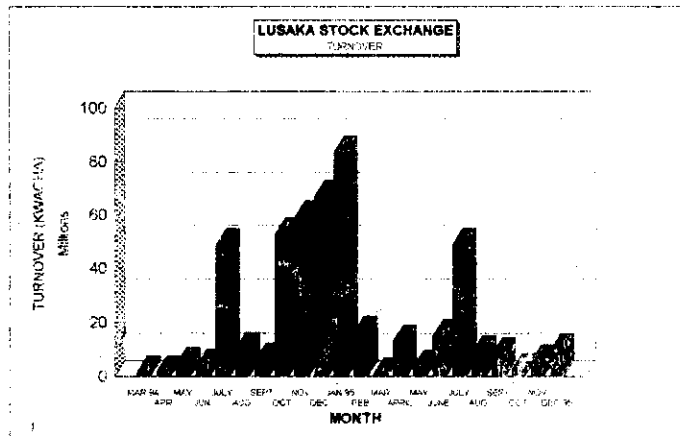


LuSE

LUSAKA STOCK EXCHANGE



STOCK MARKET STATISTICS

FOR 1994 and 1995

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1.0 BACKGROUND TO THE LUSAKA STOCK EXCHANGE (LuSE)

Background to LuSE

The Lusaka Stock Exchange (LuSE) was established with preparatory technical assistance from the International Finance Corporation (IFC) and the World Bank in 1993. The Exchange opened on 21st February 1994. In its first two years of operation the LuSE and Securities and Exchange Commission (SEC) are funded by the UNDP and Government of Zambia as a project on financial and capital market development in Zambia under the multi component private sector development programme. The LuSE is made up of stockbroking corporate members and is incorporated as a non - profit limited liability company.

Role

The formation of the Exchange is part of the government's economic reform programme aimed at developing the financial and capital market in order to support and enhance private sector initiative.

The Lusaka Stock Exchange is also expected to attract foreign portfolio investment through recognition of Zambia and the region as an emerging capital market with potentially high investment returns. Another important role of the Exchange is to facilitate the divestiture of Government ownership in parastatals and realisation of the objectives of creating a broad and wide shareholding ownership by the citizenry via a fair and transparent process.

Modern Stock Exchange

With the above in mind, the Lusaka Stock Exchange has been set up as a modern stock exchange based on the most current international standards and practices. These include, for example, the following:

- Use of a central share depository system
- Trade-for-trade netting clearing and settlement process
- Rolling settlement 3 days after the trade (T+3)
- Meets G30 recommendations for clearing and settlements system design and operation.

Strong Investor Protection Legislation and Centralised Market

The rules and listing requirements of the LuSE are backed up by supporting legislation enacted as the Securities Act No 38 of 1993. The Securities Act regulates the entire Zambian securities market and is specifically designed to ensure adequate investor protection and support the operation of a free, orderly, fair, secure and properly informed securities market.

The Act creates and defines a central market in which both unlisted and listed securities trade on exchange as opposed to the dual market system.

The Role of the Securities and Exchange Commission (SEC - Zambia)

The Securities Act, establishes the Securities and Exchange Commission (SEC) as a corporate body. The SEC is given powers under the Act to regulate and supervise the securities industry in Zambia. The regulatory powers of the Commission have four major requirements:

1. That any person dealing or advising on securities must be licenced by the SEC;
2. That any securities market must be licensed as a securities exchange by the SEC;
3. That all securities of a public company which are publicly traded must be registered by the SEC; and
4. That collective investment schemes must be authorised by the SEC.

A Compensation Fund is established under the Act and is designed to compensate persons who suffer a pecuniary loss occasioned by default of a licensed dealer or licensed investment advisor.

The Compensation Fund is a mechanism aimed at creating investor confidence in case of default by the dealer or investment advisers, which otherwise would lead to investors losing confidence in the securities industry in Zambia.

Fiscal Investment Incentives

Several incentives have been put in place to promote rapid development of the capital market in Zambia. These include the following:

No exchange controls

No restrictions on shareholding levels

No restrictions on foreign ownership

No capital gains tax

Corporate income tax reduced to 30% for companies listed on the LuSE as from April 1st, 1996.

No property transfer tax on listed securities

1.1 REVIEW OF 1994 AND 1995 STOCKMARKET PERFORMANCE:

1994:

The Securities Act No 38 of 1993 was enacted on 8th August and came into force on 17th December 1993. This paved the way for the Lusaka Stock Exchange to begin operations on 21st February 1994.

The year 1994 was largely taken up with proving and testing the operational procedures of the exchange through trading of unlisted stocks. The first trade took place on 1st March 1994 and involved Standard Chartered Bank shares. Activity in Standard Chartered Bank shares picked up slowly recording a total of five trades and volume of 15,185 shares in March and price movement from K100 to K84 per share.

