Uganda Securities Exchange

Monthly Bulletin

May 2020

ACTIVITY REPORT

MARKET PERFORMANCE

Equities Report

The trading volume for May 2020 was 2,966,813 shares with a turnover of UGX 497,238,699 . This month's turnover performance registered 87.3% decrease from 106,071,085 shares worth UGX 3,923,929,881 that was recorded in May 2019. The COVID-19 continues to have adverse effects on the economy as it continues to spread with wide ranging social and economic effects therefore leading to a sharp decline in financial market sentiments. Activity in the fifth month of the year remained low showing a decline in performance of 33.3% with comparison to the previous month registering a turnover of UGX 497 million from UGX 1.4 billion recorded in April 2020. This represented a daily average turnover of approximately UGX 25million. Similarly, Volume traded dropped to 2.9 million shares compared to 9.2million shares traded in April 2020. The number of deals presented a slight decrease of 92 deals down from 157 deals April 2020, with 32 per cent of the deals being done on the UMEME counter.

Turnover performance per counter

The UMEME counter experienced the most activity for the month. This accounted for 77.41 percent of the total turnover, followed by Bank of Baroda Uganda with 16.41 percent. In third position was CIPLA closing at 4.56 per cent. Stanbic, UCL, DFCU and National Insurance Corporation Uganda recorded 1.62 per cent altogether of the total turnover. The rest of the cross-listed securities had no turnover positions.

Volume traded per counter

UMEME registered the highest volume of shares executed, with a representation of 52.98 percent, followed by Bank of Baroda Uganda with 24.08 percent. CIPLA came third with 7.67 percent of the volume, while Uganda Clays Limited had approximately 218,500 shares being traded and hence representing 7.24 per cent of the total volume. Stanbic and National Insurance Corporation Uganda accounted for 5.70 per cent and 2.24 per cent respectively. DFCU had the least number of shares traded amounting to 2,304 shares, representing approximately 0.08 per cent of total number of shares traded.

Trading Volumes and Activity on a Monthly Basis year on year

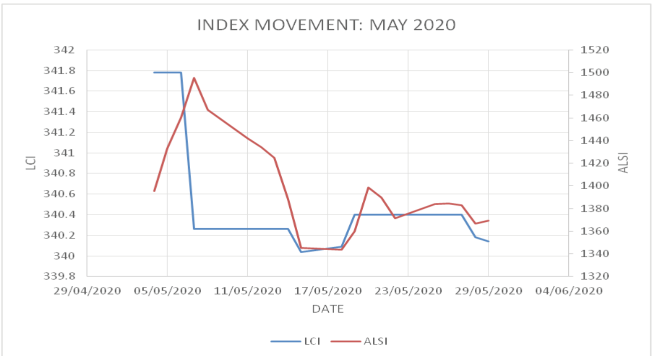
	May 2020	May 2019
Volume Traded	2,966,813	106,071,085
Turnover (UGX)	497,238,699	3,923,929,881
No. of Deals	92	334
Trading Days	20	22
Daily Avg. Turnover (UGX)	25,097,565	178,360,449
Daily Avg. no. of trades	5	15
Market Capitalization (UGX.bn)	19,088.67	23,521.32
USE All Share Index (ASI)	1,369.52	1,675.43
Local Share Index (LSI)	340.14	377.56

Source USE Product Markets Department

USE Index Results

The Local Company Index (LCI) declined slightly during the period with many local counters experiencing minimal prices movements. The local index commenced the month at 341.63, and closed at 340.14 recording a 0.43 % slight decrease. The ALSI opened at 1362.06 and closed at 1369.52 representing a 0.55 % rise from the start. Refer to ALSI/LCI graph below.

