



UGANDA SECURITIES EXCHANGE LIMITED

2007 - Annual Report





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Governing Council Members Of USE



Mr. Michael Opagi
Acting Chairman
Director, Privatization and Utility
Sector Reform Project (PUSRP)



Governing Council Members Of USE



Mr. Simon Rutega
Chief Executive
Uganda Securities Exchange Ltd.



from left to right

Mr. Andrew Owiny
Executive Director
MBEA Brokerage Services (U) Ltd.

Mr. Rajesh Khana
Director
Baroda Capital Markets (U) Ltd.

Mr. G. A. Onegi-Obel.
Chairman
Made in Africa IB (EA)

Mr. A. R. Kalan
Managing Director
Crane Financial Services Ltd

Mr. Samwiri Njuki
Director
Equity Stock Brokers (U) Ltd

Chairman's Statement



On behalf of the Governing Council, it is my pleasure to present to you the Annual Report and Accounts for the year 2006/2007 which was a turning point for the Exchange.

This year, the successful offer of 20% of Stanbic Bank demonstrated that the Ugandan Market has matured, as is evidenced by the unprecedented growth in Stock Market activity. The Exchange registered a six fold increase in turnover while volume of shares traded increased over 24 times, as 8 times more deals were recorded from the previous year.

This growth has greatly strained the Stock Exchange and stretched the manual processes to the limit. It has demonstrated the urgent need to improve the efficiency of the Exchange by putting in place effective and modern systems. Progress so far includes the acquisition and installation of the CDS which only now awaits the enactment of the CDS bill. The Nairobi and Dar es Salaam Stock Exchanges already operate CDS and have already automated their trading floors. Uganda is lagging far behind in this initiative due to lack of an enabling legislative framework which is seen as potentially inhibiting a faster progress towards regional integration. The enactment of the CDS bill is expected to address this constraint, and would also greatly enhance market performance as it provides an efficient mechanism for clearing and settling deals in the market.

The EASEA has continued to make great strides towards harmonization leading to the integration of the East African

Stock Exchanges. We have witnessed a marked increase in cross border interest in Ugandan stocks. However, true progress towards harmonization and integration will be better achieved when companies from the three countries cross-list.

The growth of the Exchange has been backed by the strong performance of the Uganda Economy - inflation was maintained in single digits despite increased international fuel prices and other domestic inflationary pressures. The strong currency and stable interest rates helped attract foreign participation on the Stock market.

Introduction of the ETFs and RTGS by the Central Bank greatly enhanced the USE settlement process. Improvement of payment systems across the East African Countries would further enhance the settlements across the region as this is seen as a potential constraint to regional integration.

The performance of the Stock Exchange over the last five years has, without doubt, demonstrated that the capital markets will continue to play a significant role in the financial sector deepening and play its part in building the savings culture by providing a potent alternative platform for investments and source of financing for potential companies.

While the Exchange recorded increased turnover and trading volumes, the market performance has triggered a hunger and thirst for more products. This problem must be addressed in the coming years if the country is to tap maximum benefit from this burgeoning industry that will play a very significant role in the development of a credible savings culture. To this end, the USE will continue to actively work with the Privatisation Unit of the Ministry of Finance for more IPOs, the corporate sector for products and with Government, to support reforms in the pension sector and the Institute of Corporate Governance of Uganda (ICGU) to reinforce good governance in the corporate world besides the other regional initiatives as mentioned above.

Products expected in the Market this coming year include the share offers for NIC, Kinyara Sugar Works, and bonds issued by Government controlled companies, which, it is hoped, will commence the shift from government budget financing of public organisations to the bond market.

Despite the successes enumerated above, the Exchange is still faced with a number of challenges notably public

awareness (mainly due to budget constraints), limited products, products for the SME sector, outbound cross-listing of companies, manual processes to mention a few. These challenges are being addressed in the USE strategic plan for the next three years.

I would like to thank the Bank of Uganda for its active participation in the bond market and greatly improving the payment systems; the broker/dealers for actively participating in the market; the CMA for its continued support and playing a guiding role in the development of the capital markets; the Ministry of Finance for continuing to provide conducive policy support for the Exchange, and through its Privatisation Unit, for providing products through IPOs; GTZ/SIDA our development partners; the USE management team for effectively managing the heightened activity with constrained staffing and rudimentary systems, and most important of all our investors who have actively invested in the Stock Exchange – we specifically mention NSSF for being a leading player in this area.

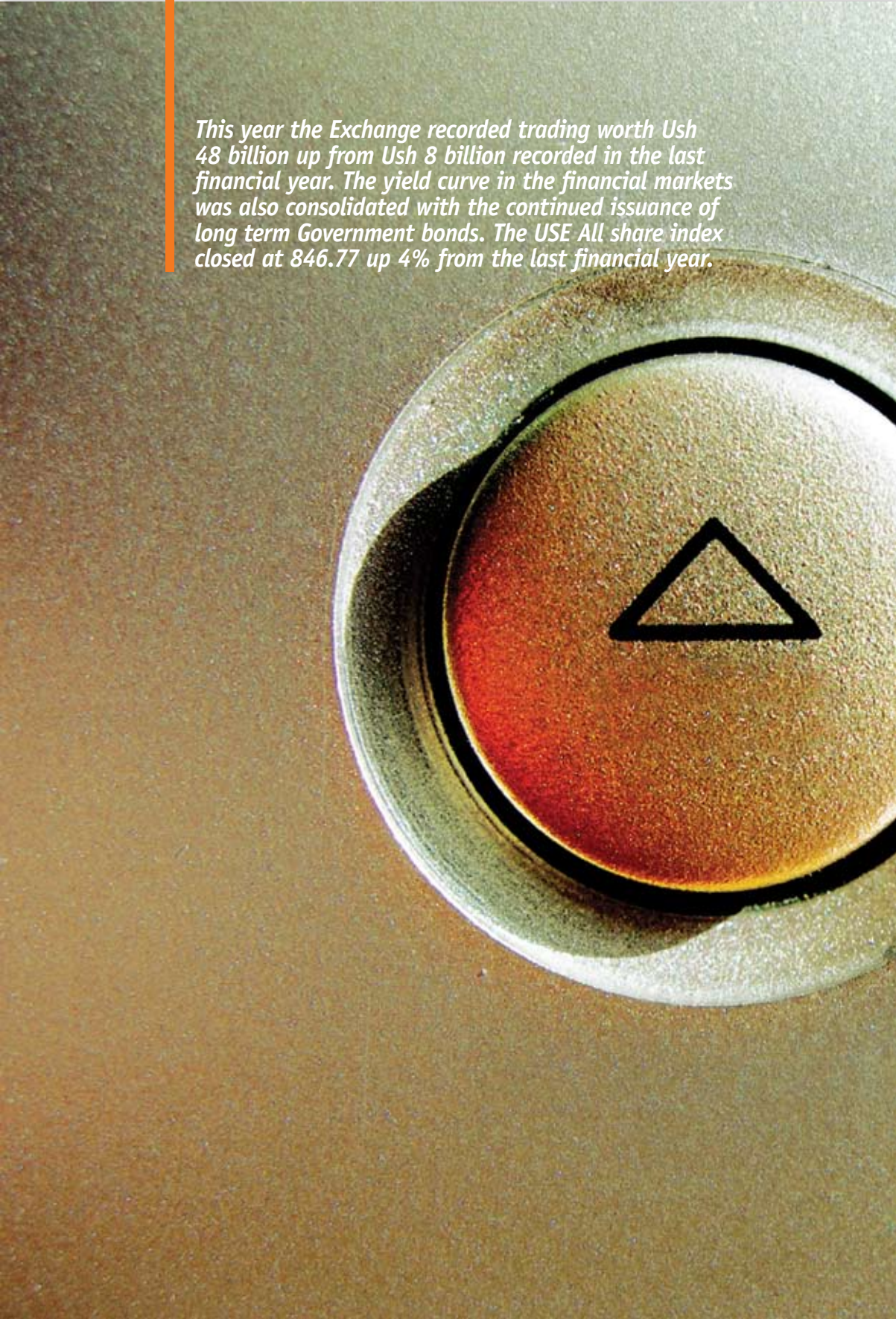
I, together with the Governing Council take this opportunity to undertake that the USE shall strive to provide a credible platform for investment and actively participate in financial sector deepening and transformation of the economy.