The second company to trade was Zambia Bata Shoe Ltd which entered the market at K350 per share on 3rd May. The third company was Farmers House Plc on 7th June at K500 per share.

Meridien Property Fund, a collective investment scheme, entered the market on 12th August trading at K2,737 a unit. Between August and September trading activity increased tremendously with the full introduction on the exchange of the three collective schemes run by Meridien Financial Services (Meridien Property Fund, Baby Bond and Family Bond). The number of trades increased to 116 in August and rose to 208 in October and 166 in December. Turnover correspondingly increased between September and December.

On 27th September the first trade in ZCCM shares took place at K3,500 per share.

The year 1994 ended with no listings but with a great sense of achievement and satisfaction that the securities market and exchange were now fully operational. A total of 3,934,020 shares were traded on total turnover of K255.658 million and 977 trades.

1995:

Early 1995 saw weak investor confidence caused by the financial problems of Meridien Bank BIAO and much uncertainty regarding the three Meridien collective investment schemes. Trading activity on the LuSE and turnover in turn collapsed precipitously to the levels experienced at the start of the market. Meridien Bank failed and was closed down by Bank of Zambia, the central bank. The LuSE suspended all trading in the Meridien units from 2nd June and this remained in force until their liquidation in December under the direct supervision of the Securities and Exchange Commission.

The LuSE was officially opened by the President of Zambia Mr FTJ Chiluba on 27th April 1995. This official ceremony gave national publicity to the Exchange as well as to the public offer on the sale of Government shares held in Chilanga Cement Plc by the Zambia Privatisation Trust Fund (ZPTF).

This followed the privatisation of Chilanga Cement Plc by the Zambia Privatisation Agency (ZPA) and acquisition of controlling interest and management of the company by the Commonwealth Development Corporation (CDC).

Chilanga Cement Plc thus became the first company to be listed on the LuSE on 22nd May 1995, after a successful public offer for sale of 54,750,970 shares at K65 per share, which was fully subscribed.

In July a record three million shares were transacted in one single trade involving Standard Chartered Bank shares at K8 and purchased by a local investor.

On 15th December, Rothmans of Pall Mall (Zambia) Plc became the second listing following a ZPTF public offer and subscription for sale of 30,238,848 Government shares at K40 per share. The offer 46.5% subscribed.

The market closed the year on a market capitalisation of K413,274 million having opened on K679.884 million.

The exchange rate moved from 1 \$ = K 700 in January to 1 \$ = K947 in December 1995.

The total number of trades for the year was 898 transactions on volume of 7,917,400 shares and turnover of K 216.7 million.

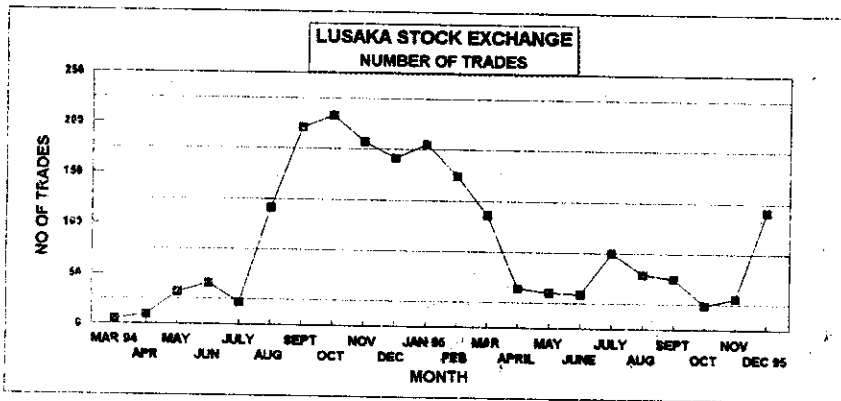
2.0 SUMMARY OF LuSE MARKET TRADING STATISTICS

