Vision Group
INNOVATION AND EXCELLENCE

New Vision Printing and Publishing Company Limited

Annual Report
2007/08

CONTENTS

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the **7th ANNUAL GENERAL MEETING (AGM)** of the Company will be held on **Thursday, October 30, 2008 in the Mayapple hall, Imperial Royale Hotel, Kampala 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, 2008 together with the report of the auditors.

2. To approve and declare a final dividend for the year ended 30th June 2008.

3. To elect directors as per article 66 of the company's memorandum and articles of association.

4. To appoint auditors for the financial year 2008/2009.

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 a proxy if a shareholder is unable to attend. (Tear out the proxy card attached at page 51 of the Annual Report)

- The proxy card should be delivered to the Company Secretary or faxed on +256 41 434 6432 at least 24 hours before the scheduled time for the 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.

Arinaitwe Patrick has been a New Vision newspaper vendor for nine years. He says his earnings from newspaper vending have helped him build a house in Kampala as well as in Kagungi Centre, Mbarara. He is working towards getting a motorbike or even a car for transport.

COMPANY INFORMATION

History of the Company

New Vision Printing and Publishing Company Limited (NVPPCL) started business in March 1986 after the National Resistance Movement (NRM) took power in Uganda. Its initial line of business was the production of an English language newspaper "The New Vision". It succeeded previous Government-owned newspapers (Voice of Uganda and Uganda Times) that had collapsed for a variety of reasons. The Government granted the new newspaper financial autonomy and editorial independence. The New Vision management set an objective and progressive political line, supportive of the Movement ideals, but critical of failings, as the basis of its editorial philosophy. The company has been a listed entity on the Uganda Securities Exchange since 2004.

Mission

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

Vision

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

Values

Honesty: Openness and Integrity
Courage: Backed by Research and Facts
Innovative: Ambition and Continuous Improvement
Excellence; In operation, people, customer care both internal and external, meritocracy, performance, product quality, and service
Zero tolerance to corruption
Social Responsibility

Offices

Kampala: The New Vision has its headquarters in Industrial Area; Plot 19/21 First Street.
Advertising offices are situated in Jubilee House on Kimathi Avenue.

Regional offices are situated

West – Mbarara, Fort Portal,
East – Jinja, Mbale, Soroti,
North – Lira, Arua, Gulu
Central – Luwero, Masaka

Products

NVPPCL is a multimedia publishing house, with interests in newspapers, magazines, broadcasting, internet publishing and commercial printing. It also provides advertising and circulation distribution services.

Newspapers

New Vision – Published in English, and aimed at distinguished and AB income Ugandans.
Since inception The New Vision has been the leading daily in Uganda, enjoying about 60% share of the total daily newspaper sales.

The editorial philosophy is to provide "information of record" and in a balanced way, covering all the facts and leave the opinion of the matter to the reader. The newspaper has various sections making up the whole paper, with a strong emphasis on enhanced reader value. Examples of these added value features are NV Health, NV Education, NV Woman, NV Our Community, NV Weekend, Saturday Soccer, Essence, Intimate, Children's Vision and Totalman.
The company is heavily involved in Education in Uganda and publishes advanced study guides for passing, PLE, 'A' and 'O' levels. It is also involved in direct-to-school education through the "Newspapers in Education" programme.

Sunday Vision – Published in English, and aimed at distinguished and AB income Ugandans.
This is the premier weekend read that offers a variety of background news, features, sports, commentary and entertainment. The Sunday Vision is the only newspaper in East Africa to have an A4 magazine, inserted free with every copy. The Sunday Vision also caters for the vast religious category in Uganda and publishes the only Christian Religious supplement available in the country.

Bukedde – Published in Luganda, seven days a week.
Bukedde is the most brand loyal newspaper in Uganda and is an integral part of the average working Ugandan's day. Focusing on the human side of life, the newspaper attracts up to 15 readers per copy. Bukedde is also the only daily newspaper with a dedicated section on the KABAKA, the Buganda cultural king.

Regional Newspapers

Published weekly and focusing on the everyday life and human interest side of the communities outside of Kampala. The Vision Group is the only publishing house in Uganda producing local language newspapers for the different areas in Uganda.

Orumuri - published in Runyankore/Rukiga - weekly – Monday
Main circulation area is the western part of Uganda, from Masaka to Kabale.

Rupiny – published in Luo – weekly - Wednesday
Main circulation area is the northern part of Uganda, from Arua to Gulu and Lira

Etop – published in Ateso – weekly – Thursday
Main circulation area is North Eastern Uganda, Soroti, Katakwi and Kumi

Websites

www.newvision.co.ug carries digital versions of all the above products. It is the most visited Ugandan website with approximately 3,924,904 pageviews a month.
www.enteruganda.com – is the definitive guide to all services and activities in Uganda
www.chogm.co.ug – Resource and news site for CHOGM Uganda 2007
www.jobs.co.ug – Comprehensive jobs site offering listing jobs and candidates
www.schools.co.ug – Comprehensive schools directory

Advertising Services – Print media advertising services are provided in both the newspapers, magazines and on the website. The excellent quality of the colour and reader delivery makes the service a leading player in the business.

Magazines

Unlike the newspapers, magazines deliver to high-end niche audiences. Magazines in Uganda, like the rest of the world, are the fastest growing print media opportunity.
The magazines currently comprise of:-Premiership - monthly, City Beat - monthly, Bride & Groom - quarterly, Flair - every two months and Secondary Schools Directory - annual. New titles are currently under consideration.

Premiership is the only soccer magazine published regularly in Uganda and is aimed at the football - enthusiast. It covers all European, English, African and local soccer, and also covers local stars playing internationally.

City Beat is the only entertainment magazine published in Uganda aimed at locals between the ages of 19 and 35 who enjoy the finer side of life and have money to spend.

Bride & Groom - aimed at couples planning, having or attending a wedding,
covering all items from budgeting, through to fashion and the ceremony.

Flair FOR HER – aimed at high-end females, covering all aspects of the working exec, working mother, fashion and life, published every second month.

Secondary Schools Directory taps into the lucrative educational market in Uganda. Published annually in January.

Radio services

Vision Voice 94.8 FM – Stereo news radio
Bukedde FM 100.5 – Luganda language station
Radio West 100.2 – The leading radio service in the western part of Uganda; also available on the following frequencies in the respective areas; **94.3 FM Kabale, 106.6 FM Masaka, 95.2 FM Kampala** and **91.0 FM Fort Portal**

Printing services

Vision Printing – Printing services include newspapers (most newspapers in Uganda, Rwanda and Southern Sudan are printed by Vision Printing), magazines, posters, books, calendars and cards. Equipment includes, web off-set, flat sheet (A1-A5), perfect binding, saddle stitching, including direct computer-to-plate machinery, making Vision Printing the definitive value printer in Uganda. The Vision Group also sees commercial printing as a key development and strategy for the future and is currently investing in new machinery. Already confirmed is computer-to-plate equipment, an A1 4 colour press, additional web off-set printers and advanced finishing equipment. Vision Printing also offers design, from advertising to books and brochures, layout services of all printed material and translations into all local languages.

