

## MACROECONOMIC INDICES

INDICATOR	PERCENTAGE/VALUE
INFLATION RATE JAN (YOY)	12.30 %
MPR (%)	6.00
OPEC OIL BASKET (\$/barrel)	77.74 (12-03-10)
90 DAY T- BILL RATE	1.5160 (16-03-10)
INTERBANK CALL RATE	1.9167 (12-03-10)

## MARKET SNAPSHOT

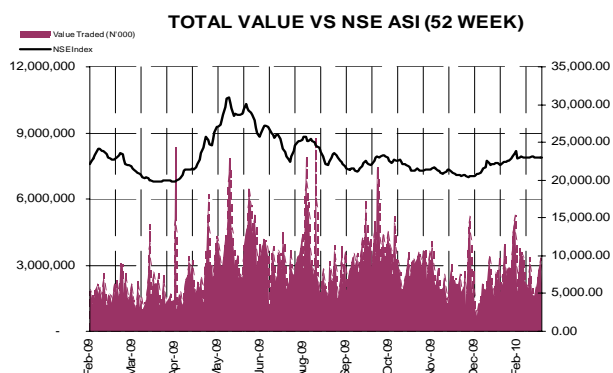
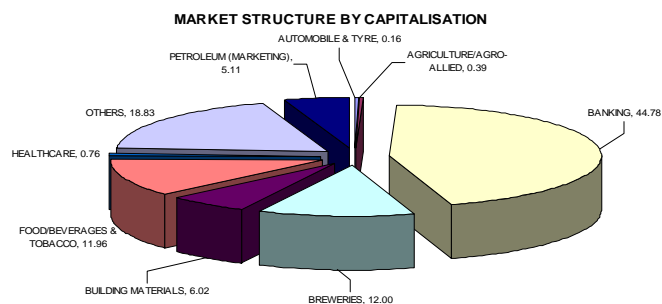
		% $\Delta$ WEEKLY	% $\Delta$ YTD
NSE ASI	24,141.72	5.31	15.89
CAP(Nbn)	5,813.87	5.31	16.50
VOL('bn)	2.18	16.11	
VAL('Nbn)	16.94	47.54	
DEALS	33,955		
GAINERS	65		
LOSERS	38		

## WEEKLY TOP GAINERS

Company	Price (N)	% $\Delta$
AIR SERVICE & LOGISTICS	2.73	20.80
LIVESTOCK FEEDS	0.75	19.05
FIDELITY BANK	3.03	18.36
BAGCO	2.50	17.92
BIG TREAT	0.86	17.81

## WEEKLY TOP LOSERS

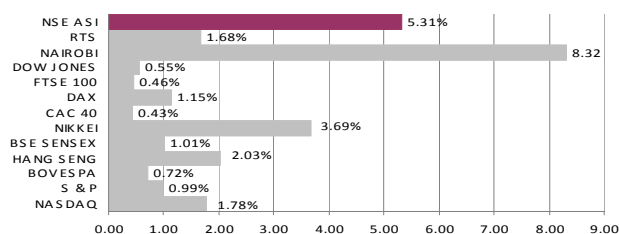
Company	Price (N)	% $\Delta$
ALUMACO	12.88	18.48
PRESTIGE ASSURANCE	2.95	13.99
UNITY CAPITAL	0.79	13.19
NWC	0.69	11.54
PRESKO	4.88	10.13



## MARKET REPORT FOR THE WEEK ENDING FRIDAY, 12TH MARCH 2010

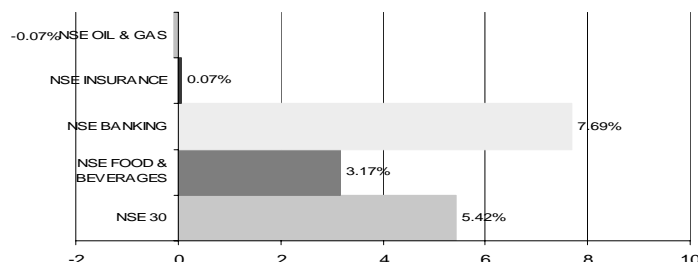
Major equity markets around the globe sustained their northwards sojourn to close in the positive territory last week. Our universe of sample equity markets saw the Dow Jones NASDAQ and the S & P 500 all record 0.55%, 1.78% and 0.99% upside respectively at the end of our review period. In Europe, the bulls were agog with major indices recording positive movements. The FTSE 100, German Dax and France's CAC 40 all gained 0.46%, 1.15% and 0.43% respectively. A similar story was recorded in the Asia/Pacific region, as the bears were confined to the woods. The Hang Seng, BSE Sensex and the Nikkei 225 all churned up 2.03%, 1.01% and 3.69% respectively at the end of the week. On the local scene, NSE ASI tested the 24,000 points to close at 24,141.72 recording 5.31% hike at the end of proceedings. It is currently at its YTD zenith.

