Vision Group®
INNOVATION AND EXCELLENCE

New Vision Printing & Publishing Company Limited

Annual Report 2008/09

Notice of AGM

NOTICE IS HEREBY GIVEN that the 8th ANNUAL GENERAL MEETING (AGM) of the Company will be held on Thursday, October 29th, 2009 in the Nile Hall – Hotel Africana, Kampala on Wampewo 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 30th, 2009 together with the report of the auditors.

2. To approve and declare a final dividend for the year ended 30th June 2009.

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 2009/2010.

5. To amend the Articles of Association to embrace electronic records as evidence of ownership in compliance with the Securities Central Depositories Act 2009 (SCD Act).

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

By order of the Board

Gervase Ndyanabo
COMPANY SECRETARY

Note

- Articles 59, 60, 61, 62 and 63 provide for appointment of proxy if a shareholder is unable to attend. (Tear out proxy card attached on page 47 of the Annual Report)
- The proxy should be delivered to the Company Secretary or faxed on +256 41 434 6432 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**

Contents

Board of Directors

David Ssebabi
Acting Chairman

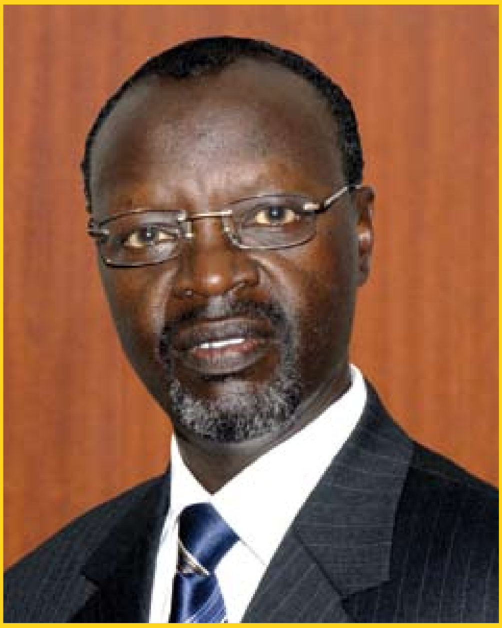
Grace Akello
Non-Executive Director

Patrick Bitature
Non-Executive Director

Henry Mutefu
Alternate Director

Robert Kabushenga
Managing Director/
Chief Executive Officer

Orono Otweyo
Non-Executive Director



Gad Gasaatura
Non-Executive Director

Christine Guwatudde
Non-Executive Director

Senior Management

Robert Kabushenga, Managing Director / Chief Executive Officer, LLB, Dip LP LDC Kampala, Advocate High Court and member Uganda Law Society and East Africa Law Society.

Els De Temmerman, Editor in Chief Masters degree in Germanic Languages. An international award winning journalist and an acclaimed author

Hajji Zubair Musoke, Finance Manager, A graduate of commerce, a fellow of the ACCA with an MBA and a wealth of experience.

Tony Glencross, Sales and Marketing Manager, Joined in 2005, brings more than 17 years experience in Training, Sales, Marketing and Management from South Africa.

Masiko Kabumba Nahamya, Chief Internal Auditor B.Comm, MBA, CPA, CIA, CISA, CGAP, member Institue of Certified Public Accountants of Uganda & Kenya

Kathy Sempebwa Turinawe, Human Resources Manager, (BSocSci), Post-graduate honours degree in Industrial Sociology

Barbara Kaija, Deputy Editor in Chief Masters in Journalism and Media Studies, Masters in Education, B.A Educ., Post-graduate Diploma in Practical Journalism, World Editor Forum Fellow.

Gervase Ndyanabo, Company Secretary, B. Comm., MBA, CPA, CIA, member Institute of Certified Public Accountants of Uganda & Kenya, member Institute of Internal Auditors.

Chairman's Report

David Ssebabi, Acting Chairman

Introduction:

The company's strategy continues to be to expand as the dominant multimedia enterprise through editorial innovations and world class practices. Dedicated pursuit of this strategy every financial year has enabled us to realize our stated mission - to inform, educate and entertain openly and accurately for a better world.

This year has not been any different. Our focus has been on implementation of the investments in new media platforms and enhanced capacity. This process is near completion. In the financial year 2008/09 which ended June 30, 2009, the company was able to post significant growth in an unusually difficult economic environment. In some lines of business like newspaper sales and commercial printing we exceeded our budget targets. Advertising, which is a major source of revenue, posted growth over the previous year's performance.

The company finances are healthy and our market share in the industry is still predominant. There was a decline in the share price largely as result of external factors. The fundamentals of the company are still sound and shareholder value continues to be enhanced.

Financial Performance

The company generated Shs. 43.2 billion, with a gross profit of Shs 13.0 billion. Profit before tax was Shs 3.5 billion, with an after-tax profit of Shs 2.1 billion. In the financial year 2007-2008, the company made total revenue of Shs 39 billion, with an after-tax profit of Shs 3.368 billion. A 10% growth in revenue was registered from last year. Return on Capital Employed dropped because of a higher capital base after the rights issue to 7%, while the balance sheet value of the company grew to Shs 51.1 billion as at 30.6.2009 after inclusion of the rights issue proceeds, up from Shs 23.2 billion as at 30.6.2008. Earnings per share this year was Shs 29 as compared to Shs 93 last year. An aggressive pursuit of cash collections and debt management continues to yield while measures to manage problematic clients to improve the cash flow are maintained and shall be improved as far as practical.

The advertising business generated revenue of Shs 24.2 billion, finishing ahead of the previous financial year, but below budgets. New advertising markets continue to be explored including non-conventional advertising in newspapers, magazines and broadcasting. Radio West, acquired in October 2008, performed ahead of expectations.

