

Uganda Securities Exchange

USE QUARTERLY BULLETIN

VOL. 7 ISSUE NO. 4

OCTOBER - DECEMBER 2006

Commentary

SHARE ISSUES IN EAST AFRICA

Initial public offer of shares (IPO's) on the three East African Stock Exchanges are showing positive trends of massive oversubscription. Oversubscription is averaging about three times the intended initial required offers. The Kengen issue in Kenya mobilised close to 330 million USD out of the required 115 million USD. The Stanbic Bank issue in Uganda is looking at an oversubscription of three times for 20 percent shares as we go to press out of a required initial public offer of 40 million USD. This reaction to IPO's by investors is good news for the East African capital markets. It reveals the paradigm shift that as nations, we can indeed reach a point where we are able to sufficiently mobilize our own domestic resources for productive enterprise. This massive interest also shows that if a good financial product is offered to the public in an efficient and well regulated market with prudent oversight and honest accounting the risk appetite for these financial products exists. This positive reaction from the market should spur other firms to consider listing on the stock exchange. It is indeed feasible for companies operating in East Africa to tap cheap money for expansion through equity issues. Observations indicate that this liquidity to a large extent seems to be originating from funded pension, insurance and retirement schemes. Foreign investors and local individual domestic investors are also increasing their interest in great numbers. In Kenya, pension reform has played a major role in increasing liquidity to the Kenyan

capital markets. The important point to note is the importance of deeper financial systems, better run companies and more disciplined macro economic policies. Financial deepening encourages more liquid stock markets, lowers the cost of equity and encourages more sophisticated banking systems and foreign investment. However, on the downside this oversubscription in our markets also means that two thirds of the money raised is sent back to prospective investors. This fact should generate a discussion on how our nations should take advantage of this excess liquidity in the markets recognizing the major constraints we face with infrastructure deficits in housing, energy and other key areas which increase the cost of doing business and reduce our competitiveness. The question posed is how can we introduce innovative financial products in our markets that can take advantage of this excess liquidity and be utilised to improve our infrastructure requirements?

MOU WITH NSE

In November 2006, the Uganda Securities Exchange signed an MOU with the Nairobi Stock Exchange to promote mass cross listing on the main investment market segment (MIMS). Subject to regulatory approval by the Capital Markets Authority, the intention is to expedite the process of cross listing, reduce all initial listing fees and share annual listing fees with the primary market. This should encourage the cross listing of all

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Activity Report

Equities

Annual Review

2006 registered a record high in Equity trading activity with aggregate turnover growing to Ushs. **10,220,183,925**; almost double the previous record of Ushs. **5,622,689,205** in 2005. This leaves USE at an average daily turnover of Ushs **84.5** million in 2006; up 49% from Ushs. 56.8 million in 2005. As a sign of growth, turnover results for 2006 alone are higher than the USE's accumulated turnover since the year 2000. 2006 volumes stand at **15,493,581 shares** - also a new record, while the number of deals rose from **762** in 2005 to 1,184 in 2006.

Quarterly Review

Results for the quarter covering October, November and December 2006 recorded an increase in trading activity with turnover soaring to **Ushs 2,996,808,190** from **Ushs 1,949,972,415** of the previous quarter. Shares traded rose to **6,796,461 shares** from **3,727,263 shares** that were recorded in the previous quarter. **236 deals** were recorded in the 4th quarter compared to the previous quarter which posted **314 deals**.

The month of December recorded the highest turnover of **Ushs 1,535,872,560** accounting for 51.3% of aggregate turnover.

DFCU and NVL had the highest trading activity in the quarter with DFCU posting 79.06% of the total turnover and 82.17% of the volume whereas NVL accounted for 19.73% of the total turnover and 17.78% of the volume. UCL recorded 1.19% of the total turnover and 0.04% of the volume. The BOBU and BATU counters had the lowest amounts with BOBU accounting for 0.02% of the total turnover and 0.01% of the total volume and BATU posting less than 0.1% on total turnover and volume respectively. No activity was recorded on the three cross listed entities during the quarter.

USE All Share Index

The USE All Share rose to 893.86 points at the beginning of the quarter before dropping to 859.22 points at the close of October. The first part of November saw the Index rise gradually from 847.39 points to 885.10 points and eventually closed at 903.81 points. The month of December saw the index drop from 851.35 points to 849.75 points at the close of the quarter.