TRADING ACTIVITY

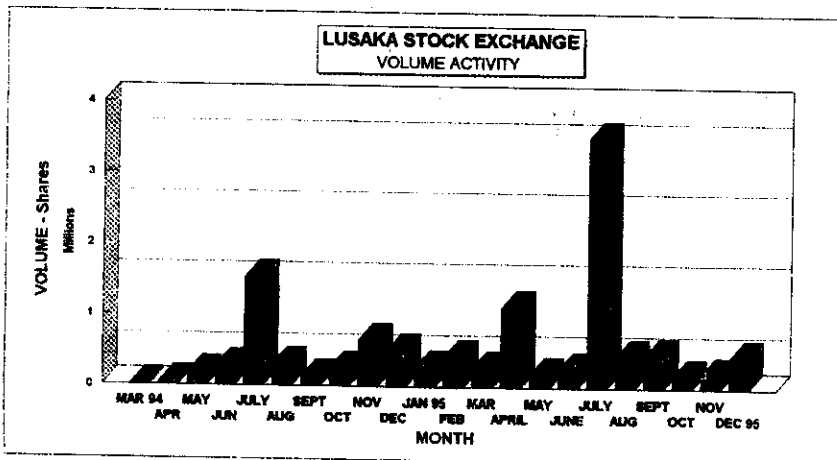
SUMMARY: MONTHLY TRADING STATISTICS

MONTH	NO OF TRADES	VOLUME	TURNOVER (K)	MARKET CAPITALISATION MILLION KWACHA	EXCHANGE RATE KWACHA PER 1 US\$
MARCH 1994	5	15,188	1,481,762	N/A	680
APRIL	9	42,086	1,675,583	N/A	703
MAY	32	183,145	4,790,223	N/A	678
JUNE	41	281,020	3,851,045	N/A	688
JULY	22	1,529,309	48,881,179	N/A	681
AUGUST	116	312,395	10,057,388	N/A	676
SEPTEMBER	196	131,533	6,233,831	N/A	679
OCTOBER	208	259,672	52,747,775	N/A	676
NOVEMBER	182	658,988	59,169,907	N/A	678
DECEMBER	166	520,684	66,769,459	N/A	694
TOTAL 1994	977	3,934,020	255,658,152	N/A	N/A
JANUARY 1995	180	290,509	83,637,042	679,884	700
FEBRUARY	149	439,472	16,247,403	622,606	790
MARCH	111	277,335	972,468	612,356	810
APRIL	39	1,133,221	13,062,541	637,370	816
MAY	35	189,047	3,511,457	628,109	845
JUNE	34	272,974	15,043,081	578,654	910
JULY	75	3,521,332	49,137,395	504,941	940
AUGUST	54	460,047	9,045,530	501,841	940
SEPTEMBER	50	476,345	8,213,310	420,955	942
OCTOBER	24	183,777	2,521,652	365,064	942
NOVEMBER	31	218,547	5,719,839	412,126	942
DECEMBER 1995	116	454,794	9,638,357	413,274	947
TOTAL 1995	898	7,917,400	216,769,875		

TRADES

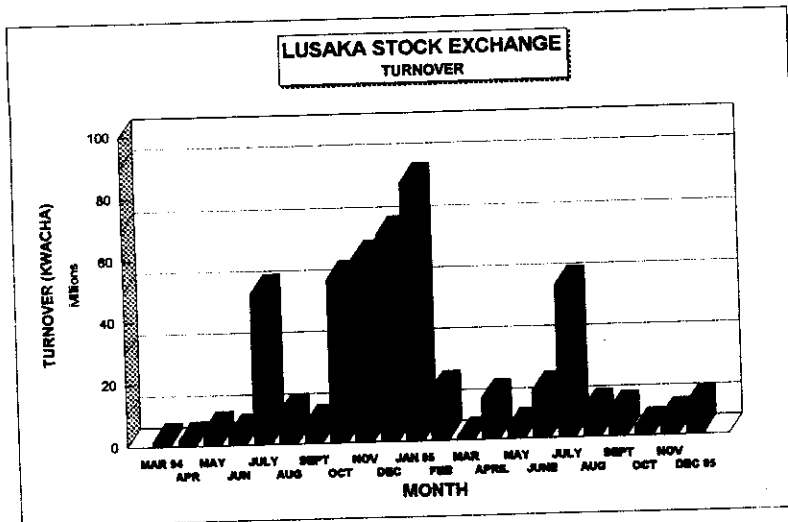


VOLUME

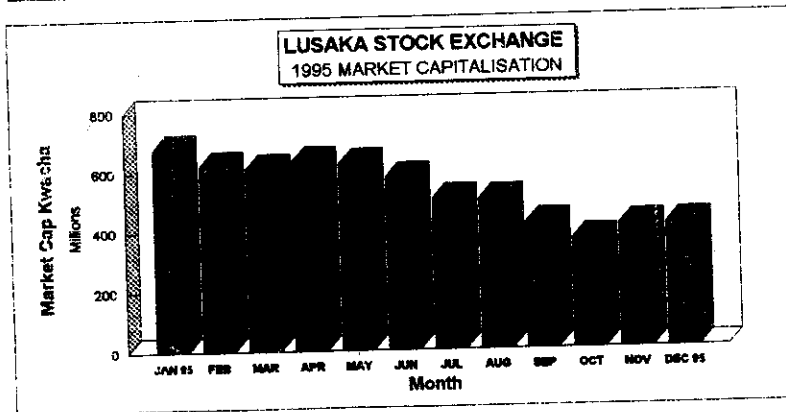


TRADING STATISTICS CONTINUED

TURNOVER



MARKET CAPITALISATION



Market Capitalisation

In January 1995 the market capitalisation was K679,884 million (US \$ 971 million). This was largely due to contributions of ZCCM (40.7%) trading at K3,100 per share and Zambia Sugar (47.9%) trading at K50 per share. The market capitalisation dropped by 39% to K413,274 million (US \$ 435 million) by December 1995 mirroring the drop in stock prices across the board in line with the price discovery process in a new start up market. In dollar terms the market capitalisation dropped by 55% reflecting both the drop in prices as well as the devaluation of the kwacha against the dollar.