May 2020 Indices Graph:



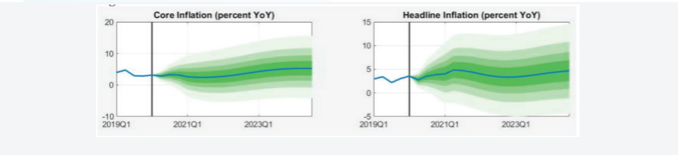
Source: USE Product Markets Department

ECONOMIC & FINANCIAL DEVELOPMENTS:

INFLATION – OUTLOOK AND RISKS

The inflation forecasts are relatively subdued compared to the February 2020 forecast round. Inflation is projected in the range of 2-4 percent in 2020 and is expected to converge to the target of 5 percent in the medium-term. Nonetheless, the forecasts are susceptible to a number of risks. On the downside, low world oil prices coupled with slower global demand would deflate domestic inflationary pressures. Demand constraints related to Covid-19 could overwhelm effects of supply disruptions on inflation in the near term. Additional tighter prolonged lock-down measures related to the Covid-19 pandemic could constrain demand further. However, on the upside, if the COVID-19 pandemic persists, inflation could increase higher than predicted. In addition, a worsening current account balance on account of the pandemic could put pressures on the exchange rate, thereby fueling inflationary pressures. The rising fiscal deficit due to large spending pressures against domestic revenue shortfalls could also exert pressure on domestic inflation. Furthermore, unpredictable and adverse weather conditions coupled with the threat from the impact of the locust invasion on agricultural output could stoke food crop inflation. See figure below

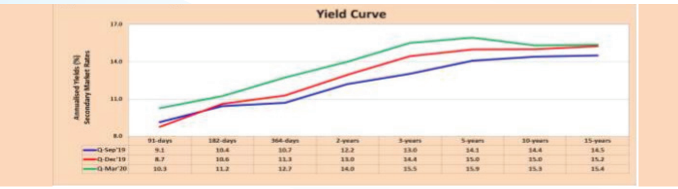
Inflation Outlook



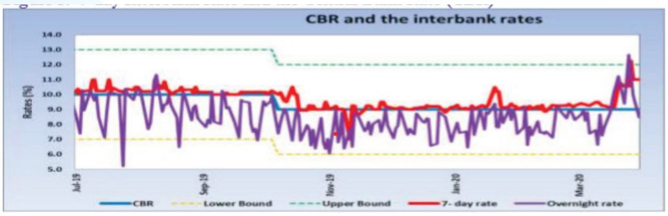
Source: Bank of Uganda (April 2020 Monetary policy report)
End of May Inflation Headline 2.8, Core 3.2

INTEREST AND LENDING RATES

Treasury bill yields in the primary market edged up slightly, in the quarter to March 2020. The 91-day, 182-day and 364-day Treasury bill rates rose to 9.6 percent, 11.1 percent and 13.2 percent, respectively in the three months to March 2020 from 8.8 percent, 10.8 percent and 11.7 percent in the quarter to December 2019. Similarly, yields on Treasury bonds also increased with the 2-year, 3-year, 5-year and 10-year papers rising to 14.0 percent, 15.6 percent, 16.5 percent and 15.7 percent, respectively in the quarter to March 2020 from respective rates of 13.4 percent, 14.9 percent, 15.6 percent, and 14.9 percent in the quarter to December 2019. However, the 15year Treasury bond declined in the quarter to March 2020 averaging 15.3 percent compared to 15.5 percent recorded in the quarter ending December 2019. Yields in the secondary market also edged up in line with developments in the primary market. The Figure below shows the trend in the secondary market yields on government securities.



Commercial bank lending interest rates remained relatively stable in the quarter ending February 2020, reflecting the eased monetary policy stance. The average commercial bank shilling lending interest rate declined to 19.28 percent in the quarter to February 2020, from 19.32 percent in the previous quarter. This decline was mainly on account of lower rates to the manufacturing, trade, mortgage, personal and household loans and agricultural sectors to average rates of 19.0 percent, 18.8 percent, 22.0 percent, 16.8 percent and 21.4 percent, respectively. Lending interest rates by sector are shown below.



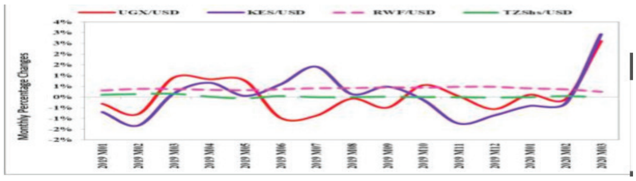
Source: Bank of Uganda (April 2020 Monetary policy report)

As at end of May 2020 the Central Bank Rate was at 8.0, 91-day T-Bill 9.0 yield, 182-day T-Bill 10.30 and 364-day T-Bill 12.4 yield