Mr. Michael Opagi
Ag. Chairman
Uganda Securities Exchange

"The performance of the Stock Exchange over the last five years has, without doubt, demonstrated that the capital markets will continue to play a significant role in the financial sector deepening and play its part in improving the savings culture by providing a potent alternative platform for investments and source of financing for serious companies".



A close-up photograph of a coin, likely a 100 Kenyan Shilling coin, featuring a triangle on its face. The coin is set against a textured, brownish-green background. The lighting creates a gradient across the coin's surface, from a reddish-orange at the bottom to a golden-brown at the top. The background has a fine, grainy texture.

This year the Exchange recorded trading worth Ush 48 billion up from Ush 8 billion recorded in the last financial year. The yield curve in the financial markets was also consolidated with the continued issuance of long term Government bonds. The USE All share index closed at 846.77 up 4% from the last financial year.

Chief Executive Officer's Statement



It gives me great pleasure to report on the financial year ended June 30th 2007. The period under review signifies continued progress made at the USE. Perhaps, the most important achievement during this financial year was the critical milestone of raising over Ushs 200bn through a 20% equity issue of Stanbic bank. The amount of potential capital raised during this initial public offer was a mark of confidence in the capital markets industry of Uganda. This was a very important milestone and gratifying to note and suggests that liquidity exists for a good product issued in this market. The Stanbic issue also provided for the highest participation recorded from the investing general public. This milestone achieved during the financial year under review affirms the fact that the investment community is fast coming to grips with the benefits of investing and saving with the capital markets industry.

The period covering this report has also recorded the highest secondary market trading on equity since we listed our first equity product in the financial year 2000/1. This year the Exchange recorded trading worth Ush 48 billion up from Ush 8 billion recorded in the last financial year. The yield curve in the financial markets was also consolidated with the continued issuance of long term Government bonds. The USE All share index closed at 846.77 up 4% from the last financial year. The Ugandan economy continued to perform well with a GDP growth of 6.5 percent during this financial year reflecting an economy growing robustly, with increased trade and private capital inflows. It is apparent from our business that the domestic

financial architecture must be made more effective and efficient in its capital mobilization and allocation functions. In this regard, I am hopeful that the reforms promised by Government in the pension and social security sector will be effected at the soonest time possible to stimulate continued financial deepening.

East African Integration

During the period under review, the East African Stock Exchange Association (EASEA) continued to drive the East African integration agenda. Negotiations for a merger of our trading, clearing and settlement functions can now begin to take place in earnest with the Nairobi Stock Exchange and the Dar es salaam Stock Exchange. During the period USE embarked on the implementation of its CDS program and expects to complete it by the end of the calendar year.

Appreciation

I am grateful for the continued support and guidance extended to me by the Chairman and members of the Governing Council, the Privatization Unit, Ministry of Finance and Economic Planning, Bank of Uganda, SIDA/GTZ, CMA, NSE, DSE, EASEA, all our listed entities and the thousands of investor stakeholders. I would also like to take this opportunity to thank the USE staff for their dedication, hard work and commitment throughout this financial year. I am happy to report that the USE will remain at the forefront of promoting the development of the domestic medium-long term capital mobilization agenda in Uganda.

A handwritten signature in black ink, appearing to be 'SR', with a flourish at the end.

Simon Rutega
Chief Executive, Uganda Securities Exchange

The success of the December Stanbic IPO increased public awareness and renewed interest in the Uganda's markets – both locally and abroad.



Main Investment Market Segment - MIMS

Activity Highlights –

Exponential Growth in Trading Activity

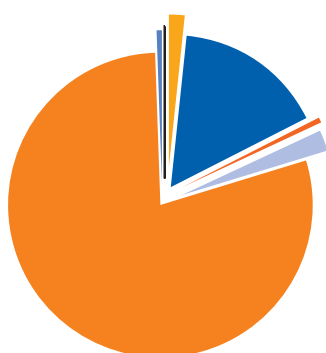
- Total turnover of Ushs 48.4 billion, a new USE record.
- Volumes rose by 673% to approx. 274 million shares.
- 8,065 deals recorded, 678% up from the previous year.

Evaluation

- The increases in activity have mostly been attributed to the January 07 listing of Stanbic Bank Uganda Ltd (SBU) on the Exchange. SBU volumes represent over 90% of the aggregate.
- An increase in the number of trading days in a week has also contributed to higher activity. USE now opens thrice a week as opposed to twice last year.
- The success of the December Stanbic IPO increased public awareness and renewed interest in Uganda's markets – both locally and abroad.

FY 2006/7 Trading Summary					
Stock	Deals	Volume (No. of Shares)	Turnover (Ushs)	%Volume	% Turnover
BATU	28	42,681	20,072,720	0.02	0.04
BOBU	132	655,966	898,992,665	0.24	1.86
DFCU	576	17,682,895	7,676,082,940	6.45	15.85
EABL	5	74,340	246,052,800	0.03	0.51
NVL	366	2,273,277	1,047,073,980	0.83	2.16
SBU	6,830	253,151,589	38,295,938,415	92.41	79.08
UCL	128	60,984	243,848,565	0.02	0.50
Total	8,065	273,941,732	48,428,062,085		

Source: USE Research Department



Source: USE Research Department

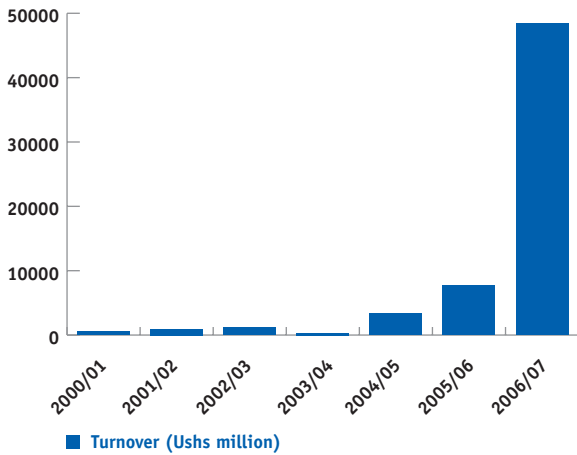
Stock Activity Comparison - Turnover		
	Volume (No. of Shares)	Turnover (Ushs)
■ BATU	42,681	20,072,720
■ BOBU	655,966	898,992,665
■ DFCU	17,682,895	7,676,082,940
■ EABL	74,340	246,052,800
■ NVL	2,273,277	1,047,073,980
■ SBU	253,151,589	38,295,938,415
■ UCL	60,984	243,848,565
	273,941,732	48,428,062,085

Annual Volumes Comparison FY 2000/1 to FY 2006/7							
	2006/7	2005/6	2004/5	2003/4	2002/3	2001/2	2000/1
Turnover (Ushs millions)	48,428.1	7,752.2	3,348.5	321.4	1,108.2	942.4	532.5
Shares Traded (thousands)	273,942	11,061	7,715	471	584	1,401	370
Deals	8,065	1,042	490	229	437	301	294
Market Capitalization (Ushs bn)	4,448.9	3,996	3,014	1342.2	376.2	268	2.3

