HALF YEAR REPORT
2015

Disclosure

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Executive Summary

Ghana's economy still faces significant challenges due to the persistent power crisis and high inflation. The depreciation of the local currency has been significant again this year, although it is improved from 2014. The expected inflows of forex from the COCOBOD syndicated loan and another Eurobond have provided some speculative support for the Ghana Cedi towards the end of the half year.

The stock market performed worse compared to the first half of 2014. The high interest rates on fixed income securities and poor financial results of listed companies have affected investor interest in equity securities. The Composite Index remained in negative yield for most of the period, and emerged to record a YTD of 4.03%. The situation is likely to persist in the second half due to ongoing economic challenges and their effects on listed companies. In addition, the expected US rate rise will contribute to a reversal of capital inflows which will further impact investor interest in equity securities.

Commodities still struggling

The Greek financial crisis, continuing conflict in Iraq, Syria and Libya, and slowdown in China's economic growth posed severe downside risks to the global economy over the first half of the year. However, a deal has been reached between Greece and its creditors and Europe has seen some level of growth in 2015. Strong economic fundamentals in the US have led to talks of a rate rise before the year ends. This has worsened the reversal of capital inflows from developing economies and led to a strengthening of the dollar against emerging market currencies. Low oil prices have supported consumer spending and production in developed economies, although China's slowdown has raised serious concerns over the outlook of economies dependent on commodity exports.

Ghana's currency has seen depreciation at levels close to 2014, and the Central Bank's attempt to check the resulting inflation by maintaining a tight monetary policy stance has kept interest rates high. The Government signed up to bailout deal with the IMF in April in efforts to achieve fiscal consolidation and help restore economic stability.

Fiscal Consolidation on Course

Revenue and Grants for the first four months of 2015 exceeded target levels. Receipts from taxes on income and property, and VAT and Excise Tax were above the projected levels stated in the revised 2015 budget. However, there were slight shortfalls on the receipts from NHIL and Communication Service Tax. On international trade, the Government achieved over 300% of its target on import exemptions and had a slight shortfall on import duties. SSNIT contributions and Grants were well below target at GH¢32m (target: GH¢61m) and GH¢293m (target: GH¢429m) as a result of poor jobs performance in the private sector and a shortage of donor funds respectively. With taxes on income and property amounting to GH¢2.74bn (target: GH¢2.71bn), domestic goods and services at GH¢2.96bn (target: GH¢2.84bn) and international trade at GH¢1.84bn (target: GH¢1.30bn), total tax revenue added up to GH¢7.55bn (target: GH¢6.85bn). Along with non-tax revenue of GH¢1.9bn (target: GH¢1.41bn), SSNIT Contributions and Grants, Total Revenue and Grants totaled GH¢9.79bn, which accounts for 7.3% of GDP, and compares favorably with a target of GH¢8.76bn or 6.6% of GDP.

Expenditure on Interest Payments were GH¢2.77bn, below a target of GH¢2.97bn due to the Government's efforts at fiscal consolidation and downsizing on debt. Subsidies and Grants also fell as the Government continued its policy of dismantling subsidies on fuel and utilities. Compensation of Employees, (3.3bn, 2.5% of GDP) was below target (3.4bn, 2.6% of GDP) as well as a result of the freeze on net hiring and rationalisation in the public sector. However, there was a slight overrun in Capital Expenditure, which amounted to GH¢2bn as against a target of GH¢1.83bn, as the Government pursues massive infrastructure development. Total Expenditure for the period ending April 2015 stood at GH¢11.7bn (8.8% of GDP), above the target of GH¢11.6bn (8.7% of GDP).

The influence of the IMF programme on the state's finances has been positive, imposing a check on fiscal recklessness in the year preceding a predictably tight election. Ghana's fiscal position for the period January to April 2015 was better than the projected GH¢3.52bn (2.6% of GDP) deficit, having recorded a deficit of

GH¢2.67bn, which is 2% of GDP. This was achieved through a combination of subsidy removal, checks on borrowing, staff rationalization and a freeze on employment in the public sector.

The deficit was financed by GH¢970m from foreign lenders (target: GH¢602m) and GH¢1.62bn from domestic sources (target: GH¢2.94bn). The shift from the targeted composition reflects the re-positioning of Government debt away from the domestic markets in order to avoid crowding out of the private sector. Domestic financing also included a GH¢205m transfer from the Stabilisation Fund. Public sector debt rose to GH¢88.2bn as at March 2015, representing 65.3% of GDP. The total amount includes 41.4% of domestic debt and 58.6% from external sources.

Stable Yields on Government Securities

Yields on government treasuries remained fairly stable over the first half of 2015 as the Government cuts down on domestic borrowing. The yields on GOG 7-year bonds, 1-year and 2-year notes remained unchanged over the period. The rates on the 5-year bond started at 19.04% and rose to 21% in late March, where it remained for the remainder of the half year. The 3-year bonds were at 25.4% in January, but fell to 22.49% after a deal was signed between Government and the IMF. However, the rates on 3-year bonds rose to 23.47% in May as foreign investors demanded higher yields to offset the effects of local currency depreciation. The 91- and 182-day bills started at 25.84% and 26.41% respectively but sustained decline over the period led the bills to end at 25.23% and 25.85% respectively.

