

CAPITAL MARKETS AUTHORITY



2007
Annual Report





...10 YEARS OF EXCELLENCE
and still growing **STRONG...**



VISION

“To make Uganda’s capital market the centre of choice for capital raising and investment in the region”

MISSION

“To regulate and promote a robust, transparent, fair and efficient capital market in Uganda”

FUNCTIONS

Under the Capital Markets Authority (CMA) Act, the functions of CMA include the following:

- The development of all aspects of the capital markets with particular emphasis on the removal of impediments to and the creation of incentives for long-term investments in productive enterprises;
- The creation, maintenance and regulation, through implementation of a system in which the markets participants are self regulatory to the maximum practicable extent, and of a market in which securities can be issued and traded in an orderly, fair and efficient manner;
- The protection of investor interests;
- The operation of a compensation fund.

VALUES

- INTEGRITY
- EFFICIENCY
- FAIRNESS
- FIRMNESS

TABLE OF CONTENTS

2	Mission, Vision, Values
4	Letter of Transmission
5	Chairman's Report
7	Chief Executive Officer's Report
9	Corporate Governance Report
11	Board of Directors
14	Progress in Market Development and Innovation
16	Promoting Efficient, Orderly and Fair Markets
18	Helping Retail Investors Achieve a Fair Deal
21	Financial Report
2	Board Members' Report
3	Statement of the Board Members' Responsibilities
4	Auditor General's Report
5	Income and Expenditure Account
6	Balance Sheet
7	Statement of Changes in the Fund Balances
8	Cash Flow Statement
9	Notes to the Financial Statements



LETTER OF TRANSMISSION

30th June 2007

The Honorable Minister of Finance,
Planning and Economic Development
Ministry of Finance
P. O. Box 8147
Kampala, UGANDA

Dear Honorable Minister,

Pursuant to S.8 (6) of the Capital Markets Authority Act (Cap. 84), I have the honor and pleasure to submit to you the Annual Report and Accounts of the Capital Markets Authority (CMA) in respect to the accounting period ending 30 June 2007.

This report covers the activities, challenges and future plans as well as the statements of accounts of the Capital Markets Authority.

Respectively yours,

Twaha Kaawaase (FCCA)
CMA Board Chairman

Introduction

2006/2007 was the financial year during which Capital Markets Authority (CMA) celebrated its 10th Anniversary. The first 10 years of the Uganda capital market were remarkable. The Ugandan market has a budding stock market with 9 listings and a market capitalization of over US\$ 6 trillion. In the last decade approximately US\$ 200 billion shillings has been mobilized from the public through Initial Public Offers and corporate bond issues. The number of market players has also increased from 7 broker/dealers and 7 investment advisors in 1997 to 8 broker/dealers and 18 investment advisors in 2007. We also have four fund managers, a unit trust manager, a trustee and custodian for Collective Investment Schemes.



Institutional Developments

As an institution, CMA's staffing increased from five people in 1997 to 20 in 2007. The capacity of the Authority has also been increased and enhanced by way of staff and board training and exposure. As we have done in the past 10 years, CMA ensured that its staff members participated in various regional and international training programs to improve their capacity for the varying needs of the industry that has continued to grow. During the year under review, CMA staff members participated in the

- United Kingdom Financial Services Authority Annual International Regulators Seminar,
- United States Securities and Exchange Commission Training Program,
- Emerging Markets Programme in Malaysia and
- Financial Services Board exposure program in South Africa.

These programs that address various developments in regulation and market practices were complimented by several seminars and workshops on anti money laundering, bond market development,

financial literacy as well as accounting and disclosure.

In terms of funding and expenditure, CMA's funding increased by 575% from 2001/02. This is a reflection of the growing market as revenues have been obtained from prospectus, floatation and license fees, share trading commission and interest income. Taking cognizance of the vital role of public education in meeting our investor protection mandate, CMA dedicated 14.27% of the total budget to public education.

In 2006/2007, GTZ/ Sida Financial Systems

Development Programme also indicated the completion of Phase III of the funding assistance. This funding will end in the 2008 calendar year. In the same vein the Commonwealth Secretariat and FIRST Initiative funding sunset in the year under review. In view of the winding up of funding projects, CMA's financial self sustainability can only be attained with the continued growth of the market. In this regard, we anticipate additional listings from the privatization process. Long term sustainability however can only come from the private sector listings. To this end, CMA is keen to see the pension sector reformed to provide the much needed absorption of the private sector issues. This is discussed further in other parts of this report.

Strategic Plan and Human Resource Consultancy

During the period under review, CMA drew up a new corporate strategy following expiration of the previous one. The corporate strategy was crafted to guide the operations of the CMA over the three year period running from 2007 to 2009.

Some of the strengths pointed out by the consultants include a professionally rich and diversified Board, a high caliber of human resource in place,



the existence of a strong legal and regulatory framework, developed institutional framework and a high level of accountability and integrity exhibited by the institution. On the other hand, a poor savings culture, low financial literacy, the slow pension reform process, competition from real estate as an alternative for long term investment and poor corporate governance amongst potential issuers were some of the threats that were identified.

The corporate strategy proposes the following medium term priorities as well as strategies;

- Develop the capital markets industry to a viable scale that promotes market mechanisms of demand and supply for market products
- Enhance the integrity of the capital markets industry
- Foster self regulation among market participants and sustain an orderly, fair and efficient capital markets industry
- Promote public awareness of the capital markets industry investment opportunities and operating mechanisms; and
- Develop feasible options for CMA's long term self-sustainability

The proposed strategies include;

- i) Effectively managing and regulating the capital markets
- ii) Developing the capital markets industry in Uganda and the region
- iii) Broadening the understanding of capital markets which will lead to increased participation by Ugandans
- iv) Support Ugandan companies to list successfully on the Securities Exchange and
- v) Develop the Authority to enable it fulfill and deliver on its mandate and project a positive image as an international standard organization

Effecting the strategic plan necessitated a review of the human resource capacity at the Authority. In this regard a consultant was contracted to undertake a human resource consultancy and advise CMA on a new organizational structure. The consultant's report emphasized the improvement, retention, and continued training and exposure for both Board and staff members of the Authority.

It also stressed the importance of market development and keeping abreast with regional and international trends that need be translated into laws and regulations and public education initiatives.

Market Development and Interface

CMA embarked on the development of several partnerships for market development. On the academic and policy front, CMA sought partnerships with Makerere University Private Sector Forum (MUPSF) and Uganda Martyrs University (UMU) Nkozi. Both MUPSF and UMU fora will enable the introduction and inclusion of capital markets studies that are pertinent to the development of the private sector. We also continued to work with the Uganda Manufacturers Association and the National Chamber of Commerce and Industry as their members are potential issuers. These initiatives are expounded in other parts of this annual report.

Looking Forward

May I take this opportunity to thank all our development partners and stakeholders for their support in promoting capital markets in this nascent industry. These include the Ministry of Finance, Bank of Uganda, GTZ/Sida Financial Sector Development Programme and the International Financial Corporation.

I am grateful to my fellow board members, and confident that, together, we will continue to steer CMA to greater heights as we face the next decade. I also thank the management and staff of the CMA, ably led by the Chief Executive Officer, for their dedication, hard work and untiring efforts towards the regulation and development of capital markets in Uganda.

Twaha Kaawaase (FCCA)
Board Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Introduction

Uganda's economy in the year 2006/07 was marked by remarkable growth. This state of economic growth created an attractive environment for both local and foreign investors in Uganda's capital markets. It is therefore no surprise that turnover on the Uganda Securities Exchange (USE) for this year alone has been the highest since inception of the Exchange. Real GDP growth was 6.5%, up from 5.1% in 2005/06. Private investment as a percentage of GDP was 17.9% while public investment was 23.5% in real terms. There was improved overall export performance owing to higher world commodity prices, especially for non-traditional exports. Total export earnings for both goods and services increased by 22 percent to US\$ 1,714 million¹. During the year, the Uganda Shilling appreciated by 8% against the US Dollar, mainly on account of increased export earnings, increases in investment inflows and high levels of donor aid, as well as the weakness of the US dollar on the global financial markets. The Government maintained economic stability in the face of inflationary pressures arising from high fuel prices on the international market, domestic escalation in sugar prices in December 2006 and the upward revision of utility prices particularly electricity. The effect of these pressures was an average rate of annual underlying inflation of 8.1%. Despite the overall improved growth, Uganda's domestic savings ratio remained dismally low at about 10% of GDP.

Accomplishments

As CMA celebrated ten years of its existence, the capital markets industry experienced phenomenal growth, with turnover at the Uganda Securities Exchange (USE) unequaled at US\$ 49.5 billion, a 539% increase from US\$ 7.7 billion recorded in the previous financial year. Nine government bonds worth US\$ 415 billion were also listed on the USE during the financial year.



Other interesting events took place in the capital markets industry, with Uganda Clays Ltd splitting its shares in the first ever share split of a locally listed company in Uganda. The shares, whose price had reached a peak of US\$ 22,580, were split by a ratio of 1:10 so as to enhance liquidity. The Stanbic Bank Uganda Ltd initial public offering brought to the industry the largest ever public share offer in the history of Uganda's capital market. The offer attracted applications for 3 billion shares worth US\$ 211 billion.

Cooperation with regulators in the region and internationally, continued to be one of CMA's priorities. On behalf of the East African Securities Regulatory Authorities (EASRA), CMA successfully hosted the first capital market development and oversight training program in East Africa. The training program was conducted by the United States Securities and Exchange Commission (US SEC) and co-sponsored by US Agency for International Development, Financial Services Volunteer Corps (FSVC) and the US Treasury,- Office of Technical Assistance. The program attracted 49 delegates from securities regulatory bodies, stock exchanges and central banks from 12 African countries and covered such topics as methods of conducting investigations of market misconduct, insider trading, financial fraud and market manipulation, corporate governance and disclosure, market regulation and broker-dealer inspection and compliance.

