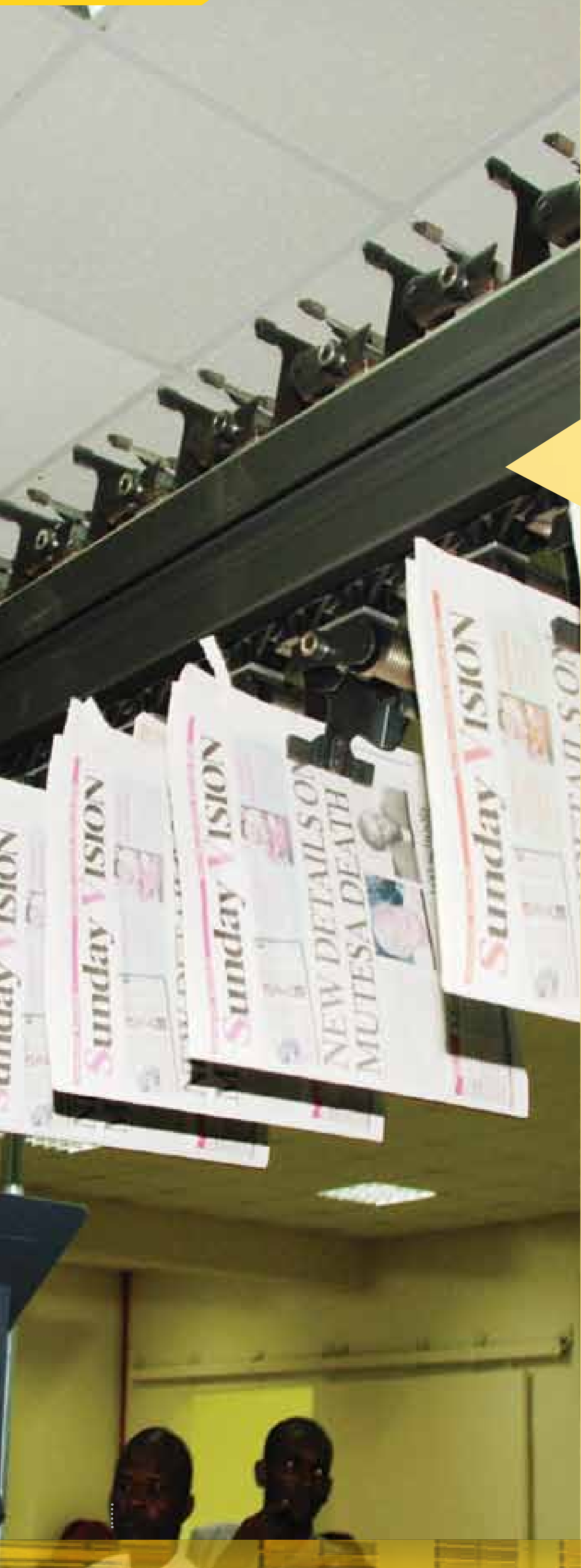
ANNUAL REPORT 2009/2010

VISION GROUP®

INNOVATION AND EXCELLENCE

Incorporated as New Vision PPCL



Mission

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

Vision

To 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

CONTENTS

The newly completed factory housing the High-tech GOSS Magnum 4 Printing Press

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **9th ANNUAL GENERAL MEETING (AGM)** of New Vision Printing & Publishing Company Limited will be held at the head office of the company, Plot 19/21 1st Street Industrial Area, Kampala on Thursday the 28th day of October, 2010 at 3:00 pm for the following purposes:

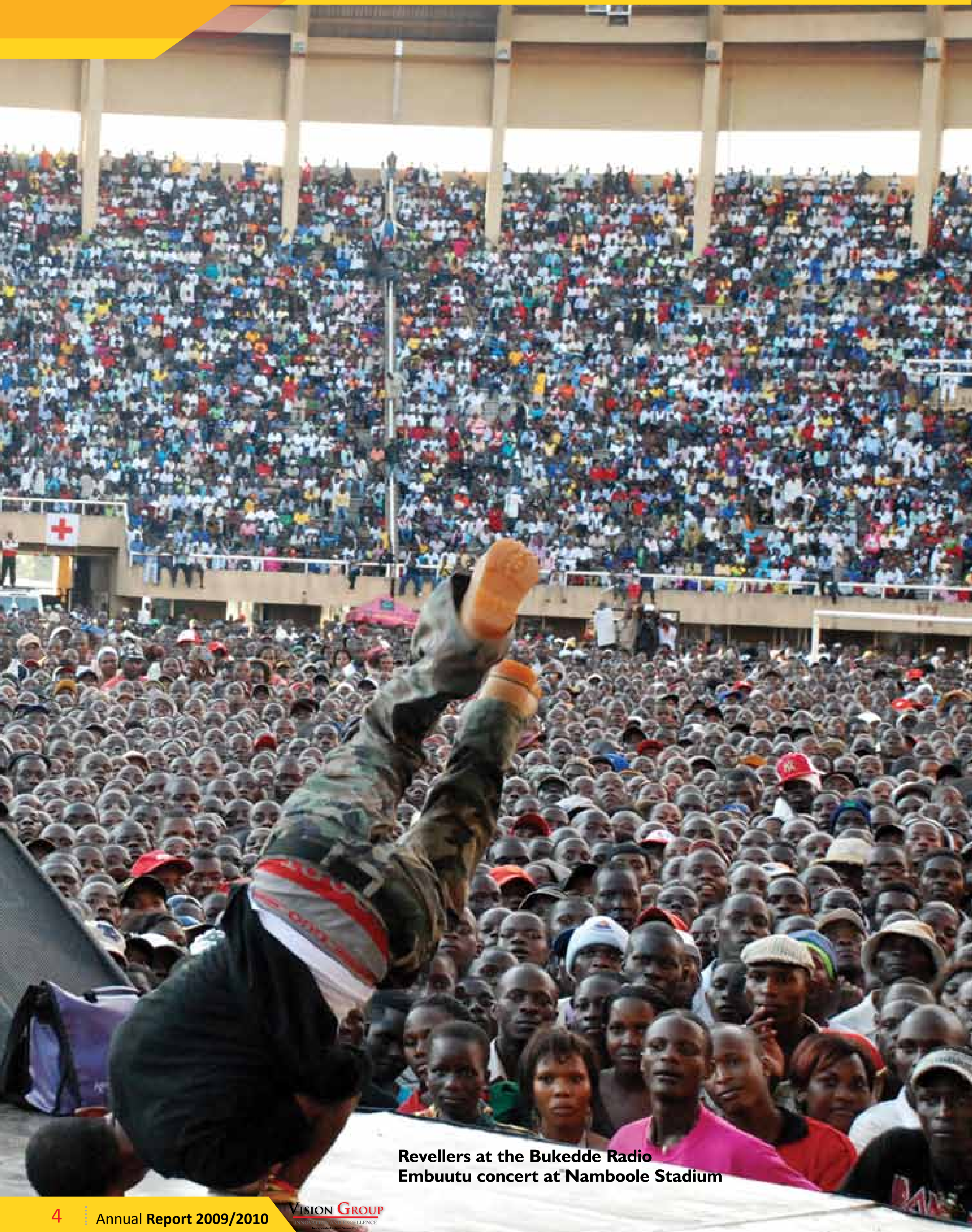
1. To receive and adopt the report of the directors and the financial statements of the company for the year ended June 30th, 2010 together with the report of the auditors.
2. To approve and declare a final dividend for the year ended 30th June 2010.
3. To rotate and elect directors as per articles 66-68, 73 and 82-86 of the company's memorandum and articles of association.
4. To approve fees payable to the non-executive directors.
5. To appoint auditors for the financial year 2010/2011.
6. As special business, to consider the proposal that the articles of association of the company be altered to increase the maximum number of directors to eleven from nine.
7. As special business, to consider the proposal that the articles of association of the company be altered to remove the limit to the period within which an annual general meeting is to be held after the end of each financial year.

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 59 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*



Revellers at the Bukedde Radio Embuutu concert at Namboole Stadium

COMPANY PROFILE

The New Vision Printing & Publishing Company Limited (NVPPCL) started business in March 1986 and continues to grow into a multimedia business focusing on newspaper, magazines, internet publishing, television, radio broadcasting, commercial printing, advertising and distribution services.

NVPPCL enjoys 60% of the print media advertising spend and 65% of the market share of all newspapers sold in Uganda. NVPPCL is now listed on the Uganda Stock Exchange.

In the financial year ending June 2009, turnover exceeded 42 billion shillings, with New Vision being one of the top 40 taxpayers in the country.

OFFICES

Kampala:	**NVPPCL head office is located on Plot 19/21, First Street Industrial Area**
Western Uganda:	**Masaka, Mbarara, Fort Portal**
Eastern Uganda:	**Jinja, Mbale, Soroti**
Northern Uganda:	**Lira, Arua, Gulu**

PRODUCTS

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

NEWSPAPERS

The Uganda newspaper market is mature, therefore New Vision continuously develops new products to generate additional readership and meet the ever changing market needs. All the newspapers are regularly redesigned, giving them a fresh look and keeping them up-to-date with global design trends.

New Vision UGANDA'S LEADING DAILY

THE NEW VISION is the leading English daily newspaper published from Monday to Friday, aimed at the discerning balanced and accurate information. Since inception, New Vision has been the leading daily in Uganda, enjoying a 65% market share of the total daily English newspaper sales.

The New Vision editorial philosophy is to provide "information of record" and in a balanced way, covering all the facts and leaving 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. The added value features include: - Mwalimu and Jobs, Woman's Vision, Health and Beauty, Farming, Business Vision ToTo and Blitz.