Circulation registered overall revenue of Shs 12.8 billion across all products, while commercial printing revenue improved, achieving 5.8 billion shillings, ahead of budget and well ahead of the previous year. Expansions in the company's business came with increased staffing requirements. Training activities over the last year were focused on skills enhancement and capacity building for better delivery of current and future tasks.

Operations

Facilities

A new printing press was ordered and has since been delivered ready for installation. A new purpose-built factory has also been completed to accommodate printing functions. A new guillotine and laminating machine were installed to enhance commercial printing efficiency. Furthermore, the new bigger capacity KODAK computer-to-plate equipment was delivered, installed and commissioned. It is now operational. The full effect of this investment will be felt when it starts to function alongside the new press.

The company also constructed a transmission site at Bandwe and all the radio transmitters for Kampala have been moved to this site. Investments in further expansion of IT hardware and automation of work processes are an on-going exercise, with emphasis on upgrade to avoid obsolescence.

The new computer-to-plate (CTP) machine

Potential

The company has experienced a high turnover of skills especially in the editorial department. People are seeking out other opportunities or further studies. New Vision is one of the most credible employers and in the process it has become a hunting ground for institutions seeking ready talent. Nevertheless, there was significant spend in enhancing skills through training and attraction of talent from elsewhere. As before, purposeful 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. The most important commitment management undertook was to not lay off people as a cost management measure. Once you lose talent this way, it costs more to rebuild it.

Products

Print media

Additional outlets continued to be opened to cater primarily for magazines as well as catering for the extension of the shelf life of all print products. Visibility of brands through non-conventional ways was fostered through various methods including car branding of different group brands in the market place. The flagship brand - New Vision - benefited from pre-planned content-based distribution which maximized sales returns. Special events sold an average above 40,000 copies. Maximized bulk sales across all vernacular papers helped them to achieve targets. These recorded tremendous sales growth by close of June 09. Content-based distribution, radio promotion and rural market development all added to this achievement.

Magazines

The magazines division became a fully-fledged department, with its own separate offices and staff. A state-of-the-art, fully equipped professional photographic studio is also in the making, which means the company shall not only save money spent on hiring outside studios and equipment but will also generate income from the public. The year also saw a marked improvement in the quality of all the magazines, with the addition of a fashion stylist to organise the photography; and a promotions executive to take care of and steer magazine promotions.

Revellers and stars at a City Beat party


Bride and Groom Editor in preperation for The Bride and Groom Expo 09

While *Flair for Her*, a women's magazine, marked its first anniversary, the December 2008 issue of *Bride & Groom* became the largest professional quality magazine (120 pages) to be printed in Uganda. All four magazines: *City Beat, Flair for Her, Bride & Groom,* and *Premiership,* continued to grow in both content and quality. All brands were also marketed vigorously, with each magazine having several regular promotions plus one major event every year. The City Beat Entertainment Awards will become a major factor in the country's social calendar and the Flair Designs is set to become the pacesetter in the fashion industry in Uganda.

The Bride & Groom Bridal Expo was planned to be the biggest wedding exhibition Uganda has ever seen.

Electronic media

Investment plans are being discussed to implement the transition to an autonomous online platform to provide content to consumers who prefer this medium as the source of their information. The plan is to provide more content than the online editions of our newspapers.

In August 2008, the company bought Radio West as part of the commitment to investors to set up a national radio footprint. Bukedde FM, a sister station of *Bukedde* newspaper, was also launched in the same month and has grown to become one of the top four stations in its market segment. Technical arrangements were also made to start similar outfits in Gulu and Soroti. In addition, financial commitments were made to start a predominantly Luganda television station.

Performance Factors:

Brand positioning

All the products of the company have emphasized aggressive marketing techniques and continue to do so. A new Vision Voice campaign was launched with the objective of increasing brand visibility and knowledge to increase sampling and listenership. The campaign is driven by print and outdoor advertising. In addition, a Radio West 10-year of excellence campaign has been embarked on to re-enforce market leadership, superior product and service delivery.


Shareholders take a vote at the 2008 Annual General Meeting

Bukedde Ekigwo

A community outreach activity was launched in April and has proved to be a most popular game and the biggest recruitment platform for Bukedde FM – Embuutukizi listeners.

A magazine outdoors campaign has been embarked on. This has given an accelerated growth to the magazine sales since it started. It refreshes the brands identity, offering a taste of what is to be expected by the readers from their trusted quality magazine brands. Various magazines circulation has greatly improved since the start of this campaign.

Challenges:

Although there was a general drop in fuel prices, local pump prices were high because of the shilling denomination. The depreciation of the shilling against the dollar meant that the benefits of the drop in fuel prices did not translate into reduced costs for the company.

Prices went down but costs of this input rose because of the high cost of the dollar and insurance costs relating to pirate activities on Indian Ocean. Furthermore, transport costs affected this cost because of unstable fuel prices.

The world recession affected the performance of the company through foreign currency movements that were unfavorable and cutbacks in advertising spend. Overall increase in prices due to inflationary pressures did affect demand for our products because of rearranged purchasing priorities. This matter was highlighted last year.

Corporate Social Responsibility:

The company believes in communicating openly and honestly with stakeholders about business practices and social initiatives. Contributing positively to communities and to the environment is important to the company. Working together on a daily basis with partners and suppliers to help create a more sustainable approach to newspaper production and commercial printing, and to help build stronger local communities, to minimize the environmental footprint and to be responsive to stakeholders' health and wellness needs are all considerations taken in everyday management.

A partnership with Straight Talk Foundation, a leading communication-for-social-change NGO, which aims, among others, at HIV prevention and social change in adolescents, has continued. Through the Women Achiever Award, the company continued to recognize the contributions women have made to their community and in particular recognized women who have developed schemes that preserve the environment.