Fixed Income Securities Market Activity (October – December 2006)

Government Bonds

The fourth quarter registered the listing of the two and three year Government Bonds, bringing the total number of Government Bonds listed on USE to twenty one and the total issued amount to date to Ushs 825bn up from 765bn recorded in the previous quarter. Secondary Market activity accounted for Ushs. 63.6bn. **(Refer to Bond Schedule on pg. 4)**

Corporate Bonds

No activity was recorded on the corporate bonds market as the bondholders continued to hold on to their investments.



Compiled by: USE Research Department

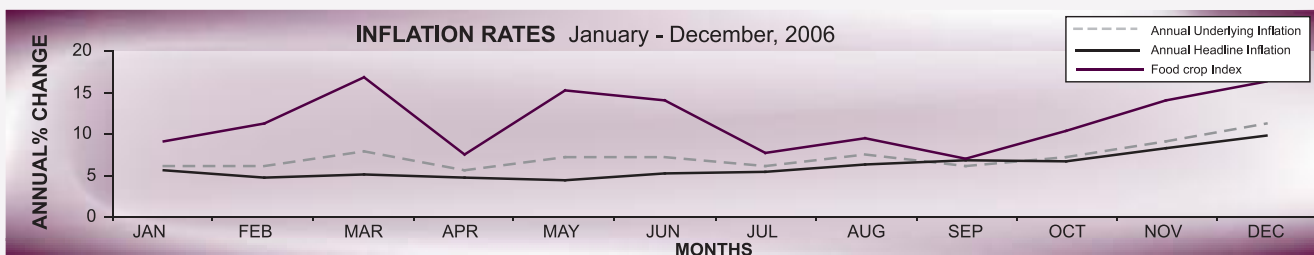
Trading Volumes and Activity on a Quarterly basis: January – December 2006

| | 1 st Quarter | 2 nd Quarter | 3 rd Quarter | 4 th Quarter |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| No. of shares Traded | 2,999,230 | 1,973,871 | 3,727,263 | 6,796,461 |
| Turnover (Ushs) | 4,279,586,120 | 1,028,009,080 | 1,949,972,415 | 2,996,808,190 |
| No. of Deals | 345 | 277 | 314 | 236 |
| Trading Days | 20 | 26 | 41 | 34 |
| Monthly Avg. Turnover (Ushs) | 203,789,815 | 39,538,811 | 49,999,293 | 88,141,417 |
| Monthly Avg. no. of trades | 16 | 11 | 8 | 7 |
| USE All Share Index | 754.72 | 800.52 | 892.13 | 849.75 |

SOURCE: USE Trading Department

Economic and Financial Indicators

Headline and Underlying Inflation Rates October-December, 2006

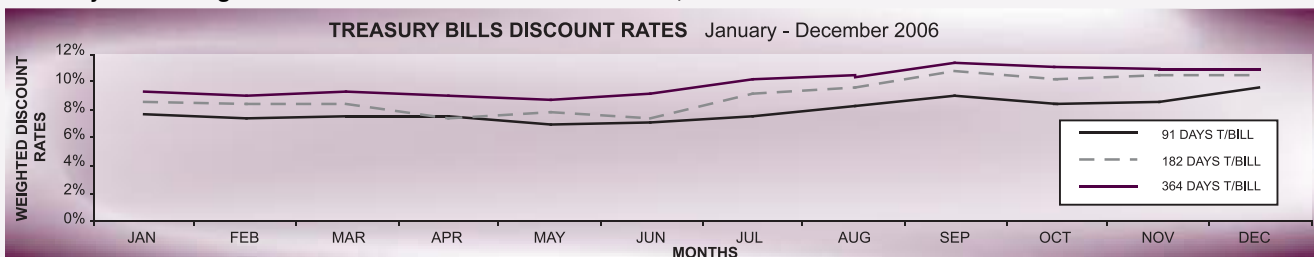


SOURCE: BANK OF UGANDA, UGANDA BUREAU OF STATISTICS.

The annual headline inflation rate, which is largely influenced by the food crop price index reached a 15 month high during the quarter under review with the rate rising to 7.25% in October and onward to 11.3% in December. Rates in the 11% region were last recorded in mid 2005. The increase could be attributed to the characteristic hike in foodstuff and transport prices during the Christmas season. The food crop index rose to 10.4% in October from 7.0% in September on to 16.3% in December.

The underlying inflation rate followed a similar upward trend rising from 6.6% in October to 8.3% in November- on the back of a 40% electricity tariff increase which created upward pressure on the price of goods and services. December recorded 9.8%, the highest since mid 2001.