The New Vision newspaper supports Education in Uganda and publishes advanced career/study guides and conducts direct school education through the "Newspapers in Education" programme.
Circulation ABC – 31,000

SATURDAY VISION is an English weekend newspaper aimed at leisure, entertainment & relaxation for all Ugandans. It offers a variety of news features, sports, commentary and entertainment. The entertainment package includes Essence for Her, Total Man, Children & Teens, Intimate, Wellbeing, Krazy Krazy, Homes, Have You Heard (gossip column) and Weekend Soccer.
Circulation – 29,000

THE SUNDAY VISION is the only newspaper in East Africa to have an A4 magazine inserted free with every copy. This is the premier weekend read that offers a variety of background news, features, sports, commentary and entertainment. The Sunday Vision also caters for the vast religious category in Uganda and publishes Alive, the only Christian religious supplement available in the country. Its entertainment package includes Its Kawa, Tech Buzz, Personal Finance and a Children's section. The Sunday Magazine includes Fashion Police, Society, Lifestyle, Style, Parenting, People, Travel, Turning Point and Bad Idea.
Circulation ABC – 27,500

BUKEDDE is the only daily paper published in Luganda. It is the most brand loyal newspaper in Uganda and is an integral part of the average working Ugandan's day. Focusing on the community and 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, and is highly regarded as the formal authority on the KABAKA and his people. It has a variety of features which include farming, relationship advice, leisure, traditional remedies, shocking eye openers, women and health, entertainment, art, people, what's on and sports
Circulation ABC – 26,700

BUKEDDE Ku SSANDE is an entertaining family paper published in Luganda every Sunday. It has a variety of entertaining features about places, events and people, which include news and commentary, leisure, children and health, lifestyle and sports.
Circulation ABC – 24,000

REGIONAL NEWSPAPERS

Regional newspapers are published weekly and focusing on the everyday life and human interest side of the communities in western, northern and eastern Uganda. The Vision Group is the only publishing house in Uganda producing local language newspapers for the different areas in Uganda.

ORUMURI is published in Runyankore/Rukiga every Monday. The main circulation area is the western part of Uganda, from Masaka to Kabale, including Toro, Kasese and Bunyoro. Orumuri offers a variety to its readers which includes local and international news, gossip, relationship, education, politics, community news, wedding pictorial, business, herbal remedies, farming, weekly news round up and sports.
Circulation – 19,500 copies per week

RUPINY is published in Luo every Wednesday. The northern part of Uganda, Gulu and Lira are Rupiny's main circulation areas. Rupiny has a variety of features such as local and international news, politics, relationship advice, sports, community news and gossip, business, leisure, crazy crazy country, pictorials and readers' letters and opinions.
Circulation – 8,500 copies per week

ETOP is published in Ateso every Thursday. The main circulation area covers north-eastern Uganda, Soroti, Katakwi and Kumi. Etop gives its readers value for money with a variety of features that include regional and international news, relationship advice, sports, community news and gossip, business, crazy crazy country, pictorial and readers' letters and opinions.
Circulation – 11,000 copies per week

MAGAZINES

Magazines deliver high-end niche audiences which is an attractive vehicle to reach more people. Magazines in Uganda, like the rest of the world, are the fastest growing print media opportunity.
Vision Group prints several magazines that currently comprise of:-

- Entertainment magazine City Beat
- Sports magazine Premiership
- Wedding magazine like Bride & Groom
- Women magazine Flair,
- Speciality magazine like Secondary Schools Directory, Uganda 2009
- Special events souvenir magazines like World Cup, CHOGM magazines

In addition new titles are currently under consideration to reach different niche audiences.

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, plus local stars playing internationally.
Average monthly circulation is 13,000 copies.

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 & enjoy.
Average monthly circulation is 7,000 copies.

BRIDE & GROOM is aimed at couples planning, having or attending a wedding, covering all items from budgeting, through to fashion and the wedding ceremony.
Circulation is 11,000 copies per quarter.

FLAIR for her is designed for high-end females, covering all aspects of the working executive, working mother, fashion and life. It is published every second month.
Circulation is 5,000 copies monthly.

SECONDARY SCHOOLS DIRECTORY taps into the lucrative education market in Uganda. It is published annually in January.
Circulation is 4,500 copies.

UGANDA IN 20XX is an annual prediction magazine focusing on all spheres of life for the coming New Year. It is published annually in January and inserted free in the New Vision.
Circulation is 40,000 copies

WEBSITE PUBLISHING

New Vision has continued to invest in internet operations, believing that in the long-run, the internet will become the primary delivery vehicle for newspapers which will eventually have their role redefined as electronic content providers.

The website is designed by international consultants with key targets to include generating more local traffic, more advertising revenue, creating a faster database and a new content management system.

www.newvision.co.ug - carries digital versions of all the above products. It is the most visited Ugandan website with approximately 3,924,904 page views 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

BROADCASTING

New Vision broadcast services are growing continuously and currently New Vision has five strategic radio stations and two free to air television stations:-

RADIOS

VISION VOICE 94.8FM

Is a Stereo news radio station covering much of Kampala and broadcasts in English. Its content and programs give it a unique identity of infotainment, offering a variety of programs each tailored to the target market.

BUKEDDE FM 100.5

Bukedde FM broadcasts in Luganda offering its listeners a blend of entertainment and information. The radio station shares a close & beneficial relationship with the readership of the Bukedde newspaper. Bukedde FM 100.5 grew to the number four station in the country after only 7 months of broadcasting and is expected to be number 1 within two years. It is also available on FM 106.8 in Masaka.

RADIO WEST 100.2FM

Radio West is western Uganda's dominant radio station offering regional news, music & entertainment. It is 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

RADIO RUPINY 95.7 FM

Radio Rupiny is the new radio station, based in GULU for the people of the northern part of Uganda, stretching from Lira, round to Kitgum and Gulu. Broadcasting in a mixture of Acholi and Luo with a mixture of politics, news, infotainment and music (Local and some international) it is the radio of choice for the people of the north.

ETOP RADIO 99.4 FM

Based in Soroti, ETOP RADIO is the next step for the successful newspaper ETOP for the people of the eastern part of Uganda. From Tororo, Mbale and Soroti, broadcasting in Ateso. The radio offers a mixture similar to sister station in the North, with a combination of politics, news, infotainment and music (Local and some international). ETOP radio is expected to grow massively in the next two years.

TELEVISION

BUKEDDE TV

Uganda's only Luganda TV station dedicated to the Baganda people of central Uganda. Reaching a 100 km radius from the centre of Kampala, the station talks to people from Luwero to Jinja, Masaka to Entebbe and includes the Ssese Islands. It covers a potential population of 8 million people.

The viewers of Bukedde TV are the teachers, traders, farmers, civil servants and workers from the heart of the country.

Featuring programmes of a local nature, with a mixture of movies, local features, local and international soaps, sports (mainly soccer), news and extensive debates
Bukedde TV, the first and only local TV station in Uganda

TV WEST

The second of the groups TV channels and currently testing. TV West is expected to be fully operational from October 2010. Targeting the western part of Uganda and based in Mbarara, the signal should reach Kabale and Fort Portal. The target audience is mainly teachers, traders, farmers, civil servants and workers from the western part of the country.

Featuring programmes of a local nature, with a mixture of movies, local features, local and international soaps, sports (mainly soccer), news and extensive debates

PRINTING SERVICES

PRE-PRESS: Vision Printing is fully equipped for complete pre-press services with modern workstations and latest production software, a UNIX server network. We offer in-house direct to plate services including graphic designing and scanning. We accept Macintosh and PC based files on CD, FTP transfers or e-mail and output plates on a CTP (Computer to Plate) from a SCREEN and KODAK Pre-Press Systems at a resolution of 2400 dpi with a maximum plate size of B1.

PRESSROOM

- Web Offset – Goss Machines
- A3+ four colour flat sheet press – SM52
- A0+ two colour flat sheet press – Planeta
- A1+ 4 colour flat sheet press – Ryobi computerised printer with automatic inking registration units' and infrared dryers.
- Perforating machine for receipt books, invoice books, voucher books, etc.

BINDERY: To ensure that we give our clients a comprehensive service and quality job, our binding department is well equipped with;

- Muller Martini – inline automatic stapler and trimmer
- Heidelberg Folding Machine with automatic folding (A1-A6 – maximum 5 folds)
- Guillotine Polar Computerised Machine x 2
- Heidelberg Euro Binder – Perfect Binding
- Perforating and scorer
- Renz Auto puncher and spiral binder

This means that we can print and achieve the highest quality for all sorts of magazines, small (10 pages) to big volume (over 500 pages) books, annual reports, spiral bound dairies, calendars (desk & wall), folders, and newsletters among others.

BENEFITS:
- Speedy delivery
- Competitive prices
- Guaranteed quality
- Free consultations
- Machine proofs for all your jobs

OUR PROMISE: Our team of knowledgeable and experienced professionals are dedicated to quality and efficiency.

SECURITY: All jobs are treated with paramount care, safety and confidentiality. We have a well-established strong system that ensures the integrity, privacy and security of your job right from the time the job is accepted to the time it's delivered back to you.

ADVERTISING SERVICES

New Vision advertising partners with organizations and positions them competitively to maximise every opportunity available in their target market.

Print media advertising services are provided in both the newspapers and magazines. The excellent quality of the colour and its clarity makes the service a leading player in the business.

Electronic media advertising services are on the website, radios and televisions, offering practical marketing solutions to growing organizations.

New Vision offers a comprehensive package for advertising, communication and design, bringing together a unique combination of advertising platforms that maximizes effective reach of target markets or audiences.

New Vision advertising bases solutions on market analysis, rather than assumptions and client satisfaction drives New Vision advertising to peak performance at all times and maximizes client retention.

Advertising services offered by New Vision Printing and Publishing Company Limited include:-
- Display and classified adverts
- Supplements
- Theme supplements – motor mart, food guide, property and shopping
- Special review
- Job adverts

- Tenders
- Insertions
- Website adverts
- Radio adverts
- Television adverts

CIRCULATION DISTRIBUTION SERVICES

Circulation distribution services ensure that all New Vision products are sold and distributed daily to all major towns in Uganda and neighbouring cities like Nairobi, Kigali and Juba. Circulation services aim at getting the newspaper on the market early enough to conveniently serve all readers at a profit.

New Vision is a member of the Audit Bureau of Circulations South Africa (ABC). The New Vision, Sunday Vision and Bukedde circulation figures are independently audited every quarter.

ABC registration offers independently audited, accurate, consistent and regular circulation data; in addition it gives credibility to the circulation data, provides content that aids the advertiser in media planning and buying decisions and aids the publisher in selling advertising.

CONTACT
NEW VISION PRINTING AND PUBLISHING CO. LTD.

HEADQUARTERS:	ALL SECTIONS +256 (0)414 337 000
EDITORIAL:	editorial@newvision.co.ug
ADVERTISING:	advertising@newvision.co.ug
PRINTING:	print@newvision.co.ug
CIRCULATION:	circulation@newvision.co.ug

The High-tech GOSS Magnum 4 Printing Press in the new factory

New Vision Printing and Publishing Co. Ltd.

