

**M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD
P.O. BOX 8528
DAR ES SALAAM**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

**E. K. MANGESHO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 20098 –TEL: 2180117
DAR ES SALAAM**

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008

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M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

REPORT OF THE DIRECTORS

1. The Directors present their report and the financial statements for the year ended 31st December 2008.

2. DIRECTORS

The Directors who served the company for the year 2008 are;

1. Mr. Felix G. N, Mosha Chairman
2. Mr. Ibrahim M. Kaduma
3. Mrs. Chilwa Kiliaki
5. Dr. Martha Qorro
6. Mrs. Tabitha Siwale
7. Mr. Raginald A. Mengi
8. Hon. Iddi M. Simba
9. Mr. Paul Makanza
10. Mr. Nehemia K. Mchechu
11. Mrs. Mahfoudha A. Hamid
12. Eng. Mark Njiu

3. PRINCIPAL ACTIVITIES

The principal activities of the company are to acquire or establish and manage business enterprises in key sectors of the economy such as manufacturing industries, financial services, telecommunications, agriculture, mining and service sector.

4. RESULTS

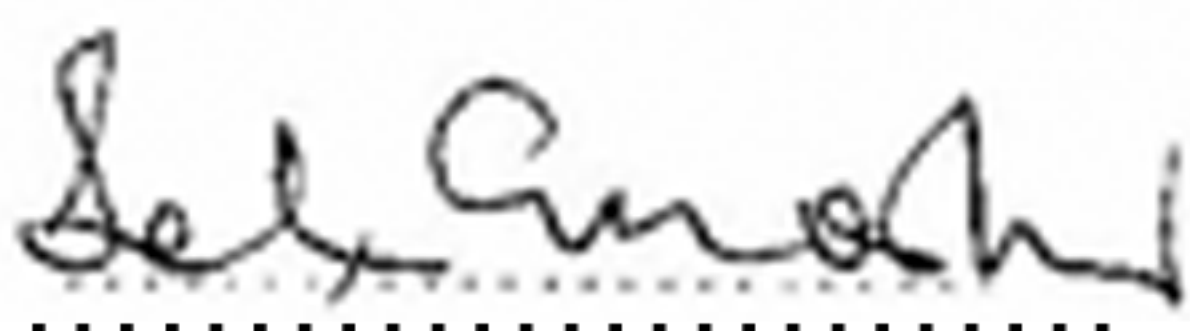
During the year the company made a profit of Tshs 561,115,370 compared to a loss of Tshs 72,530,563 for the year 2007.

5. DIVIDENDS

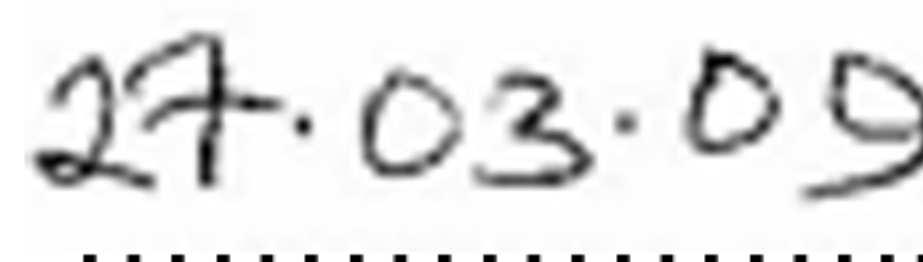
The company does not propose payment of dividend for the year, due to heavy investment commitments.

6. AUDITORS

The Auditors M/S E. K. Mangesho & Company have expressed their willingness to be re- appointed as Auditors of the company.



CHAIRMAN



DATE

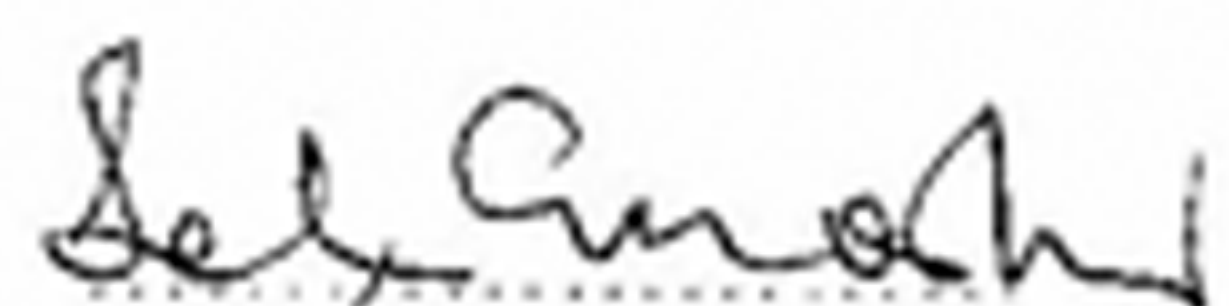
**M/S NATIONAL INVESTMENTS COMPANY LTD
(NICOL)**