FOREIGN EXCHANGE RATE DEVELOPMENT

The shilling remained relatively stable in January 2020; however, depreciation pressures emerged in February and March 2020. The shilling depreciated by 1.8 percent year-on-year and 2.6 percent month-on-month to a mid-rate of UGX 3,772.91/USD in March 2020. This depreciation was largely driven by the panic on account of the COVID-19 pandemic which led to exit of offshore investors, speculative tendencies and the usual demand for dividend payments from manufacturing and telecom sectors, which increased demand pressures in the domestic foreign exchange market. Indeed, to counter the sharp exchange rate depreciation resulting from volatility in the global financial markets and the rush to hold safe havens assets, BoU sold US$ 198.9 million during this period. This intervention managed to calm down the markets however; reduced inflows largely caused by the COVID-19 pandemic may further aggravate depreciation pressures in the domestic foreign exchange market. The resultant negative sentiments from investors may translate into a continued preference for safe haven markets. Overall, BoU will intervene in the foreign exchange market to smoothen volatility while letting the shilling adjust to external pressures. Conditions in the interbank foreign exchange market (IFEM) enabled the BoU purchase US$ 2 million on a gross basis for reserve build-up in March 2020. This amounted to a net sale of US$ 204.86 million taking into account the intervention Sales amounting to US$ 198.9 million and targeted Sales to Uganda Electricity Transmission Company Limited (UETCL) of US$ 7.96 million. The regional currencies faced depreciation pressures in March 2020 with the exception of the Tanzanian Shilling. The Kenya Shilling and the Rwandan Franc depreciated month-on-month by 2.93 percent and 0.25 percent respectively. However, the Tanzanian Shilling remained relatively stable over the same period as depicted in below.

Currency movements in selected EAC currencies during March 2020



Source: Bank of Uganda (April 2020 Monetary report)

May 2020; End of period 3784.8, Period Average 3791.5. In February 2020, BoU projected that GDP growth for FY 2019/20 would remain in the range of 5.5 – 6.0 percent supported by the accommodative monetary policy stance, robust growth in private sector credit, fiscal stimulus and multiplier effects of public infrastructure investments and improved performance in all the sectors. However, given the social and economic integration of the Ugandan economy to the global economy, the brunt of the global recession on account of the COVID-19 pandemic will not spare the Ugandan economy. In the near term, activity in the Ugandan economy is likely to decline considerably. Indeed, the BoU has revised its growth rate projection for FY2019/20 to 3-4 percent. Manufacturing, construction and the services sectors are the most affected due to the fact that a significant proportion of their inputs are imported. Indeed, many firms are already feeling the negative effects. The services sector is projected to slow down significantly, with considerable effects on trade, hotels and accommodation, repairs, transportation, storage, financial and insurance activities mainly caused by a decline in tourism, travel restrictions and supply chain disruptions.

The Bank of Uganda has also revised its inflation forecasts downward in the near term. Inflation is projected in the range of 2-4 percent in 2020 and is expected to converge to the target of 5 percent in the medium-term. Nonetheless, the forecasts are susceptible to a number of risks including; low world oil prices, demand constraints related to Covid-19 , prolonged lock-down measurers related to the Covid-19 pandemic that could constrain demand further, a worsening current account balance on account of the pandemic could put pressures on the exchange rate, the rising fiscal deficit and adverse weather conditions coupled with the threat from the impact of the locust invasion on agricultural output could stoke food crop inflation. Given the deterioration in macroeconomic conditions and in order to ensure adequate access to credit and the normal functioning of financial markets, Bank of Uganda eased monetary policy. The BoU reduced the Central Bank Rate (CBR) by 1 percentage point to 8 percent. The band on the CBR was maintained at +/-3 percentage points and the margin on the rediscount rate at 4 percentage points on the CBR, and therefore, the rediscount rate and the bank rate were 12 percent and 13 percent, respectively.