Board of Directors

David Ssebabi
Acting Chairman

Captain Gad Gasaatura
Non-Executive Director

Mrs. Christine Guwatudde Kintu
Non-Executive Director

Patrick Bitature
Non-Executive Director

Robert Kabushenga
Managing Director/ Chief Executive Officer

Orono Otweyo
Non-Executive Director

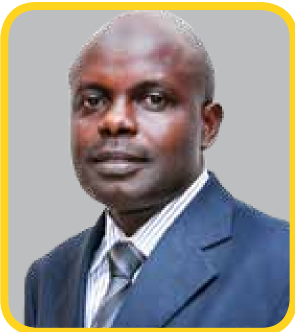
Senior Management

Robert Kabushenga,
Managing Director/
Chief Executive Officer

Barbara Kaija
Editor in Chief

Masiko Kabumba Nahamya
Chief Internal Auditor

Kathy Sempebwa Turinawe
Human Resources Manager



Hajji Zubair Musoke
Finance Manager

Tony Glencross
Sales and Marketing Manager

Gervase Ndyanabo,
Company Secretary

Saxophonist Isaiah Katumwa performs at the Bride & Groom Expo 2009

Chairman's Report

David Ssebabi
Acting Chairman

The just concluded financial year 2009/2010 has been one in which the company has made great strides. It is the year in which the company completed the investments for which funds were raised during the rights issue in 2008. A new factory and printing press with enhanced capacity were commissioned. Investment in a national radio network is largely complete. There has been successful entry into the television sector. An SMS platform has been introduced to allow interactivity with our audiences and dominance of the online media space by the company's products continues. The New Vision has now achieved full multimedia status with a presence in print, broadcast, television, online and other digital media platforms such short message services for media purposes.

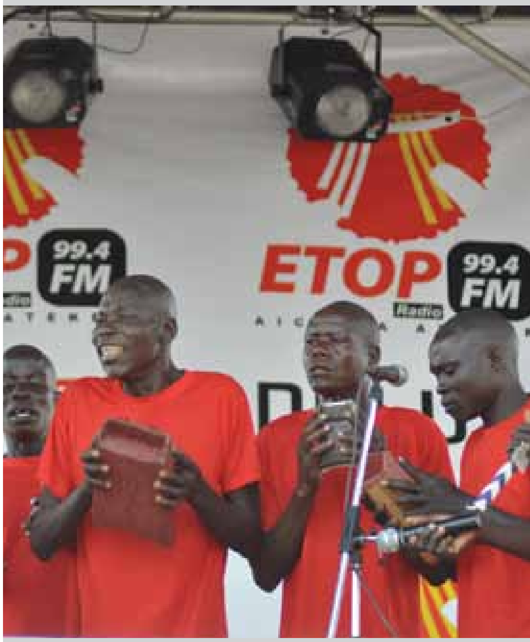
The financial situation of the company remains solid as indeed the accounts will demonstrate. Revenue performance improved greatly although the company posted a modest profit. The reason for this is that the new investments undertaken have increased the administrative cost immediately without the corresponding immediate commensurate increase in revenue. Nevertheless, these new business units did make a significant contribution to the improvement in our revenue performance. The second reason for the modest profit levels is that the old printing press was disposed of in this financial year at a market value less than the book value.

The Board has continued to oversee a process of prudent management of company affairs and to make interventions designed to increase shareholder value. The key highlights are enumerated below.

Finance:

During the financial year, the company experienced growth in turnover across all the business platforms. Clear details of this are contained in this report. Key achievements are that there was an overall turnover growth of 15.6% compared to the previous financial year. Circulation and Commercial Printing demonstrated remarkable growth of 10 and 17% respectively. New business lines have also made a significant contribution to this revenue growth by posting a 10% growth while print media advertising revenue improved by a margin of 8%

The point to note is that cost of sales grew primarily because of increased inputs to meet the growth in volume of business. The additional factor is the depreciation of the shilling against the dollar. This is significant because most



Launch of Etop Radio 99.4 FM in Soroti

Ekigwo Ggumbya in Mubende

of our inputs are imported using foreign currencies while our earnings are in shillings. The business, therefore, suffers the vagaries of exchange rate movements. There was also the increase in administrative costs because of the need to finance operations of new investments in television and radio and increases in fuel prices. In addition, there are costs in additional depreciation on the new investments. The other significant loss was occasioned by the disposal of the old printing press at a price lower than the book value even though this price was the highest bid and most attractive offer. A combination of all these factors had an adverse effect on the profit of the company. Nevertheless, the Board is confident that the business is well managed, company financial health is good and the cash reserves are more than sufficient to meet all the business obligations as they fall due. Most importantly, the future revenue outlook is optimistic because of the positive performance of the new revenue centers.

Sales and Marketing

The commissioning of the new printing press gave the company a major business advantage. This enabled the company to provide high quality products and services. This advantage came into effect in the last quarter of the financial year and had a positive impact on sales. For this reason, the company has been able to secure its dominant market share in newspaper copy sales and advertising spend. Delivery and distribution of the product is more efficient and reproduction quality is currently the best in the region.

The major milestone was to firmly establish Bukedde as the second best selling daily newspaper after the New Vision which has maintained its position as Uganda's leading daily. Bukedde is performing better than its nearest competitor by well over 4,000 copies.

Radio Rupiny, Etop Radio and Bukedde TV, which all started this year, have performed above budget in sales revenue and have contributed significantly to improving the copy sales of our newspapers in the market where they are operational.

The company undertook massive entertainment events as a market entry strategy which has ensured that our electronic media properties went straight to number one in audience size in their respective markets. This is translating into positive revenue performance.

The online business continues to perform well. The popularity of the website grew with monthly visitors rising from 770,000 in July 09 to 1,010,331 in June 2010.We secured a more stable hosting environment which considerably reduced instances of the website not being available due to too much traffic. It is expected that there will be some investments to focus on the new audiences that are consuming media.

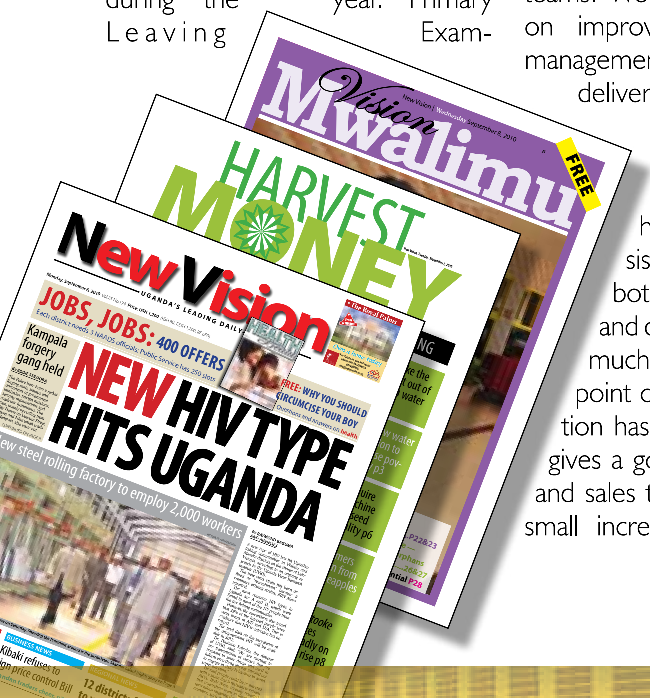
The company has also made modest investment in SMS media platform that should generate some revenue on the basis of audience interactivity.

Editorial

Ms. Els De Temmerman left the company in April this year following the end of her contract as Editor-in-Chief. Mrs. Barbara Kaija was appointed to replace her in this capacity as the team leader for our editorial operations.

In the recently concluded financial year there has been an emphasis on discussing our audiences and their informational needs with all the journalists. This focus should enable the company recruit audiences that are commercially viable. In this regard numerous brainstorms with the editorial teams and the other stakeholders in Circulation, Marketing and Sales were conducted. Focus group discussions were held with newspaper readers and other smaller and informal focus groups so as to get an assessment of the products. The outcomes of these surveys are the basis for the ongoing editorial innovations in the company.

A number of editorial projects were undertaken to boost circulation during the year. Primary Leaving Examination tests articles were launched for the season and they are a big service to the community but also a sales booster. They also help recruit younger readers now and for the future. In Orumuri, we have over 4,000 buyers every week because of these PLE tests; in Rupiny an average of 300 and in Etop 800. These are monitored through the submitted test scripts.



We had a comprehensive coverage of World Cup - Lots of pictures, fresh stories and analysis - that were a great service to the audience. Such projects help make incremental growth and to build reader loyalty.

The regional newspapers and radio stations have made a lot of progress with integrations. They have joint weekly planning meetings. They also share tips and stories. The newspaper editors have in particular played a key role in mentoring, coaching and training reporters in both newspaper and radio reporting in Gulu, Lira, Soroti and Mbarara. We have strong and dedicated teams. We shall continue working on improving the performance management systems for efficient delivery.

Magazines

The focus for editorial has been to build consistence of good products both in terms of content and design. The products are much better from an editorial point of view and the production has greatly improved. This gives a good basis for circulation and sales to grow. So far there is small incremental growth in the sales.

We shall enforce the six-month content calendar for each magazine. This will in turn help Sales to work in advance and in a more targeted manner.

Human Resource

Staffing

The business of the company is heavily knowledge-driven. Every product offering is a direct result of the human creative process. Therefore, a knowledge team is a crucial competitive advantage. For this reason, there was significant investment in skills acquisition to manage the new business line while maintaining predominance in the existing one, hence a growth of 22% in the staff compliment. The variation in staff numbers is largely due to the new projects that were implemented during the first quarter of 2009-2010, namely Radio Rupiny, Etop Radio and Bukedde TV.

Training and Development

The main focus was on development of skills in the production department to provide the team with the necessary skills to manage the new printing set up. Nevertheless there was continued support to other teams with professional training, higher qualifications, soft skill training and internal skills transfer training.

Organisation Development

Over the past three years, NVPPCL has expanded in terms of products, operations and staff. This resulted in a need for us to re-examine the organisation in terms of structure, job roles, performance management and change management. Following a year-long consultancy, a report has been developed with recommendations which were approved by the Board.

ICT Department

The company carried out an upgrade of the internet service to cater for growing related business needs including online banking, internet research and communication. Vision Group boasts one of the biggest internet pipes at a combined capacity of 16MBps. This has automated a number of other functions increasing efficiency in the operations of the company.

