Uganda Clays Ltd

ANNUAL REPORT

2018

Uganda Clays Ltd

CELEBRATING prosperity the Ugandan way

CELEBRATING

PASSION | RESPECT | INTEGRITY | DISCIPLINE | EXCELLENCE

CONTENTS

CELEBRATING

QUALITY

CORPORATE INFORMATION

Analysis of Shareholding

Nationality	Category	No. of Members	No. of Shares	Percent Holding
East African				
	Corporate	139	644,227,548	71.58%
	Individual	2,644	239,410,771	26.60%
		2,783	883,638,319	98.18%
Foreign				
	Corporate	2	861,213	0.10%
	Individual	107	15,500,468	1.72%
		109	16,361,681	1.82%
Grand Totals:		**2,892**	**900,000,000**	**100.00%**

Prepared by Deloitte (Uganda) Limited

Summary of Shareholders as at 31.5.19

Range ID	Description	No. of Investors	No of Shares Held	Percent Holding
1	Less than 500 Shares	121	32,480	0.00%
2	Between 501 and 1,000 Shares	134	112,242	0.01%
3	Between 1,001 and 5,000 Shares	626	1,673,910	0.19%
4	Between 5,001 and 10,000 Shares	518	4,387,184	0.49%
5	Between 10,001 and 50,000 Shares	845	21,630,953	2.40%
6	Between 50,001 and 100,000 Shares	247	18,932,395	2.10%
7	Above 100,001 Shares	401	853,230,836	94.80%
		2,892	**900,000,000**	**100.00%**

Prepared by Deloitte (Uganda) Limited

Auditors

Jim Roberts & Associates
Social Security House
Plot 4 Jinja Rd
P O Box 10639
Kampala, Uganda

Advocates and Solicitors

Lex Uganda Advocates & Solicitors
8th Floor Communications House
Plot 1 Colville Street
P.O. Box 22490, Kampala
Tel: 0414 232733/344172
Fax: 0414 254721
Email: partners@lexuganda.com
Website: www.lexuganda.com
A member firm of TERRALEX

Registrars

Deloite (U) Ltd
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Security Central Depository Agents/Brokers

Baroda Capital Markets (U) Ltd
P.O. Box 7197 Kampala
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Workers House, 6th Floor
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www.crestedsecurities.co.

Registered Office

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Plot 22/2 Kitende, Kajjansi
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P O Box 3188
KAMPALA

CELEBRATING
BEAUTY

A house under construction in Nebbi District

Chairman's Statement

Eng. Martin S. Kasekende

Chairman Board of Directors

Performance overview

In the year 2018, economic conditions were relatively stable. The Uganda economy performed relatively well, with economic growth hovering around 5%. Domestic inflation was contained at an average of 2.6%. However, a number of factors continued to dampen business performance including:

- Uncertain weather conditions which affected agricultural production;
- Regional security uncertainties which negatively impacted regional trade;
- Increased domestic borrowing to finance Government expenditure.

Despite a challenging environment and stiff competition, the Company performed well during the year under review. Revenues grew by 11% from UGX 27.2 billion in 2017 to UGX 30.06 billion in 2018. The growth was largely driven by emphasizing the production and sale of fast moving products.

Profitability

As is evident from the financial statements in the later pages of this report, the Company registered reasonable performance and returned a net profit of UGX 1.9 billion. I am delighted to note that the Company has had profitable results for three consecutive years. It is clear that the Company has turned around from persistent loss to profitability. We are confident that this profitable trend will continue during 2019 and beyond.

Dividends

Based on the profitable results for the year, the Board of Directors has recommended the payment of a dividend of UGX 1 per share.

Revenue grew by 11% from UGX 27.2 billion in 2017 to UGX 30.06 billion in 2018

Conversion of Shareholder Loan into Equity

As the shareholders will be aware, in 2010 the Company obtained a shareholder loan from the National Social Security Fund [NSSF], which owns 32.5% of the shares of Company. The loan and interest were capped at 20.6 billion with effect from 30-6-2015.

The Company and the NSSF have agreed in principle to convert the entire loan and interest into equity. The transaction may involve the simultaneous introduction of a suitable strategic investor. Details of the transaction are being negotiated. At the appropriate time, the shareholders will be duly informed and all regulatory approvals will be sought from the Capital Markets Authority and the Uganda Securities Exchange prior to completion of the transaction.

Compensation from UNRA

The Government of Uganda and Uganda National Roads Authority [UNRA] have compulsorily acquired some land at Kajjansi belonging to the Company for the construction of the Kampala-Entebbe Express Way/Munyonyo Spur. The road construction has been completed.

As a result of the expropriation of the land, the Company has lost large amounts of clay. The Company filed a case in the High Court, Land Division, for compensation for the surface value of the land and economic loss resulting from the loss of the clay.

UNRA has paid partial compensation for the land and the Company is still pursuing full compensation for the surface value of the land and for economic loss resulting from the loss of the clay. Verification and computation of the claim has suffered bureaucratic delays in several Government departments from which UNRA has sought technical advice. We are confident that the claim will be resolved in favour of the Company.

Governance

The core function of the Board of Directors is to oversee the management of the business and affairs of the Company on behalf of the shareholders, in accordance with the established corporate governance framework. The Board ensures proper management and functioning of the Company and a reasonable return to the shareholders.

The Board of Directors, which is multi-skilled, executed this role satisfactorily through the regular Board meetings. The three Committees of the Board are; the Board Audit & Risk Committee, Board Administration and Technical Committee and the Board Finance Committee.

I am pleased to report that these Committees met regularly and gave due guidance to Management. The Board has continued to improve the governance framework of the Company and to strengthen the control environment to minimize risk and has put in place several governance manuals and policies.

Nearly 70 Years of Positive Impact and Economic Contribution

The Company has been in existence for nearly 70 years. We can look back with pride at the positive impact on individuals, businesses and economic contribution to the country. The Company was the first to be listed on the Securities Exchange in Uganda. It has made immeasurable impact on many people in a positive way as satisfied customers, suppliers of inputs and as distribution agents. It has employed thousands of people over the decades of its existence. It has contributed billions in taxes to the national coffers. It is currently one of the top 100 taxpayers. Its signature brick-red tiles are dotted all over the landscape of Uganda and even beyond, adorning the roofs of many historic buildings. The Company is a market leader.

Issues that remain

To sustain growth, the Company will need to replace old machinery, improve drying facilities for green products at the Kajjansi factory and complete the Kamonkoli plant. There is also need to acquire more land with clay deposits in the Kajjansi area. All these will require substantial amounts of capital expenditure. Given the huge call on the capital resources of the Company, the Board and Management will have to prioritize expenditure.

Outlook for the Future

We intend to leverage the Company's strength to continue to lead the market, to invest in production processes, to deliver superior and affordable products to customers, to improve and expand distribution channels for our products, invest in our people and to generate more value for our shareholders.

WE CELEBRATE

69 years of positive impact on individuals, businesses and economic contribution to the country

Appreciation

On behalf of the Board, I would like to thank the shareholders for the continued commitment and faith in the Company. I wish to appreciate our staff for their continued effort and service to the Company. The success of the Company depends largely on their effort.

I gratefully recognise our customers for the support, loyalty and confidence in the Company and its products despite the challenging economic environment during the year under review.

I also thank the members of the Board of Directors for their continued dedication to improving the governance of the Company and determination to see it return to profitability.

We value the contribution of all who have given value to the business of the Company and assure you all of our continued dedication as we strive for better results in 2019 and beyond.

Eng. Martin S. Kasekende
Chairman Board of Directors

Mr. Mundewa Paul who sold land with kaolin deposits to UCL poses with his family at the house the Company built for him in Bulambuli. It stands out and it's the pride of the community

BOARD OF DIRECTORS

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5. Mrs. Marion Adengo Muyobo
Director

Appointed 9 December 2015. She is currently the Head of Social Affairs at Total E & P Uganda. She is a marketing professional with substantial experience in strategy development and execution, communication and marketing.

6. Mr Joseph Tukuratiire
Director and Chairman of the Board Audit Committee.

Appointed 30 August 2013. He is a Financial Consultant. He is formerly Principal Assistant City Treasurer at Kampala City Council. He has taught finance courses at Uganda Management Institute and Acclaim Africa as Associate Consultant. He is an active dealer in company stocks, Government securities and money markets.

7. Mr Richard Byarugaba
Director and Chairman of the Board Finance Committee.

Appointed on 17 October 2014 and re-appointed on 9 December 2015. He is the Managing Director of the National Social Security Fund, a former Managing Director of Nile Bank and Global Trust Bank. He is a member of the Institute of Certified Public Accountants of Uganda.

8. Dr Martin Aliker
Director

Appointed 24 August 2010 and re-appointed on 17 October 2017. He is also Chairman of Hima Cement Ltd and Vice-Chairman of the National Insurance Corporation Ltd. He is also Chairman of several other companies. He has served on many Boards of leading companies in Uganda including Stanbic Bank Ltd and Monitor Publications Ltd.

1. Eng. Martin S. Kasekende
Director and Chairman of the Board

Appointed 24 August 2012. He acted as Managing Director of the Company from May 2013 to August 2014. He was the Minister of Lands, Agriculture and Environment in the Buganda Government and also Chairman of Buganda Land Board. He is a registered engineer. He is a former General Manager of National Housing and Construction Corporation. He is a former Board member of NSSF, Housing Finance Bank Ltd and Private Sector Foundation.

2. Mrs. Florence Namatta Mawejje
Director and chair of the Board Administration and Technical Committee

Appointed 9 December 2015. She is a member of the Board of Directors of the National Social Security Fund. She is currently the General Manager Human Resources, Centenary Bank. She has qualifications and wide expertise in human resource management, corporate governance, management of retirement and pension funds.

3. Mrs. Peninnah Tukamwesiga
Director

Appointed 9 December 2015. She is a member of the Board of Directors of the National Social Security Fund. She is an Advocate of the High Court of Uganda. She is the Head Legal Aid at Central Organization of Free Trade Unions. She is a panel member of the Industrial Court.

4. Mr George Inholo
Director and current Managing Director of the Company

9. Mr Bayo Folayan
Director

Appointed 9 December 2015. He is the Managing Director of the National Insurance Corporation Ltd. He is an insurance professional with a number of qualifications and wide experience in the insurance industry. He also has broad experience in corporate governance having held top positions in a number of corporate entities in Nigeria prior to his current position in NIC.

Managing Director's Statement

George Inholo

Managing Director

Financial Performance

The Company registered an 11% growth in revenue from UGX 27.2 billion in 2017 to UGX 30.06 billion in 2018. For the first time in a number of years, revenue growth crossed into the double digit.

There was a reduction in gross margin compared to 2017 (35% in 2018: 39% in 2017). This was mainly attributed to the high cost of production which lincluded importation of factory spares and high coffee husks prices during the coffee off season. There was also an increase in overheads attributable mainly to distribution because of the introduction of incentives to agents and a few selected corporate customers as a strategy to increase sales.

Occupational Health, Safety and Environment

Our business target is always zero fatality at all our operating sites and customer liaison points. We are pleased to report that we registered zero fatality at all our operating sites. This was achieved by enforcing the recommendations of the established internal health and safety committees in all our operations.

Table showing performance trends since 2014.

	2018 UGX '000	2017 UGX '000	2016 UGX '000	2015 UGX '000	2014 UGX '000
Turnover	30,064,148	27,201,533	26,037,358	24,111,965	22,112,617
Profit / (Loss) before tax	2,495,806	3,164,348	4,030,241	(1,035,378)	(6,288,898)
Profit / (Loss) after tax (earnings)	1,987,364	2,395,217	2,373,375	(1,207,254)	(5,179,306)
Dividends	900,000	900,000	900,000	-	-
Cash generated from operations	7,048,556	5,176,772	3,141,750	3,007,236	4,526,527
Shareholders' funds	34,972,576	31,266,670	28,034,503	25,575,121	26,780,905
Capital expenditure	1,517,960	1,742,725	685,311	536,541	515,424
Total assets	68,142,868	66,190,081	65,263,855	62,557,186	64,788,458
Per share data					
Dividends per share (UShs)	1	1	1	-	-
Earnings / (Loss) per share (UGX)	2.21	2.66	2.64	(1.34)	(5.75)

We also engaged staff in various activities and initiatives that raised their awareness on safety. These included health and safety talks and enforcing the use of Personal Protective Equipment (PPE). The Company has well established clinical services to handle emergency response such as accidents as well as other critical illnesses, family planning services and pyscho-social support services including guidance and counselling.

Sales & Marketing

We posted sales improvement in the year despite the competitive operating landscape, macro-economic challenges and the volatile political situation in South Sudan. We restructured our sales and marketing team and provided them with requisite resources that enabled them achieve the sales targets.

Route to Market

In our bid to be closer to the customer, we appointed new dealer agencies in various parts of the country including Muyenga, Kabale, Arua, Lira and Gulu. The agents in Jinja and Soroti were also revamped. We introduced uniform pricing across the country as well as provision of transport of UCL products to our agents country wide.

Media

Owing to the continued use and relevance of social media to todays' consumer, we partnered with a third party agent to increase our presence on Facebook, Twitter, and LinkedIn. As a result of this interface, our brand equity continued to grow and the audience has continued to respond to our content and make inquiries, some of which ultimately led to sales. While there was growth on social media reach, our presence on radio, TV and print media was deliberately downsized. This was largely informed by the need to have a better assessment of the underlying market and consumer trends. We commissioned a research study that will enable Management develop a tailored communication campaign for the different market and customer segments.

Control Environment

Management continued to strengthen the control environment across all Company operations in line with best practice. We ensured adherence to Company policies and procedures, risk management processes and good corporate governance standards to minimise risks. There is a continuous process across the whole organisation for identifying, assessing and reporting business risks.

Production

Units of major products sold (both factories):

Products (pieces)	2018	2017	2016	2015	2014
Roofing tiles	8,454,248	8,139,622	8,221,462	8,056,758	7,924,985
Maxpans	2,198,167	1,837,257	1,469,107	1,343,366	1,814,705
Half bricks	4,643,075	4,244,768	2,751,486	3,297,022	4,516,520

Quality Assurance

Uganda Clays was the first company to acquire ISO certification in the Clay Industry in Uganda. This started with acquisition of ISO 9001:2000 followed by 9001:2008 and now we are pursuing 9001:2015.

Kajjansi

The major cost of production drivers at the Kajjansi factory in 2018 were; product transportation, clay processing and staff salaries and allowances.

Kamonkoli

The biggest cost was depreciation that contributed 33.4% of the total costs as a result of underutilization of the machinery. Electricity and generator expenses were high due to the unstable power in Mbale and most times we were running on a diesel generator.

Overall, the cost of production was 17% above the 2018 budget

Quarry

Excavation of clay was carried out at the right time and in the right quantities to sustain production operations for the entire year at both factories.

Clay processing and product molding

Machine efficiency increased in 2018. This is because of reduction in machine down time as a result of timely delivery of spares and implementation of the periodic maintenance plans. This led to increase in green production output.

Drying process

Drying time at the Kamonkoli factory has since been reduced from an average of 48 hours to approx. 36 hours having developed and improved the artificial chamber dryers by fabrication of racks. This increased the quality and quantity of products available for loading in the Kiln.

Kiln

We experienced scarcity of coffee husks and this led to increased prices. This was largely influenced by high demand in the market for the same fuel as well as its seasonality. The impact of this was a slowdown of the kilns in Quarter 3 of 2018.

94% of our products tested at Uganda Bureau of Standards (UNBS) passed the attendant tests.

Commercial property in Arua - Desert Breeze Hotel.

Compliance with quality standards

Throughout the year, we operated on the established ISO operating standards and are pleased to report that 94% of products tested at Uganda Bureau of Standards (UNBS) passed the attendant tests. We also finalized documentation for Quality Management System based on ISO 9001:2015 standard.

The People Agenda

The Company focuses on the people as the most important resource. This was evidenced by the people development and engagement activities that Management undertook. For noting, during the year the Company employed a total of 302 permanent employees with 218 at Kajjansi and 84 at Kamonkoli. We maintained the outsourcing of the casual labour at both factories.

Through the employee recognition program, we rewarded the best employees of the year at both Kajjansi & Kamonkoli. We also held two team bonding activities that included a lot of fun learning at both Kajjansi & Kamonkoli. Employees provided invaluable feedback through these events a bulk of which informed the subsequent decisions and strategies.

Strategy on employee engagement

Throughout 2018, the Company focussed on creating the right conditions for all members of staff to contribute their best each day, commit to the strategic goals and values, and be motivated to contribute to organisational success, with an enhanced sense of their own well-being.

Drying time at the Kamonkoli factory has been reduced from 48 hrs to 36 hrs having developed and improved the artificial chamber dryers

Award to the Kajjansi Employee of the Year

Resourcing

We continued pursuing our mantra of being an equal opportunity employer. The manual nature of our operations has historically led the Company to employing more men than women. The Company is progressively bringing about gender parity especially in the service departments where physical effort is not a key requirement.

Internship Programs

During the year 2018, the Company provided approximately 50 positions to University and Technical school students to undertake their internships. Using the internship program, UCL targeted students who excelled academically and provided them with the opportunity to obtain practical working experience in Plumbing, Electrical, Procurement, Finance etc. Under this program the Company provided an avenue for the development of future talent for both the Private and Public sector.

Research & Development initiative

In the course of the year, we competitively filled the position of the Research & Development Officer given the critical importance it has on the business. This was informed by the changing consumer tastes, trends and the need to be customer centric in our production, sales and other key processes.

Quality assurance

Batch production was introduced at both factories as a product loss control tool at different stages of the production process. Procedurally, in this process, each piece of product moves with its quality parameters, batch number, date of production, date of loading into the kiln, and date of offloading from the Kiln. For now, a product can be traced from the time when it was moulded up to the date when it was offloaded from the kiln. New stacking patterns for a few products was introduced to eliminate packs collapsing.