A special peace and conflict resolution supplement, which targeted secondary schools, was embarked on. The project code-named "Jazz Peace" aimed at cultivating a non-violent culture of mediation and peace building among teenagers. Aspects handled included the management of anger, understanding the dynamics of conflicts, making decisions, and development of negotiation skills.

Public health campaigns, including malaria prevention, water and sanitation projects, blood donation exercises and an extensive environmental coverage promoting tree planting, were also among the company's social cooperate responsibility undertakings.

Bukedde FM gives back to the community at Park Yard

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 three committees; the audit, the finance and administration, and the editorial committees. All committee members are non-executive directors.

Future Outlook:

The coming year is going to be a year for consolidation of the new investments. The company projects to finalize the full integration of these investments into a formidable multi media house in the region and the advantages and linkages of a consolidated media house are projected to gain substantial impact from early 2010. Growth is projected to come in all revenue streams after the integration and the company will be in a solid and better position for future growth.

Guest Speaker on the Vision Voice morning show

Children's show on Vision Voice

A balanced perspective on Vision Voice talk-show

Bukedde Ekigwo Gumbya,
reviving traditional sport

Director's Report

New Vision Printing and Publishing Company Limited
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DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 30 June 2009 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

	2009 Shs '000	2008 Shs '000
Profit before tax	3,582,778	6,715,674
Tax	(1,399,931)	(1,995,031)
Profit for the year	2,182,847	4,720,643

The directors recommend approval of a final dividend of Shs 1,147 million for the year (2008:Shs 1,683 million)

SHARE CAPITAL

The total authorised, issued and paid up share capital is Shs. 1,503,990,000 representing 76,500,000 shares of Shs.19.66 per share.

ULTIMATE SHAREHOLDER

The current major shareholder with 53.3% 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. The other 46.7% is owned by the Public.

PRIVATISATION

The Company is under class II of the Public Enterprises Reform and Divesture Act, 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. On 7th August 2008, after the Annual General meeting, there was a rights issue of 1 share for every 2 shares held. However, Government did not take up its rights and its shares were sold to the Public and thus diluting Government's shareholding from 80% to 53.3%.

DIRECTORS

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

David Ssebabi	Acting Board Chairman
Robert Kabushenga	Managing Director/ Chief Executive Officer
Grace Akello	Board member
Patrick Bitature	Board member
Orono Otweyo	Board member
Henry Mutefu	Alternate Board member- Appointed on 1/12/2008
Gad Gasaatura	Board member- Appointed on 8/12/2008
Christine Guwatudde Kintu	Board member- Appointed on 18/06/2009

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DIRECTORS' REPORT

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

..........14th September.........**2009**

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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 2009 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 14th September 2009 and signed on its behalf by:

DIRECTOR **DIRECTOR**

THE REPORT OF AUDITOR GENERAL TO PARLIAMENT IN RESPECT OF NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED

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

The financial statements of New Vision Printing and Publishing Company set out on pages 5 to 31, which comprise the balance sheet as at 30th June 2009 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 of 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 the ethical requirements and plans and performs the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

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 2009 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 that;

i) All the information and explanations which were necessary for the purposes of our 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

14th September 2009

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INCOME STATEMENT

	Note	2009 Shs '000	2008 Shs '000
Revenue	1	43,200,812	39,061,869
Cost of sales		(30,106,775)	(24,251,589)
Gross profit		13,094,037	14,810,280
Other operating income	2	1,094,315	285,463
Distribution costs		(1,129,854)	(1,081,874)
Administrative expenses		(9,528,048)	(7,057,318)
Operating profit	3	3,530,450	6,956,551
Net finance incomes/ (costs)	5	52,328	(240,877)
Profit before tax		3,582,778	6,715,674
Tax	6	(1,399,931)	(1,995,031)
Profit for the year		2,182,847	4,720,643
Earnings per share for profit attributed to equity holders of the company			
-basic and diluted (Shs per share)	7	29	93
Dividends			
Proposed final dividends for the year	7	1,147,500	1,683,000
Dividends per share before the rights issue (Shs)	7	-	33.00
Dividends per share after the rights issue (Shs)	7	15.00	22.00

The accounting policies and notes to the financial statements on pages 22 to 44 form an integral part of these financial statements.
Report of the independent auditors - page 17

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BALANCE SHEET

	Notes	2009 Shs '000	2008 Shs '000
		As at 30th June	
CAPITAL EMPLOYED			
Share capital	8	1,503,990	1,002,660
Share premium		27,158,864	-
Revaluation reserve		758,419	947,268
Retained earnings		17,885,149	16,660,953
Proposed dividends	7	1,147,500	1,683,000
Shareholders' funds		48,453,922	20,293,881
Non-current liabilities			
Borrowings	9	1,645,006	1,984,470
Deferred tax	10	1,068,174	930,969
		2,713,180	2,915,439
		51,167,102	23,209,320
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	11	11,715,624	10,551,779
Prepaid operating lease rentals	12	2,428,539	730,072
Goodwill	13	134,706	-
Investments	14	299,048	252,687
		14,577,917	11,534,538
Current assets			
Inventories	15	4,925,870	3,785,330
Trade and other receivables	16	25,859,098	6,263,212
Investments	14	8,405,572	2,582,460
Tax recoverable		307,413	336,127
Cash and cash equivalents	17	1,110,271	2,442,579
		40,608,224	15,409,708
Current liabilities			
Trade and other payables	19	3,419,647	2,396,962
Finance lease obligations	9	564,271	601,876
Dividends payable		35,121	736,088
		4,019,039	3,734,926
Net current assets		36,589,185	11,674,782
		51,167,102	23,209,320

The financial statements on pages 5 to 31 were approved for issue by the Board of Directors on ....2009 and were signed on its behalf by:

DIRECTOR **DIRECTOR**

The accounting policies and notes to the financial statements on pages 22 to 44 form an integral part of these financial statements.
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STATEMENT OF CHANGES IN EQUITY

	Share capital Shs '000	Share premium Shs '000	Revaluation Reserve Shs '000	Retained earnings Shs '000	Proposed dividend Shs '000	Total Shs '000
Year ended 30 June 2008						
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)	-	-
Deferred tax adjustment on revaluation surplus	-	-	65,895	-	-	65,895
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	16,660,953	1,683,000	20,293,881
Year ended 30 June 2009						
At start of year	1,002,660	-	947,268	16,660,953	1,683,000	20,293,881
Transfer of excess depreciation	-	-	(231,659)	231,659	-	-
Deferred tax on depreciation transfer	-	-	69,498	(69,498)	-	-
Transfer of surplus on disposal of non qualifying building	-	-	(295,210)	295,210	-	-
Transfer of decifit on revalued buildings	-	-	383,603	(383,603)	-	-
Deferred tax on write off	-	-	(115,081)	115,081	-	-
Profit for the year	-	-	-	2,182,847	-	2,182,847
Issue of share capital	501,330	27,158,864	-	-	-	27,660,194
Dividends paid	-	-	-	-	(1,683,000)	(1,683,000
Proposed final for 2009	-	-	-	(1,147,500)	1,147,500	-
At end of year	1,503,990	27,158,864	758,419	17,885,149	1,147,500	48,453,922

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 22 to 44 form an integral part of these financial statements.
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CASH FLOW STATEMENT

	Notes	2009 Shs '000	2008 Shs '000
Operating activities			
Cash (used in)/generated from operations	22	(13,526,345)	6,773,298
Interest paid		(349,103)	(242,173)
Interest received		912,057	203,368
Tax paid		(1,234,011)	(1,811,958)
Net cash (used in)/generated from operating activities		(14,197,402)	4,922,535
Investing activities			
Cash paid for the purchase of property, plant and equipment (internally financed)	11	(4,021,460)	(1,686,724)
Purchase of prepaid lease rentals		(1,838,029)	-
Purchase of other investments		(5,869,473)	(1,163,520)
Proceeds of disposal of property, plant and equipment		61,715	15,528
Intangible assets (Good will)		(134,706)	-
Net cash (used in) investing activities		(11,801,953)	(2,834,716)
Financing activities			
Rights issue of ordinary shares		27,660,194	-
Repayments of borrowings		-	(27,778)
Finance lease principal repayments		(609,177)	(578,978)
Dividends paid		(2,383,970)	(782,459)
Net cash generated from/(used in) financing activities		24,667,047	(1,389,215)
(Decrease)/increase in cash and cash equivalents		(1,332,308)	698,604
Movement in cash and cash equivalents			
At start of year	17	2,442,579	1,743,975
(Decrease)/increase		(1,332,308)	698,604
At end of year	17	1,110,271	2,442,579

The accounting policies and notes to the financial statements on pages 22 to 44 form an integral part of these financial statements.
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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 the International Financial Reporting Standards. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in accounting policy (b) below.

There are certain new standards, amendments and interpretations to existing standards that have been published and are compulsory for the company's accounting periods beginning on or after 1July 2009, which the company has not adopted earlier. These are as follows:

- IAS 1 on 'Presentation of Financial Statements' - The revised standard will prohibit the presentation of items of income and expenses ('non-owner changes in equity') in the statement of changes in equity. All such changes will be shown in a performance statement. Where comparative information is reclassified or restated, the company will have to present a restated balance sheet at the beginning of the comparative period. The company will adopt the revisions to this standard in the accounting period beginning 1 July 2009. It is likely that management will present the income statement and statement of comprehensive income as performance statements.

b) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the company's accounting policies, the company's management makes certain estimates about future events. In practice, the estimated results would differ from the actual results. Such estimates and assumptions, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

c) **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.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Uganda Shillings (functional currency) 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) **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.

f) **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of assets acquired at the date of acquisition. Goodwill is recognised as an intangible asset in the first year and subsequently tested for impairment on an annual basis.

g) **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.

h) **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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) **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.

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) **Trade payables**

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

l) **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.

m) **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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) **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.

o) **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.

p) **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.

q) **Financial assets**

The company's financial assets fall into the following category:

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

Trade and other receivables are classified as loans and receivables and are carried at amortised cost. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated at the difference betwen the assets carrying amount and the present values of expected future cash flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account for determinig operating profit.

r) **Financial liabilities**

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method.

Borrowings are classified as financial liabilities.

s) **Comparatives**

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

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NOTES TO THE FINANCIAL STATEMENTS

	2009 Shs '000	2008 Shs '000
1. Revenue		
News paper sales	12,802,591	11,450,596
Advertising sales	24,262,312	22,702,626
Commercial printing	5,806,195	4,507,699
Scrap sales	329,714	400,948
	43,200,812	39,061,869
2. Other operating income		
Bad debts recovered	-	22,218
Other income	182,258	59,878
Interest income	912,057	203,367
Total other operating income	1,094,315	285,463

3. Operating profit

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

	2009 Shs '000	2008 Shs '000
Depreciation on property, plant and equipment (Note 11)	2,290,472	1,534,705
Amortisation of prepaid operating lease rentals (Note 12)	139,564	22,143
Loss on disposal of property, plant and equipment	737,533	3,061
Auditors' remuneration	45,899	43,700
Receivables - provision for bad debts	347,003	563,077
Inventories -provision for obsolescence	(33,758)	(10,507)
Repairs and maintenance on property,plant and equipment	1,153,975	696,029
Staff costs (Note 4)	11,081,274	9,616,648