Along with the other members of EASRA, CMA applied to become a signatory of the International Organization of Securities Commissions Multilateral Memorandum of Understanding (IOSCO MMoU). The MMoU, a document pertaining to consultation, co-operation and the exchange of information is signed by IOSCO members committed to the sharing of information and provision of mutual assistance in investigation of securities violations.

¹ Budget Speech: Financial Year 2007/08



We are hopeful that our application will be successful and will enhance cooperation with regulators in the region and internationally in the fight against market abuse.

The CMA continued relentlessly in its public education efforts aimed at enhancing public awareness of capital markets and protecting investors. To this end, various public education initiatives such as the Capital Markets Secondary Schools Challenge, and University Challenge, were conducted successfully. Other notable public education initiatives include a seminar held for Micro Finance Institutions (MFIs) and Micro-finance Deposit taking Institutions, aimed at enlightening them about various financing options available in capital markets. Faulu Kenya an MFI that issued a bond and listed on the Nairobi Stock Exchange shared their experience.

On the regional scene, CMA joined the other East African regulators to conduct a seminar for the East African Legislative Assembly (EALA) on the operations of capital markets and stock exchanges in East Africa. The seminar aimed at enlightening the legislators on the necessity of ensuring that the legal, institutional and administrative framework of the proposed regional securities market is in place even as the Government works towards a common market. CMA received tremendous support for the public education initiatives from GTZ/Sida Financial Systems Development programme for which we are very grateful.

Challenges

With the achievements made during the year came challenges. The increase in trading on the Uganda Securities Exchange generated by the success of the Stanbic Bank Ltd initial public offering created a challenge for back office operations and the share registry. The establishment of a central depository system, which would reduce the settlement cycle from five days to one day, and pave way for automated trading, is extremely urgent. Whereas the stock exchange put in place the necessary infrastructure for the operation of a CDS, the absence of legislation is delaying this process.

The CMA presented the necessary law to the Ministry of Finance, Planning and Economic Development. I appeal to the Ministry to expedite the enactment

of this law as a matter of priority. Lack of CDS legislation also poses a problem for regional integration with Kenya and Tanzania, who have their CDS and automated trading systems in place.

As in previous years, we continued to grapple with the issue of pension reform. While the Government indicated willingness to reform the sector and establish an adequate regulatory framework for protection of retirement benefits of Ugandans, no progress has been made. For this reason, the depth and absorptive capacity of the Ugandan capital markets continues to be a concern to potential issuers.

Self-sustainability is still a challenge. The revenue derived from the new listings and from trading at the stock exchange is still insufficient to meet CMA's expenditure. In the short to medium term, CMA will continue to depend on treasury and donor funding to undertake its statutory responsibilities.

Looking forward

In the year 2007/08, CMA will anticipate the initial public offering and listing of shares of National Insurance Corporation Ltd, Uganda Telecom Ltd and Kinyara Sugar works Ltd. We also expect rights issues from New Vision Printing and Publishing Company Limited and from Uganda Clays Limited. I hope that the public interest generated by the success of the Stanbic share offer will be echoed in future public share offers.

We are also optimistic that the bond market will experience more growth as the Government aims at raising funds to support processing and marketing in Small and Medium Enterprises (SMEs) through the issue of an industrialization bond as read in the 2006/2007 budget speech. According to the speech, the Government will support the Uganda Development Bank raise at least US\$ 50 billion. These funds will be made available to the private sector at competitive interest rates. This is a welcome development.

Japheth Katto
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

The Capital Markets Authority (CMA) is committed to the highest level of corporate governance and conducts its affairs inline with good corporate governance principles set out in the Capital Markets Corporate Governance Guidelines, 2003.



“Day to day operations of the Authority are performed by the management team led by the Chief Executive Officer who is also a member of the Board.”

The CMA Board Structure

CMA is governed by a Board of Directors comprising a chairperson and representatives from the private and public sectors. Six members are ex-officio, by virtue of their public offices while the other six members represent private sector interests such as lawyers and accountants. The Board is accountable to the Minister of Finance, Planning and Economic Development for ensuring compliance with the Capital Markets Authority Act Cap 84. The day to day operations of the Authority are performed by the management team led by the Chief Executive Officer who is also a member of the Board. In order to ensure that balance of power is maintained and that there are adequate checks and balances, there is a clear separation of the roles and responsibilities of the Chairperson and the Chief Executive Officer.

During the 2006/07 Financial Year, there were two main changes in the composition of the Board. Mr. Kitili Mbathi, a representative of the Uganda Bankers Association, resigned his position in May 2007. Ms. Ann Idro Canowira was appointed to the Board in February 2007, as a representative of the Insurance Institute of Uganda following the resignation of

Mr. Ronald Zake in 2006. Ms. Canowira has vast experience and training in the insurance industry. She is currently working as Senior Manager Private Sector (Marketing) at the Uganda Insurance Commission. She is the president of the Insurance Institute of Uganda and a member of the Chartered Institute of Insurance in London.

The Capital Markets Authority Act (Cap 84) requires the Board to hold meetings at least once every month. In keeping with this provision, the Board convened meetings once every month, with the exception of an extra-ordinary meeting called by the chairman at notice. An extra – ordinary meeting was called on 20th November 2006 to consider the report of the Legal and Finance Committees on the Stanbic Bank (Uganda) Ltd Prospectus.

The Board held 13 meetings during the period July 2006 - June 2007. A record of attendance of each member during the period under review is reflected in Table A below.

TABLE A – CMA BOARD MEMBERS AND MEETING ATTENDANCE (JULY 2006- JUNE 2007)

Board Member	BOARD MEETINGS													Total
	July	Aug	Sept	Oct	*Nov	Nov	Dec	Jan	Feb	March	April	May	June	
Twaha Kaawaase	X	√	√	√	√	√	√	√	√	√	√	√	√	12/13
Kitili Mbathi (0)	√	√	√	√	√	X	X	√	X	X	X	N/A	N/A	6/11
Wasswa Kajubi	√	√	X	√	√	√	√	√	√	√	√	√	√	12/13
Billy Kainamura	X	X	√	X	√	X	√	√	√	√	√	√	√	9/13
Maris Wanyera	X	√	X	X	X	X	X	√	√	√	√	√	X	6/13
Bisereko Kyomuhendo	√	√	X	√	X	√	√	X	√	√	√	X	X	8/13
Sarah Walusimbi	X	√	√	√	√	X	√	√	X	√	√	√	√	10/13
Robert Kabonero	√	X	√	X	√	√	√	X	X	√	√	√	√	9/13
John Christopher Mpalampa	√	√	√	√	√	√	√	√	X	√	√	√	√	12/13
Anne Idro Canowira(0)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	X	√	3/4
Alan Shonubi	X	X	√	X	X	X	√	√	√	√	√	X	√	7/13
Japheth Katto	√	√	√	√	X	√	√	X	√	√	√	√	√	11/13

* Extra ordinary Board meeting - November 2006

(0) Mr. Kitili Mbathi- resigned from the Board in May 2007

(0) Ms. Anne Idro Canowira – was appointed to the Board in February 2007

Board Training

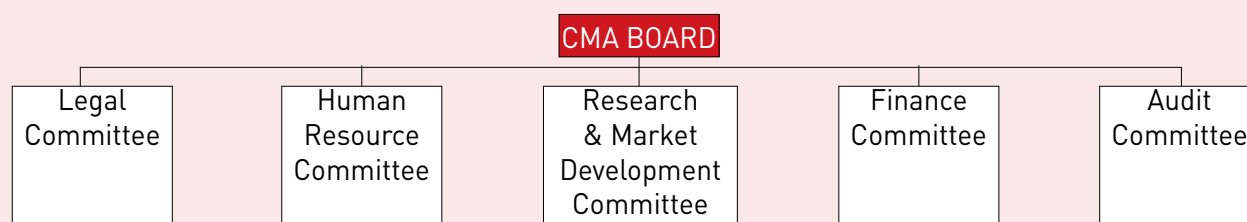
During the period under review, different Board members participated in a study tour to the South African capital market, Malaysian Securities Commission and the Kenyan capital market. The Board training and exposure is essential in keeping board members abreast with developments in the capital markets globally.

Board Secretary

The Board Secretary, Mr. Allan Rwakakooko, (Legal & Compliance Manager) is responsible for proper administration of the Board proceedings, and for the provision of administrative/ secretarial services and providing legal advice to the Board.

Governance Structure

For purposes of efficiency, the Board is divided into five committees.



Board Committees

All Committees are governed by terms of reference developed by the Board and are mandated to make recommendations to the Board on all matters under their consideration. In terms of composition, the Committees comprise Board members with pertinent expertise in the various areas in order to maximize technical capability at the Committee level, where issues are dealt with in depth. The function and structure of the Committees for the year under review are described below.