Contact Us

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Editorial - editorial@newvision.co.ug / +256 (0)414 337 000 / +256 (0)312 337 000

Advertising - advert@newvision.co.ug / +256 (0)414 344 191

Printing - Print@newvision.co.ug / +256 (0)414 337 000 / +256 (0)312 337 000


Presto
SUNDAY MAGAZINE
TEMANGALO
FREE

BOARD OF DIRECTORS

David Ssebabi
Acting Chairman

David was appointed as Acting Chairman to the Board on May 22, 2008 following the resignation of Mr. Michael Opagi. He is Director for Uganda's largely successful Privatization and Utility Sector Reform project under the Ministry of Finance, Planning and Economic Development. David is a seasoned Financial Analyst with experience in banking, parastatal monitoring and Utility Reform & Restructuring. David has extensive experience in the reform and restructuring of infrastructure services specifically in the Uganda energy, water and railway sectors. For over 10 years, he served on the Board of the National Water and Sewerage Corporation. He holds Board positions in Uganda Electricity Distribution Company Ltd, Uganda Electricity Transmission Company Ltd, and National Insurance Corporation Ltd. David possesses a B.Com (Hons) degree of Makerere University Kampala and a Msc. Finance from Strathclyde University in Glasgow, Scotland UK.

Patrick Bitature
Non Executive Director

Patrick is the Chairman & CEO Simba Group of companies. Patrick holds board positions as 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 a Private Sector representative and was an adviser at National Task Force level on CHOGM. Patrick was ranked among the top 5 East African business leaders of the future by PricewaterhouseCoopers World survey 2003. He is an associate member of the Institute of Chartered Secretaries & Administrators (ICSA) - London 1986.

Grace Akello
Non Executive Director

Grace joined the Company in 2006. She is a Founder and Executive Director of 'Women Peace for Africa' and President of Women Peace and Development a consultancy serving the Great Lakes and IGAD regions. She is Managing Director of Joshua FM in Katakwi, northern Uganda. She served UNHABITAT with her expertise on women in post-crisis situations and worked on local governance issues in Africa. She served as Minister of State for Northern Uganda Rehabilitation and for Entandikwa (Microfinance) and as member of the Constituent Assembly; Member of Parliament for Katakwi and Soroti districts. 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. Grace holds a Bachelor of Arts Degree in Social Work and Social Administration (Hons) from Makerere University.

Orono Otweyo
Non Executive Director

Otweyo is a Technical Advisor for Uganda's largely successful Privatization and Utility Sector Reform Project under the Ministry of Finance, Planning and Economic Development where he has seen over 30 privatizations over more than 10 years. He worked as Head of Privatization in Botswana as well as Head of Outsourcing in the Botswana privatization agency. He worked as Chief Accountant, Speke Hotel, and also worked as a Senior Banking Officer at Bank of Uganda. He holds a Bachelor of Commerce in Accounting from Makerere University, a Masters in Accounting and Finance from Birmingham University, UK, a Postgraduate Diploma in Financial Management and a Certificate in Investment Banking. He is a certified trainer in Corporate Governance, is trained in marketing, project management, outsourcing and public private partnerships.

Robert Kabushenga
MD/CEO

Robert joined The New Vision as CEO on January 1, 2007. Robert's previous work experience includes Executive Director of the Uganda Media Centre, Company Secretary and Legal Officer of NVPPCL as well as Legal and Administration Officer of the Monitor Publications Ltd. He is a holder of a Bachelor of Laws degree from Makerere University and a post-graduate Diploma in Legal Practice from the Law Development Centre, Kampala. He is an advocate of the High Court of Uganda and a member of the Uganda and East Africa Law Societies.

SENIOR MANAGEMENT

Robert Kabushenga, Managing Director/ Chief Executive Officer

Robert joined The New Vision as CEO on January 1, 2007. Robert's previous work experience includes Executive Director of the Uganda Media Centre, Company Secretary and Legal Officer of NVPPCL as well as Legal and Administration Officer of the Monitor Publications Ltd. He is a holder of a Bachelor of Laws degree from Makerere University and a post-graduate Diploma in Legal Practice from the Law Development Centre, Kampala. He is an advocate of the High Court of Uganda and a member of the Uganda and East Africa Law Societies.

Els De Temmerman, Editor in Chief

Els, a Belgian national, joined the company in December 2006 as Editor-in-Chief with vast experience in print and electronic media. She worked as staff reporter and African correspondent for various Belgian and Dutch dailies, as well as Belgian Television, covering over 40 countries in Africa. An acclaimed author, Els has written several books 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 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, with numerous awards in Uganda, Belgium and the Netherlands.

Gervase Ndyanabo, Company Secretary

Gervase joined NVPPCL in 1989 as an Internal Auditor. He became Chief Internal Auditor in 1995 and then Company Secretary in 2005. Gervase holds a Bachelor of Commerce (Accounting) degree from Makerere University and an MBA from Edinburgh Business School, United Kingdom. Gervase is a Certified Public Accountant and is a Certified Internal Auditor. He is a member of the Institutes of Certified Public Accountants of Uganda and Kenya, The Institute of Corporate Governance of Uganda, and The Institute of Internal Auditors. Gervase is a member of the International Membership Committee and the Board of Directors of The Global Institute of Internal Auditors.

Barbara Kaija, Deputy Editor in Chief

Barbara 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. In September 2006, she was appointed Deputy Editor-in-Chief. Barbara 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. Barbara is a World Editor Forum Fellow of the International Journalism Exchange 2007.

Zubair Musoke, Finance Manager

Zubair joined The New Vision in 1989 as an accountant and furthered his career at The New Vision, becoming the Finance Manager in 2001. Zubair 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

Tony 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 MAGNOEL. Consulting, based in South Africa. Tony has undertaken training in Sales, Marketing and Management and has 17 years working experience within the Media and Newspaper Industry, mainly in South Africa.

