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## USE Governing Council Members



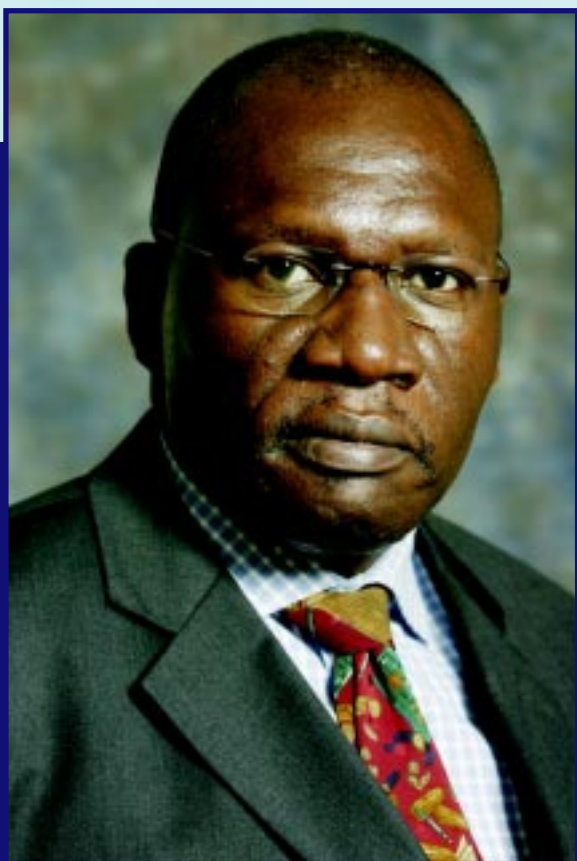
*(From Top left-Standing):* **Mr. Samwiri Njuki** - Director, Equity Stock Brokers (U) Ltd.; **Mr. Robert Warlow** - Managing Director, G. A. Capital Markets (U) Ltd.; **Dr. Ram Jass Yadav** - Director, Baroda Capital Markets (U) Ltd.; **Mr. Michael O. Oduro** - Managing Director, G. A. Capital Markets (U) Ltd.;  
*(From left-Seated):* **Mr. Geoffrey A. Onegi-Obel** - Chairman, USE; Managing Director, G. A. Capital Markets (U) Ltd.



g Director, Crane Financial Services Ltd.; **Mr. Andrew Owiny** - Executive Director, MBEA Brokerage Services (U) Ltd.;  
**Mr. Paul Opagi**-Director, Privatisation and Utility Sector Reform Project (PUSRP);  
Onegi-Obel & Co Ltd.; **Mr. Simon Rutega** - Chief Executive, Uganda Securities Exchange Ltd.



# Chairman's Statement



Geoffrey A. Onegi-Obel, *Chairman*

“ As we continue to consolidate our position as a key platform and infrastructure for social and economic transformation through the efficiencies of transparent price discovery and savings for domestic capital formation, the marshalling of monetary and fiscal policy synergies across institutions for the much needed deepening of the Uganda Financial Sector remains our focus ” .

On behalf of the Governing Council, it is with great pleasure that I once again present to you the report on the activities of the Uganda Securities Exchange Limited for the 2004/2005 financial year.

From a strategy perspective, the outgoing financial year, as with the preceding ones presented evidence of our progress in the development of the Uganda Securities Exchange and the financial sector deepening challenge of our economy as a whole.

In the past year, the USE underwent as much guided change as in any period in its eight year history. 2004/2005 was

another year of solid growth across all the key parameters of instruments; new products and milestones on the USE.

However the sovereign rating of Uganda by Fitch in March 2005 of a B grade takes the milestone tag - as a key baseline and benchmark for evaluating the economic environment surrounding investment possibilities in the Ugandan economy.

A rating is a submission that the economy wants to be measured on the standards of its economic management and underscores a period of macro economic stability with visibility for the medium to long term trending towards

sustained growth, low inflation and a small but well regulated financial sector with an increasing range of instruments for the intermediation of savings and financial transactions.

Accordingly, as we continue to consolidate our position as a key platform and infrastructure for social and economic transformation through the efficiencies of transparent price discovery and savings for domestic capital formation, the marshalling of monetary and fiscal policy synergies across institutions for the much needed deepening of the Uganda Financial Sector remains our focus. Towards this objective, the USE has approved the USE Open Market Forum for Bonds, Equities and Related Instruments.

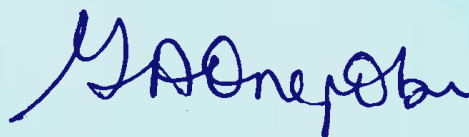
It is also expected that the USE Governing Council will this coming financial year, engage partners and stakeholders in a renewed effort to realize benchmark instruments for the Energy and Housing sectors, as well as a more stable yield curve for pricing in the Uganda economy.

On behalf of the USE Governing Council I thank all stakeholders for the support and goodwill the USE continues to enjoy.

## Conclusion

I wish to formally record my appreciation to the Bank of Uganda, Ministry of Finance, Privatisation Unit, The British Council, DFID, SIDA, GTZ and USAID for their continued moral and material support, encouragement and cordial relationship.

Finally, I would like to record my sincere appreciation and recognise the support of all members of the USE Governing Council and the entire management and staff of the USE for their important contribution to furthering the continuous growth of the USE as an important piece of infrastructure for the transformation of the Uganda economy.



**Geoffrey A. Onegi-Obel**  
Chairman

# Chief Executive Officer's Review



**Simon Rutega, Chief Executive**

I am pleased to submit to you the Annual Report for 2004/2005. The year under review witnessed further consolidation of the USE objectives of deepening Uganda's financial sector. The emphasis on promoting long term domestic savings in the local economy and the unleashing of new financial instruments in our jurisdiction I believe has now begun in earnest.

The signals delivered by the market are clear on what needs to be done to achieve the objective of long term sustainable economic development. The conclusions formed are that the formal Ugandan financial sector must begin to mobilize medium-long term savings, allocate these savings to productive enterprise and have institutions such as the USE effectively monitor them. This means that the population must be encouraged to save more vigorously and the structures required for enabling long term savings must be

“Uganda received its first sovereign rating receiving a B grade from Fitch. From the capital markets perspective, this rating serves as a baseline for evaluating the economic environment and risk surrounding investment possibilities and also as a benchmark for investors to distinguish among markets.”

activated in the shortest time possible. This will have the added effect of promoting downward pressure on interest rates and enable a more efficient and effective monetary policy transmission mechanism in the financial markets. USE intends to concentrate its future efforts in promoting two categories of investors namely; the domestic investor base and the Ugandan Diaspora community.

The USE is fully committed to quoting debt, equity, derivative and collective investment scheme financial products. USE now has more than fifteen thousand citizens directly invested in our listed products. The majority of Ugandan citizens though are indirectly invested through institutions such as the NSSF, private pension funds, unit trusts and insurance companies. The intention is to mobilize at least 25,000 Ugandans directly investing in our listed products by the end of the next financial year. USE is committed to providing a



transparent market, investor education and efficient liquidity aggregation through our clearing and settlement systems. With regard to promoting regionalization, USE is at the forefront of encouraging cross listings of companies in the East African region. Already a number of companies listed on the Nairobi Stock Exchange have indicated interest and are working towards cross listing initiatives at the USE. It is hoped that with the unification of the East African currencies, the East African region will have one regional virtual stock market. In this regard, USE has embarked on the implementation of an automated trading system. The USE's technology plan will begin with the implementation of the Central Depository System (CDS). USE has already acquired shareholding in the regional project and we are in the process of enhancing our technical capabilities in the clearing and settlement processes.