Figure 1 below shows the yields on the various securities between January and June 2015, whilst Figure 2 shows the yield curve at the beginning and the end of the review period.

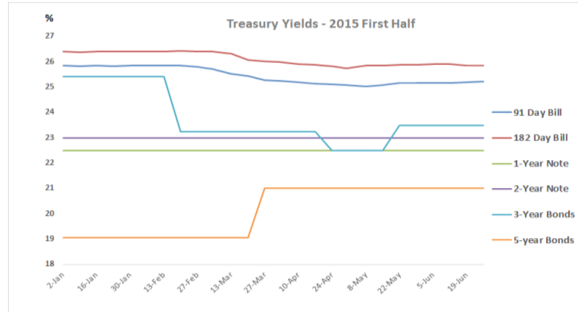

Figure 1: Treasury Yields: Jan-June 2015

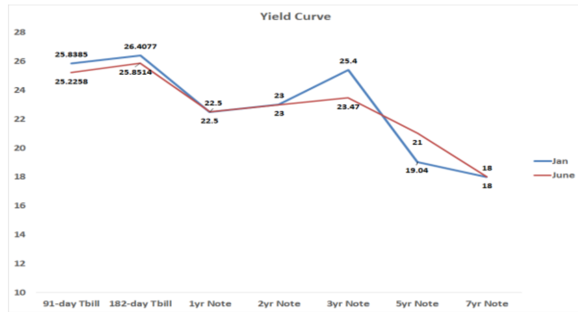

Figure 2: Yield Curve: Jan & June 2015

The total trade in short-term securities summed up to 92.29% (GH¢22.63bn) of all auctions over the period, a marginal rise from 92.07% in 2014, whereas long-term bonds took up 7.71% (GH¢1.89bn) of the total trade at auctions. The increase in demand and subscription reflects the increasing yield on these shorter term debt instruments, as investors seek to cash in on the responsiveness of shorter term yields to the current Cedi depreciation and inflationary pressures.

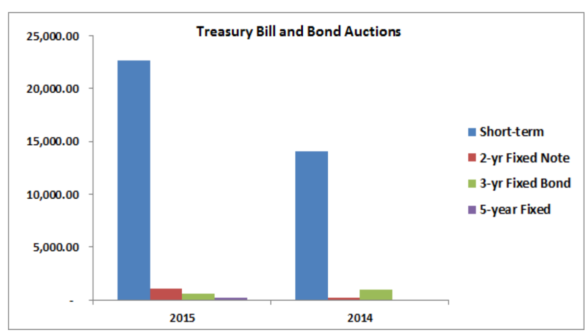

Figure 3: Total Securities sold – 2014 and 2015

The Ghana Fixed Income Market (GFIM) was launched in June 2015, with the collaboration of regulators and sector players. The GFIM will create a secondary market for the trading of all fixed income securities, including government, corporate and municipal and metropolitan securities.

Monetary Environment – *High Inflation*

Government intends to achieve a fiscal deficit of 7.5% of GDP in 2015, a revision of the 6.5% target stated in the 2015 annual budget. Inflation was targeted to end the year at 11.5%, with a medium term target of (8.00%±2) in 2017.

The Ghana Cedi suffered another poor performance in 2015, just slightly better than in 2014. The announcement of a bailout agreement between the Government and the IMF did little to support the falling Cedi, which lost significant ground to all major trading currencies over the first half of the year.

The persistent depreciation led to sustained high inflation, which in turn led the Central Bank to increase the policy Rate by 100bps to 22% following the MPC meetings in May 2015.

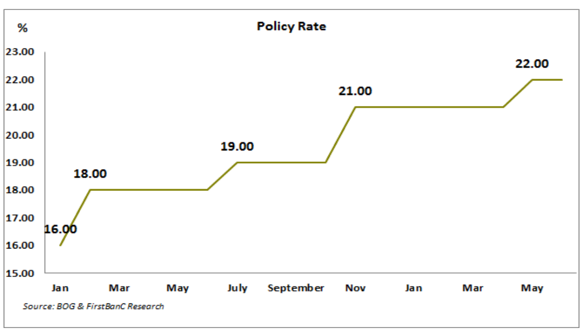

Figure 4: Policy Rate - Jan 2014 to June 2015

Inflation started at 16.4% in January, which was a decline from December's 17%. However, the continued removal of subsidies on fuel and utilities, as well as the effect of currency depreciation on the prices of imported consumer goods and industrial equipment, led to a steady rise in the Consumer Price Index (CPI) over the first half of the year. The CPI saw a continuous increase over the first six months leading to a year-on-year inflation rate of 17.1% in June 2015 based on 2012 prices.