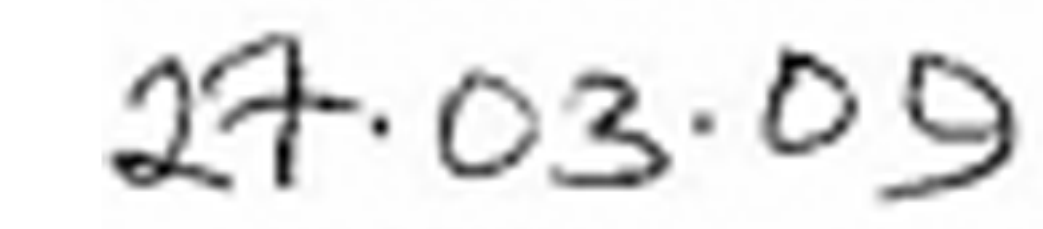
**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST DECEMBER 2008**

The Tanzania Companies Act 2002 requires Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit or loss. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act 2002. 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 profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.


.....
Felix G. N. Mosha


.....
Date



E. K MANGESHO & COMPANY

Certified Public Accountants

5th Floor Co-Architecture Building, 12 Uhuru Street, Dar Es Salaam

P.O. Box 20098, Tel: 2180117, Fax: 2180190

E-Mail: ekmangesho@hotmail.com

AUDITORS REPORT TO THE SHARE HOLDERS OF NATIONAL INVESTMENT COMPANY (NICOL) LTD

1. We have audited the Financial Statements of **NATIONAL INVESTMENT COMPANY LTD** set out on pages 5 to 8 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

2. RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The NICOL Board of Directors is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and adopting suitable accounting policies. Our responsibility as auditors is to express an independent opinion on the financial statements based on our audit and report that opinion to you.

3. BASIS OF OPINION

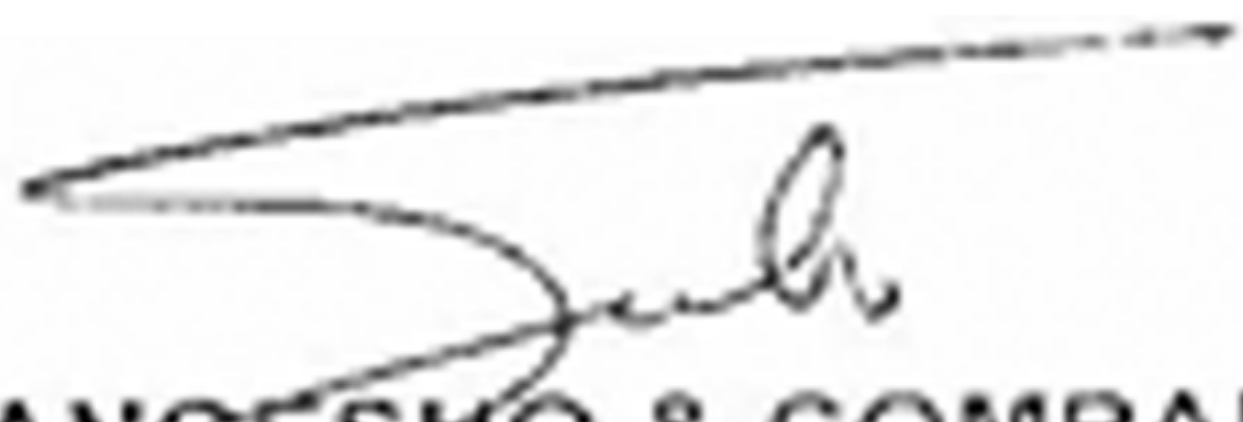
We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC).

An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to NICOL circumstances, consistently applied and adequately disclosed.

. We planned and performed our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud, error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In our opinion:

- (i) proper books of account have been kept by the company and the financial statements are in agreement therewith;
- (ii) the financial statements give a true and fair view of the state of affairs of the company as at 31st December 2008 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 2002.