4. Staff costs

	2009 Shs '000	2008 Shs '000
Salaries and wages	8,851,239	7,462,328
Retirement benefits costs:		
Terminal benefits	86,327	43,884
National Social Security Fund contributions	871,497	752,119
Gratuity expenses	302,108	282,254
Other staff costs	970,103	1,076,063
	11,081,274	9,616,648

5. Net finance (incomes)/ costs

	2009 Shs '000	2008 Shs '000
Net foreign exchange gains	(625,455)	(73,425)
Interest expense		
- bank loans	-	4,365
- finance leases	349,103	237,808
Operating lease payments	224,024	72,129
	(52,328)	240,877

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2009 Shs '000	2008 Shs '000

6. Tax

	2009 Shs '000	2008 Shs '000
Current tax	1,262,726	1,464,111
Deferred tax charge (Note 10)	137,205	530,920
	1,399,931	1,995,031

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

	2009 Shs '000	2008 Shs '000
Profit before tax	3,582,778	6,715,674
Tax calculated at a tax rate of 30% (2008: 30%)	1,074,833	2,014,702
Tax effect of:		
Expenses not deductible for tax purposes	138,485	172,260
Effect of unrecognised items on deferred tax	186,613	(191,931)
Tax	1,399,931	1,995,031

7. 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 14 September 2009, a proposed dividend in respect of the year ended 30 June 2009 of Shs.15 (2008: Shs 22) per share was proposed. The total proposed dividend for the year amounts to Shs 1,148 million (2008: Shs 1,683 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 2,183 million (2008: Shs 4,721 million) and on the weighted average number of ordinary shares outstanding during the year.

	2009	2008
Net profit attributable to shareholders (Shs'000)	2,182,847	4,720,643
Weighted average number of ordinary shares in issue	76,500,000	51,000,000
Basic earnings per share (Shs)	29	93

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. **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
Issue of shares	25,500,000	501,330
At end of year	76,500,000	1,503,990

The total authorised number of ordinary shares is 76.5 million (2008: 51 million) with a par value of Shs 19.66 (2008 :Shs 19.66) per share. All issued shares are fully paid up.

Rights issue

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.

Shares were issued at Shs. 1,100 per share hence a premium of Shs. 1,080.34 per share of 25.5 million shares. The total net share premium after all issue costs is Shs. 27,158,864,460 in the Balance sheet.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2009 Shs '000	2008 Shs '000
9. Borrowings		
The borrowings are made up as follows:		
Non-current		
Finance leases	1,645,006	1,984,470
Current		
Finance leases	564,271	601,876
Total borrowings	2,209,277	2,586,346

The company entered into finance lease arrangements to finance the purchases of printing equipment worth Shs. 1,465 million from East African Development Bank in 2007/2008 and a motor vehicle and computers worth shs 232 million from Stanbic Bank during the year. The finance lease is secured on the leased asset and is payable within three years.

Weighted average interest rates of finance leases at year end were 16% (2008:13%) 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 609.2 million (2008: Shs 578.3 million).

	2009 Shs '000	2008 Shs '000
Finance lease liabilities - minimum lease payments		
Not later than 1 year	856,438	947,208
Later than 1 year and not later than 5 years	1,964,293	2,541,775
	2,820,731	3,488,983
Future finance charges on finance leases	(611,454)	(902,637)
Present value of finance lease liabilities	2,209,277	2,586,346

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2008:-30%). The movement on the deferred tax account is as follows:

	2009 Shs '000	2008 Shs '000
At start of year	930,969	465,944
Income statement (credit)	137,205	530,920
(Credit) to equity	-	(65,895)
At end of year	1,068,174	930,969

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	At 30 June Shs'000
Deferred tax liabilities			
Property, plant and equipment			
-historical cost	978,965	81,006	1,059,971
-revaluation	279,453	45,585	325,038
	1,258,418	126,591	1,385,009
Deferred tax assets			
Provisions	(327,449)	10,614	(316,835)
Net deferred tax liability	930,969	137,205	1,068,174

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. **Property, plant and equipment**

For the year ended 30 June 2009

	Freehold Land 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	27,000	3,304,000	6,640,073	510,946	829,318	199,749	2,370,788	165,365	33,241	630,763	14,711,243
Additions	-	992,943	27,930	91,404	541,369	414,515	821,552	97,115	33,642	1,233,099	4,253,569
Disposals	-	(823,912)	(44,305)	(52,960)	(5,127)	-	(69,993)	-	-	(106,034)	(1,102,331
At end of year	27,000	3,473,031	6,623,698	549,390	1,365,560	614,264	3,122,347	262,480	66,883	1,757,828	17,862,481
Depreciation											
At start of year	-	202,661	677,017	370,963	531,971	14,722	1,957,710	23,145	4,372	376,904	4,159,465
Disposals	-	(83,346)	(6,651)	(34,609)	(2,447)	-	(69,993)	-	-	(106,034)	(303,080
Charge for the year	-	180,023	674,422	99,442	223,817	44,910	804,261	43,085	10,372	210,140	2,290,472
At end of year	-	299,338	1,344,788	435,796	753,341	59,632	2,691,978	66,230	14,744	481,010	6,146,857
Net book value											
At end of year	27,000	3,173,693	5,278,910	113,594	612,219	554,632	430,369	196,250	52,139	1,276,818	11,715,624

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 2008

	Freehold land 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	199,749	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	399,498	2,370,788	165,366	33,242	630,762	14,711,245
Depreciation											
At start of year	-	-	-	323,114	461,300	14,722	1,659,625	-	-	279,936	2,723,975
Disposals	-	-	-	(48,375)	(10,659)	-	(40,179)	-	-	-	(99,213)
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	531,972	29,444	1,957,710	23,145	4,372	376,904	4,159,466
Net book value											
At end of year	27,000	3,101,339	5,963,056	139,984	297,347	370,054	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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Property plant and equipment (continued)

During the year assets worth Shs 232 million were acquired under a finance lease which will be repaid over 3 years. The acquired assets brought the total cost of all leased assets to 2,996 million.