BoU also directed Supervised Financial Institutions (SFIs) to defer the payments of all discretionary distributions such as dividends and bonus payments for at least 90 days effective March 2020, depending on the evolution of the pandemic. This would ensure that SFIs have adequate capital buffers, while supporting the real economy. In addition, BoU will undertake the following:

i) Provide exceptional liquidity assistance to commercial banks that are in liquidity distress for a period of up to one year. ii) Provide liquidity to commercial banks for a longer period through issuance of reverse REPOs of up to 60 days at the CBR, with opportunity to roll over. iii) Purchase Treasury Bonds held by Microfinance Deposit taking Institutions (MDIs) and Credit Institutions (CIs) in order to ease their liquidity distress whenever it arises. MDIs and CIs that do not hold Treasury bills or bonds in their asset holdings will be provided with liquidity secured by their holdings of unencumbered Fixed Deposits or Placements with other SFIs iv) Grant exceptional permission to SFIs to restructure loans of corporate and individual customers including extending the moratorium on loan repayment for borrowers that have been affected by the pandemic, on a case by case basis at the discretion of the SFIs for up to 12 months, effective April 1st, 2020.

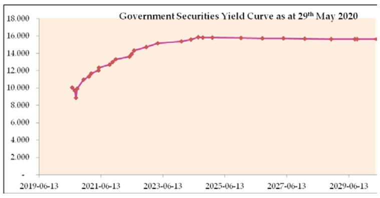
BoU will continue to monitor the evolving financial market and macroeconomic conditions and calibrate its operations to meet the need for any additional liquidity support, as may be warranted.

BOND LISTINGS:
There were 2 treasury bonds re-opens with a value of UGX 285bn which listed, secondary market trading is over the counter (OTC) through the primary dealers. The current total value of the Government Bonds listed on the bourse stand at UGX 11.3 Trillion.

Government Bond Schedule: May –2020

INSTRUMENT CODE	ISIN	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
FXD/6/2010/10YR	UG0000000782	80BN	2010/07/21	11.00	2020/07/09
FXD/08/2017/3YR	UG12G0608202	220BN	2017/08/10	13.25	2020/08/06
FXD/09/2015/5YR	UG12H0309205	100BN	2015/09/10	20.00	2020/09/03
FXD/2/2011/10YR	UG0000000865	710BN	2011/02/02	11.00	2021/01/21
FXD/02/2016/5YR	UG12H1802216	345BN	2016/02/24	18.38	2021/02/18
FXD/05/2016/5YR	UG12H1305210	100BN	2016/05/18	16.50	2021/05/13
FXD/09/2016/5YR	UG12H2109215	100BN	2016/09/27	16.50	2021/09/21
FXD/11/2016/5YR	UG12H2810218	200BN	2016/11/03	16.75	2021/10/28
FXD/12/2016/5YR	UG12H0312217	100BN	2016/12/09	17.00	2021/12/03
FXD/05/2017/5YR	UG12H1305228	156.3BN	2017/05/19	15.38	2022/05/13
FXD/7/2012/10YR	UG0000001079	1.315TN	2013/08/14	11.00	2022/06/09
FXD/07/2017/5YR	UG12H0707226	300BN	2017/07/13	14.13	2022/07/07
FXD/12/2017/5YR	UG12H2811224	156.3BN	2017/12/04	12.50	2022/11/28
FXD/6/2013/10YR	UG0000001244	755BN	2013/04/24	11.00	2023/04/13
FXD/1/2014/10YR	UG12J1801248	580BN	2014/01/30	14.00	2024/01/18
FXD/05/2019/5YR	UG12H1005240	153.7BN	2019/05/17	14.88	2024/05/10
FXD/8/2014/10YR	UG0000001467	650BN	2014/08/13	14.00	2024/08/01
FXD/1/2015/10YR	UG0000001517	100BN	2015/01/28	11.00	2025/01/16
FXD/12/2015/10YR	UG12J1812252	120BN	2015/12/30	19.50	2025/12/18
FXD/08/2016/10YR	UG12J2708269	300BN	2016/09/08	16.63	2026/08/27
FXD/5/2017/10YR	UG12J0605277	360BN	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	220BN	2018/01/25	14.13	2028/01/13
FXD/12/2013/15YR	UG0000001376	220BN	2013/12/04	15.25	2028/11/16
FXD/2/2015/15YR	UG0000001533	1.445TN	2015/02/25	14.25	2029/08/23
FXD/5/2015/15YR	UG12K0205308	120BN	2015/05/21	17.50	2030/05/02
FXD/4/2016/15YR	UG12K0304317	300BN	2016/04/20	17.00	2031/04/03
FXD/3/2017/15YR	UG12K0403325	320BN	2017/03/23	16.38	2032/03/04
FXD/2/2018/15YR	UG12K0302337	750BN	2018/02/22	14.38	2033/02/03
FXD/7/2019/15YR	UG12K2206346	685BN	2019/07/11	14.25	2034/06/22