Year-on-year inflation in food and non-alcoholic beverages stood at 7.4% in June. The non-food inflation ended at 23.4%, mainly driven by transportation (25.5%); water, electricity and gas (24.8%); and education (24.6%). Inflation in transport was heavily influenced by the removal of fuel subsidies and the application of an automatic pricing mechanism which led to two upward reviews in fuel prices during the month of June. The Government's efforts at fiscal consolidation also saw the continued drawdown of subsidies on utilities leading to increases in electricity and water tariffs.

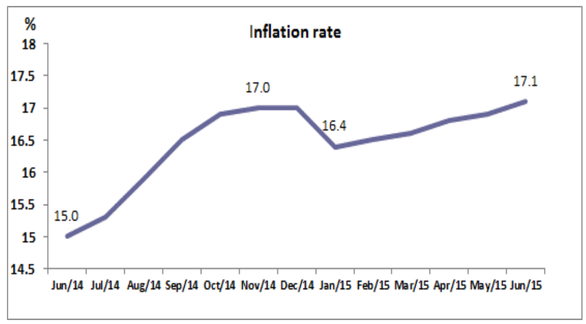

Figure 5: Inflation Rate - June 2014 to June 2015

Financial Stability – *Banks Maintain Impressive Performance*

The banking industry continues to see growth, although it slowed down slightly compared to the previous year.

Total Assets of the sector grew by 37.8% from GH¢39.98bn in March 2014 to GH¢55.09bn in March 2015. This includes Gross Loans and Advances of GH¢26.87bn, also up by 38.5% from GH¢19.41bn in March 2014. Total bank Deposits grew by 30.8% from GH¢25.97bn to GH¢33.97bn.

The weighted average lending rate for the banks rose from 26.9% in April 2014 to 29% in April 2015 due to tightening monetary policy and increased credit risks with interest income accounting for 48% of bank's gross income, as compared to 43% in March 2014. Cost-to-Income worsened from 75.3% to 78.3% over the same period.

The industry's ability to absorb losses on assets, measured by the Capital Adequacy ratio (CAR), fell slightly to 16.9% from 17.7% in March 2014. The largest share of NPLs remained in the private sector at 87.7%, although the sector holds 69.8% of total credit.

Forex Market – *Cedi Depreciation Persists*

The local currency continued to drop against major trading currencies. The decline has continued despite the Central Bank's efforts to stabilize the Cedi and the IMF bailout agreement. It has been driven by speculation and the hoarding of forex. In late June, the Central Bank announced further measures, including a daily injection of US$20m to sustain the Cedi's value.

The expectation of a US rate rise has seen a reversal of capital inflows in emerging markets, including Ghana. Backed by speculation, the result has been significant depreciation of the Cedi against the dollar. The Cedi bottomed at 4.3364 to the dollar on June 30, representing 20.43% depreciation against the dollar (27.99% by June 2014).

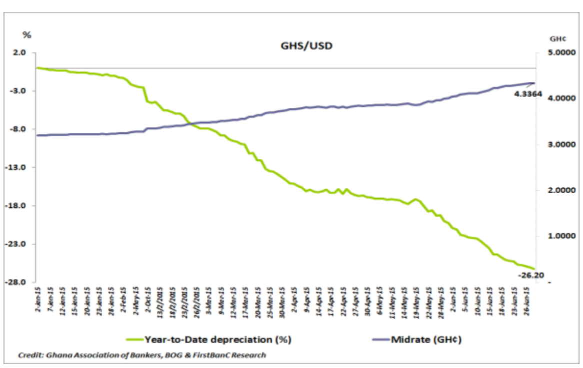

Figure 6: Half year performance – GHS/USD

Growth and economic recovery in the UK led to a stronger Pound against the Cedi, even as speculators hoarded the Pound and drove the Cedi's value downwards. The Cedi lost 27.14% and fell to 6.8335 per pound at the end of June, an improvement on the 27.99% loss in the same period of last year.

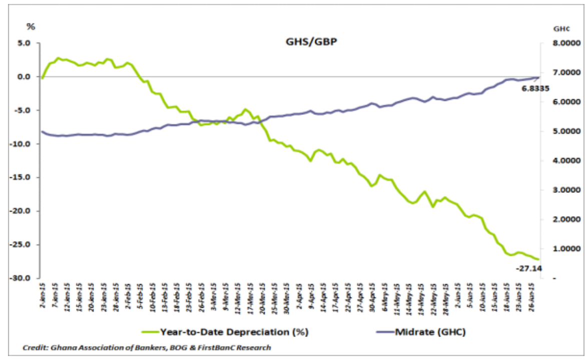

Figure 7: Half year performance – GHS/GBP

Despite the Eurozone's problems with deflation and the Greek crisis, the Cedi fell to 4.8489 per Euro, amounting to 19.65% YTD depreciation at the end of June compared to 27.05% last year.