BOARD OF DIRECTORS



Mr. Twaha **KAAWAASE** Chairman



Mr. Japheth **KATTO** Member/ CEO



Mr. Bisereko **KYOMUHENDO** Member



Mr. Robert **KABONERO** Member



Mr. Alan **SHONUBI** Member



Ms. Sarah **WALUSIMBI** Member



Mr. John C. **MPALAMPA** Member



Mr. Wasswa **KAJUBI** Member



Mr. Kitili **MBATHI** Member



Ms. Maris **WANYERA** Member



Mr. Anne Idro **CANOWIRA** Member



Mr. Billy **KAINAMURA** Member

Legal Committee

The Legal Committee comprised

Mr. Billy Kainamura- Chairman	Mr. Bisereko Kyomuhendo
Mr. Alan Shonubi	Ms. Sarah Walusimbi
Mr. Twaha Kaawaase	Mr. Japheth Katto

During the period July 2006- June 2007 the Legal Committee convened 5 meetings. On 11th November the Committee held a joint meeting with the Finance Committee in which they considered and approved the Stanbic Bank (U) Ltd Prospectus. A special Committee meeting was held on 29th May 2007 following the filing of High Court Civil Suit No.367/2007 against the CMA by Kampala City Council Football Club Ltd (KCCFC Ltd). KCCFC Ltd filed a suit against CMA in which they sought a declaration that the CMA overstepped its jurisdiction when it stopped the Plaintiff from issuing shares to its members. The Legal Committee met to review the pleadings prepared by the CMA Legal & Compliance Department.

The Finance Committee

The Finance Committee comprised

Mr. Y. Wasswa Kajubi – Acting Chairman	Ms. Maris Wanyera
Mr. Bisereko Kyomuhendo	Mr. Twaha Kaawaase
Mr. Japheth Katto	

The Committee is responsible for the Authority's financial management. The Authority submitted to the Ministry of Finance, Planning and Economic Development, quarterly reports of activities and financial matters. At the end of every financial year, the Authority submits its annual report and audited accounts which are also published and made available to the public. This Committee convened 3 meetings during the period under review and considered the financial and activity reports of the Authority and the Stanbic Initial Public Offer.

The Human Resource Committee

The Human Resource Committee comprised

Ms. Sarah Walusimbi-Chairperson	Mr. Kitili Mbathi (resigned in May 2007)
Mr. Robert Kabonero	Mr. Billy Kainamura
Mr. Japheth Katto - Chief Executive Officer	

The Human Resource Committee is responsible for monitoring, appraising performance of management, reviewing all human resource policies, handling disciplinary matters and determining remuneration. The Committee makes recommendations to the Board on all human resource matters. The Committee held two meetings during the period under review and considered proposals for establishment of a staff loan scheme policy, sabbaticals, study leave for staff, the CMA organizational structure and strategic plan.

The Audit Committee

The Audit Committee comprised

Mr. John Christopher Mpalampa- Chairman	Mr. Alan Shonubi
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The critical role of internal audit makes it imperative to have an independent Audit Committee. In terms of its functions, the Audit Committee plays a critical role in the corporate governance structure by overseeing internal controls, accountability and reporting structures and risk management. During the period under review, the Audit Committee met once to consider the Board report and financial statements for the year ended June 30th 2006, the CMA business issues and internal controls report and the internal Audit report for the period January- June 2007.

Research & Market Development Committee

The Committee comprised

Mr. Y. Wasswa Kajubi –Chairman	Ms. Maris Wanyera
Mr. Robert Kabonero	

This Committee met once during the period under review and discussed the CMA University Challenge, the CMA 10 year celebration activities and budget, and reviewed the proposal for the establishment of the Financial Literacy Foundation.

Contracts Committee (Not a Committee of the Board)

This committee is established under sections 27 & 28 of the Public Procurement and Disposal of Public Assets Authority Act 2003 and regulations 46 – 49 of the Act. Under this Act, all government and statutory bodies have to establish contract and evaluation Committees. The role of these Committees is to approve the procurement and disposal procedures of the Authority.

The Committee comprised

Ms. Anne Mpendo – Chairperson	Mrs. Ann Muhangi – Member
Mr. Eric Lokolong - Secretary	Ms. Phoebe Kiconco- Member
Mr. John Suuza – Representative of the Solicitor General	

Internal Audit function

The CMA has established an internal audit function by contracting an independent audit firm to evaluate financial and other internal structures and systems. The Authorities books of accounts, accounting records and management reports are reviewed on a quarterly basis by the internal auditors and reports are presented to the Audit Committee. The internal auditor is selected by the contracts Committee. The internal auditor for the year ended 30th June 2007 was Kisaka & Company, Certified Public Accountants.

External Audit

Capital Markets Authority produces annual accounts in accordance with section 8 of the Capital Markets Authority Act Cap 84. The external auditors are appointed by the Auditor General as required under section 8 (7) of the Act. PricewaterhouseCoopers, Certified Public Accountants were the re-appointed auditors for the year ended June 2007.

Code of Ethics

The CMA Board & Staff manuals provide a guide on acceptable behavior. All employees are expected to avoid activities and financial interests that conflict with their duties and responsibilities at the Authority. All Board Members and senior management are to declare their assets and liabilities to the Inspector General of Government as required under section 5 of the Leadership Code Act cap 168. The CMA has promulgated Conflict of Interest Guidelines which provide a framework within which employees can deal with conflicts of interest. The Guidelines prohibit dealings in securities by an insider. However if one is not an insider then one can deal freely provided that he /she gives notice of the order of the transaction to the Authority within 7 days of giving such order to the broker. Whenever an employee/board member of the Authority opens an account with a broker, the guidelines require that the Authority be informed of it and that an irrevocable order is sent to the broker by the Authority requiring a report on the dealings of the staff member. The Authorities keep a register with details on the securities transactions carried out by members of staff.

PROGRESS IN MARKET DEVELOPMENT AND INNOVATION

The last fiscal year was a very eventful one in the capital markets industry. The Uganda capital markets saw the listing of Stanbic Bank in January 2007 which totally revolutionized trading at the Uganda Securities Exchange (USE). This was the year when, for the first time in the history of Uganda's capital markets, a private company was going to list on the USE. The Capital Markets Project whose major objective was to encourage and prepare private companies so that they could participate in the capital markets finally came to a close. Although it brought no product to the market, great strides were made in market development.



“The SBU success has increased investors’ and issuers’ confidence in the Ugandan capital markets”.

For the first time in three years since the Government started issuing Government bonds, it was announced in the 2006 budget speech that the government would issue an industrial bond to recapitalize development banks. These funds would be used for on lending to the Small and Medium size Enterprises. These and other market development initiatives are discussed in detail in the paragraphs that follow.

Developments in the Equity and Bond Markets

The fiscal year 2006/2007, saw the addition of Stanbic Bank (U) Ltd (SBU) to the already eight listed companies on the Uganda Securities Exchange. The SBU offer was oversubscribed to the tune of 200%, a phenomenal response, with more investors applying for shares than ever before. There were 37,449 applications for three (3) billion shares totaling US\$ 211 Billion. There was a good mix of applicants from both within and outside the country. SBU shares were listed on the USE on 25th January 2007, commenced trading at US\$ 150, reached a peak of US\$ 240 and closed at US\$ 205. SBU shares exchanged hands in 33 deals, registering a turnover US\$ 4,718,169,900 on the day of listing.

SBU not only set a record in the primary market but also revitalized the secondary market. Within

the first six months following the SBU listing the USE had already realized a total turnover of US\$ 43.5 billion six times that which was recorded in the whole of 2005/2006. The success of the SBU initial public offer and the subsequent vibrancy of the secondary market defied many industry pundits who were skeptical about the absorption capacity of the Ugandan capital markets and the appeal of a Ugandan product among the investors in the greater East African market. The SBU success has increased investor and issuers’ confidence in the Ugandan capital markets. Similar success is anticipated with government divestiture in National Insurance Corporation, as well as the Uganda Clays Ltd, and New Vision Printing and Publishing Company Ltd who will both have a rights issue. A corporate bond is also expected from Housing Finance Company of Uganda.

For three years now, the Government has been issuing bonds for monetary policy purposes. This fiscal year however, there were two new developments in the Government bond market that will go a long way in fostering the development of Uganda’s capital markets. First, the Government began considering issuing a dollar denominated bond to Ugandans in the diaspora as a way of redirecting the informal foreign remittances towards development projects.

Progress in Market Development and Innovation...

Secondly in the 2007/2008 budget, the Government proposes to raise capital for processing and marketing among Small and Medium Enterprises (SMEs) through the issue of a US\$ 50 billion Industrialization Bond.

The Capital Markets Authority in partnership with other stakeholders in the financial sector is committed to continuing the efforts to facilitate and promote a viable and sustainable local bond market. Local-currency bond markets have in many cases helped to correct mismatches of currencies and maturities, thereby contributing to greater financial stability. Governments are the largest issuers in emerging local-currency bond markets, accounting for 65 percent of local-currency bond markets. They are followed by financial institutions (25 percent) and corporations (10 percent).²

Corporate bond markets have been more difficult to establish than government bond markets in emerging markets because of the small issue size, lack of a yield curve, difficulties with proper disclosure of accounting information, and general weakness in corporate governance. However, several countries, including Chile, the Republic of Korea, and Malaysia have been able to build relatively large corporate bond markets over the past decade.

The Capital Markets Project Winds up

The Capital Markets Project was primarily set up in 2004 to increase the number of companies listed on the USE, including debt listings. The project was an innovative approach to get the private sector involved in expanding the development of capital markets through increasing the number of available capital markets instruments. The primary objective of the Capital Markets Project was to increase the number of companies listed on the USE to include both;

- i) Debt and equity instruments
- ii) Main Investment Market Segment and/or Alternative Investment Market Segment Listings

The secondary objective, in support of the primary objective, was participation in the sensitization and awareness campaigns to both private sector enterprises and investing public. The US Treasury – Office of Technical Assistance financed the 3 year project while the Bank of Uganda and the Capital Markets Authority (CMA) also jointly sponsored the Project by providing advice, guidance and logistical support.