Treasury Bills - Weighted Discount Rates October - December, 2006

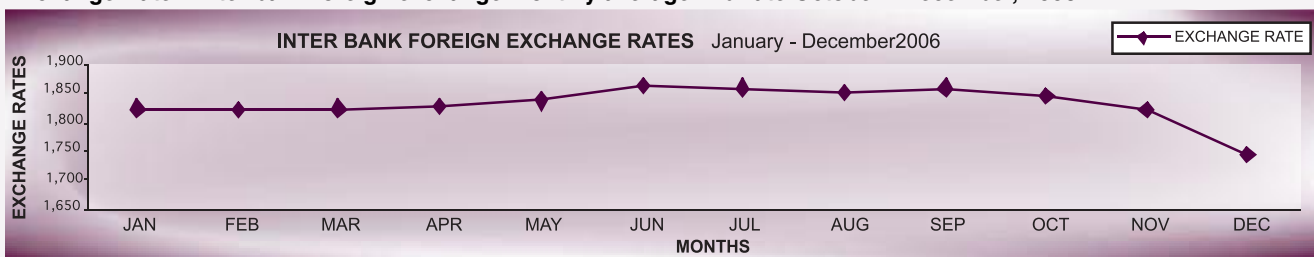


SOURCE: BANK OF UGANDA

Interest rates continued to rise like they have done since May this year with rates reaching 8.42%, 10.14% and 10.98% for the 91 day, 182 day and 364 day bills respectively before closing at a high of 9.46%, 10.515% and 10.94% in December.

Market analysts attribute the December highs to a shilling liquidity squeeze on the back of the Stanbic IPO and aggressive efforts by government to mop up liquidity so as to meet base money targets. (December recorded a high level of Repo activity). A combination of these two factors with the usual December attempts by corporates to build up shilling reserves in preparation for end of year obligations caused greater than expected Shilling liquidity tightness.

Exchange Rate - Inter bank foreign exchange monthly average mid rate October - December, 2006



SOURCE: BANK OF UGANDA

The shilling appreciated against the dollar in the quarter under review with rates falling to 1,843.43 in October from 1,854.70 in September; sliding further to 1,741.44 in December. The December rate is the lowest since mid 2005. The appreciation of the shilling has been attributed to a growth in dollar inflows as a result of the December Stanbic IPO and repatriations from Ugandans abroad. Market players expect the rate to return to the 1800's before the end of the Q1 2007.

Bank of Uganda Rediscount Rates & Rediscounts Recorded at the USE

| | J | F | M | A | M | J | J | A | S | O | N | D |
|--|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Rediscount Rate | 13.46% | 13.35% | 13.27% | 13.35% | 13.11% | 12.76% | 13.35% | 13.52% | 14.45% | 14.76% | 14.53% | 15.30% |
| Secondary Market Trading (Ushs) | 17.17bn | 15.69bn | 17.67bn | 51.6bn | 22.5bn | 39.4bn | 13.8bn | 6.03bn | 12.2bn | 29.7bn | 13.3bn | 12.2bn |

SOURCE: BANK OF UGANDA & UGANDA SECURITIES EXCHANGE LTD.

Note: Secondary Market Activity represents T/Bill volumes traded under the primary dealer programme.

Secondary market T-Bill activity grew during the quarter under review with October recording a turnover of 29.7bn while November and December traded 13.3bn and 12.2bn respectively. The rediscount rate continued to rise throughout the year posting 14.76% in October and a high of 15.3% in December.

Market Report

Commentary

Cont'd from Page 1

counters on the main investment market segments on the two markets. Most importantly, this should set the stage for the creation of an East African Stock Exchange as per article 85 of the East African community with trading floors situated in the three East African capital markets. With the impending automation of our payment, clearing, settlements and trading systems we should be able to achieve this noble goal.

STANBIC SHARE ISSUE

We take this opportunity to congratulate the Board and management of Stanbic bank, the majority shareholder, Stanbic Africa Holdings and the Uganda Government on the floatation of over one billion Stanbic shares in December 2006. This has been the largest share offer in the country since the first equity was listed on the USE in the year

2000. The oversubscription of this share issue demonstrates that the appetite for good equity exists in the East African region. We hope companies like MTN and others can now consider a partnership with stakeholders and a listing on the USE in the near future.