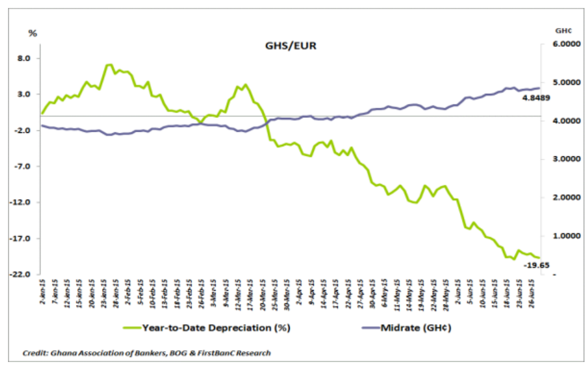

Figure 8: Half year performance – GHS/EUR

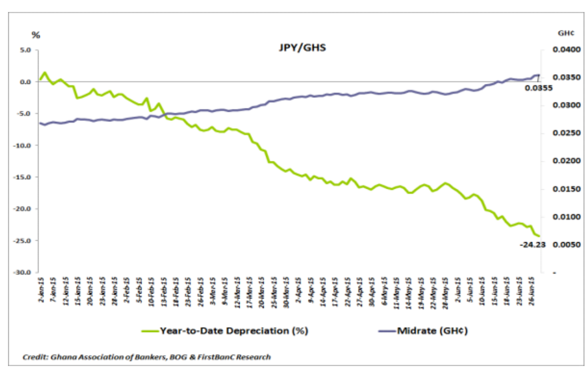

Figure 9: Half year performance – GHS/JPY

Commodities Market

Ghana's economic situation, especially the Government's fiscal position, was heavily influenced by movements in the global prices for Cocoa, Gold and Crude Oil.

Oil

Oil prices remained low but stable over the first half of 2015. OPEC producers have ramped up production in order to capture market share from US shale producers. The shale industry has suffered from low prices, with widespread shutdown of oil rigs. However, more efficient producers have remained, keeping US production at record levels. The effect of conflicts in Libya and Iraq on oil prices have been minimal this year, although the possibility of a deal over Iran's nuclear ambitions and the subsequent coming on-stream of Iranian oil has exerted downward pressure on prices. With the IMF's downgrade of global growth forecasts and China's slowdown, the demand outlook for oil remains poor. Brent Crude started the year at an average price of $58.65 per barrel and bottomed at $45.57 in late January. It mostly traded between $55 and $65 and ended the half year at $62.53, representing YTD of 6.62%. Average price for the period was $58.65, which a 46.1% drop from the 2014 average of $108.75 per barrel.

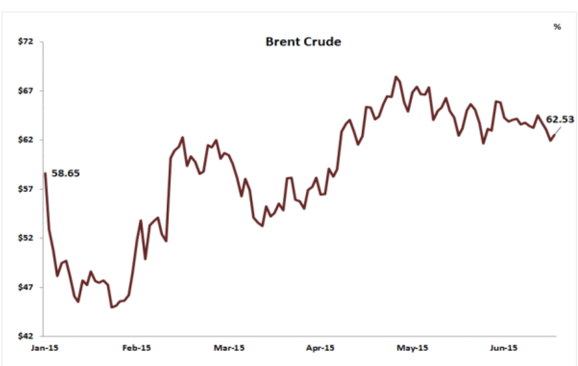

Figure 10: Brent Crude - 1H15 Daily Average Prices

Cocoa

A shortfall in Ghana's output for the 2014/2015 season led to rising cocoa prices over the first half of 2015, as production fell to a little above 612,000MT as against a forecasted volume of 950,000MT. The effect of this shortfall on global supply drove prices above the $3,000 resistance level. The soft commodity started at $2,932/MT and sustained an upward momentum, despite a slight pullback due to a slowdown in China and an expected decline in demand for chocolate, to close at $3,331.67 at the end of June.

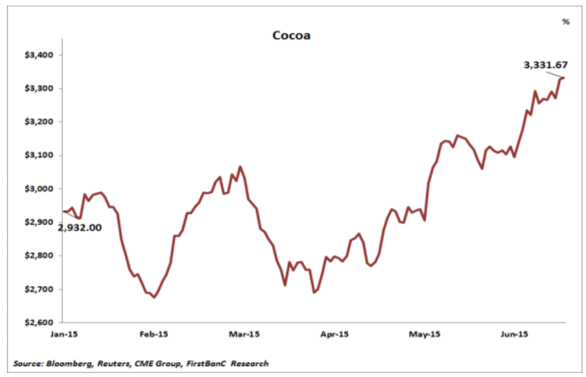

Figure 11: Cocoa - 1H15 Daily Average Prices

Gold

Bullion has faced a slow decline over the review period. Prices peaked in late January and early February when Gold was trading above $1,250 due to concerns over Europe's recovery and political uncertainty in Greece. However, the heavy metal faced a downturn after a strengthening in the dollar and the announcement by the European Central Bank of an easing in monetary policy. Expectations of rate rise in the US has also put selling pressure on the non-interest bearing, dollar-denominated commodity. Gold started at $1,189.57 per ounce, traded mostly in the $1,180 and $1,210 range before ending at $1,175.63 and -1.17% YTD.