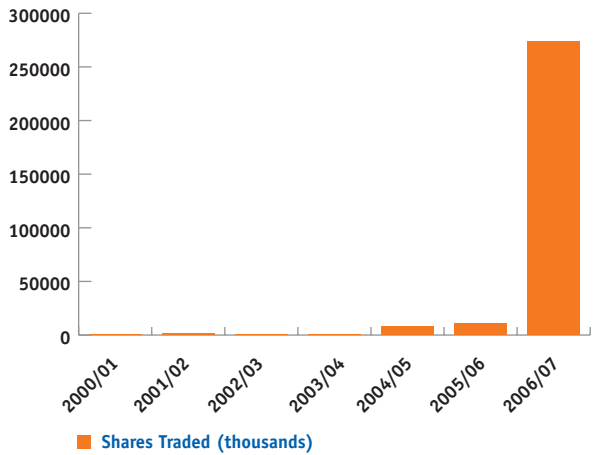
Source: USE Research Department

Market Performance

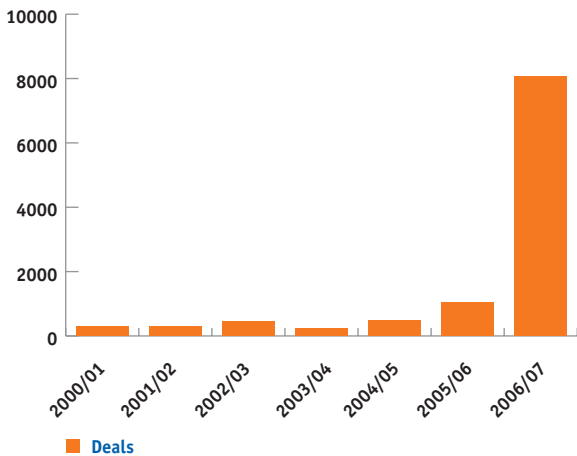
Annual Turnover Comparison 2000 - 07



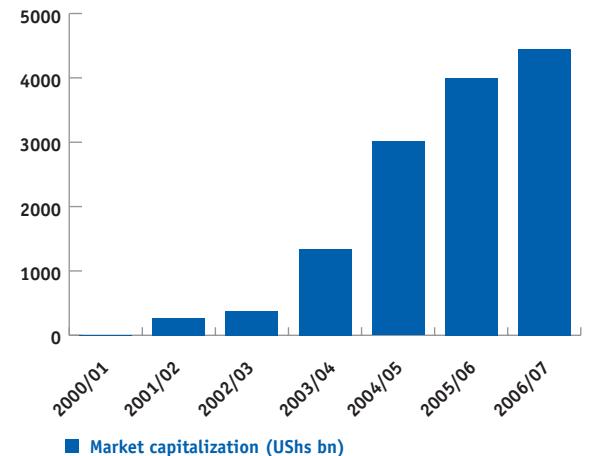
Annual Volume Comparison 2000 - 07



Annual Transaction Comparison 2000 - 07



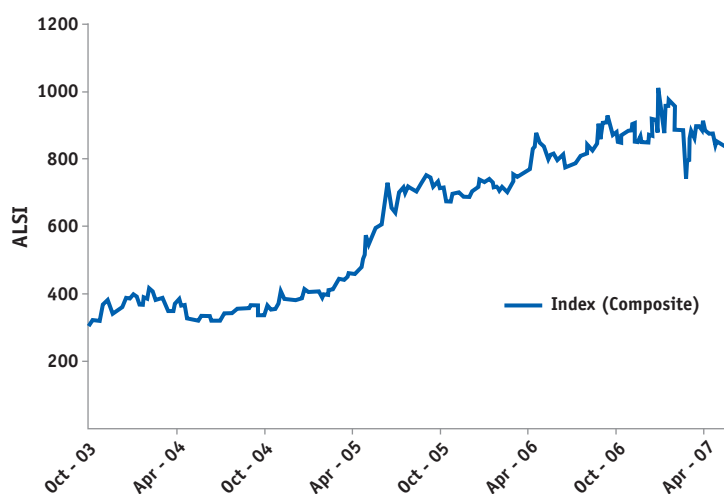
Annual Market Cap. Comparison 2000 - 07



USE All Share Index	
Base level (December 2002)	100
Inception level (October 2003)	311.37
All time high (January 2007)	1,002.47 (222% growth from inception level)
End June 2007 level	846.77

Source: USE Research Department

USE ALSI Trend Map October 2003 - June 2007



Source: USE Research Department

Fixed Income Securities Segment (FISMS)

New Listings

Listings under the Government Treasury Bond programme were as follows:

- 4 new bonds listed bringing the total number of listed bonds to 18
- Total outstanding amount on all tenors as at June 30th 2007 stood at Ushs 815 billion – up 24% from 655 billion recorded last year.

Secondary Market Activity

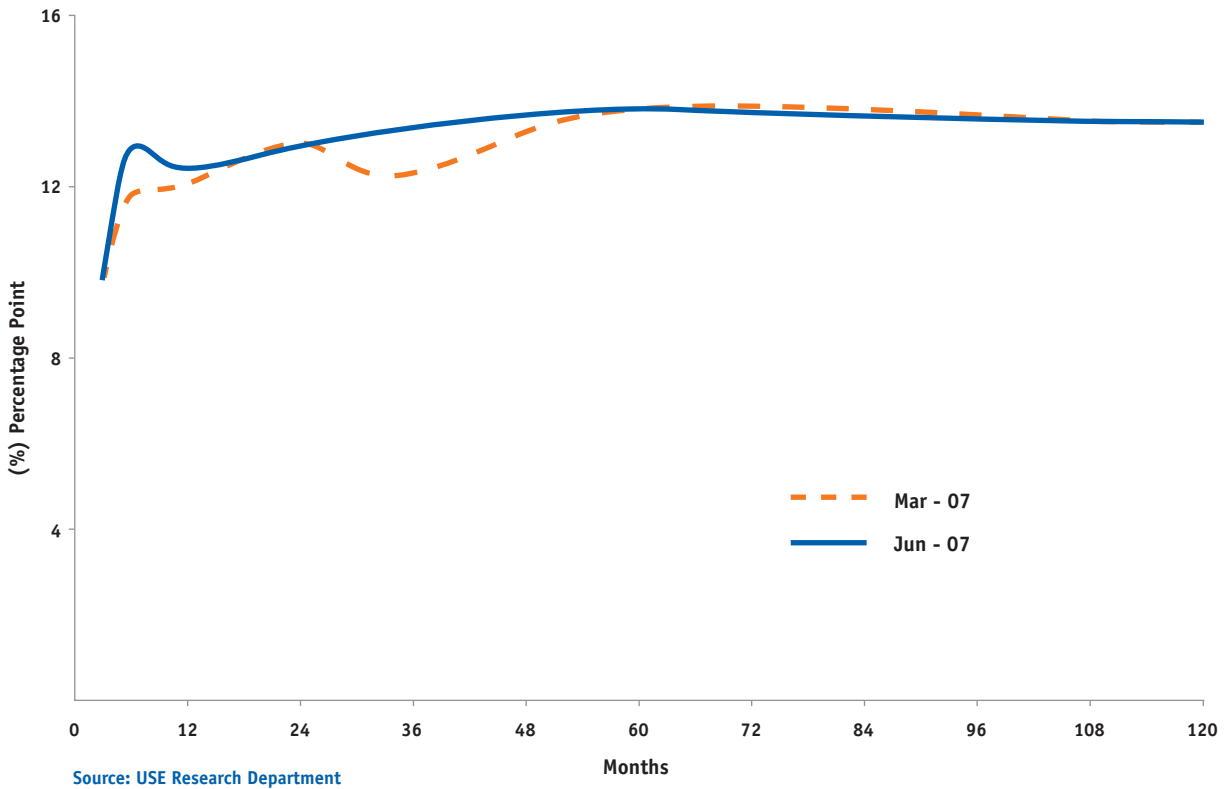
- Increase in secondary market government bond activity. 2006/7 turnover up to Ushs 233bn from Ushs 38.37bn in the previous financial year.

Issue No	Value (Ushs)	Turnover (Ushs)	Issue Date	Maturity Date	Rate	Days to Maturity
FXD 3/2004/5	40bn	9,921,000,000	24/03/2004	19/03/2009	10.75 FIXED	629
FXD 4/2004/10	15bn	-	19/05/2004	08/05/2014	11.00 FIXED	2,515
FXD 6/2004/3	90bn	2,063,000,000	07/10/2004	04/10/2007	10.25 FIXED	828
FXD 2/2005/3	25bn	-	21/4/2005	17/04/2008	10.25 FIXED	293
FXD 4/2005/3	50bn	26,451,000,000	28/07/2005	24/07/2008	10.00 FIXED	391
FXD 5/2005/3	40bn	9,400,000,000	22/09/2005	18/09/2008	10.25 FIXED	446
FXD 6/2005/2	55bn	20,000,000,000	15/12/2005	29/11/2007	10.00 FIXED	153
FXD 1/2006/2	25bn	-	11/01/2006	10/01/2008	10.00 FIXED	195
FXD 2/2006/3	25bn	19,877,700,000	08/02/2006	05/02/2009	10.25 FIXED	587
FXD 3/2006/3	50bn	1,550,000,000	10/03/2006	05/03/2009	10.25 FIXED	615
FXD 4/2006/2	30bn	-	06/04/2006	03/04/2008	10.00 FIXED	279
FXD 5/2006/5	40bn	1,302,000,000	31/05/2006	26/05/2011	10.75 FIXED	1,427
FXD 6/2006/3	50bn	350,000,000	04/07/2006	25/06/2009	10.25 FIXED	727
FXD 7/2006/3	50bn	-	28/08/2006	20/08/2009	10.25 FIXED	783
FXD 8/2006/2	20bn	550,000,000	20/09/2006	18/09/2008	10.00 FIXED	447
FXD 9/2006/2	60bn	2,000,000,000	18/10/2006	16/10/2008	10.00 FIXED	475
FXD 10/2006/3	90bn	-	20/11/2006	12/11/2009	10.25 FIXED	866
FXD 11/2006/2	60bn	500,000,000	18/12/2006	11/12/2008	10.00 FIXED	531