The project worked with a number of companies in a bid to bring them to the stock market but without much success. It came close to bringing one company to the market. The project had worked with this company to the level where the management had received shareholder approval of the initial equity public offer. Efforts were already under way to submit a prospectus to CMA when the company opted out of the public offer and for a takeover with one of the leading companies in its industry.

Partnerships with Universities

In March 2007, CMA initiated dialogue with the Makerere University Private Sector Forum (MUPSF). The forum is a new vehicle for promoting value addition to Makerere University's programs in addressing the private sector's needs. It serves as a central hub for practical support and information dissemination. It is also aimed at initiating demand driven joint research and practice to influence development policy and curriculum review, technology innovations at both national and regional levels.

The major areas of cooperation between CMA and MUPSF will be student internships, research partnerships and university curriculum development especially with respect to the subject of capital markets. In the coming fiscal year, a Memorandum of Understanding will be signed between CMA and MUPSF laying out the mode of operation of the partnership. A similar initiative is expected with Makerere University Business School and Uganda Martyrs University Nkozi. These partnerships will further enhance the market development efforts of CMA especially in the areas of product development, integration of capital markets in University curricula and public education.

Upcoming Projects

In the coming fiscal year, CMA will be undertaking a study to establish the impediments to listing on the USE. This will be a follow-up of similar studies on "Private Sector Opinions on Listing" and a World Bank study on "Capital Markets Integration in East Africa" carried out in 1999 and 2002 respectively. This study is expected to further foster dialogue among the different stakeholders in the Capital markets industry on the different strategies that can be undertaken to increase the number of listings on the USE.

² Global Development Finance Report 2006

PROMOTING EFFICIENT, ORDERLY AND FAIR MARKETS

Introduction

The functions of the CMA include the creation, maintenance and regulation, of a market in which securities can be issued and traded in an orderly, fair and efficient manner. The primary aim of this function is the protection of investor interests and increasing investor confidence in Uganda's capital markets. During the 2006-2007 financial year, CMA undertook a number of initiatives to improve the legal and regulatory framework, and ensure that the market intermediaries maintain their resources and ethical capacity to conduct securities business.

Legal Policy

Amendment of the CMA Act and Regulations

CMA is currently pursuing the amendment of its primary legislation. The new CMA Act will enhance CMA's investigation and enforcement powers, provide for a more robust legal and regulatory regime and give greater protection to investors. This will also take into account developments in the capital markets industry and the removal of impediments to CMA's compliance with the principles of capital markets regulation developed by the International Organization of Securities Commissions (IOSCO) and other international standards.

Commonwealth Secretariat Legal Review Team.

In September 2006 and June 2007, CMA hosted Consultants from the Commonwealth Secretariat. The Commonwealth Secretariat has been providing technical assistance to the CMA relating to the review of the Capital Markets Act, Collective Investment Schemes Act and the Regulations made there under. The consultants also discussed the development of new laws, regulations and guidelines. These are the Insider Dealing Regulations, Takeovers & Mergers Regulations, Corporate Governance Guidelines and the Licence Code of Conduct.

Central Depository Systems Act

In order to provide for innovations in the market, CMA pursued the promulgation of the Central Depository Systems Act (CDS Act). The main aim of this law is to amend the trading processes in the capital market and provide a framework for electronic trading. It is expected that the enactment of this legislation will result in quicker, more efficient transactions,

and enhance cross-border trade with the other East African countries (Kenya and Uganda), which have already established electronic trading platforms.

The Capital Markets Authority (Accounting and Financial Requirements) (Amendment) Regulations 2007

These regulations have been amended to provide for a number of issues most notable of which is the rotation of auditors by licensed persons. This is expected to result in the improvement of financial reporting and corporate governance in licensed entities.

Preparation of the Capital Markets Authority (Public Offer of Securities) (Amendment) Bill

The CMA, the Commonwealth Secretariat and the Uganda Law Reform Commission drafted the Bill to make provision for the removal of provisions relating to prospectus requirements that are in the Companies Act Cap. 110, and inclusion of the same in the Capital Markets Authority Act. The Bill is intended to apply in the interim period between the enactment of the new Companies Act, and the Capital Markets Authority Act.

Amendment of CIS Regulations

In order to streamline the law relating to Collective Investment Schemes and bring it in line with international standards the Authority embarked on a program for the amendment of the Regulations relating to licensing, open ended investment companies, finance and accounting and unit trusts under the Collective Investment Schemes Act.

Licensing & Compliance

Licensing

On May 22nd 2007, Capital Markets Authority (CMA) approved and registered two new investment advisors.

- 1) Dero Capital Ltd. Dero Capital Ltd, located at Plot 1001 Kyadondo Block 243, Mutungo, was granted an Investment Advisers licence part (a) and (b) only (i.e. the business of advising others concerning securities and issuing analyses or reports concerning securities) and will target growing companies which seek to raise capital.

Promoting Efficient, Orderly and Fair Markets...

2) Bullion Capital Ltd, located at Jocasa House in Nakasero, was granted an Investment Advisers licence part (a) only (i.e. the business of advising others concerning securities) and will market offshore financial services.

Supervision

In fulfillment of its supervisory mandate over licensed persons, CMA conducted onsite and off site inspections of licensees to ensure that they were compliant with the law. CMA concluded its routine inspection of licensed persons in March 2007 and conducted an inspection of the Uganda Securities Exchange on 22nd June 2007. Following the expiry of licenses on 31st April 2007, and the annual inspections, licenses for the period May 2007 - April 2008 were issued to licensees.

Enforcement

USE Suspension of Dyer & Blair and African Alliance (U) Ltd (AAU)

On February 28, 2007 the Uganda Securities Exchange (USE) suspended Dyer & Blair and African Alliance (Uganda) Ltd (AAU) from trading activities on the USE for failure to effect deliveries on time. The CMA affirmed the USE's decision. After the licensees' fulfilled their outstanding trading obligations USE lifted their suspensions.

KCCFC Ltd Vs Capital Markets Authority (CMA)

On March 28 2007, **Kampala City Council Football Club Limited** (KCC FC Ltd) placed advertisements in the Monitor Newspaper offering 20,000,000 shares at Ushs.1,000/= each to **"members, fans, sympathizers, and all who wish to see the company prosper"**. Following this invitation, CMA issued a warning to the public in the New Vision and Daily Monitor and Bukedde newspapers advising members of the public not to buy the said shares. The attention of the public was drawn to the fact that the issuer was a private company with no powers under its Memorandum and Articles of Association to invite members of the public to subscribe for its shares. The public was further informed that KCC FC had not complied with the Companies Act and the share offer was illegal.

On April 5, 2007, Kampala City Council Football Club Limited (KCC FC) made an application for leave to apply for orders of certiorari and prohibition against Capital Markets Authority (CMA). In this application, they sought to seek a declaration that CMA did not

have the authority to intervene in the offer and by intervening, exceeded its jurisdiction.

On April 16, 2007, the High Court dismissed this application. Following the dismissal of the application KCC FC filed an ordinary suit against CMA. The suit is currently being heard in the Commercial Division of the High Court.

International Organization of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (MMoU)

The International Organization of Securities Commissions Multilateral Memorandum of Understanding (IOSCO MMoU) concerning consultation, co-operation and the exchange of information is a document signed by a number of IOSCO members designed to facilitate the sharing of information when investigating possible securities violations. Signature to the MMoU is seen as a commitment among the signatories to provide each other with mutual assistance and cooperation in accordance with the terms and conditions set out in the MMoU. At the 22nd East African Securities Regulatory Authorities (EASRA) consultative Meeting held in Arusha (April 2007), a decision was made by all EASRA members to apply to become signatories to the IOSCO MMoU. CMA submitted its application to become a signatory and its application is being considered by IOSCO Verification Group 7.

Initial Public Offers (IPOs)

The CMA approved the offer of one billion shares (amounting to 20%) of Stanbic Bank (Uganda) Ltd to the Public. The IPO was open for a period of four weeks between November 24th and December 22nd 2006. There were 37,449 applications for 3 billion shares totalling 211bn. This meant that the IPO was 200% oversubscribed. The shares were listed on the Uganda Securities Exchange on 25th January 2007.

Bilateral Memorandum of Understanding

The CMA in recognition of the importance of international co-operation to the development and maintenance of an open, fair, orderly and sound domestic financial services industry in Uganda signed a bilateral agreement on cooperation and exchange of information with the Central Bank of Swaziland in May 2007. Swaziland is one of the jurisdictions where African Alliance, the only licensed Unit Trust Manager in Uganda, has a presence. The Central Bank of Swaziland licensed, regulates and oversees their business in Swaziland.

HELPING RETAIL INVESTORS ACHIEVE A FAIR DEAL

Introduction

One of the mandates of the Capital Markets Authority (CMA) is investor protection and this entails assisting investors attain a fair deal. Corporate deal makers agree that there is no single perfect investor protection approach while regulators endeavor to strike a balance and emphasize that the style one works with should be one you are very conversant with as long as one has adequate information about those being regulated. After all, it is hard to know whether one is getting a fair deal unless he or she already knows what is fair. "Someone who has the best understanding of all the facts is best-equipped to come out with what they are looking for," says Jill Greenthal, a Senior Managing Director in the investment banking business at the Blackstone Group, United States of America (USA). At CMA our investor protection initiatives take a two pronged approach. An effective legal and regulatory framework to protect investors and an extensive and all inclusive public education strategy.

This strategy's major objective is equipping investors with necessary information on capital markets so that they understand investment products and make informed decisions. This report looks at the different ways CMA has fulfilled its investor protection mandate and enabled investors make informed decisions and participate in the stock market.