E.K. MANGESHO & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
DAR ES SALAAM

Signed by Ernest K. Mangesho, FCCA

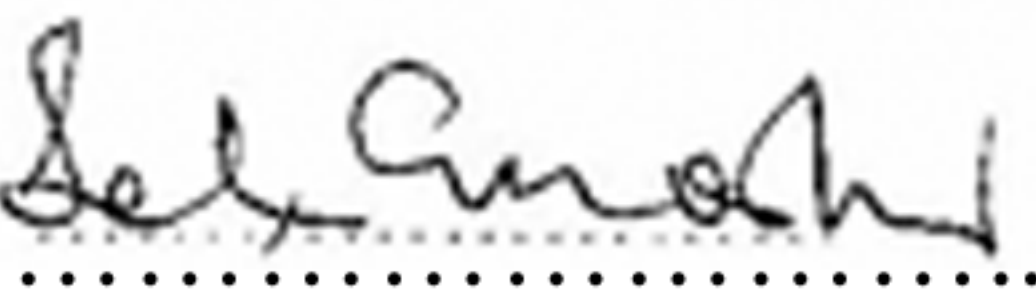
27th March 2009

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

BALANCE SHEET AS AT 31ST DECEMBER 2008

	<u>NOTE</u>	<u>31.12. 2008</u> <u>TSHS</u>	<u>31.12. 2007</u> <u>TSHS</u>
NON- CURRENT ASSETS			
Property, Plant and Equipment	2	4,879,931,072	4,119,953,389
Intangible Assets	3.1	2,382,210	3,020,675
NICOL IPO Expenses	3.1	884,580,688	691,380,318
Pre Operational Expenses TFDC	3.2	1,922,878,030	485,990,745
Investments in Other Companies	4	33,408,143,460	6,545,252,003
Debtors and Other Receivables	5	<u>9,453,853</u>	<u>9,453,853</u>
		41,107,369,313	11,855,050,983
CURRENT ASSETS			
Stocks	6	675,078,966	23,944,580
Debtors and Other Receivables	7	644,058,527	167,162,191
Deposits and Prepayments	8	1,452,354,000	841,935,567
Withholding Tax	9	226,297,061	128,314,971
Cash and Cash Equivalents	10	<u>1,101,881,810</u>	<u>400,922,075</u>
		4,099,670,364	1,562,279,384
TOTAL ASSETS		<u>45,207,039,677</u>	<u>13,417,330,367</u>
SHAREHOLDERS EQUITY			
Share Capital	11	11,911,520,500	6,312,785,500
Advance Towards Share Capital	11	10,149	2,260,000,149
Investment Reserve		25,667,714,908	
Retained Earnings	12	<u>510,360,975</u>	<u>(48,127,912)</u>
TOTAL SHAREHOLDERS EQITY		<u>38,089,606,532</u>	<u>8,524,657,737</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Corporate Tax Payable	13	224,415,079	104,912,439
Accrued Expenses	14	194,753,139	81,899,500
Other Liabilities	15	1,378,680,554	852,930,999
Bank Loan /O/D	16	<u>5,319,584,373</u>	<u>3,852,929,692</u>
TOTAL LIABILITIES		<u>7,117,433,145</u>	<u>4,892,672,630</u>
TOTAL EQUITY AND LIABILITIES		<u>45,207,039,677</u>	<u>13,417,330,367</u>

Auditors report is on page 4-5
Note 1 to 19 form part of the Accounts

 27.03.09
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CHAIRMAN DATE

 27.03.09
.....
DIRECTOR DATE

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

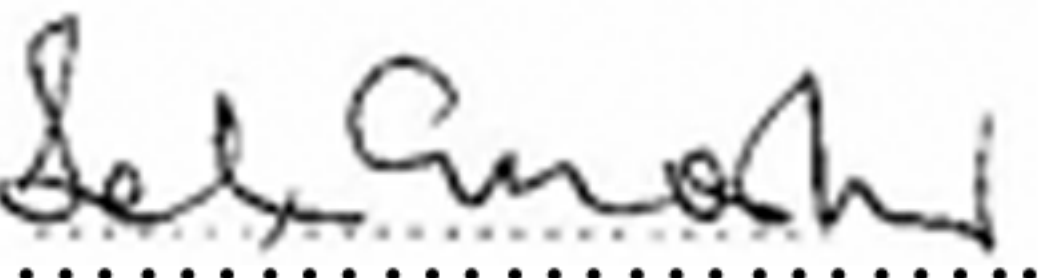
INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2008.