3.0 DESIGN AND STRUCTURE OF THE ZAMBIAN SECURITIES MARKET

Publicly Traded Securities

The Securities Act No 38 of 1993 defines publicly traded securities as those of a public company that has more than 50 shareholders or those that the SEC has by notice declared to be publicly traded.

Under the Act, all such companies are required to, register their securities with the Securities and Exchange Commission (SEC) and are required to submit annual reports and accounts to the Commission. They are also obliged to report to the SEC any facts concerning the company which may affect the value of the shares.

Central market system ["unified market"]

The Zambian securities market has been designed as a " unified market " where virtually all trading is mediated through a stock exchange.

This is in contrast to the "dual market" system in which only selected stocks are listed and traded on exchange (sometimes referred to as the organised exchange or exchange market) - and the balance traded off exchange as unlisted stocks (usually referred to as traded over - the - counter or OTC and sometimes called a decentralised market).

The central market design of the Zambia market means that securities of public companies that are not listed are also quoted and traded on a second tier market within the Lusaka Stock Exchange.

Advantages of a central market

There are several advantages to the "unified market" system.

- i) It channels all trading activity through one market. This enhances liquidity and market depth.

Liquidity is the ability to buy or sell both quickly and without substantially moving prices. Market depth refers to the ability to transact at the current market price and is particularly important when large volumes are involved.

Both liquidity and market depth ultimately dictate the success or failure of a market.

Thus centralising the market is an effective method that attempts to compensate for the low volumes and thin trading activity so typical of infant and start up stock markets. A central market creates the necessary critical mass to enhance market liquidity.
- ii) It avoids duplication and makes more efficient use of natural resources.
- iii) It gives maximum transparency in securities dealing and this reduces the opportunity for malpractice and improves the reliability of pricing.

Price Discovery

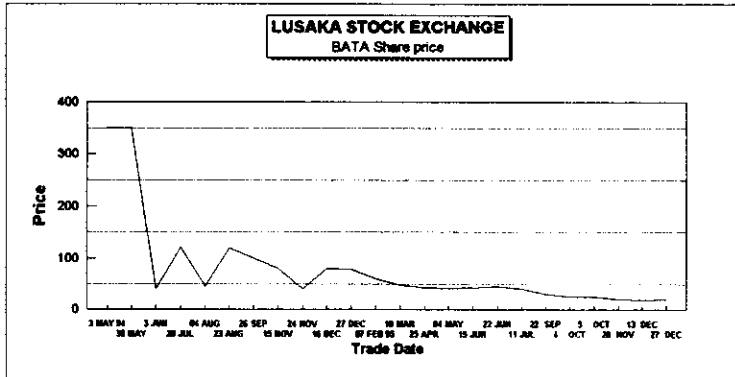
The advantages of the centralised structure of the stock market in Zambia are borne out by the empirical evidence to date on the price formation of shares on the LuSE.

The stock price movement charts that follow under section 4.0 show a general characteristic pattern of initially high market entry pricing followed by large significant drops in prices with increased trading activity and over time gradually levelling off to stable price movements. This pattern is particularly noticeable for example, in the price movement charts for Chilanga Cement, Rothmans and Standard Bank.

The logical explanation for the initial downward trend in prices is that this represents the price discovery process of the market at work. Price discovery is being driven by the formalisation of the market, namely a central market, regulation requirements, disclosure of company information and the interplay of demand and supply. The net result is market transparency which in turn improves market efficiency and price formation.