ACHIEVING A FAIR DEAL

In order to help investors achieve a fair deal; CMA furnishes them with information on the basics of capital markets. This is done through maintaining a constant flow of information in the following ways:

1) Financial Education

Financial education is a vital pillar in the investor protection framework because it allows investors to assume a more important role in exerting market discipline on service providers to drive greater efficiency, competition and innovation in the market. In consideration of this, CMA embarked on a number of activities geared at impacting financial literacy. Key among them is the Capital Markets University Challenge and the Secondary Schools Challenge.

These competitions target students in secondary schools and various universities in Uganda. They primarily focus on testing the participants' knowledge and understanding of capital markets and financial issues and their ability to apply the knowledge received to real life situations in the area of savings and investments.

Using the above platforms, CMA has developed guidelines for the establishment of investment clubs and worked with student unions and educational seminars to educate over 50 schools and 12 universities.



“Financial education is a vital pillar in the investor protection framework because it allows investors to assume a more important role in exerting market discipline on service providers to drive greater efficiency”.

Helping Retail Investors Achieve a Fair Deal...

This has enabled the sensitising of over 6,000 students. These programs have gone a long way in inculcating financial literacy in the youth especially through the establishment of investment clubs that have provided continuous learning on capital markets and other financial matters.

Financial education has also been packaged for professionals through an initiative called office –to – office. The workplace has become an important channel in the dissemination of effective financial information for CMA. Access to potential investors that may have accumulated savings through employer-based retirement plans gives CMA an opportunity to address professionals who have the potential to invest in capital markets thereby increasing demand on the market. In the period under review, CMA visited over six offices through the Office – to – Office initiative encouraging over 240 young professionals to save and build wealth through capital markets. Feedback through the Office-to-Office seminars indicates that the seminars are useful.

The Authority also established an information distribution mechanism in which brochures were distributed to the public at various fora. These brochures cover topics like buying and selling shares, investing wisely, how to read a prospectus, understanding collective investment schemes and frequently asked questions. CMA has also participated at exhibitions, promotional events, sports galas and road shows to ensure the effective spread of capital markets to the public. Radio and television programmes have complemented the above activities.

The CMA website (www.cmauganda.co.ug) has also been a useful tool in supporting the distribution of information. The main content of the website entails information on capital markets including rules and regulations, understanding capital markets products, benefits and risks involved and the procedures to be followed for those who want to participate in the market. The website also hosts a discussion forum, where the public can hold an online discussion on any capital markets related issues. The website has been upgraded to provide basic financial information for individuals who are facing an array of financial needs like mortgage loan

shopping, putting money away for retirement and understanding insurance.

2) Research Tools

CMA is engaged in continued research on capital markets. The CMA research material focuses on topical issues that affect investors. These include private sector participation in the development of capital markets, pension reform, corporate governance, equity financing vs debt financing and poverty alleviation. The use of research tools like the Capital Markets Journal and various research papers and studies in the capital markets resource centre have enabled CMA to keep the more inquisitive and academically inclined investors up to date on current issues that are pertinent to good investment decision making therefore providing investor protection.

3) Regulation and Policy Advocacy

CMA continues to provide investor protection through regulating the market as earlier mentioned in this report. In this regard, CMA has developed conduct of business regulations covering issues like handling of investor complaints, timely execution of customer orders and impartiality of a licensee in advising customers. There is also continuous policy advocacy to ensure that the broadest range of products is made available to investors. Lobbying for the pension sector reform and incentives to increase products on the market are all geared at market development.

IMPACT CREATED

Measuring the impact of investor education is a difficult task. This is majorly because different factors (including financial literacy) will influence the decision making process of an individual. Cultural norms, peer pressure, age, level of education and family responsibility are but a few factors that will influence the investment decision. Nevertheless, through feedback forms and increased participation of the public at various fora, CMA attempts to assess the impact of the various public education initiatives, and especially as they translate to capital markets development.

Investor Protection

Continuous financial education over the last decade and in particular this financial year has enhanced

investor protection because it has promoted awareness amongst investors. This has enabled the building of investor capacity and empowerment. Furnishing investors with relevant information like market trends has boosted their financial decision-making that is vital for the healthy functioning of financial markets.

Capable, Confident Investors and Easy Decision Making

Investors are beginning to plan ahead more effectively, get expert help when they need it because they know whom to get the information from and are confident in the provisions of the regulation. As more products are made available on the USE, investors have more choice and flexibility in making their decisions. Public education has assisted investors with the fundamental knowledge required to choose among the products on the market. The above has been evidenced in the questionnaires that CMA applies to get feedback during public education campaigns like seminars, exhibitions and road shows. Feedback indicates that the investors' knowledge on capital markets has increased and their attitudes have changed over the years making them keen on the protection of their investments.

Accountability and Transparency

Through effective regulation, and the development of corporate governance guidelines, listed companies are continually committed to providing adequate information to their shareholders. The constant presence of CMA at Annual General Meetings (AGM) to interact with shareholders provided a sense of confidence in them.

CHALLENGES

Despite the above milestones, there are challenges that are still hindering investors from attaining a fair deal. Many of the investors in rural areas do not have access to continuous financial information yet they participate in many Initial Public Offers. All the brokers are located in Kampala and none have any upcountry offices. Further, all AGMs have been carried out in Kampala making it difficult for the rural investors to participate.

The other hindrance in the budding capital markets is illiquidity. CMA has continued to progress the passage of the Central Depository System bill which will hasten back office operations and reduce the clearing and settlement cycle from 6 days to 2 days. This will provide faster execution of orders and therefore quicker exchange of money. It is hoped that this will trigger increased supply and demand from the public.

WAY FORWARD

Greater emphasis will be placed on educational programs specifically to masses in the rural areas. This will go hand in hand with encouraging licencees to open branches upcountry or seek ways in which rural investors can easily have their transactions carried out.

In the next financial year, CMA will develop a new communication strategy and a media plan, and will work with all financial sector players to establish a Financial Literacy Foundation. The media plan and communication strategy are meant to streamline the public education program in reference to the Authority's new corporate strategy. The Financial Literacy Foundation is an initiative in which all financial sector players will work towards providing comprehensive financial education.



“CMA has developed conduct of business regulations covering issues like handling of investor complaints, timely execution of customer orders and impartiality of a licensee in advising customers”.

Income

The Income of the Authority increased by 225% from Shs. 1.24 billion in the year 2005/06 to Shs 4.02 billion in the year 2006/07. This increase was attributed mainly to the Stanbic Bank (U) Limited Initial Public Offering (IPO) during the year where government sold 10% of its holding in the bank to the public. Government IPOs boost income because 7% of the total proceeds expected from each government IPO is paid to the Authority as regulatory fees and contributions towards Capital Markets Development. This agreement is under a Memorandum of Understanding (MOU) that was signed on the 16th day of April 2002 between The Ministry of Finance represented by the Privatization Unit on one hand and the Capital Markets Authority on the other hand. The IPO contributed Shs 2.44 billion (60.5%) to the overall revenue of the Authority.

The Authority's other income is from the following sources:

Government grant

This is in the form of grants from government and government agencies. The Authority received Shs 1.08 billion from this source representing about 28.7% of the total income in 2006/07. This represents an increase by 25% from Shs 860.2 million in 2005/06.

Internal

Internal sources of income include listing fees, investments, license fees, trading commissions and any other income. The Authority realized Shs 398.8 million from internal sources. This represents about 10% of the total income in 2006/07 up from Shs 272.5 million which is 22% of total income in 2005/06. Overall, internal income increased by 46.4% from Shs 272.5 million in 2005/06 to Shs 398.8 million in 2006/07. Internal revenue from transaction fees is expected to increase in future with listing of more companies; operation of Collective Investment Schemes; and increased secondary market activity.

Donations

Donations and contributions from development agencies and private sponsors of activities amounted to Shs 111.5 million which was 3% of total income in 2006/7 up from Shs 102.5 million which was 8% of total income in 2005/06.

These donations exclude direct payments and funding by donors especially GTZ/Sida to providers of goods and services to CMA. Those payments form a significant amount of donor support towards capital markets development and public education.

Expenditure

The overall expenditure of the Authority increased by 9% from Shs 1.53 billion in the financial year 2005/06 to Shs 1.67 billion in the year 2006/07. This was attributed mainly to increase in administrative and public education expenses to implement market development and public awareness programs. Employee benefits reduced by 10% from Shs 703.0 million in 2005/06 to Shs 698.1 million in 2006/07. This reduction was mainly because the Authority paid medical insurance directly to the service providers as opposed to cash payments to individual employees thus shifting from employee benefits to administrative expenditure.

The income of the Authority exceeds expenses by Shs. 2.35 billion. This was because of increase in a one-off government IPO income and a less than proportionate increase in expenditure during the period under review. The surplus is earmarked for market development and infrastructure to support electronic market surveillance.

The Authority's general fund balance increased from a deficit of Shs 118.8 million to a surplus of Shs 2.23 billion during the year under review.

Capital Expenditure

Capital expenditure during the financial year under review was at Shs 23.6 million. The major items were:

	Shs'000
Office Equipment	20.2
Furniture & Fittings	3.4
Total	23.6

GENERAL INFORMATION

↳ REGISTERED OFFICE AND PLACE OF BUSINESS

8th Floor, Jubilee Insurance Centre
14 Parliament Avenue
P. O. Box 24565
Kampala - UGANDA.