During the financial year 2004/5, the USE witnessed the highest level of buoyant market activity since inception. The USE All Share Index rose to an all time high of 730 during the year under review from 350 at the beginning of the financial year reflecting the vibrancy of the market. Equity turnover increased to US\$ 3.3 bn representing a 933% increase, while volumes rose to 7.7 million shares. With regard to the fixed income sector, over US\$ 8 billion worth of Government securities traded during the financial year. While, this may not be a significant amount in weight to the total amount of securities issued, nevertheless, the foundation has been set with the construction of a credible yield curve. I believe that liquidity in the Government bond secondary markets can be improved with further streamlining of the primary dealer system.

The market capitalization of the USE at the end of the financial year 2004/5 stood at 2.1 billion USD dollars. The Exchange witnessed two new equity listings of the DFCU Group and the New Vision Printing and Publishing Company Limited. Let me take this opportunity to congratulate the directors and management of DFCU Group and the New Vision for this productive initiative. I am confident that the profiles and performance of these two companies in our jurisdiction will now rise to even greater heights.

The year under review witnessed for the first time in Uganda the launching of Unit Trust products by the African Alliance group. This was a tremendous achievement which will go a long way in promoting the collective investment scheme industry as an additional opportunity for retail investors in listed financial products through unit trusts.

In March 2005, Uganda received its first sovereign rating receiving a B grade from Fitch. From the capital markets perspective, this rating serves as a baseline for evaluating the economic environment and risk surrounding investment possibilities and also as a benchmark for investors to distinguish among markets. I believe that a consistent improved rating track record for the country will positively impact on the potential to mobilize medium and long term capital in the world financial markets.

During the year under review, USE made significant progress across all planned activities. The major achievements included the implementation of our communication strategy on enhancing public education about our business. USE also continued with the promotion of investment clubs and continued to structure successful modules of securities courses for a broad spectrum of professionals including the banking, insurance, auditing, and legal fraternity. USE has also held meetings with potential private sector issuers ensuring that the benefits of a USE listing remain at the forefront of potential issuers' minds. The intention remains to develop our Alternative Investment Market Segment (AIMS) for the smaller and medium sized growing companies in the country. I am confident that in the next financial year, we will witness our first listed SME on this Alternative Market Segment.

### Appreciation

Let me extend my appreciation to all individuals and organizations, which have supported the Exchange in its efforts in developing the capital markets industry. Special tribute is extended to the Bank of Uganda, the Privatization Unit and especially GTZ/SIDA which has provided enormous support to our programs again this financial year. I am grateful for the guidance and support extended to me by the Chairman and Governing Council members and of course special appreciation goes to the USE staff for their continued dedicated efforts, diligence and hard work.



**Simon Rutega**  
Chief Executive

# Departmental Reports

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## Market Performance FY 2004/5

### Fixed Income Securities Market Segment (FISMS)

#### New Listings

FY 2004/5 witnessed an increased level of Treasury bond issuances including:-

- 4 bond issuances for a total of Ushs 105 billion and 9 bond re-openings amounting to Ushs 260 billion.
- Total amount issued during the financial year stands at Ushs 365bn - a 152% increase from the Ushs 145 billion level of the preceding year.
- Total outstanding amount on all tenors as at June 30<sup>th</sup> 2005 stands at Ushs 510 billion.

#### Secondary Market Activity

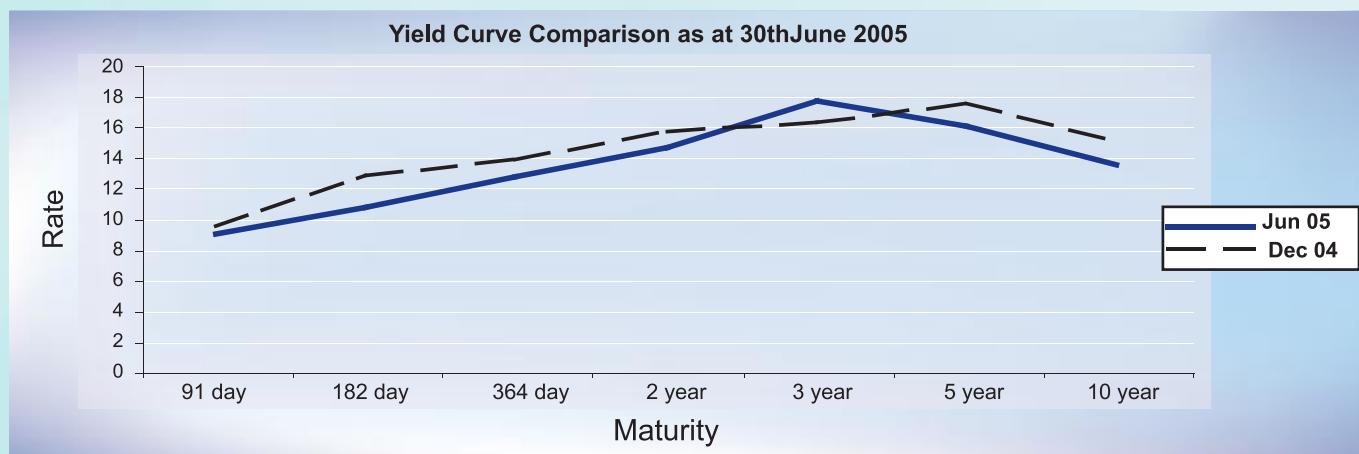
- Trading results indicated an increase in trading activity with the trades rising to Ushs 3,398.5m from Ushs 321.4m in FY 2003/04.
- No trades were recorded in the Corporate Bond market as holders continue to hold onto their investments in order to reap from the attractive interest rates.

### Government bond schedule - FY 2004/5

Issue No	Issue Size (Ushs)	Issue Date	Current Coupon	Value (in Ushs)	PRIMARY DEALER INDICATIVE RATES		
					Mid Price at YTM (%)	Price at YTM (%)	
						Best Bid	Best Ask
FXD 1/2004/2	80bn	14/01/2004	10%	1,012,000,000	14.13	15.00	13.25
FXD 2/2004/3	80bn	25/02/2004	10.25%	101,500,000	16.38	17.25	15.50
FXD 3/2004/5	40bn	24/03/2004	10.75%	200,000,000	16.70	17.70	15.70
FXD 4/2004/10	15bn	19/05/2004	11.00%	500,000,000	17.28	19.80	14.75
FXD 5/2004/2	90bn	30/06/2004	10%	550,000,000	14.13	15.00	13.25
FXD 6/2004/3	90bn	07/10/2004	10.25%	230,000,000	16.38	17.25	15.50
FXD 1/2005/2	100bn	27/01/2005	10%	7,648,800,000	14.13	15.00	13.25
FXD 2/2005/3	25bn	21/4/2005	10.25%	1,470,000,000	16.38	17.50	15.25
FXD 3/2005/2	20bn	16/06/2005	10%	-	14.40	14.80	14.00

Compiled by: USE Trading Department

## Yield curve as at 30 June 2005



SOURCE: USE Trading Department

## Main Investment Market Segment (MIMS)

### New Listings

- DFCU group listed in October 2004 following the market's largest IPO of Ushs 18.3 billion.
- New Vision Printing and Publishing Company (abbr.NVL) listed in December 2004.