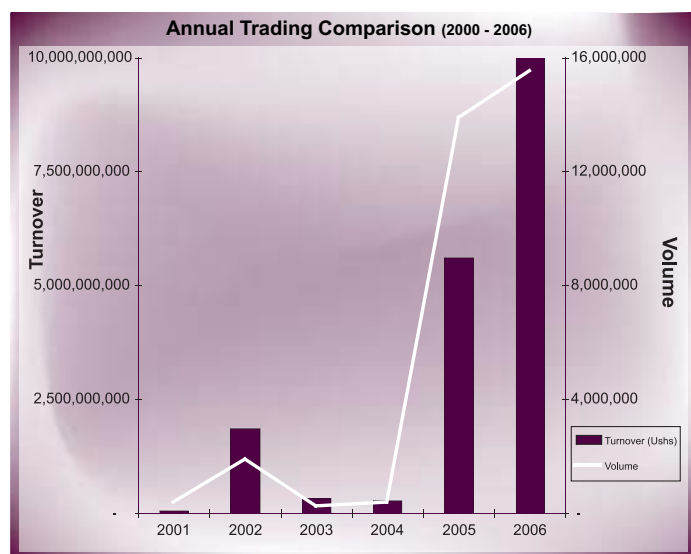
USE takes this opportunity to wish all our readers, clients, stakeholders a happy and prosperous 2007.

This Bulletin and an archive of the previous editions can be found on the USE Website. (www.use.or.ug)

Corporate Announcements

UCL Share Split

Uganda Clays Limited approved and effected a 10 for 1 share split changing the nominal value of each ordinary share from Ushs 1,000 to Ushs 100 per share and the number of shares to 5,000,000 from 500,000. The UCL counter traded ex split on 14th November 2006.



Source: USE Research Department

Annual Volumes Comparison (Calendar years) 2000 -2006

| | Turnover (Ushs) | Volume | Deals |
|------|-----------------|------------|-------|
| 2000 | 120,163,150 | 76,280 | 221 |
| 2001 | 523,727,670 | 367,215 | 284 |
| 2002 | 1,860,307,820 | 1,868,461 | 393 |
| 2003 | 330,776,950 | 244,262 | 352 |
| 2004 | 272,219,170 | 372,286 | 226 |
| 2005 | 5,622,689,205 | 13,868,376 | 762 |
| 2006 | 10,220,183,925 | 15,493,581 | 1,184 |

Market Developments

(the year in review)

1st Quarter 2006

Jubilee Holdings Limited Cross Lists on USE

At the beginning of the year, USE witnessed yet another cross listing on the main investment market segment. Jubilee Holdings Limited (JHL) which is currently listed on the Nairobi Stock Exchange becomes the third cross listed entity on the USE bourse after East African Breweries (EABL) and Kenya Airways (KA). The listing was attended by Jubilee Holdings Limited Group Managing Director Mr. Zulfikar Mohamed together with other senior representatives from the Financial Sector. The Market Capitalization after JHL's listing rose to Ushs 3,640.4bn from Ushs 3,542bn.

4th East African Stock Exchanges Association Meeting Held in Kenya

EASEA held its 4th meeting, which brought together all the three East African Stock Exchanges. The meeting which took place between 28th to 30th March 2006 at the Great Rift Valley Lodge, Naivasha, deliberated on among other things, the issues pertaining to the mass-cross listing implementation.

Citibank Group Visitation to USE

During the year, officials from Citigroup visited USE, and were met by the Chief Executive Mr. Simon Rutegea, who gave them a brief on the operations and functions of the Exchange, and the relevance of USE to the Capital Markets Industry and the Financial sector at Large.

Makerere University Business School Visits USE

USE hosted post graduate students from Makerere University Accounting class on 30th March 2006, under the auspices of the USE Tertiary Institutes' Educational Programme (TIEP). The students witnessed trading and also interacted with the USE staff who took them through the various operations of the Stock Exchange.

African Alliance Uganda gets Securities Trading License

USE approved African Alliance Uganda's Brokerage License, bringing the total number of licensed USE Broker/Dealers then to six. African Alliance Uganda commenced its brokerage services with a launch on 16th March 2006 as a means of the group's strategy to participate in the growing Capital Markets' Industry.

USE lists Government Bond

USE listed three more Government Bonds on 11th January, 8th February and 10th March 2006 respectively. This brought the total number of government bonds listed in the 1st quarter to fourteen and the total amount issued to Ushs 645 billion.

Financial Deepening Budget Deficit Meeting

USE led a team from the Capital Markets Authority and the Ministry of Finance, Planning and Economic Development, to Malaysia with a view to positioning the Ugandan Financial sector for the financing of the emerging budget deficit and related challenges in Uganda's Financial Sector.

Regional Meeting on Investment Promotion and Corporate Governance

USE was part of the delegation that attended a 3 day Regional meeting on Investment

Market Report

Market Developments *Events of the Year 2006*

Promotion in Arusha, Tanzania. The meeting accorded the delegates an opportunity to review the investment opportunities, identify constraints to expansion of such investments and suggest policies and measures that can attract investment more efficiently in the sub region. Delegates from 13 countries attended the meeting, including Burundi, Comoros, DRC, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Rwanda, Seychelles, Somalia, Tanzania and Uganda.

