



Unga Group Limited (UGL) marked its centenary among other events with pre-tax profits of Shs 335 million – 29% up on the previous year. This compares with Shs 260 million for the previous year.

This performance has been maintained in often difficult conditions and it indicates the robustness of the Group's core business and company structure, the soundness of our policy and management, and the strength of our prospects and foresight.

The challenges in the past year included the global downturn which left no economy unscathed, and in particular factors such as an initial maize shortage, high wheat prices, and duty penalties imposed by local fiscal policy.

UGL was well prepared to handle these pressures, proving the wisdom of our planning and ongoing policy:

- Focusing on our traditional core business of milling and distribution of flour and animal nutrition products, while remaining open to expansion of product range and new markets.
- Ensuring our reputation for the highest quality of our products by maintaining standards, service performance and business integrity.
- Investing in the growth of the ability and productivity of our people, both individually and as a team.
- Constantly seeking ways to improve the efficiency and reach of the business, by modernising plant, increasing capacity, product and packaging innovation, widening our geographic spread, improving distribution leverage, and harnessing synergistic partnerships.

These clear and solid foundations, pursued with energy, vigour and skill by management and staff, are assuring added shareholder values and so that in 2010 we will pay dividends of Shs 0.50 per share, subject to shareholders' approval at the annual general meeting on 1 December 2010. This is a landmark event as we last paid a dividend in 1998.

In addition to the direct business bottom line, the Board believes that shareholders, management, staff, customers and stakeholders also expect UGL to depict broader societal values – in the way it conducts its core business and beyond. To understand the Group's position on this, I ask you to read our report on "Corporate Social Responsibility" elsewhere in this document. CSR is not a peripheral issue; it must be, and now is, a formal plank of policy.

We aim to grow this aspect of our performance, based on a creative formula directly linked to our people and our business. Teams of employees can use a large part of any income gains/cost savings they achieve to fund CSR projects of their choice. The Group's CSR themes are youth literacy and the fight against the scourge of HIV/AIDS.

We believe this, together with our core business principles and plans, will serve well in the coming years. There will certainly be operational challenges and continued growth in market competition. But the market itself is growing rapidly and regionally, our core business lines are in areas of universal demand, and the economic environment is essentially vigorous.

Chairman's Statement (continued)



The conversion of positive indicators into positive results does require consistent and supportive government policy. This year, our results were damaged by the sudden re-imposition of import duty on maize imports. Business needs to know exactly where the policy goalposts are, if it is to score for its shareholders, its staff and the national economy.

I take this opportunity to applaud the people of UGL for their efforts and performance in 2010, and believe they have the skills, the structure and the determination to take the Group to even greater heights in the years ahead.

We have completed 100 years. We now have 101 reasons to move forward with confidence.

Finally I take this opportunity to thank my colleagues on the Board for their unstinting support at Board meetings and their wise counsel that has enabled management to execute the policies we have laid down that have resulted in a satisfactory performance during the ended financial year.

A handwritten signature in black ink, appearing to read "Richard Kemoli".

Richard Kemoli MBE FloD
Chairman