Government Yield Curve Trend: May 2020



Source: Bank of Uganda

Corporate Bond Activity: May 2020

The corporate Bonds segment remained inactive throughout the period. Investors in this segment have continued to hold onto their investments and receive interest that is paid out semi-annually. Below are the corporate bonds listed on the USE;

1. African Development Bank Bond maturing on 01.02.2022
2. Kakira Sugar Limited Bond maturing on 07.12.2023

EDUCATION COLUMN

UNDERSTANDING STOCK SPLIT

A stock split is a corporate action in which a company's board of directors decide to increase the number of shares that are outstanding by issuing more shares to current shareholders to boost the liquidity of the shares because when a stock split is implemented, the price of shares adjusts automatically in the markets . Human psychology being what it is, most investors are more comfortable purchasing, say, 100 shares of UGX10 stock as opposed to 10 shares of UGX100 stock. Thus, when a company's share price has risen substantially, most public firms will end up declaring a stock split at some point to reduce the price to a more popular trading price. Although the number of shares outstanding increases by a specific multiple, the total dollar value of the shares remains the same compared to pre-split amounts, because the split does not add any real value. The most common split ratios are 2-for-1 or 3-for-1, which means that the stockholder will have two or three shares, respectively, for every share held earlier. All publicly-traded companies have a set number of shares that are outstanding. For example, in a 2-for-1 stock split, an additional share is given for each share held by a shareholder. So, if a company had 10 million shares outstanding before the split, it will have 20 million shares outstanding after a 2-for-1 split. A stock's price is also affected by a stock split. After a split, the stock price will be reduced since the number of shares outstanding has increased. In the example of a 2-for-1 split, the share price will be halved. Thus, although the number of outstanding shares and the price change, the market capitalization remains constant. Market capitalization is calculated by multiplying the total number of shares outstanding by the price per share. For example, assume that XYZ Corp. has 20 million shares outstanding and the shares are trading at UGX100. Its market cap will be 20 million shares x UGX100 = UGX2 billion. Let's say the company's board of directors decides to split the stock 2-for-1. Right after the split takes effect, the number of shares outstanding would double to 40 million, while the share price would be halved to UGX50, leaving the market cap unchanged at 40 million shares x UGX50 = UGX2 billion.

Reasons for Stocks Split

A stock split is usually done by companies that have seen their share price increase to levels that are either too high or are beyond the price levels of similar companies in their sector since high prices can act as a deterrent to prospective buyers -- particularly smaller ones. The primary motive is to make shares seem more affordable to small investors even though the underlying value of the company has not changed. This facilitates trading and may narrow the bid-ask spread. Increasing the liquidity of a stock makes trading in the stock easier for buyers and sellers. Liquidity provides a high degree of flexibility in which investors can buy and sell shares in the company without making too great an impact on the share price. When a stock splits, it can also result in a share price increase following a decrease immediately after the split. Since many small investors think the stock is now more affordable and buy the stock, they end up boosting demand and drive up prices. Another reason for the price increase is that a stock split provides a signal to the market that the company's share price has been increasing and people assume this growth will continue in the future, and again, lift demand and prices.

Example of a Stock Split

In June 2014, Apple Inc. (NASDAQ: AAPL) split its shares 7-for-1 to make it more accessible to a larger number of investors. Right before the split, each share was trading at $645.57. After the split, the price per share at market open was $92.70, which is approximately 645.57 ÷ 7. Existing shareholders were also given six additional shares for each share owned, so an investor who owned 1,000 shares of AAPL pre-split would have 7,000 shares post-split. Apple's outstanding shares increased from 861 million to 6 billion shares, however, the market cap remained largely unchanged at $556 billion. The day after the stock split, the price had increased to a high of $95.05 to reflect the increased demand from the lower stock price. Shareholders. The stock price closed at $645 the day before the split was activated. At market open, Apple's shares were trading at approximately $92, the adjusted price after the 7-for-1 stock split. Back home, Bank of Baroda Uganda did a stock split in 2008 in a 10-for-1

How Do Stock Splits Affect Short Sellers?