Masiko Kabumba Nahamya, Chief Internal Auditor

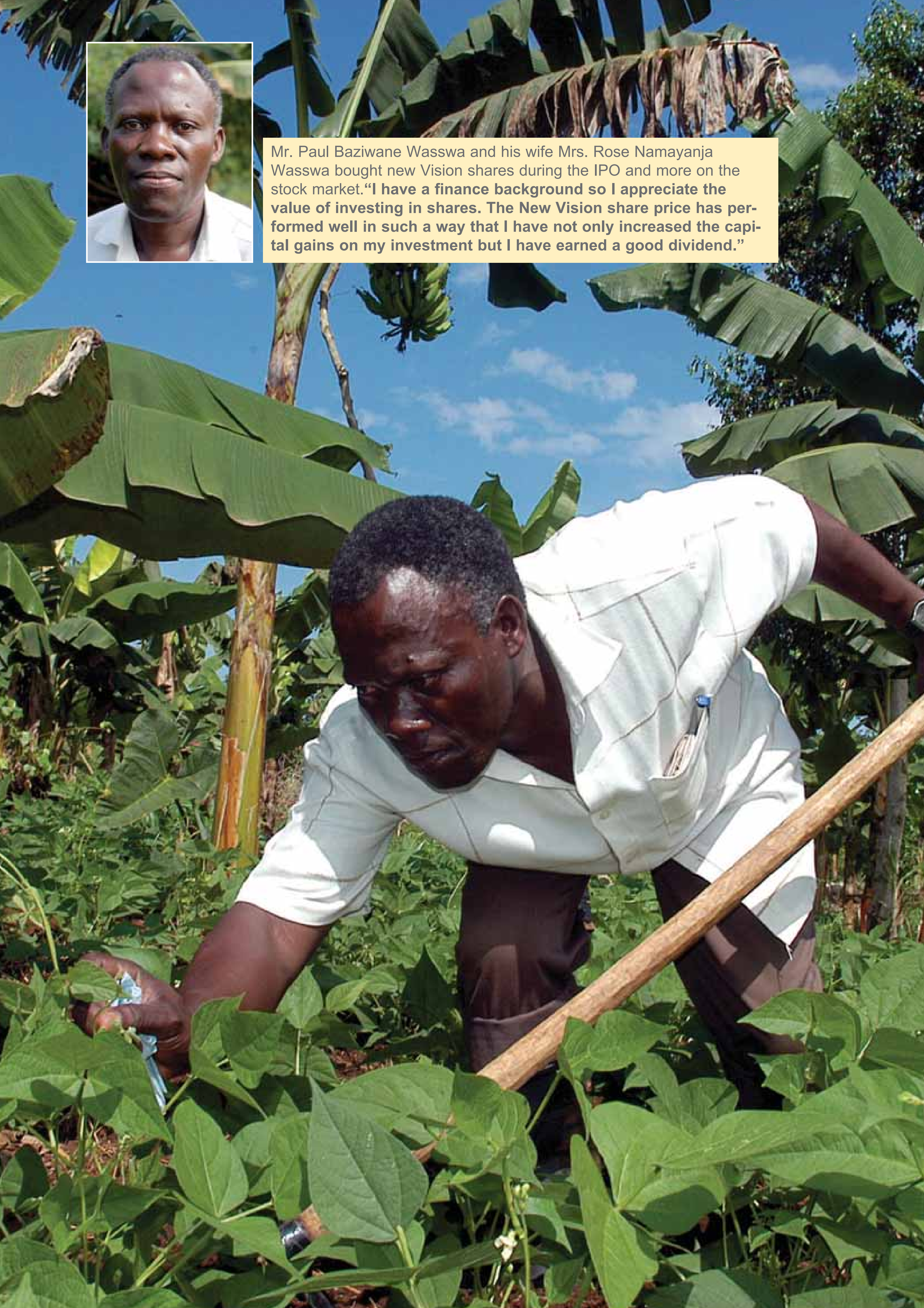
Masiko joined the New Vision in 2006 as the Chief Internal Auditor. Prior to joining the New Vision she worked as Senior Internal Auditor in MTN Uganda Ltd, Uganda Revenue Authority and Ernst and Young, CPA. She holds a Bachelor of Commerce Degree and an MBA from Makerere University. She is a Certified Public Accountant, a Certified Internal Auditor, a Certified Information Systems Auditor and Certified Government Audit Professional. She is a member of the Institutes of Internal Auditors Inc, Certified Public Accountants of Kenya (ICPAK), Certified Public Accountants of Uganda (ICPAU) and the Information Systems Audit and Control Association (ISACA) USA.

Rachel Namuli, Production Manager

Rachel 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. Rachel 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 Graduate member of the Uganda Institution of Professional Engineers and a member of the Institution of Engineering and Technology, United Kingdom.

Caroline Mboijana, Human Resources Manager

Caroline joined The New Vision in 2005. Prior to that, she worked as the Human Resources Professional with Eskom Uganda Limited, based in Jinja and the Training Manager with Tesco Stores Ltd (UK). Caroline 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.



Mr. Paul Baziwane Wasswa and his wife Mrs. Rose Namayanja Wasswa bought new Vision shares during the IPO and more on the stock market.**"I have a finance background so I appreciate the value of investing in shares. The New Vision share price has performed well in such a way that I have not only increased the capital gains on my investment but I have earned a good dividend."**

CHAIRMAN'S REPORT

Introduction

New Vision Printing and Publishing Company Limited (NVPPCL) exists in the business to inform, educate and entertain openly and accurately for a better world. To achieve this mission, the company has set as its strategy to expand as the dominant multimedia enterprise through editorial innovations and world class practices. The dedicated pursuit of this strategy every financial year has enabled us to realise our stated mission.

In the financial year 2007/08 which ended June 30, 2008, the company met most of its targets. During this time, public confidence in the company increased beyond all expectations. The share price experienced a record growth from an average price of U Shs 430 in July 2007 to U Shs 2,510 in June 2008.

The newspaper business continued to dominate market share at about 65% in both the circulation and advertising segments. NVPPCL continues to be the first preference for most media consumers. This performance has been achieved in a challenging macro-economic context of increased costs of production and restricted purchasing power.

Financial Performance

Revenue generated by the company was Shs **39 billion**, with a gross profit of Shs **14.8 billion**. Profit before tax was Shs **6.7 billion**, with an after- tax profit of Shs **4.7 billion.** Last financial year (2006-2007), the company made total revenue of Shs **32.6 billion,** with an after-tax profit of Shs **3.368 billion.** This represents a **19.63%** growth in revenue from last year. Return on Capital Employed was **30%,** while the balance sheet value of the company grew to Shs **23.2 billion** as at 30.6.2008, up from Shs **18.3 billion** as at 30.6.2007. Earnings per share this year was Shs **93** as compared to Shs **66** last year. The company cash position remains healthy. Management has taken an aggressive pursuit of cash collections and debt management. Adequate measures have been set up to manage problematic clients in order to improve our cash flow position.

The advertising business generated revenue of Shs **22.7 billion** at a performance level of **12.75%** above budget. This reflects an improvement of **26%** on last year's performance. The main revenue platforms in this category was newspapers, magazines and a very small portion of our broadcast arm.

Circulation registered overall revenue of Shs **11.45 billion** across all products. This performance level was **3.69%** on budget and an improvement of **8%** on last year.

Commercial Printing revenue improved significantly in the last year. It performed at **18.89%** higher than last year. This sector has suffered significant cost pressures from the upward inflationary movement in the economy and instability in Kenya.

Costs were managed within budget except in cases where investment in good performance was inevitable and necessary.There was significant expenditure in skills development and talent acquisition and enhancement of operational capacity.

Operations

Capacity
A new four-tower full-colour unit was added on to our existing newspaper printing press. This process was started in January and completed in April, 2008. It has enhanced our ability to produce more colour in the newspapers and provide better quality. Finishing equipment was installed in the commercial printing operations to improve turnaround time and handling of commercial printing work. There was an expansion in the broadband capacity available and an audit was carried out to enable us make new investments in IT for future growth and efficiency.

Capability
The company invested in talent for key operations. There was significant spend in enhancing skills in departments that are key for innovation and operational efficiency. Management increased expenditure on training and development, focusing mainly on the editorial, sales and production processes. Deliberate measures were taken to retain key talent through financial and non-financial incentives such as bonuses and remuneration adjustments, celebration of excellence, special public recognition for work-related achievement and enhanced opportunities and responsibilities.

Quality
There was training in editorial to enhance writing, broadcasting and other journalistic skills such as design and photography handling and management. Installation of an additional printing unit and finishing equipment has enabled management to improve quality of output in production. The print products have undergone graphic refreshment and redesign for a fresh and more modern appeal.

Availability
Transport and delivery to various outlets is undergoing reorganization to achieve greater efficiency. Non-traditional outlets have been opened to cater primarily for magazines and to extend the shelf life of the other print products. Visibility of brands has been enhanced through advertising and audience interactivity competitions.