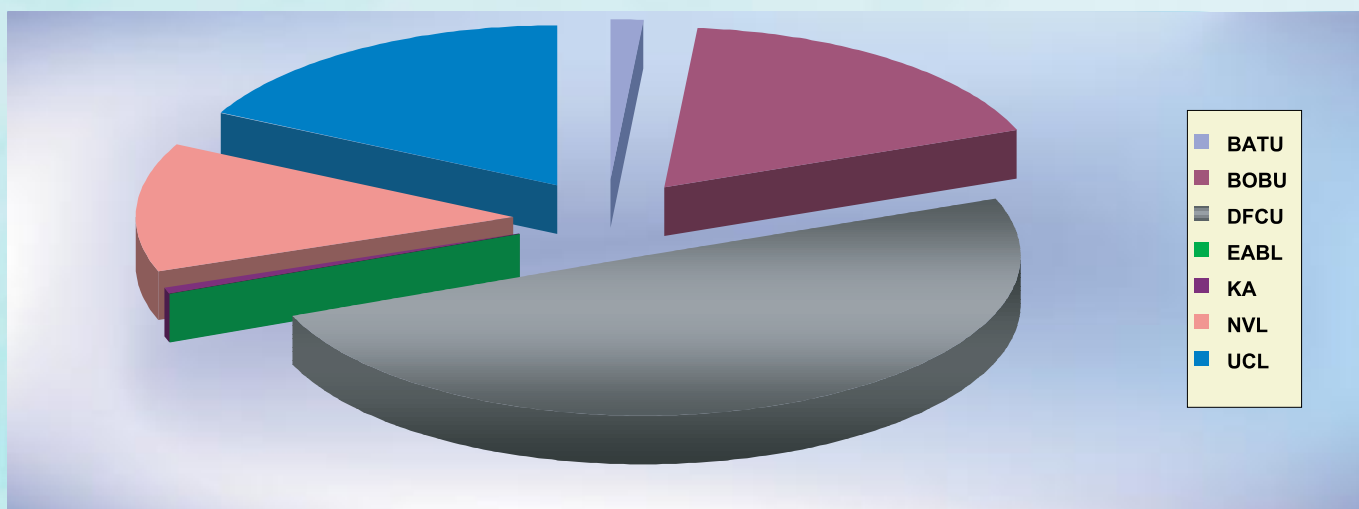
### Trading Activity

FY 2004/5 reported the highest level of Annual Trading activity in the history of USE

- Secondary market turnover grew by over 900% to Ushs 3.35 billion
- Volumes rose to 7.7 million shares.

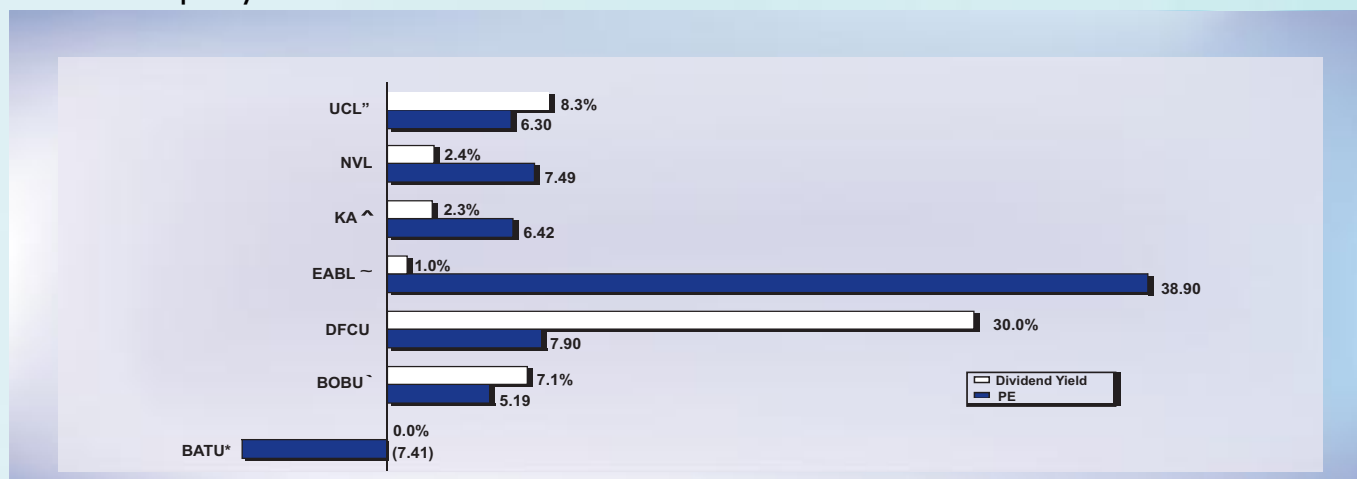
A breakdown of this trading activity can be seen below;

## FY 2004/5 Trading Activity Summary



SOURCE: USE Trading Department

## Listed Company PE Ratios and Yields as at 30 June 2005



SOURCE: USE Research Department

### Note

\*BATU audited results for the year ending December 2004.

~EABL unaudited results for the first six months of the year ending 30th June 2005.

"UCL audited accounts for the year ending December 2004. Dividend based on total payout for the year 2004

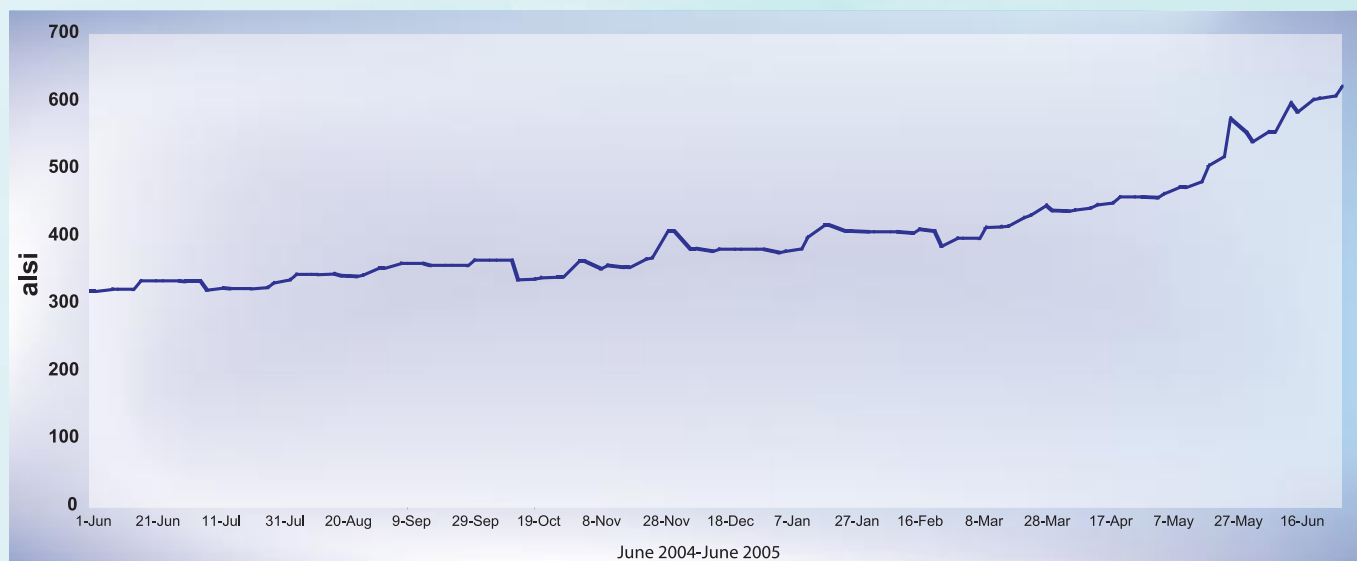
'BOBU audited accounts for the year ending December 2004.