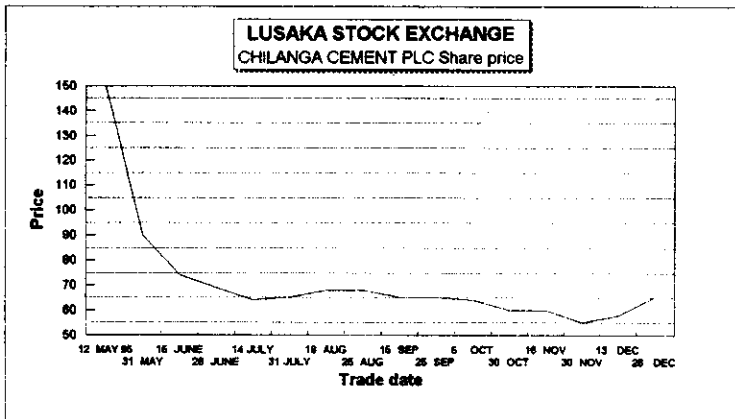
4.0 STOCK PERFORMANCE

ZAMBIA BATA SHOE COMPANY



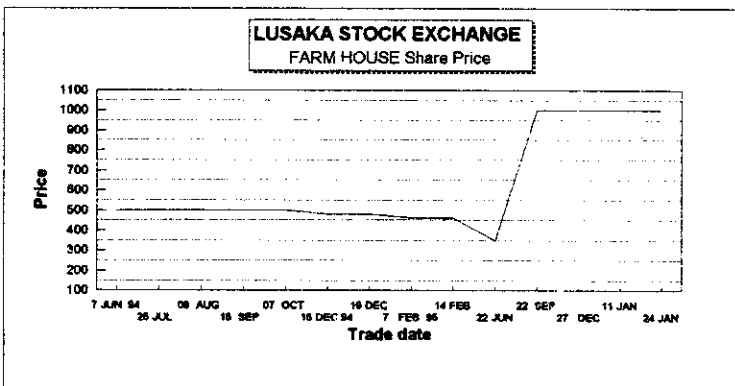
SECTOR: Industrial - Manufacture of retail shoes and industrial footwear.
Trading commenced on 3rd May 1994.

CHILANGA CEMENT PLC



SECTOR: Industrial - Producer of cement for construction and building.
Trading commenced on 12 May 1995.

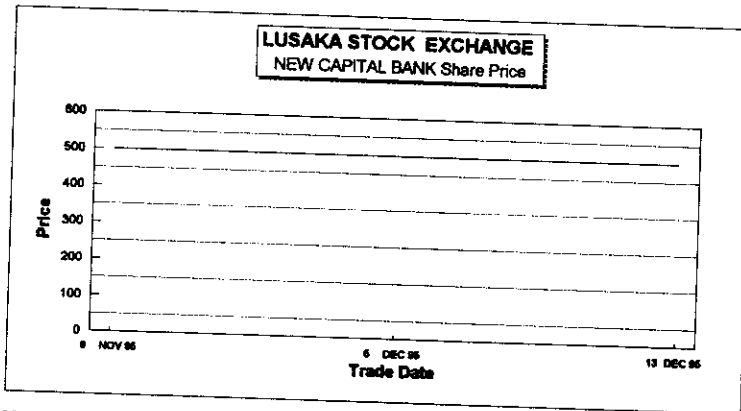
FARMERS HOUSE PLC



SECTOR: Property investment
Trading commenced on 7th June 1994.

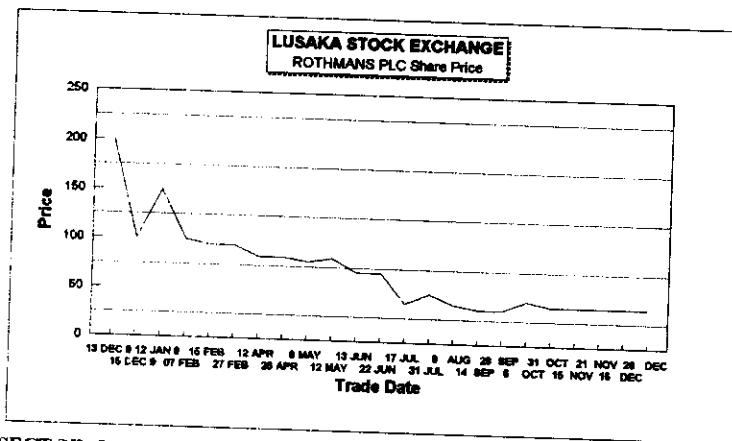
STOCK PERFORMANCE (continued)

NEW CAPITAL BANK PLC



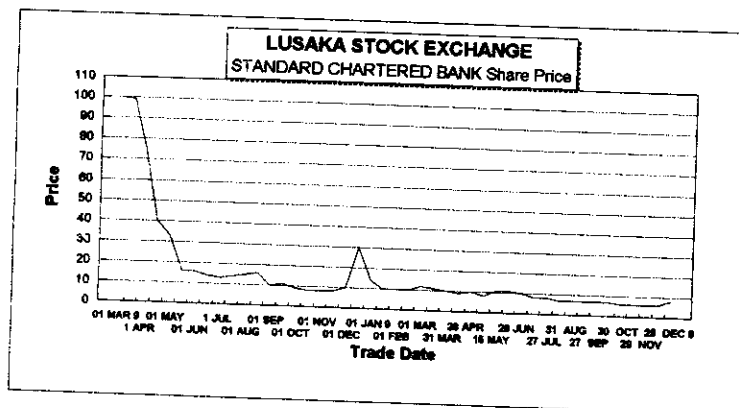
SECTOR: Banking
Trading commenced on 9th November 1995.