	2009 Shs '000	2008 Shs '000
Cost - capitalised finance leases	3,861,580	3,590,354
Depreciation		
At start of year	422,640	77,159
Charge for the year	442,628	345,481
	865,268	422,640
Net book Value	2,996,312	3,167,714

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:

	Land 2009 Shs '000	Buildings 2008 Shs '000	Plant and machinery 2009 Shs '000	Plant and machinery 2008 Shs '000
Cost	4,489,412	4,182,020	7,993,562	8,817,041
Accumulated depreciation	(999,709)	(960,147)	(2,664,387)	(2,455,917)
Net book value	3,489,703	3,221,873	5,329,175	6,361,124

12. Prepaid operating lease rentals

The movement of prepaid operating rentals is as follows:

	2009 Shs '000	2008 Shs '000
Cost		
At start of year	880,825	880,825
Additions	1,838,029	-
At end of year	2,718,854	880,825
Amortisation		
At start of year	150,753	128,610
Charge for the year	139,564	22,143
At end of year	290,315	150,753
Net book value	2,428,539	730,072

13. Goodwill

At 30 June	134,706	-

During the year, the company acquired Radio West located in Mbarara paying goodwill of Shs. 134.7 million. Nothing has come to attention of management to indicate that goodwill may be impaired.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2009 Shs '000	2008 Shs '000
14. Investments		
Short term investments:		
Investment with African Alliance Uganda Limited	5,572	1,664,797
Investment with Stanbic Bank Uganda Limited	8,400,000	917,663
	8,405,572	2,582,460
Long term investments - Held to maturity:		
Investment with African Alliance Uganda Limited	299,048	252,687
Total investment	8,704,620	2,835,147

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.

	2009 Shs '000	2008 Shs '000
15. Inventories		
News print	2,674,477	2,267,922
Consumables	361,230	343,301
Work in progress	129,938	109,526
Printing ink	266,888	222,730
Films and plates	630,224	326,868
Printing chemicals	896,871	525,490
Provision for obsolete stocks	(33,758)	(10,507)
	4,925,870	3,785,330

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Trade and other receivables

	2009 Shs '000	2008 Shs '000
Trade receivables	5,974,996	5,502,155
Less: provision for bad debts	(788,360)	(694,436)
Net trade receivables	5,186,636	4,807,719
Prepayments	19,174,929	469,431
Staff advances	304,545	198,487
Other receivables	1,161,380	741,609
Receivables from related parties (Note 23)	31,608	45,966
	25,859,098	6,263,212

Note: Prepayments relate to deposits on plant and machinery not yet received by the Company.

Effect of foreign exchange differences on trade and other receivables

	2009	2008
Trade and other receivables net of exchange differences	25,819,036	6,276,026
Effect of foreign exchange differences	40,062	(12,814)
Total trade and other receivables	25,859,098	6,263,212

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:

	2009 Shs '000	2008 Shs '000
US Dollar	306,557	212,173
Euro	235,175	369,049
UK Pound	96,836	5,104
Uganda Shs	25,220,530	5,676,886
	25,859,098	6,263,212

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

	2009	2008
3 to 12 months	1,194,419	1,537,598
Over 12 months	773,055	19,139
	1,967,474	1,556,737

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2009 Shs '000	2008 Shs '000
17 Cash and cash equivalents		
Cash at bank and in hand	1,110,271	2,442,579

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

18. Retirement benefits obligations

During the year, the Company expensed Shs 302.1 million (2008: Shs 290.4 million) as gratuity for managers employed on contract terms.

	2009 Shs '000	2008 Shs '000
19. Trade and other payables		
Trade payables	1,350,237	379,567
Accruals	296,787	261,031
Other payables	1,772,623	1,747,902
Payables to related parties (Note 23)	-	8,462
	3,419,647	2,396,962

Effect of foreign exchange differences on trade and other payables:

Trade and other payables net of foreign exchange differences	3,502,863	2,399,005
Effect of foreign exchange differences	(83,216)	(2,043)
Total trade and other payables	3,419,647	2,396,962

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	1,075,381	153,026	121,830	-	1,350,237
Accruals	296,787	-	-	-	296,787
Other payables	947,582	202,804	383,247	238,990	1,772,623
	2,319,750	355,830	505,077	238,990	3,419,647

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. **Capital commitments**

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

	2009 Shs '000	2008 Shs '000
Property, plant and equipment	18,036,010	NIL
At start of year	-	1,404,405
Authorised capital expenditure	18,036,010	-
Effected capital expenditure	-	(1,404,405)
At end of year	18,036,010	-

21. **Contingencies**

At 30 June 2009, there was a contingent liability of Shs. 262 million (2008: Shs.86.5 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.

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.