## SELECTED INDICES (WEEKLY PERFORMANCE %)



On the segmented index, NSE-30 gained +5.42% to close at 969.40, Food and Beverages index gained +3.17% to close at 654.61. NSE-Banking gained by +7.69% to close at 407.88, NSE-Insurance Index gained 0.07% to close at 194.05 and NSE-Oil & Gas declined by -0.07% to close at 303.02

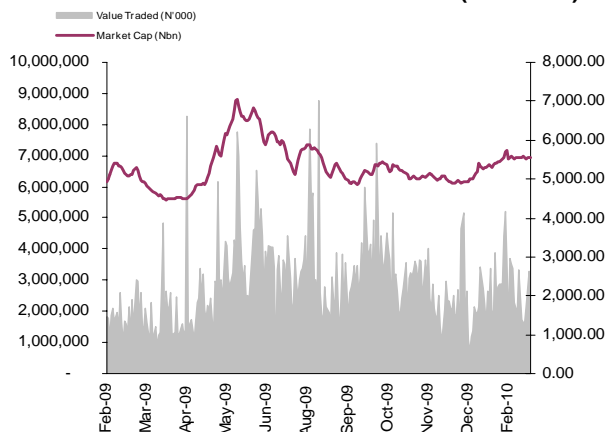
## NSE SEGMENTED INDICES (%CHANGE)



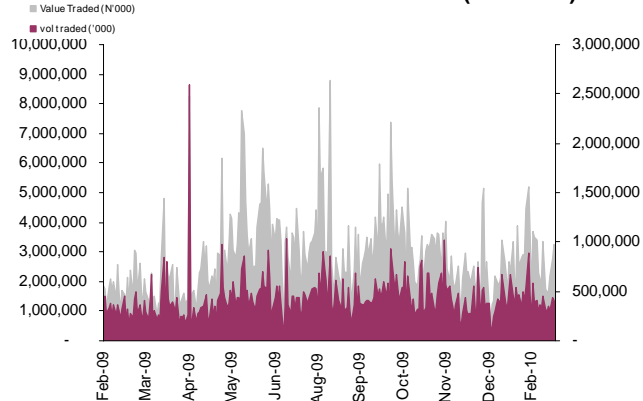
Transactions were upbeat with total volume and value traded increasing by 16.11% and 47.54% respectively. A turnover of 2.18 billion units of shares valued at N16.94 billion in 33,955 deals were traded last week in contrast to a turnover of 1.74 billion shares worth N14.5 billion in 34,014 deals recorded two weeks ago. The Banking subsector was the most active during the week (measured by turnover volume), with 1.212 billion units valued at N12.056 billion exchanged in 17,707 deals last week compared with 1.039 billion units valued at N11.121 billion exchanged in 17,717 deals two weeks ago. The volume and value of the sector's transaction represented 55.67% of the entire market compared with 59.82% recorded last week.

Mixed sentiments recorded on the floor of the Nigerian Stock Exchange saw sixty-Four (64) stocks recorded price appreciation last week compared with Thirty-nine (39) gainers two weeks ago. On flip side, Thirty-Seven (37) stocks depreciated in price last week compared with (54) decliners two weeks ago Air Service Plc led the gainers' chart with 20.80%, followed while Alumaco Plc led on the price losers' table with 18.48%

**TOTAL VALUE VS MARKET CAP (52 WEEK)**



**TOTAL VOLUME VS VALUE TRADED (52 WEEK)**



## THE IMPORTANCE OF DEMATERIALIZATION OF SECURITIES

### INTRODUCTION

The meaning of 'dematerialization' ("Demat" in short form) is not exactly fixed. Its varying uses reveal that, to some, it is a process and, to others, a state. In the former sense, dematerialization is the process by which securities in physical form are converted into electronic securities. For this purpose the investor must first have opened an account with an account provider. The investor then requests for the dematerialization of his securities so that the dematerialized holdings can be credited into that account. Thus the physical certificates are converted into electronic securities identified by balances maintained in its account with an account provider. Normally the securities held in dematerialized form are fungible, that is to say they do not bear any distinguishing features.

To others, dematerialization is a state that can apply not only to securities that were once physical, but also to securities as issued, that is to say 'electronic-only' securities. In this sense, dematerialization is a situation where the electronic means exist for giving effect to holdings and transfer of securities, in a way that has legal validity. Dematerialized securities are those that can be held without evidence of ownership in the form of certificates. Ownership is usually instead recorded in a depository.

