Vision Group
INNOVATION AND EXCELLENCE

Annual Report **2006/7**

New Vision Printing and Publishing Company Limited

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Notice of AGM

NOTICE IS HEREBY GIVEN that the 6TH ANNUAL GENERAL MEETING (AGM) of the Company will be held on Thursday, November 15, 2007 at Rwenzori Ballroom, Sheraton Hotel Kampala on Ternan Avenue at 3:00pm.

AGENDA

1. To receive and adopt the report of the Directors and Financial statements of the Company for the year ended June 30, 2007, together with the report of the auditors.

2. To approve and declare a final dividend for the year ended June 2007.

3. To rotate and elect Directors as per Articles 66 and 82-85 of the Company's Memorandum and Articles of Association.

4. To appoint Auditors for the financial year 2007/2008.

5. To consider any other business of which due notice has been given.

By order of the Board

Gervase Ndyanabo
COMPANY SECRETARY

Note

- Articles 49, 53 and 60 provide for appointment of proxy if a shareholder is unable to attend. (Tear out proxy card is attached at page 40 of this Report)

- The proxy should be delivered to the Company Secretary or faxed on 256 041 346 432 at least 24 hours before scheduled time for meeting. In default of this, it shall be treated as invalid.

- All shareholders are required to provide valid postal addresses for communication including necessary updates.

- All shareholders who have not received past dividends should contact the Company Secretary.

- Contact can be made by e-mail: shareholder@newvision.co.ug.

Company Information

MISSION STATEMENT
To inform, educate and entertain, accurately and openly, for a better world.

VISION STATEMENT
We will expand as the dominant multimedia enterprise through editorial innovations and world-class practices.

The company publishes The New Vision, Uganda's Leading daily; Bukedde, the biggest selling local language publication (Luganda); plus three regional local language titles: Orumuri, in the four R's for Western Uganda, Etop in Ateso for the east and Rupiny in Luo for the northern part.

In 2005, NVPPC started a magazine division and currently publishes four magazines titles: two monthlies, Premiership – aimed at soccer fans and selling around 12,000 copies and City Beat, the only entertainment magazine in Uganda, selling around 6,500 copies. Quarterly titles: Bride & Groom, selling 12,000 copies and Secondary Schools Directory, selling 5,000 copies. Plans are underway to launch a female orientated title before the year end.

Electronic media has long been an ambition for NVPPC and was started with comprehensive websites for all titles. The flagship being www.newvision.co.ug, now generating more than 27000 unique visitors per day. www.enteruganda.com is a comprehensive travel and information guide on the country. All the regional newspapers and magazines have websites. New developments are the creation of www.chogm.co.ug, www.jobs.co.ug, www.schools.co.ug. The Electronic division will be taken to a new level in the new financial year, with the an English radio station expected to be on air from November 2007 and the TV station from December 2007. A Luganda station will launch from February 2008.

CONTACT INFORMATION.
Head office:
Plot 19/21 First Street, Industrial Area Kampala
P. O. Box 9815, Kampala, Uganda
Telephone: +256 (0414) 337000 Fax: +256 (0414) 235843

Advertising Office:
Jubilee House, Parliament Avenue Kampala
Telephone: +256 (0414) 344191, +256 (0414) 232058 Fax: +256 (0414) 232050

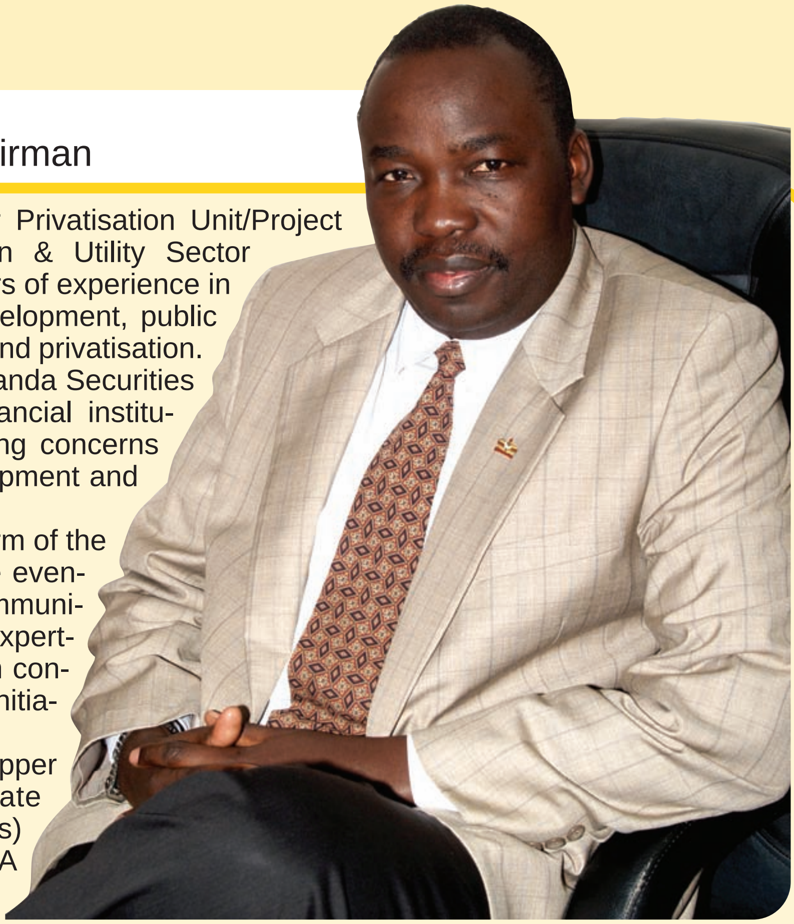
Regional Offices:

Mbarara Office:	Plot 1/3 Makhansingh Street, Mbarara Town Tel: +256 (0382) 276902
Mbale Office:	Plot 2 Court Road, Mbale Town Tel: +256 (0454) 436750
Soroti Office:	Plot 8 North Road, Soroti Town Tel: +256 (0352) 276612
Lira Office:	Plot 11B Ayer Road, Lira Municipality Tel: +256 (0392) 300533

WEBSITE
www.newvision.co.ug

Board of Directors

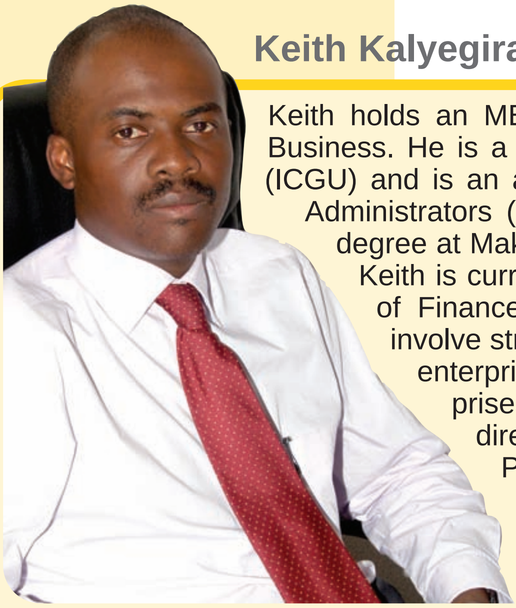
Mr Michael Opagi – Acting Chairman



Mr Opagi previously served as Director Privatisation Unit/Project Coordination Unit with the Privatisation & Utility Sector Reform Programme and has over 18 years of experience in the fields of ICT, finance, economic development, public enterprise & infrastructure sector reform and privatisation.
He previously served as Chairman of Uganda Securities Exchange. He served on boards of financial institutions, utility companies and manufacturing concerns and played a pivotal role in policy development and reforms in these sectors.
He also spearheaded the successful reform of the telecommunications sector leading to the eventual divestiture of the state-owned telecommunications company. His vast privatisation expertise led to his engagement in a short term consultancy for the World Bank PSD team initiative in the Government of Ethiopia.
Mr. Opagi has a Bachelor of Statistics (upper second class honours), Post Graduate Diploma Computer Science (First Class) from Makerere University and an M.B.A from Wolverhampton University.

Robert Kabushenga – Managing Director/ Chief Executive Officer

Mr Kabushenga joined The New Vision as CEO on January 1, 2007. He had worked as Legal and Administration Officer of the Monitor Publications Ltd. He later joined New Vision where he first worked as Legal Officer later rising to the position of Company Secretary.
Robert also worked as Executive Director of the Uganda Media Centre. Robert is a holder of a Bachelor of Laws degree from Makerere University and a Diploma in Legal Practice from the Law Development Centre, Kampala. He is a member of the Uganda Law Society.