Brands Performance:

New Vision
This is our flagship brand and remains the leading and most influential daily newspaper in Uganda. It has maintained a market share of 65% in both circulation and advertising. The paper registered a 4% growth in circulation and has undergone continuous content and design innovations to keep it on the cutting edge of print journalism. There was expanded and aggressive coverage of issues of public interest such as politics, public debate, the economy, education and health issues, sports and special events.

Saturday Vision
This product was launched in July 2007 with a unique identity catering for changed media consumption patterns on the weekend. This innovation was an industry first and increased circulation on this day by an extra 3,000 copies. The competition paid its compliments to this success by copying this innovation.

Sunday Vision
This paper was redesigned in October 2007. It has maintained its market share as the dominant Sunday paper. It has maintained its editorial focus as a family paper and provides a variety of quality reading options. It has experienced a slight decline in circulation but this is an industry pattern which management is working on reversing.

Bukedde
Bukedde registered a 9% growth in circulation on previous performance. It is the dominant player in its market segment and has carried out some ground-breaking editorial innovations. It is now the preferred alternative advertising platform and provides a good opportunity for future growth.

Regional Papers
These are Orumuri in western Uganda, Rupiny in the north and Etop for the Teso region and other related parts of the country. The record-breaking performance was registered by Rupiny at 62% growth in circulation. The other papers also grew, but modestly with Orumuri at 5% and Etop at 4%. This is significant because each one of these now has competitors that have been trying to take away market share. The sales team has embarked on unique sales drives to grow circulation and generate advertising. These papers continue to provide an important community service.

Magazines
This part of the business was strengthened with the launch of Flair for Her in February 2008. This product is aimed at the professional middle class woman with disposable income. It has been well received and is set to become the premier magazine in this category. The main achievement of these magazines has been to bring in advertising clients who have not been keen on using newspapers. This enables the company to tap into new revenue sources. The sales team has streamlined distribution and availability to grow circulation by opening non-traditional outlets and an aggressive marketing approach. A growing magazine culture should be a good opportunity. In addition to magazines, there are unique product offerings such as the University Guide, Mock CHOGM, Ugandans Making a Difference, Women Achievers and educational books, all of which were well received by the public and generated revenue for the company.

Online
The news service on the websites is the most frequently visited of any such service in Uganda. It is also a profitable advertising platform. Last financial year, the focus was on implementing an editorial content management system to make operations more efficient. This should also enable us to offer a wider news and information service beyond merely producing online editions of our print products. Emphasis has been on ensuring stability and constant accessibility of this product.

Radio
In December 2007, the company launched Vision Voice 94.8, an English language FM station, serving an audience within a 100-kilometer radius of Kampala city. It is a unique combination of news, information and entertainment, with an emphasis on the first two offerings as the main points of differentiation. It also provides us an opportunity to tap into new revenue sources. It now commands about 7% of the English language audience compared to the bigger stations that are at about 21%.

Television
Most of last year was used to test equipment and complete payment obligations to the equipment vendor. Management has also been working on programming plans to inform appropriate investment decisions.

Commercial Printing
Performance in this area improved in the last year. Priority was on turning the revenue performance around. The improvement in revenue performance shows that the process is making significant progress. The brand equity has grown and client confidence has increased. The sales team has been reorganised and the production process streamlined to improve turnaround time.

Performance Factors

Continuous Innovation and Brand positioning
Management invested a lot of time and resources in generating new ideas and ways of working. This has given the company a competitive edge. This was bolstered by consistent positioning of the various brands through an aggressive and dynamic approach to marketing and publicity.

Aggressive and Specialised Selling Measures
The sales team is the most aggressive and experienced in the media industry. We have developed a specialised approach in dealing with clients in order to serve them in a more effective way and deliver on their specific expectations.

Brand Equity/Credibility
The brands enjoy a high level of public confidence and trust. This is the reason why they are the platforms of preference for media communication solutions. This is a position management has nurtured through deliberate customer management initiatives to acquire and retain loyalty.

Team Efficiency and Effectiveness
The company is run by a solid team of professionals who aspire to achieve excellence. It is this drive that translates into achievement of business objectives.

Diversification
The diversity of products means that the company offers a variety of options to the public and delivers a diversity of audiences to advertisers. This is one of the unique positions of the company.

Challenges:

World Oil Prices
The increasing price of fuel have increased operating costs for businesses across the board. The company imports its main consumables.

Price and Availability of Newsprint
International demand for newsprint has grown and pushed up prices. In the next financial year, increased political activity in USA, SA and UK will add to the demand for newsprint generated by economic activity in China and India.

Macroeconomic Stability
Overall increase in prices due to inflationary pressures did affect demand for our products because of rearranged purchasing priorities.This might last longer than expected.

Political Stability
The Kenyan political situation at the beginning of the year affected our performance.

Team Stability
There is a general shortage of talent and skills and this has particularly affected the company. There is increased mobility of labour and this was the case last financial year. The costs of retention of talent are high and the situation may not get better soon.

Corporate Social Responsibility:

Our editorial team championed national and social causes, events and activities in addition to providing publicity support to individuals in need. The company has also collaborated with other corporate bodies on social responsibility projects. In the financial year 2007/2008, some of the major CSR projects included;

The roll out of Newspapers in Education where approximately 500 teachers to date have been shown how to fully utilise the newspapers as a teaching tool in their respective schools.

In partnership with Bidco, NVPPCL supported the CHOGM in Schools initiative that was a public awareness programme that focused on sensitising, educating and informing school children and the public on the importance of CHOGM. A total of 318,000 newspapers were distributed over a three-month period.

Through the creation of the Women Achiever Award, NVPPCL recognised the contributions women have made to their communities and in particular recognised women who have developed schemes that preserve the environment.

Corporate Governance

Full disclosure of operating results and other material information is made available to company shareholders, the general public and the requisite regulatory bodies including the Uganda Securities Exchange (USE) and the Capital Markets Authority (CMA). Statutory returns are filed with the Registrar of Companies on time. General meetings are held annually with due notice given to shareholders in this respect.

The Board of Directors of the company has two committees; the audit committee and the human resources committee. All committee members are non-executive directors.

Future Outlook

Following a decision of the 6th Annual General Meeting (AGM), the company undertook a rights issue that was concluded in August, 2008. Proceeds from the rights issue will go towards the purchase of a high performance printing press along with pre-press upgrades and investment into the radio and television projects as well as into construction of a new factory and office block.

Management shall continue to ensure that NVPPCL becomes a formidable multi-media establishment in the region and promises to take the organisation to even greater height.

Hellen Mukiibi is NVPPCL's Deputy News Editor. She oversees news gathering and edits stories from in and outside the country. To her news gathering is fun. **"If it is a big story, an explosive story, your adrenaline runs high. However stressed you are, breaking news is uplifting. It is exciting."**

DIRECTOR'S REPORT

The directors submit their report and the audited financial statements for the year ended 30 June 2008 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 and radio broadcasting.

RESULTS AND DIVIDEND FOR THE YEAR

	2008 Shs '000	2007 Shs '000
Profit before tax	6,715,674	4,743,367
Tax charge	(1,995,031)	(1,375,091)
Net profit	4,720,643	3,368,276

The directors recommend approval of a final dividend of Shs 1,530 million for the year (2007:Shs 1,020 million)

SHARE CAPITAL

The total authorised, issued and paid up share capital is Shs. 1,002,660,000 representing 51,000,000 shares of Shs. 19.66 per share.