Procurement

The Procurement team was proactive in ensuring timely importation of requisite spares/parts and other key consumables that enabled execution of all the annual production activities at both factories in a manner that ensured quality, value for money and timeliness.

Corporate Social Responsibility (CSR)

The Company engaged in a number of CSR activities as it is our norm to give back to the communities where we operate. We donated funds towards different developmental projects which included the completion of St. Gonzaga Catholic Church, the construction of the Kiyitirirwa Kya Ssabasajja Kabaka of Buganda at St. Mary's Kitende Bika bya Buganda and completion of a new church at the St. Jude Kitende catholic sub parish.

Our top Priorities for 2019

- Retiring the shareholder loan
- Investing in Kajjansi automation
- Addressing cost of production and cost of doing business in general
- Raising the bar on innovations and e-Commerce
- Building capabilities for performance culture and skill development and reward.

Sports sponsorship

We supported our local football team- Kajjansi United FC in the Buganda Region football championship. The sponsorship package included a full kit and free access to our 'football' pitch for their training sessions.

The team did us proud when they won the tournament which qualified them to proceed to the Big League.

Outlook into the Future

In our 5 year (2019 to 2023) Strategic Plan, all efforts shall be deployed to deliver revenue growth, sustainable operating margins, waste reduction, customer satisfaction and increased employee engagement. These shall guide all our actions going forward with the ultimate objective of returning value to the shareholders. We will also continue to extensively work to improve standards of Corporate Governance and strengthening our internal controls.

Conclusion:

All that has been said would not have been possible without the unwavering loyalty and patronage of our customers. We are indeed indebted to you for believing and standing by us in this journey. Our staff who have been the engine of execution and business transformation, I cannot thank you enough. I will continue to count on you in this journey we have chosen together. Our Board of Directors, for the oversight role and for asking those not so pleasant questions all aimed at returning value to the shareholders, We thank you.

And finally, You the Shareholders for your support and believing in us.

For God and our Country

George Inholo
Managing Director

MANAGEMENT TEAM

Mr Rogers Mawanda
Ag. Head of Sales & Marketing

Ms. Jacqueline Kiwanuka
Head of Finance

Mr George Inholo
Managing Director

Ms Doreen Sarah Mirembe
Ag. Head of Internal Audit

Mr. Peter Kiwanuka
Head of Human Resources and Support Services

Mr. Nelson Kiiza
Head of Production

CELEBRATING
OUR PEOPLE

With the money I got [from UCL], I managed to go into crop production. I have achieved everything I have now because of UCL

Mr. Joel Jonah Obbo
See story on page 33

OPERATIONAL PERFORMANCE

Sales and Marketing

Uganda Clays' core business is manufacturing and selling of quality baked clay building products. We have been doing this for the last 69 years. The business has grown year on year because of the able leadership of the Board and Management.

Within the Sales & Marketing Department, we have been able to create a team that is focused on achieving the Company's goals and objectives through timely responses to customer needs and requirements. This has been made possible through the mechanism of encouraging internal trainings, coaching, focus group discussions and daily routine field supervision. We have also encouraged our staff to know and understand the market - both local and foreign, to enable them reach out to each and every Shilling and/or Dollar that is critical in driving our business to a higher level.

We have segmented our market into three major categories according to their respective unique selling characteristics within the geographical locations across the region. This has enabled the sales & marketing staff sell effectively and currently we have built our team to 31 individuals.

Every staff has been assigned a working target from which he/she derives a daily itinerary. A reward awaits staff who excel in their performance. Additional support is provided to those that do not meet their targets as much as is reasonable and in the worst case scenario, punitive measures are taken to resolve the matter. This is all done to encourage a good performance culture.

We have trended in an ascending order in terms of revenue generation as shown herein; 2016-26bn, 2017-27bn and 2018-30bn.

In a bid to consistently grow revenue, a number of strategic partnerships have been identified across the country to help in the current distribution model of widening the channels to avail our products conveniently to the customers. Currently, we have 15 agents; 3 in the Northern region (Gulu, Lira, Arua), 3 in the East (Mbale, Soroti, Jinja), 3 in the western region (Kabale, Hoima, Fortportal) and 6 in the central region (Nateete, Kyaliwajala, Lubowa, Bujuuko, and Muyenga). This is in addition to the five company-owned sales points, which puts us in a better selling position across the country.

Lastly, the achievement over the years demonstrates how necessary it is to work together towards big goals. We do very well in our social lives - a wedding, the after party, a trip to Mombasa, Dubai, Arusha, Kigali etc. In the same way, as a Company and a team of hundreds, this is exactly the type of culture the Uganda Clays Ltd Sales & Marketing team has developed and we believe this will drive the Company to another level.

> In a bid to consistently grow revenue, a number of strategic partnerships have been identified across the country to help in the current distribution model

Rogers Mawanda

Ag. Head of Sales & Marketing

Celebrating the impact of the UCL brand on the communities

Globally companies are started not for their own sake but rather to solve socio-economic problems. The subsequent success of such companies and the businesses is steeped deep into their direct and indirect contribution to solving challenges of the day and generations to come.

Heritage and Customer Focus

For the past 69 years, Uganda Clays has provided building solutions through its range of products which have improved people's housing. A scan through our environment shows UCL's contribution to the construction of iconic buildings and has defined beauty that lasts. While the physical structures can be seen by all and sundry, Uganda Clays' impact goes beyond the physical structures. The brand has touched people's lives in more ways than one.

Employment and Sustainable Livelihoods

Uganda Clays is one of the top five employers in both Wakiso and Budaka districts. With the employment of over 560 employees, UCL provides livelihoods to an estimated 2240 people directly. The number grows higher when you factor in those who get transfer earnings, or others who do business with Uganda Clays such as transporters, sales agents and suppliers of various inputs required in the business processes. There are a number of pottery and flower growing businesses on our backfilled land, which also provide livelihoods to the local community.

Talent Development

Uganda Clays prides itself as one of the best in developing Ugandan talent. Today, all employees currently working with the Company are Ugandans. Since the days of the late Joseph Kikonyogo who was the first Ugandan Managing Director, the entire Management team is Ugandan. This is a feat in an economy where foreigners are gradually becoming more visible at corporate level. We have many staff who have worked for decades at UCL. One such employee, Mr Charles Rubaijaniza, rose from a support role to become the Managing Director of the Company. The brand is very mindful of the future generations. We run an internship program that serves about 50 students every year. The Company meets all costs of this service through provision of meals and a modest stipend for transporting these interns. Through this program, we are able to identify potential employees and an opportunity to market the brand to the next generation of Ugandans entering the job market.

The philosophy of the human resource function is to develop and nurture staff who can individually and collectively contribute to the achievement of business goals and take care of the customer first. Since 2013, the Company implemented an effectiveness review process that focussed on:

- Reviewing the effectiveness of the workforce.
- Developing an organisation structure and performance management system that will result in enhanced productivity.
- Motivating staff through an equitable and competitive compensation process.

This process has yielded positive results. The staff are more engaged and passionate about their work. This is most visible in the desire to give the customer a much better buying experience at all our sales points. It formed the basis for a new performance culture which we continue to inculcate. The more engaged the staff are the more efficient UCL will be. Management shall continue providing an environment that supports free expression, creativity and acquisition of new skills to make the brand more competitive.

Community Health Services

The Company used to provide health services to all until Kajjansi Health Centre IV was established. The Company has got two Health Centres at the Kajjansi & Kamonkoli factories for treating its own staff and their families. Over time this has evolved to include provision of health services to communities around the two factories. The Kajjansi Clinic is a Health Centre II. It gets support from the Wakiso district heath office and submits monthly epidemiological reports. It also acts as one of the emergency centres in case of accidents on the main route to the Entebbe International Airport.

Believing in the African saying that 'I am because you are' the Company is very mindful of matters of water and sanitation and how this relates to community health. UCL has for decades cleaned the main channel that drains the Kajjansi Township. This runs for about 6 kilometers from Nakigalala Tea estates to Bweya. UCL has ensured a steady flow of water even during heavy rains thus preventing floods and cholera and malaria outbreaks associated with dirty stagnant water. Spring wells have been built at both Kajjansi & Kamonkoli for use by the communities near the factories. The 8 stance public toilet was built at the 'LINE' at Kajjansi which is accessed by approximately two hundred persons per day. UCL has provided mosquito nets annually not only to staff but also community members. The community has also often been invited for public sensitisations and seminars especially on disease prevention. The Company often conducts community clean-up of LINE at Kajjansi so as to enhance cleanliness and hygiene among the disadvantaged community.

Occupational Health and Safety

Our policy on health and safety extends to customers and visitors at all our business centres. We have 32 toolbox safety committees throughout the business processes in Kajjansi and Kamonkoli. The committees help to conduct daily operational risk assessment prior to commencement of their routine work. We aim at Zero accident in our business operations.

The Company undertakes environmental restoration activities in order to preserve the ecological set up of Kajjansi wetlands. These include; backfilling of the quarry, tree planting and proper, sustainable and environmentally friendly waste disposal.

Wellness is part of our elaborate plan to keep all people who associate with UCL safe and healthy. We believe that a healthy mind lives in a healthy body. The Company holds interdepartmental competitions that enable all to participate in sports activities. Our sports program takes care of both genders. Our field serves both the staff and community around us. We are on course in developing football talent.

It is evident that the Company has had a lasting impact on the socio-economic transformation of many people, mostly Ugandans. This must be celebrated as we brace ourselves to do more.

> Uganda Clays is one of the largest employers in both Wakiso and Budaka Districts.

Peter S. Kiwanuka

Head of Human Resources & Support Services

Finance Driving Operational Efficiency

The vision of UCL's Finance function is to be a trusted business partner that pursues the best interests of the Company.

We provide leadership in developing and aligning the finance plans to the overall business objectives. We see to it that the Company's operational plans and budgets are synchronised and aligned to these objectives. The Finance team is an advisor to Management. We do that even if we have to challenge conventional thinking where necessary. We have for instance positively influenced the embracing of technology by shifting our customers to the use of cashless payment platforms and transacting more of the Company's business online.

People

We seek to provide top quality services to all our internal and external customers. We are continuously reviewing our procedures particularly the sales process with a view to accommodating the needs of the customers so that we can eventually give them an excellent buying experience. There has also been a deliberate effort to professionalise the team in the last couple of years. This has been done through transparent recruitment processes, internal coaching and providing an environment that supports the existing team to enrol for professional qualifications. As such, the Company's financial and management reporting has improved. We have not had a 'qualified' opinion from our External Auditors. Additionally, we have in the last two years won recognition in the FiRe Reporting Awards by the Institute of Chartered Public Accountants of Uganda (ICPAU) in different categories. We strive for honesty and transparency.

Ms Jacqueline Kiwanuka

Head of Finance

Processes

The Company's operational processes have remained predominantly manual and as a result, they are quite resource-intensive. To turn this around, we have begun automating our processes and procedures to improve operational efficiency. Our target is that everyone should have timely access to data to enable them execute their roles more effectively. Focus has also been put on simplifying and standardizing our processes to provide convenience to customers, reduce wastage, and ultimately become more efficient. Some examples of this include the support provided to standardizing the internal procurement processes in line with best practice and improving sales procedures to mitigate risks related to cash, credit and fraud.

In order to demystify the perception that the Finance function is primarily technical, Finance staff at all levels have actively participated and contributed to a number of key projects or activities that are not necessarily related to Finance. This has ranged from involvement in the procurement processes at evaluation and approval stages to effectiveness review processes (Human Resources), recruitments and many others. This has not only helped Finance staff to have a better appreciation of the business but also widened their exposure to corporate best practices in many aspects.

Information, Communication & Technology

The Finance function relies heavily on ICT in order to play a more proactive role in pushing the business forward. It is therefore imperative to develop and maintain well-organized and easily-accessible information management and communication systems.

In 2015, a comprehensive review of the Company's ICT strategy and operations was conducted with a view to improve the ICT environment. The Company has since realised significant transformation in that regard. Our ICT infrastructure has gradually been replaced with more adaptable platforms. We have been able to handle the Company's data management requirements for even future growth.

We have developed a policy framework through which the essential elements of ICT management are handled. The same framework ensures that the security and data protection mechanisms are in place and are effective and that ICT resources allocation to staff enables them to perform their duties efficiently.

In all that we do, we strive for integrity and transparency. We continue to progressively demonstrate that prudent resource management is vital to any going concern. It is important for us to provide reassurance to all our stakeholders that as Ugandan professionals we maintain a strong work ethic and deliver value in the service to our country.

> We are continuously reviewing our procedures particularly the sales process with a view to accommodating the needs of the customers

Watching Over Shareholder Value

Internal audit is an independent, objective assurance and consulting activity guided by the philosophy of adding value to improve the operations of the Company. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management, control and governance processes.

The Internal audit function has ensured that all Uganda Clays Limited processes are controlled and that they comply with set internal standard operating procedures and policies as well as its external regulatory requirements.

We continuously carry out periodic reviews of process reference materials to ensure that the most up to date versions are available to stakeholders. The Internal Audit team is able to articulate to Senior Management the risks of their actions in a structured and balanced manner and provide credible recommendations to mitigate the risks thus enhancing the effectiveness and efficiency in operations.

Because of our role, shareholder value is protected and customers get value for money products that are of quality, durabile and beauty to last, thus making Uganda Clays Limited the preferred provider of clay building products across Uganda.

Ms Doreen Sarah Mirembe

Ag Head of Internal Audit

The French Embassy - Uganda was built using Uganda Clays Ltd products

Celebrating prosperity the Ugandan way

Eng. Nelson Kiiza

Head of Production

Uganda Clays Ltd runs two giant factories in Kajjansi, Wakiso district and Kamonkoli, Budaka district. Much as we use Italian technology the factories are fully operated and maintained by Ugandans to produce the quality clay baked products with beauty and durability to last.

The raw materials used to manufacture products are Ball clay and Kaolin which are both acquired locally from the Kajjansi belt and the valleys of Mount Elgon.

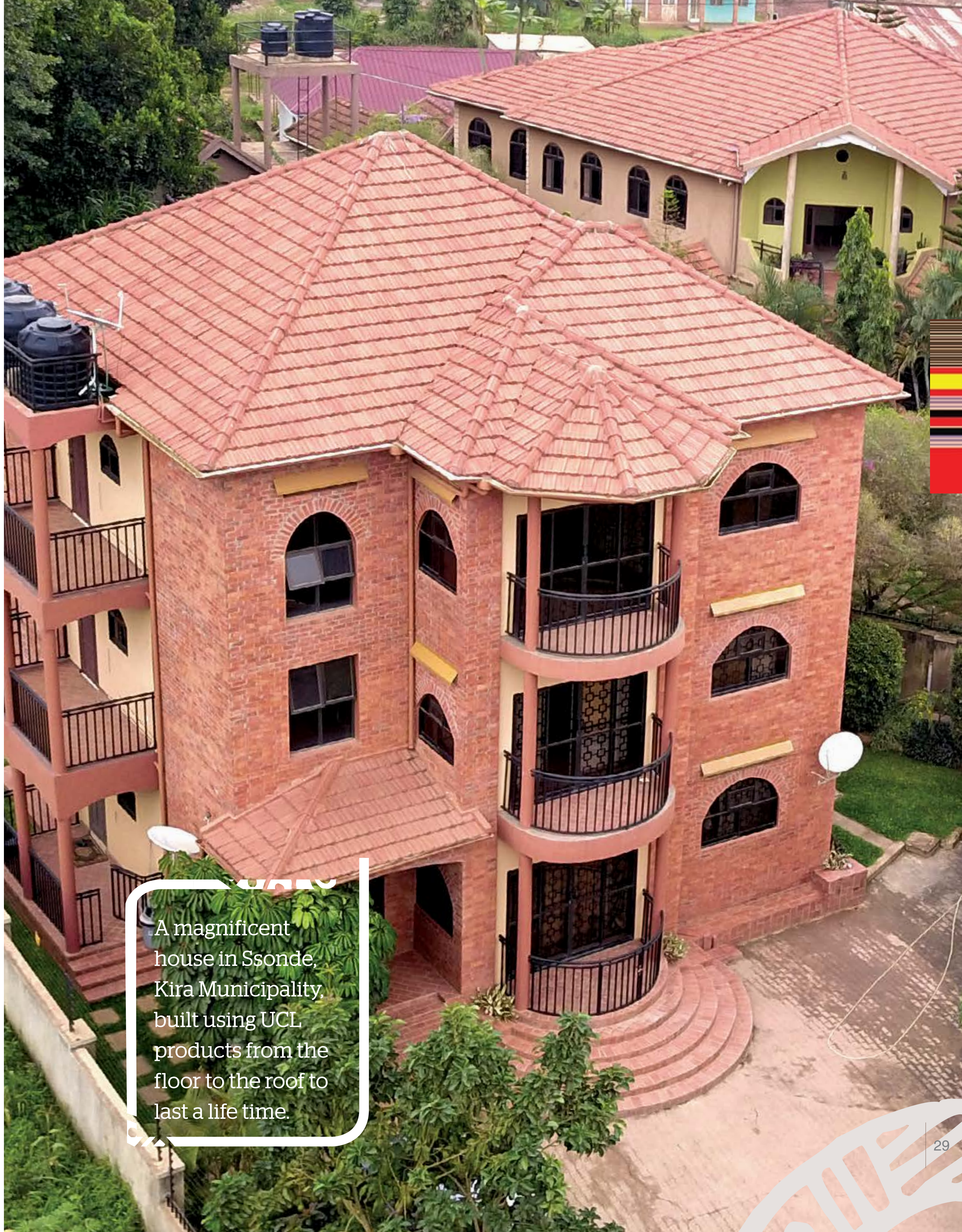
The production department employs 135 Ugandans on permanent basis in the Kajjansi factory and 66 Ugandans on permanent basis in the Kamonkoli factory while the Company outsources 258 Ugandans on casual contract terms at both factories through Ugandan owned firms. Uganda clays has touched the lives of these Ugandans beyond just their immediate families but the communities where these employees reside and their areas of origin. This well motivated workforce has ensured that products are readily available and in good quality for our customers.