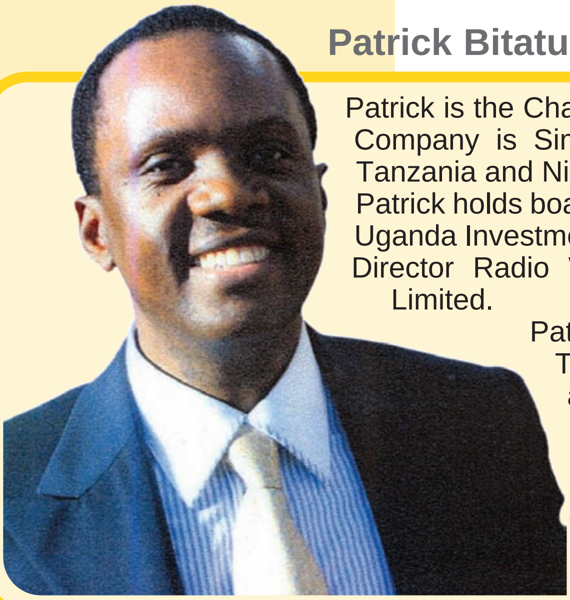


Keith Kalyegira – Non Executive Director

Keith holds an MBA from the University of Cape Town's Graduate School of Business. He is a member of the Institute of Corporate Governance of Uganda (ICGU) and is an associate member of the Institute of Chartered Secretaries & Administrators (ICSA). He completed a Bachelor of Commerce (Accounting) degree at Makerere University in 1993.

Keith is currently the head of the Parastatal Monitoring Unit in the Ministry of Finance, Planning and Economic Development. His responsibilities involve strengthening the financial oversight role by government of public enterprises with the aim of improving the performance of public enterprises. This role involves representing the Ministry of Finance as a director on a number of boards of Public Enterprises.

Prior to this, Keith worked for Shell South Africa and Shell Uganda for a decade. During that period, he occupied various middle and senior management roles in financial management, sales operations and performance management within East, Southern Africa and the Red Sea area.

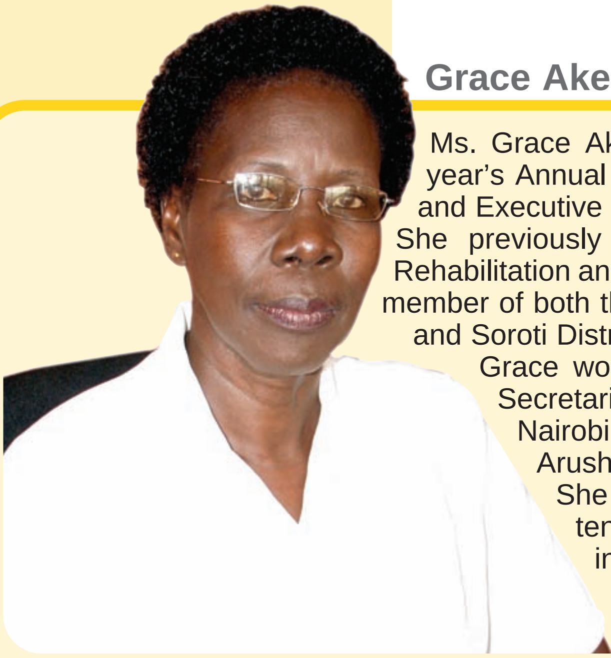


Patrick Bitature – Non Executive Director

Patrick is the Chairman & CEO Simba Group of companies, whose Flagship Company is Simba telecommunications. It operates in Uganda, Kenya, Tanzania and Nigeria with 107 directly managed retail outlets in East Africa. Patrick holds board positions in various organisations including; Chairman of Uganda Investment Authority, Chairman Commercial Micro Finance Limited, Director Radio West Ltd. and Director National Insurance Corporation Limited.

Patrick is a member of the Presidential Investment Round Table and the Chairman of the ICT working group. He is also a Private Sector representative and Advisor at National Task Force level on CHOGM.

Patrick was ranked amongst 5 East African business leaders of the future by Price Water House Coopers World survey 2003. He is an associate member of the Institute of Chartered Secretaries & Administrators (ICSA) - London 1986.



Grace Akello – Non Executive Director

Ms. Grace Akello was appointed to The New Vision Board at last year's Annual General Meeting. She is currently working as Founder and Executive Director of an NGO called Women Peace for Africa.

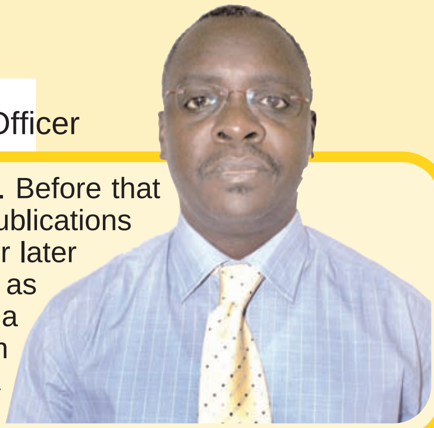
She previously served as Minister of State for Northern Uganda Rehabilitation and for Entandikwa (Microfinance). She has also served as member of both the Constituent Assembly and of Parliament for Katakwi and Soroti Districts respectively.

Grace worked as Assistant Publications Editor, Commonwealth Secretariat, London; Assistant Editor, Viva Women's Magazine, Nairobi, Kenya; and Senior Editor, East Africa Publications, Arusha, Tanzania.

She has several publications to her credit and has also written extensively on food security, microfinance, and peace in the African setting.

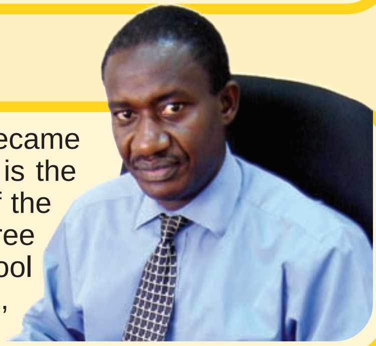
She holds a Bachelor of Arts Degree in Social Work and Social Administration (Hons) from Makerere University.

Senior Management



Robert Kabushenga, Managing Director/ Chief Executive Officer

Mr. Kabushenga joined The New Vision as CEO on January 1, 2007. Before that he had worked as Legal and Administration Officer of the Monitor Publications Ltd. He later joined New Vision where he first worked as Legal Officer later rising to the position of Company Secretary. Robert also worked as Executive Director of the Uganda Media Centre. Robert is a holder of a Bachelor of Laws degree from Makerere University and a Diploma in Legal Practice from the Law Development Centre, Kampala. He is a member of the Uganda Law Society.



Gervase Ndyanabo, Company Secretary

Mr. Ndyanabo joined the New Vision in 1989 as an Internal Auditor. He became Chief Internal Auditor in 1995 and then Company Secretary in 2005. He is the chairman of the Interaction Leadership Association Uganda (an affiliate of the Pan African Network of Leaders). He holds a Bachelor of Commerce degree form Makerere University and an MBA from Edinburgh Business School Heriot - Watt University, United Kingdom. Gervase is a member of ICPAU, ICPAK, ICGU and The IIA and is a certified Internal Auditor.

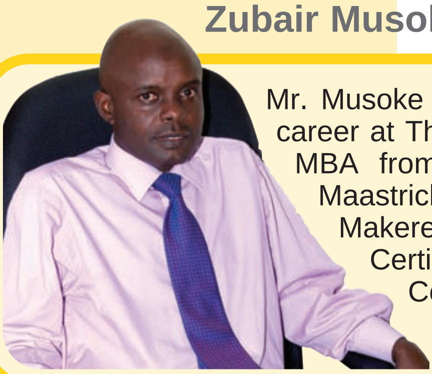
Els De Temmerman, Editor in Chief

Els De Temmerman, a Belgian national joined the company in December 2006 as Editor-in-Chief. She has vast experience in print and electronic media. She has worked as staff reporter and African correspondent for various Belgian and Dutch dailies, as well as Belgian Television, covering over 40 countries on the African continent. An acclaimed author, Els has several books to her name, including Aboke Girls, about abducted children in northern Uganda; The Horn of Agony, on Sudan, Ethiopia and Somalia and The Dead are Alive: Rwanda, An Eyewitness. She previously served as an adviser to the Belgian Minister for Development Cooperation. She is a holder of a Masters degree in Germanic Languages from the Catholic University Louvain Belgium. Els has numerous awards in Uganda, Belgium and the Netherlands.

Barbara Kaija, Deputy Editor in Chief

Barbara Kaija joined the New Vision as a sub-editor trainee in 1992. Before that she had been a high school teacher and head teacher. She has risen through the ranks as Sub-Editor before she became Deputy Features Editor and then Features Editor, a position she held for eight years. Last September she was appointed Deputy Editor-in-Chief. She holds a B.A in Education, a Masters in Education, a post graduate Diploma in Practical Journalism from the Thompson Foundation in Cardiff, United Kingdom and a Masters Degree in Journalism and Media studies of Rhodes University.