^KA group audited accounts for the year ended 31st March 2005.

DFCU group audited accounts for the year ending 31st December 2004. Dividend has been adjusted to incorporate the bonus issue.

NVL audited results for the year ended June 30th 2005.

## USE All Share Index Movement as at end of June 2005



SOURCE: USE Research Department

### USE All Share Index

- Base level (December 2002) - 100
- Inception level (October 2003) - 311.37
- End June 2005 level - 622.28 (100% growth from inception level)



## Market Developments

### NEW PRODUCT LISTINGS

#### DFCU & New Vision Listings on the USE

During the year under review, USE listed two companies on the Equities Market. DFCU which was officially listed on 14<sup>th</sup> October 2004 became the second financial institution to be listed on the USE after Bank of Baroda Uganda which listed in 2002. The New Vision Printing and Publishing Company, was later listed on 16<sup>th</sup> December 2004. The two companies increased the USE Market Capitalization with the DFCU listing rising the capitalization to Ushs 1,392.9bn from Ushs 1,325.6bn rising further to Ushs 1,849.5bn from 1,823.5bn following the New Vision listing.



DFCU group Managing Director Mr. Colin McCormark and Group Chairman Dr. William Kalema join USE Chairman Onegi-Obel at the DFCU listing ceremony.



NVL Chairman, Bart Katureebe rings the bell to commence Trading at the NVL Listing. He is flanked by the USE Chairman G. A. Onegi-Obel (far-left), NVL Managing Director, Mr. William Pike (left) and the Chief Executive, USE, Mr. Simon Rutega (Right).

#### Commemoration of Uganda's first sovereign rating

During the fiscal year, USE hosted a function in commemoration of Uganda's first Sovereign Rating of a B grade, which makes Uganda the first country to be rated in East Africa and the tenth on the African continent. The B rating signifies a period of macroeconomic stability characterized by sustained growth, low inflation and a well regulated financial sector. The function which was held at the USE offices brought together several officials from the private and public sectors.



State Minister for Investment Prof. Semakula Kiwanuka addressing delegates at the Sovereign Rating commemoration ceremony held at the USE offices.

#### Government Bond Listings

USE listed two more government bonds; bringing the total number of government bonds listed on the USE to nine. The two year and three year government bonds brought the total issued amount to Ushs 510 billion.

### PUBLIC EDUCATION

#### University Road Shows

Under the USE Tertiary Institutes Educational Programme, Universities in and around Kampala continued to show interest in the operations of USE. Post and Undergraduate Students from Makerere University and Uganda Martyrs' University visited the Exchange. In the same period, USE visited Nkumba University with an aim of educating University students on how to participate in the trading of securities on the Exchange.



USE Trading, Research and Market Development Officer, Mr. Joel Lutamaguzi gives a Lecture on Investing in Securities at Nkumba University

### Potential Issuers' Workshop

USE organized a one-day Potential Issuer's workshop under the theme **"The Case of a Private Sector Listing"** at the Lion Center, Sheraton Hotel. The function which brought together participants from the private sector was sponsored by GTZ/ SIDA. The guest speakers for the day included Mr. Bill Donovan, the Resident Advisor, U.S Department of the Treasury; Mr. Pradeep Paurana, the Managing Director, Athi River Mining Ltd., Kenya; and Mr. Amish Gupta, the Associate Director, CFC Financial Services Ltd., Kenya."



Participants at the Potential Issuers' Workshop held at Sheraton Hotel, Kampala.

### Advocates Workshop

On 9<sup>th</sup> December 2004, Uganda Securities Exchange in conjunction with Uganda Law Society, successfully conducted a one-day workshop on **"Understanding Financial Statements and an Introduction to Unit Trusts."**

at the USE offices. The workshop brought together advocates from both the private and public sectors and provided a platform to equip Lawyers with knowledge of the importance of Financial Statements and the benefits of Unit Trusts. The Guest Speakers of the day were; Mr. Bill Donovan, the Resident Advisor, U.S Department of the Treasury and Mr. Gary Watson, of African Alliance Group.



US Treasury Advisor Mr. Bill Donovan demonstrates a model at the Advocates Workshop.

### Journalist's workshop on Unit Trusts

Uganda Securities Exchange together with African Alliance held a successful in-house Journalist's seminar under the theme **"Understanding Unit Trusts."** The seminar which brought together Journalists from various media houses around the country was conducted to equip Business Journalists and the brokerage fraternity with information on the operations and functions of Unit Trusts. The guest speaker of the day was Mr. Gary Watson, the Head of Fixed Income and Money Funds for the African Alliance Group.



African Alliance's Gary Watson lectures journalists at the Journalists Workshop organised by USE and African Alliance



### International & Regional Trade Fair Exhibitions

USE participated in the two annual trade fairs organized by Uganda Manufacturers Association in Kampala and Mbale. USE has continued to use these trade fairs as a platform to create awareness amongst stake holders, and to boost the knowledge and participation in capital markets activities.

### Employee Share Ownership Plan Workshop

USE organized a one-day workshop that targeted the company stakeholders on what ESOPS are, how they operate and their benefits to both corporations and employees. The Guest speakers of the day were Mr. Lewis Kamau, the Chairman, CorpAfrica Factors, Nairobi and Mrs. Madren Nderu Oluoch-Olunya, the Group Company Secretary, East African Breweries Limited, Nairobi.

### PUSRP mid term review

The year under review saw USE participate in a Public Awareness workshop at the Privatization and Utility Sector Reform Programme mid-term review workshop at Munyonyo on 1<sup>st</sup> February 2005.

### Facts Behind The Figures Press Conference

USE continued with its Facts Behind The Figures initiative aimed at giving top management of listed companies an opportunity to interact with the media, brokers and the investment advisors. The Facts Behind The Figures press conference this fiscal year attracted Bank of Baroda Uganda, DFCU and Uganda Clays Limited.



Uganda Clays Ltd. Management addresses the Press at the UCL Facts Behind The Figures Press Conference.

## REGIONAL INTERGRATION

### East African Business Summit

In September, USE participated in the 3<sup>rd</sup> East African Business Summit that took place in Ngurdoto Mountain Lodge Arusha, Tanzania. The conference brought together a number of stakeholders from the private sector in the three East African countries.

### 8<sup>th</sup> ASEA Conference held in Kenya

USE participated in the 8<sup>th</sup> African Stock Exchange Association's Annual conference held in Nairobi Kenya. The conference which brought together several Stock Exchanges from all over Africa under the theme "Economic Prosperity through African Capital Markets – Funding Continental Infrastructure." was aimed at promoting capital markets as a means of facilitating economic development and integration in Africa. The conference was hosted by the Nairobi Stock Exchange, which was also celebrating 50 years of active operation since its official incorporation in 1954.

### East African Stock Exchange Association (EASEA) Memorandum of Understanding signed

On November 26<sup>th</sup> 2004, USE together with the Nairobi Stock Exchange and Dar es Salaam Stock Exchange, signed the EASEA Memorandum of Understanding at the African Stock Exchange Association's Annual conference.

### 1<sup>st</sup> EASEA Meeting held in Kenya

During the fiscal year, USE participated in the 1<sup>st</sup> East African Stock Exchanges Association meeting held in Nairobi Kenya. The meeting brought together the three East African Stock Exchanges with the aim of promoting the growth and development of the Capital Markets in the East African Region.

### USE CDS Project Meeting

GTZ-SIDA under its Financial Systems Development Programme sponsored USE Staff on a working visit to CDSC Kenya. The three-day CDS Project meeting held in Nairobi in June 2005, was meant to illustrate how the Kenyan CDS project was implemented and to map out a way forward for the successful completion of USE's CDS Project.