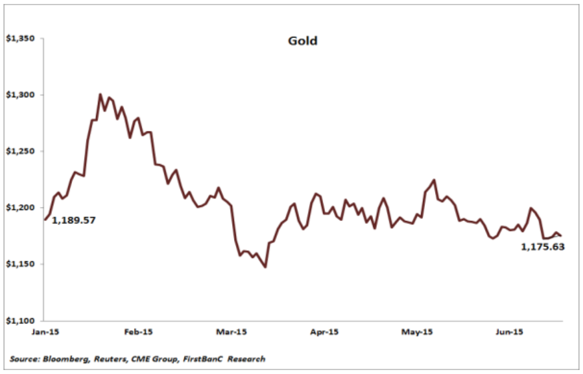

Figure 12: Gold - 1H15 Daily Average Prices

Balance Of Payments – *Worsened Trade Balance*

On the whole, Ghana's balance of payment position improved, although the Bank of Ghana's first quarter bulletin for 2015 shows a worsening of the trade balance.

Current Account

Receipts from Cocoa beans (and products) and timber products increased by 13.1% and 51.2% year-on-year to $992.6m and $46.7m respectively. The rise in cocoa earnings was driven by high prices on the global market, which had risen by about 23% over the period, despite a drop in volume of cocoa bean exports. The low global prices of gold and oil led to a 29.7% and 53.3% decline in receipts from the two commodities respectively. Gold brought in $817.8m and oil earned $445.1m over the first quarter. Earnings from other exports (including non-traditional exports) increased slightly by 4.4% as compared to the same period in 2014 and amounted to $582.4m. Total merchandise exports stood at $2.88bn for the first quarter, down by 19.5% from $3.58bn in 2014 first quarter.

Oil imports dropped by 55.5% to $438.6m due to the sharp decline in global prices, but non-oil imports rose 2.9% to $2.89bn. Total merchandise imports dropped by 12% from $3.8bn to $3.33bn. As a result, the trade balance deficit rose to $447.8m, representing an increase of 108%.

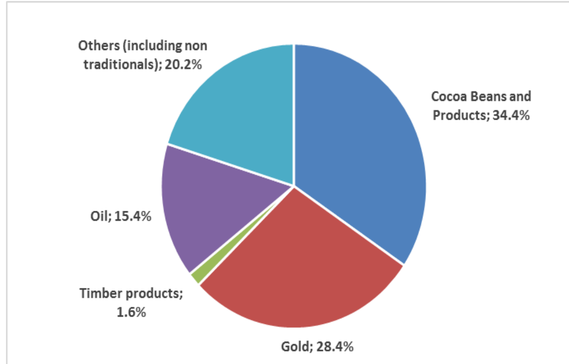

Figure 13: Total merchandise export allocations

Net Services and income stood at improved deficits of $309.7m (1Q 2014: $861m) and $413.5m (1Q 2014: $470.6m) respectively. Current transfers were up by 24.7%, ending the quarter at $620.1m.

In sum, the nation's current account position improved from a deficit of $1.05bn in 2014's first quarter to a deficit of $550.9m over the same period in 2015.

Capital Account

A decline in direct investments and net private capital inflows caused a sharp deterioration of Ghana's net financial account, which dropped by 103.7% to a deficit of $18.7m. The Capital and Financial Account ended at $54.8m, down by 89% from $499.4m in March 2014.

The overall balance of payment improved marginally by 5.1%, from a deficit of $894.9m in 2014 to $849.4m in 2015. This drawdown on the Net international reserves led to a stock position of $2.35bn, whereas Gross International Reserves dropped $427.6m to end the period at $3.92bn. This represents import cover of 2.6 months, compared with 2.5 and 3 months in March and December 2014 respectively.

Second Half Outlook

Pending an expected rise in US rates and recovery in the Eurozone, capital flows out of emerging economies will be sustained in the medium term. This will lead to depreciation in emerging market currencies, including the Ghana Cedi. The current appreciation of the Cedi is due to expected and significant flows of forex in August and September, and is unlikely to be sustained over the second half. The slowdown in China's economic growth also poses risks to economies dependent on commodity exports.

Despite low demand from Europe and the US, we expect cocoa prices to trade above $3,000 due to uncertainty over Ghana's production in the next season. However, Gold is likely to suffer in the coming months as European markets recover from the Greek crisis; a possible increase in rates, strengthening of the dollar and continued growth in the US. Oil's decline towards the end of the first half of 2015 was due to an easing of sanctions on Iran and record production from OPEC in general and Saudi Arabia in particular. As the US shale industry assumes greater efficiency and China's economy slows, the fundamentals for Crude remain poor, and Brent could well end the year below around $50 per barrel.

Under the direction of the IMF, Ghana's efforts at fiscal consolidation are on course. Despite a review of deficit targets, the resumption of funding from donors would provide some much needed fiscal space. Inflation is still high but will likely fall slightly in the second half due to the Cedi's current performance and low global prices for fuel. Interest rates will remain high due to recurring downside risks from the energy crisis and inflation.