2nd Quarter 2006

DFCU's Facts behind the figures Conference

On May 11th 2006, DFCU Limited held its 2nd Facts behind the Figures Conference. The conference which brought together several members of the press, members from the Broker/dealer Fraternity and Fund Managers was held at the USE offices. The Facts behind the figures Conference is a forum used by companies listed on the Uganda Securities Exchange to explain their financial statements to the media and the Financial Advisors.

Nile Bank Board Members visit at USE

Officials and board members of Nile Bank Uganda Limited visited the Exchange, and where met by the USE Chief Executive, Mr. Simon Rutega, the CMA Chief Executive Mr. Japheth Kato and the Resident Advisor, US Department of the Treasury, Mr. Bill Donovan. The half-day function was used as a platform to edify the Nile Bank officials on the operations and relevancy of the Capital Markets Industry.

Standard Chartered Bank Uganda Limited lists Corporate Bond

USE in the 2nd quarter listed on its Fixed Income Securities Market Segment the fourth corporate bond. The Standard Chartered Bank debt instrument worth Ushs 23,000,000,000 was listed on 30th May 2006 and trading commenced during the same function after the bell was rung by Standard Chartered Bank's Managing Director Mr. David D Cutting. The function was also attended by officials from Standard Chartered Bank

Western Regional Trade Fair

USE participated in the 2nd Western Regional Trade Fair that

was held in Mbarara Town from 31st May to 6th June 2006. The trade fairs have continued to play a vital role in the promotion of public awareness among the population on matters concerning the Stock Exchange and its relevance to the local person.

Advocates/Lawyers' Workshop

Uganda Securities Exchange together with Uganda Law Society successfully facilitated a half-day training programme for lawyers in both the private and public sectors. The programme under the theme "Capital Markets Industry Regulations and the due diligence process" was meant to introduce the lawyers to the regulations and the due diligence processes of the Capital Markets Industry. The Guest Speaker for the day was Mr. David Mpanga, Partner, Kampala Associated Advocates.

Training and Capacity Building

USE staff participated in a four day Treasury Skills workshop/ Bourse Game. The workshop which was attended by several

participants from various Financial Institutions was facilitated by Citibank Uganda from 2nd May to 5th May 2006 at the Sheraton Hotel Kampala.

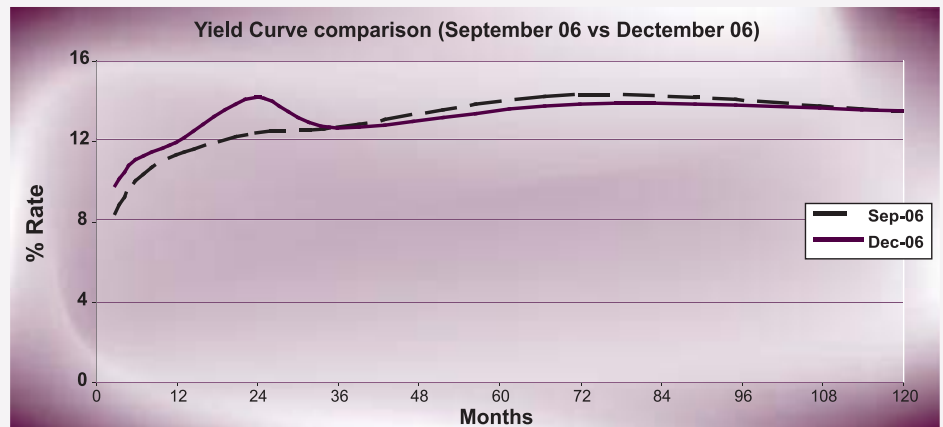
Secondary School's Educational Programme - Ebenezer

USE hosted students from Ebenezer Secondary School on Thursday 18th May 2006. The students got an opportunity to witness trading and later interacted with the USE officials who educated them on matters concerning the Securities Exchange and its significance.

Renaissance Capital gets USE Membership

The USE approved Renaissance Capital to operate as a Broker/Dealer on its platform. Renaissance Capital became the seventh Brokerage firm to gain membership after MBEA Brokerage Services; Equity Stock Brokers; Baroda Capital Markets; African Alliance; Crane Financial Services and Dyer and Blair.