Stock splits do not affect short sellers in a material way. There are some changes that occur as a result of a split that affects the short position, but they don't affect the value of the short position. The biggest change that happens to the portfolio is the number of shares being shorted and the price per share. When an investor shorts a stock, he or she is borrowing the shares and is required to return them at some point in the future. For example, if an investor shorts 100 shares of XYZ Corp. at $25, he or she will be required to return 100 shares of XYZ to the lender at some point in the future. If the stock undergoes a 2-for-1 split before the shares are returned, it simply means that the number of shares in the market will double along with the number of shares that need to be returned. When a company splits its shares, the value of the shares also splits. To continue with the example, let's say the shares were trading at $20 at the time of the 2-for-1 split; after the split, the number of shares doubles and the shares trade at $10 instead of $20. If an investor has 100 shares at $20 for a total of $2,000, after the split he or she will have 200 shares at $10 for a total of $2,000. In the case of a short investor, he or she initially owes 100 shares to the lender, but after the split, he or she will owe 200 shares at a reduced price. If the short investor closes the position right after the split, he or she will buy 200 shares in the market for $10 and return them to the lender. The short investor will have made a profit of $500 (money received at short sale ($25 x 100) less cost of closing out short position ($10 x 200). That is, $2,500 - $2,000 = $500). The entry price for the short was 100 shares at $25, which is equivalent to 200 shares at $12.50. So the short made $2.50 per share on the 200 shares borrowed, or $5 per share on 100 shares if he or she had sold before the split.

Reverse Stock Splits

A traditional stock split is also known as a forward stock split. A reverse stock split is the opposite of a forward stock split. A company that issues a reverse stock split decreases the number of its outstanding shares and increases the share price. Like a forward stock split, the market value of the company after a reverse stock split would remain the same. A company that takes this corporate action might do so if its share price had decreased to a level at which it runs the risk of being delisted from an exchange for not meeting the minimum price required to be listed. A company might also reverse split its stock to make it more appealing to investors who may perceive it as more valuable if it had a higher stock price. For example, in a reverse 1-for-5 split, 10 million outstanding shares at 50 cents each would now become 2 million shares outstanding at $2.50 per share. In both cases, the company is still worth $5 million. In May 2011, Citigroup reverse split its shares 1-for-10 in an effort to reduce its share volatility and discourage speculator trading. The reverse split increased its share price from $4.52 pre-split to $45.12 post-split, and every 10 shares held by an investor were replaced with one share. While the split reduced the number of its shares outstanding from 29 billion to 2.9 billion shares, the market cap of the company stayed the same at approximately $131 billion.3

Key Takeaways

- A stock split is a corporate action in which a company divides its existing shares into multiple shares to boost the liquidity of the shares.
- The primary motive is to make shares seem more affordable to small investors even though the underlying value of the company has not changed.
- The most common split ratios are 2-for-1 or 3-for-1, which means that the stockholder will have two or three shares, respectively, for every share held earlier.
- Reverse stock splits are the opposite transaction, where a company divides, instead of multiplies, the number of shares that stockholders own, raising the market price accordingly.
- Stock splits do not affect short sellers in a material way.

Conclusion

Bottom line is a stock split is used primarily by companies that have seen their share prices increase substantially and although the number of outstanding shares increases and price per share decreases, the market capitalization (and the value of the company) does not change. As a result, stock splits help make shares more affordable to small investors and provides greater marketability and liquidity in the market. (The larger a firm's potential investor base, the greater value it is likely to attain in the market.) In addition, stock splits are often a positive signal from management because firms only tend to split their shares when they believe their fundamental corporate prospects are strong. As a result, studies have shown that stocks tend to outperform the market immediately after a split. It should be noted that All stock splits are not created equally. More specifically, stock splits can vary depending upon what type of impact a firm wants to have on its underlying share price. For example, if a firm wants to cut its share price in half, then it will complete a 2-for-1 stock split. If it wants to lower its share price even further, then it may complete a 3-for-1 stock split. Before announcing a stock split, a firm's board of directors must first decide on a distribution rate. Typically expressed as a ratio (such as 2-for-1, 3-for-1, etc...), this distribution rate determines exactly how many shares of stock the firm hands over to its existing shareholders. Ultimately, stock splits are merely a tool used by management to maintain some semblance of control over share prices.