Audit

For the year ended 30/06/10, internal audit continued to enhance the risk management focus and conducted regular audits; control self assessments and other consulting engagements including special investigations and other requests from management. Detailed findings and recommendations were brought to the attention of management and a follow up effected to determine the adequacy and effectiveness of corrective action taken by management in addressing the audit findings. Generally, management was supportive and responsive to issues raised by internal audit through acceptance of the recommendations and taking of timely appropriate action.

Corporate Governance

The company remains committed to the highest standards of corporate governance.

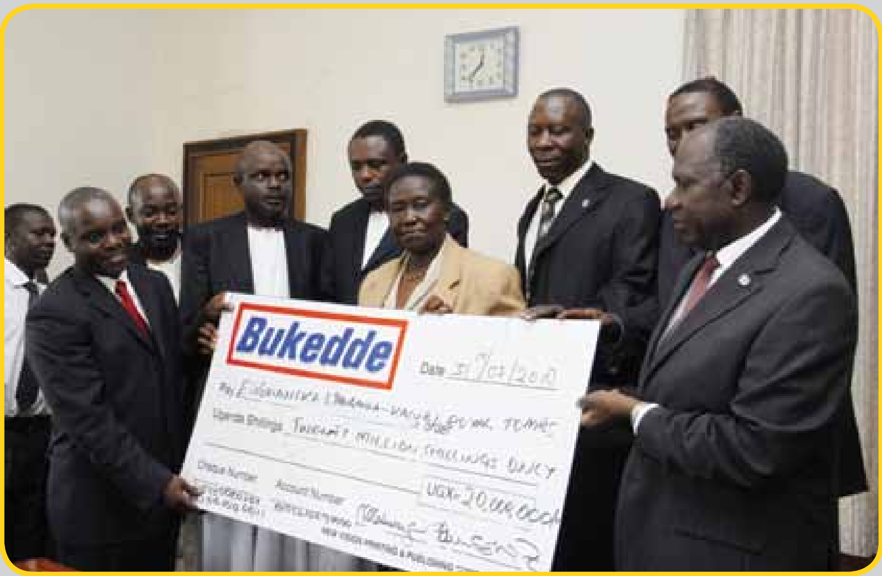
Full disclosure of operating results and other material information is made available to company shareholders, the general public, and the requisite regulatory bodies including the Uganda Securities Exchange (USE) and the Capital Markets Authority (CMA). Statutory questions, including returns, are filed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

The Board of Directors of the company has 3 committees - the Audit Committee, the Editorial Committee, and the Finance and Administration Committee. The committees hold meetings regularly.

A Key Controls/Risks Checklist, which is a synopsis of critical controls that should be operational across the entire company, is in place as a basis for review of the efficacy of the organization's enterprise wide risk management framework.

A corporate code of ethics is in

Bukedde contributes to the reconstruction of the Kasubi Tombs



New Vision staff contribute

place, and the recently initiated anonymous fraud reporting hot-line is active and has been a great tool in generating information utilised during investigations.

Corporate Social Responsibility

We have followed up stories of public interest aggressively. The features section of New Vision successfully conducted a reader campaign to encourage breast-feeding among working mothers. Women were invited to send in stories about their experiences with breast-feeding, focussing on the challenges they met and how they overcame them. This increased awareness on the benefits of breast-feeding among our audiences.

Anti-corruption campaign: New Vision asked a reputable auditor to write a series on 'Plugging the Loopholes' under the logo 'Corruption Watch'. The series, which has been running in Business Vision, gives tips on how to demand accountability and plug loopholes in the management of schools, churches, local governments, small businesses, etc. In addition, the New Vision agreed to run a series on how to use the oil wealth to the benefit of the country and the people, in an attempt to open up the debate and make oil operations more transparent.

A breast cancer campaign was embarked on with the theme of awareness of breast cancer in young women. Survival stories were published in a month-long campaign in the 'Woman' pullout which greatly highlighted the plight of young women living with breast cancer. In addition, New Vision partnered with the parliamentary committee on HIV to award Ugandans using their own resources at grassroots level to prevent the spread of HIV/AIDS and to support people living with HIV/AIDS.

New Vision provided financial support to among others, the Kingdom of Buganda towards the reconstruction of the Kasubi tombs established in 1881 and declared a world heritage site by UNESCO in 2001. The tombs, one of Uganda's historical monuments, went up in flames on March 16 night, completely razing the building that housed the graves of four former Kabakas' of Buganda Kingdom. Katikkiro Walusimbi received the contribution from New Vision on the 31st of March, 2010.

Future Outlook

The future is now bright more than ever before. We have laid a very strong foundation as all planed investments have been concluded and it is now time for action to translate them into real growth for the company.

We shall consolidate and deliver on our promises to the shareholders.

to treatment of child with TB

Contribution by New Vision staff to sick child

Finance Minister Syda Bumba launches the new factory

CORPORATE INFORMATION

DIRECTORS

David Ssebabi	*Acting Chairman*
Robert Kabushenga	*Managing Director / CEO*
Patrick Bitature	*Non Executive Director*
Orono Otweyo	*Non Executive Director*
Christine Guwatudde	*Non Executive Director*
Gad Gasaatura	*Non Executive Director*

BOARD AUDIT COMMITTEE

Orono Otweyo (Chairman)
David Ssebabi
Christine Guwatudde

COMPANY SECRETARY

Gervase Ndyanabo
Plot 19/21, 1st Street
Industrial Area
P. O. Box 9815
Kampala, Uganda

REGISTERED OFFICE

Plot 19/21, First Street
Industrial Area
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AUDITORS

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BANKERS

Standard Chartered Bank Uganda Limited
P. O. Box 7111
Kampala, Uganda

Stanbic Bank Uganda Limited
P.O Box 7131
Kampala, Uganda

LEGAL ADVISORS

Lex Uganda Advocates and Solicitors
P. O. Box 22490
Kampala, Uganda

Kiwanuka and Karugire Advocates & Solicitors
P. O. Box 6160
Kampala, Uganda

Kimuli and Sozi Advocates
P. O. Box 22593
Kampala, Uganda

Okae, Basalirwa, Kakerewe and Company Advocates
P. O. Box 1876
Lira, Uganda

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 30 June 2010.

PRINCIPAL ACTIVITY

The principal activities of the company are printing and publishing of The New Vision, Saturday Vision, Sunday Vision, Bukedde, Bukedde Lwamukaaga, Bukedde Ku Ssande, Orumuri, Etop and Rupiny Newspapers, printing and publishing of magazines and radio and television broadcasting.

FINANCIAL RESULTS	Ushs' 000
Profit before taxation	1,898,963
Taxation charge	(1,164,177)
Profit for the year transferred to retained earnings	734,786

DIVIDEND

The directors recommend approval for payment of a final dividend of Ushs 15 per share amounting to Ushs 1,147,500,000 for the year (2009: Ushs 15 per share amounting to Ushs 1,147,500,000).

DIRECTORS

The present membership of the board is set out on page 23.
Grace Akello resigned on 14 September 2010
Henry Mutefu retired on 14 September 2010

AUDITORS

Deloitte & Touche were appointed during the year and have expressed their willingness to continue in office in accordance with the provisions of Section 159(2) of the Ugandan Companies Act (Cap.110).

BY ORDER OF THE BOARD

Secretary

Kampala
14/9/2010

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Ugandan Companies Act requires the directors to prepare financial statements for each financial year 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 of the company for that year. It also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

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 Ugandan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act. 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 and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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.

Director
14/9/2010

Director
14/9/2010

REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR GENERAL TO PARLIAMENT IN RESPECT OF NEW VISION PRINTING AND PUBLISHING COMPANY LIMITED FOR THE FINANCIALYEAR ENDED 30th JUNE 2010

Under section 17 (1) of the Public Enterprises Reform and Divestiture Act (Cap 98) and the National Audit Act 2008, I am required to audit the financial statements of the New Vision Printing and Publishing Company Limited. In accordance with the same section, I appointed Deloitte and Touché 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 7 to 34, which comprise the statement of financial position as at 30thJune 2010 and the statement of comprehensive income statement of changes in equity and cash flow statement for the year then ended together with the summary of significant accounting policies and other explanatory notes have been audited.

Director's Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the 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 responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit is planned and performed to obtain reasonable assurance as to whether 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 the 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 purposes 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.

REPORT OF THE AUDITOR GENERAL

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, 2010 and of its profit and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Company's 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 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 statement of financial position and statement of comprehensive income are in agreement with the books of account.

John .F. S. Muwanga
AUDITOR GENERAL
KAMPALA

14th September 2010

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2010

	Notes	2010 Ushs '000	2009 Ushs '000
Revenue	5	49,947,578	43,200,812
Cost of sales		(35,606,222)	(30,070,462)
Gross Profit		14,341,356	13,130,350
Other operating income	6	869,174	1,719,770
Distribution costs		(1,157,785)	(1,129,854)
Administrative expenses		(10,077,477)	(8,826,828)
Loss on disposal of property, plant and equipment		(1,439,441)	(737,533)
Finance costs	7	(636,864)	(573,127)
Profit before taxation	8 (a)	1,898,963	3,582,778
Taxation charge	9	(1,164,177)	(1,399,931)
Profit for the year		734,786	2,182,847
Other comprehensive income		-	-
Total comprehensive income for the year		734,786	2,182,847
		Ushs	Ushs
Earnings per share - basic and diluted	10 (a)	10	29

New Vision Printing and Publishing Co. Ltd.
STATEMENT OF FINANCIAL POSITION
For the Year Ended 30 June 2010

ASSETS	Notes	2010 Ushs '000	2009 Ushs '000
Non-current assets			
Property, plant and equipment	11	34,144,551	15,404,494
Prepaid operating lease rentals	12	2,550,606	2,428,539
Intangible assets	13	134,706	134,706
Investments	14	327,126	299,048
		37,156,989	18,266,787
Current assets			
Inventories	15	4,222,099	4,925,870
Trade and other receivables	16	9,084,555	22,170,228
Investments	14	3,871,558	8,405,572
Corporate tax recoverable	9 (c)	2,881,298	307,413
Cash and cash equivalents	18	2,545,746	1,110,271
		22,605,256	36,919,354
Total assets		59,762,245	55,186,141
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	1,503,990	1,503,990
Share premium	20	27,158,864	27,158,864
Revaluation reserve		374,605	758,419
Retained earnings		19,003,749	19,032,649
Shareholders' funds		48,041,208	48,453,922
Non-current liabilities			
Borrowings	21	395,196	1,645,006
Deferred tax liability	9 (d)	4,801,097	1,068,174
		5,196,293	2,713,180
Current liabilities			
Trade and other payables	22	4,611,633	3,419,647
Borrowings	21	1,265,434	564,271
Dividends payable		647,677	35,121
		6,524,744	4,019,039
Total equity and liabilities		59,762,245	55,186,141