ULTIMATE SHAREHOLDER

The current 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.

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:

Robert Kabushenga	Chief Executive Officer
Michael Opagi	Resigned on 20/05/2008
Keith Kalyegira	Resigned on 18/02/2008
Grace Akello	
Patrick Bitature	
Orono Otweyo	Appointed on 18/02/2008
David Ssebabi	Acting Board Chairman, Appointed on 18/02/2008

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

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SECRETARY

KAMPALA

September 22, **2008**

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 2008 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 September 22, 2008 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 Uganda, Certified Public Accountants, to audit the accounts of the Company on my behalf and report to me so as to enable me report to Parliament in accordance with Article 163 (4) of the Constitution.

REPORT

The financial statements of New Vision Printing and Publishing Company set out on pages 5 to 30, which comprise the balance sheet as at 30th June 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, have been audited.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Cap 110). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Opinion:

In my opinion, the accompanying financial statements give a true and fair view of the state of the financial affairs of the company as at 30th June 2008 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Cap. 110).

Report on other legal requirements

As required by the Companies Act (Cap. 110) I report, based on the audit, that

i) All the information and explanations which were necessary for the purposes of the audit were obtained.
ii) In my opinion proper books of account have been kept by the company, so far as appears from the examination of those books; and
iii) The Company's balance sheet and profit and loss account are in agreement with the books of account.

John F. S. Muwanga
AUDITOR GENERAL
KAMPALA
22/9/2008

INCOME STATEMENT

	Notes	For the year ended 30th June 2008 Shs '000	2007 Shs '000
Revenue	1	39,061,869	32,633,131
Cost of sales		(24,251,589)	(21,494,694)
Gross profit		14,810,280	11,138,437
Other operating income		285,464	489,296
Distribution costs		(1,081,874)	(871,253)
Administrative expenses		(7,057,319)	(5,851,996)
Operating profit	2	6,956,551	4,904,484
Net finance costs	4	(240,877)	(161,117)
Profit before tax		6,715,674	4,743,367
Tax charge	5	(1,995,031)	(1,375,091)
Net profit		4,720,643	3,368,276
Earnings per share for profit attributed to equity holders of the company			
-basic and diluted (Shs per share)	6	93	66
Dividends			
Proposed final dividends for the year	6	1,683,000	1,020,000
Dividends per share before the rights issue (Shs)	6	33.00	20.00
Dividends per share after the rights issue (Shs)	6	22.00	-

The accounting policies and notes to the financial statements on pages 26 to 46 form an integral part of these financial statements.

Report of the independent auditors - page 21

BALANCE SHEET

	Notes	2008 Shs '000	2007 Shs '000
		As at 30th June	
CAPITAL EMPLOYED			
Share capital	7	1,002,660	1,002,660
Revaluation reserve		947,268	1,060,257
Retained earnings		16,660,983	13,444,426
Proposed dividends	6	1,683,000	1,020,000
Shareholders' funds		20,293,881	16,527,343
Non-current liabilities			
Borrowings	8	1,984,470	1,313,770
Deferred tax	9	930,969	465,944
		2,915,439	1,779,714
		23,209,320	18,307,057
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	10	10,551,779	8,953,304
Prepaid operating lease rentals	11	730,072	752,215
Investments	12	252,687	227,794
		11,534,538	9,933,313
Current assets			
Inventories	13	3,785,330	3,557,565
Trade and other receivables	14	6,263,212	4,584,043
Investments	12	2,582,460	1,443,833
Tax recoverable		336,127	-
Cash and cash equivalents	15	2,442,579	1,743,975
		15,409,708	11,329,416
Current liabilities			
Trade and other payables	17	2,396,962	2,031,117
Current tax		-	11,720
Bank borrowings	8	-	27,778
Finance lease obligations	8	601,876	386,510
Dividends payable		736,088	498,547
		3,734,926	2,955,672
Net current assets		11,674,782	8,373,744
		23,209,320	18,307,057

The financial statements on pages 5 to 30 were approved for issue by the Board of Directors on Sept. 22.2008 and were signed on its behalf by:

DIRECTOR　　　　DIRECTOR

The accounting policies and notes to the financial statements on pages 26 to 46 form an integral part of these financial statements.
Report of the independent auditors - page 21

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2007	Share capital Shs '000	Revaluation Reserve Shs '000	Retained earnings Shs '000	Proposed dividend Shs '000	Total Shs '000
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	-	-	3,368,276	-	3,368,276
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

Year ended 30 June 2008	Share capital Shs '000	Revaluation Reserve Shs '000	Retained earnings Shs '000	Proposed dividend Shs '000	Total Shs '000
At start of year	1,002,660	1,060,257	13,444,426	1,020,000	16,527,343
Transfer of excess depreciation	-	(235,818)	235,818	-	-
Deferred tax on depreciation transfer	-	56,934	(56,934)	-	-
Adjustment for deferred tax on revaluation surplus	-	65,895	-	-	65,895
Net profit for the year	-	-	4,720,643	-	4,720,643
Dividends:					
- Part for 2007 paid	-	-	-	(283,912)	(283,912)
- Transferred to current liabilities	-	-	-	(736,088)	(736,088)
- Proposed final for 2008	-	-	(1,683,000)	1,683,000	-
At end of year	1,002,660	947,268	16,660,954	1,683,000	20,293,881

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 26 to 46 form an integral part of these financial statements.
Report of the independent auditors - page 21

CASH FLOW STATEMENT

	Notes	2008 Shs '000	2007 Shs '000
Operating activities			
Cash from operations	20	6,773,298	4,649,303
Interest paid		(242,173)	(125,636)
Interest received		203,368	-
Tax paid		(1,811,958)	(1,255,101)
Net cash from operating activities		4,922,535	3,268,566
Investing activities			
Purchase property, plant and equipment (internally financed)	10	(1,686,724)	(836,868)
Purchase of other investments		(1,163,520)	(1,366,844)
Proceeds of disposal of property, plant and equipment		15,528	30,210
Net cash (used in) investing activities		(2,834,716)	(2,173,502)
Financing activities			
Repayments of borrowings		(27,778)	(333,333)
Finance lease principal repayments		(578,978)	(189,726)
Dividends paid		(782,459)	(113,453)
Net cash (used in) financing activities		(1,389,215)	(636,512)
Increase in cash and cash equivalents		698,604	458,552
Movement in cash and cash equivalents			
At start of year	15	1,743,975	1,285,423
Increase		698,604	458,552
At end of year	15	2,442,579	1,743,975

The accounting policies and notes to the financial statements on pages 26 to 46 form an integral part of these financial statements.
Report of the independent auditors - page 21

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all 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) 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 income statement in the year in which they arise.

d) 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 income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and the 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 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
Radio transmission and studio equipment	8 years
Radio electronic equipment	5 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 income statement 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 income statement 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) Trade receivables

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

Impairment of trade receivables is recognised in the income statement 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 collectible are written off against the impairment. Subsequent recoveries of amounts previously written off are credited to the income statement under other operating income in the year of their recovery.

h) 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.

i) Trade payables

Trade payables are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) 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.

k) 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.

l) 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 income statement 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.

