



UGANDA REGISTRATION
SERVICES BUREAU

PRESS STATEMENT

PROVISIONAL ADMINISTRATION OF UGANDA TELECOM LIMITED

Effective April 28, 2017, Uganda Telecom Limited (UTL) went into provisional administration following the appointment of the Official Receiver as the provisional administrator. Currently, the company is heavily indebted.

Upon appointment, the provisional administrator is required to call for a meeting with the creditors which meeting has been scheduled for 10th May 2017.

Creditors at a creditors' meeting will be required to decide whether the administration process should continue or the company goes into liquidation/winding up. Winding up/liquidation is a formal process by which the life of a company is brought to an end. This would involve cessation of operations, termination of employment for all staff and suspending contracts with all suppliers and service providers and all assets disposed of one by one. Any proceeds arising from the sale of the assets would be used to pay the creditors. Closing down the business would significantly affect the value of the assets and their disposal, can be a very slow and hectic exercise. It is because this diminished value that the potential pay out to creditors may be significantly reduced.

Administration on the other hand focuses on protecting and preserving the company to ensure that it trades as a going concern. The administrator will be seeking to maintain and improve value of the company. If the creditors decide that the company continues to trade under administration, the company's employees will largely be maintained and only those who must go, for survival of the company, will be requested to leave. Different suppliers and service providers will also have a chance to continue supplying their goods and services during and even after provisional administration.

More importantly, the returns to the creditors are significantly higher compared to liquidation. It is obvious that the value of a running business is higher than a business that has been closed and its assets sold off piece meal.

A handwritten signature in black ink, appearing to read 'Bemanya Twebaze', is written over the printed name and title.

BEMANYA TWEBAZE

OFFICIAL RECEIVER/ PROVISIONAL ADMINISTRATOR-Uganda Telecom Limited

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