22. **Cash from operating activities**

	2009 Shs '000	2008 Shs '000
Reconciliation of Profit before tax to cash (used in)/generated from operations		
Profit before tax	3,582,778	6,715,674
Adjustments for:		
Depreciation on property plant and equipment (Note 11)	2,290,475	1,534,704
Amortisation of operating lease rentals (Note 12)	139,564	22,143
Loss on disposals of property, plant and equipment	737,533	3,061
Net interest expense (Note 5)	349,103	237,808
Interest expense on bank borrowings (Note 5)	-	4,365
Interest received	(912,057)	(203,368)
Changes in working capital		
Trade and other receivables	(19,595,886)	(1,679,169)
Inventories	(1,140,540)	(227,765)
Trade and other payables	1,022,685	365,845
Cash (used in)/generated from operations	(13,526,345)	6,773,298

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. **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:

	2009 Shs '000	2008 Shs '000
i) **Sales of goods and services**		
Advertisements in Newspapers/ Magazines/ Radio		
Advertisements in newspapers Protea hotel/ Simba telecom	21,893	24,439
Newspapers supplied to Protea Hotel	4,612	18,719
Commercial printing work with The Eye Magazine	2,056	-
Commercial printing work with The Eye Magazine	163,103	178,767
ii) **Purchase of goods and services**		
Meeting Services with Elgon Terrace	12,135	-
Meeting Services with Protea Hotel	5,646	8,462
iii) **Outstanding balances arising from purchase/sale of goods/services**		
Due from The Eye Magazine	2,056	30,255
Due from Protea Hotel	22,985	14,762
Due from Simba Telecom	6,567	949
Total (Note 14)	31,608	45,966
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.

	2009 Shs '000	2008 Shs '000
iv) **Directors' remuneration**		
-as executives	202,721	175,408
-as board members	36,904	12,207
At end of year	239,625	187,615

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. **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 2009

	US $	**Euro**	**UK pound**	**Other Currencies**	**Total**
Effect on profit (decrease)/ increase	(46,824)	17,615	7,357	53	(21,799)
Effect on equity components (decrease)/increase	-	-	-	-	-
	(46,824)	17,615	7,357	53	(21,799)

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)	(80.00)	33,348

- Interest rate risk

At 30 June 2009, 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. 5.6 million (June 2008: Shs. 1 million) 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. 5.6 million (June 2008: Shs 1 million) 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. 150 million (2008: Shs 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.

c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 9 and 19 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 2009 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	-	-	-	-	11,715,624	11,715,624
Operating lease rentals	-	-	-	-	2,428,539	2,428,539
Long term investments	-	-	-	-	299,048	299,048
Goodwill	-	-	-	-	134,706	134,706
Inventories	-	4,925,871	-	-	-	4,925,871
Receivables and Prepayments	2,027,204	21,849,115	1,194,419	788,360	-	25,859,098
Short term investment and interest recievable	2,100,000	6,305,572	-	-	-	8,405,572
Current income tax recoverable	-	307,413	-	-	-	307,413
Cash and bank balances	1,110,271	-	-	-	-	1,110,271
Total assets	5,237,475	33,387,971	1,194,419	788,360	14,577,917	55,186,142
Equity and liabilities						
Share capital	-	-	-	-	1,503,990	1,503,990
Share premium	-	-	-	-	27,158,864	27,158,864
Revaluation reserve	-	-	-	-	758,419	758,419
Retained earnings	-	-	-	-	17,885,149	17,885,149
Proposed dividends	-	-	1,147,50	-	-	1,147,500
Payables and accrued expenses	2,319,751	355,830	744,066	-	-	3,419,647
Dividends payable	-	35,121	-	-	-	35,121
Deferred tax liability	-	-	61,240	1,006,934	-	1,068,174
Finance lease obligation	-	-	564,272	1,645,006	-	2,209,278
Corporation tax	-	-	-	-	-	-
Total equity and liabilities	2,319,751	390,951	2,517,078	2,651,940	47,306,422	55,186,142
Net Liquidity gap:						
At 30.06.2009	2,917,724	32,997,020	(1,322,659)	(1,863,580)	(32,728,505)	-
At 30.06.2008	3,407,201	6,392,412	(521,405)	(1,949,178)	(7,329,030)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Liquidity risk (cont'd)

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.

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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	-	-	442,631	2,553,680	-	8,719,313	11,715,624
Operating lease rentals	-	-	-	-	-	2,428,539	2,428,539
Long term investments	-	-	-	299,048	-	-	299,048
Goodwill	-	-	-	-	-	134,706	134,706
Receivables and Prepayments	-	-	-	-	-	25,859,098	25,859,098
Short term investments and interest receivable	-	8,400,000	5,572	-	-	-	8,405,572
Inventories	-	-	-	-	-	4,925,871	4,925,871
Income tax recoverable	-	-	-	-	-	307,413	307,413
Cash and bank balances	-	-	-	-	-	1,110,271	1,110,271
Total assets	-	8,400,000	448,203	2,852,728	-	43,485,211	55,186,142
Equity and liabilities							
Share capital	-	-	-	-	-	1,503,990	1,503,990
Share premium	-	-	-	-	-	27,158,864	27,158,864
Revaluation reserve	-	-	-	-	-	758,419	758,419
Retained earnings	-	-	-	-	-	17,885,149	17,885,149
Proposed dividends	-	-	-	-	-	1,147,500	1,147,500
Payables and accrued expenses	-	-	-	-	-	3,419,647	3,419,647
Dividends payable	-	-	-	-	-	35,121	35,121
Deferred tax liability	-	-	-	-	-	1,068,174	1,068,174
Finance lease obligation	-	-	564,272	1,645,006	-	-	2,209,278
Corporation tax	-	-	-	-	-	-	-
Total equity and liabilities	-	-	564,272	1,645,006	-	52,941,743	55,186,142
Interest sensitivity gap:							
At 30.06.2009		8,400,000	(116,069)	1,207,722	-	(9,456,532)	-
At 30.06.2008	1,664,797	917,663	256,395	1,090,450	-	(3,416,515)	-