m) Borrowings

Borrowings are recognised 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 income statement over the period of the borrowings.

n) 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.

o) Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS

	2008 Shs '000	2007 Shs '000
1. Revenue		
News paper sales	11,450,596	10,595,250
Advertising sales	22,702,626	18,014,117
Commercial printing	4,507,699	3,791,723
Scrap sales	400,948	232,041
	39,061,869	32,633,131

2. Operating profit

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

	2008 Shs '000	2007 Shs '000
Depreciation on property, plant and equipment (Note 10)	1,534,705	1,175,890
Amortisation of prepaid operating lease rentals (Note 11)	22,143	22,143
Loss on disposal of property, plant and equipment	3,061	74,939
Auditors' remuneration	43,700	39,700
Receivables - provision for bad debts	563,077	230,606
Inventories -provision for obsolescence	(10,507)	11,407
Repairs and maintenance on property,plant and equipment	696,029	851,685
Staff costs (Note 3)	9,616,648	8,322,394

3. Staff costs

	2008 Shs '000	2007 Shs '000
Salaries and wages	7,462,328	6,530,530
Retirement benefits costs:		
Terminal benefits	43,884	179,884
National Social Security Fund contributions	752,119	623,380
Gratuity expenses	282,254	237,415
Other staff costs	1,076,063	751,185
	9,616,648	8,322,394

4. Net finance costs

	2008 Shs '000	2007 Shs '000
Net foreign exchange (gains)/losses	(73,425)	35,481
Interest expense		
- bank loans	4,365	34,286
- finance leases	237,808	91,350
Operating lease payments	72,129	-
	240,877	161,117

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2008 Shs '000	2007 Shs '000
5. Tax		
Current tax	1,464,111	1,441,846
Deferred tax charge (Note 9)	530,920	36,784
Over provision of tax in prior years	-	(103,539)
	1,995,031	1,375,091

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

	2008 Shs '000	2007 Shs '000
Profit before tax	6,715,674	4,743,367
Tax calculated at a tax rate of 30% (2007: 30%)	2,014,702	1,423,010
Tax effect of:		
Expenses not deductible for tax purposes	172,260	116,052
Effect of unrecognised items on deferred tax	(191,931)	(60,432)
Over provision of tax in prior years	-	(103,539)
Tax charge	1,995,031	1,375,091

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 2008, a proposed dividend in respect of the year ended 30 June 2008 of Shs 33 before the rights issue (Shs 22 after the rights issue) (2007: Shs 20) per share was proposed. The total proposed dividend for the year amounts to Shs 1,683 million (2007: Shs 1,020 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.

Earnings per share

Basic earnings per share are calculated on the profit attributable to shareholders of Shs 4,721 million (2007: Shs 3,368 million) and on the weighted average number of ordinary shares outstanding during the year.

	2008	2007
Net profit attributable to shareholders (Shs'000)	4,720,643	3,368,276
Weighted average number of ordinary shares in issue	51,000,000	51,000,000
Basic earnings per share (Shs)	93	66

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 (2007: 51 million) with a par value of Shs 19.66 (2007 :Shs 19.66) per share. All issued shares are fully paid up.

Rights issue

Subsequent to the year end, the company undertook a 1 for 2 rights issue which was completed by August 2008. The company's share capital therefore increased from 51 million shares to 76.5 million shares of Shs 19.66 each.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2008 Shs '000	2007 Shs '000
8. Borrowings		
The borrowings are made up as follows:		
Non-current		
Finance leases	1,984,470	1,313,770
Current		
Bank loan	-	27,778
Finance lease	601,876	386,510
	601,876	414,288
Total borrowings	2,586,346	1,728,058

The company entered into finance lease arrangement during the year to finance the purchase of printing equipment worth shs 1,465 million from East African Development Bank. The finance lease is secured on the leased asset and is payable within five years.

Weighted average interest rates of finance leases at year end were 13% (2007:16%) The above leases 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 578.3 million (2007: Shs 187.9 million). A new finance lease agreement with East African Development Bank was signed during the year for purchase of plant and machinery for Shs. 1,465 million .

	2008 Shs '000	2007 Shs '000
Finance lease liabilities - minimum lease payments		
Not later than 1 year	947,208	587,618
Later than 1 year and not later than 5 years	2,541,775	1,620,589
	3,488,983	2,208,207
Future finance charges on finance leases	(902,637)	(507,927)
Present value of finance lease liabilities	2,586,346	1,700,280

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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% (2007:-30%). The movement on the deferred tax account is as follows:

	2008 Shs '000	2007 Shs '000
At start of year	465,944	339,645
Income statement (credit)	530,920	97,216
(Credit)/charge to equity	(65,895)	29,083
At end of year	930,969	465,944

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

	At 01 July Shs'000	Charged to P/L Shs'000	(Credited) to equity Shs'000	At 30 June Shs'000
Deferred tax liabilities				
Property, plant and equipment				
-historical cost	384,766	594,199	-	978,965
-revaluation	402,281	(56,933)	(65,895)	279,453
	787,047	537,266	(65,895)	1,258,418
Deferred tax assets				
Provisions	(321,103)	(6,346)	-	(327,449)
Net deferred tax liability	465,944	530,920	(65,895)	930,969

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. **Property, plant and equipment**

For the year ended 30 June 2008

	Freehold Buildings Shs '000	Buildings Shs '000	Plant and machinery Shs '000	Motor vehicles Shs '000	Furniture and equipment Shs '000	Radio Transmission Equipment Shs '000	Computers Shs '000	Radio Studio Equipment Shs '000	Radio Studio Electronics Shs '000	Cameras and pre-press Shs '000	Total Shs '000
Cost or valuation											
At start of year	-	3,304,000	4,654,420	568,890	752,294	-	1,802,753	-	-	594,920	11,677,277
Additions	27,000	-	1,985,653	-	96,285	199,749	608,634	165,366	33,242	35,842	3,151,771
Disposals	-	-	-	(57,944)	(19,260)	-	(40,599)	-	-	-	(117,803)
At end of year	27,000	3,304,000	6,640,073	510,946	829,319	199,749	2,370,788	165,366	33,242	630,762	14,711,245
Depreciation											
At start of year	-	-	-	323,114	461,300	-	1,659,625	-	-	279,936	2,723,975
Disposals	-	-	-	(48,375)	(10,660)	-	(40,179)	-	-	-	(99,214)
Charge for the year	-	202,661	677,017	96,224	81,331	14,722	338,264	23,145	4,372	96,968	1,534,704
At end of year	-	202,661	677,017	370,963	531,971	14,722	1,957,710	23,145	4,372	376,904	4,159,465
Net book value											
At end of year	27,000	3,101,339	5,963,056	139,983	297,348	185,027	413,078	142,221	28,869	253,858	10,551,779

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Property plant and equipment (continued)

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
Adjustment on revaluation	(710,019)	(3,816,901)	-	-	-	-	(4,526,920)
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	3,304,000	4,654,420	568,890	752,294	1,802,754	594,920	11,677,277
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)
Adjustment on revaluation	(710,019)	(3,816,901)	-	-	-	-	(4,526,920)
Charge for the year	177,166	536,908	116,263	68,045	193,783	83,727	1,175,892
At end of year	-	-	323,114	461,300	1,659,625	279,936	2,723,975
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Property plant and equipment (continued)

During the year assets worth Shs 1,658 million were acquired under a finance lease which will be repaid over 5 years. The acquired assets brought the total cost of all leased assets to 3,611 million.