## CAPACITY BUILDING

### Anti money laundering workshop

In September 2004, USE participated in a 5-day workshop on Anti Money Laundering & Combating the Financing of Terrorism Supervision. The workshop, that was conducted by the International Monetary Fund and the US Department of the Treasury; was attended by several participants from the financial sector.

### SMART Partnership Dialogue

USE participated in a 3-day Smart Partnership International dialogue. The dialogue which attracted members from the private and public sectors was held in Langkawi Malaysia from 29<sup>th</sup> to 31<sup>st</sup> July 2004.

### SPIURT-EA Workshop

USE participated in a two-day policy dialogue and strategy planning workshop on the Study of Private Investment in Urban Road Transport in East Africa. The workshop that was held in Nairobi Kenya from 1<sup>st</sup> to 2<sup>nd</sup> December 2004 was attended by representatives from City Councils, Capital Markets, Chamber of Commerce and other potential stakeholders.

### Market Risk Seminar

USE participated in a Market Risk seminar organized by Bank of Uganda to assist local markets in enhancing their technical skills. The two-day seminar held on March 31<sup>st</sup> and April 1<sup>st</sup> 2005 attracted several participants from the financial sector.

### 29<sup>th</sup> IOSCO Conference held in Jordan

In May 2004, USE together with several participants from all regions of the world participated in the 29<sup>th</sup> Annual Conference of the International Organisation of Securities Commissions (IOSCO). The Conference was officially opened by His Majesty King Abdullah II.

## CORPORATE SOCIAL RESPONSIBILITY

### USE Corporate Responsibility Initiative launched

The year under review witnessed USE's successful launch of its first corporate responsibility initiative at the USE offices. The function which was attended by officials and children of

Daughters of Charity Nsambya, was crowned with the donation of items to the children. USE pledges to continue working hand in hand with the vulnerable communities in order to transform people's lives.



USE Chairman hands over USE's donation to the Daughters of Charity caretaker; Sister Rose Muyinza.

### Golf Tournament

USE, together with NSSF and DFCU sponsored the 11<sup>th</sup> coronation golf tournament at the Uganda Golf Club held in July 2004. The inter cultural event which was held alongside the Awards giving ceremony attracted close to three hundred guests. The guest of honour at the function was the Kabaka of Buganda His Royal Highness Ronald Muwenda Mutebi II.



USE Chairman G. A. Onegi-Obel and the Kabaka of Buganda His Royal Highness Ronald Muwenda Mutebi II at the 11th Coronation Anniversary Golf Tournament.

# Legal & Surveillance Report 2004/2005

## Rules Development

### Listing Rules

The Listing Rules were simplified during the financial year and published for free distribution to the public. The purpose of the publication is to enable a broader understanding about the role of the USE, the mechanism of listing and the obligations that a listed company has. It is hoped that this simplified version of the listing rules will play a role in interesting family owned companies in raising capital through the capital markets.

The Department noted various areas in the Rules that require review. This review will be undertaken in the next financial year. Amongst the areas for review are the rules regarding bonus issues and rules pertaining to cross listing particularly cross listing fees which have been an area of grave concern for most companies interested in cross listing.

### Other Rules

The Insider Trading Rules and the Board Procedures Manual are in the initial stages of drafting and will be concluded during the next financial year.

### Legislative Developments

Discussions have been held with the CMA with regard to the Central Depositories Bill proposed by the CMA. The Bill, USE is informed, is in the Ministry of Finance. USE has in the same vein been tracking the progress of the Companies Bill that makes provision for electronic securities. USE is informed that the Companies Bill is awaiting Cabinet approval. The enactment of the Companies Bill would give legal recognition to electronic securities and enable the immobilization of securities while awaiting the passage of the CDS Bill that would provide a comprehensive framework for the operation of the CDS.

### Regional Integration

The Department worked on the Memorandum of Association of the East African Securities Exchanges Association (EASEA) with the Legal Departments of Nairobi Stock Exchange (NSE) and Dar es Salaam Stock Exchange (DSE). EASEA came into being during the financial year when its Memorandum of Association was

signed during the NSE Golden Jubilee celebrations in Nairobi in November 2004. The first EASEA meeting was held in Nairobi in March 2005.

The Legal Manager serves as Secretary to EASEA.

### New Listings

The Department participated in the road shows for DFCU Limited during its initial public offer (IPO). DFCU was successfully listed and has declared a dividend and offered bonus shares to its shareholders on the basis of the results of the year ended 31 December 2004. The Department worked with DFCU to ensure compliance with the continuing listing obligations. The bonus issue which amounts to additional shares was approved by the Listing Committee. The Department serves as Secretary to the Listing Committee in addition to having the duty of reviewing applications submitted to the Committee for legal efficacy.

The New Vision Printing and Publishing Company Limited (NVPPL) applied to list during the year. The Department played its legal advisory role. New Vision was listed on the Exchange in December 2004 bringing the number of local listings to five.

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

### New Membership

African Alliance (Uganda) Limited applied to join USE membership as a broker/dealer. Their application has been approved by the Governing Council. USE hopes that African Alliance, who is already known in the Ugandan market as fund managers, will add value to the market through their brokerage function. African Alliance are active in a number of African countries.

### Governing Council Matters

The Department has continued to perform its function as Secretary to the Governing Council and to the two Committees of Council.

### Surveillance

Surveillance involves ensuring compliance with the Rules of the Exchange and the regulations of CMA and the general legal framework within which the industry operates. Surveillance is undertaken through reporting requirements where member firms are required to send quarterly and annual reports to USE. On site inspection is carried out on an annual basis. Listed companies are required to send interim (half yearly) and annual reports to the Exchange. All announcements must be communicated to the Exchange before release. Communication is through a designated spokesperson(s) of the company.

Surveillance visits were undertaken during June 2005 and

the member firms were found to be compliant. The Department has worked with the listed companies on compliance with the continuing listing obligations. Generally, the listed companies have complied.

### Training/Public Education

The Department in partnership with the Uganda Law Society (ULS) organised a half day course for advocates on understanding financial statements and collective investment schemes. Advocates expressed great interest in the Understanding Financial Statements Course. USE and ULS plan to offer the same course during the first quarter of the next financial year. A more advanced course on Analysis of Financial Statements will thereafter be offered during the second quarter of the financial year.



## Supporting the USE communications plan/strategy through Information dissemination

The health of the capital market industry is very much dependant on accessibility to material information used by investors to make informed decisions on investment. The global market data is voluminous, dynamic, complex and inter-related where more sophisticated financial instruments are continuously being developed and introduced.