Equity Review: Analysis and Outlook

The stock market in action

Index Performance

The Ghana Stock Exchange Composite Index (GSE-CI), which gauges the overall performance of the equity market, posted a gain of 4.03% at the end of the first half. This was much worse than the 10.64% posted in the same period of 2014.

The Financial Stock index (FSI) recorded a return of 6.73% for 1H15, as compared to 19.69% recorded 1H14.

The FirstBanC Index (FBI), an in-house index that measures the performance of selected equities on the stock market, posted a less than impressive 1.40% (1H2014: 9.40%).

The figure below shows the performance of the GSE-CI, FBI and FSI for the first half of 2015.

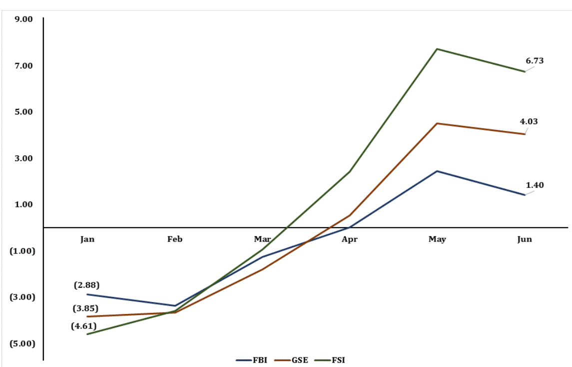

Figure 14: GSE-CI, FBI and FSI 1H2015 Performance

Market Capitalization

Due to the weak performance of the largest cap equities on the bourse, the market cap grew by only 0.41%, as against 2.73% for the same period in 2014.

The Petroleum industry commands the biggest share of the market with a total capitalization of GH¢30.89bn, making up 47.81% of the entire market. TLW continues to hold the record as the company with the highest market cap within the industry. (GH¢29.93bn, 96.9%).

The financial industry was the second largest contributor to the market cap with GH¢15.98bn (24.74%), followed by the mining industry, which added GH¢15.53bn (24.04%) to the market.

Food and Beverage industry adds up to GH¢1.33bn, Manufacturing industry contributed GH¢587.73m, Agro Processing holds GH¢174.70m, whereas Trade and Distribution, Pharmaceuticals, ICT and Publishing contributed GH¢61.32m, GH¢44.34m, GH¢3.42 and GH¢2.42m respectively to the entire market.

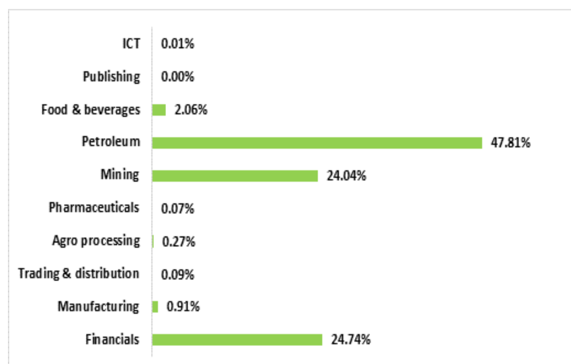

Figure 15: Market capitalization by sector – 1H2015

Volume and Value Traded

Investor interest in stocks saw the total volume of trading increase by 19.86% to 124,069,200 shares in the first half of 2015 (1H2014: 99,429,871).

On May 7th 2015, SAMBA Foods listed on the Alternative market (GAX) bringing the total listed companies to thirty nine at the close of 1H15. In all, AGA was the only equity which did not record any trade during this period.

Interest in financial stocks remained high in the first half of 2015 with volume traded amounting to 60,806,781 shares, which constitutes 49.01% of the entire volume of trading. Manufacturing stocks recorded the trading of 45,471,863 shares (36.35%) over the half year, with trading in Petroleum and Food and Beverage stocks amounting to 14,437,931 (11.64%) and 1,389,880 shares (1.12%) respectively.

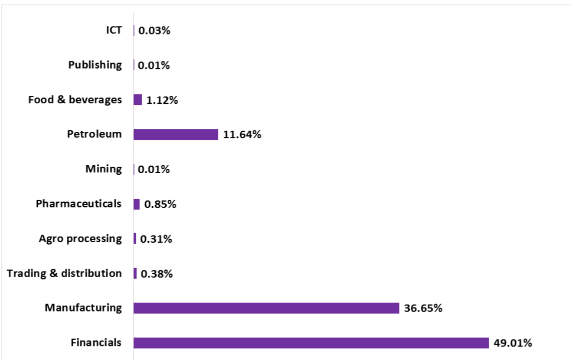

Figure 16: Volume traded by sector – 1H2015

The total value of trading fell by 30.06% to GH¢108,984,715.70 in 1H15, as compared to the same period of 2014.

Financial stocks recorded the highest value of shares traded in the first half of 2015; trading in the sector's shares amounted to GH¢78,685,528.09, making up 72.20% of the total value traded. Petroleum recorded the second highest value of trades, with GH¢20,900,674.81 (19.18%), followed by food and beverages at a total of GH¢6,244,265.62, representing 5.73% of total value of trading. Manufacting recorded GH¢2,013,242.66 (1.85%) of trading value and Agro processing traded GH¢1,018,293.93, making up 0.93%.