Shareholders usually receive regular paper statements of their holdings (not dissimilar to bank statements). The advantage of dematerialised holdings is that they are far cheaper to administer. The elimination of paperwork and the automation that makes it cheaper also makes it faster. Some modern systems can transfer both payment and ownership immediately. All dematerialised systems are faster and cheaper than dealing with paper certificates.

### WHY DEMATERIALIZATION?

Overall, it is said that the benefits of having a dematerialized or book-entry holding, through an account, are:

- Modernism - electronic transactions take full account of modern IT facilities
- Velocity of transactions - the transfer of securities by mere accounting entries allows for a rapid and efficient disposition of those interests
- Increase of security - risks associated with physical certificates such as delay or loss in transit, theft and mutilation are eliminated

- The concept of an “odd lot” in respect of dematerialized securities stands abolished, as any amount can be a market lot
- Sometimes, dematerialized securities attract lower margin and lower rates of interest compared to physical securities.
- There is no chance of bad delivery at the time of selling shares as there is no signature mismatch.
- Transaction costs are usually lower than that in the physical segment
- The bonus /rights shares allotted to the investor will be immediately credited into his account
- Share transactions like sale or purchase and transfer/transmission etc. can be effected in a much simpler and faster way

#### Problems of Dematerialization

Prior to dematerialization there was almost a gap of three months between application date and listing of shares. Dematerialization has reduced this gap to a great extent. But quick money brings with itself a host of problems. In most countries, current regulations prohibit multiple bids or applications by a single person. But the investors open multiple dematerialized accounts and make multiple applications to subscribe to IPO's in the hope of getting allotment.

The recent IPO's allotment scam proves that even a highly automated system is not the solution to prevent malpractices, if there is laxity. There were cases where the investor banker has failed to weed out multiple applications. The authorities failed to detect the large number of dematerialized accounts opened with the same address but different names. Lack of coordination between banks, depository, brokers depositories, registrars and issuing houses and clarity of their roles has given rise to such problems.

#### Possible Remedial Measures

To prevent the sprouting of fictitious dematerialized accounts at Depositories the allotment of shares should be checked thoroughly. The concerned Depositories should strictly enforce the Know your client (KYC) norms rather than relying on bank documents and verification of brokers. Also Depositories should be asked to give monthly figure of accounts opened for the public. And finally, coordination and Clear definition of roles is important to weed out manipulations.

#### DEMATERIALIZATION VS IMMOBILIZATION

A distinction must sometimes be drawn between dematerialization and immobilization: although both are the two broad models allowing for

electronic settlement, immobilization entails securities in paper form and the use of depositories, which are linked to a settlement system. Securities constituted by paper instruments or represented by paper certificates are immobilized in the sense that they do not move and are held by the depository at all times. Dematerialization (when used in opposition to immobilization) involves dispensing with paper instruments and certificates altogether. No paper is issued, immobilized or otherwise. These dematerialized securities are constituted and exist only in the form of electronic records maintained by a clearing system. In both structures, however, transfers are effected by debiting and crediting the accounts.

Book-entry holdings permit both quick and efficient settlement by removing the need for paperwork, and allowing for the synchronization of the delivery of securities with the payment of a corresponding cash sum (called delivery versus payment, or DVP). By improving the speed and efficiency of settlement, book-entry systems not only support the development of securities financial markets but also enhance the liquidity of these markets and facilitate the use of securities collateral to manage

counterparty risks, thereby increasing the efficiency of trading and settlement

#### NIGERIA AND DEMATERIALIZATION

##### Problems

Issuing of share certificates to shareholders after an offer is made by Registrars has been long before now, a clog in the wheel of progress in the Nigeria capital market development. Immediately a public offer is concluded, investors who subscribed to the offer become apprehensive. This apprehension stems from the fact that investors will not be sure that their subscriptions are allotted until they have received their certificates. Again, no transaction will be carried out in the shareholder's holdings until he receives his share certificates. All these increase the anxiety of the shareholder after he has subscribed to an offer.

This consequently results in shareholders rattling the issuing houses, the stockbroker from whom he bought the shares and the Registrar whose duty it is to dispatch the certificates. At times, a shareholder will subscribe to an offer but will not receive full allotment. This puts a lot of investors to confusion because they were not sure where and from whom to get refund of their funds. Share certificates given to shareholders after a company has concluded an offer have received so many criticisms in the past. Investors complain that many a time after an offer is concluded, Registrars delay in issuing out certificates to shareholders. This some shareholders say are done to give the stock a lee way for appreciation. Others say that sometimes the registrar release the shares in such a way that some shareholders will start to trade on their shares first while others are still to get theirs.