The financial statements on pages 23 to 57 were approved by the board of directors on 14th September 2010 and were signed on its behalf by:

Director

Director

New Vision Printing and Publishing Co. Ltd.
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2010

	Share capital Ushs '000	Share premium Ushs '000	Re-valuation reserve* Ushs '000	Retained earnings Ushs '000	Total
At 1 July 2008	1,002,660	-	947,268	18,343,953	20,293,881
Transfer of excees depreciation	-	-	(231,659)	231,659	-
Deferred tax on excess depreciation	-	-	69,498	(69,498)	-
Transfer of surplus on non-qualifying building	-	-	(295,210)	295,210	-
Transfer of deficit on revalued buildings	-	-	383,603	(383,603)	-
Deferred tax on write-off	-	-	(115,081)	115,081	-
Issued share capital	501,330	27,158,864	-	-	27,660,194
Dividend declared for year 2008	-	-	-	(1,683,000)	(1,683,000)
Total comprehensive income for the year	-	-	-	2,182,847	2,182,847
At 30 June 2009	1,503,990	27,158,864	758,419	19,032,649	48,453,922
At 1 July 2009	1,503,990	27,158,864	758,419	19,032,649	48,453,922
Transfer of excees depreciation	-	-	(108,371)	108,371	-
Deferred tax on excess depreciation	-	-	32,511	(32,511)	-
Transfer of surplus on qualifying building	-	-	(439,935)	439,935	-
Deferred tax on transfer	-	-	131,981	(131,981)	-
Dividend declared for year 2009	-	-	-	(1,147,500)	(1,147,500)
Total comprehensive income for the year	-	-	-	734,786	734,786
At 30 June 2010	1,503,990	27,158,864	374,605	19,003,749	48,041,208

*The revaluation reserve represents the net cumulative surplus arising from the revaluations of property, plant and equipment.

New Vision Printing and Publishing Co. Ltd.

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2010

	Notes	2010 UShs '000	2009 UShs '000
Cash flows from operating activities			
Cash generated from / (used in) operations	24	22,140,564	(9,837,478)
Interest received	6	346,521	912,057
Interest paid	7	(296,191)	(349,103)
Tax paid	9 (c)	(5,139)	(1,234,012)
Net cash generated from / (used in) operating activities		22,185,755	(10,508,536)
Cash flows from investing activities			
Purchase of property, plant and equipment		(24,978,257)	(7,710,330)
Purchase of operating leases	12	(196,000)	(1,838,029)
Purchase of intangible assets	13	-	(134,706)
Sale / (purchase) of investments		4,505,936	(5,869,473)
Proceeds from disposal of property		1,017,255	61,715
Net cash used in investing activities		(19,651,066)	(15,490,823)
Cash flows from financing activities			
Rights issue of ordinary shares		-	27,660,194
Finance lease principal repayments		(564,270)	(609,177)
Dividends paid		(534,944)	(2,383,966)
Net cash (used in)/ generated from financing activities		(1,099,214)	24,667,051
Increase / (decrease) in cash and cash equivalents		1,435,475	(1,332,308)
Cash and cash equivalents at beginning of year		1,110,271	2,442,579
Cash and cash equivalents at end of year	18	2,545,746	1,110,271

1 REPORTING ENTITY

New Vision Printing and Publishing Company Limited ("the company") is incorporated in the Republic of Uganda as a limited liability company under the Ugandan Companies Act and is domiciled in Uganda. The company is listed on the Uganda Securities Exchange.

2 BASIS OF PREPARATION

a) Statement of compliance

Statement of Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS). For the purposes of the Ugandan Companies Act, the balance sheet is represented by the statement of financial position and the profit or loss account is presented in the statement of comprehensive income.

Adoption of new and Revised International Financial Reporting Standards

i) New standards, amendments to published standards and interpretations effective for the year ended 30 June 2010

- IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009).
- IFRS 2, Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009).
- IAS 23, Borrowing Cost (effective for annual periods beginning on or after 1 January 2009).
- IAS 1, Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009).
- IAS 32 & IAS 1, Puttable Financial Instruments and obligations arising on liquidation (effective annual periods beginning on or after 1 January 2009).
- IAS 39, Classification regarding assessment of embedded derivatives (effective for annual periods ending on or after 30 June 2009).
- May 2008 Improvements to IFRSs (effective from various annual periods mainly periods beginning on or after 1 January 2009).
- IFRIC 17, Distributions of Non-Cash Assets to Owners (effective for periods beginning on or after 1 July 2009).

2 BASIS OF PREPARATION (Continued)

a) Statement of compliance (continued)

ii) New standards and amendments to published standards in issue but not yet effective in the year ended 30 June 2010

- IFRS 9, Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2013).
- IFRS 2, Group Cash-settled Share-based Payments (effective for annual periods beginning on or after 1 January 2010).
- IFRS 3 & IAS 27, Business Combinations (effective for annual periods beginning on or after 1 July 2009).

iii) New and amended interpretations in issue but not yet effective in the year ended 30 June 2010

- IFRIC 19, Extinguishing Financial Liabilities Equity Instruments (effective for periods beginning on or after 1 July 2010).
- IFRIC 14, Prepayments of a Minimum Funding Requirement (effective for periods beginning on or after 1 January 2011).

iv) Impact of new and amended standards and interpretations on the financial statements for the year ended 30 June 2010 and future annual periods.

IAS 1 (as revised in 2007) Presentation of Financial Statements

IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

Amendments to IAS 7 Statement of Cash Flows

The amendments (part of Improvements to IFRSs (2009)) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures regarding reclassifications of financial assets

The amendments to IAS 39 permit an entity to reclassify non-derivative financial assets out of the 'fair value through profit or loss' (FVTPL) and 'available-for-sale' (AFS) categories in very limited circumstances. Such reclassifications are permitted from 1 July 2008. Reclassifications of financial assets made in periods beginning on or after 1 November 2008 take effect only from the date when the reclassification is made.

IAS 23 (as revised in 2007) Borrowing Costs

The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Company's accounting policy to capitalise borrowing costs incurred on qualifying assets.

IFRIC 17 Distributions of Non-cash Assets to Owners

The Interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

IFRS 9 Financial Instruments (Effective 1 January 2013)

This Standard introduces new requirements for the classification and measurement of financial assets and is effective from 1 January 2013 with early adoption permitted. New requirements for classification and measurement of financial liabilities, derecognition of financial instruments, impairment and hedge accounting are expected to be added to IFRS 9 in 2010. As a result, IFRS 9 will eventually be a complete replacement for IAS 39 and IFRS 7. An early adopter of IFRS 9 continues to apply IAS 39 for other accounting requirements for financial instruments within its scope that are not covered by IFRS 9 (e.g. classification and measurement of financial liabilities, recognition and derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, etc.).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis of accounting as modified by the revaluation of property which are accounted for at fair value.

c) Functional and presentation currency

The financial statements are presented in Uganda Shillings (Ushs), which is also the Company's functional currency. Except as indicated, financial information presented in Uganda Shillings has been rounded to the nearest thousand.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 revenue and expenses during the reported period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year and are consistent with prior year.

REVENUE RECOGNITION

Revenue from the sale of newspapers, magazines, scrap and commercial printing is recognised upon the delivery of goods to customers or when title has passed to customers. Advertisement revenue is recognised when advertisements are published in the newspaper or aired on radio or television. All revenue is stated net of Value Added Tax and discounts.

Interest income is recognised as it accrues, unless its collectability is in doubt.
Other income is recognised on an accrual basis.

SEGMENTAL REPORTING

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Company's reportable segments under IFRS 8 are therefore; publishing, broadcasting, commercial printing and others. For more details on key segments (or business clusters) see note 4.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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 dealt with through other comprehensive income and accumulated under a revaluation reserve in the statement of changes in equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to profit or loss for the year. Each year the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the profit or loss for the year) and the depreciation based on the assets' original cost is transferred from the revaluation reserve to retained earnings.

DEPRECIATION

Depreciation on property, plant and equipment 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. The rates in use are:

Buildings	4%
Plant and machinery	8%
Furniture and office equipment	12.5%
Motor vehicles and motor cycles	25%
Computers and digital cameras	40%
Pre-press equipment	25%
Radio transmission and studio equipment	12.5%
Radio electronic equipment	20%
Television studio equipment	12.5%
Television transmission equipment	8%

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Freehold land is not depreciated.

INTANGIBLE ASSETS

Intangible assets relating to software and website are initially measured at purchase cost and amortised on a straight-line basis over their estimated useful lives.

Goodwill arising in a business combination is recognised as an intangible asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment on an annual basis.

IMPAIRMENT OF ASSETS

At the end of each reporting period, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 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 statement of comprehensive income over the lease period.

Rentals payable under operating leases are amortised on a straight line basis over the term of the relevant lease.

INVENTORIES

Inventories are valued 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.

TRADE RECEIVABLES

Trade receivables are carried at an anticipated realisable value. Provisions are made against doubtful receivables based on a review of all outstanding amounts at the year-end. 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 provision. Subsequent recoveries of amounts previously written off are credited to profit or loss for the year under other operating income in the year of their recovery.

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 can be made.

PENSION AND NATIONAL SOCIAL SECURITY FUND CONTRIBUTION

The company makes contributions to the statutory National Social Security Fund (NSSF) on behalf of its national employees. The company's contribution amounts to 10% of the employees' salaries and is charged to the statement of comprehensive income as it falls due.

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.

FOREIGN CURRENCIES

The financial statements have been prepared in Uganda Shillings (Ushs' 000). Monetary assets and liabilities expressed in foreign currencies are translated into Uganda Shillings at the rate of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are charged to profit or loss for the year.

TAXATION

Tax on the profit or loss for the year comprises current tax and the change in deferred tax.
Current taxation is provided on the basis of the results for the year as shown in the financial statements adjusted in accordance with the tax legislation. The tax liability is calculated on the taxable profit at currently enacted tax rates.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

DIVIDENDS PAYABLE

Dividends payable on ordinary shares are charged to retained earnings in the year in which they are declared. Proposed dividends are not accrued for until ratified at an Annual General Meeting.