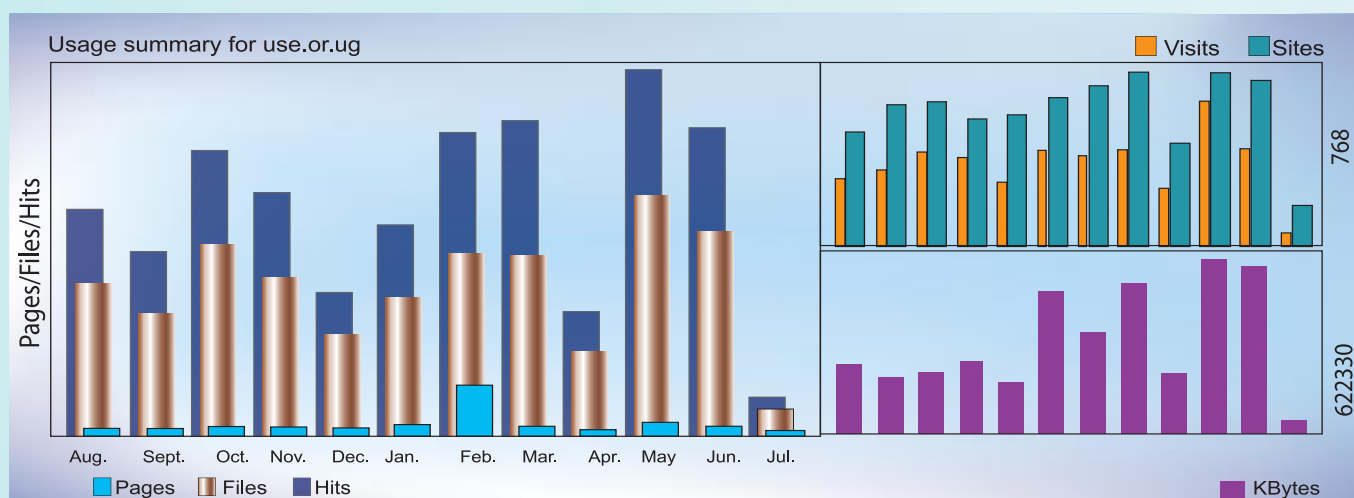
The USE, as an information source, is obliged to efficiently execute trades and disseminate real-time market information.

The USE communication plan is committed to continuous improvement in its processes /operations and making efficient use of its resources to deliver timely market information to the stakeholders.

The public and all the key stakeholders have used, and continue to use this technology in their dealings with the USE. The advent of the internet has meant that a far larger proportion of the public is accessing USE publications via the USE website ([www.use.or.ug](http://www.use.or.ug)) and the fruits of a rich information portal are the positive growth trend of visitors to the USE website depicted in the table.

The internet has an added dimension of globalisation which is particularly popular with international investors.

The growth trend in the figures is unlikely to remain uniform due to low appreciation of technological advances in the region. Many establishments do not recognize email/internet communication as legitimate or authentic, hence continue to prefer hard copy communication in form



USE www traffic, Aug 2004-Jun 2005. Note the monthly visitors averaging 350 (Orange series)

A number of trends have emerged over the past year in the use of technology in handling information at the Exchange:

- A move towards greater self-sufficiency by USE in generating and distributing market information;
- Use of multi-media Information Communication Technologies (ICTs) to carry out the education functions of the USE;
- Increased usage of email for exchange of correspondence. The public and brokers/dealers are continuing to use email to communicate with the USE;
- A move towards increased use of the internet to avail data on market activities.

of fax or postal mail. The vulnerability of IT systems to virus attacks that disrupt the information flow from time to time has also hindered steady growth in the usage of technology to disseminate information.

The future plan is to consolidate the market data into a single Data Warehouse from which exhaustive market analysis (trending, forecasting etc) will be obtained. This will be provided on-line so as to achieve the Market Data Service Level recommended by the Financial Information Services Delivery Division (FISD).

To obtain updates on the USE market activities, please send email requests to [info@use.or.ug](mailto:info@use.or.ug), or visit [www.use.or.ug](http://www.use.or.ug)



Uganda Securities Exchange Limited

*(A Company Limited by Guarantee)*

# Financial Statements

30 June, 2005

*(A Company Limited by Guarantee)*

## General Information for the year ended 30 June 2005

### Directors

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

### Company Secretary

Simon Rutega  
P.O. Box 23552  
Kampala

### Registered Office

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P.O. Box 23552  
Kampala

### Bankers

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Kampala

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

### Auditors

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



*(A Company Limited by Guarantee)*

## Report of the Directors for the year ended 30 June 2005

The directors of the company present their report together with the audited financial statements for the year ended 30 June 2005, which disclose the state of affairs of the company.

### **1. PRINCIPAL ACTIVITY**

The company continues 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 24.

### **3. RESERVES**

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

### **4. AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office and do so under the terms of section 159 (2) of the Companies Act (cap 110)

By Order of the Board

Secretary



..... 2005

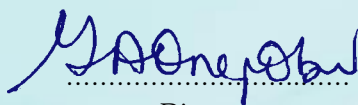
(A Company Limited by Guarantee)

## Statement of Directors' Responsibilities for the year ended 30 June 2005

The Companies Act requires the company to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its operating results for that year. 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 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 generally accepted accounting practice. 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 responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.



Director

**22-9-2005**

Date



Director

**22-9-2005**

Date

## Independent Auditors' Report to the Members of Uganda Securities Exchange Limited

We have audited the financial statements set out on pages 24 to 35, which have been prepared on the basis of the accounting policies set out on pages 28 to 29. We obtained all the information and explanations, which we considered necessary for our audit.

### **Respective responsibilities of Directors and Independent Auditors**

We have audited the accompanying balance sheet of Uganda Securities Exchange Limited as of 30 June 2005, and the related statements of income, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as stated on page 22. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 2005, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act.

KAMPALA



22nd September, 2005



## Income Statement for the year ended 30 June 2005

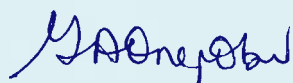
	Note	2005	2004
		<i>Ushs</i>	<i>Ushs</i>
<b>Revenue</b>	2	1,035,043,120	631,963,494
Other income	3	62,049,621	37,232,438
Administrative expenses	4	(280,011,777)	(241,090,493)
Staff costs	5	(455,803,106)	(304,455,959)
Other operating expenses	6	(135,901,588)	(130,546,544)
<b>Profit from operations before tax and finance costs</b>		225,376,270	(6,897,064)
Finance costs	7	<u>(1,933,606)</u>	<u>(5,855,697)</u>
<b>Profit before tax</b>		223,442,664	(12,752,761)
Income tax expense	9	_____ -	_____ -
<b>Profit/(loss) for the year</b>	8	<u>223,442,664</u>	<u>(12,752,761)</u>

# Balance Sheet

## as at 30 June 2005

ASSETS	Notes	2005 Ushs	2004 Ushs
<b>Non-current assets</b>			
Property & equipment	10	152,141,466	107,798,394
Investments	11	69,548,102	65,500,802
Intangible assets	12	<u>43,124,303</u>	<u>1,655,303</u>
		<u>264,813,871</u>	<u>174,954,499</u>
<b>Current assets</b>			
Trade and other receivables	13	193,652,697	85,952,537
Cash and bank balances	14	<u>245,846,968</u>	<u>120,255,659</u>
		<u>439,499,665</u>	<u>206,208,196</u>
<b>TOTAL ASSETS</b>		<u><b>704,313,536</b></u>	<u><b>381,162,695</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained earnings		576,111,090	352,668,426
Capital grants		<u>116,363,935</u>	<u>17,854,144</u>
<b>Total equity</b>		<b>692,475,025</b>	<b>370,522,570</b>
<b>Current liabilities</b>			
Trade and other payables	15	<u>11,838,511</u>	<u>10,640,125</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>704,313,536</b></u>	<u><b>381,162,695</b></u>

The financial statements were approved by the Board of Directors on 15th September 2005 and were signed on its behalf by: -



