructuring is already manifest in the French cement conglomerate boardroom representation in all the three companies.

It is this position that the trade minister has been ranting that Lafarge reduces its Hydra-headed holding in cement industry.

Lafarge will certainly get an almost controlling interest in cement manufacturing in the East Africa region as it already has presence in Uganda and Tanzania.

In Uganda, the French company has a controlling stake in Hima Cement Ltd, while in Tanzania, one of the major cement producers, Mbeya Cement Ltd, is its subsidiary. The current projections are that the merger of Bamburi and Portland Cement will lead to an entity with a market share of 55 per cent in East Africa — especially after Lafarge's stake in Mbeya Cement becomes part of the merged regional operation.

Industry sources also believe that the merged company will have the financial and strategic muscle to reach into other inland markets including the Democratic Republic of Congo, Rwanda, Burundi and Southern Sudan. Locally the need for the merger is being advanced on the grounds that the two big producers have to merge to create one strong East African champion capable of fending off competition from cement exporters from Southeast Asia, India, the Middle East and Egypt.

With Egypt being seen as the most immediate source of threat due to fact that it is part of the Common Market of Eastern and Southern Africa, COMESA where duties and tariffs are expected to be harmonised soon - A move that will give way to the industry protection of a 25 per cent import duty plus a 30 per cent suspended duty.

Under the Customs Union of the East African Community, duties will be reduced to zero by the year 2010. However not much is being looked at on the consumer front even with the threat the merger poses by creating a monopoly.

Should it be approved, Lafarge will become the clear winner as it will be able to drive up prices and at the same time cut on cost of production with increased capacity. Players in the market have been pointing out that cement manufacturers in the region operate with high fixed costs due to the relatively small sizes of cement plants in the region, thus compounding the problem of high production costs.

Due to this, the consumer prices have been going up as the companies try to make return on investment and by extension suppressing the per capita cement consumption in East Africa to one of the lowest in Africa. Kenya's annual per capita consumption stands at 54Kg a far cry compared to South Africa, which is 200Kg while that of Tanzania is 37Kg and Uganda trails the list at 32Kg.

		Price Movement This Week									
	Code	17th August	20th August	21st August	22nd August	23rd August	24th August	Price Change This Week [kshs]	Price Change This Week [%]	Shares Traded This Week	Total Shares Issued
Agricultural											
Unilever Tea	UNLV	71.00			70.00	70.00	70.00	-1.00	-1.41%	3,000	48,875,000
Kakuzi	KAKZ	38.00	40.00	39.50	39.75	37.50	38.00	0.00	0.00%	55,200	19,599,999
Rea Vipingo	RVPL	20.75	21.00	21.00	21.25	20.25	21.00	0.25	1.20%	138,326	60,000,000
Sasini	STCL	18.90	18.20	18.45	18.50	18.30	18.40	-0.50	-2.65%	826,600	190,046,250
Commercial & Services											
Access Kenya Group	AKGL	14.30	14.50	14.65	14.65	14.90	15.00	0.70	4.90%	3,063,860	199,885,578
Car & Gen	CAGR	60.00					60.00	0.00	0.00%	-	22,279,616
CMC	CMCH	15.30	15.35	15.30	15.35	15.35	15.35	0.05	0.33%	1,468,700	485,591,200
Hutchings Biemer	HUBM	20.25					20.25	0.00	0.00%	-	360,000
Kenya Airways Ltd	KAIR	74.50	71.00	71.50	71.00	71.50	71.00	-3.50	-4.70%	957,400	461,615,483
Marshalls	MSHL	36.00		35.00		35.00	35.00	-1.00	-2.78%	200	14,393,106
Nation Media Group.	NATN	254.00	246.00	245.00	249.00	248.00	250.00	-4.00	-1.57%	47,700	71,305,260
Scangroup Ltd	SCGP	26.00	25.00	25.25	25.50	25.75	25.50	-0.50	-1.92%	520,100	159,000,000
Standard Group Ltd	STDG	55.50	54.50	55.00	57.00	54.00	56.50	1.00	1.80%	44,269	73,275,029
TPS Eastern Africa (Serena) Ltd	TPEA	82.00	80.50	82.50	82.50	82.00	82.50	0.50	0.61%	242,794	107,838,705
Uchumi Supermarkets	UCHM	14.50					14.50	0.00	0.00%	-	180,000,000
Financial											
Barclays Bank	BARC	73.50	73.00	73.00	73.50	75.00	75.50	2.00	2.72%	1,866,848	1,357,884,000
CFC Bank	CFCB	129.00	129.00	127.00	127.00	127.00	129.00	0.00	0.00%	68,500	156,000,000
Diamond Trust	DTBK	96.50	98.00	95.00	95.50	95.00	95.50	-1.00	-1.04%	89,565	139,746,093
Equity Bank Ltd	EQTY	125.00	126.00	127.00	127.00	127.00	127.00	2.00	1.60%	1,100,350	271,693,650
Housing Finance	HFCK	31.50	32.25	33.00	33.75	33.75	33.25	1.75	5.56%	482,601	115,000,000
ICDCI	ICDC	28.50	28.50	29.00	29.25	29.25	30.50	2.00	7.02%	2,931,482	549,951,880
Jubilee Holdings Ltd	JBLH	219.00	219.00	209.00	219.00	220.00	219.00	0.00	0.00%	80,705	45,000,000
K.C.B Bank	KCBL	26.25	26.50	26.50	26.25	26.25	26.25	0.00	0.00%	6,991,450	1,996,000,000
National Bank	NBKL	43.50	43.50	44.25	44.50	45.25	44.75	1.25	2.87%	205,550	200,000,000
National Industrial Credit	NICB	159.00	157.00	160.00	159.00	157.00	157.00	-2.00	-1.26%	512,911	82,414,551
Pan Africa Insurance Holdings	PAIH	102.00	100.00		100.00	100.00	100.00	-2.00	-1.96%	25,800	48,000,000
Standard Chartered Bank	SCBL	183.00	184.00	185.00	185.00	187.00	187.00	4.00	2.19%	149,625	271,967,810