FINANCIAL INSTRUMENTS

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets

i) Classification
The company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans, advances and receivables, held-to-maturity investments and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

<u>Financial assets at fair value through profit or loss</u>
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or those that it has designated as at fair value through profit or loss or available-for-sale.

<u>Held to maturity investments</u>

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category is classified as available for sale.

<u>Available-for-sale financial assets</u>

These are financial assets that are not financial assets at fair value through profit or loss, loans, advances and receivables, or financial assets held to maturity.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

(ii) Recognition and derecognition

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are charged or credited to profit or loss for the year. Gains and losses arising from changes in the fair value of available-for-sale financial assets are dealt with through other comprehensive income and accumulated under a separate heading in the statement of changes in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised through other comprehensive income is recycled to profit or loss for the year.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

(iii) Impairment and uncollectability of financial assets

At the end of each reporting period, all financial assets are subject to review for impairment.

If it is probable that the company will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment loss has occurred. The amount of the loss is the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate (recoverable amount). The carrying amount of the asset is reduced to its estimated recoverable amount. The amount of the loss incurred is included in the profit or loss for the year.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised through other comprehensive income and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recycled through profit or loss for the year even though the financial asset has not been derecognised.

Financial liabilities

After initial recognition, the company measures all financial liabilities other than liabilities held for trading at amortised cost. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

CASH AND CASH EQUIVALENTS

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPARATIVES

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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. These are dealt with below.

i) Critical judgements in applying the company's accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 discussed below.

Fair values of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, investments held for trading) is determined by using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Property, plant and equipment

Critical estimates are made by the directors in determining depreciation rates of property, plant and equipment.

Impairment

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

4 SEGMENT REPORTING

a) Adoption of IFRS 8 Operating Segments

The Company has adopted IFRS 8 Operating Segments with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

b) Segment information

	PRINT MEDIA		ELECTRONIC MEDIA		COMMERCIAL PRINTING		OTHERS		TOTAL	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	Ushs'000	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**	**Ushs'000**
External Sales	38,773,025	35,187,523	3,968,367	1,877,379	6,817,940	5,806,195	1,257,420	1,424,029	50,816,752	44,295,126
Inter-segmental sales	-	-	-	-	-	-	-	-	-	-
Total Sales	38,773,025	35,187,523	3,968,367	1,877,379	6,817,940	5,806,195	1,257,420	1,424,029	50,816,752	44,295,126
Segment profit before taxation	4,409,761	5,069,362	(1,170,655)	(527,442)	(896,779)	(1,384,934)	(443,364)	425,791	1,898,963	3,582,777
Income tax expense	(2,703,445)	(1,980,798)	717,681	206,092	549,779	541,148	271,808	(166,373)	(1,164,177)	(1,399,931)
Profit after taxation	1,706,316	3,088,564	(452,974)	(321,350)	(347,000)	(843,786)	(171,556)	259,418	734,786	2,182,846
OTHER INFORMATION										
Segment Assets	30,474,788	10,619,530	2,980,857	2,128,338	3,374,218	8,010,176	20,051,084	34,120,684	56,880,947	4,878,728
Segment Liabilities	3,707,458	1,096,044	362,641	219,666	410,496	826,732	2,439,346	3,521,603	6,919,940	5,664,045
Capital Expenditure	20,208,223	7,449,465	1,565,368	1,941,960	3,416,289	523,749	-	-	25,189,880	9,391,425
Depreciation & amortisation expense	2,973,979	1,783,414	374,131	136,193	522,950	510,429	-	-	3,871,060	1,919,607

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than tax assets. Goodwill is also allocated to the applicable reportable segment.
  all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.
- Income tax expense is allocated to reportable segments based on their share of profit before tax.

		2010	2009
5	REVENUE	Ushs '000	Ushs '000
	Advertising revenue	28,646,514	24,262,312
	Circulation sales	14,094,880	12,802,591
	Commercial printing revenue	6,817,940	5,806,195
	Scrap sales	388,244	329,714
		49,947,578	43,200,812
6	OTHER OPERATING INCOME		
	Bad debts recovered	5,804	-
	Interest income	346,521	912,057
	Other income	500,155	182,258
	Foreign exchange gains	16,694	625,455
		869,174	1,719,770
7	FINANCE COSTS		
	Interest expense on finance leases	296,191	349,103
	Finance lease charge	340,673	224,024
		636,864	573,127
8(a)	PROFIT BEFORE TAXATIONThe profit before taxation is arrived at after charging:		
	Depreciation of property, plant and equipment	3,797,127	2,290,472
	Amortisation of prepaid operating leases	73,933	139,564
	Staff costs (Note 8 (b))	12,909,363	11,075,012
	Provision for doubtful debts	708,229	788,360
	Provision for obsolete inventories	130,920	33,758
	Auditors' remuneration	46,500	45,899
	Operating lease rentals	340,673	224,024
	Directors' fees	275,934	239,625
	Loss on disposal of assets	1,439,441	737,533
(b)	STAFF COSTS		
	Salaries and wages	10,488,651	8,851,239
	Terminal benefits	8,286	80,065
	National Social Security Fund contributions	1,027,448	871,497
	Gratuity expenses	395,737	302,108
	Other staff costs	989,241	970,103
		12,909,363	11,075,012

		2010	2009
9	TAXATION	Ushs '000	Ushs '000
(a)	Taxation charge		
	Current taxation	(2,568,746)	1,262,726
	Deferred taxation charge - note (d)	3,732,923	137,205
		1,164,177	1,399,931

(b) Reconciliation of taxation charge to expected tax based on accounting profit

	2010	2009
Profit before taxation	1,898,963	3,582,778
Tax at applicable rate of 30%	569,689	1,074,833
Tax effect of non-deductible expenses	1,933,644	138,485
Deferred tax not recognised	(1,339,156)	186,613
	1,164,177	1,399,931

(c) Corporate tax recoverable

	2010	2009
At beginning of year	(307,413)	(336,127)
(Credit) / charge for the year - note (a)	(2,568,746)	1,262,726
Tax paid during the year	(5,139)	(1,234,012)
At end of year	(2,881,298)	(307,413)

(d) Deferred tax liability

	2010	2009
The deferred income tax liability comprises;		
Accelerated capital allowances	5,011,012	1,059,971
Deferred tax on revaluation	160,546	325,038
Provisions	(370,461)	(316,835)
	4,801,097	1,068,174
Reconciliation of deferred tax		
At 1 July	1,068,174	930,969
Charge to the statement of comprehensive income - note (a)	3,732,923	137,205
At 30 June	4,801,097	1,068,174

		2010	2009
10(a)	EARNINGS PER SHARE – BASIC & DILUTED	2010	2009
	Profit attributable to ordinary shareholders – Ushs'000	734,786	2,182,847
	Shares in issue during the year	76,500,000	76,500,000
	Basic earnings per share – Ushs	10	29

The basic and diluted earnings per share were the same as at 30 June 2010 and 30 June 2009 since there were no potentially dilutive shares.

b) DIVIDENDS PER SHARE

A dividend of Ushs 15 per share amounting to Ushs 1,147,500,000 was paid during the year (2009 – Ushs 22 amounting to Ushs 1,683,000,000). Payment of dividends is subject to withholding tax at a rate of 15%.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2010

11 PROPERTY, PLANT AND EQUIPMENT

a) For the year ended 30 June 2010

	Freehold land Ushs '000	Buildings Ushs '000	Plant and machinery Ushs '000	Motor vehicles Ushs '000	Furniture and equipment Ushs '000	Radio transmission equipment Ushs '000	Computers Ushs '000	Radio studio equipment Ushs '000	Radio studio electronics Ushs '000	Cameras and pre-press Ushs '000	Television studio equipment Ushs '000	Television transmission equipment Ushs '000	Capital Work in Progress Ushs '000	Total Ushs '000
COST AND VALUATION														
At 1 July 2009	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	-	-	3,688,870	21,551,351
Additions	-	7,563,448	10,056	4,148	432,945	394,068	775,288	99,382	64,359	34,283	198,513	320,873	15,096,517	24,993,880
Transfers	-	3,688,870	15,096,517	-	-	-	-	-	-	-	-	-	(18,785,387)	-
Disposals	-	-	(3,094,552)	(6,117)	(8,808)	-	(224,024)	-	-	-	-	-	-	(3,333,501)
At 30 June 2010	27,000	14,725,349	18,635,719	547,421	1,789,697	1,008,332	3,673,611	361,862	131,242	1,792,111	198,513	320,873	-	43,211,730
At cost	27,000	12,245,261	18,823,373	547,421	1,789,697	1,008,332	3,673,611	361,862	131,242	1,792,111	198,513	320,873	-	40,919,296
At valuation - 2007	-	2,480,088	(187,654)	-	-	-	-	-	-	-	-	-	-	2,292,434
	27,000	14,725,349	18,635,719	547,421	1,789,697	1,008,332	3,673,611	361,862	131,242	1,792,111	198,513	320,873	-	43,211,730
DEPRECIATION														
At 1 July 2009	-	299,338	1,344,788	435,796	753,341	59,632	2,691,978	66,230	14,744	481,010	-	-	-	6,146,857
Eliminated on disposal	-	-	(638,732)	(6,117)	(8,808)	-	(223,148)	-	-	-	-	-	-	(876,805)
Charge for the year	-	450,710	1,697,943	76,412	314,618	80,841	699,240	59,348	18,562	345,122	25,224	29,107	-	3,797,127
At 30 June 2010	-	750,048	2,403,999	506,091	1,059,151	140,473	3,168,070	125,578	33,306	826,132	25,224	29,107	-	9,067,179
At cost	-	529,528	1,508,104	506,091	1,059,151	140,473	3,168,070	125,578	33,306	826,132	25,224	29,107	-	7,950,764
At valuation - 2007	-	220,520	895,895	-	-	-	-	-	-	-	-	-	-	1,116,415
	-	750,048	2,403,999	506,091	1,059,151	140,473	3,168,070	125,578	33,306	826,132	25,224	29,107	-	9,067,179
NET BOOK VALUE														
At 30 June 2010	27,000	13,975,301	16,231,720	41,330	730,546	867,859	505,541	236,284	97,936	965,979	173,289	291,766	-	34,144,551
At cost	27,000	11,715,733	17,315,269	41,330	730,546	867,859	505,541	236,284	97,936	965,979	173,289	291,766	-	32,968,532
At valuation - 2007	-	2,259,568	(1,083,549)	-	-	-	-	-	-	-	-	-	-	1,176,019
	27,000	13,975,301	16,231,720	41,330	730,546	867,859	505,541	236,284	97,936	965,979	173,289	291,766	-	34,144,551

Buildings, plant and machinery were last 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 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.