Director



Director

## Cash Flow Statement for the year ended 30th June 2005

	Note	2005 Ushs	2004 Ushs
<b>Cash flows from operating activities</b>			
Net profit/(loss) before taxation		223,442,664	(12,752,761)
Adjustment for: -			
Depreciation		60,172,948	40,242,504
Amortization of capital grant		(44,894,439)	(10,146,647)
Amortization of intangible asset		<u>11,153,980</u>	<u>895,317</u>
Operating profit before working capital changes		249,875,153	18,238,413
Increase in trade and other receivables		(111,747,460)	(75,236,446)
Decrease/(increase) in Short term investments		-	47,923,000
(Decrease)/increase in trade and other payables		<u>1,198,386</u>	<u>(861,758)</u>
<b>Net cash flows from operating activities</b>		<b><u>139,326,079</u></b>	<b><u>(9,936,791)</u></b>
<b>Cash inflow/(outflow) from investing activities</b>			
Purchase of property, and equipment		(13,186,670)	(12,818,952)
Purchase of intangible asset		(548,100)	(190,203)
Long-term investment in Central Depository System		<u>-</u>	<u>(35,887,366)</u>
<b>Net cash outflow used in investing activities</b>		<b><u>(13,734,770)</u></b>	<b><u>(48,896,521)</u></b>
Net increase in cash and cash equivalents		125,591,309	(58,833,312)
Cash and cash equivalents at 1 July 2004		<u>120,255,659</u>	<u>179,088,971</u>
<b>Cash and cash equivalents as at 30 June 2005</b>	<b>14</b>	<b><u>245,846,968</u></b>	<b><u>120,255,659</u></b>



## Statement of Changes in Equity for the year ended 30th June 2005

	Capital grants Ushs	Retained earnings Ushs	Total equity Ushs
<b>At 1 July 2003</b>	28,000,791	365,421,187	393,421,978
Deficit for the year	-	(12,752,761)	(12,752,761)
Amortization of grants	(10,146,647)	_____ -	(10,146,647)
<b>At 30 June 2004</b>	17,854,144	352,668,426	370,522,570
Profit for the year	-	223,442,664	223,442,664
Capital grants during the period	143,404,230	-	143,404,230
Amortization of Capital grant	(44,894,439)	_____ -	(44,894,439)
<b>At 30 June 2005</b>	<u>116,363,935</u>	<u>576,111,090</u>	<u>692,475,025</u>

# Notes to the Financial Statements

## as at 30th June 2005

### 1. Summary of significant accounting policies

#### 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 of Uganda Securities Exchange Limited have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

#### Revenue recognition

Gross revenue represents the amounts earned from the company activities during the year. Income is recognized on an accrual basis.

#### Foreign currency translation

The functional and presentation 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

Property and equipment is stated at cost less any accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset 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%

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.

## Notes to the Financial Statements as at 30th June 2005

### Intangible assets (Software)

Intangible assets are capitalised at cost. The useful lives of these intangible assets are assessed to be finite. Amortisation is charged on these assets with finite lives, this expense is taken to the income statement through the 'administrative expenses' line item.

### 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 recoverable amount. Where the carrying amount of an 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 of those from other assets or groups of assets.

### Investment securities

#### Held to maturity investments:

Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held to maturity, and are carried at amortised costs using the effective yield method, less any provision for impairment.

#### Available for sale investments:

Investment securities 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 are classified as available for sale and are initially

recognized at cost. Available for sale investments are subsequently remeasured at fair value, where the fair value can be reliably determined.

### Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised 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

Cash and bank balances in the balance sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### Grants

Grants are recognised 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 recognised 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 an asset, the fair value is credited to a capital grant account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.



(Continued)

	2005	2004
	Ushs	Ushs
<b>2. Revenue</b>		
Listing fees	793,805,745	464,654,044
Membership fees	6,000,000	6,000,000
Revenue Grants	225,000,000	152,460,000
Brokerage Commission	9,237,375	849,450
Application and entrance fees	<u>1,000,000</u>	<u>8,000,000</u>
	<b><u>1,035,043,120</u></b>	<b><u>631,963,494</u></b>
<b>3. Other income</b>		
Miscellaneous Income	<u>5,779,273</u>	<u>19,907,730</u>
Finance income		
Interest income	1,994,924	-
Income from investments	8,826,500	7,178,061
Exchange gain	<u>554,485</u>	<u>-</u>
Total finance income	<b><u>11,375,909</u></b>	<b><u>7,178,061</u></b>
Capital Grants Transferred	<u>44,894,439</u>	<u>10,146,647</u>
	<b><u>62,049,621</u></b>	<b><u>37,232,438</u></b>

**4. Administrative expenses**

## Depreciation and amortization:

Depreciation	60,172,948	40,242,504
Amortization of software	<u>11,153,980</u>	<u>895,317</u>

	<u>71,326,928</u>	<u>41,137,821</u>
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## Other Administrative expenses:

Board allowances	8,400,000	-
Advertising	6,124,200	1,287,000
Audit fees	3,389,831	3,300,000
VAT expense	610,169	-
Printing and stationery	6,525,846	8,780,485
Membership and subscriptions	12,740,984	9,819,000
Telephone, fax and postage	27,297,216	23,062,525
Maintenance of equipment	4,083,933	3,007,010
Vehicle maintenance and fuel expenses	24,650,580	25,872,508
Venture capital initiative	15,558,750	14,013,399
Office rent	74,692,800	77,213,765
Insurance	3,231,444	3,366,932
Electricity and water	2,247,114	1,884,835
Office general expenses	14,504,304	19,138,360
Consultancy	758,160	4,064,973
Corporate social responsibility	1,938,500	405,000
Institutional training	947,800	1,669,880
Withholding tax	983,218	2,067,000
Provision for bad debts	<u>-</u>	<u>1,000,000</u>
	<u>208,684,849</u>	<u>199,952,672</u>

	<u>280,011,777</u>	<u>241,090,493</u>
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# Notes to the Financial Statements

## as at 30th June 2005

	2005	2004
	Ushs	Ushs
<b>5. Staff costs</b>		
Salaries & Wages	321,357,098	198,646,317
Staff welfare	84,734,158	73,018,198
NSSF Employer's contribution	45,072,750	27,543,950
Allowances	<u>4,639,100</u>	<u>5,247,494</u>
	<u>455,803,106</u>	<u>304,455,959</u>
<b>6. Other operating expenses</b>		
CDS Operational expenses	14,918,180	13,979,658
Publication, newspapers & magazines	11,969,824	18,544,520
Public Education, Training & Travel	<u>109,013,584</u>	<u>98,022,366</u>
	<u>135,901,588</u>	<u>130,546,544</u>
<b>7. Finance costs</b>		
Exchange loss	-	(3,685,849)
Bank charges	<u>(1,933,606)</u>	<u>(2,169,848)</u>
Total finance costs	<u>(1,933,606)</u>	<u>(5,855,697)</u>
<b>8. Profit from operations before taxation</b>		
Profit before taxation is stated after charging: -		
Depreciation	60,172,948	40,242,504
Auditors' remuneration	3,389,831	3,300,000
Employees' retirement benefit scheme:		
• NSSF (employer's contribution)	45,072,750	27,543,950
Directors' emoluments:		
• As Executives	90,000,000	50,256,000
• As Non Executives	8,400,000	-
Foreign exchange gain	554,485	-
Foreign exchange loss	<u>-</u>	<u>(3,685,849)</u>
<b>9. Income tax</b>		

In the opinion of the directors, the company is tax exempt, in view of the nature of its operations. The process to obtain a formal tax exemption from the relevant authorities will be commenced in the near future.