ROTHMANS OF PALL MALL (ZAMBIA) PLC



SECTOR: Industrial processing of tobacco and cigarette manufacture.
Trading commenced on 13th December 1994.

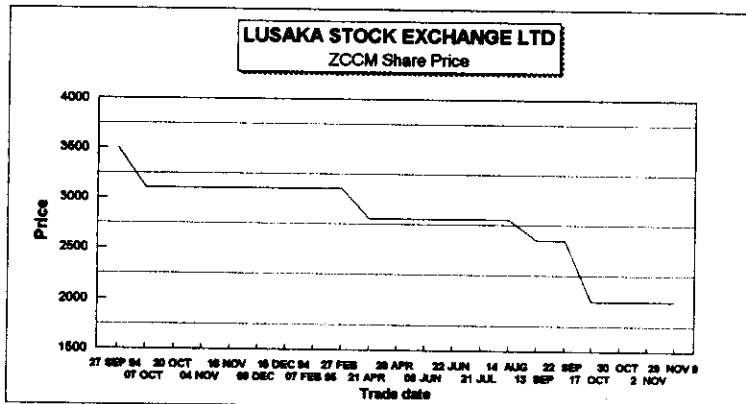
STANDARD CHARTERED BANK (ZAMBIA) LTD.



SECTOR: Banking
Trading commenced on 1st March 1994.

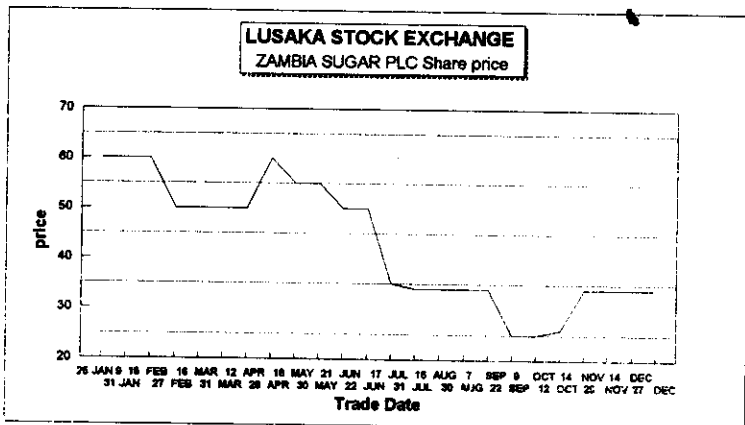
STOCK PERFORMANCE (continued)

ZAMBIA CONSOLIDATED COPPER MINES LTD



SECTOR: Mining - Production of finished Copper and Cobalt for export.
Trading commenced on 27th September 1994.

ZAMBIA SUGAR COMPANY PLC



SECTOR: Industrial / Agriculture : Operation of Sugar plantation and refining of sugar for domestic and export markets. Producer of beverage drinks, Jams and sugar products.
Trading commenced on 25th January 1995.

5.0 BOND MARKET

On 9th August 1995, the LuSE opened its market to trading in bonds. Two types of bonds have been listed by the Bank of Zambia for secondary market trading at the LuSE, namely the Government auction bonds and the Statutory Reserve bonds.

Auction Bonds

The auction bonds are of one year duration and are issued by the Bank of Zambia on behalf of the Government. The first auction bonds were issued in January 1995. The auction bonds pay semi annual coupon interest payments to holders. Currently the interest income and capital gains earned on bonds is not subject to with-holding tax. The auction bonds are not re-discountable at Bank of Zambia. After the primary issue, sellers and buyers can trade the bonds on the LuSE.

The minimum value to participate in the auction tender at the primary issue is K20 million. Bank of Zambia also sets aside up to 10% of the bonds on issue for non competitive bids. The minimum eligible amount for non competitive bids is K1 million with K19 million as maximum. The non competitive bids are priced at the weighted average yield rate derived from the auction tender.

Statutory Reserve Bonds

The LuSE has also listed all the Statutory Reserve Bonds created in 1995 and held by commercial banks. These bonds were issued on 1st February 1995. The total value of the bonds issued was K56,364 million and the redemption has been evenly spread into 12 tranches of K4,697 million each. The first tranche matured on 1st February 1996 and the last will mature on 2nd November 1998. Statutory reserve bonds do not attract a fixed rate of interest. Interest is paid every six months at the weighted average rate applicable to 91 day treasury bills during the previous six months.