	2008 Shs '000	2007 Shs '000
Cost - capitalised finance leases	3,590,354	1,926,802
Depreciation		
At start of year	77,159	16,283
Charge for the year	345,481	182,475
Revaluation surplus	-	(121,599)
	422,640	77,159
Net book Value	3,167,714	1,849,643

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 2008 Shs '000	Buildings 2007 Shs '000	Plant and machinery 2008 Shs '000	Plant and machinery 2007 Shs '000
Cost	4,182,020	4,182,020	8,817,041	6,129,194
Accumulated depreciation	(960,147)	(741,122)	(2,455,917)	(1,750,554)
Net book value	3,221,873	3,440,898	6,361,124	4,378,640

11. Prepaid operating lease rentals

The movement of prepaid operating rentals is as follows:

	2008 Shs '000	2007 Shs '000
Cost		
At start of year	880,825	880,825
At end of year	880,825	880,825
Amortisation		
At start of year	128,610	106,467
Charge for the year	22,143	22,143
At end of year	150,753	128,610
Net book value	730,072	752,215

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2008 Shs '000	2007 Shs '000
12. Investments		
Short term investments:		
Investment with African Alliance Uganda Limited	1,664,797	1,043,833
Investment with Stanbic Bank Limited	917,663	400,000
	2,582,460	1,443,833
Long term investments - Held to maturity:		
Investment with African Alliance Uganda Limited	252,687	227,794
Total investment	2,835,147	1,671,627

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. Other funds are also invested in Stanbic Bank Limited 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.

	2008 Shs '000	2007 Shs '000
13. Inventories		
News print	2,267,922	2,287,778
Consumables	343,301	103,117
Work in progress	109,526	73,030
Printing ink	222,730	170,311
Films and plates	326,868	514,266
Printing chemicals	525,490	420,470
Provision for obsolete stocks	(10,507)	(11,407)
	3,785,330	3,557,565

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Trade and other receivables

	2008 Shs '000	2007 Shs '000
Trade receivables	5,502,155	4,079,487
Less: provision for bad debts	(694,436)	(691,741)
Net trade receivables	4,807,719	3,387,746
Prepayments	469,431	384,201
Staff advances	198,487	185,783
Other receivables	741,609	599,979
Receivables from related parties (Note 21)	45,966	26,334
	6,263,212	4,584,043

Effect of foreign exchange differences on trade and other receivables

Trade and other receivables net of exchange differences	6,276,026	4,584,043
Effect of foreign exchange differences	(12,814)	-
Total trade and other receivables	6,263,212	4,584,043

In the opinion of the directors, the carrying amounts of the trade and other receivables approximate to their fair value.

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2008 Shs '000	2007 Shs '000
US Dollar	212,173	132,324
Euro	369,049	188,517
UK Pound	5,104	-
Uganda Shs	5,676,886	4,263,202
	6,263,212	4,584,043

Trade receivables that are less than three months past due are not considered impaired.

Trade receivables that are more than three months past due are not considered impaired. The ageing of these has been analysed below:

3 to 12 months	1,537,598	694,320
Over 12 months	19,139	-
	1,556,737	694,320

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. The company does not hold any collateral as security, except for the security deposits from newspaper agents amounting to Ushs 222.3 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2008 Shs '000	2007 Shs '000
15 Cash and cash equivalents		
Cash at bank and in hand	2,442,579	1,743,975

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 290.4 million (2007: Shs 237.5 million) as gratuity for managers employed on contract terms.

	2008 Shs '000	2007 Shs '000
17. Trade and other payables		
Trade payables	379,567	426,781
Accruals	261,031	226,857
Other payables	1,747,902	1,364,317
Payables to related parties (Note 21)	8,462	13,162
	2,396,962	2,031,117

Effect of foreign exchange differences on trade and other payables:

Trade and other payables net of foreign exchange differences	2,399,005	2,044,179
Effect of foreign exchange differences	(2,043)	(13,062)
Total trade and other payables	2,396,962	2,031,117

The maturity analysis of trade and other payables is as follows:

	0 to 1 month Shs '000	1 to 3 months Shs '000	3 to 12 months Shs '000	Over 1 year Shs '000	Total Shs '000
Trade payables	282,819	96,748	-	-	379,567
Accruals	261,031	-	-	-	261,031
Other payables	1,435,036	74,513	144,580	93,773	1,747,902
Payables to related companies	8,462	-	-	-	8,462
	1,987,348	171,261	144,580	93,773	2,396,962

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Capital commitments

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

	2008 Shs '000	2007 Shs '000
Property, plant and equipment	NIL	1,404,405
At start of year	1,404,405	770,631
Authorised capital expenditure	-	1,404,405
Effected capital expenditure	(1,404,405)	(770,631)
At end of year	-	1,404,405

19. Contingencies

At 30 June 2008, there was a contingent liability of Shs 86.5 million (2007: Shs.141.75 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.

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.

20. Cash from operating activities

	2008 Shs '000	2007 Shs '000
Reconciliation of Profit before tax to cash from operations		
Profit before tax	6,715,674	4,743,367
Adjustments for:		
Depreciation on property plant and equipment (Note 10)	1,534,704	1,175,891
Amortisation of operating lease rentals (Note 11)	22,143	22,143
Loss on disposals of property, plant and equipment	3,061	74,938
Net interest expence (Note 4)	237,808	91,350
Interest expense on bank borrowings (Note 4)	4,365	34,286
Interest received	(203,368)	-
Changes in working capital		
Trade and other receivables	(1,679,169)	(899,610)
Inventories	(227,765)	(644,150)
Trade and other payables	365,845	51,088
Cash from operations	6,773,298	4,649,303

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Related party transactions

The company is controlled by the Government of Uganda. 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 company, Protea Hotel and Simba Telecom have got a common directorship as the company's Board of Directors member, Patrick Bitature is also the Director of Protea Hotel and Simba Telecom.

The following transactions were carried out with related parties:

	2008 Shs '000	2007 Shs '000
i) Sales of goods and services		
Newspapers supplied to Capital Radio	-	309
Commercial printing work with Capital Radio	-	1,674
Advertisements run in newspapers Capital Radio	-	26,118
Advertisements run in newspapers Simba telecom	5,720	-
Advertisements run in newspapers Protea Hotel	18,719	-
Commercial printing work with The Eye Magazine	178,767	194,012
ii) Purchase of goods and services		
Commercials run with Capital radio	-	42,383
Conferences held at Protea Hotel	8,462	-
iii) Outstanding balances arising from purchase/sale of goods/services		
Due from The Eye Magazine	30,255	26,334
Due from Protea Hotel	14,762	-
Due from Simba Telecom	949	-
Total (Note 14)	45,966	26,334
Due to Capital radio (Note 17)	-	13,162
Due to Protea Hotel (Note 17)	8,462	-

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

	2008 Shs '000	2007 Shs '000
iv) Directors' remuneration		
-as executives	175,408	177,203
-as board members	12,207	26,415
At end of year	187,615	203,618

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 organisation.

a) Market Risk

- Foreign exchange risk

The table below summarises the effect on post-tax profit and components of equity had the Shilling weakened by 10% against each currency, with all other variables held constant. If the Uganda shilling strengthened against each currency, the effect would have been the opposite.