Uganda Clays kilns are fired by coffee husks locally sourced from the coffee mills within Uganda hence touching the lives of the coffee farmers, coffee dealers and coffee millers.

When we talk about production lead time and ensuring that products reach the customer in record time, Uganda Clays Limited is the only ISO 9001:2015 certified company in the local clay industry. This means that the processes are well documented and that all products are checked at every stage in the production process to ensure consistency in quality of our products.

Uganda clays ltd manufactures products that are environmentally friendly that can easily be disposed and they degrade off without destabilising the soil layers.

The production operations are continuous throughout the week and we are able to meet customer demand within the shortest time possible as the entire process is optimised thereby making manufacturing efficient.



OUR STORY

At Uganda Clays Limited, prosperity is a lot more than what numbers positively represent. We see prosperity in every house built, every new branch opened, every new retailer signed on and generally, everyone experiencing what it means to be a part of the Uganda Clays story.

Several Ugandans have come forth with incredibly moving stories that inspire us to keep working to ensure our customers, partners and suppliers enjoy supreme products and outstanding service. We are honored to be a part of their stories and celebrate our journey thus far with humility, gratitude and a desire to keep serving the Ugandan people for without them, we are nothing.

Capturing Fort Portal's Fancy

Over the decades, UCL did not have sales outlets in upcountry towns. The customers there had to trek all the way to Kampala or Kajjansi to buy the products and transport them to their upcountry sites.

But a few years ago, Management took a deliberate decision to venture into geographical expansion by opening up new sales outlets in various parts of the country coupled with a strategic nationwide marketing plan. Consequently, the Company opened up outlets in Arua, Lira, Gulu, Kabale and Hoima. Two years ago, the Company opened another outlet in Fort Portal in Western Uganda. Mr. David Guma Kazooba, who manages the outlet in the sprawling beautiful town, says he saw a gap given that there was no depot or agent in Fort Portal yet the products were very popular. Two years later, Mr Kazooba says his turnover has more than doubled and the customers keep coming in droves.

"I am sure I didn't make a bad decision to be an agent," he says, with a wide grin. "The commission I get is enough to sustain me and my family." He says UCL has reliable products, which are in high demand for many people. He says more is yet to come.

"We are soon broadening supply areas to Kasese and Bundibugyo Districts because the products are very popular as they are for a lifetime," he adds. His best-selling products are maxpans and facing bricks, which are very popular with churches, schools and individuals.

Growing with Lira

Before building their own home, Mrs. Joyce Okodi and her family started out in rented houses which had corrugated iron sheet roofs. She says the houses used to be hot in the dry season and very noisy whenever it rained.

"When we were ready to build our own house, we decided to build with UCL tiles. This house is really cool inside and quiet and we sleep comfortably," she says with a wide smile. "Also, it makes the house look so beautiful that some of our neighbours have been coming to us and asking where we got our tiles from." She adds that people are now opting for UCL tiles though they had to buy them from far away.

Because of the hot weather in Northern Uganda, most households try to keep away from corrugated iron-roofs and have instead kept the ancient tradition of using grass-thatched huts, which help to keep the house cool during the hot season. However, grass cannot be used for large family bungalows.

Unfortunately, some people have fallen victim to unscrupulous tile makers who have sold them very poor quality products. Some now want to remove them and replace them with UCL tiles, according to Mrs Okodi.

Being the only ISO-certified tile-making company in Uganda, clay is aged correctly so that the tile comes out perfect. This good quality has made the Company's products very popular in Northern Uganda with many collecting them all the way from Kampala. In response, UCL now has a Sales Outlet in Lira district. Other outlets that have been opened in the region recently include Arua and Gulu Districts.

> When we were ready to build our own house, we decided to build with UCL tiles. This house is really cool inside and quiet and we sleep comfortably
>
> *Mrs. Joyce Okodi* ***Customer***

Mount Moroto Hotel's Popular Cottages

Located in Karamoja Region, Mount Moroto Hotel opened in 2011. In 2013, Management decided to add ten cottages, which were roofed with Uganda Clays tiles.

Mr Robert Esawe, the hotel's manager, says the cottages were an immediate hit. He adds that their guests love sleeping in them because they are cool and don't require any air conditioning whether in the dry or wet season.

Located just outside Moroto Town on the road to Kidepo National Park, Mount Moroto Hotel has emerged as one of the most popular hotels in Karamoja region. It is very popular with tourists and for conferences, workshops and business meetings.

> The cottages are the most popular rooms at this hotel. Many people book online long in advance specifically asking for the cottages *Mr Robert Esawe, **Hotel Manager***

UCL Products now Closer in Soroti

About ten years ago, Ms Christine Ekayu, a businesswoman in Soroti Town, went to Mbale – exactly 100km away - to buy UCL products for the family house they were constructing. That was the trouble everyone in Teso region had to go through to get UCL products.

But while there, she was asked if she would be interested in being the UCL agent in Soroti. She said yes, and the rest like the saying goes, is now history. From an initial capital of just UGX 50 million, her total turnover is now in hundreds of millions. She says people are very grateful that we brought the products closer. She says the products are popular with her customers because they are long-lasting. The most popular products are tiles, maxpans and decorative grills and vents. During the time she has been an agent, Mrs Ekayu has built another bungalow using UCL products to be a demonstration to the community.

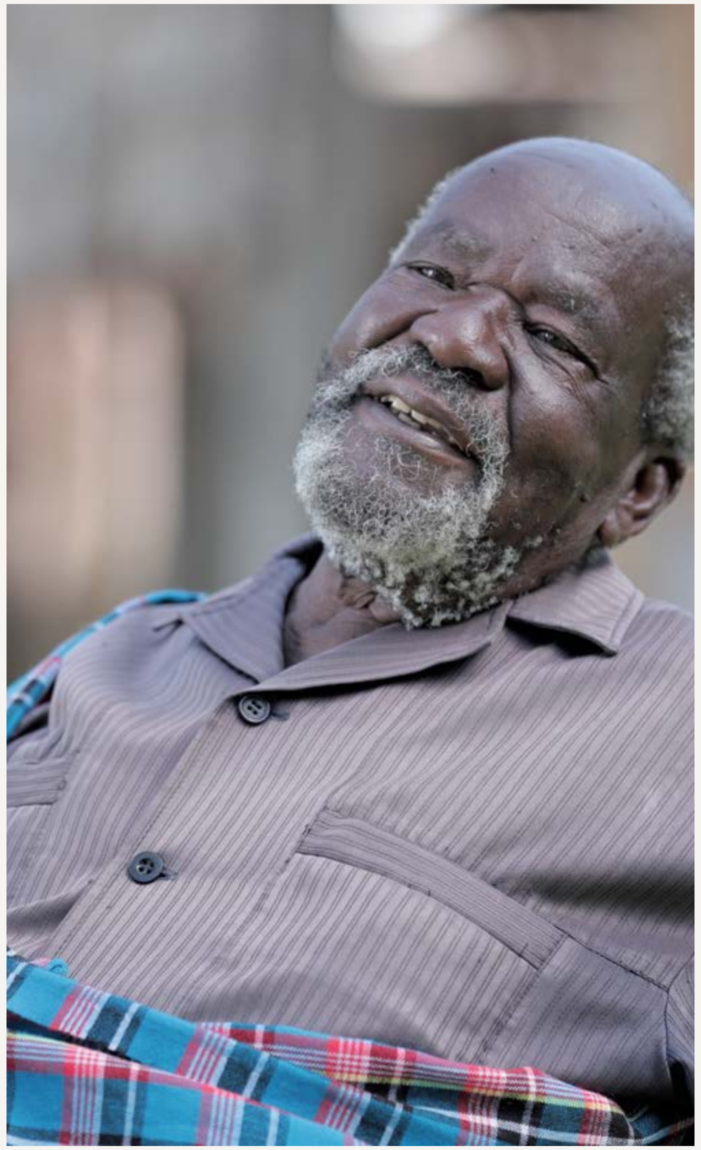
Deal that Saved an Old Man's Life

In the mid-2000s, UCL Management made a decision to open a second factory in Eastern Uganda, to cater for the growing market in Eastern Uganda, Western Kenya and South Sudan. A sizeable chunk of land with good deposits of clay was needed. A portion of land in Kamonkoli in Budaka District on the Mbale-Tirinyi Highway was identified as such a place. The owner of the land was identified as Mr. Joel Jonah Obbo. Negotiations began and were completed successfully with the sale of part of the land to the Company.

Today, Mr Obbo says that the one decision to sell part of his land to Uganda Clays is what has kept him alive up to now. "If Uganda Clays had not come and partnered with me, I would not have survived up to now," says the elderly man. Mr. Obbo got the land in 1958 and established a dairy farm called Masenyi. Years later, it would become the largest and most modern dairy farm in the Eastern region. At its peak, the farm was producing 600 litres of milk per day.

All was well until disaster struck. Mr. Obbo lost all his animals due to insecurity and cattle rustling. "It was terrible losing everything at ago," he recalls. "I had to flee with my family to Bugolobi in Kampala where we survived on rearing broiler chicken."

Today, Mr. Obbo says he cannot quantify the benefits he has received from his partnership with UCL. He lives a very happy life in his old age. "With the money I got [from UCL], I managed to go into crop production. I have achieved everything I have now because of UCL," he adds. "I am ready to offer any assistance to Uganda Clays wherever I can."



> If Uganda Clays had not come and partnered with me, I would not have survived up to now *Mr. Joel Jonah Obbo*

I am very happy because Uganda Clays Ltd is very much associated with the Kingdom of Tooro in particular because of the contribution Uganda Clays made towards the rehabilitation of the King's Palace

Prince Charles Kayondo Kamurasi
Royal Clan head

Through the decades, St Katherine has had a tremendous impact on the District, Sub-Region, the entire Northern Region, and the country as a whole

Mrs. Okayi Michael Okipi
Deputy Headmaster

A Century Later, St Katherine Girls School Still Stands Strong in Lira

St Katherine Secondary School is a girls' boarding secondary school located in Boroboro Parish, Adekokwok Sub-county, Erute South County, Lira District in Northern Uganda. It was founded in 1958 as the first junior secondary school in Lango with just 54 girls. Later in the early 1960s, the school acquired its 14-acre campus about 5km outside Lira town. Today, St Katherine, which celebrated 60 years of existence last year, is one of the biggest secondary schools in the region with a student population of over 1,200 girls. The storied buildings that house classrooms and storied laboratories were constructed using Uganda Clays products such as max pans and ventilators many decades ago. Mr Okayi Michael Okipi, the Deputy Headmaster in charge of Academics, says those buildings have been standing strong as ever through the decades. "We are expecting them to last over 150 years," he says proudly. He adds that through the decades St. Katherine has had a tremendous impact on the District, Lango Sub-Region, the entire Northern Region, and the country as a whole. Speaker of Parliament, Right Hon. Rebecca Kadaga is one of the Old Girls of the school, having joined as a student in 1969. Tens of thousands of other eminent women have gone through this school over the decades including engineers, teachers, journalists and medical doctors among many other professionals.

Tooro Royal Palace

The magnificent Tooro Royal Palace, the official residence of **Rukirabasaija Oyo Nyimba Kabamba Iguru Rukidi IV, the Omukama of Tooro**, is located at Karuzika Hill overlooking Fort Portal Town on the Kasese Highway. The Palace was built by King George Rukidi II in 1963. Following the abolition of monarchies by former President Milton Obote in 1967, the Palace eventually fell into disrepair and ended up being vandalized. With the restoration of cultural institutions by His Excellency President Yoweri Museveni's Government in 1993, the Palace was hurriedly renovated ahead of the coronation of King Patrick Kaboyo in July 1993.

Prince Charles Kayondo Kamurasi, the head of the Royal Clan, is full of gratitude for the contribution of Uganda Clays Ltd to the restoration and beautification of the Royal Palace."I am very happy because Uganda Clays Ltd is very much associated with the Kingdom of Tooro in particular because of the contribution Uganda Clays made towards the rehabilitation of the King's Palace," he says, adding that the Company donated the tiles and the manpower that installed the roof.

He says they are pleased with the wonderful scenery as the roofs of both the new and the old Palace are all covered with UCL tiles. The gates are also decorated with UCL tiles. "UCL is really a great friend of the Kingdom of Tooro," he adds. Prince Kamurasi also notes that according to the Kingdom's records, **King Oyo is a shareholder in UCL,** which is yet another token of the close association between UCL and the Kingdom.

Picturesque view of Soroti University Laboratory Block

Gold in Coffee Husks

At Uganda Clays, coffee husks are prefered to other alternative fuels like heavy oils, gas and electricity. One of the main beneficiaries of supplying coffee husks to Uganda Clays was Mr Elly Muhanguzi, 70, who has been in the coffee business for many years.

Mr. Muhanguzi says he now supplies over 200 metric tonnes of coffee husks to UCL per year. Over the years, he has built his capacity by having storage facilities, which enable him to have inventory regardless of the season. "I can supply any amount of coffee husks at any time when there is demand," he boasts.

Before UCL came into the picture, Muhanguzi used to supply the husks cheaply to farmers to use them as fertilizer on their farms. But after UCL became his customer, he has found the coffee husks, by far, more profitable than the actual coffee beans.

"When I started supplying to UCL, it fetched me more cash than the other products. It was easier to get the husks and easier to supply yet more profitable. Most of the property that I have today came from husks," he says. He cites a petrol station and commercial buildings as some of the fruits of his husks business.

He says that as a source of energy, coffee husks are preferable to anything else because one doesn't need to add other types of fuel. Naturally, other suppliers later came in to compete with him and prices went down but he was still at an advantage because he had the storage facilities. He says UCL has helped him to create employment for many people who work with him in the business. Also, selling husks gives many coffee farmers a higher return from the cash crop.

When I started supplying to UCL, it fetched me more cash than the other products. Most of the property that I have today came from husks

Mr Elly Muhanguzi
Coffee husks supplier

When I was going to rebuild this house, I wondered if I would buy new tiles or if I should re-fire the old ones. I decided to just wash the old ones

Mr. Timothy Kyega Serumaga
Client

Masaka Family Heritage Serving Many Generations

Mr. Timothy Kyega Serumaga, 75, was barely in his teens when his father started building the family's tiled house. That was way back in 1955 – almost 65 years ago. Serumaga vividly remembers how he helped his father, the late Eriya Kikirengoma, to make the bricks for building the house. It almost became a tragedy.

While the bricks were being piled ready for burning, his young brother climbed up the pile to reach his father on top. Unfortunately, the whole pile came down with them. His father spent some time in Kalisizo Hospital. Luckily, he recovered and the work continued.

Serumaga's father had learnt how to build from his grandfather. During the times of Semei Kakunguru, Kikirengoma's father was taken to Mbale in Bugisu. He went with the young Kikirengoma.

While there, Kikirengoma also learned his father's trade and became a builder. When they returned to Masaka, he decided to build his first house - a mud and wattle, grass-thatched house "but with a unique design" and married a wife. That is where Serumaga was born. Unfortunately, Serumaga's mother died shortly after. His father married another wife and decided to build another home.

At that time, Mr. Kikirengoma became very popular as a builder of tiled houses. One of his friends was so happy with his work that he rewarded him some wooden windows on top of paying him a lot of money. He decided to spend it on buying roofing tiles for his own house. That is how the brick-making project that almost ended his life started. The house - a three-bedroomed bungalow - was eventually completed in 1957 and still stands today.

Mzee Kikirengoma died when Serumaga was studying for his diploma in Electrical Engineering at Kyambogo Polytechnic in Kampala. When he completed his studies, he decided to go back to the village and look after his father's house.

Using his engineering skills, Serumaga embarked on modernizing the house by adding a garage and a few other things. With his children and grandchildren also sleeping in the same house today, Serumaga says the house has already served three generations and the trend must continue.

"When I was going to rebuild this house, I wondered if I would buy new tiles or if I should re-fire the old ones. I decided to just wash the old ones. I also bought a small tiled house and removed the tiles to add on the old tiles that I had," he says.

Serumaga says Uganda Clays tiles have always been so popular through the decades that many people built houses with them. He says each village almost had a tiled house built by their fathers. But when the old men died, many of the heirs sold off the tiles and replaced them with corrugated iron sheets "because of loving money too much."

For example, he says that when Masaka Catholic Diocese wanted to roof all their facilities with Uganda Clays tiles, they went around buying off old houses, which had tiled roofs (tegula).

A close friend once "advised" him to sell his tiles too and replace them with corrugated iron sheets, which he rejected. "My father instructed me never to give away even one potful of soil from this land," he asserts. "I will leave this entire development to my sons and grandsons and the children of my brothers and sisters. This is their headquarters. They must also never sell or destroy this house," Serumaga concludes in a stern voice.

Lives Helped by Coffee Husks

From the business of supplying coffee husks to UCL, we have been able to buy a second lorry, which has given us capacity to deliver up to 40 tonnes of coffee husks per day

Mr. Mbuga
Coffee husks supplier

A few years ago, Mbuga Kyamagero Coffee Packers & Roasters Ltd officially went on the list of UCL's suppliers of coffee husks. Mr. Wilson Kakande Mbuga, the Managing Director, says that though his father, Mr Mbuga, started the company as a small business; it has now grown into a big enterprise from supplying coffee husks to Uganda Clays to fuel its kilns.