The intended benefits of listing and creating a secondary market in Government bonds and statutory reserve bonds include:

- Developing and strengthening the financial and capital market in Zambia.
- To improve liquidity in the financial system.
- To support the development of a market in long term securities that facilitate and enhance stabilisation of financial and fiscal conditions.

Trading, Settlement and Commissions

Trading is on order matching basis leading to market determined bond prices.

The LuSE depository system can handle T + 1 settlement. On request, settlement can be achieved on trade date as well.

Commissions are fully negotiable. The indicative scale is 0.75%.

6.0 MARKET OVERVIEW AT YEAR END 1995

Weekly Stock News

Week ending 26th December 1995

LISTED SHARES

	Last Trade Price	Best Bid	Best offer	Change	Week's Trading			PE RATIO	No of Shares Issued	H	L	Market Capitalisation Million Kwacha	No of Shares in Depository	Depository capitalisation K Million	Dividend Yield %
					Trades	VOLUME	Value (K)								
CHIL	59	58	59	-5	2	3,060	189,000	9.52	200,039,904	150	58	11,802	20,445,319	1,206.27	-
RTHZ	40	-	40	-	2	1,005	40,700	3.81	161,280,000	200	35	6,451	32,333,972	1,293.36	2.55

UNLISTED SHARES

Security	Last Trade Price	Best Bid	Best offer	Net Change	Week's Trading			PE RATIO	No of Shares Issued	H	L	Market Capitalisation Million Kwacha	No of Shares in Depository	Depository capitalisation K Million	Dividend Yield %
					Trades	VOLUME	Value (K)								
BATAZ	20	19	20	-	2	1,010	20,200	3.90	194,835,456	80	19	3,897	4,850,815	97.02	0.50
NCBNK	500	490	500	-	0	0	0	-	-	500	500	0	108,512	54.26	-
FH	1,300	300	1,000	-	0	0	0	22.08	3,266,507	1000	350	3,267	177,393	177.39	1.00
SCZ	8	6	8	-	8	2,762	22,096	14.78	3,900,000,000	30	5	31,200	43,910,760	351.25	8.00
ZCCM	2,900	-	1,800	-	0	0	0	51.60	89,296,428	3100	2000	178,593	10,614	21.23	-
ZSUG	34	30	34	-	1	10	340	17.63	5,426,938,035	60	20	184,516	202,885,860	6,898.12	2.21
SUB TOTAL					11	3,782	42,636	31.97	9,614,336,426			401,472	251,943,954	7,599.30	
TOTALS					15	7,787	271,836		9,975,656,330			419,726	304,723,245	10,098.93	

LISTED BONDS

Coupon Rate %	Maturity Date	Bid Price	Asked Price	Last Trade Price	Volume x 1000	Value KWACHA x 1000	Yield to Maturity %
25	03.02.96	94.00	-	88.99	0	0	50.0
28	18.03.96	92.00	-	-	0	0	50.0
30	20.05.96	89.64	90.64	-	0	0	50.0
35	15.07.96	87.00	-	78.81	0	0	50.0
TOTALS					0	0	

SOURCE: LuSE

BATAZ: Bata Shoe Company Ltd
 CHIL: Chilanga Cement PLC
 FH: Farmers House PLC
 NCBNK: New Capital Bank PLC
 RTH: Rothmans (Zambia) PLC
 SCZ: Standard Chartered Bank (Zambia) Limited
 ZCCM: Zambia Consolidated Copper mines
 ZSUG: Zambia Sugar Company PLC