Since certificates are in material forms, they could be stolen and one can open an account with the name on the certificate. Apart from being stolen, printing of the certificates and dispatching may also be a bottleneck to getting the certificates to the owners thereby resulting in complaints upon complaints flooding Registrars' offices. The numbers of certificates that get to Registrars have become increasingly tremendous with more and more companies becoming publicly quoted. This made it impossible for Registrars to do with limited staff strength but hiring more staffers that do fewer jobs.

Dematerialization of certificates has come to solve the whole lot of problems. With share certificates reduced to electronic form, it will be had to be stolen; the process of getting it to the shareholders as soon as an offer is completed will become faster as the issue of being lost in transit will have become a thing of the past. Market infractions have had a debilitating blow on the growth of the Nigerian capital market. These

infractions which include; stealing of share certificate, refusal by Registrars to send share certificates to shareholders immediately an offer is concluded and the stockbrokers' requirement for certificate verification before an investor sells his shares in any company. It is in order to free shareholders from these shortcomings and fasten the receipt of dividends, bonus issues and notice of meetings on time that informed the decision of the Nigerian Stock Exchange (NSE) to dematerialize share certificates and neutralize them into electronic documents.

In Nigeria, Dematerialization (“Demat” in short form) is the conversion of a share certificate from its physical form to electronic form for the same number of holding which is credited to your demat account which you open with a Central Securities Clearing Systems Limited (CSCS) through a licensed Stockbroker or a Depository Participants(DP). It is a process by which the physical share certificates of an investor are taken back by the company and an equivalent number of securities are credited in electronic form to the depository.

As at today, demat of shares are optional and an investor can still hold shares in physical form. However, he/she has to demat the shares if he/she wishes to sell the same through the Stock Exchange. Similarly, if an investor purchases shares through the Secondary market, he/she will get delivery of the shares in demat form. In the wake of increasing complains arising from non receipt of dividend warrants, stakeholders in the Nigerian capital market have called investors to embrace the introduced electronic dividend payment system of the regulators.

#### WAY FORWARD

Dematerialization should be seen as a continuous process. Because the system is coming to the public new, the Nigerian Stock Exchange (NSE) and other operators have done and are still doing a lot of campaign to create awareness. The way the proposal has been programmed, there are going to be an initial massive nationwide awareness, which really has started. This will help to inform, shareholders and prospective investors as to how it works. But there are still delays in getting certificates verified. The process of dematerialization needs to be revisited. The tardiness from the registrar's end of the process needs to be re-appraised. The share volume of certificates to be processed seems overwhelming. One way to speed up the process is to stop the issue of new certificates going forward and give a deadline for the conversion of old certificates to electronic form.

#### COMPANY NEWS

**UNILEVER NIGERIA PLC:** Audited result for the year ended 31st December 2009. The Board of Directors is recommending a dividend of N1.07 per share. The date of closure of register of members is April 5, 2010 while payment date is May 3, 2010. The Annual General Meeting is scheduled to hold at Grand Banquet Hall, Civic Centre, Victoria Island, Lagos on Thursday, April 29, 2010 by 11.00am

**NIGERIAN BREWERIES PLC:** Audited result for the year ended 31st December 2009 shows Turnover of N164.21 billion as against N145.46 billion in 2008. Profit after tax stood at N27.91 billion compared with N25.70 billion in 2008. The Board of Directors had earlier recommended a final dividend of N0.89 per share. The stock price had on June 26, 2009 and January 27, 2010 been adjusted for interim dividends of N2.80 per share, thus bringing the total dividend per share during 2009 to N3.69. The date of closure of register of members is March 12, 2010 while payment date is May 20, 2010. The 64th Annual General Meeting is scheduled to hold at Grand Banquet Hall, Civic Centre, Ozumba Mbadiwe Street, Victoria Island, Lagos on Wednesday, May 19, 2010 by 10.00a.m.

**LAFARGE CEMENT WAPCO NIGERIA PLC:** Audited result for the year ended 31st December 2009 shows Turnover of N45.60 billion as against N43.27 billion in 2008. Profit after tax and exceptional items stood at N5.06 billion compared with N11.25 billion in 2008. The Board of Directors had earlier recommended a dividend of N0.10 per share. The date of closure of register of members is May 17, 2010 while payment date is May 26, 2010. The 51st Annual General Meeting is scheduled to hold on Wednesday, May 26, 2010 at a venue to be announced later.