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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 2009, 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	-	-	-	11,715,624	11,715,624
Operating lease rentals	-	-	-	2,428,539	2,428,539
Long term investments	-	-	-	299,048	299,048
Goodwill	-	-	-	134,706	134,706
Inventories	-	-	-	4,925,871	4,925,871
Receivables and Prepayments	306,557	235,175	96,836	25,220,530	25,859,098
Short term investment and interest receivable	8,400,000	-	-	5,572	8,405,572
Current income tax recoverable	-	-	-	307,413	307,413
Cash and bank balances	67,260	60,755	-	982,256	1,110,271
Total assets	8,773,817	295,930	96,836	46,019,559	55,186,142
Equity and liabilities					
Share capital	-	-	-	1,503,990	1,503,990
Share premium	-	-	-	27,158,864	27,158,864
Revaluation reserve	-	-	-	758,419	758,419
Retained earnings	-	-	-	17,885,149	17,885,149
Proposed dividends	-	-	-	1,147,500	1,147,500
Deferred tax liability	-	-	-	1,068,174	1,068,174
Payables and accrued expenses	782,969	8,550	4,871	2,623,257	3,419,648
Dividends payable	-	-	-	35,121	35,121
Finance lease obligation	-	-	-	2,209,277	2,209,277
Corporation tax	-	-	-	-	-
Total equity and liabilities	782,969	8,550	4,871	54,389,751	55,186,142
Net currency position					
At 30.06.2009	**7,990,848**	**287,380**	**91,965**	**(8,370,192)**	**-**
At 30.06.2008	**672,067**	**-**	**-**	**(672,067)**	**-**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. 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 2009 were as follows:

	2009 Shs '000	2008 Shs '000
Total borrowings (Note 9)	2,209,277	2,586,346
Less cash and cash equivalents (Note 17)	(1,110,271)	(2,442,579)
Net debt	1,099,006	143,767
Total equity	48,453,921	20,293,881
Gearing ratio	1:44	1:141

26. Events after the balance sheet date

There are no material events to date which require to be disclosed.

27. Country of incorporation

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

28. Currency

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

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

8th 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 8th Annual General Meeting of the company to be held on 29th day of October 2009 at 3.00pm or at any adjournment thereof.

Signed this.........................day of................................2009

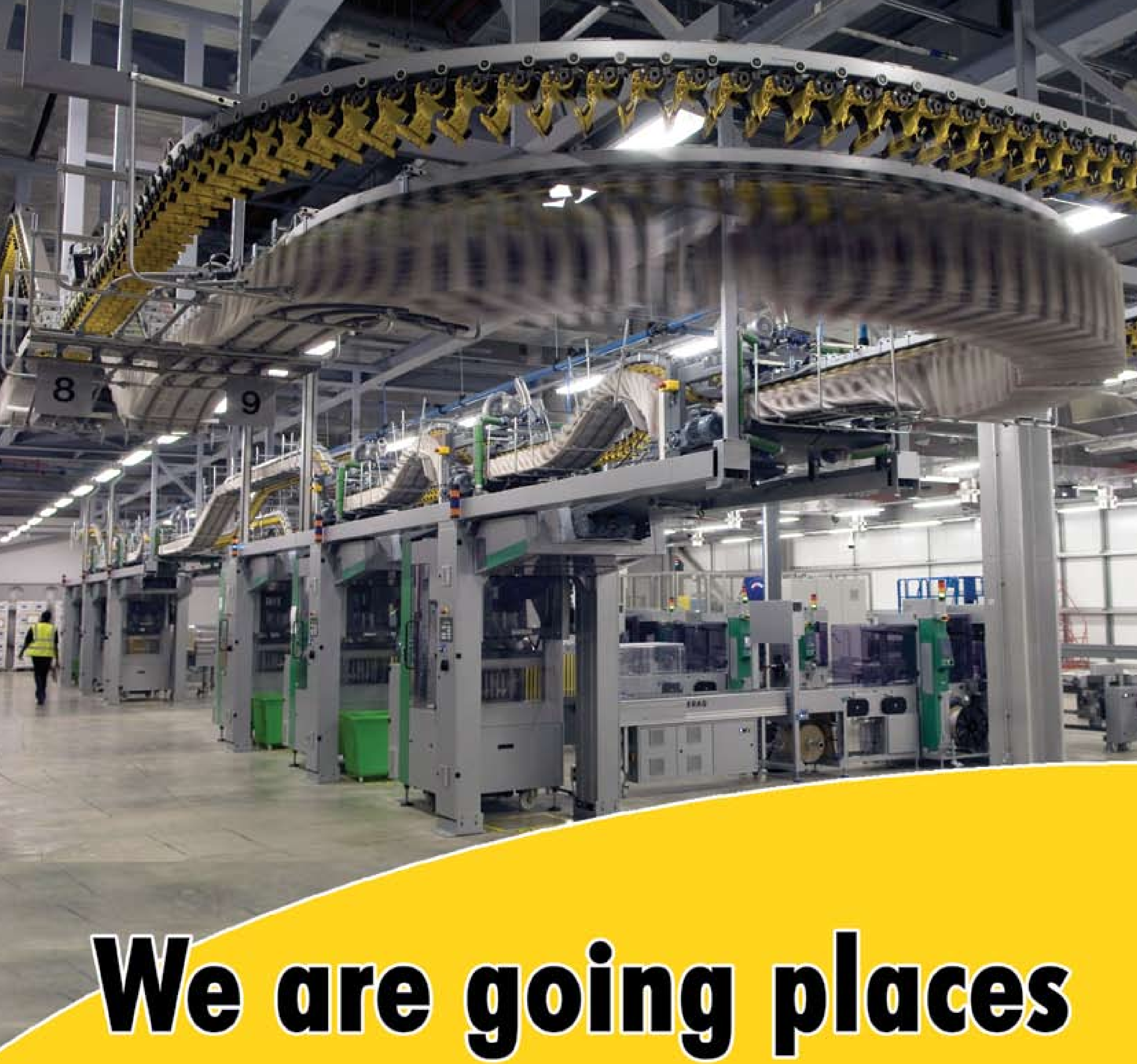
Name ....

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