Compiled by: USE Trading Department

Market Performance

Government Securities Yield Curve



Market Developments

Developments At The USE

Stanbic Bank Uganda Ltd Lists on the USE

During the fiscal year, USE witnessed Stanbic Bank Uganda Ltd successfully list 20% of its shares to the public. The listing of Stanbic Bank Uganda Ltd saw an unprecedented growth in activity which raised investor participation in the market. Stanbic Bank Uganda Ltd, becomes the ninth equity listed on the bourse and the third financial institution after Bank of Baroda and DFCU Ltd. (Snap)

USE BERI FORUM Inaugurated

USE commenced its USE BERI Forum (the USE Open Market Forum on Bonds, Equities and Related Instruments) with an aim to promote conditions for equities, bonds and other related instruments. The Forum is tasked with bringing together Market Professionals and other key stakeholders with the potential of creating an optimal mix of relevant competences for the promotion of this objective. The Forum will also aid in creating a platform for the review of the performance of key economic indicators, as well as related implications and projections. The USE BERI Forum has had three meetings since its inauguration, and is held on a quarterly basis.



Mr. Jonathan Stichbury, Managing Director and Chief Executive AIG Investment Company (EA) makes a presentation at the 4th BERI Forum

Trading days increased to three

Due to increased activity during the fiscal year, the USE introduced a third day of trading from the original two days. The increase in trading days saw a remarkable improvement in trading activity. The trading days are Monday, Tuesday and Thursday.



USE and Stanbic officials at the Stanbic Listing

Companies' Facts behind the Figures' Conference

This year's Facts behind the Figures conference had DFCU Ltd, Bank of Baroda Uganda Ltd and New Vision Limited present their annual financial results to the Broker/Dealers, the Fund Managers and the press. This conference continues to present the top management of the listed entities with the opportunity of interpreting their financial results with key stakeholders before the Annual General Meetings.

Government Bond Listings

During the Financial Year, Bank of Uganda issued two 3-year government bonds on the USE. This brought the total number of listed treasury bonds to Seventeen and the total amount issued stood at Ushs 815bn up from Ushs 665bn recorded in the previous year.

Celtel Staff visit the Exchange

USE hosted officials from CELTEL Uganda, as a means of drawing companies to take interest in the Stock Exchange. The officials led by Celtel's Director for sales and Distribution, Mr. Ociti P' Ongom, had the opportunity of ringing the Bell for Broker/Dealers to commence trading.

Capital Markets Project winds up

The Capital Markets Project, which was launched by the US Government with an aim of helping Uganda develop its Capital Markets came to an end this fiscal year. According to Mr. Bill Donovan the US Treasury and Capital Markets Project frontrunner; the project, whose objectives were to increase the number of listing on the USE, and support public participation and awareness campaigns, did a tremendous contribution to the capital markets industry. The project will be remembered for coordinating the Housing Finance group, a group of financial service organisations that are examining ways of improving housing finance in Uganda.

Market Developments

Public Education

Financial Literacy Conference

The Financial Literacy week which is held annually, provided USE with an opportunity to sensitize the public on matters concerning the Stock Market operations. This fiscal year's event targeted a cross section of members of the public key among whom were Uganda Police, the Army, Uganda Women Entrepreneurs Association and the press.

Uganda International Trade Fair

USE has continued to participate in the UMA trade fairs, with the 14th International Trade Fair being one of the events that exposed USE to the public. The Trade Fairs have provided USE with the opportunity of demystifying the Stock Exchange operations.

Oracle Workshop

USE's IT department attended a 1 day workshop organised by the Oracle Corporation Group (Africa Operations). The workshop which mainly targeted IT professionals was centred on highlighting the progress of computing techniques and implementations that embrace the modern oracle database systems.

Exchange hosts University Students

Students from several Universities in and around Kampala were hosted to the USE under the USE Tertiary Institutes' Educational Programme. This is a programme used for educating and interacting with students on the Market operations and functions of the Exchange. The Students had the opportunity of interacting with the market officials and witnessing trading on a normal business day on the trading floor.

Regional Intergration

ASEA Conference held in South Africa

USE was part of the delegation that attended the African Stock Exchanges Association in Johannesburg, South Africa. The 10th Annual conference under the theme "Africa an Investment Destination" discussed among other issues, the regional capital markets' Integration and harmonization.

East African Stock Exchange Association meeting (EASEA)

The representatives of the Kenyan, Tanzanian and Ugandan stock markets held their 4th and 5th EASEA meetings in

Entebbe, Uganda and Mombassa, Kenya and key among the issues discussed were;

- i) The demutualization process and its practicality to the three stock exchanges.
- ii) Regional Integration and harmonization, mass cross listing, Central Depository Systems' completion in Uganda and a 3 year strategic plan for the 3 markets was drawn.

Capacity Building

International Programme on Demat and Depositories

The Exchange (represented by the IT and Legal Departments) was invited by the Bombay Stock Exchange to a four-day intensive programme on Demat (dematerialization) and Depositories. The programme which attracted several participants from all over the world deliberated on among other issues the advantages of having depositories and the Indian and Global experience on depositories.

ANNA Conference

USE participated in the Association of Numbering Agencies' Annual conference (ANNA). USE is the Uganda's numbering agent and to date has issued ISINs and CFI codes for all listed equities and bonds.

USE SEC Training

USE was represented at the 17th Stock Exchange Commission's Annual International Institute on Capital Markets Development. A wide range of key issues pertaining to Capital Markets development and regulations were discussed by delegates from over 80 countries/jurisdictions.

Training and Capacity Building

The year under review had USE staff participate in different training programmes on Securities among which were trainings in Cape Town, South Africa, Nairobi, Kenya and Accra Ghana.

Legal and Surveillance Report

Legal and Surveillance Report

Legislative Developments

Some progress was made with the Securities Central Depositories Bill proposed by the Capital Markets Authority (CMA). The principles of the Bill are due to be considered by Cabinet which would pave the way for the consideration of the Bill itself by Cabinet. USE hopes that the Bill will be enacted during the course of the year to enable the electronic depository take effect. During the course of the year under review, the turnover recorded on the trading floor has greatly increased thus the dire need for an electronic clearing and delivery system.

The Companies Bill under the auspices of the Uganda Law Reform Commission is still pending due to the more urgent legislative matters that Government needed to address. USE is informed that this Bill will be considered in due course.

Rules Development

Uganda Securities Exchange Rules

During the Annual General Meeting, the memorandum and articles of association of USE were amended to separate the duties of the Chief Executive and the Secretary. The Management Rules were amended to reflect this change and forwarded to the CMA for approval.

Other Rules

The Draft Insider Trading Rules were presented to the target audiences for consultation and the comments received were incorporated into a new draft. The rules were approved by the Governing Council and forwarded to the CMA for approval.

The Governing Council Procedures Manual was considered and approved by Council. All Council and Committee meetings are governed by this Manual.

The USE Staff Regulations, Terms and Conditions of Service were reviewed and considered by the Human Resources Committee. A Draft Human Resources Manual will be presented to the Governing Council for consideration during the next financial year.

Governing Council Matters

The Department has continued to perform its function as Secretary to the Governing Council and to the various Committees of Council with the exception of the Business

Development Committee. This function has occupied a considerable amount of the Department's time.

The Governing Council had its second retreat during April 2007 in which it, amongst other things, charted the way forward for the Exchange.



Mr. K. K. Shukla, Managing Director Bank of Baroda (U) Ltd, addressing the press during BOBU Facts Behind the Figures Conference

New Listings

The Department continues to serve as Secretary to the Listing Committee in addition to having the duty of reviewing applications submitted to the Committee for legal efficacy. Stanbic Bank Uganda Limited (SBU) applied to list during the year. Following a very successful initial public offering SBU was listed on the Exchange on 25th January 2007 bringing the number of local equity listed to six.