"From the business of supplying coffee husks to UCL, we have been able to buy a second lorry, which has given us capacity to deliver up to 40 tonnes of coffee husks per day" he says, adding that they have also set up a coffee farm in Busiika in addition to building more storage facilities. "We have benefitted a lot from the partnership with Uganda Clays. The community too has benefitted as we employ over 15 people directly and many others indirectly."

Mr. Mbuga says they started off well by supplying husks to UCL and the business was booming but stiff competition in recent years has eaten into their profits. Additionally, price fluctuations have affected them negatively because though the price paid to their suppliers depends on the season, UCL keeps the price constant regardless of the season.

"The product is seasonal but the price paid by UCL remains largely constant throughout the year," he says. Because of that, profitability is growing slowly but they cannot give up because there are bank loans that have to be paid off. Mr. Mbuga says they had to build bigger stores to deal with the seasonality because when they delay to procure the husks from their suppliers, other people such as cement factories buy them off.

We have tried other products but found them not as good as those of Uganda Clays. Even the architects who come here from all over the world appreciate the quality

Mr. Patrick Male Bakka
Headmaster

Kings College Budo Proudly Part of UCL's History

By the time Uganda Clays Ltd was being founded in 1950, King's College Budo was already 45 years old. The famous school was opened by the Church Missionary Society in 1906 with just 20 boys. Located on Naggalabi Hill - the place where Buganda kings are crowned - the school has a rich history.

Mr. Patrick Male Bakka, the Headmaster, has a good idea about the school's history, having studied there for six years, rising to the level of head prefect, and having worked at the school at the top level for more than 20 years. He says that most of their buildings – both new and old - have Uganda Clays products on them, and for a good reason.

"UCL products are of great quality and very satisfactory," he says. "We have tried other products but found them not as good as those of Uganda Clays. Even the Architects who come here from all over the world appreciate the quality and encourage us to use the tiles more and more. That is why we don't have any option other than UCL products."

Mr. Bakka says each of their buildings tells the history of the school and the history of Uganda Clays too. The school was one of the first customers of Uganda Clays when the factory started operations in 1950. To date, all the buildings that were built with Uganda Clays products many decades ago are still standing strong. Many new projects are being roofed with UCL tiles.

"We get mileage," asserts Mr. Bakka on why they have used so many Uganda Clays products on almost every block. "We only have to maintain the roofs instead of re-roofing the whole structure. We only change a few things. All we do is simply wash and reuse the tiles."

Mr Male Bakka was part of the Tegula Project, which renonvated Namirembe Cathedral several years ago.

"We were able to sell many of the tiles and bricks that were removed at a good price, which helped us to recoup some of the costs of the project," says Mr. Bakka. He commends UCL for giving them a good discount on the new products they used for the House of God.

On the way forward, Mr. Bakka advises that UCL should be more innovative on the product portfolio and to continuously improve on the products they bring to the market.

"I would love to see more innovation so that we can be proud of new products and the traditional ones," he says.

We didn't want to paint it too much so we opted to cover it with facing bricks

Eng. Michael Mwebe Kalanzi
Sec. Kiwamirembe Shrine

Long Lasting Housing for All

I didn't feel the pinch because the cost of the tiles was deducted from my salary over a period of several months

Mr. Ezekiel Iroot
Customer

Over the years, UCL has become the company of choice when it comes to the supply of building materials for Uganda's growing middle class. However, many salaried employees were finding it a little difficult to buy UCL products at once, which forced some to acquire expensive loans from commercial banks.

To make things easier, UCL devised an arrangement whereby a Company would supply the building materials to their employees but the cost would be deducted from the salary of the employee over a period of several months.

One of the organizations that have signed such a memorandum of understanding (MoU) is Uganda Revenue Authority (URA).

Mr. Ezekiel Iroot, an employee of the tax body, is one of the beneficiaries. He says he is grateful as it would have taken him much longer to build his house if it was not for such an arrangement.

"UCL supplied all the roofing tiles when I had not paid even a shilling," he says. He used the little cash he had to buy other building materials, which made the construction period for his home much shorter. "I didn't feel the pinch because the cost of the tiles was deducted from my salary over a period of several months."

So far, Mr. Iroot is very satisfied with what he has achieved. He says he always wanted to use Uganda Clays tiles because of their quality, which has stood the test of time and are known to be durable compared to other options.

Upholding the Peace of Kiwamirembe

Tucked away on a lush hill near Kampala City is Kiwamirembe Catholic Shrine, a place where the faithful withdraw for prayer and reprieve from life's struggles. Launched in the late 1980s, Kiwamirembe has become a popular sanctuary for those in need of inner peace as well as physical, spiritual and emotional healing.

The immaculate Marian Shrine and other buildings stand serenely at Kiwamirembe and attract pilgrims from around the world all year round. Every building on the hill was designed to instill a distinctive Ugandan religious ethos, underscored by UCL's signature products.

Most of the buildings on the site are designed by Engineer Michael Mwebe Kalanzi, the Secretary for the Kiwamirembe Shrine Foundation and expert in charge of construction.

He says the priest's house was their first major project and the original plan was to roof it with corrugated iron sheets. But as the committee, they decided to use Uganda Clays tiles instead, reasoning that the product has been tested over the decades and proven worthwhile. Indeed, UCL supplied the tiles at a good discount and donated all the ridges as part of their CSR programme.

The majestic Scala Sancta is in its final stages of construction; this is a structure that Eng. Kalanzi boasts of as **"...will be the only one of its kind in Africa."**

"We didn't want to paint it too much so we opted to cover it with facing bricks and pompei for aeration," he says. They ordered for more than 10,000 'Roko' facing bricks from UCL.

Another imposing structure, dubbed the 'Way of the Cross,' is also covered with facing bricks given that they can cope with the different weather conditions, according to Eng. Kalanzi, who boasts of 35 years' experience as an engineer.

He adds that his final year project at university was to design his personal house, which he finally built 15 years later and roofed with UCL tiles.

"I've not had any problem whatsoever with my roof and I always advise my clients to use UCL tiles. I have maintained my account at UCL for many years and it has credit on it," he adds.

Going forward, Eng. Kalanzi advises UCL to open up more outlets in as many upcountry towns as possible.

> As a father, you want to leave something for your children to build on
>
> *Mr. George William Musisi*
> ***Rtd. Production Coordinator***

A Happy UCL Retirement

Uganda Clays Ltd is acclaimed as a Company that offers job security. Most of the Company's employees have been working for decades. Until recently, Mr. George William Musisi was one of the longest-serving employees. Before his retirement in January 2019, Mr. Musisi had worked with the Company for 37 years.

He was first recruited as a Kiln Checker and rose through the ranks to become a Supervisor, Production Assistant Kiln 1 and later Production Assistant Kiln 2. Later, he was promoted to Production Assistant for Drying and later Production Assistant for Quarry and Machines.

By the time of his retirement, his job title was Production Coordinator, taking care of the operations in the entire Production Department. "In other words, I was the process owner for the whole Department." he boasts.

Though he is now enjoying his retirement, Mr. Musisi says the transition has been a bit challenging. As an employee, he was assured of his salary every month. He used it well seeing he had built his home and some rooms for rent by the time he retired. He had also bought half an acre of land.

In addition to NSSF contributions for every employee, the Company also contributes 10% and the employee 5% of their salary to the Provident Fund.

When he was paid his Provident in March, he embarked on his dream of building a guest house on his half acre, which he hopes to enlarge into a modern hotel. "As a father, you want to leave something for your children to build on." he says. To his former colleagues, Mr. Musisi says they should not wait for their gratuity to build a home to retire into. "It is dangerous to get the Provident and then use it to build your home because that money is supposed to help you when you no longer have energy to work,"

He advises employees to buy the Company's 'economy products' - even if on loan - to set up something either to retire into or to rent out. Mr. Musisi says he has not yet withdrawn his savings from NSSF because he wanted to first have a plan for his guest house but also to get some interest for 2019 on it.

One of the regrets Mr. Musisi has is producing his children late – he got married in his 30s because of taking care of nieces and nephews. Today, some of his children are still in secondary school. "You must get married and produce children as early as possible," he says.

ROKO - A 50-Year-Old Relationship

For half a century, ROKO Construction has been a household name in Uganda's construction industry. Founded in July 1969, ROKO is the undisputed market leader in the Construction and Civil Engineering space and has undertaken some of Uganda's most iconic projects. The Managing Director, Mr. Mark Koehler, says ROKO and Uganda Clays Ltd do share a rich history over the last 50 years.

"Our relationship with UCL goes back to the founding of our company 50 years ago," he says. "We have some employees who have been working with ROKO for almost 30 years and they remember UCL supplying materials as far back as over 30 years ago. We have had a great relationship with UCL, with supplies of the whole range of products to almost every ROKO project."

He particularly singles out the recently-concluded Infinity Courts in Kololo, which was wholly covered in UCL facing bricks as the most visible. He says it was a challenging project in terms of getting the right mix of three different shades of facing bricks and it necessitated working closely with UCL to get everything right. "The client and the architect were very happy and it was something exceptional because it is one of a kind," he says.

He cites several other projects in Kampala City and beyond on which UCL products are visibly prominent. "Of course there is always value for money and UCL's quality doesn't come at a very high cost. We could buy cheaper from others but our quality policy doesn't allow it," he adds.

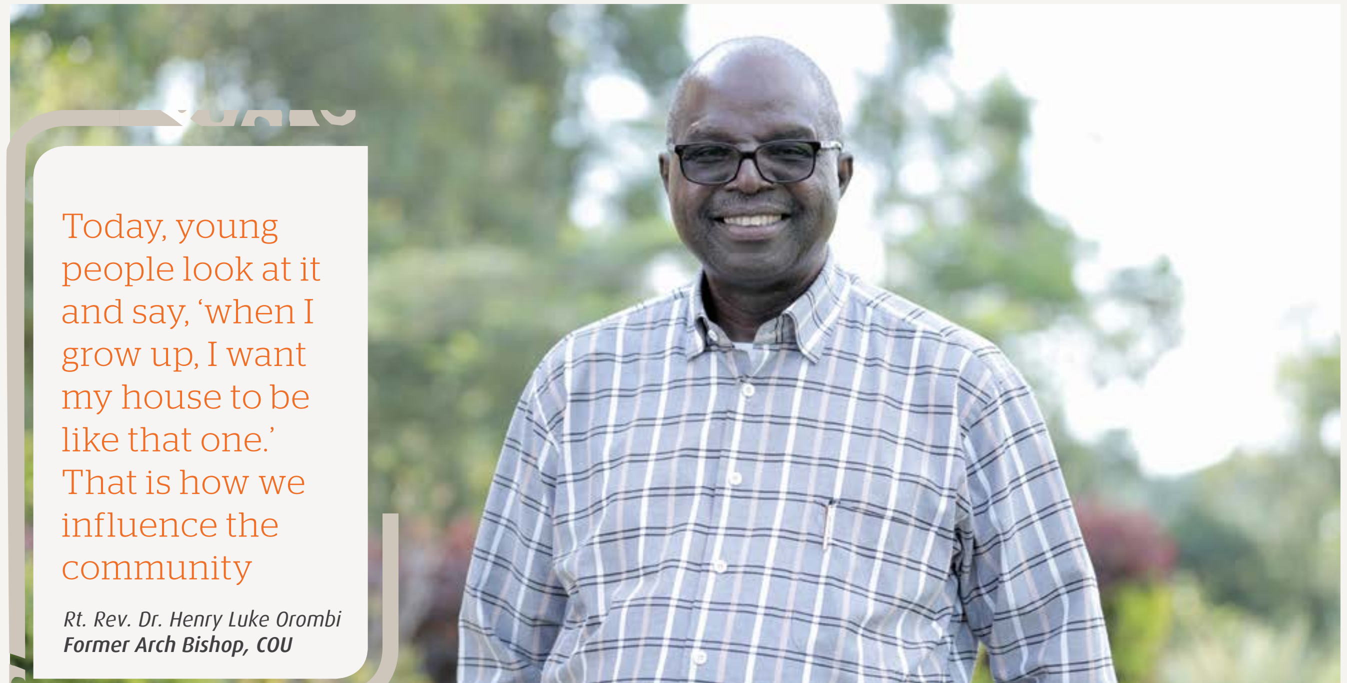
Some of ROKO's upcoming prominent projects include a mock-up building for the Aga Khan Hospital at Nakawa, which will be covered with facing bricks. "We are happy with the service and the flexibility and are looking forward to another 50 years of cooperation with UCL," says Koehler.

> Our relationship with UCL goes back to the founding of our company 50 years ago
>
> Mr. Mark Koehler
> ***MD. ROKO***

CELEBRATING
CONSISTENCY

NSSF Lubowa housing project

See story on page 49



Today, young people look at it and say, 'when I grow up, I want my house to be like that one.' That is how we influence the community

Rt. Rev. Dr. Henry Luke Orombi
Former Arch Bishop, COU

Rtd. Archbishop Orombi

Mr. John Wafula, the former Uganda Clays Ltd Managing Director, and his wife, were very close family friends to former Arch Bishop Henry Luke Orombi.

The Wafulas once paid a visit to the Orombis and spent a weekend at their home. At the time, Bishop Orombi was thinking of pulling down his old small house to replace it with a bigger one. Like every good CEO, Mr. Wafula 'advised' him to use Uganda Clays products on the new house.

Bishop Orombi told him it would be difficult given that there were no builders who could use those products in Nebbi. However, Mr. Wafula assured him that he would get him builders who knew what to do, which he did. Bishop Orombi ferried the tiles all the way from Kajjansi.

However, the timber that was used to roof the house was weak and it got rotten in just three years leading to a leakage in the roof. Thankfully, it was later fixed to perfection. "I have had a perfect tiled house in the village since then," says Bishop Orombi.

"Today, young people look at it and say, 'when I grow up, I want my house to be like that one.' That is how we influence the community."

Six years ago, his wife set up a small nursery school for vulnerable children in the area. Today, it has grown into a popular primary school with 300 pupils. They will have their first PLE candidates next year and those will go on to Senior One in the secondary school section, which will start in 2021.

Bishop Orombi adds that when his water and electricity were being fixed from Paidha, residents also got a chance to be connected to those utilities along the way. "Your presence in the village attracts and influences people," he notes. Bishop Orombi is full of praise for UCL products saying they are excellent for living spaces.

"We are advertising your materials allover West Nile," he notes with his characteristic laughter. He says after living in Kampala for nine years, he surprised many people when he said he was going back to "village life."

He says that today when people come to his home from Kampala, they say "okay, now we know why you came to the village." "I brought the city to the village," he says.

Bishop Orombi commends UCL for opening a sales outlet in Arua. Going forward, he suggests that the Company should also enable local craftsmen and builders to be trained in working with the materials. He also urges Ugandans to use and be proud of what is produced locally.

"If I am to build another house, I would build using UCL products," he says.

Arch.Tina Muwanga
Project Manager

For us as real estate developers, we rely on the consultant's recommendation of products on the market. "UCL products have been tested in terms of quality assurance.

Mr. Abbey Bakayana
NSSF Portfolio Manager

Celebrating UCL, NSSF Partnership

Two years ago, the National Social Security Fund (NSSF) embarked on a landmark project to construct more than 2,700 housing units at Lubowa near Kampala. The $400 million real estate project is being developed over a 10-year period on more than 560 acres of land and will be the largest upmarket housing estate in Uganda.

Apart from homes, the development will also comprise commercial blocks, a school, a hospital, and places of worship, among other facilities. As it has been the case for other real estate projects that NSSF has set up in various parts of the country in the past, it is expected that the Lubowa project will consume UCL products worth millions of dollars.

Mr. Abbey Bakayana, the NSSF Portfolio Manager for Real Estate, says they are happy with the partnership they have had with UCL on many of their projects in the past. He says they have always been using UCL products such as max pans and tiles on their projects because it is what the consultants have always recommended.

"For us as real estate developers, we rely on the consultant's recommendation of products on the market," he says. "UCL products have been tested in terms of quality assurance. The Company has a factory with proper systems and product lines, so we have no problem with it."

Looking ahead, thousands of more housing units will be constructed under Phase II of the Lubowa project but the Pension Fund has several other large-scale projects that are also lined up for construction around Kampala. Mr. Bakayana however warns that given that the market is becoming more competitive with rivals coming up with cheaper alternatives, UCL should not rest on its laurels but instead find innovative ways of continuing to produce their high quality products at competitive prices.

Ms.Tina Muwanga, an international architect and the project manager for the Lubowa Housing Project, says the project has already used the whole range of UCL products, which they are very excited about.

"One of the key drivers that underpin the design concept for this project is sustainability and having a local Company with that kind of quality assurance for clay products is great," she says.

She says UCL products tick all the right boxes in terms of quality assurance, given that they are accountable for the performance of the products that they recommend in terms of long term performance. Going forward, she advises that UCL's marketing function needs to be expanded to take care of more modern applications. People could be more adventurous with the applications of the various products.

Former Employee Now a Prosperous UCL Agent

After working with us for 23 years, which climaxed with the successful operationalization of the new Kamonkoli factory, Mr. Joseph Kitone felt that it was time to retire. Over 20 years earlier, he had joined the Company with a Higher Diploma in Marketing, but had upgraded to a BA in Marketing, and then a MSc. in Marketing, of course with Company's full financial support throughout. His plan was that he would quit at the end of 2012. That December, he had a chat with Mr. Karim Hirji of Imperial Group of Hotels, who was then one of the our biggest customers. When Mr. Kitone told Mr. Hirji that he was soon retiring, the prominent businessman asked him what he was going to do next after retiring. "I am going to think about it," Kitone replied. Mr. Hiriji's response surprised him.

"Then you're not ready to retire! You should have thought about that a long time ago and you should start thinking about it today and right now." He particularly advised him to focus on doing a business that he knew something about. Immediately, Mr. Kitone knew what he would do – start a hardware business.