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

b) For the year ended 30 June 2009

	Freehold land Ushs '000	Buildings Ushs '000	Plant and machinery Ushs '000	Motor vehicles Ushs '000	Furniture and equipment Ushs '000	Radio transmission equipment Ushs '000	Computers Ushs '000	Radio studio equipment Ushs '000	Radio studio electronics Ushs '000	Cameras and pre-press Ushs '000	Capital Work in Progress Ushs '000	Total Ushs '000
COST AND VALUATION												
At 1 July 2008	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	3,688,870	7,942,439
Disposals	-	(823,912)	(44,305)	(52,960)	(5,127)	-	(69,993)	-	-	(106,034)	-	(1,102,331)
At 30 June 2009	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	3,688,870	21,551,351
At cost	27,000	992,943	27,930	549,390	1,365,560	614,264	3,122,347	262,480	66,883	1,757,828	3,688,870	12,475,495
At valuation - 2007	-	2,480,088	6,595,768	-	-	-	-	-	-	-	-	9,075,856
	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	3,688,870	21,551,351
DEPRECIATION												
At 1 July 2008	-	202,661	677,017	370,963	531,971	14,722	1,957,710	23,145	4,372	376,904	-	4,159,465
Eliminated on disposal	-	(83,346)	6,651)	(34,609)	(2,447)	-	(69,993)	-	-	(106,034)	-	(303,080)
Charge for the year	-	180,023	74,422	99,442	223,817	44,910	804,261	43,085	10,372	210,140	-	2,290,472
At 30 June 2009	-	299,338	1,344,788	435,796	753,341	59,632	2,691,978	66,230	14,744	481,010	-	6,146,857
At cost	-	39,718	2,234	435,796	753,341	59,632	2,691,978	66,230	14,744	481,010	-	4,544,683
At valuation - 2007	-	259,620	1,342,554	-	-	-	-	-	-	-	-	1,602,174
	-	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 30 June 2009	27,000	3,173,693	5,278,910	113,594	612,219	554,632	430,369	196,250	52,139	1,276,818	3,688,870	15,404,494
At cost	27,000	953,225	25,696	113,594	612,219	554,632	430,369	196,250	52,139	1,276,818	3,688,870	7,930,812
At valuation - 2007	-	2,220,468	5,253,214	-	-	-	-	-	-	-	-	7,473,682
	27,000	3,173,693	5,278,910	113,594	612,219	554,632	430,369	196,250	52,139	1,276,818	3,688,870	15,404,494

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 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.

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, no assets (2009: Ushs 232 million) were acquired under a finance lease repayable over 3 years. The Net Book Value of all leased assets is Ushs 2,705 million (2009: Ushs 2,996 million).

	2010 Ushs '000	2009 Ushs '000
Cost - capitalised finance leases	3,877,204	3,861,580
Depreciation		
At beginning of year	865,268	422,640
Charge for the year	306,892	442,628
	1,172,160	865,268
Net Book Value	2,705,044	2,996,312

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

	Buildings 2010 Ushs '000	Buildings 2009 Ushs '000	Plant and machinery 2010 Ushs '000	Plant and machinery 2009 Ushs '000
Cost	11,120,866	4,489,412	20,898,966	7,993,562
Accumulated depreciation	(742,389)	(999,709)	(2,022,419)	(2,664,387)
Net Book Value	10,378,477	3,489,703	18,876,547	5,329,175

12 PREPAID OPERATING LEASE RENTALS

The movement of prepaid operating rentals is as follows:

	2010 Ushs '000	2009 Ushs '000
COST		
At beginning of year	2,718,854	880,825
Additions	196,000	1,838,029
At end of year	2,914,854	2,718,854
AMORTISATION		
At beginning of year	290,315	150,751
Charge for the year	73,933	139,564
At end of year	364,248	290,315
NET BOOK VALUE		
At end of year	2,550,606	2,428,539

		2010 Ushs '000	2009 Ushs '000
13	INTANGIBLE ASSETS		
	a) Computer software and websites		
	COST		
	At beginning and end of year	42,000	42,000
	AMORTISATION		
	At beginning and end of year	42,000	42,000
	NET BOOK VALUE		
	At end of year	-	-
	b) Goodwill		
	At beginning of year	134,706	-
	Additions	-	134,706
	Impairment	-	-
	At end of year	134,706	134,706
	TOTAL INTANGIBLE ASSETS	134,706	134,706
14	INVESTMENTS		
	Short-term Investments		
	Available-for-sale: African Alliance Uganda Limited	389,558	5,572
	Held to maturity: Stanbic Bank Uganda Limited	3,482,000	8,400,000
		3,871,558	8,405,572
	Long-term Investments		
	Held to maturity: African Alliance Uganda Limited	327,126	299,048
	Total Investments	4,198,684	8,704,620
15	**INVENTORIES**		
	News print	1,725,118	2,674,477
	Consumables	480,993	361,230
	Work in progress	150,942	129,938
	Printing ink	376,238	266,888
	Films and plates	974,397	630,224
	Printing chemicals	645,331	896,871
	Provision for obsolescence	(130,920)	(33,758)
		4,222,099	4,925,870

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2010

16 TRADE AND OTHER RECEIVABLES

	2010 Ushs '000	2009 Ushs '000
Trade receivables	8,987,679	5,974,996
Less: provision for impairment	(708,229)	(788,360)
Net trade receivables	8,279,450	5,186,636
Prepayments	311,897	15,486,059
Staff advances	327,280	304,545
Other receivables	84,498	1,161,380
Receivables from related parties (Note 17)	81,429	31,608
	9,084,555	22,170,228

17 RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related parties included:

- Protea hotel
- Simba telecom
- The Eye Magazine
- Elgon Terrace

(b) Due from related parties

	2010 Ushs '000	2009 Ushs '000
The Eye Magazine	73,928	2,056
Protea Hotel	2,727	22,985
Simba Telecom	8,255	6,567
Less: provision for impairment	(3,481)	-
Total due from related parties - note 16	81,429	31,608

(c) Due to related parties

	2010 Ushs '000	2009 Ushs '000
Protea Hotel - note 22	12,502	-

(d) Transactions with related parties

(i) Sales of goods and services

	2010 Ushs '000	2009 Ushs '000
Advertisements in Newspapers / Magazines / Radio and Television	26,522	21,893
	15,258	4,612
Advertisements in newspapers Protea hotel/ Simba telecom	-	2,056
Newspapers supplied to Protea Hotel	203,159	163,103
Commercial printing work with The Eye Magazine		
Commercial printing work with The Eye Magazine		
	244,939	191,664

ii) Purchase of goods and services

	2010 Ushs '000	2009 Ushs '000
Meeting services with Elgon Terrace	-	12,135
Meeting services with Protea Hotel	36,546	5,646
	36,546	17,781

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

		2010 Ushs '000	2009 Ushs '000
(e)	Compensation to key management personnel		
	Salaries and other short term benefits	903,893	178,750
	Gratuity	395,737	302,108
		1,299,630	480,858
(f)	Directors' remuneration		
	- Executive Directors	237,600	202,721
	- Non Executive Directors	38,334	36,904
		275,934	239,625
18	CASH AND BANK BALANCES		
	Cash on hand	301,388	185,013
	Cash at bank	2,244,358	925,258
		2,545,746	1,110,271
19	SHARE CAPITAL		
	Authorised:		
	76,500,000 Ordinary shares of Ushs 19.66 each	1,503,990	1,503,990
	Issued and fully paid:		
	76,500,000 Ordinary shares of Ushs 19.66 each	1,503,990	1,503,990
	Movement in shares (Authorised, issued and fully paid)	No. of shares	No. of shares
	At beginning of year	76,500,000	51,000,000
	Additions	-	25,500,000
	At end of year	76,500,000	76,500,000
20	SHARE PREMIUM	2010	2009
		Ushs '000	Ushs '000
	At 1 July	27,158,864	-
	25,500,000 Ordinary shares of Ushs 19.66 each issued at a premium of Ushs 1,080.34 per share	-	27,548,670
	Issue costs	-	(389,806)
		27,158,864	27,158,864
21	BORROWINGS		
	Short-term finance leases	1,265,434	564,271
	Long-term finance leases	395,196	1,645,006
		1,660,630	2,209,277
	Finance lease liabilities - minimum lease payments		
	Due within 1 year	1,564,134	856,438
	Due after 1 year but within 5 years	415,783	1,964,293
		1,979,917	2,820,731
	Future finance charges	(319,287)	(611,454)
		1,660,630	2,209,277

The company entered into a Uganda shilling denominated finance lease arrangement to finance the purchases of printing equipment worth Ushs 1,465 million from East African Development Bank in the financial year 2007/2008. This lease has a 1% purchase option at expiry and is repayable within two years. The finance lease is secured on the leased assets and the effective interest rate on the lease was 15.57% (2009: 16%).

The company also entered into a Uganda Shillings denominated finance lease for purchase of motor vehicles and computers worth shs 232 million with Stanbic Bank in 2008/2009. The finance lease is secured on the leased assets and is payable within two years. The effective interest rate on the finance lease was 16% (2009: 16%).

		2010	2009
22	TRADE AND OTHER PAYABLES	Ushs '000	Ushs '000
	Trade payables	4,391,528	1,350,237
	Accruals	116,403	296,787
	Other payables	91,200	1,772,623
	Due to related parties (Note 17)	12,502	-
		4,611,633	3,419,647
23	OPERATING LEASE RENTALS		
	Minimum lease payments under operating lease recognised in income for the year.	340,673	224,024

24 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS

	2010	2009
	Ushs '000	Ushs '000
Profit before taxation	1,898,963	3,582,778
Adjustments for:		
Depreciation	3,797,127	2,290,472
Amortisation of operating lease prepayments	73,933	139,564
Loss on disposal of property, plant and equipment	1,439,441	737,533
Interest expenses	296,191	349,103
Interest received	(346,521)	(912,057)
Operating profit before working capital changes	7,159,134	6,187,393
Decrease/(increase) in inventories	703,771	(1,140,540)
Decrease/(increase) in trade and other receivables	13,085,673	(15,907,016)
Increase/(decrease) in trade and other payables	1,191,986	1,022,685
Cash generated from / (used in) operations	22,140,564	(9,837,478)

25 RETIREMENT BENEFIT OBLIGATIONS

During the year, the Company incurred Ushs 395.7 million (2009: Ushs 302.1 million) as gratuity for managers employed on contract terms. The amount has been charged to the statement of comprehensive income.