June 2008

	US $	Euro	UK pound	Other Currencies	Total
Effect on profit (decrease)/ increase	10,680	25,674	(2,926)	(80)	33,348
Effect on equity components (decrease)/increase	-	-	-	-	-
	10,680	25,674	(2,926)	(80)	33,348

June 2007

	US $	Euro	UK pound	Other Currencies	Total
Effect on profit (decrease)/ increase	(2,867)	(13,812)	722	-	(15,957)
Effect on equity components (decrease)/increase	-	-	-	-	-
	(2,867)	(13,812)	722	-	(15,957)

- Interest rate risk

At 30 June 2008, if interest rates at that date had been 1 percentage point lower with all other variables held constant, post-tax profit for the year would have been Shs. 1million (June 2007: Shs. 395,000) lower, arising mainly as a result of lower net interest income on variable borrowings and interest earning investments. If interest rates had been 1 percentage point higher, with all other variables held constant, post-tax profit would have been Shs. 1 million (June 2007: Shs 395,000) higher, arising mainly as a result of higher net interest income on variable borrowings and interest earning investments.

b) Credit risk

The company's credit risk is mainly from the credit exposures to customers, including outstanding receivables. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned under note 14.The company does not hold any collateral as security, except for the security deposits from newspaper agents amounting to Ushs 222.3 million.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the company's management maintains flexibility in funding by maintaining availability under committed credit lines.

Notes 8 and 17 disclose the maturity analysis of borrowings and trade and other payables respectively.

The table below analyses assets and liabilities into relevant maturity groupings based on the remaining period at 30 June 2008 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	-	-	-	-	10,551,779	10,551,779
Operating lease rentals	-	-	-	-	730,072	730,072
Long term investments	-	-	-	252,687	-	252,687
Inventories	-	3,785,330	-	-	-	3,785,330
Receivables and Prepayments	2,010,922	2,001,118	1,537,598	713,574	-	6,263,212
Short term investment and interest recievable	1,664,797	917,663	-	-	-	2,582,460
Current income tax recoverable	-	-	336,127	-	-	336,127
Cash and bank balances	2,442,579	-	-	-	-	2,442,579
Total assets	6,118,298	6,704,111	1,873,725	966,261	11,281,851	26,944,246
Equity and liabilities						
Share capital	-	-	-	-	1,002,660	1,002,660
Revaluation reserve	-	-	-	-	947,268	947,268
Retained earnings	-	-	-	-	16,813,953	16,813,953
Proposed dividends	-	-	1,530,000	-	-	1,530,000
Payables and accrued expenses	2,711,097	311,699	110,254	-	-	3,133,050
Borrowings	-	-	-	-	-	-
Deferred tax liability	-	-	-	930,969	-	930,969
Finance lease obligation	-	-	601,876	1,984,470	-	2,586,346
Corporation tax	-	-	-	-	-	-
Total equity and liabilities	2,711,097	311,699	2,242,130	2,915,439	18,763,881	26,944,246
Net Liquidity gap:						
At 30.06.2008	3,407,201	6,392,412	(368,405)	(1,949,178)	(7,482,030)	-
At 30.06.2007	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d) 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	-	-	345,481	2,822,233	-	7,384,065	10,551,779
Operating lease rentals	-	-	-	-	-	730,072	730,072
Long term investments	-	-	-	252,687	-	-	252,687
Receivables and Prepayments	-	-	-	-	-	6,263,212	6,263,212
Short term investments and interest receivable	1,664,797	917,663	-	-	-	-	2,582,460
Inventories	-	-	-	-	-	3,785,330	3,785,330
Income tax recoverable	-	-	-	-	-	336,127	336,127
Cash and bank balances	-	-	-	-	-	2,442,579	2,442,579
Total assets	1,664,797	917,663	345,481	3,074,920	-	20,941,385	26,944,246
Equity and liabilities							
Share capital	-	-	-	-	-	1,002,660	1,002,660
Revaluation reserve	-	-	-	-	-	947,268	947,268
Retained earnings	-	-	-	-	-	16,813,953	16,813,953
Proposed dividends	-	-	-	-	-	1,530,000	1,530,000
Payables and accrued expenses	-	-	-	-	-	3,133,050	3,133,050
Borrowings	-	-	-	-	-	-	-
Deferred tax liability	-	-	-	-	-	930,969	930,969
Finance lease obligation	-	-	601,876	1,984,470	-	-	2,586,346
Corporation tax	-	-	-	-	-	-	-
Total equity and liabilities	-	-	601,876	1,984,470	-	24,357,900	26,944,246
Interest sensitivity gap:							
At 30.06.2008	1,664,797	917,663	(256,395	1,090,450	-	(3,416,515)	-
At 30.06.2007	-	-	(49,715	10,346	-	39,369	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

e) Currency risk

The Company operates wholly within Uganda and all its assets and liabilities are reported in Uganda Shillings. At 30 June 2008, 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	-	-	-	10,551,779	10,551,779
Operating lease rentals	-	-	-	730,072	730,072
Long term investments	-	-	-	252,687	252,687
Inventories	-	-	-	3,785,330	3,785,330
Receivables and Prepayments	212,173	369,049	5,104	5,676,886	6,263,212
Short term investment and interest receivable	-	-	-	2,582,460	2,582,460
Current income tax recoverable	-	-	-	336,127	336,127
Cash and bank balances	656,122	-	-	1,786,457	2,442,579
Total assets	868,295	369,049	5,104	25,701,798	26,944,246
Equity and liabilities					
Share capital	-	-	-	1,002,660	1,002,660
Revaluation reserve	-	-	-	947,268	947,268
Retained earnings	-	-	-	16,813,953	16,813,953
Proposed dividends	-	-	-	1,530,000	1,530,000
Deferred tax liability	-	-	-	930,969	930,969
Payables and accrued expenses	196,228	369,049	5,104	2,562,669	3,133,050
Finance lease obligation	-	-	-	2,586,346	2,586,346
Corporation tax	-	-	-	-	-
Total equity and liabilities	196,228	369,049	5,104	26,373,865	26,944,246
Net currency position					
At 30.06.2008	**672,067**	**-**	**-**	**(672,067)**	**-**
At 30.06.2007	**114,577**	**(32,711)**	**(5,550)**	**(76,316)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Capital 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 balance sheet) less cash and cash equivalents. Capital comprises all components of equity (i.e. share capital,retained earnings, revaluation and other reserves).

The debt-to-capital ratio at 30 June 2008 were as follows:

	2008 Shs '000	2007 Shs '000
Total borrowings (Note 8)	2,586,346	1,728,058
Less cash and cash equivalents (Note 15)	(2,442,579)	(1,743,975)
Net debt	143,767	(15,917)
Total equity	20,293,881	16,527,343
Gearing ratio	1:141	-

24. Country of incorporation

The company is incorporated in Uganda under the Companies Act and resident in Uganda.

25. Currency

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

Kiiza Kimbugwe is a presenter on Vision Voice. **“Wow, great experience. Awesome… enjoying it, hope the listener does”**

Notes

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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

7th 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 7th Annual General Meeting of the company to be held on 30th day of October 2008 at 3.00pm or at any adjournment thereof.

Signed this.........................day of.................................2008

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


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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