On January 2, he was running around looking for premises where he would set up a hardware shop. With UCL, he had got lots of experience in setting up agencies and sales outlets. When we were looking for space to set up outlets around Kampala, he had identified the Ntinda location and the outlet he had helped set up was doing well.

But a friend told him that there was a good space at Kyaliwajjala. When he checked it out, it was almost a forest with many trees. He almost gave up on it but he decided to conclude a lease deal with the owner. With the experience he had in setting up outlets, he knew that one needed not less than UGX 35 million to start.

> We are now providing employment to many people. Now, the sky is the limit; we are looking at expanding to other areas. *Mr. Joseph Kitone, Agent at Kyaliwajjala*

Luckily, he had his Provident Fund money with us. "It was a win-win situation; UCL had my money and also had materials it wanted to sell and I wanted the materials," says Mr. Kitone. There was an agreement on a deal to exchange his money for materials.

"Within two days of stocking the outlet, the customers had started flocking the place. Business had started with a bang," he recalls. Six months later, his idea of a hardware shop was realized when he set up a small hardware kiosk at the same place.

In 2014, when he got his NSSF savings, he bought a large container and stocked it with all sorts of building hardware items and materials.

Later, one of his former colleagues at UCL was also retiring; he invited him to join him especially to help train the workforce. "We are now providing employment to many people," he says. "Now, the sky is the limit; we are looking at expanding to other areas," he adds.

Going forward, Mr. Kitone urges us at UCL to grow with our agents in terms of providing technical support and branding.

"We need input from the Company on the technical aspects and in generating new ideas on serving the customers better," he says.

"Innovation, innovation, innovation! It should not be a case of 'as it was, so it is, and so it will be forever and ever, amen.' Let's be more creative with various colors. Let the research and development department be strengthened. We need to innovate around making more affordable products, which conserve the environment."

Gita Relishing His Retirement Dream

In 2005 when Uganda Clays Ltd Management made a decision to open a new modern factory in Kamonkoli in Eastern Uganda, it was not difficult to choose who would head it.

Mr. John Gita was the obvious choice. By 2010, Mr Gita had got the state of the art factory in full production.

Five years later, Mr. Gita had clocked the official retirement age of 55 years after many years of faithful service to the Company in various capacities. Mr. Gita says he had made up his mind on what he would do with his life after retirement – farming. Two years before he officially retired, he asked for part of his Provident Fund and bought ten acres of land at Zirobwe in Luwero District on which he planted a forest.

When he retired on July 1, 2015, he made a decision to shift from Kampala to Ziroobwe. He used the balance of his Provident Fund to renovate the farm house and to set up green houses with the aim of earning him regular income as replacement for his salary.

He currently has five greenhouses from which he earns between UGX700,000 – UGX1 million per week. He hopes to go into livestock farming and coffee farming next year. When he got his NSSF savings, Mr Gita says he spent all of it on buying four acres of granite rock in Nakaseke - valued at millions of dollars. Mr. Gita commends UCL's Provident Fund as a great idea but quickly points out that there is "a missing link."

"UCL should sensitise its employees about life after retirement and how to use their Provident Fund wisely," he says, adding that employees should not fear to retire. Also, he says it is a mistake to start planning for the windfall of Provident Fund money after getting it.

"If everybody started a useful project from their Provident Fund, this country would be very far," he says.

He adds that people also need to be sensitised about leaving the city to stay in the rural area where they can live a simpler life.

> I used the balance of my Provident Fund to renovate the farm house and to set up green houses with the aim of earning me regular income as replacement for my salary
>
> *Mr. John Gita*
> ***Former Production Manager UCL***

Village Boy Who Built a Mansion

> UCL is like a mother to me. I pray to God that UCL should grow more and more powerful
>
> *Mr. Pascal Muhigo*
> *Former staff*
> *now Boda Boda Rider*

In 2000, a young man showed up at the gate of our factory at Kajjansi. The illiterate boy, named Pascal Muhigo, had traveled from the village to look for work in Kampala. When he was asked what kind of work he wanted to do for the Company, his reply was: "anything." Reluctantly, he was accepted as a casual worker. "I was doing anything around the factory," Muhigo says. After some time, he was assigned to be a wheelbarrow pusher. Because of the commitment that he showed at work, Muhigo was considered for on-the-job training as a mechanic six months later. Two years later, he got his certificate and was formally appointed as a machine operator. He worked diligently and faithfully to the satisfaction of his bosses. "When my supervisors saw my ability, they promoted me to head the machine operators," he adds. "I was loyal and hardworking. I never had any problem with any of my supervisors or subordinates."

Muhigo says he started out by renting a small room near the factory. Six years later, he had bought a small plot and constructed a two-roomed house. He found a girl and organized a wedding. "Uganda Clays was so good throughout; it was like one big family," he recalls. All was well for Muhigo until tragedy struck one fateful night; and it almost wiped out his entire family. His neighbour's fencing wall collapsed on his house with the family inside. It was a narrow escape. But it left him with very serious injuries., which required a lot of money to treat. "Though the accident occurred away from my work, UCL paid for all the bills in different hospitals including Albert Cook at Mengo Hospital," he says.

Though his health improved after the treatment, Muhigo says his life did not remain the same after the accident. He continued to feel weak physically. "I am not the kind of person who wants to just sit there and give instructions; my style of work is to get involved directly instead of delegating," says Muhigo. "I started feeling that I was unable to work with the heavy machines and I needed more time to recover completely, but I felt that it would be unfair to ask for a sick leave for a whole year. I decided to retire."

However, Muhigo says none of his bosses and supervisors were willing to let him go. "They asked me so many questions, thinking that it was a work-related problem. They tried their best to stop me but I told them that I had to leave so that they could find a replacement," he says. He gave three months' notice and eventually left the Company in July 2013.

When he quit, Muhigo says he did not want to go around looking for a job given that he had been working with a big Company for 13 years. "I felt I would be embarrassed to work for a smaller Company," he says. But he still had an outstanding bank loan, which needed to be repaid. He decided to use part of his Provident Fund to pay off the loan. He used some to buy a boda boda motorcycle, which he has been riding since.

"Today, I grew from a two-bedroom house to a five-roomed mansion," says Muhigo. In addition, he owns several rentals from which he earns monthly income. "UCL is like a mother to me. I pray to God that UCL should grow more and more powerful," he says. He advises that Management should continue to relate even better with staff at the lower levels so as to always be on top of what is going on at the grassroots of the organization.

In Good and Sad Times

Over the decades, Uganda Clays Management has perfected its policies when it comes to the unfortunate passing on of an employee.

On March 27, 2017, Adam Nsubuga, our colleague (Driver) for almost years 20, passed away after several months of illness.

The widow, Hadijah Namuganyi, is grateful for how the company stood with the family during that difficult period.

She says UCL supported the family throughout by taking care of all the hospital bills. In addition, she says her late husband's salary was being paid in full to the family for all the months he was sick. That was in addition to the family being checked on regularly both at home and in the hospital.

"Even during the funeral and after, we got all the necessary support from Uganda Clays," she says. "Afterwards, we got his provident fund and used it to make the house in Kiwaguza habitable," she says.

Some of the children had not completed formal education by the time their father died. Ms. Hajara Nankya is one of them. She says some of the provident money was used to help them get technical and vocational skills including tailoring and going to driving school.

"UCL has been there for us through thick and thin," she says.

"We're really grateful; we would also appreciate if we are helped to get employment opportunities at the factory."

Ms Namuganyi adds that they are still hopeful that they would finally complete the house and build some rentals too to generate some income to support the family.

Munno mukabbi, ye munno ddala.

> We got Adam's provident fund and used it to make the house in Kiwaguza habitable
>
> *Hadijah Namuganyi*
> *Widow to the Late*
> *Adam Nsubuga*

UCL EMPLOYEE ENGAGEMENT IN PICTURES

1. Managing Director, George Inholo, awards Mr. Nalumuso Ernest, who retired after 32 years of service
2. Celebrating Ssenyonjo Mahadi (middle), the marketing employee of the year 2018
3. UCL employees donating blood
4. Head of Human Resources, Mr. Peter S. Kiwanuka, hands over a certificate to Ms. Namubiru Sarah as winner of Employee of the Year 2018 at the Kamonkoli factory
5. Participating in the egg on spoon race in Team Building event at the Kamonkoli Factory

6. Employees at a team bonding event in Kajjansi
7. UCL Management pose with Kajjansi United F.C. after winning Buganda Regional Football Trophy
8. Head of Finance, Ms. Jacqueline Kiwanuka, hands over a certificate to Mr. Owino Anthony as runnerup for Employee of the Year 2018 at the Kajjansi factory
9. The 2018 interdepartmental winning team at Kajjansi pose for a photo
10. Head of Production nelson Kiiza handing over a goat to the winning team of the Kamonkoli Inter-departmental sports

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit their report together with the financial statements for the year ended 31 December 2018 which disclose the state of the affairs of Uganda Clays Limited ('the Company').

Principal activities

The principal activities of the Company are the production and sale of a wide range of baked clay building products. The main products according to contribution to total turnover are roofing tiles, maxpans and half bricks.

Results

The Company posted a net profit of UGX 1,987,364,000 for the year. (2017: net profit of UGX 2,395,217,000/=).

The Directors recommend payment of a dividend of UGX 1 per share for the year ended 31 December 2018 (2017: UGX 1 dividend per share).

Directors and their Emoluments

The Directors who held office during the year and up to the date of this report were:

1.	Eng. Martin S. Kasekende	**Chairman**
2.	Mr Richard Byarugaba	**Non Executive Director**
3.	Mr Joseph Tukuratiire	**Non Executive Director**
4.	Mrs Florence N Mawejje	**Non Executive Director**
5.	Dr Martin Aliker	**Non Executive Director**
6.	Mr Bayo Folayan	**Non Executive Director**
7.	Mrs Marion Adengo Muyobo	**Non Executive Director**
8.	Mrs Penninah Tukamwesiga	**Non Executive Director**
9.	Mr George Inholo	**Managing Director**

In accordance with Article 69 of the Company's Articles of Association, all the Directors hold office until the Annual General Meeting, at which half of them shall retire but are eligible for re-appointment.

During the year under review, other than as disclosed in note 21 to the financial statements, no Director has received or become entitled to receive any benefit other than directors' fees and retainer, and monthly emoluments in the case of the Managing Director.

The total amount of emoluments of the Directors for the year is disclosed in note 21 to the financial statements.

Board Meetings

The Board held quarterly meetings and special meetings whenever the need arose. During the year under review, the Board of Directors of Uganda Clays Ltd held a total of five regular and Special Board meetings, excluding Committee meetings. The attendance of members at Board meetings was as follows:

No.	Name of Director	No. of Board meetings attended	% of attendance of Board meetings
1.	Eng. Martin S Kasekende	5/5	100%
2.	Mr. Richard Byarugaba	5/5	100%
3.	Mr Joseph Tukuratiire	4/5	80%
4.	Mrs. Florence N. Mawejje	5/5	100%
5.	Dr. Martin Aliker	5/5	100%
6.	Mr. Bayo Folayan	3/5	60%
7.	Mrs. Marion Adengo Muyobo	5/5	100%
8.	Mrs. Peninnah Tukamwesiga	4/5	80%
9.	Mr. George Inholo	5/5	100%

Company Secretary

The name and address of the Secretary to the Company are as follows:

Lex Uganda Advocates, Solicitors
8th Floor Communications House
Plot 1 Colville Street
P.O. Box 22490, Kampala - Uganda
Tel: 0414 - 232733/ 344172
Fax: 0414 - 254721
E-mail: partners@lexuganda.com
Website: www.lexuganda.com
A member firm of TERRALEX

Auditors

The Company's auditors during the year were Jim Roberts & Associates.

Issue of Financial Statements

The financial statements in this report were authorised for issue by a resolution of the Board of Directors passed on 2 May, 2019.

By order of the Board,

Lex Uganda Advocates & Solicitors
COMPANY SECRETARY

Company Information

BOARD OF DIRECTORS	
Eng. Martin S. Kasekende	**Chairman**
Dr. Martin Aliker	**Member**
Mr. Richard Byarugaba	**Member**
Mr. Bayo Folayan	**Member**
Mrs. Marion Adengo Muyobo	**Member**
Mr. Joseph Tukuratiire	**Member**
Mrs. Florence Namatta Mawejje	**Member**
Mrs. Peninnah Tukamwesiga	**Member**
Mr. George Inholo	**Managing Director**

REGISTERED OFFICE	Entebbe Road, Kajjansi P O Box 3188 Kampala
INDEPENDENT AUDITORS	Jim Roberts & Associates Certified Public Accountants P.O. Box 10639 Kampala
PRINCIPAL BANKERS	Standard Chartered Bank (U) Limited P.O. Box 7111 Kampala
	Stanbic Bank (Uganda) Limited P.O. Box 7131 Kampala
	Equity Bank Uganda Limited P.O. Box 10184 Kampala
	KCB Bank Uganda Limited P.O. Box 7399 Kampala
	Housing Finance Bank Limited P.O. Box 1539 Kampala
SOLICITORS	Lex Uganda Advocates & Solictors P.O.Box 22490 Kampala
REGISTRARS	Deloitte (U) Limited Rwenzori House P.O.Box 10319 Kampala

Report of the Directors

The Directors submit their report and the audited financial statements for the year ended 31 December, 2018 which disclose the state of affairs of Uganda Clays Limited (the Company).

Principal Activities

The principal activity of the Company is the production and sale of a wide range of baked clay building products. The main products according to contribution to total turn over are roofing tiles which accounted for 60% (2017: 62%).

RESULTS		
	2018	**2017**
	Shs '000	**Shs '000**
Profit before tax	2,495,806	3,164,348
Tax charge	(508,442)	(769,131)
Total comprehensive profit for the year	**1,987,364**	**2,395,217**

DIVIDEND

The Directors proposed a final dividend payment of Ushs 1 per share for the year ended 31 December 2018 (2017 :1 Ush per share).

DIRECTORS

The Directors who served the Board during the year ended 31 December 2018 are shown on Page 58.

AUDITORS

Jim Roberts & Associates were reappointed as auditors on 28th June, 2018 in accordance with section 167(2) of the Companies Act of Uganda , 2012 .

BY ORDER OF THE BOARD

SECRETARY
KAMPALA

13th May 2019

Statement of Directors' Responsibilities

The Companies Act 2012, requires the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results for that year.

The Directors are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them ensure that the financial statements comply with the Companies Act, 2012. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates consistent with previous years and in conformity with the International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2012.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company as at 31 December, 2018 and of its operating results for the year then ended. The Directors further confirm the accuracy and completeness of the accounting records maintained by the Company which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Board of Directors on **13th May 2019** and signed on its behalf by:

DIRECTOR | **DIRECTOR**

Report of the Independent Auditors to the Members of Uganda Clays Limited

Opinion

We have audited the accompanying financial statements of Uganda Clays Limited set out on pages 66 to 100, which comprise the statement of financial position as at 31 December, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies' Act of Uganda, 2012.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Uganda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We did not identify any key audit matters during the audit.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report, but does not include the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the requirements of the Companies' Act, 2012, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies Act of Uganda, 2012 we report to you, based on our audit that :

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
(ii) In our opinion proper books of account have been kept by the Company, so far as it appears from our examination of those books; and
(iii) The Company's statement of financial position and statement of profit or loss are in agreement with the books of account.