Government Bonds continued to be listed with various re-openings of the 2 and 3 year bonds.

Surveillance

The Legal and Surveillance Department in carrying out its surveillance function, seeks to ensure compliance by issuers and the members of the Uganda Securities Exchange Limited (USE) to the various Rules of the Exchange. Surveillance is undertaken through reporting requirements where member firms are required to send quarterly and annual reports to USE. Issuers are required to send interim (half yearly) and annual reports to the Exchange.

The Department has worked with the listed companies on compliance with the continuing listing obligations.

Legal and Surveillance Report



Participants at a joint USE – Uganda Law Society Lawyers Workshop on Understanding Financial Statements

Uganda Clays Limited (UCL) during the period under review concluded a share split, ten for one, in a bid to make the counter more liquid.

Surveillance visits were undertaken during June and the member firms were found to be generally compliant. On site inspection is carried out on an annual basis and can be undertaken on spot where necessary. During the period under review, on spot on site inspection was done.

The department conducted and/or participated in round table discussions with member firms and listed companies. The discussions were fruitful and have aided the rules review process.

Regional Integration

The East African Securities Exchanges Association (EASEA) has during the period under review held a number of meetings. EASEA deliberated on various matters including the proposed three year EASEA strategic plan. EASEA agreed to invite Rwanda and Burundi to attend meetings as observers since the two countries had been admitted to the East African Community. At its 7th meeting the Chief Executive of the Nairobi Stock Exchange was unanimously elected as Chair of EASEA; following the retirement of the Chief Executive of USE on the successful completion of his term as Chair.

The Department continued to serve as Secretary to EASEA during the year.

Information Technology Report

The Financial Year 2006/07 registered phenomenal growth in the performance of the Exchange with transactions and turnover recording growth percentages in the range of over 800%.

This unanticipated growth turned out to be one of the test challenges for the IT infrastructure in terms of supporting the trade department to handle the increase in activities at the floor of the Exchange.

A Timely intervention to a good problem

With transactions soaring from a daily average of 20 to 200 in the third quarter of the year, most of the old work methods at the floor were rendered inadequate hence requiring enhancement.

The second day of trading the then newly introduced Stanbic Bank shares produced over 350 deals, and the numbers continued to be posted for a couple of weeks. One of the interventions to efficiently manage the increased volume was to automate a number of the trading and clearing processes in the short run as we all await the CDS and ATS.

The immediate candidate bottleneck was the manual signing of trading slips which represent each deal concluded at the floor. 350 deals resulted in manually writing and signing 350 trade slips. Clearly, by the third session of the SBU trading, the trading department could not cope with the new postings on the SBU counter besides trades on all the other counters.

This challenge greatly awakened the need to automate many of the operations of the Exchange, to which the IT department in collaboration with the trade department responded by automating the printing of trade slips. The 2-days effort reduced the amount of time required to produce trade slips by 90%.

The CDS Project

Much of the financial year was used prepare for the full automation of the USE trading platform. The department was fully involved in negotiation for an affordable CDS license from the vendors and solicitation of funding for the same. The two processes were successfully completed and the completion phase of the CDS implementation project is back on course by June 30, 2007.

The IT infrastructure

Currently installed systems performed optimally with a few hitches on the communications infrastructure.

Systems: Database systems used in recording and reporting the activities at the floor posted high availability uptimes, with bills and reports distributed to stakeholders in time.



USE staff member being trained on CDS Operations

The Email system continued to be an effective communication tool used to distribute reports efficiently and effectively. The number of subscribed email accounts grew from 280 in July 2006 to 450 in June 2007. Similar growth trends were observed with the traffic on the USE www internet portal where unique visitors grew by 40%.

Enhancement of website is under way, and upgrade of the Internet and Voice infrastructure is in progress to enhance communication with all stakeholders and improve the research function of the USE.

Though the internal Active Directory service did breakdown at some point in third quarter, good recovery procedures enabled timely resolution of the problem minimizing downtime of IT services.

Funding for the stock market simulation game, The Bourse Game, to be used to enhance the public education function of the USE was approved in the third quarter, and developers identified and contracted. Completion is planned for FY 2007/08.

Information Technology Report

Hardware: The Computing and telecommunication equipment continued to be regularly serviced once every quarter.

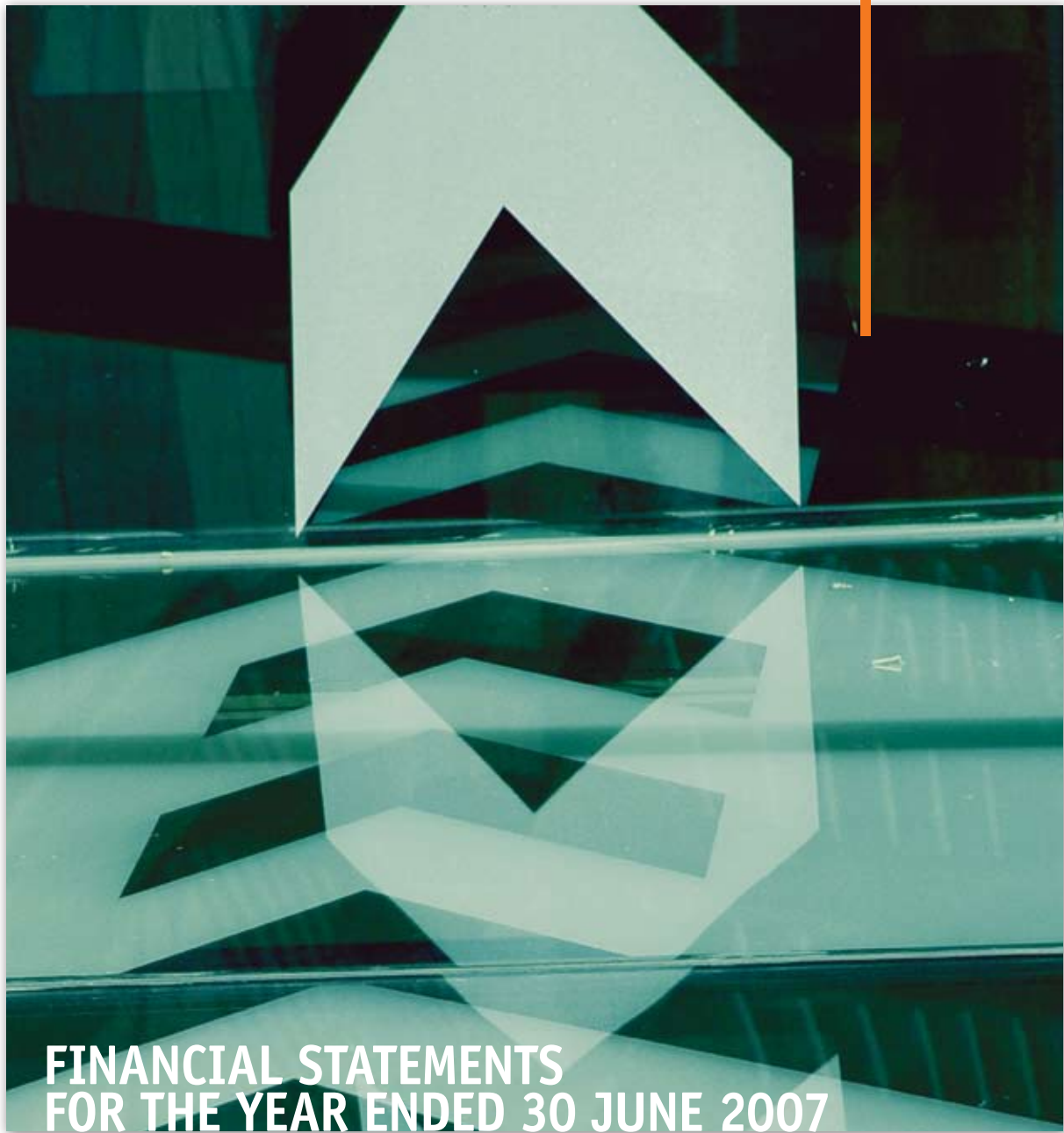
New desktop computers were acquired to replace obsolete ones thereby maintaining good productivity levels for the staff. The PC:User ratio of 0.9 was also maintained.