Price Movement This Week											
		17th August	20th August	21st August	22nd August	23rd August	24th August	Price Change This Week [kshs]	Price Change This Week [%]	Shares Traded This Week	Total Shares Issued
Industrial & Allied											
Athi River Mining Ltd	ARML	94.50	95.00	94.50	93.50	94.00	94.50	0.00	0.00%	1,269,479	94,000,000
BOC (K)	BOCK	160.00					160.00	0.00	0.00%	-	19,525,446
Bamburi	BMBR	189.00	190.00	194.00	195.00	195.00	196.00	7.00	3.70%	41,386	362,959,275
British American Tobacco	BATK	167.00	159.00	166.00	160.00	163.00	160.00	-7.00	-4.19%	177,910	100,000,000
Carbacid	CARB	137.00					137.00	0.00	0.00%	-	11,326,755
Crown Berger	CRBG	45.00	42.00	43.00	45.00	42.25	46.00	1.00	2.22%	73,960	23,727,000
E.A.Cables	EACL	45.50	45.00	45.50	45.75	45.25	45.25	-0.25	-0.55%	1,212,379	202,500,000
E.A.Portland	EAPC	130.00		130.00	131.00	130.00	130.00	0.00	0.00%	11,800	90,000,000
E.A.Breweries	EABL	156.00	155.00	155.00	155.00	155.00	156.00	0.00	0.00%	1,555,816	658,978,630
Eveready East Africa Ltd	EEAL	8.00	8.20	8.40	8.15	8.20	8.10	0.10	1.25%	700,834	210,000,000
Kenol	KOCL	100.00		95.50	100.00	100.00	100.00	0.00	0.00%	43,700	101,696,120
K.Pow.& L.	KPLC	219.00	220.00	217.00	217.00	220.00	229.00	10.00	4.57%	257,940	79,128,000
KenGen	KEGN	28.50	29.00	29.50	30.50	30.50	30.75	2.25	7.89%	6,751,643	2,198,361,456
Mumias	MSCL	31.25	29.75	30.00	30.75	31.25	32.00	0.75	2.40%	1,784,462	510,000,000
Olympia Capital Holdings	OCHL	21.00	21.25	20.25	20.75	20.75	20.50	-0.50	-2.38%	267,100	10,000,000
Sameer Africa Ltd	SAMR	12.65	12.70	12.75	12.90	12.90	12.85	0.20	1.58%	1,090,382	278,342,393
Total	TOTL	30.25	30.50	29.75	30.75	29.75	29.75	-0.50	-1.65%	230,771	175,064,706
Unga	UNGA	14.90	15.00	15.00	15.00	15.25	15.10	0.20	1.34%	18,582	63,090,728
Alternative Investment Market Sector (AIMS)											
A.Baumann	ABCL	26.00					26.00	0.00	0.00%	-	3,840,066
City Trust	CITL	155.00	160.00	175.00	171.00		175.00	20.00	12.90%	6,300	4,166,046
Eaagads	EAGD	40.50	40.25				40.25	-0.25	-0.62%	1,800	8,039,250
Express	EXPK	24.00	23.75	24.50	22.75	24.75	25.75	1.75	7.29%	237,593	35,403,790
Williamson Tea	WTKL	116.00		115.00			115.00	-1.00	-0.86%	1,800	8,756,320
Kapchorua	KTCL	92.00					93.00	1.00	1.09%	400	3,912,000
K.Orchads	KEOL	5.00					5.00	0.00	0.00%	-	12,868,124
Limuru Tea	LTCL	375.00					375.00	0.00	0.00%	-	600,000