CORPORATE ANNOUNCEMENTS: May 2020

CIPLA - PROFIT WARNING

This announcement is made by Cipla Quality Chemical Industries Limited (the "Company") pursuant to Rules 38 and 40 of the Uganda Securities Exchange Listing Rules. The Board of Directors (the "Board") wish to inform the shareholders of the Company and potential investors that it is expected that the Company will record a loss for the year as compared to a profit in the previous Financial Year ended 31st March 2019. This announcement is based on the unaudited financial results of the Company for the year ending 31 March 2020.

The reduction in profit is mainly due to:

1. Delays in collection of receivables from the Republic of Zambia. IFRS 9 rules require recognition of additional Expected Credit Losses (the "ECL") in the financial statements for the year ending 31 March 2020. Furthermore, the finance costs increased due to increased borrowings to cover the working capital gap.
2. Revenue reduced after suspension of sales to this customer. The impact of this was partly offset by increased sales to international donor organisations.
3. Change in product mix in the orders received affected the gross margins as a result of the change referred to in point 2 above.
4. Increased competition in some of the product ranges, which in turn, increased pressure on pricing in order to remain competitive.

The Board, with the help of the Government of Uganda, has engaged the Government of Zambia to expedite the settlement of the outstanding balance. Any funds collected from this engagement will result in a reversal of the ECL to that extent. The Company has continued with normal operations during the current COVID 19 pandemic and will endeavor to increase deliveries of life saving medicines should the need arise. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Further details of the Company annual financial performance will be disclosed in the Company's audited financial statements to be published and circulated to shareholders. By order of the Board, CIPLA QUALITY CHEMICAL INDUSTRIES LIMITED- Doreen Pachuto Awanga COMPANY SECRETARY

NIC Holdings Uganda Limited.

The board of NIC Holdings Limited wishes to inform esteemed shareholders and the general public that due to the lock down as a result of COVID 19 pandemic which has affected all business activities, the completion of the 2019 audit was also affected and the company will not be able to publish the audited financial statements by 30th April 2020. The audited financial statements are expected to be published in June 2020. The board of NIC wishes to thank the public and the esteemed shareholders for their continued support and urges all to stay safe in these difficult times.

BAT UGANDA

The Board of Directors of British American Tobacco Uganda Limited ("BAT Uganda" or the "company") informs the company's shareholders and the general public that BAT Uganda will pay the proposed final dividend for the year ended 31st December 2019 and appoint the External Auditor for the financial year 1st January to 31st December 2020 in advance of the 2020 Annual General Meeting. The 2020 Annual General Meeting which was initially scheduled for Thursday 21, May 2020 was postponed in accordance with guidelines and a notice published by the Uganda Securities Exchange on 17 April 2020 and 28 April 2020 respectively. The postponement was with respect with various directives issued by Government of Uganda to combat the spread of the novel corona virus disease (COVID 19), which include the ban on public gatherings effective 18 March 2020. In view of the health emergency and wider social-economic impact caused by the COVID-19 pandemic, the inability of the company to physically convene the 2020 AGM and considering the best interests of shareholders, the Board held a meeting on 18 May 2020 and unanimously resolved to; A, Pay in advance the proposed Final Dividend of UGX 320 per share (net of with-holding tax) for the financial year ended 31 December 2019. The dividend will be paid on 19 June 2020 to shareholders on the register at the close of business on 29 May 2020; and B, Appoint KPMG Uganda as the Company's External Auditor for the year 1 January to 31 December 2020 and fix the Auditor's remuneration.

These Board resolutions will be tabled before shareholders for ratification at the 2020 AGM when held at a date to be communicated in due course. The Uganda Securities Exchange and the Capital Markets Authority of Uganda have been duly notified of this course of action. By order of Board, Nicholas Ecimu COMPANY SECRETARY 28 May 2020

Appendix I: USE Member Firms

The following USE Member Firms are licensed to act as both broker/dealers and Market Advisors:

Market Advisor	Contact Person:
BARODA CAPITAL MARKETS (U) LTD. P. O. Box: 7197 Kampala Tel: +256 414 232 783. Fax: +256 414 230 781 Email: bcm.ug@bankofbaroda.com Website: www.barodacapital.webs.com	**Mr. Mohan Prashantam**
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