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Compiled by: USE Research Department

Government bond schedule January - December, 2006

| Issue No | Issue Size (Ushs) | Issue Date | Current Coupon | Total turnover October - December (Ushs) | Primary Dealers INDICATIVE Rates | |
|---------------|-------------------|------------|----------------|--|----------------------------------|----------|
| | | | | | Price (clean) | |
| | | | | | Best Bid | Best Ask |
| FXD 2/2004/3 | 80bn | 25/02/2004 | 10.25% | 10,000,000 | 12.10 | 12.65 |
| FXD 3/2004/5 | 40bn | 24/03/2004 | 10.75% | 2,652,000,000 | 12.75 | 14.25 |
| FXD 4/2004/10 | 15bn | 19/05/2004 | 11.00% | - | 14.90 | 16.25 |
| FXD 6/2004/3 | 90bn | 07/10/2004 | 10.25% | 15,000,000 | 12.10 | 12.65 |
| FXD 1/2005/2 | 100bn | 27/01/2005 | 10% | 171,800,000 | 11.50 | 13.75 |
| FXD 2/2005/3 | 25bn | 21/4/2005 | 10.25 | 1,000,000,000 | 12.10 | 12.65 |
| FXD 3/2005/2 | 20bn | 16/06/2005 | 10% | - | 11.50 | 13.75 |
| FXD 4/2005/3 | 50bn | 28/12/2005 | 10.25% | 67,300,000 | 12.10 | 12.65 |
| FXD 5/2005/3 | 40bn | 22/09/2005 | 10.25% | - | 12.10 | 12.65 |
| FXD 6/2005/2 | 55bn | 15/12/2005 | 10% | - | 11.50 | 13.75 |
| FXD 1/2006/2 | 25bn | 11/01/2006 | 10% | 8,205,500,000 | 11.50 | 13.75 |
| FXD 2/2006/3 | 25bn | 08/02/2006 | 10.25% | - | 12.10 | 12.65 |
| FXD 3/2006/3 | 50bn | 10/03/2006 | 10.25% | 700,000,000 | 12.10 | 12.65 |
| FXD 4/2006/2 | 30bn | 06/04/2006 | 10% | - | 11.50 | 13.75 |
| FXD 5/2006/5 | 40bn | 31/05/2006 | 10.75% | 376,400,000 | 12.75 | 14.25 |
| FXD 6/2006/3 | 50bn | 04/07/2006 | 10.25% | 1,000,000,000 | 12.10 | 12.65 |
| FXD 7/2006/3 | 20bn | 28/08/2006 | 10.25% | - | 12.10 | 12.65 |
| FXD 8/2006/2 | 20bn | 20/09/2006 | 10% | - | 11.50 | 13.75 |
| FXD 9/2006/2 | 20bn | 18/04/2007 | 10% | 43,733,500,000 | 11.50 | 13.75 |
| FXD 10/2006/3 | 30bn | 20/11/2006 | 10.25% | 5,664,700,000 | 12.10 | 12.65 |
| FXD 11/2006/2 | 30bn | 18/11/2006 | 10% | 8,205,500,000 | 11.50 | 13.75 |

Compiled by: USE Trading Department

Financial Sector News Highlights

October - December 2006

East African for one bourse

The East African Stock markets are planning to harmonize the three East African Stock Exchanges by 2008. This will create an opportunity for residents in the three East African countries to invest in any companies listed on the three bourses, and will encourage listing of more companies. As part of the Harmonizing process, the three Exchanges will set up a single central depository system corporation serving Uganda, Kenya, Tanzania and Rwanda and will be owned by the three stock exchanges.

Telecoms to reap from Stock Markets

The Telecommunications sector intends to provide 90 per cent of all the information needed in the financial market when the three bourses integrate. Once integration is complete trading will be conducted electronically, thus necessitating the use of telecommunication service providers to install soft wares needed to store and transmit information between markets. Information through Telecommunications will give the investors capabilities to make timely trades that match with daily stock investment strategy.

Stanbic Bank sells Shares

Towards the end of the year Stanbic Bank Uganda Limited floated 20 per cent of its shares to the public at a price of Ushs 70 per share. When listed, Stanbic Bank Uganda Limited will bring to nine the total number of listed companies on the Uganda Securities Exchange, a positive step that clearly highlights an encouraging trend of companies preferring to go public.

Currency circulation increases

In a report released by the central bank, it was revealed that currency circulation in Uganda's economy had increased by Ushs 17,7billion. According to the Central Bank the increase in circulation indicates the economy is expanding since there is increased demand for financial services to finance private sector investments. Growth was also registered in Bank of Uganda's foreign assets, which showed an increase from Ushs 2,923.0 billion to 2,945.8 billion.