Julius Tumuhimbise P0209
Engagement Partner

Jim Roberts
Certified Public Accountants Kampala

REF: JT/02/0519/501

30th May 2019

Statement of Profit or Loss and other Comprehensive Incomes

	Notes	2018 Shs '000	2017 Shs '000
Revenue	1	30,064,148	27,201,533
Cost of sales		(19,404,016)	(16,510,791)
Gross profit		**10,660,132**	**10,690,742**
Other Incomes			
Compensation on Land		296,962	-
Rent and other incomes		256,379	308,535
Total Income		**11,213,473**	**10,999,277**
Distribution expenses		(1,619,591)	(1,285,843)
Administrative expenses		(2,298,966)	(2,561,473)
Other operating expenses		(4,626,322)	(3,984,637)
Total expenses		**(8,544,879)**	**(7,831,953)**
Operating profit		**2,668,594**	**3,167,324**
Net finance costs	4	(172,788)	(2,976)
Profit before tax		**2,495,806**	**3,164,348**
Tax charge	5(a)	(508,442)	(769,131)
Total comprehensive profit for the year		**1,987,364**	**2,395,217**
		Ushs/Share	**Ushs/Share**
Basic and diluted gain per share	6	2.21	2.66

Statement of Financial Position

	Notes	As at 31 December 2018 Shs '000	 2017 Shs '000
Capital and Reserves			
Issued capital	7	900,000	900,000
Share premium		9,766,028	9,766,028
Retained earnings		17,116,515	12,051,185
Revaluation reserve	8	6,290,033	7,649,457
Proposed dividends		900,000	900,000
Total equity		**34,972,576**	**31,266,670**
Non current liabilities			
Deferred income tax liability	10	7,970,224	8,159,925
Borrowings: non current portion	9	20,592,838	23,211,380
Total non current liabilities		**28,563,062**	**31,371,305**
Total equity & non current liabilties		**63,535,638**	**62,637,975**
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	11	43,679,992	45,879,510
Prepaid operating lease rentals	12	1,025,083	701,447
		44,705,075	**46,580,957**
Current assets			
Inventories	14	9,669,403	9,597,613
Trade and other receivables	15	3,690,444	3,794,182
Staff loans	13	130,416	120,928
Current income tax recoverable	5(b)	1,420,122	342,080
Cash and cash equivalents	16	2,195,314	1,778,955
Fixed Deposits	17	6,332,094	3,975,366
		23,437,793	**19,609,124**
Current liabilities			
Retirement benefit obligation	18	76,021	83,316
Trade and other payables	19	4,527,844	3,467,554
Rent tax payable		3,365	1,236
		4,607,230	**3,552,106**
Net current assets		**18,830,563**	**16,057,018**
Total Assets		**63,535,638**	**62,637,975**

The financial statements on pages 66 to 100 were authorised and approved for issue by the Board of Directors on **2nd May 2019** and were signed on its behalf by:

DIRECTOR **DIRECTOR**

Statement of Changes in Equity

	Issued Capital	Share premium	Revaluation Reserves	Retained earnings	Proposed dividend	Total
Year ended 31 December, 2017	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
At 1 January 2017	900,000	9,766,028	9,008,881	7,459,594	900,000	28,034,503
Paid up Dividends	-	-	-	-	(900,000)	(900,000)
Prior year adjustment				895,260		895,260
Deferred tax	-	-	-	841,690	-	841,690
As restated	**900,000**	**9,766,028**	**9,008,881**	**9,196,544**	**-**	**28,871,453**
Income tax recoverable	-	-	-	-	-	-
Proposed Dividends	-	-	-	(900,000)	900,000	-
Transfer of excess depreciation	-	-	(1,942,034)	1,942,034		-
Deferred income tax on transfer of excess depreciation	-	-	582,610	(582,610)		-
Profit for the year	-	-	-	2,395,217	-	2,395,217
At 31 December 2017	**900,000**	**9,766,028**	**7,649,457**	**12,051,185**	**900,000**	**31,266,670**

	Issued Capital	Share premium	Revaluation Reserves	Retained earnings	Proposed dividend	Total
Year ended 31 December, 2018	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
At 1 January 2018	900,000	9,766,028	7,649,457	12,051,185	900,000	31,266,670
Paid up dividends				-	(900,000)	(900,000)
Prior year adjustments						
NSSF Loan	-	-	-	2,618,542	-	2,618,542
Deferred tax	-	-	-	-	-	-
As restated	**900,000**	**9,766,028**	**7,649,457**	**14,669,727**	**-**	**32,985,212**
Profit for the year	-	-	-	1,987,364	-	1,987,364
Proposed dividends	-	-	-	(900,000)	900,000	-
Transfer of excess depreciation	-	-	(1,942,034)	1,942,034	-	-
Deferred income tax on transfer of excess depreciation	-	-	582,610	(582,610)	-	-
At 31 December 2018	**900,000**	**9,766,028**	**6,290,033**	**17,116,515**	**900,000**	**34,972,576**

Statement of Cash Flows

	Notes	2018 Shs '000	2017 Shs '000
Operating activities			
Cash generated from operations	20	7,048,556	5,176,772
Tax paid		(1,774,056)	(949,552)
Net cash generated from operating activities		**5,274,500**	**4,227,220**
Investing activities			
Cash paid for purchase of property, plant and equipment	11	(1,517,960)	(1,742,725)
Cash paid for prepaid operating lease	12	(420,000)	-
Proceeds from disposal of land		336,547	-
Dividends paid		(900,000)	(900,000)
Cash paid for investment in fixed deposits		(2,356,728)	(3,975,366)
Net cash used in investing activities		**(4,858,141)**	**(6,618,091)**
Increase/(decrease) in cash and cash equivalents		**416,359**	**(2,390,871)**
Movement in cash and cash equivalents			
At start of year	16	1,778,955	4,169,826
Increase/(decrease)		416,359	(2,390,871)
At end of year	**16**	**2,195,314**	**1,778,955**

Significant Accounting Policies

[a] General information

Uganda Clays Limited is incorporated in Uganda under the Companies Act as a public Limited Liability Company, and is domiciled in Uganda.

[b] Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires Management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in accounting policy below.

Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. Amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

IFRS 7 Disclosures Offsetting Financial Assets and Financial Liabilities; IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12 Disclosure of Interest in Other Entities, IFRS 13 Fair Value Measurement; IAS 19 Post Employee Benefits(Amendment); IAS 27 Separate Financial Statements (as revised in 2011); IAS 28 Investments in Associates and Joint Ventures (as revised 2011); IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine; IAS 1 Presentation of Items of Other Comprehensive Income (Amendment) Improvements to IFRS (issued in 2012).

The adoption of the standards or interpretations is described below:

IFRS 13 Fair Value Management

The amendment is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single framework for all fair value measurement (financial and non financial assets and liabilities) when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The amendments had an impact on the Company's disclosures. See note 1(E) for further disclosures.

Adoption of new and amended standards and interpretations (continued) IAS 1 Presentation of Items of Other Comprehensive Income Amendments to IAS 1

The amendments to IAS 1 which were effective for annual periods beginning on or after 1 July 2012, introduce a grouping of items presented in OCI. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g: net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g; revaluation of land and buildings). The amendments affect presentation only and have no impact on the Company's financial position or performance.

IAS 19 Employee benefits (Amendment)

The amendments are effective for annual periods beginning on or after 1 January 2013. The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re wording. The more significant changes include the following:

For defined benefits plans, the ability to defer recognition of actuarial gains and losses (i.e: the corridor approach) has been removed. As revised, amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability), including actuarial gains and losses are recognised in OCI with no subsquent recycling to profit or loss.

Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The distinction between short term and other long term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits. The amendment had no impact on the Company's financial statements.

Improvements to IFRS 2009 - 2011 Cycle (issued in 2012 effective for annual periods beginning on or after 1 January 2013)

IAS 1 Presentation of Financial Statements (Amendments). The amendment clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. The improvement did not have an impact on the financial statements.

IAS 16 Property, Plant and Equipment (Amendment). The amendment clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The improvement did not have an impact on the financial statements.

IAS 32 Financial Instruments: Presentation - The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The improvement did not have an impact on the financial statements.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretation issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company expects the adoption of these standards, amendments and interpretation in most cases not to have any significant impact on the Company's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact the Company is still assessing the possible impact.

Amendment to IAS 32 Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities

The amendments are effective for annual periods. The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as noncurrent (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

[c] Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when a specific criteria has been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

Revenue is recognised as follows:

(i) Sale of goods are recognised in the period in which the Company delivers products to the customer, the customer has accepted the products and it is probable that the economic benefits associated with the transaction will flow to the Company; and

(ii) Interest income on bank deposits is recognised on a time proportion basis using the effective interest rate method.

EIR (Effective Interest Rate) is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive incomes.

[d] Translation of foreign currencies

Transactions are recorded on initial recognition in Uganda Shillings, being the currency of the primary economic environment in which the Company operates (functional currency). Transactions in foreign currencies are converted into Uganda Shillings using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss

On monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non monetary items measured at fair value of the item (i.e transaction differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively)

[e] Property, Plant and Equipment

All categories of Property, Plant and Equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. Land, buildings, plant and machinery are subsequently shown at fair value, based on revaluations every 35 years, by external independent valuers, less subsequent accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when its 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 profit or loss during the year in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to their comprehensive income and then transferred to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the statement of profit or loss and other comprehensive incomes. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of profit or loss and other comprehensive income) and depreciation based on the assets original cost is transferred from the revaluation reserves to retained earnings.

Depreciation is calculated on the straight line basis to write down the cost of each asset, or its revalued amount, to its residual value over their estimated useful lives. The annual rates used are as follows:

	Rate %
Plant and machinery	10%
Furniture and office equipment	10%
Motor vehicles	25%
Computers equipment and accessories	33.3%
Leasehold land & Buildings	Over the shorter of the lease period and useful life of buildings

- The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date.
- Assets in the course of construction (capital work in progress) are not depreciated. Upon completion of the project the accumulated cost is transfered to an appropriate asset category where it is depreciated according to the policy set out above.
- Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.
- Any items of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.
- Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete the assets for its intended use. All other borrowing costs are expensed in profit or loss.

[f] Impairment of non financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For the purposes of assesing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). An asset's carriying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for property previously revalued with the revaluation taken to OCI (Other Comprehensive Income). For such properties, the impairment is recognised in OCI upto the amount of any previous revaluation.

A previous recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor the carrying amount that would have been determined, net of depreciation, had not impaired loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount in which case, the reversal is treated as a revaluation increase.

[g] Leases

The determination of whether an arrangement is, or contains, a lease is based on the substantial arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in an arrangement.

Financial leases

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the leases at the fair value of the leased property or, if lower , at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease laibility so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainity that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. The details of the finance lease are in note 18

Operating lease

Leases in which the Company does not transfer substantially, all the risks and benefits of ownership of an asset are classified as operating leases. Leashold land is recognised as an operating lease. Any upfront lease payments are recognised as prepaid lease rentals and recorded under noncurrent assets to be amortised over the remaining period of the lease on a straightline basis. Operating lease payments are recognised as an operating expense in profit or loss on a straightline basis over the lease term.

[h] Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by First In, First Out (FIFO). The cost of finished goods and work in progress comprises of raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

[i] Financial assets and liabilities

Financial assets

The Company's financial assets within the scope of IAS 39 are classified as loans and receivables. The Company's financial assets include the following category:

Receivables:

Financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the statement of financial position date. All assets with maturities greater than 12 months after the statement of financial position date are classified as noncurrent assets. Loans and receivables are classified as trade and other receivables in the statement of financial position. Such assets are carried at an amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in the statement of other Comprehensive income.

[j] Trade receivables

Trade receivables are recognised at fair value and subsequently measured at an amortised cost using the effective interest rate method, less impairment.

Impairment of trade receivables is recognised in the statement of comprehensive income and expenditure under administrative expenses when there is objective evidence that the Company will not be able to collect all amounts due per the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments are considered indicators that the trade receivable is impaired. The provision is based on the difference between the carrying amount and the present fair value of the expected cash flows, discounted at the effective interest rate. Receivables not collectable are written off against the impairment. Subsequent recoveries of amounts previously written off are credited to the statement of other comprehensive income under other operating income in the year of their recovery.

[k] Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities on the statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of understanding bank overdrafts.

[l] Trade payables

Trade payables are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Amortisation is calculated by taking into account any discount or premium on acquisition fees and costs that are an integral part of the effective interest rate. The amortisation is included in profit and loss.

[m] Taxation

Current income tax

Current income tax is the amount of income tax payable on the profit for the year determined in accordance with the Income Tax Act of Uganda.

Current income tax assets and liabilites for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised in equity or other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where applicable.

Deferred income tax

Deferred tax is provided in full, using the liability method, on all temporary timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates enacted or subsequently enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary timing differences can be utilised. The carrying amounts of the deferred income tax assets are reassessed at each reporting date and reduced to the extent that it is nolonger probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will be available to enable the deferred income tax asset to be recovered. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right to set off current tax assets aginst current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

[n] Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain.

[o] Employee retirement benefits

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held in separate trustee administered funds, which are funded by contributions from both the Company and employees. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods. The Company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The Company's contributions to the defined contribution pension scheme are charges to profit or loss in the year in which they fall due. The Company's bonus, gratuity and termination payments are charged to profit or loss in the year in which they fall due.

[p] Borrowings

Borrowings are recognised at a fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of other comprehensive income over the period of the borrowings.

[q] Issued Capital

Ordinary shares are classified as issued capital in equity, any premium recieved over and above the par value of the shares is classified as share premium in equity. External costs are directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds.

[r] Comparatives

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

1. Revenue

	2018	2017
	Shs '000	**Shs '000**
Roofing tiles	17,988,567	16,871,819
Half bricks	1,849,843	1,716,821
Maxpans	6,604,387	5,073,552
Ridges	1,191,831	1,095,386
Other products	1,725,908	2,013,359
Bricks	703,612	430,596
	30,064,148	**27,201,533**

2. Operating profit

The following items have been charged in arriving at operating profit:

Depreciation on property, plant and equipment (Note 11)	3,677,892	3,732,901
Amortisation of prepaid operating lease rentals (Note 12)	96,364	57,682
Auditors' remuneration	40,000	40,000
Staff costs (Note 3)	3,019,648	2,735,335

3. Staff costs

Salaries and wages	2,982,109	2,709,240
Other staff costs	37,539	26,095
	3,019,648	**2,735,335**

4. Finance costs

Forex loss	172,788	2,976
	172,788	**2,976**

5. Income tax

a) Income tax expense

(i) Charge to profit

	2018	2017
	Shs '000	**Shs '000**
Current tax	686,878	1,085,391
Rent tax	11,265	32,305
Deferred tax credit (Note 10)	(189,701)	(348,565)
	508,442	**769,131**

(ii) Charge to other comprehensive income

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit before tax	**2,495,806**	**3,164,348**
Tax calculated at a tax rate of 30% (2017: 30%)	748,742	949,304
Expenses not deductible for tax purposes	331,045	370,132
Rent tax	11,265	32,305
Adjustment to indexation on revalued assets not recognised	(582,610)	(582,610)
Tax charge	**508,442**	**769,131**

b) Current income tax recoverable

The movement in current tax recoverable is as follows:

At 1 January	**342,080**	**508,989**
Current income tax paid	1,764,920	918,482
Current year tax charge	(686,878)	(1,085,391)
At 31st December	**1,420,122**	**342,080**

6. Profit per share

Basic profit per share is calculated by dividing the profit/ loss attributable to shareholders by the average number of ordinary shares in issue during the year.

	2018 Shs '000	2017 Shs '000
Profit attributable to shareholders (Shs'000)	1,987,364	2,395,217
Weighted average number of ordinary shares in issue('000)	900,000	900,000
Basic and diluted earnings/ loss per share (Ushs/share)	**2.21**	**2.66**

7. Issued capital

	Number of shares	Issued capital Ushs'000	Issued premium Ushs'000
At start of year	900,000,000	900,000	9,766,028
At end of year	**900,000,000**	**900,000**	**9,766,028**

The total authorised number of ordinary shares as at 31 December 2018 and 2017 was 900,000,000 with a par value of UShs 1. All issued shares are fully paid up.

8. Revaluation Reserves

The revaluation surplus relates to the surplus on the revaluation of property, plant and machinery net of deferred income tax and is non distributable.

At 1 January 2018	**7,649,457**	**9,008,881**
Transfer of excess depreciation for the year	(1,942,034)	(1,942,034)
Deferred tax on depreciation transfer	582,610	582,610
At end of year 2018	**6,290,033**	**7,649,457**

9. Borrowings

Non current portion		
Shareholder's loan NSSF (Note 21)	20,592,838	23,211,380
Total non current portion	20,592,838	23,211,380
Current		
Shareholder's loan NSSF (Note 21)	-	-
Total current portion	-	-
Total borrowings	**20,592,838**	**23,211,380**

The movement in borrowings is as follows:

	2018 Shs 000	2017 Shs 000
At 1 January	23,211,380	23,211,380
Prior year adjustment	(2,618,542)	
Accrued interest	-	-
Loan repayments	-	-
At 31 December	**20,592,838**	**23,211,380**

Weighted average effective interest rates:

	2018 Shs 000	2017 Shs 000
Shareholder's loan NSSF	-	-
Maturity of non current borrowings		
Between 1 and 2 years	-	-
Between 2 and 5 years	-	-
Over 5 year	20,592,838	23,211,380
Non current portion	**20,592,838**	**23,211,380**

10.Deferred tax

Deferred tax is calculated on all temporary differences using the liability method and a principal tax rate of 30% (2017: 30%). The movement on the deferred tax account is as follows:

At 1 January	**8,159,925**	**9,350,180**
Income statement (credit)	(189,701)	(348,565)
Charge to equity	-	(841,690)
At end of year	**7,970,224**	**8,159,925**

Deferred tax liabilities and (assets), deferred tax (credit) in the income statement is attributable to the following items:

	At 01 January Shs'000	Charged to statement of comprehensive income Shs'000	Prior year adjustment Shs'000	At 31 December Shs'000
Deferred tax liabilities				
Historical cost	8,126,584	(412,344)	-	7,714,240
Revaluation surplus	2,967,124	(582,610)	-	2,384,514
	11,093,708	(994,954)	-	7,970,224
Deferred tax assets				
Other deductable temporary differences	(2,933,783)	805,253	-	(2,128,530)
Net deferred tax liability	**8,159,925**	**(189,701)**	**-**	**7,970,224**

11. Property, Plant and Equipment

	Land & Buildings Ushs '000	Plant & machinery Ushs Ushs '000	Furniture, Fittings & computer equipment Ushs '000	Motor vehicles Ushs '000	Capital work in progress Ushs '000	Total Ushs '000
Year ended 31 December 2018						
Cost or valuation						
At start of year	14,738,459	62,124,337	1,300,551	3,539,541	2,050,541	83,753,429
Adjustment for lease land	(35,003)					(35,003)
Additions	49,766	982,765	98,824	148,894	237,711	1,517,960
Disposal	(4,584)	-	-	-	-	(4,584)
At end of year	14,748,638	63,107,102	1,399,375	3,688,435	2,288,252	85,231,802
Depreciation						
At start of year	2,895,556	31,055,885	811,011	3,111,467	-	37,873,919
Charge for the year	282,407	3,046,419	134,667	214,398	-	3,677,89
At end of year	3,177,963	34,102,304	945,678	3,325,865	-	41,551,810
Net book value						
At end of year	**11,570,675**	**29,004,798**	**453,697**	**362,570**	**2,288,252**	**43,679,992**
Year ended 31 December 2017						
Cost or valuation						
At start of year	13,564,937	61,552,178	1,065,764	3,099,992	1,983,929	81,266,800
Prior year adjustment	895,260		-	-		895,260
Additions	-	467,050	234,787	590,905	449,983	1,742,725
Transfer/Capitalization	278,262	105,109	-	-	(383,371)	-
Disposal	-	-	-	(151,356)	-	(151,356)
At end of year	14,738,459	62,124,337	1,300,551	3,539,541	2,050,541	83,753,429
Depreciation						
At start of year	2,629,454	27,936,015	684,103	3,042,802	-	34,292,374
Disposals	-	-	-	(151,356)	-	(151,356)
Charge for the year	266,102	3,119,870	126,908	220,021	-	3,732,901
At end of year	2,895,556	31,055,885	811,011	3,111,467	-	37,873,919
Net book value						
At end of year	**11,842,903**	**31,068,452**	**489,540**	**428,074**	**2,050,541**	**45,879,510**

12. Prepaid operating lease rentals

The movement of prepaid operating lease rentals is as follows:

Cost	2018 Shs '000	2017 Shs '000
At start of year	939,877	939,877
Additions	420,000	-
At end of year	**1,359,877**	**939,877**
Amortisation		
At start of year	**238,430**	**180,748**
Charge for the year	96,364	57,682
At end of year	334,794	238,430
Net book value	**1,025,083**	**701,447**

13. Staff advances

Staff advances comprise the following:

Gross Staff advances	130,416	120,928
Provision for doubtful debts	-	-
	130,416	120,928

All staff advances are not secured and due within 1 year from the reporting date. The weighted average interest rate on staff advances was 5%

14. Inventories

Spares and consumables	3,187,396	3,263,984
Work in progress	1,151,450	959,655
Finished goods	4,324,751	5,219,393
Goods in Transit	1,005,806	154,581
	9,669,403	**9,597,613**

During 2018, Ushs 703 million (2017: Ushs 846 million) was recognised as an expense for inventories carried at net realizable value. This is recognised in cost of sales. There are no inventories committed as security.