↳ BANKERS

Standard Chartered Bank Uganda Limited
5 Speke Road
P. O. Box 7111,
Kampala - UGANDA

Stanbic Bank Uganda Limited
Crested Towers, Hannington Road
P. O. Box 7131,
Kampala - UGANDA

↳ AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Communications House, 1 Colville Street
P. O. Box 882,
Kampala - UGANDA

↳ SOLICITORS

Legal and Compliance Manager
Capital Markets Authority
8th Floor, Jubilee Insurance Centre
14 Parliament Avenue
P. O. Box 24565,
Kampala - UGANDA

↳ BOARD SECRETARY

Mr. Allan Rwakakooko
Capital Markets Authority
8th Floor Jubilee Insurance Centre
14 Parliament Avenue
P. O. Box 24565,
Kampala - UGANDA



Capital Markets Authority
Protecting Your Investments

BOARD MEMBERS' REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2007

BOARD MEMBERS REPORT

The Board members submit their report together with the audited financial statements for the year ended 30 June 2007 which disclose the state of affairs of Capital Markets Authority ("the Authority").

PRINCIPAL ACTIVITIES

The Authority was established under the Capital Markets Authority Act (Cap 84) for the purpose of promoting and facilitating the development of an orderly, fair and efficient capital markets industry in Uganda and to regulate stock exchanges, brokers/dealers, investment advisors and all other persons dealing in securities business.

RESULTS

The surplus for the year of Shs 2,349 million (2006: deficit of Shs 291 million) has added to the General Fund.

BOARD MEMBERS

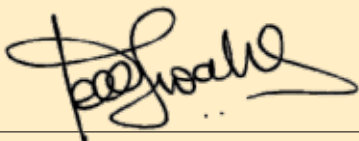
The Board members who held office during the year and to the date of this report were:

Mr. Twaha Kaawaase	-	Chairman
Mr. Japheth Katto	-	Member
Mr. Bisereko Kyomuhendo	-	Member
Mr. Billy Kainamura	-	Member
Ms. Sarah Walusimbi	-	Member
Mr. Wasswa Kajubi	-	Member
Mr. John C Mpalampa	-	Member
Mr. Alan Shonubi	-	Member
Ms. Maris Wanyera	-	Member
Mr. Robert Kabonero	-	Member
Mr. Kitili Mbathi	-	Member (resigned 17th May 2007)
Ms. Anne Idro Canowira	-	Member (appointed 15 th February 2007)

AUDITOR

PricewaterhouseCoopers were appointed by the Auditor General under Section 9 (10) of the Capital Markets Authority Act (Cap 84) to audit the financial statements of the Authority on his behalf.

On behalf of the Board



Chairman,

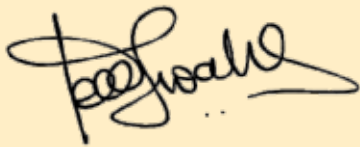
27th September 2007

STATEMENT OF THE BOARD MEMBERS' RESPONSIBILITIES

The Board members are responsible for preparing financial statements for each financial year that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and of its surplus or deficit. It also requires the members to ensure that the Authority keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

The Board members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Capital Markets Authority Act. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its surplus for the year. The members further accept responsibility for the maintenance of accounting records that 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 the members to indicate that the Authority will not remain a going concern for at least the twelve months from the date of this statement.



Chairman

27th September 2007



Chief Executive Officer

27 September 2007

AUDITOR GENERAL'S REPORT

Under the terms of section 8 (11) of the Act (Cap. 84), I am required to audit the accounts of the Capital Markets Authority. In accordance with the provisions of the same section, I appointed Messrs PricewaterhouseCoopers, Certified Public Accountants, to audit the accounts of the Authority on my behalf and report to me so as to enable me report to the Speaker of Parliament.

REPORT:

The financial statements of Capital Markets Authority for the year ended 30th June 2007, set out on pages 5 to 18 have been audited. These financial statements comprise the balance sheet at 30th June 2007, and the income and expenditure account, statement of changes in the fund balances and cashflow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. All the information and explanation that were necessary for the audit were obtained.

Board members Responsibility for the financial statements

As described on page 3, the members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.


Auditor's Responsibility

The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that the auditor complies with ethical requirements and plans and performs the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Opinion

In my opinion proper books of account have been kept and the accompanying financial statements, which are in agreement with the books of account, give a true and fair view of the state of the financial affairs of the Authority at 30th June 2007 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Capital Markets Authority Act (Cap 84).



John F.S. Muwanga
AUDITOR GENERAL

27th September 2007

INCOME AND EXPENDITURE ACCOUNT

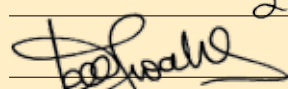
Income and expenditure account			
	Notes	2007 Shs'000	2006 Shs'000
Income			
Government revenue grants	5	1,076,343	860,265
Privatisation Unit grant	5	2,436,483	-
Donations	6	111,509	102,508
Prospectus and floatation fees		143,328	68,000
Licensing fees		28,647	26,948
Interest income		44,326	29,543
Release of capital grants		112,646	132,801
Other income	7	69,911	15,160
		4,023,193	1,235,225
Expenditure			
Employee benefits expense	9	698,097	703,048
Net finance costs		5,454	4,431
Administrative expenses	8	529,365	506,947
Other operating expenses	10	441,355	311,685
		1,674,271	1,526,111
Income tax expense	11	-	-
Surplus/ (deficit) of income over expenditure		2,348,922	(290,886)

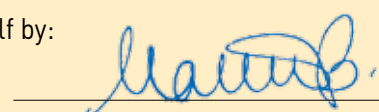
BALANCE SHEET

	Notes	General Fund Shs'000	Investor Compensation Fund Shs'000	Total 2007 Shs'000	Total 2006 Shs'000
CAPITAL EMPLOYED					
General fund (page 6)		2,230,081	-	2,230,081	(118,841)
Non-current liabilities					
Investor compensation fund	12	-	59,949	59,949	48,920
Capital grant	13	111,876	-	111,876	200,865
		111,876	59,949	171,825	249,785
Total Capital Employed and Non-current liabilities		2,341,081	59,949	2,401,906	130,944
REPRESENTED BY:					
Non-current assets					
Property and equipment	14	104,989	-	104,989	193,979
Intangible assets	15	3,748	-	3,748	5,619
		108,737	-	108,737	199,598
Current assets					
Investments	16	2,115,614	50,815	2,166,429	60,520
Receivables	17	17,984	-	17,984	16,722
Broker/dealer account		22,186	-	22,186	3,310
Investor Compensation Fund Account		-	9,134	9,134	48,920
Cash at bank and in hand	18	349,679	-	349,679	29,034
		2,505,463	59,949	2,565,412	158,506
Current liabilities					
Brokers and dealers deposits		80,000	-	80,000	65,000
Payables and accrued expenses	19	192,243	-	192,243	162,160
		272,243	-	272,243	227,160
Net current assets/ (liabilities)		2,233,220	59,949	2,293,169	(68,654)
		2,341,957	59,949	2,401,906	130,944

The financial statements on pages 4 to 17 were approved for issue by the members of the Board on

27th September 2007 and signed on its behalf by:


Chairman


Chief Executive Officer

STATEMENT OF CHANGES IN THE FUND BALANCES

	General fund Shs'000	Investor Compensation fund Shs'000	Restated Total Shs'000
Year ended 30 June 2006			
At start of year	172,045	46,211	218,256
Interest received - compensation fund	-	2,709	2,709
Deficit of income over expenditure	(290,886)	-	(290,886)
At end of year	(118,841)	48,920	(69,921)
Year ended 30 June 2007			
At start of year	(118,841)	48,920	(69,921)
Interest received - compensation fund	-	11,029	11,029
Surplus for the year	2,348,922	-	2,348,922
At end of year	2,230,081	59,949	2,290,030

CASH FLOW STATEMENT

	Notes	2007 Shs'000	2006 Shs'000
Operating activities			
Surplus/(deficit) of income over expenditure		2,348,922	(290,886)
Interest income		(44,326)	(29,543)
Depreciation	14	112,646	132,801
Amortisation of software	15	1,871	2,064
Loss on disposal of fixed assets		-	1,054
Amortisation of capital grant		(112,646)	(132,801)
Cash inflows/(out flows) before changes in working capital		2,306,467	(317,311)
Changes in:			
- Investments		(2,105,909)	130,532
- Receivables		(1,262)	7,484
- Broker/ dealer deposits		15,000	-
- Investor compensation fund		11,029	2,709
- Payables		30,083	101,167
Net cash inflow/(outflow) from operating activities		255,408	(75,419)
Investing activities			
Purchase of property and equipment	14	(23,657)	(23,787)
Purchase of intangible assets	15	-	(2,548)
Interest income		44,327	29,543
Net cash generated from investing activities		20,670	3,208
Financing activities			
Capital grant received	5,13	23,657	26,335
Increase/ (decrease) in cash and cash equivalents		299,735	(45,876)
Movement in cash and cash equivalents			
At start of year		81,264	127,140
Increase/ (decrease) in cash and cash equivalents		299,735	(45,876)
At end of year	18	380,999	81,264

NOTES TO THE FINANCIAL STATEMENTS

1) General information

The Authority is established in Uganda under the Capital Markets Authority Act (Cap 84) 1996, and domiciled in Uganda. The address of the office is:

14 Parliament Avenue
8th Floor, Jubilee Insurance Centre,
P O Box 24565, Kampala - Uganda.

2) Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Uganda Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the members' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Adoption of new and revised standards

In 2006, several new and revised standards and interpretations became effective for the first time and have been adopted by the Authority where relevant to its operations.