Zubair Musoke, Finance Manager



Mr. Musoke joined The New Vision in 1989 as an accountant and furthered his career at The New Vision, becoming the Finance Manager in 2001. He holds an MBA from Eastern and Southern African Management Institute (ESAMI)/ Maastricht School of Management and a Bachelor of Commerce degree from Makerere University. In addition, he is a Fellow of the Association of Chartered Certified Accountants (FCCA)-UK and is a member of the Institute of Certified Public Accountants of Uganda (ICPAU). He is also a member of The Institute of Corporate Governance of Uganda (ICGOU) and a member of ACCA Uganda branch.

Tony Glencross, Sales and Marketing Manager

Mr. Glencross joined The New Vision in 2003 on a consultant basis and was appointed Sales and Marketing Manager in 2005. Prior to that, he was a consultant with Magnol Consulting, based in South Africa. He has undertaken training in Sales, Marketing and Management and has 17 years working experience within the Media and Newspaper Industry mainly in South Africa.

Rachel Namuli, Production Manager

Ms Namuli joined the New Vision in 2004 as the Production Planner. Following the departure of the Production Manager she was appointed Acting Production Manager and was confirmed to the position in 2005. Prior to joining the New Vision she worked as the Process Developer with British American Tobacco, Uganda. She holds a Bachelor of Science degree in Electrical Engineering from Makerere University and a Masters of Science degree in Energy from Heriot - Watt University, United Kingdom. She is a member of the Uganda Institution of Professional Engineers and a member of the Institution of Engineering and Technology, United Kingdom.

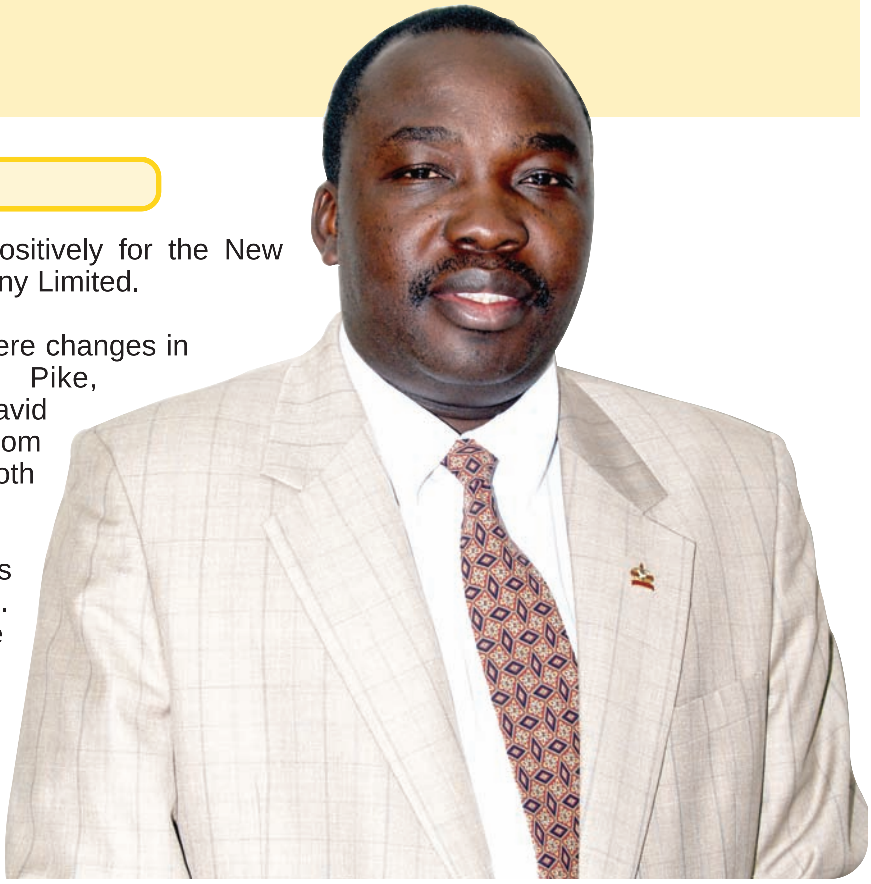
Masiko Nahamya, Chief Internal Auditor

Ms Nahamya joined the New Vision in 2006 as the Chief Internal Auditor. Prior to joining the New Vision she worked as Senior Internal Auditor in MTN and Senior Internal Auditor for Uganda Revenue Authority. She holds a Bachelor of Commerce Degree and an MBA from Makerere University. She is a Certified Public Accountant, a Certified Internal Auditor, a member of the Institutes of Internal Auditors Inc, Certified Public Accountants of Kenya (ICPAK) and Certified Public Accountants of Uganda (ICPAU). She is also a holder of CISA and CGAP.

Caroline Mboijana, Human Resources Manager

Ms Mboijana joined The New Vision in 2005. Prior to that she worked with Eskom Uganda Limited, based in Jinja and Tesco Stores Ltd (UK). She holds a Masters of Science in Human Resources Management from Westminster University, England and a Bachelor of Science in Business and Computer Science from Brunel University, England. She is currently pursing professional qualifications at the Chartered Institute of Personnel and Development, United Kingdom.

Chairman's Report



Mr Michael Opagi

Introduction:

The financial year 2006/07 ended positively for the New Vision Printing and Publishing Company Limited.

During the year under review there were changes in senior management. Mr William Pike, CEO/Managing Director and Mr David Sseppuuya, Editor-in-Chief resigned from the service of the company. They both left at the end of the year 2006.

Mr Robert Kabushenga took over as CEO on January 1, 2007. Mr. Kabushenga had earlier worked for the company as Board Secretary before leaving to set up the Uganda Media Centre.

Ms Els De Temmerman, a Belgian journalist with a wealth of experience in reporting on Africa in general and the Great Lakes Region in particular for close to twenty years, is the new Editor-in-Chief. Prior to her appointment, Ms De Temmerman had been living and working in northern Uganda for close to five years. She was running an NGO she set up to support LRA returnee children who were either abducted or born in the bush.

In May 2007, Brig. Noble Mayombo, the then Board Chairman, passed away. Mr. Michael Opagi was appointed by the Board to act as Chairman until a substantive Chairman is appointed.

Some of The New Vision Senior Managers at Uganda Securities Exchange waiting to announce the results for the year ending June 2oo7

Financial Performance:

The finances of the company are in excellent shape. The company enjoys a healthy cash flow position. Its gearing is safe and the balance sheet value of the company has improved from 2005/06. Turnover increased from Shs 29.6bn to Shs 33bn, a growth of 11%. In 2007 a pre-tax profit of Shs 4.6bn (2006: Shs 3.6bn), a growth of 27% with a profit margin of 14% were realised. Gross profit increased by 11% to Shs 11bn, a margin of 34%. The company ended the year in a very solid position with good potential for future growth.

Investments:

During the year the company made a number of investments aimed at improving its competitiveness. A new A1 full colour flat-sheet printing press was ordered and installed. It is now operational and has greatly improved our ability to print full colour flat sheet work. However, because of the delay in delivery and installation, the machine did not have the expected results in the year. The impact of this investment will be felt more effectively beginning the year 2007/2008.

A further investment was also undertaken to improve printing capacity on the web off-set printing part of the operations. A new four tower colour unit and a folder were ordered during the year and delivery is expected in November 2007. Once it is installed, there will be extra capacity to print colour in the newspapers. There will also be greater flexibility in serving the needs of our readers by giving them more colour and more recent news. In addition, it will improve our service to advertisers, especially those who demand high quality colour work and require a flexible deadline regime to enable them make the best marketing decisions for their products.

The New Ryobi A1 press

In addition to the above, the company installed a Computer-To-Plate (CTP) system. This is a modern way of developing plates. This technology cuts out the need to use films in between design work on the computer and plates that are used in printing.

Furthermore the Board made a decision to diversify the business and invest in electronic media. To this effect, a decision to set up an FM radio station and a free-to-air television station for Kampala was made. The Board also decided to diversify the online business so that it can provide more information than merely carrying an electronic version of our print products. Implementation of these projects is expected to be completed in the financial year 2007/2008.

Robert Kabushenga receiving TV equipment at Kololo

Offloading radio mast equipment

Product Developments:

The editorial team continues to enjoy the required independence to do their work professionally. This has sustained our editorial credibility with the public.

The New Vision

A number of improvements and innovations were undertaken last year and these have had a positive impact on the reading public. Focus during the year was on improving the quality and accuracy of the stories, with the introduction of a corrections column and permanent in-house training for both reporters and editors. Up-country training sessions were also organised for the regional papers and up-country correspondents. Deliberate efforts were made to improve the presentation of news, with the use of more graphics, better pictures, more background stories and analyses. This is reflected in the growth of its circulation since January 2007. Some features of the front page were improved to make it more accessible to the buyers who make their decisions based on headlines and buy their papers from street vendors. There have been a number of other innovations and new products along with improvements which together have made the paper superior to its competitors.