Uganda Clays splits Shares

Uganda Clays Limited approved a split of its share price by a ratio of 1:10. The shareholders also approved an amendment to change the Ushs 500 million capital divided into 500,000 shares of Ushs 1,000 each, into 5,000,000 shares of Ushs 100 each. The share split had no effect on the value of the outstanding number of shares since the number of shares was multiplied by a factor of 10 and the share price divided by 10.

Allied Bank gets new shareholders

Allied Bank International Uganda Ltd is expected to strengthen its market position in Uganda after 77.82% of its shares previously held by Banque Belgoalaise of Belgium were acquired by a consortium which includes Bank of Africa-Kenya Ltd, Aureos East Africa Fund LLC and Central Holdings Ltd. The three companies have pledged to transform Allied Bank operations; elevating the quality of service, introducing the latest banking innovations and offering a seamless pan African service.

DFCU Lends US\$ 10 million

DFCU Limited has so far lent US\$ 10 million in the past five years to the private sector. According to the General Manager Mr. Moses Kibirige, plans were under way to have an additional US\$ 6m from the World Bank's

International Finance corporation (IFC), which will be used to provide medium and long term finance to the private sector particularly in education, health, manufacturing, tourism, real estate, agriculture, trade and commerce.

Uganda ready for Regional Currency

Representatives from the East African Community (EAC), the South African Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA) began consultations aimed at creating one currency and a common Central Bank by the year 2025. The Regional currency will be a direct way to break trade barriers while strengthening development through trade.

Foreign Investment goes up

The World Investment Report of the year 2006 placed Uganda as a Foreign Direct Investment (FDI) front-runner in the sub region with inflows rising by 16% in 2005. The report said in 2005, Uganda was among the 34 African countries that registered an increase in inflows while 19 countries registered a decline. Uganda's FDI growth is as a result of increased investment in the areas of tourism, construction, real estate and agro-processing. According to Minister of State for Investment Prof. Ssemakula Kiwanuka, Government is committed to creating an enabling environment to private Investment as has been evidenced by the continuous efforts at putting in place investment policies.

Crane Bank acquires Stanhope Finance Company Limited

The Shareholders of both Crane Bank Limited and Stanhope Finance Company Limited approved the terms of agreement for the sale of Assets and Assumption of Liabilities of Stanhope Finance Company Limited by Crane Bank Limited. After Bank of Uganda approved the transaction, Crane Bank Limited purchased all assets of Stanhope Finance Company Limited and assumed all the said liabilities.

Market Developments *Continued...*

USE BERI Forum

During the third quarter, USE had the opportunity of inaugurating the USE BERI Forum (the USE open Market Forum on Bonds, Equity and Related Instruments) whose main objective will be to promote conditions for equity, bond and related instruments. The Forum aims to bring 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 help create a platform for the review of the performance of Key economic indicators, as well as related implications and projections. The USE BERI Forum will be held on a quarterly basis.

USE increases trading days to three

Due to the increased activity on the equities segment, USE together with the Broker/Dealer fraternity commenced the quarter with introducing a third day of trading from the original two. The increase in trading days has seen a remarkable improvement in the trading volumes. The days of trading are Monday, Tuesday and Thursday. USE looks at having five working days of trading with the increase of more listings in the future.

Makerere University Business School Students visit USE
USE hosted post graduate students from Makerere

University Business School. The students who came to view the trading process were able to interact with the Broker/Dealers and the USE staff, who took them through the operations of the Stock Exchange.

10th ASEA Conference held in South Africa

USE participated in the 10th Annual Stock Exchange Association (ASEA) Conference held in Johannesburg South Africa from 17th - 20th September 2006. The conference brought together government and business delegates who discussed among other issues, the Regional Capital Markets, Integration and harmonization.

NVL's Facts behind the Figures

On 29th September 2006, New Vision Printing and Publishing Company Ltd held its second Facts behind the figures Conference since its listing on the USE. The conference which brought together several members of the press, the Broker/Dealers and Fund Managers, was used as a platform for the NVL top management to explain their financial results before the Annual General Meeting that was held on 16th November 2006.

Government Bond Listing

During the quarter Bank of Uganda through the USE listed two 3-year government bonds which brought the total number of listed Treasury Bonds to seventeen. The total amount issued then stood at Ushs 735bn from Ushs 715bn.

Training and Capacity Building

The quarter under review had USE staff participate in different training Programmes among which were trainings in Cape Town, South Africa and Nairobi, Kenya.

Financial Literacy Conference

USE participated in a Financial Literacy Exhibition that was organized by the Financial Literacy Week. The Exhibition, which ran from 31st July 2006 to 3rd August 2006, attracted several key players in the Financial Institution and targeted Students, the Uganda Police, the Army, Uganda Women Entrepreneurs Association and the press.