Standards, interpretations and amendments to published standards that are not yet effective

The following amendment to an existing standard and new standard will be mandatory for the Entity's accounting periods beginning on or after 1 January 2007, but which the Authority has not early adopted:

- IAS 1 Amendment, Capital Disclosures. The amendment to IAS 1 introduces disclosures about the level of the Authority's capital and how it manages capital
- IFRS 7, Financial Instruments: Disclosures. IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

Notes to the Financial Statements cont...

b) Revenue recognition

Government grants and donations including non-monetary grants are only recognised when there is reasonable assurance that the grants and donations will be received and the Authority will be able to comply with the conditions attaching to them. The grants are recognised as income on a systematic and rational basis over the useful life of the assets they are used to acquire.

Interest income is recognised in the income and expenditure statements on an accruals basis.

Licensing fees from broker /dealers and investment advisers are recognised when the Authority has received an application for licence or renewal.

Trading fees from broker/dealers is recognised when received.

c) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings at rates ruling at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

d) Investment Securities

All investment securities held by the Authority are classified as held-to-maturity. Management determines the classification of its investment securities at initial recognition and re-evaluates this at every reporting date.

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity. Marketable securities comprising treasury bills are classified in this category and initially recognized at 'cost' being the fair value of the consideration given, including transaction costs. They are subsequently carried at amortized cost using the effective yield method, less any provision for impairment.

All regular way purchases and sales of investments and investment securities are recognized at trade date, which is the date that the Bank commits to purchase or sell the asset. Investments are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through the profit or loss, transaction costs that are directly attributable to their acquisition. Investments are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Authority has also transferred substantially all risks and rewards for ownership.

e) Property and equipment

All categories of property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. Critical estimates are made by the directors in determining depreciation rates for property, plant and equipment. Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Office equipment	3 years
Furniture and fittings	4 years
Motor vehicles	4 years

Property and equipment is periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in the profit and loss account.

f) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks and with less than 90 days to maturity from the date of acquisition.

g) Intangible assets

Where software is not an integral part of the related hardware, computer software is treated as an intangible asset. Intangible assets are measured initially at cost and are subsequently shown at historical cost less any accumulated amortization. Intangible assets are amortized on a straight-line basis over their useful lives of 4 years.

h) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

The entity's activities expose it to a variety of financial risks and interest rates. The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the entity's finance function under policies approved by the members of the board. The members of the board provide principles for overall risk management, as well as policies covering specific areas such as interest rate risk, use of financial instruments and investing any excess liquidity.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Property and equipment

Critical estimates are made by the directors in determining depreciation rates for property and equipment. The rates used are set out in Note E above.

(ii) Critical judgments in applying the entity's accounting policies

In the process of applying the company's accounting policies, management has made judgments in determining:

- the classification of financial assets
- whether assets are impaired.

Notes to the Financial Statements cont...

5 Government grants	2007 Shs'000	2006 Shs'000
Bank of Uganda	1,076,343	860,265
Privatization Unit	2,436,483	-
	3,512,826	860,265
Analysis of Bank of Uganda Grant		
Total funds received	1,100,000	886,600
Transfer to capital grant	(23,657)	(26,335)
	1,076,343	860,265
6 Donations		
GTZ/ Sida	101,509	68,485
Stanbic Bank	10,000	3,700
SEC-Nigeria IOSCO contribution	-	13,273
British Council	-	8,250
Uganda Telecom	-	4,800
HIMA Cement	-	4,000
	111,509	102,508
7 Other income		
Share trading commission	50,143	14,485
Advertising and sale of tender documents	17,585	-
Seminar fees	1,429	-
Sale of Journals	754	-
Insurance compensation	-	675
	69,911	15,160
8 Surplus/deficit		
The following items have been charged to the income and expenditure account in arriving at the surplus/deficit:		
	2007 Shs'000	2006 Shs'000
Depreciation (note 14)	112,646	132,801
Amortization of software (note 15)	1,871	2,064
Statutory audit fees	9,600	9,250
Internal audit fees	10,525	18,406
Employee benefits expense (note 9)	698,097	703,048

9 Employee benefits expense

	2007 Shs'000	2006 Shs'000
Salaries and wages	502,697	471,390
Staff gratuity	32,013	110,995
NSSF contributions	54,366	46,576
Staff medical scheme	19,608	18,630
Staff welfare	32,013	30,408
CAP growth contribution	-	23,325
Staff provident fund	54,296	-
Overtime	3,104	1,723
	698,097	703,048

10 Other operating expenses

Mass education	200,815	85,450
Capacity building	93,588	45,702
Directors' fees and allowance (note 22)	28,850	22,585
Other Board expenses	59,767	37,246
Regional co-operation	58,335	120,702
	441,355	311,685

11 Income tax expense

Capital Markets Authority is an exempt organization in accordance with Section 2 of the Income Tax Act 1997.

12 Investor compensation fund

The investor compensation fund was established under Section 81 of the Capital Markets Authority Act (Cap 84) for the purpose of granting compensation to investors who suffer pecuniary loss resulting from the failure of a licensed broker or dealer to meet his contractual obligations. The investor compensation fund consists of contributions by the Authority from the general fund and interest accruing from investment of the fund in treasury bills.

The investor compensation fund is represented by the following assets:

	2007 Shs'000	2006 Shs'000
Designated bank balance	9,134	48,920
Investments	50,815	-
	59,949	48,920

Notes to the Financial Statements cont...

13 Capital grant

In the current year, the capital fund has been reclassified from capital employed to liabilities in accordance with guidance in IAS 20, Government Grants. This treatment was not adopted in the prior years. The reclassification has resulted in a split of the capital grant between the current portion and non-current portion. As a result, the prior year numbers have been restated to reflect the reclassification. See detailed disclosure below:

	Shs'000
Year ended 30 June 2006	
At start of year	307,331
Capital grant received during the year	26,335
Release of capital grant to income and expenditure account	(132,801)
At end of year	200,865
Year ended 30 June 2007	
At start of year	200,865
Capital grant received during the year	23,657
Release of capital grant to income and expenditure account	(112,646)
At end of year	111,876

14 Property and equipment

	Office equipment Shs'000	Furniture and fittings Shs'000	Motor vehicles Shs'000	Total Shs'000
At 1 July 2005				
Cost	136,317	274,463	184,340	595,120
Accumulated depreciation	(97,989)	(89,228)	(103,857)	(291,074)
Net book amount	38,328	185,235	80,483	304,046
Year ended 30 June 2006				
Opening net book amount	38,328	185,235	80,483	304,046
Additions	23,787	-	-	23,787
Disposals	-	(1,054)	-	(1,054)
Depreciation charge	(26,738)	(68,616)	(37,447)	(132,801)
Closing net book amount	35,377	115,565	43,036	193,978
At 30 June 2006				
Cost	160,104	273,409	184,340	617,853
Accumulated depreciation	(124,727)	(157,844)	(141,304)	(423,875)
Net book amount	35,377	115,565	43,036	193,978
Year ended 30 June 2007				
Opening net book amount	35,377	115,565	43,036	193,978
Additions	20,297	3,360	-	23,657
Depreciation charge	(22,294)	(67,899)	(22,453)	(112,646)
Closing net book amount	33,380	51,026	20,583	104,989
At 30 June 2007				
Cost	180,401	276,769	184,340	641,510
Accumulated depreciation	(147,021)	(225,743)	(163,757)	(536,521)
Net book amount	33,380	51,026	20,583	104,989

Included in the cost of property and equipment are assets with initial cost of Shs 174 million that have been fully depreciated and still in use. The details are shown below:

	2007 Shs'000	2006 Shs'000
Office equipment	79,612	79,612
Motor vehicle	94,528	94,528
	174,140	174,140

Notes to the Financial Statements cont...

15 Intangible assets

	2007 Shs'000	2006 Shs'000
These comprise computer software		
Cost at 1 July	9,162	6,616
Additions	-	2,546
	9,162	9,162
Amortization charge brought forward	(3,543)	(1,479)
Charge for the year	(1,871)	(2,064)
Amortization charge carried forward	(5,414)	(3,543)
Net book value at 30 June	3,748	5,619

16 Investments

Cost	2,157,558	56,809
Discount earned	8,871	3,711
Amortized cost	2,166,429	60,520

Included within investments are treasury bills with a maturity period of less than one year.

The weighted average effective interest rate earned on investments for the year ended 30 June 2007 was 9.33 % (2006: 9.03).

17 Receivables

	2007 Shs'000	2006 Shs'000
Staff advances	6,935	4,897
Prepayments	6,564	9,585
Activity advance	4,245	500
Other receivables	240	1,740
	17,984	16,722

18 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities. The year-end cash and cash equivalents comprise the following:

	2007 Shs'000	2006 Shs'000
Broker dealer account	22,186	3,310
Investor compensation fund account	9,134	48,920
Cash at bank and in hand	349,679	29,034
	380,999	81,264

19 Payables and accrued expenses

Creditors	165,837	138,443
Other payables	26,406	23,717
	192,243	162,160

20 Contingent liabilities

There were no contingent liabilities as at 30 June 2007 (2006: Nil)

21 Capital commitments

There were no capital commitments as at 30 June 2007 (2006: Nil)

Notes to the Financial Statements cont...

22 Related party transactions

Capital Markets Authority is an autonomous body that is governed by a Board comprising members drawn from the private and public sectors, and professional bodies. The day to day operations of the Authority are the responsibility of the Chief Executive Officer.