Staffing and Training on technologies

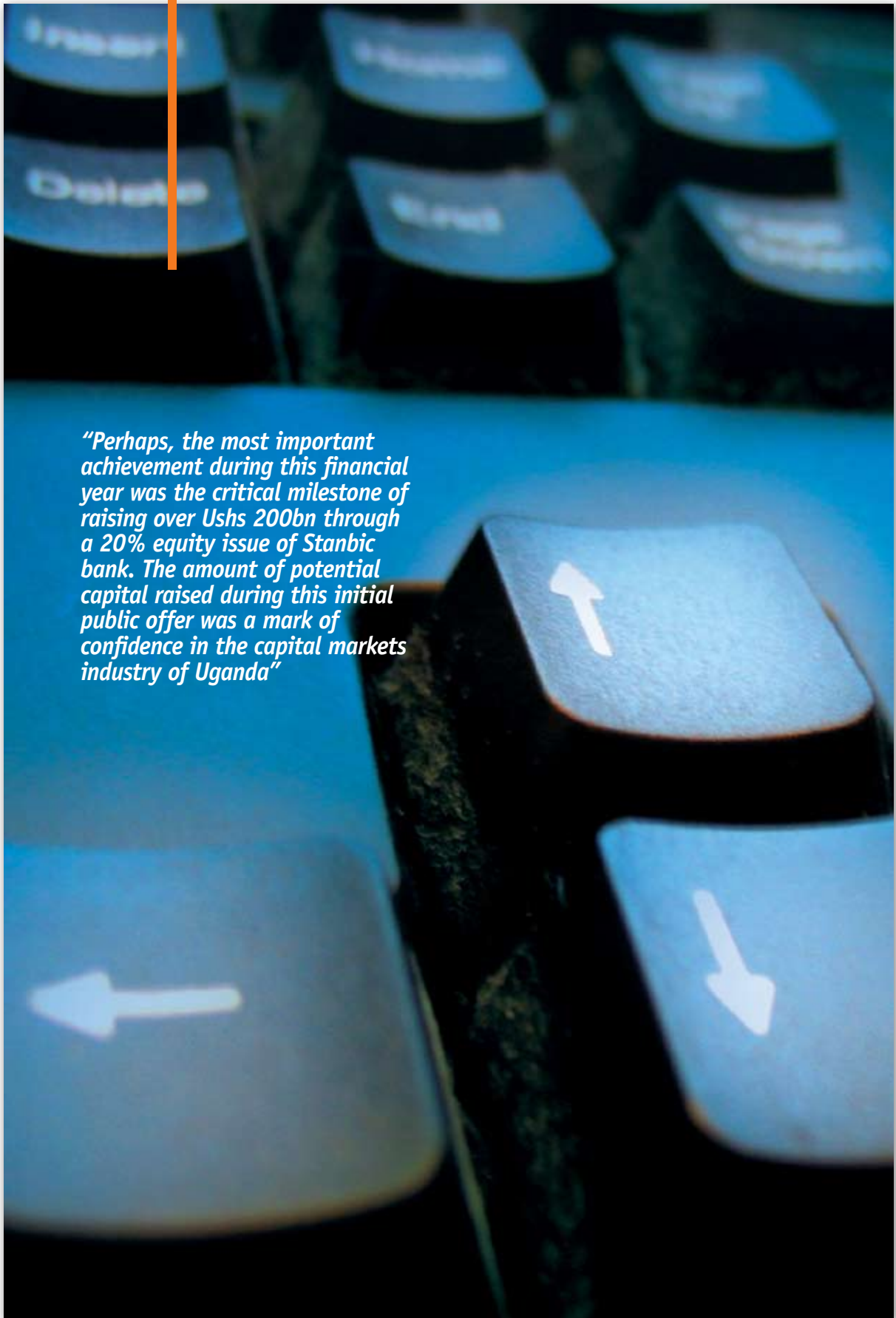
The department is currently staffed by one permanent and one intern staff. Plans to hire a full-time support officer are in advanced stages.

The IT staff did participate in a number of local and international training programs, both technical and business related.

The workshops attended include Oracle and Grid technologies, Dematerialisation and Imobilisation of Securities.



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“Perhaps, the most important achievement during this financial year was the critical milestone of raising over Ushs 200bn through a 20% equity issue of Stanbic bank. The amount of potential capital raised during this initial public offer was a mark of confidence in the capital markets industry of Uganda”

Principal Place of Business and Registered Office

The Company is incorporated in Uganda under the Companies Act and is domiciled in Uganda. The address of its registered office is:

Uganda Securities Exchange

Workers House
Plot 1 Pilkington Road, 2nd floor, Northern Wing
Kampala, Uganda

Bankers

Stanbic Bank Uganda Limited

City Branch
P.O. Box 7130
Kampala, Uganda

Citibank Uganda Limited

Corporate Banking Division
Plot 4 Ternan Avenue
P.O. Box 7505
Kampala, Uganda

Company Secretary

Judy Obitre Gama

P.O. Box 23552
Kampala, Uganda

Auditors

Ernst & Young

Ernst & Young House
18 Clement Hill Road
Shimoni Office Village
P.O. Box 7215
Kampala, Uganda

Report of the Directors

The directors of the company present their report together with the audited financial statements for the year ended 30 June 2007, which disclose the state of affairs of the company.

1. Principal Activities

The principal activity is to provide, maintain and regulate suitable premises and facilities for conducting all the business of securities exchange.

2. Results

The results for the year are set out on page 25.

3. Reserves

The reserves of the company are set out on page 27.

4. Directors

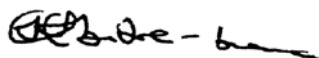
The directors who held office during the financial year and to date of this report were;

- Baroda Capital Markets (U) Ltd
- Crane Financial Services Limited
- Equity Stock Brokers (Uganda) Limited
- Geoffrey A. Onegi-Obel & Co. Limited
- MBEA Brokerage Services (Uganda) Ltd
- Mr. Micheal Opagi
- Mr. Simon Rutega-CEO- Uganda Securities Exchange Limited

5. Auditors

Messrs Ernst & Young have expressed their willingness to continue in office in accordance with Section 159(2) of the Companies Act, CAP 110

By Order of the Board



Secretary

23rd August 2007

Statement of Directors' Responsibilities

The Uganda Companies Act requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the results of operations of the company for that period. It also requires the directors to ensure the company keeps proper accounting records, which disclose with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are ultimately responsible for the Internal Controls. The directors delegate responsibility for the Internal Controls to Management. Standards and Systems of Internal Controls are designed and implemented by Management to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately Safe guard, verify and maintain accountability of the company's assets. Appropriate accounting policies supported by reasonable and prudent judgements and estimates, are applied on a consistent and using the going concern basis. These systems and controls include proper delegation of responsibilities within a clearly defined

framework, effective accounting procedures and adequate segregation of duties.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept the responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

The financial statements were approved by the board and signed on its behalf by:



Director
Date: 23rd August 2007



Director
Date: 23rd August 2007

Report of The Independent Auditors



To the members of

UGANDA SECURITIES EXCHANGE LIMITED

We have audited the accompanying financial statements of Uganda Securities Exchange Limited, set out on pages 5 to 19 which comprise the balance sheet as at 30 June 2007, and the income statement, the statement of changes in equity and a cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility For The Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act.

Report on Other Legal And Regulatory Requirements

As required by the Companies Act (Cap 110), we report to you based on our audit that;

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- iii) the company's balance sheet and Income Statement are in agreement with the books of account .