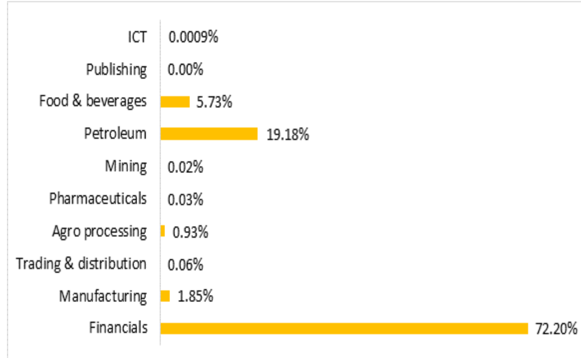

Figure 17: Value traded by sector – 1H2015

Market Movers

Eight listed equities traded flat over the first half, fifteen equities recorded gains whilst a further fifteen closed the half year at a loss.

TOP FIVE GAINERS

TICKER	YEAR OPEN (GH¢)	1H15 CLOSE (GH¢)	CAPITAL GAIN (%)
ALW	0.02	0.06	200.00
SPL	0.02	0.03	50.00
TBL	0.24	0.35	45.83
GOIL	1.05	1.45	38.10
ETI	0.28	0.37	32.14

TOP FIVE LOSERS

TICKER	YEAR OPEN (GH¢)	1H15 CLOSE (GH¢)	CAPITAL GAIN (%)
SIC	0.37	0.19	-48.65
MLC	0.28	0.19	-39.29
GWEB	0.03	0.02	-33.33
UTB	0.25	0.17	-32.00
UNIL	10.70	7.53	-29.63

The other equity gainers include; GLD (31.28%), MAC (22.22%), BOPP (21.95), PZC (20.00%), SCB Pref. (18.27%), EBG (15.92%), EGL (11.43%), FML (9.52%), CAL (8.91%) and HFC (6.67%).

The laggards for the 2015 half year were: PKL (-16.67%), GSR (-14.96%), TOTAL (-13.11%), SOGEGH (-9.00%), PBC (-8.33%), GCB (-7.74%), TLW (-5.69%), AYRTN (-5.56%), SCB (-2.01%) and GGBL (-1.56%).

Significant Corporate Actions

UTB Increases stated capital

Shareholders of UT Bank at their annual general meeting asked the board and management to raise an additional GH¢100m capital in preference shares to streamline the bank's capital base to support growth and operations. The bank (UT Bank), authorised the issue of a non-redeemable, non-cumulative preference shares to raise the additional capital.

Deputy MD of UT resigns

The Deputy Managing Director of the bank Mrs. Pearl Esua-Mensah reigned from the bank and the Board appointed Mr. Stephen Antwi-Asimeng to take up her duties and responsibilities.

The resignation of the Deputy Managing Director is likely to send negative signals to investors given that there have been other high profile resignations in the past.

Increase of Stated Capital and Bonus Share Issue

Shareholders of Societe General (SG) Ghana Limited approved a proposal by the bank to raise its stated capital from GH¢62m to GH¢100m through a bonus issue to enable the bank to maintain sufficient capital reserves to support its risk appetite. The Bank has transferred funds from its Share deal and Income Surplus Accounts and also issued 33,389,390 bonus shares in a one for ten ratio to raise the desired amount.

ETI issues bonus shares

Ecobank Transnational Incorporated (ETI) approved an ordinary share bonus of one (1) to fifteen (15) to its shareholders.

Shutdown of operations: AngloGold Ashanti AGA

The Management of AGA, in consultation with key stakeholders, took actions to substantially reduce production to tailing re-treatment only. This will enable the company engage in redevelopment and to install new technologies to increase the production of gold.

This development will affect the liquidity and the price of the AGA stocks.

Caitlyn Ltd acquires ALW shares

Caitlyn Limited acquired 43,775,950 shares of Aluworks Limited constituting 18.5% of the company's shares.

The involvement of another experienced company in the bauxite processing industry is likely to bring new technology and technical knowhow to make operations more efficient and improve the performance of the company, sending positive signals to investors and translating into share price appreciation.

Samba Foods successfully lists on the GAX

Samba Foods (SAMBA), the first company to list on the Ghana Stock Exchange Alternative Market (GAX), floated 58.16% of their shares to raise an amount of GH¢2,500,000 to fund the company's operations.

Listing of Intravenous not successful

Intravenous Infusion Limited (IIL) offered to list on the GAX but was unsuccessful due to the withdrawal of the lead manager and sponsoring broker.

Takeover of HFC Bank

HFC Bank Limited became the first listed Ghanaian entity to be taken over by another entity. Republic Bank Limited (the acquirer) in a mandatory takeover bid offered shareholders of HFC a price of GH¢1.95 per share to acquire a majority stake in HFC Bank. The process went through barriers of litigation, fine payments and the resignation of the Managing Director of HFC Bank.