The following transactions were carried out with related parties:

i) Key management compensation

	2007 Shs'000	2006 Shs'000
Salaries and other short term employment benefits	183,990	175,180
Gratuity	32,013	41,595
ii) Board members' remuneration		
Members' fees and allowances	28,850	22,585

APPENDIX: Detailed breakdown of Administrative Expenses

	2007	2006
	Shs'000	Shs'000
Depreciation	112,646	132,801
Amortization of software	1,871	2,064
Telephone, fax, postage and e-mail	30,190	32,035
Motor vehicle maintenance and fuel	40,401	33,368
Publication, printing and stationary expenses	69,695	53,698
Subscriptions	27,388	26,651
Statutory audit fees	9,600	9,250
Internal audit fees	10,525	18,406
Advertisement and media coverage	3,217	8,636
Office repairs and maintenance	7,557	7,508
Consultancy fees	2,411	2,044
Bank charges	4,438	2,947
Office rent	126,398	123,426
Office general expenses	83,028	54,113
	529,365	506,947

EVENTS



CMA Board, Staff, Management and well wishers applaud during the celebrations

CMA Celebrates 10 years of Growth and Development

This financial year Capital Market Authority celebrated 10 years of existence, on 27th June 2007 at Sheraton Rwenzori Ballroom. Since its establishment in 1996 as a semi-autonomous body responsible for the development and regulation of capital markets in Uganda, the Authority, along with its partners, has endeavored to bring to fruition, the concept of a thriving capital market. 10 years of watchful regulation, intensive public education, persistent lobbying of policy makers and immense support from development partners has yielded;

- 9 companies listed on the stock exchange, with 3 cross border listings
- Issuance of over 50 government bonds and 5 corporate bonds, 2 of which have been redeemed;
- The size of the market (market capitalization) increased by over 7000% to US\$ 4.6 Trillion from US\$ 62 billion in 2000;
- Passing of the Collective Investment Schemes Act in 2003;
- 20 Licensees today up from 9 in 1997. These include 8 broker/dealers, 4 fund managers, 1 unit trust manager, 1 unit trust trustee and 18 investment advisors.



Mr. Gary Watson, Chief Executive Officer African Alliance, receives the 2007 KCMA winner's Award from Ambassador James Baaba, Minister of State in the Office of the Vice President and Guest of Honor at the ceremony

The anniversary celebration also doubled as the 2007 Kikonyogo Capital Markets Award (KCMA) ceremony with Mr. Gary Watson, Executive Director African Alliance, emerging as overall winner. Dr. Martin Alier, Chairman Stanbic Bank Uganda and Martin Owiny of Stanbic Investment Management Services, both received runner-up Awards.

The KCMA is an annual event held in honour of the former Governor Bank of Uganda, Charles Nyonyintono Kikonyogo and his outstanding contribution to the capital markets industry in Uganda. The Award seeks to recognise to recognise an individual(s) who has made an exceptional contribution towards the development of the industry and in that way, has followed the example of the former governor.

Mr. Watson was recognised by nominees for his persistent efforts in promoting and developing unit trusts in Uganda, through various public education activities, among other initiatives.

As at 30th June 2007, the following were the broker/dealers, investment advisors and fund managers licensed and regulated by CMA. This list includes the trustees and custodians in the Uganda market.

UGANDA SECURITIES EXCHANGE (USE)**Stock Exchange**

2nd Floor Northern Wing, Worker's House
1 Pilkington Road, P. O. Box 23552 Kampala
Tel: 0414 343 297, 342818 Fax: 041 340841
E-mail: info@use.or.ug
Contact: Mr. Simon Rutega (Chief Executive)

BARODA CAPITAL MARKETS LTD***Broker/Dealer**

Investment Advisor and member of USE
Plot 18 Kampala Road, P. O. Box 7197
Kampala
Tel: 0414 233 680/3 Fax: 041 258263
E-mail: bob10@calva.com
Contact: Mr. Rajesh Khanna

CRANE FINANCIAL SERVICES LTD ***Broker/Dealer**

Investment Advisor and member of USE
Crane Chambers, Plot 38 Kampala Road
P. O. Box 22572 Kampala
Tel: 0414 341414/345345 Fax: 041 341414
E-mail: cfs@cranefinancialservices.com
Contact: Mr. Hiren Busch

DYER AND BLAIR UGANDA LTD ***Broker/ Dealer**

Investment Advisor and member of USE
General Manager, Dyer and Blair
P. O. Box 36620 Ground Floor Rwenzori
House
E-mail: shares@dyerandblair.com
Contact: Mr. Njoroge Ng'ang'a

EQUITY STOCK BROKERS LTD ***Broker/ Dealer**

Investment Advisor and member of USE
Plot 6/6a Orient Plaza, P. O. Box 3072
Kampala
Tel: 0414 236012/3/4/5 Fax: 041 348039
E-mail: equity@orient-bank.com
Contact: Mr. Mark Horwood

MBEA BROKERAGE SERVICES LTD ***Broker/ Dealer**

Investment Advisor and member of USE
44 Lumumba Avenue, P. O. Box 24613
Kampala
Tel: 0414 231960 Fax: 041 342045
E-mail: info@mbea.net
Contact: Mr. Andrew Owiny

CRESTED STOCKS AND SECURITIES LTD**Broker/ Dealer****Investment Advisor**

6th Floor Impala House Plot 13/15 Kimathi
Avenue
P. O. Box 31736 Kampala, Uganda
Tel: 0414 230900 Fax: 041 230612
E-mail: info@crestedsecurities.com
Contact: Mr. Robert Baldwin

INTER ALLIANCE INTERNATIONAL (UGANDA) LTD**Investment Advisor**

B4 Adam House Plot 11, Portal Avenue
P. O. Box 21409, Kampala
Tel: 0414 342411, 340846, 078 807079
Fax: 041 342411
E-mail: jatin.ghughu@ia-int.com
Contact: Mr. Jatin Ghughu

MADE IN AFRICA IB (EA) LTD.**Investment Advisor**

Floor 1 Communications House
P. O. Box 1610 Kampala
Tel: 0414 233843, 343222, 343269 Fax: 041
343277
E-mail: pacego2000@yahoo.com
Contact: Mr. Geoffrey Onegi-Obel

IROKO SECURITIES**Investment Advisor**

C/o Mungereza and Kariisa Consultant Ltd
35 Yusuf Lule Road P. O. Box 6565, Kampala
Tel: 0414 341474 Fax: +44 2076188086
E-mail: c.ekam-dick@irokosecurities.com
Contact: Mr. Francois Ekam-Dick

PKF CONSULTING LTD**Investment Advisor**

Plot 37 Yusuf Lule Road, P. O. Box 24544
Kampala
Tel: 0414 341523/5 Fax: 041 251370, 341371
E-mail: pkfkami@ug.pkfea.com
Contact: Mr. Murtuza Dalal

MR. ANDREW FRANKLIN**Investment Advisor**

C/o Equity Stock Brokers Ltd
Plot 6/6a Orient Plaza, P. O. Box 3072
Kampala
Tel: 0414 236012/3/4/5 254 20 444 1123/2285
Fax: 254 20 444 1832
E-mail: franklin@wananchi.com
Contact: Mr. Andrew Franklin

PRICEWATERHOUSECOOPERS (LTD)**Investment Advisor**

10 Floor Communications House
1 Colville Street, Kampala
Tel: 0414 236018, 041 233 743 Fax: 041
239153
E-mail: general@ug.pwc.com
Contact: Mr. Francis Kamulegeya

DERO CAPITAL UGANDA LIMITED**Investment Advisor**

Plot 1001, Kyadondo Block 243
Ofungi Rise, Mutungo, P. O. Box 5970,
Kampala
Tel: +256-712-638644, +256-751-638644
Fax: +256-414-378918
Contact Person: David Ofungi

BULLION CAPITAL LIMITED**Investment Advisor**

Office No. 2, Jocassa House, Nakasero Road
P. O. Box 34580, Kampala
Tel: +256-414-348281/2, +256-414-348282
Email: info@bullioncapital.com
Contact person: Mr. George Ndirangu

AFRICAN ALLIANCE (UGANDA) LTD ***Fund Manager, Unit Trust Manager, Investment Advisor**

Broker/Dealer and member of USE
Floors 1&6 Workers House, Pilkington Road
Kampala
Tel: 0414 235577 Fax: 041 235575
E-mail: info@africanalliance.co.ug
Contact: Mr. Kenneth Kitariko

RENAISSANCE CAPITAL (U) LTD***Fund Manager, Investment Advisor**

Broker/Dealer and member of USE
Plot 13, Kololo Hill Drive, P. O. Box 893 Kampala
Tel: 078 800494, 031 264 775/6 Fax: 041 340016
E-mail: rnyabadza@renaissance.co.ug
Contact: Mr. Rumbidzayi Nyabadza

STANBIC INVESTMENT MANAGEMENT SERVICES**Fund Manager, Investment Advisor**

11th Floor Crested Towers, P. O. Box 7131
Kampala
Tel: 031 224322/600 Fax: : 041 254697
E-mail: owiny@stanbic.com
Contact: Mr. Martin Owiny

AIG GLOBAL INVESTMENT COMPANY (EAST AFRICA) LTD**Fund Manager, Investment Advisor**

Workers' House, 1 Pilkington Road, 7th Floor
P. O. Box 9831, Kampala, Uganda
Tel: 0414-340707/8 Fax: 0414-340750
E-mail: patrick.mutimba@aig.com
Contact: Patrick Mutimba

DFCU BANK LTD**Trustee**

Collective Investment Schemes
Impala House, 13 Kimathi Avenue
P. O. Box 70, Kampala
Tel: 041 231784/256891/3, 031 300300
Fax: 231687/344260
E-mail: official@dfcugroup.com
Contact: Mr. Juma Kisaame

our **VALUES**

- INTEGRITY
- EFFICIENCY
- FAIRNESS
- FIRMNESS