26	CAPITAL COMMITMENTS	Ushs '000	Ushs '000
	Authorised and contracted for	717,376	27,804,945
	Authorised but not contracted for	125,100	611,295
		842,476	28,416,240

27 CONTINGENT LIABILITIES

The company is involved in a number of legal and court cases which were yet to be concluded upon by the date of authorisation of these financial statements. The contingent liabilities arising from these cases amount to Ushs 622,737,092 (2009: Ushs 261,526,296). However, based on legal advice, the directors have evaluated the pending cases and determined that no material financial liability is likely to crystallise. Consequently, no provisions have been made in these financial statements in respect of these cases.

28 FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

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

Risk management is carried out by the finance department under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investing excess liquidity. The policies and procedures established for this purpose are continuously benchmarked with the industry best practices.

The financial management objectives and policies are as outlined below:

(a) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company's credit risk is primarily attributable to its trade and other receivables and amounts due from related parties, estimated by the company's finance departments based on prior experience, existing financial and economic factors faced by the debtor and the exit options available.

The credit risk on trade and other receivables is limited because the company sales all its cobalt to its parent company with which the company has an agreement on sales prices and settlement terms for all sales of cobalt by the company to parent company.
The credit risk on liquid funds with financial institutions is also low, because the institutions are banks with high credit-ratings.

28 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

The amount that best represents the company's maximum exposure to credit as at 30 June 2010 is made up as follows:

As at 30 June 2010	Total	Fully Performing	Past due not impaired	Impaired
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Financial assets				
Bank balances	2,244,358	2,244,358	-	-
Held to maturity investments	4,198,684	4,198,684	-	-
Trade and other receivables (net of prepayments)	9,480,887	6,980,864	1,791,794	708,229
	15,923,929	13,423,906	1,791,794	708,229

As at 30 June 2009	Total	Fully Performing	Past due not impaired	Impaired
	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Financial assets				
Bank balances	925,258	925,258	-	-
Held to maturity investments	8,704,620	8,704,620	-	-
Trade and other receivables (net of prepayments)	8,666,948	6,684,169	1,194,419	788,360
Total	18,296,826	16,314,047	1,194,419	788,360

The customers under the fully performing category are paying their debts as they continue trading.

The debtors that are impaired relate to amounts that have been outstanding for more than 2 years and have been fully provided for.

The amounts that are past due but not impaired are expected to be collected in ordinary course of business.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk through continuously monitoring forecasts and matching the maturity profiles of financial liabilities and ongoing review of future commitments and credit facilities available to the company.

28 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk management (Continued)

The table below analyses the company's financial instruments into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 30 June 2010	Total Ushs '000	Less than 1 year Ushs '000	Between 1 and 2 years Ushs '000	Between 2 and 5 years Ushs '000	Over 5 years Ushs '000
Financial assets					
Bank balances	2,244,358	2,244,358	-	-	-
Held to maturity investments	4,198,684	3,871,558	-	327,126	-
Trade and other receivables (net of prepayments)	9,480,887	6,980,864	1,791,794	708,229	-
	15,923,929	13,096,780	1,791,794	1,035,355	-
Financial liabilities					
Borrowings	1,660,630	1,265,434	395,196	-	-
Trade and other payables	4,611,633	4,291,929	319,704	-	-
	6,272,263	5,557,363	714,900	-	-
Net liquidity gap	9,651,666	7,539,417	1,076,894	1,035,355	-

As at 30 June 2009	Total Ushs '000	Less than 1 Ushs '000	Between 1 and 2 years Ushs '000	Between 2 and 5 years Ushs '000	Over 5 years Ushs '000
Financial assets					
Bank balances	925,258	925,258	-	-	-
Held to maturity investments	8,704,620	8,381,179	24,393	299,048	-
Trade and other receivables (net of prepayments)	8,666,948	6,684,169	1,194,419	788,360	-
	18,296,826	15,990,606	1,218,812	1,087,408	-
Financial liabilities					
Borrowings	2,209,277	564,271	654,776	990,230	-
Trade and other payables	3,419,647	3,145,535	274,112	-	-
	5,628,924	3,709,806	928,888	990,230	-
Net liquidity gap	12,667,902	12,280,800	289,924	97,178	-

28 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk

Market risk exists wherever the company has taken trading, banking and investment positions. This risk is categorised into interest rate risk and foreign currency risk.

i) Interest rate risk

The Company is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates, as funds are sourced at both fixed and floating rates. The maturities of asset and liabilities and the ability to replace at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the company's exposure to changes in interest rates and liquidity.

The table below details the company's remaining contractual maturity for its borrowings based on the undiscounted cash flows of borrowings based on the earliest date on which the company can be required to pay. The table includes both the interest and principal cash flows.

2010	Effective interest rate %	3 months to 1 year Ush'000	1 to 5 years Ush'000	5 + years Ush'000	Total Ush'000
EADB Finance lease	15.57	760,243	1,522,223	-	2,282,466
Stanbic Finance lease	16	98,765	192,929	-	291,694
		859,008	1,715,152	-	2,574,160
2009					
EADB Finance lease	16	760,243	2,282,466	-	3,042,709
Stanbic Finance lease	16	98,765	291,694	-	390,459
		859,008	2,574,160	-	3,433,168

ii) Foreign currency risk

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through the company maintaining Uganda Shilling and US Dollar bank accounts for sales receipts and payments in respective currencies. There are limited cost effective hedging options available on the local financial market to help the company limit the exposure to foreign exchange risk. However, the Uganda Shilling has been relatively stable against major convertible currencies.

The table below sets out the impact on future earnings of an incremental 10% appreciation or depreciation in all foreign currencies during the 12 months from 1 July 2010.

	Amount Ushs '000	Scenario 1 10% appreciation	Scenario 2 10% Depreciation
2010			
Profit after tax	734,786	724,185	745,387
2009			
Profit after tax	2,182,847	2,161,048	2,204,646

28 FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

Foreign currency risk (Continued)

Assuming no management actions, a series of such appreciation would decrease Profit for the year for 2011 by Ushs 10.6 million (2009: Ushs 21.8 million), while a series of such falls would increase net interest income for 2010 by Ushs 10.6 million (2009: Ushs 21.8 million).

29 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The constitution of capital managed by the company is as shown below:

	2010	2009
	Ushs '000	Ushs '000
Share capital	1,503,990	1,503,990
Share premium	27,158,864	27,158,864
Revaluation reserves	374,605	758,419
Retained earnings	19,003,749	19,032,649
Total equity	48,041,208	48,453,922
Total borrowings	1,660,630	2,209,277
Less: Bank and cash balances	(2,545,746)	(1,110,271)
Net debt	(885,116)	1,099,006
Total Capital	47,156,092	49,552,928
Gearing	-2%	2%

New Vision Printing and Publishing Co. Ltd.

DETAILED STATEMENT OF INCOME

For the Year Ended 30 June 2010

		2010	2009
		Ushs '000	Ushs '000
Revenue	5	49,947,578	43,200,812
Cost of sales	Appendix II	(35,606,222)	(30,070,462)
Gross Profit		14,341,356	13,130,350
Other operating income	6	869,174	1,719,770
Distribution costs	Appendix II	(1,157,785)	(1,129,854)
Administrative expenses	Appendix III	(10,077,477)	(8,826,828)
Loss on disposal of property, plant and equipment		(1,439,441)	(737,533)
Finance costs	7	(636,864)	(573,127)
Profit before taxation	8 (a)	1,898,963	3,582,778

Cont'd: DETAILED STATEMENT OF INCOME

	2010 Ushs '000	2009 Ushs '000
Cost of sales		
Material cost	11,332,165	11,228,795
Production salaries	8,322,736	7,025,429
Advertising commission	4,334,805	3,243,783
Depreciation	2,955,384	1,787,194
Promotional expenses	1,674,253	1,066,019
Contributors' payments	1,420,018	1,338,575
Other staff costs	930,066	615,704
Utilities	673,026	481,477
Other production costs	584,673	455,686
Repairs and maintenance	561,591	768,666
Communication costs	522,095	493,167
TV content	519,021	-
Rent and rates	433,650	269,649
News services & licenses	360,778	237,459
Motor vehicle running costs	391,414	208,054
Provision for obsolescence	211,498	36,944
Professional fees	192,445	688,316
Insurance	186,604	125,545
	35,606,222	30,070,462
Distribution costs		
Transportation of Newspapers	1,157,785	1,129,854

New Vision Printing and Publishing Co. Ltd.
DETAILED STATEMENT OF INCOME
For the Year Ended 30 June 2010

	2010	2009
	Ushs '000	Ushs '000
Administrative expenses		
Salaries and wages	2,714,196	2,379,659
NSSF Contribution	1,027,448	871,497
Depreciation charge	915,673	642,845
Repairs and maintenance	720,417	924,818
Rent and office expenses	629,111	489,277
Bad debts provision	446,464	347,003
Printing and Stationery	443,338	328,440
Gratuity	395,737	302,108
Other staff costs	335,626	329,457
Electricity and water	326,121	364,645
Other operating expenses	279,410	315,873
Medical expenses	249,459	261,961
Motor vehicle running costs	260,943	138,702
Security	202,596	102,326
Staff training	174,936	143,107
Professional fees	164,113	89,472
Travel and accommodation	154,433	333,366
Entertainment	144,958	69,972
Communication costs	130,524	123,292
Bank charges and commission	90,009	67,781
General Insurance	87,064	49,228
Shareholders' expenses	70,420	58,217
Audit fees	46,500	45,899
Directors' expenses	38,334	36,904
Grants and donations	29,647	10,979
	10,077,477	8,826,828

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

9TH ANNUAL GENERAL MEETING

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 9th Annual General Meeting of the company to be held on 28th day of October 2010 at 3.00pm or at any adjournment thereof.

Signed this .... day of 2010

Name ....

Signature ....

NOTE:

1. This proxy card is to be delivered to the Company Secretary or faxed to +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 that corporation's common seal.

Lady Mariam at Radio West Ekyinihiiro concert in Mbarara

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