Sunday Vision

This product has been under competitive pressure for sometime. To further strengthen its appeal in the market, our UK-based design consultant, Mr David Billington, was commissioned to redesign the magazine. This is one of the more popular features of this product. Furthermore, the architecture of the paper was changed and some new editorial features introduced. This has been a success with readers who now perceive the paper to be the better reader value in the market. The impact of these new design improvements will be further enhanced by the other plans we have for the product in the financial year 2007/2008.

Bukedde

This is the Luganda daily published as a sister paper of The New Vision. Our retained consultant based in the UK was commissioned to improve the look of the paper. This was implemented in December 2006. The improved design has been well received. The editorial team continues to be dynamic and innovative. They have introduced new products in the paper that have contributed to circulation growth. In fact on one occasion it was the best selling paper in the whole country.

Rural Papers: (Orumuri, Etop, Rupiny)

There have been some improvements in performance of Etop, Orumuri and Rupiny, our local language weeklies. The management and coordination has been strengthened. In the case of Orumuri, its design has been improved with positive results. Our circulation department has come up with a special sales initiative for this product which has made it more accessible in its market and increased the circulation. Etop has a new leadership team and management is keenly following the performance of the product.

Magazines (City Beat, Bride, Premiership)

The year 2006-2007 saw the strengthening of the magazines section, which has now been established as an independent section with a Managing Editor. These are City Beat which is an entertainment magazine, Bride which focuses on the wedding industry and Premiership for the soccer fraternity. Both City Beat and Bride & Groom are now printed on superior art glossy paper, with a fresher and more appealing look for the readers. These have been successful products and are now becoming attractive to advertisers. There are some interesting opportunities which management is seeking to take advantage of in the magazine sector.

A collection of some of the magazines

Website

We have continued to invest heavily in our electronic operations believing that the internet is the information vehicle of the future. In 2006/2007, The New Vision remained the most visited news website in Uganda. The number of visitors is growing significantly.

Other Products

There have been innovations in products such as final examination revision books for primary school and O-Level finalists. This purely commercial venture has done well. The University Guide which is published in the paper is a very successful innovation and contributed significantly to circulation growth. Every beginning of year, we publish a magazine about the prospects for the country. It is inserted in the New Vision to boost sales. It is good niche reading and serves added value during this period which is a low circulation season. Newspapers-in-Education (NIE) was launched, a project to introduce newspapers as a learning tool in schools. A NIE manager was recruited. He has started organising workshops for teachers on how to use The New Vision in the classroom.

Business Operations:

The New Vision PPCL continues to be the dominant media house in the country. The best evidence of this is the good performance of our revenue centres. Comparatively speaking, we have 65-70% market share.

Circulation:

At the start of the year, the circulation of newspapers was generally low. The situation improved greatly at the beginning of the third quarter. Both The New Vision and Bukedde managed to grow by a daily average of 4000 copies according to the figures audited by the Audit Bureau of Circulation (ABC). The rural papers had a more chequered performance, improving towards the end of the financial year.

The focus of the financial year was to reduce wastage and loss by improving management and coordination of the circulation department. In addition, measures were taken to streamline distribution so that the products arrive in the market on time.

The New Vision Chief Executive Officer, Robert Kabushenga chats with vendors after the Vendors' Meeting in Kampala.

Advertising:

This is our most successful revenue stream. We continued to outperform our budgeted levels, the immediate competitor and the industry in general. Our sales team remains the most competent, highly motivated and dedicated of any media house in the industry. This year we registered a particularly commendable growth in our online, magazine and weekend advertising business. This is significant considering that in the past we had significant challenges generating revenue on these platforms.

Advertisers' representatives and New Vision staff selecting the best New Vision Woman Achiever, 2007.

Commercial Printing:

This part of the business has been more challenging than we had initially envisaged. Nevertheless we managed to perform as close to pre-investment budget as possible. This is important to note because we had based our projections on the installation of a machine that only came online at the end of the financial year. We therefore did not achieve the targets we had set for ourselves. But we believe that this is a growing business in which we have certain synergies/advantages and can deliver a good business performance.

Corporate Social Responsibility

As a general rule, the company does not contribute cash to charitable organisations. However, the company tries to contribute in kind by supporting charitable organisations through editorial and advertising publicity.

The New Vision Northern Region Marketing officer, Ben Roger Opigo, hands over a donation from staff to Anna Abur, the vice-chairperson of Opeta Camp

Corporate governance

The company remains committed to the highest standards of corporate governance with zero tolerance of corruption. Appointments will continue to be meritocratic.

The internal audit department is headed by the Chief Internal Auditor who works independently and reports functionally to the Audit Committee of the board, while maintaining close coordination with the Chief Executive Officer and Company Secretary.

New Vision trainer Jamesa Wagwau during the New Vision Teachers Workshop at Seguku Co-ordinatng Centre

Human Resource:

The Company continues to attract good talent. During the year management undertook an employee satisfaction survey carried out by Steadman and Associates, a reputable research firm. The findings have now been integrated in the performance targets of management to act upon. This is one way of ensuring continuous performance excellence. We maintain strong support for professional training and development of various teams as a way of enhancing competence. The main highlight during the year was training for editorial staff by Bill Ristow, a Fellow from the Knight Rider Foundation.

Consultant Bill Ristow in a workshop with New Vision editors

Conclusion:

We are confident that the company is performing well and continues to return value to the shareholders and effectively serve the various stakeholders. There is now a good opportunity to expand and replicate this performance on other platforms.

Directors' Report

The directors submit their report and the audited financial statements for the year ended 30 June 2007 which disclose the state of affairs of New Vision Printing and Publishing Company Limited ("the company").

INCORPORATION AND REGISTERED OFFICE

The company is incorporated in the Republic of Uganda as a Limited liability company under the Companies Act and is domiciled in Uganda.

The address of its registered office is:
Plot 19/21
First Street
Industrial Area
P O Box 9815
Kampala

PRINCIPAL ACTIVITY

The principal activity of the company is that of printing and publishing of newspapers.

RESULTS AND DIVIDEND

The net profit for the year of Shs 3,308 million (2006: Shs 2,414 million) has been added to retained earnings. The directors recommend approval of a final dividend of Shs 1,020 million for the year (2006: Shs 612 million).

ULTIMATE SHAREHOLDER

The ultimate shareholder with 80% shareholding of the Company is the Government of Uganda through the Minister of Finance, Planning and Economic Development and the Minister of State for Finance in charge of Privatisation, on the behalf of the Government.

PRIVATISATION

The Company is under class II of the Public Enterprises Reform and Divesture Statute, which means that the government will retain majority shareholding in the Company on Privatisation. In this respect, the government floated off 20% of its shareholding to the public via an Initial Public Offering (IPO) on the Uganda Securities Exchange in November 2004.

DIRECTORS

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

William Pike*	Chief Executive Officer, resigned on 31/12/2006
Robert Kabushenga	Chief Executive Officer, appointed on 01/01/2007
Michael Opagi	Acting Chairman, appointed on 18/06/2007
Keith Kalyegira	
Grace Akello	Appointed on 14/11/2006
Florence Sewanyana	Resigned on 14/11/2006
Rachel Ekiring	Alternate Director, resigned on 24/04/2007
Patrick Bitature	
Brig Noble Mayombo	Chairman, passed away on 01/05/2007

*British

COMPANY SECRETARY

Gervase Ndyanabo will continue in office as Company Secretary.

LEGAL ADVISORS

Lex Uganda Advocates and Solicitors
P O Box 22490
Kampala
Uganda

Kiwanuka and Karugire Advocates
P O Box 6061
Kampala
Uganda

Bossa, Tumwesigye and Ssozi Advocates
P O Box 22593
Kampala
Uganda

AUDITORS

The Auditor General
Office of the Auditor General
P O Box 7083
Kampala
Uganda

PKF Uganda were appointed by the Auditor General to perform the audit of the company on his behalf pursuant to section 15 of the Public Enterprises Reform and Divestiture Statute.

BY ORDER OF THE BOARD

SECRETARY

KAMPALA

...26/September/ **2007**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act (Cap 110) 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. It also requires the directors to ensure that the company maintains proper accounting records which disclose with reasonable accuracy the financial position of the company. The directors are also responsible for safeguarding the assets of the company.