The net closing inventory of Ushs 9.7 billion is net of provision for obsolete stock and breakages amounting to Ushs. 212,654,982.

The spares and consumables of Ushs 3.19 billion and finished goods of Ushs 4.3 billlion have been recognized inclusive of obsolete stock worth Ushs 212 million .

15. Trade and other receivables

	2018 Shs '000	2017 Shs '000
Trade receivables	3,700,253	3,120,520
Less:provision for impairment of trade receivables	(695,807)	(695,807)
Net trade receivables	**3,004,446**	**2,424,713**
Prepayments	367,596	60,775
Amount due from employee retirement fund administrator	313,542	313,543
Other recievables	4,860	989,426
Staff Debtors	-	5,725
	3,690,444	**3,794,182**

Trade and other receivables are non interest bearing and are generally on 30/90 day terms. As at 31 December 2018, trade receivables of an initial value of (2017: Ushs 695,806,519) were impaired and fully provided for. (see credit risk disclosure for further details).

Individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

16. Cash and cash equivalents

	2018 Shs '000	2017 Shs '000
Cash at bank	2,185,801	1,773,992
Cash in hand	9,513	4,963
Cash at bank and in hand	**2,195,314**	**1,778,955**

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the above.
The Company is not exposed to credit risk on cash and bank balances as these are held with sound financial institutions.

Cash at bank and in hand	2,195,314	1,778,955
	2,195,314	1,778,955

17. Other investments

	2018 Shs '000	2017 Shs '000
Fixed deposits	**6,332,094**	**3,975,366**

During the year, Uganda Clays Limited placed a fixed deposit of Ushs 1 billion with Standard Chartered Bank at an interest rate of 11% per annum with a maturity date of 11th February, 2019.

Uganda Clays Limited also placed Treasury Bills of Ushs. 5 billion with Stanbic Bank at an interest rate of 11.2% per annum with a maturity date of 17th September, 2019

18. Retirement benefits obligations

	2018 Shs '000	2017 Shs '000
At 1 January	83,316	124,811
Contributions for the year	476,805	908,108
Payments during the year	(484,100)	(949,603)
At 31 December	**76,021**	**83,316**

The Company has a defined contribution gratuity scheme for all permanent and contract employees. Under the terms of this scheme, the computation of the benefits payable to the employees for each completed year of service is as follows;

Effective 1st June 2016, the Board reviewed the Company contribution to 10% of gross salary and employees' contribution to 5% of gross monthly salary for all employees.

19. Trade and other payables

	2018 Shs '000	2017 Shs '000
Trade deposits	2,122,534	1,648,053
Trade payables	1,475,618	988,657
VAT payable	328,672	301,340
Accrued expenses	272,645	244,014
Unpaid dividends	40,165	31,262
National Social Security Fund contributions payable	80,853	86,174
Pay As You Earn	158,149	163,525
Other payables	49,208	4,529
Total trade and other payables	**4,527,844**	**3,467,554**

Trade deposits relate to the amount paid in advance to the Company by the customers for the purchase of its clay products. They are non interest bearing and are normally settled on 60 day terms.

Trade payables are non interest bearing and have an average term of six months. The maturity analysis of trade and other payables is as follows:

	0 to 3 months Shs '000	3 to 6 months Shs '000	6 to 12 months Shs '000	Over 1 year Shs '000	Total Shs '000
Un paid dividends	-	-	-	40,165	40,165
Statutory payables	567,674	-	-	-	567,674
Trade payables	1,268,541	42,687	50,526	113,864	1,475,618
Accruals	272,645	-	-	-	272,645
Other payables	49,208	-	-	-	49,208
Trade deposits	2,122,534	-	-	-	2,122,534
	4,280,602	**42,687**	**50,526**	**154,029**	**4,527,844**

20. Cash from/(used in) operations

Reconciliation of Profit before tax to cash from operations

	2018 Shs '000	2017 Shs '000
Profit before tax	2,495,806	3,164,348
Adjustments for:		
Depreciation (Note 11)	3,677,892	3,732,901
Amortisation of prepaid operating lease rentals (Note 12)	96,364	57,682
Profit from sale of property	(296,961)	-
Changes in working capital:		
Inventory	(71,790)	(222,523)
Trade and other receivables	103,738	(411,944)
Trade and other payables	1,060,290	(1,075,428)
Staff loans	(9,488)	(26,769)
Retirement benefits obligation	(7,295)	(41,495)
Cash from operations	**7,048,556**	**5,176,772**

21. Related party transactions

The following transactions were carried out with related parties:

[i] Key management compensation

	2018 Shs '000	2017 Shs '000
Salaries and other short term employment benefits	1,278,649	1,208,219

The key management personnel include the Managing Director, Head of Internal Audit, Head of Finance, Head of Human Resource and Support Services, Head of Sales and Marketing and Head of Production.

[ii] Directors' remuneration

	2018 Shs '000	2017 Shs '000
Fees	93,000	69,750
Other	78,137	74,198
	171,137	**143,948**

[iii] Shareholder's loan

	2018 Shs '000	2017 Shs '000
At 1st January	23,211,380	23,211,380
Prior Year Adjustment	(2,618,542)	-
At 31 December	**20,592,838**	**23,211,380**
Non current portion	20,592,838	23,211,380
	20,592,838	**23,211,380**

In 2010, the Company was granted an unsecured loan of Ushs 11.05 billion by NSSF (the Company's largest shareholder with 32.5% of the shares). In December 2010, Ushs 7.1 billion was drawn to retire the bridge loan and pay off the critical creditors.

During 2011, Ushs 3.08 billion was drawn down to procure spares for the Kajjansi factory (Ushs 0.92 billion) and for Kamonkoli factory kiln enhancements (Ushs 2.16 billion).

During 2012, Ushs 0.87 billion was drawn down to pay off critical current liabilities.

Interest on this loan is 15% per annum and the loan tenure is 10 years with grace period of 2 years. Interest was accrued during the grace period. Interest amounting to, Ushs 2.07 billion , 2.22 billion, 3.04 billion and 3.508 billion was accrued as at 31 December 2012, 2013,2014 and 2015 respectively.

From 2016, there was no interest accrued on the loan as it had been waived off.

22. Financial Risk Management objectives and policies

Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk including foreign exchange risk, interest rate risk and price risk, credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors. The Board identifies, evaluates and hedges financial risks in close co operation with various staff in the Company.

Market Risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from exposures to other currencies, primarily with respect to the US Dollar. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities.

The variations in other currencies do not have a material impact on the Company's results.

The table below summarises the Company's exposure to foreign currency exchange rate risk. All balances are stated in thousands of Ushs.

At 31 December 2018				
	SSP	USD	Ushs	Ushs
Financial assets				
Trade and other receivables			3,690,372	3,690,372
Staff loans	-		130,416	130,416
Cash and bank balances	87,381	335,711	8,104,316	8,527,408
	87,381	**335,711**	**11,925,104**	**12,348,196**
Financial liabilities				
Retirement benefit obligations			76,022	76,022
Borrowings: non current portion			20,592,838	20,592,838
Trade and other payables	-	-	4,527,844	4,527,844
		-	**25,196,704**	**25,196,704**
Net foreign exchange gap	423,092			
At 31 December 2017				
Financial assets				
Trade and other receivables			3,795,402	3,795,402
Staff loans			123,038	123,038
Cash and bank balances	255,820	144,479	5,349,060	5,749,359
	255,820	**144,479**	**9,267,500**	**9,667,799**
Financial liabilities				
Retirement benefit obligation	-	-	83,316	83,316
Borrowing: noncurrent portion	-	-	23,211,380	23,211,380
Trade and other payables	-	-	3,397,391	3,397,391
		-	**26,692,087**	**26,692,087**
Net foreign exchange gap	400,299			

*Amounts that are denominated in foreign currency (US dollars) and hence exposed to foreign currency rate risk shown in Ushs (presentation currency) eqivalent.

Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre approved limits for borrowings.

The table below summarises the exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by the earlier of contractual maturity dates.

All figures are in thousands of Uganda Shillings

1(E) Financial risk management objectives and policies

Interest rate risk

As at 31 December 2018	1 to 3 months Ushs '000	3 months to 1 year Ushs '000	1-5 years Ushs '000	Non interest bearing Ushs '000	Total Ushs '000
Financial assets					
Trade and other receivables	-	-	-	3,690,444	3,690,444
Staff loans	-	130,416	-	-	130,416
Cash and bank balances	-	-	-	2,195,314	2,195,314
	-	**130,416**	**-**	**5,885,758**	**6,016,174**
Financial liabilities					
Retirement benfit obligation	-	-	-	76,021	76,021
Trade and other payables	-	-	-	4,527,844	4,527,844
Borrowings	-	-	20,592,838	-	20,592,838
	-	**-**	**20,592,838**	**4,603,865**	**25,196,703**
Interest rate gap	**-**	**130,416**	**(20,592,838)**	**1,281,893**	**(19,180,529)**

1(E) Financial Risk Management objectives and policies

As at 31 December 2017	1 to 3 months Ushs '000	3 months to 1 year Ushs '000	1-5 years Ushs '000	Non interest bearing Ushs '000	Total Ushs '000
Financial assets					
Trade and other receivables	-	-	-	3,794,182	3,794,182
Staff loans	-	120,928	-	-	120,928
Cash and bank balances	-	-	-	1,778,955	1,778,955
	-	**120,928**	**-**	**5,573,137**	**5,694,065**
Financial liabilities					
Retirement benefit obligation	-	-	-	83,316	83,316
Trade and other payables	-	-	-	3,467,554	3,467,554
Borrowings	-	-	23,211,380	-	23,211,380
	-	**-**	**23,211,380**	**3,550,870**	**26,762,250**
Interest rate gap	**-**	**120,928**	**(23,211,380)**	**2,022,267**	**(21,068,185)**

The Company faces cash flow interest rate risk on its variable rate financial instruments measured at amortised cost. Financial instruments with cash flow interest rate risk comprise of deposits and balances due from banks, loans, recievables, payables and borrowings.

The table below summarises the Company's cash flow interest rate risks sensitivity at 31 December. Assuming a market interest rate variation of 3% points from the rates ruling at year end (2016:3%), the impact on the Company's profit before tax and equity is as follows:

	2018 Ushs '000	2017 Ushs '000
Profit before tax		
Cash flow interest rate risk	617,785	696,341
Equity	-	-

1(E) Financial Risk Management objectives and policies

Fair values of assets and liabilities set out below is a comparison by class of the carrying amounts and fair value of the company's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value	
	2018 Ushs '000	2017 Ushs '000	2018 Ushs '000	2017 Ushs '000
Non-current assets				
Property, plant and equipment	43,679,992	45,879,510	43,679,992	45,879,510
Prepaid operating lease rentals	1,025,083	701,447	1,025,083	701,447
	44,705,075	**46,580,957**	**44,705,075**	**46,580,957**
Current assests				
Current income tax recoverable	1,420,122	342,080	1,420,122	342,080
Staff loans	130,416	120,928	130,416	120,928
Inventories	9,669,402	9,597,613	9,669,402	9,597,613
Trade and other receivables	3,690,444	3,794,182	3,690,444	3,794,182
Cash and bank balances	8,527,408	5,754,321	8,527,408	5,754,321
	23,437,792	**19,609,124**	**23,437,792**	**19,609,124**
Total Assets	**68,142,867**	**66,190,081**	**68,142,867**	**66,190,081**
Non current liabilities				
Deferred tax	7,184,661	8,159,925	7,184,661	8,159,925
Borrowings: non current portion	20,592,838	23,211,380	20,592,838	23,211,380
	27,777,499	**31,371,305**	**27,777,499**	**31,371,305**
Current liabilities				
Retirement benefit obligations	76,022	83,316	76,022	83,316
Rent tax payable	3,365	1,236	3,365	1,236
Trade and other payables	4,527,844	3,467,554	4,527,844	3,467,554
	4,607,231	**3,552,106**	**4,607,231**	**3,552,106**
Total Liabilities	**32,384,730**	**34,923,411**	**32,384,730**	**34,923,411**

Fair values of assets and liabilities

The fair values of the Company's financial assets and liabilities are included at the amount at which the instrument could be exchanged in an ordinary transaction between willing parties other than in a forced or liquidation sale. The following table represents the fair value measurement hierarchy for the groups assets at fair value

	Total Ushs '000	Quoted prices in active markets (Level 1) Ushs '000	Significant observable inputs (Level 2) Ushs '000	Significant unobservable inputs Level 3) Ushs '000
At 31 December 2018				
Revalued Property, Plant and Equipment	43,679,99	-	-	43,679,992
At 31 December 2017				
Revalued Property, Plant and Equipment	45,879,510	-	-	45,879,510

The carrying amounts of Property, Plant and Equipment no longer equal to their fair value as the last revaluation was done as at 31 December 2012.

The following methods and assumptions were used to estimate the fair values:

The carrying amounts of Property, Plant and Equipment no longer equal to their fair value as the last revaluation was done as at 31 December 2012.

The following methods and assumptions were used to estimate the fair values:

Trade and other receivables and staff loans are evaluated by the Company based on parameters such as individual credit worthiness of the customer/staff. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2018, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The fair value of loans from banks and other financial liabilities, as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The risk of the Company's plant and equipment is determined based on the property valuations which were done by a proffesional valuer on the basis of the open market value and the plant and equipment were valued on a depreciated replacement cost basis. The last revaluation was done as at 31 December 2012 and the Management estimates that the carrying amounts do not materially differ from their fair value as at 31 December 2018 .

b) Credit risk

Credit risk arises from bank balances, loans and other trade receivables. The Company's finance function assesses the credit quality of each debtor, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The amount that best represents the Company's maximum exposure to credit risk as at 31 December is made up as follows:

	2018 Ushs '000	2017 Ushs '000
Bank balances	2,195,314	1,778,955
Trade receivables	3,700,253	3,120,520
Staff loans	130,416	120,928
Amount due from employee retirement fund administrator	313,542	313,543
Staff and other receivables	4,788	2,110
	6,344,313	**5,336,056**

No collateral is held for any of the above assets . All receivables that are neither past due nor impaired are within their approved credit limits. No receivables have had their terms renegotiated.

The analysis of trade receivables is below:

	2018 Ushs '000	2017 Ushs '000
Neither past due nor impaired	717,408	727,161
61 to 180 days	664,930	230,856
181 to 360 days	215,395	448,392
Past due but not impaired	1,428,314	1,018,304
Total past due but not impaired	**2,308,639**	**1,697,552**
Impaired past due by >360 days	695,807	695,807
Gross amount	3,700,253	3,120,520
Less: Allowance for impairment	(695,807)	(695,807)
Net amount	3,004,446	2,424,713

All receivables past due by more than 360 days are considered to be impaired and are carried at their estimated recoverable amounts.

Movement on allowance for impairment		
At 1 January	695,807	570,850
Add: charge for the year		217,350
Less: Write off during the year	-	(92,393)
At 31 December	695,807	695,807

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance function maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Company's financial liabiliites into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Over 2 years
At 31 December 2018:			
Borrowings (excluding finance leases)	-	-	20,592,838
Trade and other payables	4,527,844	-	-
	4,527,844	**-**	**20,592,838**
At 31 December 2017:			
Borrowings (excluding finance leases)	-	-	23,211,380
Trade and other payables	3,467,554	-	-
	3,467,554	**-**	**23,211,380**

23. Contigencies

a) The Company has a few cases mostly by former employees claiming compensation on grounds of unfair termination. The claims are however immaterial even if they are successful.

b) The Company has filed a court case against UNRA for compensation over the damaged products estimated at more than 600million as a result of the on going reconstruction of Mbale\Tirinyi highway which passes by Kamonkoli Factory.

The analysis of trade receivables is below:

24. Capital risk management

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt. Consistently with others in the industry, the Company monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt : capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of the equity (i.e. share capital and retained earnings).

The debt to capital ratio at 31 December 2018 and 2017 were as follows:

	2018 Shs '000	2017 Shs '000
Total borrowings	20,592,838	23,211,380
Less cash and cash equivalents (Note 16)	(2,195,314)	(1,778,955)
Net debt	18,397,524	21,432,425
Total equity	34,972,576	31,266,670
Total capital	**53,370,100**	**52,699,095**
Gearing ratio %	34	41

25. Segment information

For management purposes, the Company is organised into two business units based on the factory location and has two reportable operating segments that is kajjansi factory and kamonkoli factory. No operating segments have been aggregated to form these reportable operating segments.