7.0 CORPORATE ACTIONS

COMPANY Item	Bata	Chilanga	Farmers House	New capital Bank	Rothmans	Standard Chartered Bank	ZCCM	Zambia Sugar
Financial Year-end	31 December	31 December	31 March	31 March	30 June	31 December	31 March	31 March
Dividend Payments - Interim - Final		2nd half October April/May			Mid June Mid December		On declaration of interim and final dividends	Last week February August
Books Close - Interim - Final		End-September 12 April			Mid month April November		On declaration of interim and final dividends	Mid month December July
AGM		29 March 1996		April-June	End September	April	September	End June
Chairman Managing Director Company Secretary	C Mozaria J Catla G Siwale	R E Beacham P R Gorman T A Mordue	R D Frost P T S Miller Coopers & Lybrand	W D Mung'omba L E Mung'omba C C Mwansa	B D K Taylor A A Dore	A K Mazoka W C Irwin V Saunders	Luke Mwananshiku E K Shamutete M Mukwakwa	S H Musesengwa D G Covell F M Banda
Directors	C Morzaria J Catla R Rizzo J M Mwanakatwe A K Mazoka	R E Beacham D V Johns A G Anderson Dr R Morton A K Mazoka M N Shitima J M Mwangala	R D Frost P T S Miller D F Burton R L Dean M C Galaun A R B Landless M A Miller G J Baruhurst	W D Mung'omba D L Montgomery O B Chilemba A J Kangwa C J Penza P S Phiri M Phiri	A B Munyama M A Lynton- Edwards N K Surgey G P Old B D K Taylor	A K Mazoka W C Irwin I J Surgey J D Logan R M Briscoe C K Chiyende G J Bender C A Keljik S M Malama D C Mulaisho Ms J E Pope A V Thursby	Luke Mwananshiku Dr J K Phiri E K Shamutete L M Nyambe W D Mung'omba Dr J M Mwanza V Chitalu 'B' Directors JA Holmes A K Mazoka P M Baum R P Lander P J Goleworthy	S H Musesengwa D G Covell S Strathdee J B Ranger D V Johns E Mtambo F M Banda
Address:	Lusaka	Lusaka	Lusaka	Lusaka	Lusaka	Lusaka	Lusaka	Lusaka
Postal	P O Box 30479	P O Box 32639	P O Box 30012	P O Box 36452	P O Box 30622	P O Box 33238	P O Box 30648	P O Box 30489
Telephone	243855	252853/252905	211266	229508/11	242809/248082	229294	229115	246137/241038
Facsimile	248283	252655		224055	241602	222092	221057	245005

8.0 MEMBERS OF THE LUSAKA STOCK EXCHANGE

Securities Ltd
Tazara House Independence Ave
Address: Box 35476, Lusaka.
Tel: 224286 / 225851 Fax: 224304
Managing Director: T.F Ryan.
Dealers representative (s): J.Chizinga, C.Mukolwe.

Finance Securities Ltd
3rd floor Chanik House
Address: Box 37102, Lusaka.
Tel: 229733/42 Fax: 227544 / 224450
Managing Director: M. Wadood.
Dealers representative (s): Nduba Namonde.

First Merchant Securities Ltd
1st floor Kubima Tower
Address: Box 37796, Lusaka.
Tel: 225757/9 Fax: 225764
Managing Director: B.C. Barkataki
Dealers representative (s): George Sichone, Frank Mumba

Interafrica Equities & Securities Ltd
38 Joseph Mwilwa Rd, Rhodes Park.
Address: P/Bag E488, Lusaka.
Tel: 228233-34 / 225002 Fax: 225005
Managing Director: C. Jones
Dealers representative (s): Titus Pemba, Alice Zulu.

Pangaea Securities Ltd
1st Floor LuSE Building
Address: Box 30163, Lusaka.
Tel: 238709/10 Fax: 220925
Managing Director: Mebelo Mutukwa
Dealers representative (s): M. Munkwa.

Emerging Markets Securities Ltd
Meridian Centre Building Complex,
Address: Box 31469, Lusaka.
Tel: 229906-10 Fax: 223062.
Managing Director: B.E. Bouchard,
Dealers representative (s): Peter Yuyi.

9.0 LuSE TRADING, CLEARING AND SETTLEMENT STRUCTURE

(Summary)

ADDRESS:	P O Box 34523, Lusaka, Zambia
TEL NO:	(260 1) 22 8391/22 8594/22 8537
FAX NO: / INTERNET	(260 1) 22 5969 / luse @ Zamnet.zm
ESTABLISHED:	21 February 1994
TRADING DAYS:	Mon - Fri
TRADING HOURS:	10:00 - 12:00
TRADING STRUCTURE:	Mechanism: <ul style="list-style-type: none"> • Single Price Auction • Order matching System
INSTRUMENTS TRADED:	Equities, Collective Investment Units, Government Bonds
MAIN INDEX NAME:	Not yet Established
MEMBERSHIP:	Corporate
CLEARING:	Same Day
SETTLEMENT:	Per transaction for stock, money is net. T + 3 rolling basis All members contribute to settlement guarantee fund
DEPOSITORY:	Yes (use is mandatory)
BROKERAGE RATES:	Negotiated Indicative scale is 1.25% equities : 0.75% bonds
TAXES:	Dividend/Withholding <ul style="list-style-type: none"> • 15% withholding and treated as income Capital Gains: <ul style="list-style-type: none"> • None Property Transfer Tax: <ul style="list-style-type: none"> • 2.5% by seller on unlisted securities Corporate Income Tax 30 % corporate tax
EXCHANGE CONTROLS	NIL
OWNERSHIP RESTRICTIONS FOREIGN OWNERSHIP LIMITS	NIL

LUSAKA STOCK EXCHANGE LTD

1st Floor, LuSE Building, Cairo road.
P. o Box 34523, Lusaka.

Tel: (260 1) 228537/228391/223594
Fax: 225969 / 226808