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 and the requirements of the Companies Act (Cap 110). 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 30 June 2007 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 26/September/2007 and signed on its behalf by:

DIRECTOR **DIRECTOR**

AUDITOR GENERAL'S REPORT

Under section 17 (1) of the Public Enterprises Reform and Divestiture (PERD) Act, I am required to audit the accounts of the New Vision Printing and Publishing Company Limited. In accordance with the same section, I appointed PKF, Certified Public Accountants, to audit the accounts of the Company on my behalf and report to me so as to enable me report to the Speaker of Parliament in accordance with Article 163 (4) of the Constitution.

REPORT:

1. The financial statements set out on pages 6 to 26 which have been prepared on the basis of the accounting policies set out on pages 9 to 11 have been audited. All the information and explanations which were considered necessary for the purposes of the audit were obtained.

2. **Responsibility of Directors and Auditors**

As described on page 3, the directors are responsible for the preparation of financial statements which give a true and fair view of the company's state of affairs and of its profit or loss. The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit.

3. **Basis of Opinion**

The audit was conducted in accordance with International Standards on Auditing. Those standards require the audit to be planned and performed to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

Opinion:

In my opinion, proper books of account have been kept and the financial statements which are in agreement with the books of account, give a true and fair view of the state of financial affairs of the company as at 30th June 2006 and of its profits and cash flows for the year then ended comply with International Financial Reporting Standards and the Uganda (IFRS) and the Uganda companies Act (Cap. 110).

XXXX

G. Singh)
A/g AUDITOR GENERAL

KAMPALA
26th September 2005

PROFIT AND LOSS ACCOUNT

	Notes	2007 Shs'000	2006 Shs'000
Sales	1	32,633,131	29,607,664
Cost of sales		(21,494,694)	(19,589,166)
Gross profit		11,138,437	10,018,498
Other operating income		489,296	61,963
Distribution costs		(871,253)	(657,433)
Administrative expenses		(5,851,996)	(5,594,277)
Operating profit	2	4,904,484	3,828,751
Net finance costs	4	(161,117)	(187,104)
Profit before tax		4,743,367	3,641,647
Tax charge	5	(1,435,523)	(1,227,537)
Net profit		3,307,844	2,414,110
Earnings per share for profit attributed to equity holders of the company			
-basic and diluted (Shs per share)	6	65	47
Dividends			
Proposed final dividends for the year	6	1,020,000	612,000
Dividends per share (Shs)	6	20.00	12.00

The accounting policies and notes to the financial statements on pages 21 to 38 form an integral part of these financial statements.
Report of the Auditor General - page 16

BALANCE SHEET

	Notes	2007 Shs'000	2006 Shs'000
CAPITAL EMPLOYED			
Share capital	7	1,002,660	1,002,660
Revaluation reserve		1,060,257	870,798
Retained earnings		13,444,426	10,955,142
Proposed dividends	6	1,020,000	612,000
Shareholders' funds		16,527,343	13,440,600
Non-current liabilities			
Borrowings	8	1,313,770	105,434
Deferred tax	9	465,944	339,645
		1,779,714	445,079
		18,307,057	13,885,679
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	10	8,953,304	7,207,134
Prepaid operating lease rentals	11	752,215	774,358
Investments	12	227,794	-
		9,933,313	7,981,492
Current assets			
Inventories	13	3,557,565	2,913,415
Trade and other receivables	14	4,584,043	3,684,433
Investments	12	1,443,833	304,784
Tax recoverable		-	71,484
Cash and cash equivalents	15	1,743,975	1,285,423
		11,329,416	8,259,539
Current liabilities			
Trade and other payables	17	2,031,117	1,980,029
Current tax		11,720	-
Bank borrowings	8	27,778	333,333
Finance lease obligations	8	386,510	41,990
Dividends payable		498,547	-
		2,955,672	2,355,352
Net current assets		8,373,744	5,904,187
		18,307,057	13,885,679

The financial statements on pages **17** to **38** were approved for issue by the Board of Directors on ...26/9/...2007 and were signed on its behalf by:

DIRECTOR **DIRECTOR**

The accounting policies and notes to the financial statements on pages 21 to 38 form an integral part of these financial statements.
Report of the Auditor General - page 16

STATEMENT OF CHANGES IN EQUITY

	Share capital Shs'000	Revaluation Reserve Shs'000	Retained earnings Shs'000	Proposed dividend Shs'000	Total Shs'000
Year ended 30 June 2006					
At start of year	1,002,660	1,372,215	8,586,543	350,000	11,311,418
Prior year adjustment	-	(349,582)	349,582	-	-
As restated	1,002,660	1,022,633	8,936,125	350,000	11,311,418
Transfer of excess depreciation	-	(216,907)	216,907	-	-
Deferred tax on depreciation transfer	-	65,072	-	-	65,072
Net profit for the year	-	-	2,414,110	-	2,414,110
Dividends:					-
- Final for 2005 paid	-	-	-	(350,000)	(350,000)
- Proposed final for 2006	-	-	(612,000)	612,000	-
At end of year	1,002,660	870,798	10,955,142	612,000	13,440,600
Year ended 30 June 2007					
At start of year	1,002,660	1,372,215	10,453,725	612,000	13,440,600
Prior year adjustment	-	(501,417)	501,417	-	-
As restated	1,002,660	870,798	10,955,142	612,000	13,440,600
Transfer of excess depreciation	-	(201,440)	201,440	-	-
Deferred tax on depreciation transfer	-	60,432	-	-	60,432
Revaluation surplus	-	419,982	-	-	419,982
Deferred tax on revaluation surplus	-	(89,515)	-	-	(89,515)
Net profit for the year	-	-	3,307,844	-	3,307,844
Dividends:					
- Part for 2006 paid	-	-	-	(113,453)	(113,453)
- Transferred to current liabilities	-	-	-	(498,547)	(498,547)
- Proposed final for 2007	-	-	(1,020,000)	1,020,000	-
At end of year	1,002,660	1,060,257	13,444,426	1,020,000	16,527,343

The revaluation reserve represents solely the surplus on the revaluation of buildings, plant and machinery net of deferred tax and is not distributable.

The accounting policies and notes to the financial statements on pages 21 to 38 form an integral part of these financial statements.
Report of the Auditor General - page 16

CASH FLOW STATEMENT

	Notes	2007 Shs'000	2006 Shs'000
Operating activities			
Cash from operations	20	4,649,303	5,165,817
Interest paid		(125,636)	(129,991)
Interest received		-	7,796
Tax paid		(1,255,101)	(1,474,392)
Net cash from operating activities		3,268,566	3,569,230
Investing activities			
Purchase property, plant and equipment (internally financed)	10	(836,868)	(1,160,135)
Purchase of prepaid lease rentals		-	(519,866)
Purchase of other investments		(1,366,844)	(304,784)
Proceeds of disposal of property, plant and equipment		30,210	4,959
Net cash (used in) investing activities		(2,173,502)	(1,979,826)
Financing activities			
Repayments of borrowings		(333,333)	(333,333)
Finance lease principal repayments		(189,726)	(213,518)
Dividends paid		(113,453)	(350,000)
Net cash (used in) financing activities		(636,512)	(896,851)
Increase in cash and cash equivalents		458,552	692,553
Movement in cash and cash equivalents			
At start of year	15	1,285,423	592,870
Increase		458,552	692,553
At end of year	15	1,743,975	1,285,423

The accounting policies and notes to the financial statements on pages 21 to 38 form an integral part of these financial statements.
Report of the Auditor General - page 16

ACCOUNTING POLICIES

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

a) **Basis of preparation**

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in the functional currency, Uganda Shillings (Shs), rounded to the nearest thousand, and prepared under the historical cost convention as modified by the revaluation of certain property and equipment and the carrying of finance leases obligations at fair values.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

b) **Revenue recognition**

Revenue from newspapers, scrap sales and commercial printing is recognised upon delivery of products. Revenue from advertising is recognised upon performance of services. The net revenue excludes discounts and value added tax (VAT).

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

c) **Property,plant and equipment**

All property, plant and equipment is stated at historical cost less depreciation. Buildings, plant and machinery are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation.

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

The policy on transfer of revaluation surplus to retained earnings has been changed effective this financial year. The directors believe that the change shall provide reliable and more relevant information on the effects of the transactions. Accordingly revaluation surpluses in respect of prior years have been transfered to retained earnings this year and prior year balances restated.

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Buildings	25 years
Plant and machinery	12.5 years
Furniture and office equipment	8 years
Motor vehicles and motor cycles	4 years
Computers and digital cameras	2.5 years
Pre-press equipment	4 years

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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.

d) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Uganda Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currencies are translated into Uganda Shillings at rates ruling at that date.The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

e) **Accounting for leases**

Leases of property, plant and equipment, where the company assumes substantially all the risks and rewards of ownership, are classified as finance leases. Assets acquired under finance leases are capitalised at the inception of the lease at the lower of their fair value of the leased property and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The interest element of the finance charge is charged to the profit and loss account over the lease period. The property, plant and equipment acquired under finance leasing contracts is depreciated over the estimated useful life of the asset. At the end of the lease period, the company has a right to exercise a purchase option at 1% of the original cost of the asset.