KAMPALA

23rd August 2007

Ernst & Young: Ruth Towers B6, 15A Clement Hill Rd
P O Box 7215, Kampala, Uganda; Tel: +256 41 24-4937; Fax: +256 41 24-4937

Income Statement

Income Statement for the year ended 30 June 2007			
	Note	2007 (Ushs)	2006 (Ushs)
REVENUE			
Fees and Commissions	3	3,076,451,700	473,228,753
Other income	4	29,945,182	25,169,002
Revenue Grant	5	247,500,000	247,500,000
Capital Grants transferred	6	47,849,314	55,508,907
		3,401,746,196	801,406,662
EXPENSES			
Administrative expenses	7	356,198,221	362,964,408
Staff costs	8	520,976,010	498,359,399
Other operating expenses	9	190,653,830	207,828,171
		1,067,828,061	1,069,151,978
PROFIT FROM OPERATIONS BEFORE TAXATION	10	2,333,918,135	(267,745,316)
Income tax expense	11	-	-
NET PROFIT/ (LOSS)		2,333,918,135	(267,745,316)

Balance Sheet

Balance Sheet as at 30th June 2007			
	Notes	2007 (Ushs)	2006 (Ushs)
NON CURRENT ASSETS			
Property and equipment	12	51,358,616	96,146,677
Investments	13	65,175,674	65,175,674
Intangible assets	14	7,131,597	24,661,575
		123,665,887	185,983,926
CURRENT ASSETS			
Trade and other receivables	15	171,716,511	56,530,306
Short term investments	16	1,472,337,498	-
Cash and bank balances	17	903,547,623	174,566,450
		2,547,601,632	231,096,756
TOTAL ASSETS		2,671,267,519	417,080,682
EQUITY AND LIABILITIES			
EQUITY			
Retained earnings		2,642,283,909	308,365,774
Capital grants (deferred income)	6	13,005,714	60,855,028
Total Equity		2,655,289,623	369,220,802
CURRENT LIABILITIES			
Trade and other payables	18	15,977,896	47,859,880
TOTAL EQUITY AND LIABILITIES		2,671,267,519	417,080,682

The financial statements were approved by the Board of Directors on 23rd August 2007 and were signed on its behalf by:


 Director
 Date: 23rd August 2007


 Director
 Date: 23rd August 2007

Changes in Equity

Statement of Changes In Equity For The Year Ended 30 June 2007			
	Capital Grants (Ushs)	Retained Earnings (Ushs)	Total (Ushs)
At 1 July 2005	116,363,935	576,111,090	692,475,025
Net loss for the year	-	(267,745,316)	(267,745,316)
Amortisation of grants	(55,508,907)	-	(55,508,907)
At 30 June 2006	60,855,028	308,365,774	369,220,802
At 1 July 2006	60,855,028	308,365,774	369,220,802
Net profit for the year	-	2,333,918,135	2,333,918,135
Amortisation of grants	(47,849,314)	-	(47,849,314)
At 30 June 2007	13,053,618	2,642,282,909	2,655,337,527

Cash Flow Statement

Cash Flow Statement For The Year Ended 30 June 2007			
Note	Notes	2007 (Ushs)	2006 (Ushs)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		2,333,918,135	(267,745,316)
ADJUSTMENTS FOR:			
Depreciation		60,952,151	60,051,402
Loss on disposal of asset		-	(2,000,000)
Refundable listing fees		(3,084,032)	-
Investment income		(2,988,224)	(3,558,498)
Amortisation of intangible assets		18,649,278	18,462,728
Amortisation of capital grants		(47,849,314)	(55,508,907)
Operating Profit before working Capital changes		2,359,597,994	(250,298,591)
(Increase)/decrease in trade and other receivables		(115,186,205)	137,122,391
(Decrease)/increase in trade and other payables		(31,881,984)	36,021,369
Net cash generated from/(used in) operating activities		2,212,529,805	(77,154,831)
INVESTING ACTIVITIES			
Purchase of property and equipment		(16,164,090)	(4,056,613)
Investment income		3,036,128	3,558,498
Sale of office partitions		-	2,000,000
Purchase of intangible assets		(1,119,300)	-
Long term investment in Central Depository System		-	(25,751,124)
Investment in Treasury Bills		(1,469,301,370)	-
Redemption of Investment in Treasury Bonds		-	30,123,552
Net cash (used in)/generated from investing activities		(1,483,548,632)	5,874,313
Net increase/(decrease) in cash and cash equivalents		728,981,173	(71,280,518)
Cash and Cash equivalents at 1 July		174,566,450	245,846,968
Cash and cash equivalents at 30 June	17	903,547,623	174,566,450

Notes To The Financial Statements

Notes To The Financial Statements For The Year Ended 30 June 2007

1. Corporate Information

The financial statements of Uganda Securities Exchange Limited for the year ended 30 June 2007 were authorised for issue in accordance with the resolution of the directors. Uganda Securities Exchange Limited is a company limited by guarantee and incorporated in Uganda.

2.1 Basis of Accounting

The financial statements have been prepared on a historical cost basis and are presented in Uganda shillings.

Statement of Compliance: The financial statements Uganda Securities Exchange Limited have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those applied in the previous years.

2.3 Summary of Significant Accounting Policies

Revenue Recognition: Gross revenue represents the amounts earned from the company activities during the year. Income is recognized on an accrual basis. Revenue is recognised to the extent that the economic benefits will flow to the company and the revenue can be reliably measured.

Foreign Currency Translation: The functional currency of Uganda Securities Exchange Limited is the Uganda Shilling (Ushs). Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Property and Equipment: Items of property and equipment are recorded at purchase cost less accumulated depreciation and impairment losses. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the greater of net selling price and value in use.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on de-recognition of the asset is recognized in the income statement in the year the asset is de-recognized.

Depreciation is charged on a straight-line basis at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Office partitions	33 1/3%
Computers	33 1/3%
Office equipment	12 1/2%
Furniture, fixtures and fittings	12 1/2%
Motor vehicles	25%

Depreciation rates are an estimate of management based on the useful lives and residual values of such items of property and equipment.

Intangible Assets: Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of the intangible assets are assessed to be finite and where amortisation is charged on the assets with finite lives, this expense is taken to the income statement.

Intangible assets are tested for impairment annually. Useful lives are also examined on an annual basis and adjustments, where applicable are made on a prospective basis.

Recoverable Amount of Non- Current Assets: At each reporting date, management assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, management makes a formal estimate of the recoverable amount. When the carrying amount of the asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent

Notes To The Financial Statements

of those from other assets or groups of assets

Trade and Other Receivables: Trade and other receivables, which generally have 30-90 day terms, are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and Cash Equivalents: For purposes of the cash flow statement, cash and cash equivalents comprises of cash on hand, and balances held with the banks.

Trade and Other Payables: Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

Grants: Grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to expenses or losses already incurred, or for the purpose of giving immediate financial support to the entity with no future related costs, the grant is recognized as income when it becomes receivable. Where the grant relates to an asset, the fair value is deferred and is released to the income statement over the useful life of the relevant asset by equal installments to the extent that it is probable that the economic benefits will flow to the company.

Financial Assets: The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Held to maturity: Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Were the Company to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted

and reclassified as available for sale.

Available for Sale: Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Held to maturity and available for sale financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured, are measured at cost less, impairment, if any.

Retirement Benefits: The Company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently 10% of the employees' gross salary. The company's contributions are charged to the income statement in the period to which they relate.

Notes To The Financial Statements

3. FEES AND COMMISSIONS

	2007 (Ushs)	2006 (Ushs)
Listing fees	2,932,851,925	428,005,361
Membership fees	8,000,000	8,000,000
Brokerage commission	135,599,775	21,723,392
Application and entrance fees	-	15,500,000
	3,076,451,700	473,228,753

4. OTHER INCOME

	2007 (Ushs)	2006 (Ushs)
Miscellaneous income	32,360,715	18,139,886
Interest income	3,665,044	3,395,304
Income from investments	2,988,224	3,558,498
Exchange (loss)/gain	(9,068,801)	75,314
Total other income	29,945,182	25,169,002

5. REVENUE GRANT

	2007 (Ushs)	2006 (Ushs)
Revenue Grant	247,500,000	247,500,000

This is a grant received on an annual basis from Bank of Uganda to assist the company in carrying out its operations.

6. CAPITAL GRANT

	2007 (Ushs)	2006 (Ushs)
Cost	60,855,028	116,363,935
Amortisation	(47,849,314)	(55,508,907)
At the year end	13,005,714	60,855,028

This relates to a capital grant from the German Technical Cooperation (GTZ) that was given in form of computers and the Central Depository System operating software. The computers and Central Depository System Operating software were given a useful life of 3 years each, hence, the depreciation rate applied is 33 1/3% on a straight line basis.