# Notes to the Financial Statements

## as at 30th June 2005

### 10. Property and equipment

30 June 2005

		Office Partitions	Computer Equipment & Accessories	Vehicles	Fixtures, Fittings and Equipment	Total
	Note	Ushs	Ushs	Ushs	Ushs	Ushs
Cost						
At 1 July 2004		14,000,000	54,241,398	58,011,327	100,363,420	226,616,145
Additions	16	<u>1,819,000</u>	<u>93,702,540</u>	<u>-</u>	<u>8,994,480</u>	<u>104,516,020</u>
<b>At 30 June 2005</b>		<b><u>15,819,000</u></b>	<b><u>147,943,938</u></b>	<b><u>58,011,327</u></b>	<b><u>109,357,900</u></b>	<b><u>331,132,165</u></b>
Depreciation						
At 1 July 2004		14,000,000	34,273,304	35,989,706	34,554,741	118,817,751
Charge for the year		<u>454,750</u>	<u>38,480,162</u>	<u>8,002,832</u>	<u>13,235,204</u>	<u>60,172,948</u>
<b>At 30 June 2005</b>		<b><u>14,454,750</u></b>	<b><u>72,753,466</u></b>	<b><u>43,992,538</u></b>	<b><u>47,789,945</u></b>	<b><u>178,990,699</u></b>
At 30 June 2005						
<b>Net Book Value</b>		<b><u>1,364,250</u></b>	<b><u>75,190,472</u></b>	<b><u>14,018,789</u></b>	<b><u>61,567,955</u></b>	<b><u>152,141,466</u></b>

### Property and equipment

30 June 2004

		Office Partitions	Computer Equipment & Accessories	Vehicles	Furniture, Fittings & Equipment	Total
		Ushs	Ushs	Ushs	Ushs	Ushs
Cost						
At 1 July 2003		14,000,000	56,456,398	58,011,327	87,904,468	216,372,193
Reclassification		-	(2,575,000)	-	-	(2,575,000)
Additions		<u>-</u>	<u>360,000</u>	<u>-</u>	<u>12,458,952</u>	<u>12,818,952</u>
<b>At 30 June 2004</b>		<b><u>14,000,000</u></b>	<b><u>54,241,398</u></b>	<b><u>58,011,327</u></b>	<b><u>100,363,420</u></b>	<b><u>226,616,145</u></b>
Depreciation						
At 1 July 2003		14,000,000	20,328,295	22,028,541	22,432,994	78,789,830
Reclassification		-	(214,583)	-	-	(214,583)
Charge for the year		<u>-</u>	<u>14,159,592</u>	<u>13,961,165</u>	<u>12,121,747</u>	<u>40,242,504</u>
<b>At 30 June 2004</b>		<b><u>14,000,000</u></b>	<b><u>34,273,304</u></b>	<b><u>35,989,706</u></b>	<b><u>34,554,741</u></b>	<b><u>118,817,751</u></b>
At 30 June 2004						
<b>Net Book Value</b>		<b><u>-</u></b>	<b><u>19,968,094</u></b>	<b><u>22,021,621</u></b>	<b><u>65,808,679</u></b>	<b><u>107,798,394</u></b>

# Notes to the Financial Statements

## as at 30th June 2005

	Note	2005 Ushs	2004 Ushs
<b>11. Investment</b>			
Government Treasury Bond for 731 days		30,123,552	26,076,252
Central Depository System		<u>39,424,550</u>	<u>39,424,550</u>
		<u>69,548,102</u>	<u>65,500,802</u>
<p>(i) The Government Treasury Bond is classified as held to maturity, and is carried at amortised cost.</p> <p>(ii) The Central Depository system investment relates to an investment in the East African Central Depository System up to 2.5% shareholding bought on behalf of the company by Nairobi Stock Exchange are classified as available for sale and are carried at cost.</p>			
<b>12. Intangible assets (Software)</b>			
Cost as at 1 July			
- net of accumulated amortization		1,655,303	2,360,417
Additions	16	52,622,980	190,203
Amortization		<u>(11,153,980)</u>	<u>(895,317)</u>
At 30 June		<u>43,124,303</u>	<u>1,655,303</u>
At 1 July			
Cost (gross carrying amount)		2,765,203	2,575,000
Accumulated amortization		<u>(1,109,900)</u>	<u>(214,583)</u>
Net carrying amount		<u>1,655,303</u>	<u>2,360,417</u>
At 30 June			
Cost (gross carrying amount)		55,388,183	2,765,203
Accumulated amortization and impairment		<u>(12,263,880)</u>	<u>(1,109,900)</u>
Net carrying amount		<u>43,124,303</u>	<u>1,655,303</u>
<p>For the year ended 30 June 2005, intangible assets are capitalized at cost, this intangible asset has been assessed as having a finite life as at 1 July 2004 and is amortized under the straight-line method over a period of 3 years. This asset is tested for impairment where an indicator on impairment arises.</p>			
<b>13. Trade and other receivables (current)</b>			
Listing fees		177,136,539	74,699,460
Advances to staff		5,550,000	5,590,000
Accrued Brokerage Commission		7,010,069	262,725
Membership fees		-	2,000,000
Other receivables		3,856,089	3,300,352
Refundable deposit		<u>100,000</u>	<u>100,000</u>
		<u>193,652,697</u>	<u>85,952,537</u>

# Notes to the Financial Statements

## as at 30th June 2005

	2005 Ushs	2004 Ushs
<b>14. Cash and bank balances</b>		
For purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June 2005		
Cash at bank	245,811,968	120,246,959
Cash at hand	<u>35,000</u>	<u>8,700</u>
	<u>245,846,968</u>	<u>120,255,659</u>
<b>15. Trade and other payables</b>		
Refundable listing fees	3,084,032	3,084,032
Accruals	<u>8,754,479</u>	<u>7,556,093</u>
	<u>11,838,511</u>	<u>10,640,125</u>
<b>16. Asset Additions</b>		
Asset additions for the year include:		
Capital Grant:		
Property and equipment	91,329,350	
Intangible assets	<u>52,074,880</u>	
	<u>143,404,230</u>	
<b>17. Employees</b>		
The average number of employees of the company during the year was 13 (2004: 13).		
<b>18. Commitments and contingencies</b>		
There were no commitments and contingencies as at 30 June 2005 that require disclosure.		
<b>19. Events after the balance sheet date</b>		
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.		
<b>20. Comparative amounts</b>		
Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current year.		
<b>21. Incorporation</b>		
The company is incorporated in Uganda under the Companies Act.		
<b>22. Currency</b>		
These financial statements are presented in Uganda Shillings (Ushs) and the exchange rate applied at the close of the year for Balance Sheet items was Ushs1,755: \$1.		

## Member Firms

- 1. Baroda Capital Markets (U) Ltd.**  
18 Kampala Road  
P. O. Box 7197 Kampala  
Tel: 233680/3  
Fax: 230781  
Email: bobho@spacenet.ug.com  
*Broker/Dealer, Investment Advisor*
- 2. Crane Financial Services Ltd.**  
20/38 Kampala Road  
P. O. Box 22572 Kampala  
Tel: 341414 or 345345  
Fax: 231578  
Email: Cranebnk@imul.com  
*Broker/Dealer, Investment Advisor*
- 3. Dyer & Blair (U) Ltd.**  
Christeve House, Suite 8, 3rd Floor  
Plot 29 Nkrumah Road  
P.O. Box 1610, Kampala  
Tel: 256-41-233050  
Fax: 231813  
Email: abdillahi@dyerandblair.com  
*Broker/Dealer, Investment Advisor.*
- 4. Equity Stock Brokers (U) Ltd.**  
Orient Plaza, Plot 6/6A K'la Rd.  
P.O. Box 3072, Kampala  
Tel: 236012/3/4/5  
Fax: 348039  
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