Leases where a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

f) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined by weighted average method. The cost of finished goods and work in progress comprises 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.

g) **Taxation**

Current income tax

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

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.

h) **Trade receivables**

Trade receivables are carried at original amortised amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount. The amount of the provision is recognised in the profit and loss account.

ACCOUNTING POLICIES (CONTINUED)

i) **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 but only when the reimbursement is virtually certain.

j) **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand,deposits held at call with banks, and investments in money market instruments.

k) **Retirement benefit obligations**

The company and all its employees contribute to National Social Security Fund (NSSF), which is a defined contribution scheme. The company's obligation under the scheme is limited to a specific contribution legislated from time to time. The company's contributions to the scheme are charged to the profit and loss account in the year to which they relate. The company has no further obligation once the contributions have been paid.

Gratuity payments are recognised for staff whose contracts contain gratuity benefits in specific contributions as specified by their contracts and after the contract term has elapsed.

Performance bonus provisions are recognised when it is apparent that the conditions for the bonus have been met and for only staff whose contracts contain a performance benefit clause.

No accrual for annual leave entitlement is made at the balance sheet date as all leave not taken by employees is forfeited.

l) **Borrowings**

Borrowings are recognised initially at 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 profit and loss account over the period of the borrowings.

m) **Dividends**

Dividends on ordinary shares are charged to equity in the period in which they are declared at the Annual General Meeting. Proposed dividends are disclosed as a separate component of equity until declared.

n) **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the prior year figures have been restated to take into account the transfer of excess depreciation from the revaluation reserves to retained earnings.

	2007 Shs'000	2006 Shs'000
1. Sales		
News paper sales	10,595,250	9,831,692
Advertising sales	18,014,117	15,455,393
Commercial printing	3,791,723	4,122,907
Scrap sales	232,041	197,672
	32,633,131	29,607,664

2. Operating profit

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

	2007 Shs'000	2006 Shs'000
Depreciation on property, plant and equipment (Note 10)	1,175,892	1,424,201
Amortisation of prepaid operating lease rentals (Note 11)	22,143	22,143
Loss on disposal of property, plant and equipment	74,939	3,757
Auditors' remuneration	39,700	37,800
Receivables - provision for bad debts	230,606	646,484
Inventories -provision for obsolescence	11,407	2,909
Repairs and maintenance on property,plant and equipment	851,685	810,299
Staff costs (Note 3)	8,322,394	7,531,928

3. Staff costs

	2007 Shs'000	2006 Shs'000
Salaries and wages	6,530,530	5,987,359
Retirement benefits costs:		
Terminal benefits	179,884	4,100
National Social Security Fund contributions	623,380	568,739
Gratuity expenses	237,415	195,545
Other staff costs	751,185	776,185
	8,322,394	7,531,928

4. Net finance costs

	2007 Shs'000	2006 Shs'000
Net foreign exchange losses	35,481	57,113
Interest expense		
- bank loans	34,286	95,375
- finance leases	91,350	34,616
	161,117	187,104

	2007 Shs'000	2006 Shs'000
5. Tax		
Current tax	1,441,846	1,333,331
Deferred tax charge/(credit) (Note 9)	97,216	(105,794)
Over provision of tax in prior years	(103,539)	-
	1,435,523	1,227,537

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

	2007 Shs'000	2006 Shs'000
Profit before tax	4,743,367	3,641,647
Tax calculated at a tax rate of 30% (2006: 30%)	1,423,010	1,092,494
Tax effect of:		
Expenses not deductible for tax purposes	116,052	69,971
Effect of unrecognised items on deferred tax	-	65,072
Over provision of tax in prior years	(103,539)	-
Tax charge	1,435,523	1,227,537

6. Dividends and earnings per share

Dividends

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the Annual General Meeting.

At a Board of Directors meeting held on 26th September 2007, a proposed dividend in respect of the year ended 30 June 2007 of Shs 20 (2006: Shs12) per share was proposed. The total proposed dividend for the year amounts to Shs 1,020 million (2006: Shs 612 million).

Payment of dividends is subject to withholding tax at the rate of 10% and 15% for shares owned by residents and non residents respectively and Nil on shares owned by Government.

Written consent for dividends is to be obtained from Standard Chartered Bank as stipulated in the covenants to the loan agreement.

Earnings per share

Basic earnings per share are calculated on the profit attributable to shareholders of Shs 3,308 million (2006: Shs 2,414 million) and on the weighted average number of ordinary shares outstanding during the year.

	2007	2006
Net profit attributable to shareholders (Shs'000)	3,307,844	2,414,110
Weighted average number of ordinary shares in issue	51,000,000	51,000,000
Basic earnings per share (Shs)	65	47

There were no potentially dilutive shares outstanding at 30 June 2007 or 2006. Diluted earnings per share are therefore the same as basic earnings per share.

7. Share capital

	Number of ordinary shares	Value of shares Shs'000
Issued and fully paid:		
At start of year	51,000,000	1,002,660
At end of year	51,000,000	1,002,660

The total authorised number of ordinary shares is 51 million (2006: 51 million) with a par value of Shs 19.66 (2006 :Shs 19.66) per share. All issued shares are fully paid up.

8. Borrowings

	2007 Shs'000	2006 Shs'000
The borrowings are made up as follows:		
Non-current		
Bank loan	-	27,778
Finance leases	1,313,770	77,656
	1,313,770	105,434
Current		
Bank loan	27,778	333,333
Finance lease	386,510	41,990
	414,288	375,323
Total borrowings	1,728,058	480,757

The bank borrowings relate to a loan from Standard Chartered Bank (U) Limited for construction of the new office block.

On 4 March 2003, the Company signed a loan contract with Standard Chartered Bank for an overdraft facility of Shs 400 million and a five year medium term facility with a limit of Shs 2.2 billion renewable annually, with an annual interest rate of 16%. The facility was renewed with effect from January 2005 and the limit reduced to Shs 1 billion.

The three-year loan facility was obtained to finance the construction of the new office block. The first disbursement was based on Bills of Quantities, by an approved quantity surveyor and subsequent disbursement based on supported architect's certificate.

The overdraft and loan facility are secured on a debenture of Shs 1.754 billion over plant and machinery and all floating assets of the Company, excluding the equipment financed by Development Finance Company of Uganda Leasing Company signed on 4 March 2003, and a further charge of Shs 1.884 billion over properties on LRV 800 Folio 2 Plot 2 Third Street and LRV 235 Folio 19 Plot 19 First Street, both located in Industrial Area, Kampala.

The company entered into two finance lease arrangements during the year to finance the purchase of printing equipment worth shs 1,417 million from East African Development Bank and computers to plate (CTP) worth shs 385 million from Stanbic Bank Uganda.The finance leases are secured on the leased assets and are all payable within five years.

Weighted average interest rates of bank borrowings and finance leases at year end were 16% (2006:14%)

8. Borrowings continued

The above loans are all denominated in Uganda Shillings (Shs).

In the opinion of the directors, the carrying amounts of short term borrowings and lease obligations approximate to their fair value. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the company at the balance sheet date.

Finance lease principal payments during the year amounted to Shs 187.9 million (2006: Shs 214 million). New finance lease agreements with East African Development Bank and Stanbic Bank were signed during the year for purchase of plant and machinery for Shs. 1,417 million and computers to plate (CTP) Shs. 385 million respectively.