EASEA

The quarter under review had USE host the 4th East African Stock Exchange Association (EASEA) meeting in Entebbe, Uganda. The meeting which was attended by representative committees of the three markets deliberated on among other issues; the demutualization process and how applicable it is to the three stock exchanges.

4th Quarter 2006

Uganda International Trade Fair

USE participated in the 14th Uganda International Trade Fair organized by the Uganda Manufacturing Association. The Trade Fair, which continues to attract the local population, has enabled USE sensitize the public on the operations and functions of the Stock Exchange.

Celtel visits 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 the Celtel's Director for sales and Distribution, Mr. Ocitti P'Ongom had the opportunity of ringing the Bell for the broker/dealers to commence trading.

Training and Capacity Building

During the quarter, USE staff, participated a Securities Course Programme organized by the Ghana Stock Exchange. The two week course attracted several participants from the financial sector.

USE Beri Forum

USE held its 2nd BERI Forum on 6th November 2006. The Forum whose main objective is to promote conditions for equities, bonds and related Instruments attracted several participants from the financial sector. The Key note speaker of the day was the Chairman of the Nairobi Stock Exchange Mr. Jimnah Mbaru.

Educational Column

Layman's Glossary for Capital Markets Terms

"Primary market"

This is where new issues of securities are offered to the public.

"Secondary market"

This is where already existing securities are bought and sold on the exchange through licensed stockbrokers.

"Securities"

These are financial documents in the form of debt (bonds) or equity (shares) by which the claims of holders are secured.

"Bond"

A borrowing arrangement in which the borrower issues (sells) an IOU to the investor promising to pay an agreed upon amount at a given time.

"Share"

A unit of ownership of a company.

"Annual General Meeting"

A meeting which must be held by all public companies, which sell shares on the Securities Exchange. Here, a report on the company's performance is made to shareholders and shareholders are given the right to vote on major policy decisions concerning the company.

"Treasury Bills"

Treasury Bills are short-term, highly liquid financial instruments issued regularly by Central Banks as monetary policy tools.

"Bell"

A signal used to commence and end a trading session. On special occasions, the opening bell may sometimes be accompanied by a ceremony with a special guest who rings the bell.

"Price"

The unit price of a security.

"Offer"

An order to sell a security posted on the Trading Board.

"Bid"

Is an order to buy a security posted on the Trading Board.

"Spread"

Means the step by step increase or decrease in price by which bids and offers may be raised or lowered.

"Match"

Is where two calls, one bid and one offer have been either wholly or partially satisfied or declared as trades in accordance with the Matching Procedures contained in the USE Rules.

"Public flotation"

This is when a company goes public by issuing its shares to the general public i.e. selling part-ownership to the public.

"Listed company"

A company whose securities are listed at the USE.

"Listed Security"

A security which has been admitted to the listing at the USE.

"Dealer" or "Stock broking Firm"

A licensed company constituted for the purpose of undertaking on its behalf as well as on behalf of the clients all transactions for which it is responsible in the course of exercising its functions as a stockbroker.

"All or nothing"

Means that the bidder or offeror is only interested in buying or selling the total number of shares displayed on the Trading Board and does not wish the order to be reduced in size.

"Books close date"

That day on which the share register of a company will be closed in order to effect a corporate action.

"Buyers' Market"

Is a market which during an initial call in a particular security the aggregate nominal amount of bids exceeds the aggregate nominal amount offered.

"Seller's Market"

A market where during the initial call in a particular security the aggregate nominal amount of offers exceeds the aggregate nominal amount of bids.

"Cum"

A term placed immediately before a benefit to imply the inclusion of the benefit or entitlement in a quotation e.g. "cum dividend" means that the buyer of the shares is entitled to the prevailing dividend upon ownership of the shares.

"Ex"

A term that means that the bargain was dealt exclusive of the benefit or entitlement e.g. ex dividend, ex-rights.

"Coupon"

The amount of interest, which a bond pays, on its nominal value.

"Dividend"

Proportion of profits, which is paid out to shareholders in a company, often paid in two installments as interim and final dividend.

"Dividend Cover"

The number of times a company could pay its annual dividend from its earnings.

"PE Ratio"

Price – Earnings ratio, a relative measure of how cheap or dear a company's shares are.

"Profit and Loss Account"

A statement indicating the results of the operations over a period of time, usually one year.

"Trading Board"

The facility/computers screen provided for matching offers and bids on the market.

"Blue chip stocks"

A term generally applied to stocks of well established companies that are known for their solid management, excellent records of consistent profits and payment of dividend.

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