**VITAFAM NIGERIA PLC:** Unaudited result for the first quarter ended 31<sup>st</sup> December 2009 shows Turnover of N2.49 billion, as against N2.16 billion in the comparable period of 2008. Profit after tax stood at N200.82 million compared with N109.8 million in 2008.

**ABBEY BUILDING SOCIETY PLC:** Unaudited result for the first quarter ended 31<sup>st</sup> January 2010 shows Turnover of N413.8 million, as against N412.11 million in the comparable period of 2009. Profit after tax and extra-ordinary items stood at N99.2 million compared with N147.4 million in 2009.

**THE OKOMU OIL PALM PLC:** The Company notified The Exchange of a meeting of its Board of Directors scheduled to hold on Tuesday, March 30, 2010 to approve the 2009 audited accounts. They might also recommend dividend for payment

**CAPITAL HOTELS PLC:** The Company notified The Exchange of a meeting of its Board of Directors scheduled to hold on Wednesday, March 17, 2010 to approve the draft 2009 audited accounts, fix a date for the Annual General Meeting (AGM) and recommend dividend.

**ABBEY BUILDING SOCIETY PLC:** The Company notified The Exchange that it has forwarded its Audited Financial Statements for the year ended 31st October 2009 to the Central Bank of Nigeria. This would be presented to the market upon its approval by the CBN.

**PS MANDRIDES & CO. PLC:** Audited result for the year ended 30th September 2008 shows Turnover of N234.62 million as against N140.8 million in 2007. Profit after tax stood at N30.8 million compared with N6.21 million in 2007.

#### COMPANY FORECASTS

**UNILEVER NIGERIA PLC:** The Company forecasts Turnover of N24.41 billion and profit after tax of N2.74 billion during the half year ending June 30, 2010.

**MRS OIL NIGERIA PLC:** The Company forecasts Turnover of N65.02 billion and profit after tax of N831.63 million during the half year ending June 30, 2010.

**PORTLAND PAINTS & PRODUCTS NIGERIA PLC:** The Company forecasts Turnover of N1.41 billion and profit after tax and exceptional items of N116.32 million during the half year ending June 30, 2010.

**HONEYWELL FLOUR MILLS PLC:** The Company forecasts Turnover of N10.54 billion and profit after tax of N500.53 million during the first quarter ending June 30, 2010.

**CHEMICAL & ALLIED PRODUCTS PLC:** The Company forecasts Turnover of N1.63 billion and profit after tax of N276.0 million during the half year ending June 30, 2010.

**CONSOLIDATED HALLMARK INSURANCE PLC:** The Company forecasts Gross Premium of N830.0 million and profit after tax of N97.64 million during the half year ending June 30, 2010

**PRESTIGE ASSURANCE PLC:** The Company forecasts Gross Premium of 2,057.0 million and profit after tax of N450.0 million during the half year ending June 30, 2010.

**EQUITY ASSURANCE PLC:** The Company forecasts Gross Premium of N1 billion and profit after tax of N129.5 million during the half year ending June 30, 2010

**GUARANTY TRUST ASSURANCE PLC:** The Company forecasts Gross Premium of N4.23 billion and profit after tax of N601.04 million during the half year ending June 30, 2010.

**OASIS INSURANCE PLC:** The Company forecasts Gross Premium of N550.0 million and profit after tax of N319.32 million during the half year ending June 30, 2010.

UAC OF NIGERIA PLC: The Company forecasts Turnover of N27.78 billion and profit after tax of N1.54 billion during the half year ending June 30, 2010.

UACN PROPERTY DEVELOPMENT CO. PLC: The Company forecasts Turnover of N5.71 billion and profit after tax of N1.09 billion during the half year ending June 30, 2010.

GLAXO SMITHKLINE CONSUMER NIG. PLC: The Company forecasts Turnover of N4.46 billion and profit after tax of N429.01 million during the half year ending June 30, 2010.

RED STAR EXPRESS PLC: The Company forecasts Turnover of N1.08 billion and profit after tax of N60.71 million during the half year ending June 30, 2010.

THE OKOMU OIL PALM PLC: The Company forecasts Turnover of N1.61 billion and profit after tax of N333.4 million during the half year ending June 30, 2010.

BERGER PAINTS (NIG) PLC: The Company forecasts Turnover of N1.19 billion and profit after tax of N154.62 million during the half year ending June 30, 2010.

ALUMACO PLC: The Company forecasts Turnover of N185.0 million and loss after tax of N42.5 million during the first quarter ending March 31, 2010.

VONO PRODUCTS PLC: The Company forecasts Turnover of N231.6 million and loss after tax of N27 million during the half year ending June 30, 2010.

#### Disclaimer

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