	2007 Shs'000	2006 Shs'000
Maturity of non-current borrowings (excluding finance lease liabilities)		
Between 1 and 2 years	-	27,778
Finance lease liabilities - minimum lease payments		
Not later than 1 year	587,618	58,150
Later than 1 year and not later than 5 years	1,620,589	87,975
	2,208,207	146,125
Future finance charges on finance leases	507,927	26,479
Present value of finance lease liabilities	1,700,280	119,646

9. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2006:-30%). The movement on the deferred tax account is as follows:

	2007 Shs'000	2006 Shs'000
At start of year	339,645	510,509
Profit and loss account charge/(credit)	97,216	(105,794)
Charge/(credit) to equity	29,083	(65,072)
At end of year	465,944	339,645

Deferred tax liabilities and (assets), deferred tax charge/(credit) in the profit and loss account is attributable to the following items:

	At 01 July Shs'000	Charged to P/L Shs'000	Charged to equity Shs'000	At 30 June Shs'000
Deferred tax liabilities				
Property, plant and equipment				
-historical cost	326,022	58,744	-	384,766
-revaluation	373,198	-	29,083	402,281
	699,220	58,744	29,083	787,047
Deferred tax assets				
Provisions	(359,575)	38,472	-	(321,103)
Net deferred tax liability	339,645	97,216	29,083	465,944

10. Property, plant and equipment

For the year ended 30 June 2007

	Buildings Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture and equipment Shs'000	Computers Shs'000	Cameras and pre-press Shs'000	Total Shs'000
Cost or valuation							
At start of year	4,099,797	6,373,712	489,896	704,984	1,647,646	336,357	13,652,392
Additions	-	1,756,848	225,013	49,499	182,305	393,563	2,607,228
Disposals	-	(165,000)	(146,019)	(2,189)	(27,197)	(135,000)	(475,405)
Loss/Surplus on revaluation	(85,778)	505,760	-	-	-	-	419,982
At end of year	4,014,019	8,471,320	568,890	752,294	1,802,754	594,920	16,204,197
Comprising							
Cost	4,182,020	6,129,194	568,890	752,294	1,802,753	594,921	14,030,072
Valuation	(168,001)	2,342,126	-	-	-	-	2,174,125
	4,014,019	8,471,320	568,890	752,294	1,802,753	594,921	16,204,197
Depreciation							
At start of year	532,853	3,362,493	330,699	395,388	1,492,616	331,209	6,445,258
Disposals	-	(82,500)	(123,848)	(2,133)	(26,774)	(135,000)	(370,255)
Charge for the year	177,166	536,908	116,263	68,045	193,783	83,727	1,175,892
At end of year	710,019	3,816,901	323,114	461,300	1,659,625	279,936	7,250,895
Net book value							
At end of year	3,304,000	4,654,420	245,777	290,994	143,129	314,984	8,953,304

Buildings , Plant and machinery were re-valued during the year ended 30 June 2007, by Bageine and company, independent valuers. Valuations were made on the basis of open market value. The book values of the revalued assets were adjusted to revaluations and the resultant surplus on plant and machinery net of deferred income tax was credited to the revaluation reserve in shareholders' equity. The revaluation reserve is non-distributable and is released to retained earnings through use of the asset.

10. **Property plant and equipment (continued)**

For the year ended 30 June 2006

	Buildings Shs'000	Plant and machinery Shs'000	Motor vehicles Shs'000	Furniture and equipment Shs'000	Computers Shs'000	Cameras and pre-press Shs'000	Total Shs'000
Cost or valuation							
At start of year	3,880,228	5,649,787	414,368	665,148	1,479,603	329,939	12,419,073
Additions	219,569	723,925	142,401	49,653	168,043	6,418	1,310,009
Disposals	-	-	(66,873)	(9,817)	-	-	(76,690)
At end of year	4,099,797	6,373,712	489,896	704,984	1,647,646	336,357	13,652,392
Comprising							
Cost	4,182,020	4,537,347	489,896	704,984	1,647,646	336,357	11,898,250
Valuation	(82,223)	1,836,365	-	-	-	-	1,754,142
	4,099,797	6,373,712	489,896	704,984	1,647,646	336,357	13,652,392
Depreciation							
At start of year	355,687	2,583,871	300,231	296,315	1,226,877	326,050	5,089,031
Disposals	-	-	(62,835)	(5,139)	-	-	(67,974)
Charge for the year	177,166	778,622	93,303	104,212	265,739	5,159	1,424,201
At end of year	532,853	3,362,493	330,699	395,388	1,492,616	331,209	6,445,258
Net book value							
At end of year	3,566,944	3,011,219	159,197	309,596	155,030	5,148	7,207,134

During the year the estimated useful life of the plant and machinery was changed from 8 year to 12.5 year. The directors believe that the change shall provide reliable and more relevant information on the effects of the transactions.

During the year assets worth Shs 1,802 million were acquired under a finance lease which will be repaid over 6 years for lease relating to plant and machinery and 3 years for lease relating to computer to plate. Leased assets included above comprise plant and machinery amounting to Shs. 1,417 million and computers to plate (CTP) Shs. 385 million. The acquired assets brought the total cost of all leased assets to 1,948 million.

	2007 Shs'000	2006 Shs'000
Cost - capitalised finance leases	1,947,903	149,875
Revaluation surplus	121,599	-
	2,069,502	149,875
Depreciation		
At start of year	16,283	-
Charge for the year	203,576	16,283
	219,859	16,283
Net book Value	1,849,643	133,592

10. **Property plant and equipment (continued)**

In the opinion of the directors, there is no impairment of property, plant and equipment.

If the buildings, plant and machinery were stated on the historical cost basis, the amounts would be as follows:

	Buildings 2007 Shs'000	Buildings 2006 Shs'000	Plant and machinery 2007 Shs'000	Plant and machinery 2006 Shs'000
Cost	4,182,020	4,182,020	6,129,194	4,537,347
Accumulated depreciation	(741,122)	(560,667)	(1,750,554)	(1,342,719)
Net book value	3,440,898	3,621,353	4,378,640	3,194,628

11. **Prepaid operating lease rentals**

The movement of prepaid operating rentals is as follows:

	2007 Shs'000	2006 Shs'000
Cost		
At start of year	880,825	360,959
Additions	-	519,866
At end of year	880,825	880,825
Amortisation		
At start of year	106,467	84,324
Charge for the year	22,143	22,143
At end of year	128,610	106,467
Net book value	752,215	774,358

12 **Investments**

Short term investments:		
Investment with African Alliance Uganda Limited	1,043,833	304,784
Investment with Stanbic Bank Limited	400,000	-
	1,443,833	-
Long term investments - Held to maturity:		
Investment with African Alliance Uganda Limited	227,794	-
Total investment	1,671,627	304,784

Short term funds are invested in the African Alliance Uganda Limited Money Fund which offers a cash management facility to the Company to invest any excess cash they may have with the aim of earning interest. New funds were also invested in Stanbic Bank Limited during the year under a similar short term facility.

The long term investments are in African Alliance Uganda Limited and have a maturity period of 5 years. They are held to maturity.

	2007 Shs'000	2006 Shs'000
13. Inventories		
News print	2,287,778	1,985,668
Consumables	103,117	84,149
Work in progress	73,030	80,578
Printing ink	170,311	114,950
Films and plates	514,266	241,843
Printing chemicals	420,470	407,992
Provision for obsolete stocks	(11,407)	(1,765)
	3,557,565	2,913,415
14. Trade and other receivables		
Trade receivables	4,079,487	3,911,281
Less: provision for bad debts	(691,741)	(862,127)
Net trade receivables	3,387,746	3,049,154
Prepayments	384,201	103,730
Staff advances	185,783	218,925
Other receivables	599,979	312,624
Receivables from related parties (Note 21)	26,334	-
	4,584,043	3,684,433
15 Cash and cash equivalents		
Cash at bank and in hand	1,743,975	1,285,423

For the purpose of the cash flow statement, the year end cash and cash equivalents comprise the above.

16. **Retirement benefits obligations**

During the year, the Company expensed Shs 237.5 million (2006: Shs 195.5 million) as gratuity for managers employed on contract terms.

17. Trade and other payables

	2007 Shs'000	2006 Shs'000
Trade payables	426,781	282,574
Accruals	226,857	202,694
Other payables	1,364,317	1,494,441
Payables to related companies (Note 21)	13,162	320
	2,031,117	1,980,029

18. Capital commitments

Capital expenditure approved at the balance sheet date but not yet recognised in the financial statements is as follows:

	2007 Shs'000	2006 Shs'000
Property, plant and equipment	1,404,405	770,631
At start of year	770,631	64,408
Authorised capital expenditure	1,404,405	770,631
Effected capital expenditure	(770,631)	(64,408)
At end of year	1,404,405	770,631

19. Contingencies

At 30 June 2007, there was a contingent liability of Shs.141.75 million (2006: Shs.93.5 million) arising from various court cases that the company directors believe, based on legal advice, that when heard by a judge, the company would have less than 50% chance of losing.

In 2004 the company Guaranteed staff loans to the tune of Shs.300 million with DFCU Bank. Recoveries are made from salary remittances to the individuals' bank accounts with DFCU Bank. At the balance sheet date, the outstanding amount was Shs.10.9 million (2006: Shs.99 million) including interest. The remaining balance shall be recovered in the coming year and the scheme has been stopped.