7. ADMINISTRATIVE EXPENSES

	2007 (Ushs)	2006 (Ushs)
Depreciation and amortisation	-	-
Depreciation	60,952,151	60,051,402
Amortisation of software	18,649,278	18,462,728
	79,601,429	78,514,130

Notes To The Financial Statements

7. OTHER ADMINISTRATIVE EXPENSES		
	2007 (Ushs)	2006 (Ushs)
Board allowances	8,400,000	8,100,000
Advertising	7,738,450	7,347,478
Audit fees	5,100,000	6,100,000
Printing and stationery	10,218,556	8,032,484
Membership and subscription	14,751,588	10,980,000
Telephone, fax ,postage, email, etc	32,479,928	30,652,938
Maintenance of equipment	3,729,080	2,607,837
Vehicle expenses	25,958,584	30,727,587
Venture capital expenses	-	17,190,000
Office rent	127,190,430	125,095,222
Insurance	3,745,578	4,276,849
Electricity	3,502,667	3,003,304
Office general expenses	21,363,110	15,739,708
Consultancy	-	2,325,000
Corporate social responsibility	5,800,000	1,100,000
Institutional training	60,000	4,810,900
Withholding tax	479,630	1,615,472
Bad debts written off	2,500,000	-
Purchase of a set of law books	1,500,000	2,000,000
Finance Costs	2,079,191	2,745,499
	276,596,792	284,450,278
	356,198,221	362,96,408

8. STAFF COSTS		
	2007 (Ushs)	2006 (Ushs)
Salaries and wages	383,713,366	374,363,667
Staff welfare	102,894,644	90,537,732
NSSF employers contribution	34,368,000	33,458,000
	520,976,010	498,359,399

9. OTHER OPERATING EXPENSES		
	2007 (Ushs)	2006 (Ushs)
Board retreat	15,726,200	7,013,497
Central Depository System installation expenses	-	2,639,351
Central Depository System operation expenses	8,453,600	10,260,672
Business Development	38,730,774	-
Publication, newspaper and magazines	19,509,324	11,924,885
Public education, training and travel	108,233,932	175,989,766
	190,653,830	207,828,171

Notes To The Financial Statements

10. PROFIT FROM OPERATIONS BEFORE TAXATION

	2007 (Ushs)	2006 (Ushs)
Profit before taxation is stated after charging:		
Depreciation	60,952,151	60,051,402
Amortisation of software	18,649,278	18,462,728
Auditors remuneration	5,100,000	6,100,000
Employees retirement benefit scheme		
NSSF (Employer's contribution)	34,368,000	33,458,000
Directors emoluments		
As executives	90,000,000	90,000,000
As non executives	8,400,000	8,100,000
Foreign exchange (loss)/ gain	(9,068,801)	75,314

11. INCOME TAX

The company is tax exempt, in view of the nature of its operations. A formal exemption was obtained from the relevant authorities.

12. PROFIT FROM OPERATIONS BEFORE TAXATION

	Office Partitions	Computer Equipment & Accessories	Motor Vehicles	Furniture Equipment	Total
	Ushs	Ushs	Ushs	Ushs	Ushs
Cost					
At 1 July 2005	15,819,000	147,943,938	58,011,327	109,357,900	331,132,165
Additions	-	2,301,113	-	1,755,500	4,056,613
Disposals	(14,000,000)	-	-	-	(14,000,000)
At 30 June 2006	1,819,000	150,245,051	58,011,327	111,113,400	321,188,778
Additions	-	14,742,864	-	1,421,226	16,164,090
Disposals	-	-	-	-	-
At 30 June 2007	1,819,000	164,987,915	58,011,327	112,534,626	337,352,868
Depreciation					
At 1 July 2005	14,454,750	72,753,466	43,992,538	47,789,945	178,990,699
On disposal	(14,000,000)	-	-	-	(14,000,000)
Charge for the period	606,333	38,260,339	7,852,123	13,332,607	60,051,402
At 30 June 2006	1,061,083	111,013,805	51,844,661	61,122,552	225,042,101
Depreciation charge for the year	606,333	40,771,181	6,166,666	13,407,971	60,952,151
Depreciation eliminated on disposal	-	-	-	-	-
At 30 June 2007	1,667,416	151,784,986	58,011,327	74,530,523	285,994,252
Net book Value at 30 June 2007	151,584	13,202,929	-	38,004,103	51,358,616
Net book Value at 30 June 2006	757,917	39,231,246	6,166,666	49,990,848	96,146,677

Notes To The Financial Statements

13. INVESTMENT		
	2007 (Ushs)	2006 (Ushs)
Central Depository System	65,175,674	65,175,674
The Central Depository System (CDS) investment relates to an investment in the East African Central Depository System of up to 2.5% shareholding and is classified as available for sale. This investment does not have a quoted market price in an active market and therefore its fair value cannot be measured reliably. It has therefore been carried at cost less any impairment if any.		

14. INTANGIBLE ASSETS (SOFTWARE)		
	2007 (Ushs)	2006 (Ushs)
COST		
Cost as at 1 July 2006	55,388,183	55,388,183
Additions	1,119,300	-
Disposals	-	-
At 30 June 2007	56,507,483	55,388,183

AMORTISATION		
At 1 July 2006	(30,726,608)	(12,263,880)
Disposals	-	-
Charge for the Year	(18,649,278)	(18,462,728)
At 30 June 2007	(49,375,886)	(30,726,608)

	2007 (Ushs)	2006 (Ushs)
NET BOOK VALUE	7,131,597	24,661,575
For the period ending 30 June 2007, intangible assets are capitalized at cost. The intangible assets have been assessed as having a finite life as at 1 July 2006 and are amortised under the straight line method over a period of 3 years. This asset is tested for impairment where an indicator on impairment arises.		

15. TRADE AND OTHER RECEIVABLES		
	2007 (Ushs)	2006 (Ushs)
Trade receivables	100,000,000	30,000,000
Listing fees-Government Treasury Bonds(MOFPED)	12,362,500	1,100,000
Accrued Brokerage commission	52,545,891	14,789,803
Other receivables	6,208,120	10,290,503
Refundable deposits(Aqua cooler,UTL)	600,000	350,000
	171,716,511	56,530,306

16. SHORT TERM INVESTMENTS		
	2007 (Ushs)	2006 (Ushs)
Treasury bills	1,469,301,370	-
Accrued interest	3,036,128	-
	1,472,337,498	-
The Company invested in Government Treasury Bills of 1,469,301,370= for 91 days. This will yield shs.30,698,630=interest on maturity and is carried at amortised cost (including accrued interest of shs. 3,036,128=up to 30 June 2007. The treasury bills are held to maturity.		

Notes To The Financial Statements

17. CASH AND CASH EQUIVALENTS

For purposes of the cash flow statements, cash and cash equivalents comprise cash on hand and deposits held on call with the banks.	2007 (Ushs)	2006 (Ushs)
Cash at bank	903,402,023	174,511,750
Cash on hand	145,600	54,700
	903,547,623	174,566,450

18. TRADE AND OTHER PAYABLES

	2007 (Ushs)	2006 (Ushs)
Refundable listing fees	-	3,084,032
Prepayments	1,080,000	1,080,302
Accruals	14,897,896	43,695,546
	15,977,896	47,859,880

19. EMPLOYEES

The number of employees for the year ended 30 June 2007 was 12 persons (2006: 13 Persons).

20. COMMITMENTS AND CONTINGENCIES

There were no commitments and contingencies to report as at 30 June 2007 that required disclosure

21. EVENTS AFTER BALANCE SHEET

The directors are not aware of any post balance sheet items that require amendment or adjustment to the financial statements as at the date of this report

22. COMPARATIVE AMOUNTS

Where necessary, comparative figures have been adjusted to conform with any change in presentation in the current period.

23. INCORPORATION

The company is incorporated in Uganda under the Companies Act.

Members Firms

The USE membership consists of broker/dealers and Investment advisory firms. While Broker/dealers are licensed to carry out trade transactions on the Exchange floor, Investment Advisors licensed to only offer Investment advisory services to their clients.

The following are licensed to act as both broker/dealers and Investment Advisors:

1. Baroda Capital Markets (U) Ltd.

P.O.Box 7197, Kampala
Tel: +256-414-233680/3
Fax: +256-414-258263
Email: bob10@calva.com
Contact Person: Mr. Rajesh Khanna

2. Crane Financial Services (U) Ltd.

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Fax: +256-414-342045
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5. Dyer & Blair (Uganda) Ltd

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6. African Alliance (Uganda) Ltd

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7. Renaissance Capital Ltd

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The following holds a license to act as an Investment Advisor only:

8. Made in Africa [IB] EA Ltd.

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