Liquidity and investor interest in the stock is likely to go down.

Dannex takes over SPL

Dannex Limited, a pharmaceutical company and a minority shareholder (2.69%) of SPL, purchased all the rights in a renounceable rights issue (GH¢5,567,099.16) to become the majority shareholder (68.64%) of the company (SPL).

At the annual general meeting of SPL, Dannex was able to replace four directors with its preferred representatives on the SPL board. A special resolution was passed to merge Dannex and Starwin Product Limited and modify the name to Dannex Starwin Limited.

The float of SPL shares on the GSE will reduce considerably given the fact that Dannex now holds a huge block of shares. The prospects of the new company is also not clear because Dannex has not given any indication about the direction it intends the company to take.

Resignation and Appointment of Directors of Ecobank Ghana

Ecobank Ghana (EBG) at the 110th meeting, appointed Mr. Ernest Thompson to serve on the Board of Directors; he was ratified during the company's AGM. The Chairman of the Board of EBG, Mr. Lionel Van Lare Dosoo passed away on the 9th of May, 2015.

Resignation of a Director of GCB Bank

GCB Bank announced the resignation of a board member, Mr. John Awuah, which took effect on the 26th day of March 2015.

Appointment of New Directors and an MD to HFC Bank

HFC bank announced the election of Mr. Ebenezer Tetteh Tagoe and Mr. Paul King Aryene as independent directors of the board of the bank. Professor Alabi, who is a SNNIT representative on the bank's board, was appointed Chairman of the board.

The Bank (HFC) appointed Mr. Robert Le Hunte as the new Managing Director of the bank. Prior to his appointment, he served as an executive director for Risk Management of the bank.

Updates on State Insurance Company

The Board of State Insurance Company (SIC) at its emergency meeting interdicted the Managing Director (MD) and appointed Mr. Kwei Mensah Ashidam, who was the Deputy Managing Director-Technical to act as Managing Director of the company. Investors are likely to show little interest in the shares of the company, with the reduction in demand translating into a price drop.

Two GGBL Directors Resign

Guinness Ghana Brewery Limited (GGBL) announced the resignation of Mr. Oladele Ajayi and Professor Sir Joseph Woahen Acheampong as directors of the company.

This is likely to send undesirable signals to investors due to the current challenges the company (GGBL) is going through.

Fan Milk Limited Appoints New Non-Executive Directors

Fan Milk Limited (FML) announced changes in their Board of Directors and Executive Management. The following were the changes;

Mario Reis and Mr. Jens Jorgen Kollerup resigned as Non-Executive Directors of the company's board and Mr. J. K. Appenteng retired as Production and Distribution Manager. Mr. Jacques Christian Gourmelon and Mr. Edouard Spicher were appointed to replace the two resigning Non-Executive Directors of the company. Mr. Aamir Nadeem was also appointed as the Deputy Managing Director of the company.

A Director of Mega African Capital Resigns

Mega African Capital (MAC) had Mr. Kofi Ampim resign as a Director of the company.

GSR gets $150M financing

Golden Star Resources (GSR) announced a $150m financing deal with Royal Gold Inc. (RGI) to advance the Wassa and Prestea Underground Mines Exhibits. The financing consisted of $130m for RGLD GOLD AG (RGLD), a wholly owned subsidiary of RGI, and a further $20m term loan from RGI.

The funding will allow the company (GSR) execute their strategy in becoming a low cost, non-refractory gold producer and reducing the company's overall cost of capital. The development of the Wassa and Prestea underground mines will substantially improve the mine's life with opportunities for further recourse conversion and exploration.

TranSoL partners with Nomanini

Transaction Solutions Ghana Limited (TranSoL) signed an exclusive agreement with Nomanini, a South African point-of-sale service provider to extensively scale numbers of its cloud-based point of sale terminals in the country.

The success of this partnership will translate into higher profits and increased investor interest in TranSoL.

Tax issues related to Tullow Oil Plc

Tullow settled its Capital Gains Tax (CGT) dispute with the Government of Uganda and the Ugandan Revenue Authority (URA) which was in regards to the farmdowns to CNOOC and Total in 2012. The Group (Tullow) agreed to pay a large chunk of the CGT liability and to settle the remainder in 2016 and 2017.

Outlook for Second Half

We expect the economy to pick up in the second half of the year with some improvements control of inflation and the depreciation of the cedi. The energy situation is also likely to improve considerably in the second half of the year.

The equity market is expected to pick up slightly on the back of an improvement in the energy situation. This will have a positive impact on the manufacturing sector which showed a noticeable recovery in the first half.

The financial firms have started showing some weaknesses in their fundamentals even though the larger banks are bucking the trend. The second half of the year is also expected to be challenging for the lenders with the smaller banks expected to suffer the most.

Deregulation in the petroleum sector is expected to increase competition, although this is not likely to lead to intense price wars that will significantly reduce the profitability of the sector. Sector players with significant market share are going to be the main beneficiaries of the deregulation.

On the whole, we remain slightly pessimistic on the performance of the stock market in the second half of the year.