The company is a defendant in various legal actions, which in the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

	2007 Shs'000	2006 Shs'000
20. Cash from operating activities		
Reconciliation of Profit before tax to cash from operations		
Profit before tax	4,743,367	3,641,647
Adjustments for:		
Depreciation on property plant and equipment (Note 10)	1,175,891	1,424,202
Amortisation of operating lease rentals (Note 11)	22,143	22,143
Loss on disposals of property, plant and equipment	74,938	3,757
Interest expense on finance lease (Note 4)	91,350	34,616
Interest expense on bank borrowings (Note 4)	34,286	95,375
Interest received	-	(7,796)
Changes in working capital		
Trade and other receivables	(899,610)	950,252
Inventories	(644,150)	(1,359,952)
Trade and other payables	51,088	361,573
Cash from operations	4,649,303	5,165,817

21. Related party transactions

The company is controlled by the Government of Uganda. The company and Capital Radio have a common directorship as the company's Managing Director, Mr. William Pike who has a shareholding and is a joint director of Capital Radio. In accordance with IAS 24- Related parties, the Company and Capital Radio are related parties as William Pike has significant influence by virtue of his position in both entities. It should be noted that William Pike resigned from directorship of the company on 31 December 2006.

The company and The Eye Magazine have got common senior management as the company's Sales and Marketing manager, Tony Glencross and his wife jointly own The Eye Magazine.

The following transactions were carried out with related parties:

	2007 Shs'000	2006 Shs'000
i) **Sales of goods and services**		
Newspapers supplied to Capital Radio	309	543
Commercial printing work with Capital Radio	1,674	-
Advertisements run in newspapers Capital Radio	26,118	52,135
Commercial printing work with The Eye Magazine	194,012	-
ii) **Purchase of goods and services**		
Commercials run with Capital radio	42,383	55,509

21. Related party transactions (continued)

	2007 Shs'000	2006 Shs'000
iii) **Outstanding balances arising from purchase of goods/services**		
Due from The Eye Magazine (Note 14)	26,334	-
Due to Capital radio (Note 17)	13,162	320

Sales and purchases to/from related parties were made at terms and conditions similar to those offered to major customers/ suppliers.

iv) **Directors' remuneration**

-as executives	177,203	179,203
-as board members	26,415	20,000
At end of year	203,618	199,203

22. **Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt market prices, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the finance department under the guidelines approved by the management finance committee. The finance committee provides principles for the overall risk management including foreign exchange risk, interest risk, credit risk, use of and investing excess liquidity.

The Company has a fully- fledged credit control unit to ensure that sales are made to customers with appropriate credit history and follow up of payments from debtors.

22 (a). Interest risk

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. 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 repricing or maturity dates. The Company does not bear an interest rate risk on off balance sheet items. All figures are in thousands of Shillings.

	Up to 1 month Shs'000	1 -3 month Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	Over 5 years Shs'000	Non interest bearing Shs'000	Total Shs'000
Assets							
Property plant and equipment	-	-	200,359	1,649,285	-	7,103,660	8,953,304
Operating lease rentals	-	-	-	-	-	752,215	752,215
Long term investments	-	-	-	-	-	227,794	227,794
Receivables and Prepayments	-	-	-	-	-	4,584,044	4,584,044
Short term investments and interest receivable	-	-	-	-	-	1,443,833	1,443,833
Inventories	-	-	-	-	-	3,557,565	3,557,565
Cash and bank balances	-	-	-	-	-	1,743,975	1,743,975
Total assets	-	-	200,359	1,649,285	-	19,413,086	21,262,730
Equity and liabilities							
Share capital	-	-	-	-	-	1,002,660	1,002,660
Revaluation reserve	-	-	-	-	-	1,060,257	1,060,257
Retained earnings	-	-	-	-	-	13,444,426	13,444,426
Proposed dividends	-	-	-	-	-	1,020,000	1,020,000
Payables and accrued expenses	-	-	-	-	-	2,529,665	2,529,665
Borrowings	27,778	-	-	-	-	-	27,778
Deferred tax liability	-	-	-	-	-	465,944	465,944
Finance lease obligation	-	-	386,510	1,313,770	-	-	1,700,280
Corporation tax	-	-	-	-	-	11,720	11,720
Total equity and liabilities	27,778	-	386,510	1,313,770	-	19,534,672	21,262,730
Interest sensitivity gap:							
At 30.06.2007	(27,778)	-	(186,151)	335,515	-	(121,586)	-
At 30.06.2006	-	-	(49,715)	10,346	-	39,369	-

22 (b). Liquidity risk

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 30 June 2007 to the contractual maturity date.

	Up to 1 month Shs'000	1 -3 months Shs'000	3 - 12 months Shs'000	1 - 5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Assets						
Property plant and equipment	-	-	-	-	8,953,304	8,953,304
Operating lease rentals	-	-	-	-	752,215	752,215
Long term investments	-	-	-	-	227,794	227,794
Inventories	-	3,557,565	-	-	-	3,557,565
Receivables and Prepayments	1,994,179	1,378,119	520,005	691,741	-	4,584,044
Short term investment and interest recievable	-	-	1,443,833	-	-	1,443,833
Cash and bank balances	1,743,975	-	-	-	-	1,743,975
Total assets	3,738,154	4,935,684	1,963,838	691,741	9,933,313	21,262,730
Equity and liabilities						
Share capital	-	-	-	-	1,002,660	1,002,660
Revaluation reserve	-	-	-	-	1,060,257	1,060,257
Retained earnings	-	-	-	-	13,444,426	13,444,426
Proposed dividends	-	-	1,020,000	-	-	1,020,000
Payables and accrued expenses	2,051,405	384,760	93,500	-	-	2,529,665
Borrowings	27,778	-	-	-	-	27,778
Deferred tax liability	-	-	-	465,944	-	465,944
Finance lease obligation	-	-	386,510	1,313,770	-	1,700,280
Corporation tax	-	11,720	-	-	-	11,720
Total equity and liabilities	2,079,183	396,480	1,500,010	1,779,714	15,507,343	21,262,730
Net Liquidity gap:						
At 30.06.2007	1,658,971	4,539,204	463,828	(1,087,973)	(5,574,030)	-
At 30.06.2006	1,605,228	2,461,058	24,127	756,693	(4,847,106)	-

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Company. It is unusual for companies ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest- bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

22 (c). Currency risk

The Company operates wholly within Uganda and all its assets and liabilities are reported in Uganda Shillings. At 30 June 2007, the Company had the following currency positions:

	US Dollars Shs'000	Euros Shs'000	Pounds Sterling Shs'000	Uganda Shillings Shs'000	Total Shs'000
Assets					
Property plant and equipment	-	-	-	8,953,304	8,953,304
Operating lease rentals	-	-	-	752,215	752,215
Long term investments	-	-	-	227,794	227,794
Inventories	-	-	-	3,557,565	3,557,565
Receivables and Prepayments	132,324	188,517	-	4,263,203	4,584,044
Short term investment and interest receivable	-	-	-	1,443,833	1,443,833
Cash and bank balances	85,118	-	-	1,658,857	1,743,975
Total assets	217,442	188,517	-	20,628,977	21,262,730
Equity and liabilities					
Share capital	-	-	-	1,002,660	1,002,660
Revaluation reserve	-	-	-	1,060,257	1,060,257
Retained earnings	-	-	-	13,444,426	13,444,426
Proposed dividends	-	-	-	1,020,000	1,020,000
Deferred tax liability	-	-	-	465,944	465,944
Payables and accrued expenses	295,758	188,517	10,310	2,035,080	2,529,665
Borrowings	-	-	-	27,778	27,778
Finance lease obligation	-	-	-	1,700,280	1,700,280
Corporation tax	-	-	-	11,720	11,720
Total equity and liabilities	295,758	188,517	10,310	20,768,145	21,262,730
Net currency position					
At 30.06.2007	**(78,316)**	**-**	**(10,310)**	**(139,168)**	**-**
At 30.06.2006	**114,577**	**(32,711)**	**(5,550)**	**(76,316)**	**-**

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Proxy Card

For the attention of;
The Company Secretary
New Vision Printing and Publishing Company Limited
P. O. Box 9815, Kampala
Plot 19/21 1st Street Industrial Area

6th ANNUAL GENERAL MEETING

THE New Vision
UGANDA'S LEADING DAILY

PROXY CARD

I/We the undersigned being a shareholder in the above mentioned company, hereby appoint

....

of (address)..

as my/our proxy to attend and vote on my/our behalf at the 6th Annual General Meeting of the company to be held on 15^{th} day of November 2007 at 3.00pm or at any adjournment thereof.

Signed this.........................day of................................2007

Name ....

Signature..

Note:

1. This proxy card is to be delivered to the Company Secretary or faxed on +256 (0414) 346432 at least twenty four hours before the time appointed for holding the meeting and in default the instrument of proxy shall be treated as invalid.
2. In the case of a corporation, the proxy must be under its common seal

New Vision Printing and Publishing Company Limited • Plot 19/21, First Street Industrial Area • P O Box 9815, Kampala - UGANDA • Tel: +256 414 337000 • Fax: +256 414 235843 • Website: http://www.newvision.co.ug