Management monitors the operating results of its operating units separately for the purpose of making decisions about resource allocations and performance assessments. Segment performance is evaluated based on operating profits or loss which is measured the same as the operating profit or loss in the financial statements.

The segment results for the year ended 31 December 2018 were as follows;

Statement of Comprehensive Income

	Kajjansi factory Ushs '000	Kamonkoli factory Ushs '000	Total Ushs '000
Revenue	22,206,380	7,857,768	30,064,148
Cost of sales	(11,239,221)	(8,164,795)	(19,404,016)
Gross profit	**10,967,159**	**(307,027)**	**10,660,132**
Other operating income	529,741	23,600	553,341
Total income	**11,496,900**	**(283,427)**	**11,213,473**
Administrative expenses	(1,964,810)	(334,156)	(2,298,966)
Distribution expenses	(1,494,873)	(124,717)	(1,619,591)
Other Operating Expenses	(4,001,833)	(624,489)	(4,626,322)
Total expenses	**(7,461,516)**	**(1,083,362)**	**(8,544,879)**
Operating profit/ loss	**4,035,384**	**(1,366,789)**	**2,668,594**
Net finance costs	(172,788)	-	(172,788)
Profit/ loss before tax	**3,862,596**	**(1,366,789)**	**2,495,806**

The segment results for the year ended 31 December 2017 were as follows:

Statement of Comprehensive Income

	Kajjansi factory Ushs '000	Kamonkoli factory Ushs '000	Total Ushs '000
Revenue	20,439,348	6,762,185	27,201,533
Cost of Sales	(9,767,961)	(6,742,830)	(16,510,791)
Gross Profit	**10,671,387**	**19,355**	**10,690,742**
Other Operating Income	278,140	30,395	308,535
Total Income	**10,949,527**	**49,750**	**10,999,277**
Administrative Expenses	(2,285,103)	(276,370)	(2,561,473)
Distribution Expenses	(1,224,369)	(61,474)	(1,285,843)
Other Operating Expenses	(3,456,914)	(527,723)	(3,984,637)
Total Expenses	**(6,966,386)**	**(865,567)**	**(7,831,953)**
Operating Profit/Loss	**3,983,141**	**(815,817)**	**3,167,324**
Net Finance costs	(2,976)	-	(2,976)
Profit / Loss before tax	**3,980,165**	**(815,817)**	**3,164,348**

Statement of financial position

	Kajjansi factory Ushs '000	Kamonkoli factory Ushs '000	Total Ushs '000
31 December 2018			
Total assets	37,135,208	31,007,660	68,142,868
Total liabilities	32,943,283	227,009	33,170,292
Capital expenditure	1,293,057	224,903	1,517,960
31 December 2017			
Total assets	37,135,208	29,054,873	66,190,081
Total liabilities	34,776,262	147,149	34,923,411
Capital expenditure	763,960	978,766	1,742,726

26. Country of incorporation

Uganda Clays Limited is incorporated in Uganda under the Companies Act and domiciled in Uganda.

27. Currency

These financial statements are presented in Uganda Shillings rounded to the nearest thousand (Shs'000).

DIRECT COSTS	2018 Shs '000	2017 Shs '000
COST OF SALES		
Opening stock of finished goods and Work In Progress	6,179,049	5,332,625
Production costs	18,701,168	17,357,215
Closing stock of finished goods and Work In Progress	(5,476,201)	(6,179,049)
	19,404,016	**16,510,791**
PRODUCTION COSTS		
Clay processing and product moulding	1,846,923	1,165,271
Depreciation of plant	3,475,499	3,534,790
Drying process	129,808	72,886
Electricity and generator	1,951,976	1,953,439
Factory general maintenance	404,174	204,105
Kilns (baking process)	2,390,259	2,674,597
Quarry and silo	640,246	918,644
Other production costs	1,620,353	1,843,900
Salaries and allowances production staff	2,501,229	1,345,808
Wages and allowances production staff	1,963,379	2,392,125
Sales outlet expenses	1,752,753	1,188,401
Quality assurance	24,569	63,249
	18,701,168	**17,357,215**
SCHEDULE OF OTHER INCOME AND EXPENDITURE		
OTHER INCOME		
Profit from disposal of Land	296,962	-
Rent and other incomes	256,379	308,535
	553,341	**308,535**
DISTRIBUTION EXPENSES		
Business promotion	1,565,439	1,239,054
Donation	20,355	12,061
Public relation and entertainment	496	5,618
Sports and recreation	16,613	20,694
Subscriptions	12,030	8,416
Research and development	4,658	-
Total distribution costs	**1,619,591**	**1,285,843**
ADMINISTRATIVE EXPENSES:		
Annual General Meeting	133,326	106,105
Audit expenses	40,000	40,000
Increase in provision for bad debts	-	217,350

DIRECT COSTS	2018 Shs '000	2017 Shs '000
Company house maintenance	7,415	234
Compound maintenance	14,602	8,825
Consultancy	52,224	85,220
Depreciation	202,392	198,111
Directors fees and allowance	171,137	143,948
Insurance	120,687	195,625
Rental expenses	35,100	8,100
Legal fees and expenses	300,912	290,147
Local travel	275,730	235,528
Office building maintenance	4,448	14,500
Office equipment maintenance	106,970	45,196
Printing and stationery	49,619	43,713
Registrar fees	40,186	39,306
Security	143,470	131,637
Tax consultancy	14,385	33,028
Transport costs	47,626	114,562
Other expenses	36,096	253,350
Uniforms	2,494	2,124
Software Licences and support	4,732	4,350
Utilities	1,314	-
Property tax expense	66,885	66,468
Bank charges	82,734	56,266
Communication	248,118	170,098
Amortisation charge	96,364	57,682
Total administrative expenses	**2,298,966**	**2,561,473**

OTHER OPERATING EXPENSES		
Bonus	73,847	35,299
Gratuity/pension	336,713	300,545
Leave transport and allowance	170,563	166,759
Medical expenses	115,076	110,432
NSSF Company contribution	365,815	327,902
Salaries and allowances	2,982,109	2,709,240
Staff Welfare	183,616	131,112
Termination pay	203,361	15,157
Training costs	51,958	13,822
Wages and allowances	143,264	174,369
Total other operating expenses	**4,626,322**	**3,984,637**

FINANCE COSTS		
Forex Loss	172,788	2,976
Total Net finance costs	**172,788**	**2,976**


A housing estate under construction by HL Investments Ltd at the Karuma Power Dam

CELEBRATING

HEALTH

TILE OPTIONS:

Marseilles Tile

Figure 1: UCL Marseilles tile and sketch showing the laid Marseilles tiles.

Marseilles Tile was the first interlocking tile to be given a rib in the centre of the tile. The central rib strengthened tile installation and made maintenance easier.

Origin: The tile was invented by the Gilardoni Brothers of Altkirch in Alsace, France, in the 1840s and was named after Marseilles, the **second-largest city** of **France.**

Mangalore Tiles

Figure 2: UCL Mangalore tile laid on a roof.

Mangalore Tiles are designed with suitable projections so that they interlock with each other when placed in position.

Origin: These tiles were first designed by the Basel Mission Tile Factory in 1860 and named after the city of **Mangalore** in **India.**

Roman Tile

Figure 3: UCL Roman tile and laying pattern

Roman Tile is a semi-cylindrical roofing tile, which looks like a half-pipe.

Origin: This tile evolved from the original Tegula and Imbrex tiles used by the **Roman Empire** after they first arrived in the United Kingdom.

Portuguese Tile

Figure 4: UCL Portuguese tile and layout

Portuguese Tile has a curvature greater than that of the other roofing tiles. This shape yields a bent appearance once the roof is completed. The way the tiles are joined creates improved tightness and slippage features. The tile also has a high resistance to cold.

Origin: These tiles first came **to Portugal** in the 15th Century, from the Mediterranean region, when parts of the Iberian Peninsula were still under Moorish rule.

Flat top Ridge

Figure 5: UCL ridge and its layout on the roof

Flat top Ridge is a tile used to cover where two planes of a roof meet. This tile evolved through innovation from a V-shaped ridge tile. After commercialization, the V-shaped ridge tile lost market as customers preferred the flat top ridge tile due to its attractive arched profile and its improved interlocking pattern.

Our products are drawn from a rich heritage of building traditions around the globe which are time tested to offer quality and reliability

WHY A CLAY TILE?

- Clay tiles last longer than any other roofing materials - more than 150 years. You do not have to replace them in your lifetime!
- Clay tiles give plenty of bang for your buck. The initial outlay may be a little steep, but there's a strong chance you would never have to spend on another re-roofing project ever again.
- A clay-tiled roof is weatherproof. It can withstand all weather conditions when installed correctly.
- Roof clay tiles provide natural ventilation. They act as a heat transfer barrier by lowering the temperatures during heavy sunshine and keeping the house warm in the night.
- These tiles are sound proof. The homeowner is shielded from the noise of raindrops on the roof hence providing a perfect environment for rest.
- Clay tiles are wind-resistant. Because of their weight - they are heavier than most roofing materials – they are resistant to wind uplift in cases of high winds or hailstorms.
- Well-laid roofing tiles are very attractive in their natural colour and blend well with the surrounding green environment.
- A clay tiled roof is a low maintenance roof. The tiles can easily be re-used during renovation, any damaged tile can be replaced individually without worrying about changing a large portion of the roof, and they can be washed with clean water and their beauty is instantly restored.
- The clay tiles are environmentally friendly. They are made from pure Ugandan soils (clay) that formed through natural processes. There are no chemical additives in their production process so water harvesting is possible.
- The clay tiles are categorised as non-combustible roofing materials i.e. fireproof. This enables your house survive the flames in case of a fire outbreak.

Figure 6: Framework of timber on the roof

Figure 7: Architectural design of the clay tiled roof with the different components.

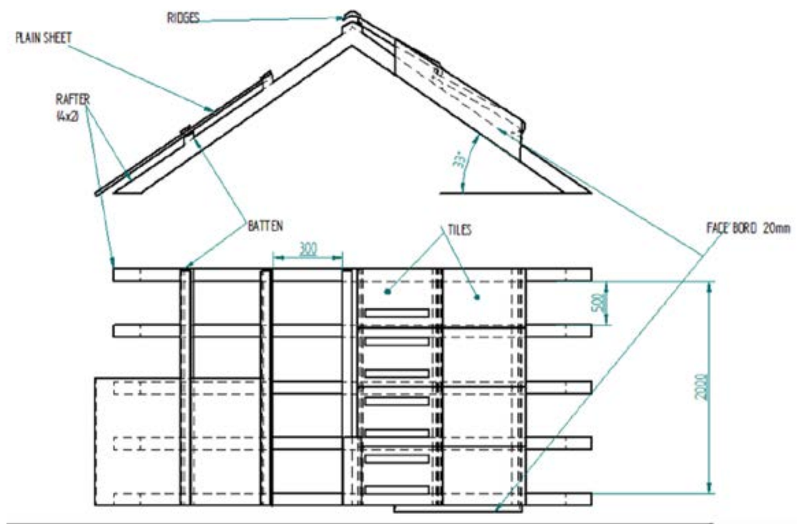


Figure 8: Representative layout of the different components of a clay tiled roof.

BUILDING TIPS

i. The decision to use clay tiles for your roof must be made at the design stage when architectural and structural plans are being drawn.

ii. Ensure that you use the services of a qualified professional to advise you as you plan to roof your property.

iii. Tiling should be done immediately after the timber has been set because if the timber is left exposed for long, it will get damaged by weather conditions.

iv. UCL can support your financing plan for the purchase of the roofing tiles. We have an advance purchase product, which allows you to open an account with us on which you can deposit small amounts over time ahead of the time for roofing.

v. You can reduce the cost of roofing by constructing a roof pitch of at least 40° so that you don't have to use polythene, chicken wire mesh, or galvanized plain sheets.

vi. The higher the roof pitch, the more material the roof will require – thus more costly.

What your shopping basket should include:

UCL Clay tiles – *for covering the roof.*

Timber (rafters, battens, fascia boards)

Chicken wire mesh – *reinforcement of the ceiling mortar.*

Sand – *compacting the open spaces between the ridge/hip and tiles.*

Cement – *acts a binder in the mortar.*

Red Lead Oxide – *used for unification of colour of the roof.*

Wire nails – *joining timer & hooks for Roman tiles.*

Ridges – *to cover the peaks on the roof.*

Plain sheet – *underlayment as a water guard.*

Water – *mixing sand and cement.*

Hook iron – *arching the wood onto the wall.*

Gutter – *the roof water channel.*

vii. Installation of clay tiles must be done from the right to the left of the roof.

viii. Laying of the tiles should start from the eaves (the lowest overhanging part of a sloping roof that projects beyond the external wall).

ix. The tiles are designed with interlocking patterns and must be laid in such a way that they are interlocked correctly.

x. The size of the first batten from the eaves (the lower end of the roof) must be at least twice that of the other battens (the upper end of the roof).

xi. In order for the tiles to be held firmly in place on the roof, the minimum batten size that should be used is 50*35 mm.

xii. Use mortar (cement, sand, water) to close up open ends on the roof to stop entry of pests like bats.

xiii. Ridges are necessary on the roof to seal off the open spaces that are left exposed during the laying of the tiles - at the apex of the roof.

xiv. If you must walk on a clay-tiled roof, be careful to step only where the tiles "lap" each other (toward the lower edge of the tile) to prevent the chance of damages.

xv. For flat roofs, quarry tiles are the best choice.

DEMYSTIFYING COMMON MYTHS

Myth #1: When clay tiles absorb water, the increased weight can cause strain on the roof structure.

Fact. The bonding between the clay particles seals off pores and there's therefore no space for water to seep through the tile.

Myth #2: Algae damages clay tiles over time.

Fact. The accumulation of dust and other organic materials on the tile's surface creates a favourable environment (dirt + moisture + sunlight) for algae growth but the tile remains intact. To avoid algae growth, the roof can be de-dusted or washed with clean water every few years. The roof remains algae free in places where there is less dust.

Myth #3: UCL roofing materials are only Brick Red.

Fact. The colour of the baked clay products originates from the components in the clay material or modified by the firing temperatures. Uganda Clays Limited has Brick Red, Buff, and Coffee Brown colours.

Myth #4: Clay tiled roofs leak shortly after installation and require frequent maintenance.

Fact. UCL clay tiles are engineered with a perfect interlocking system leaving no space for water entry to cause leakages thus making the clay tiled roof a low-maintenance one.

Myth #5: Clay tiles are very fragile and they crack easily, requiring replacement.

Fact. Clay tiles are fired at very high temperatures, which makes them hardened. With the use of a professional roofer, you will not lose a single tile during installation since they are well-trained to handle the tiles.

Myth #6: A clay tiled roof is heavy.

Fact. The roof is heavy because beside the clay tiles there are other associated components of the roof such as timber that increase the weight.

However, a clay tiled roof is supposed to sit on columns of a particular size and not directly on the brick wall in order for this weight to be supported. It is also because of this weight that a clay tiled roof cannot be damaged by high winds or hailstorms.

Myth #7: Tiled roofing is expensive.

Fact. Tile roofing may appear expensive upfront, but it is very cost-effective in the long-term. You will incur this cost once in your lifetime for your property – you never have to worry about replacing your roof again. The maintenance costs are very low and in addition, your roof is protected from the impact of harsh weather (including hailstorms and high winds) and it will have superior ventilation and drainage.

Myth #8: Tiled roofs have to be painted.

Fact. Tile roofs can be painted, but it is by no means necessary.

Figure 9: A roof of UCL Mangalore tiles being washed with only pressurized water to restore their original beautiful look.

FUN FACTS

Did you know that.............

- Roofing has evolved over generations. We began with packed sod and straw way back in 2,800 BC, around the same time the great Pyramids were being built in Egypt.
- Clay tiles are the most popular tiles in the World.
- In China, there are clay tiles of 12,000 years old and are still intact! It tells you how long these tiles could last.
- The Mangalore Tile is the oldest and the most popular clay tile for generations because of its nostalgic and evocative use on heritage buildings.
- Clay tiles can resist damage from hailstones as large as 2" - larger than a golf ball.
- The hooks that hold clay tiles on to the timber battens to prevent them from sliding off the roof are called nipples!

Need help planning for construction of your roof?

No worries. Uganda Clays has a fully-fledged technical team that will provide you with all the information that you may require if you are interested in learning more about installing a clay tile roof. Share your roof plans with us and we will support you to acquire the quality of roof that you deserve.

Uganda Clays Ltd

FACTORIES

- Kajjansi – Entebbe road
- Kamonkoli - Mbale Tirinyi road.

OUTLETS

- Ntinda
- Lugogo
- Mbarara

AGENTS

North
- Eleora Investment Ltd - Gulu
- Awonenga Gen Hardware - Lira
- North Gate Construction Solutions - Arua

East
- Bonny Construction & Gen Hardware Ltd - Mbale
- New Super Enterprises Ltd - Soroti
- Bagasha Hardware Ltd - Jinja
- Queens Crescent Ltd - Tororo

Central
- Kampala Construction & Shelter Ltd-Nateete
- Kiky's Building Solutions – Kyaliwajjala
- Muscle Group Ltd - Lubowa
- Stevelyns Investment Ltd - Gayaza
- Uganda Builders & Hardware Dealers - Bujjuko
- Kansiime Grace - Bukasa/Muyenga

West
- Fast Home Consultants Ltd - Kabale
- Multidime Consultants Ltd - Hoima
- Komas (U) Ltd - Fort Portal

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