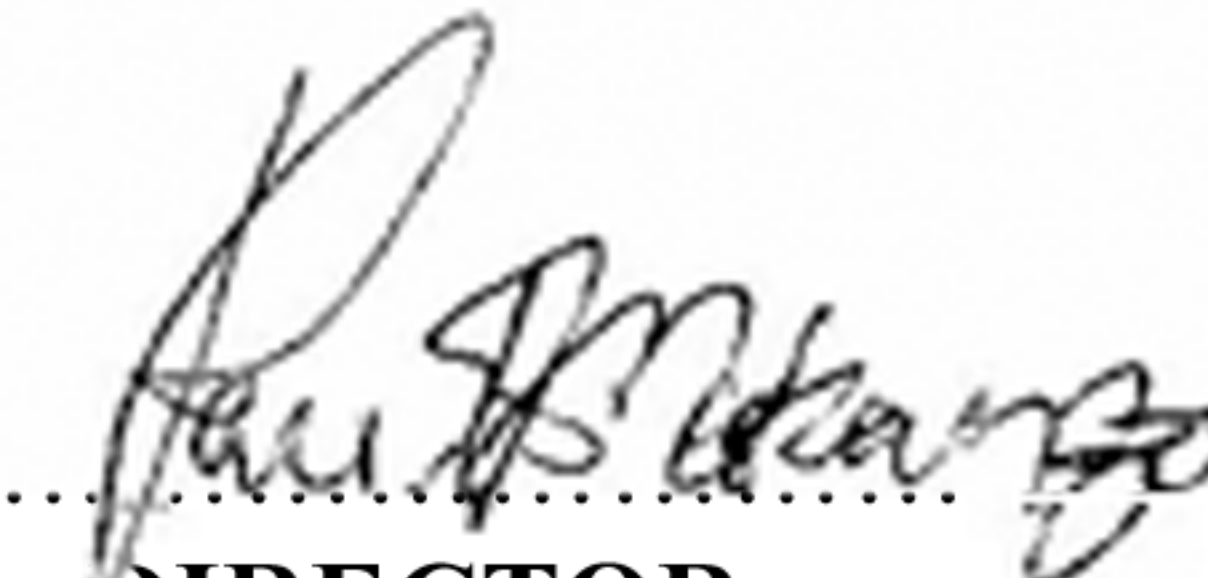
	<u>NOTE</u>	<u>31.12.2008</u> <u>TSHS</u>	<u>31.12.2007</u> <u>TSHS</u>
INCOME	17	1,239,928,063	601,027,331
Costs		<u>-</u>	<u>-</u>
Gross Profit		1,239,928,063	601,027,331
Other Income	18	<u>23,740,195</u>	<u>11,811,057</u>
		1,263,668,258	612,838,388
EXPENSES			
Operating Expenses	19	702,552,888	685,368,951
Investment Expenses		<u>-</u>	<u>-</u>
		<u>702,552,888</u>	<u>685,368,951</u>
Profit (Loss) before Tax		<u>561,115,370</u>	<u>(72,530,563)</u>

STATEMENT OF RETAINED EARNINGS

Retained Earnings B/F	(48,127,912)	24,402,651
Prior Year Adjustment	-	-
Profit (Loss) for the Year	<u>561,115,370</u>	<u>(72,530,563)</u>
	512,987,458	(48,127,912)
Provision for Taxation	<u>119,502,640</u>	<u>-</u>
	393,484,818	(48,127,912)
TFDC (Subsidiary Co) Profit for the year	<u>116,876,157</u>	<u>-</u>
Retained Earnings C/F	<u>510,360,975</u>	<u>(48,127,912)</u>

Auditors report is on page 4-5
Note 1 to 19 form part of the Accounts


CHAIRMAN
27.03.09
DATE


DIRECTOR
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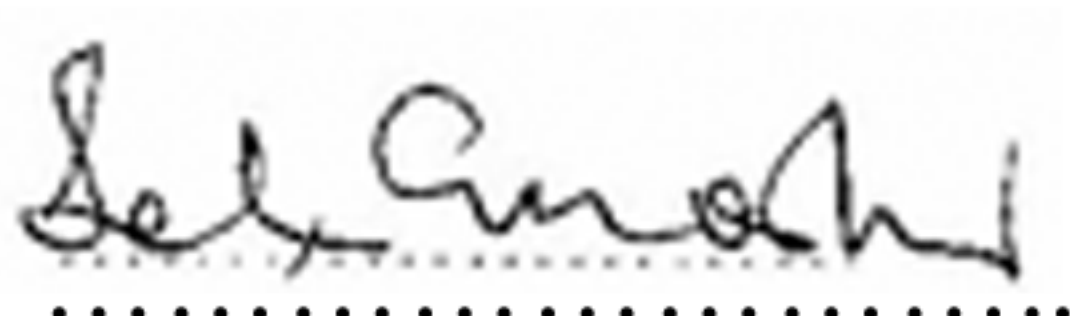
M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2008

	31.12.2008 <u>TSHS</u>	31.12.2007 <u>TSHS</u>
1. CASH FLOW FROM OPERATING ACTIVITIES		
Profit /(Loss) as per Accounts	561,115,370	(72,530,563)
Profit /(Loss) TFDC Subsidiary Co	116,876,157	-
Adjustment for items not involving movement of funds and Working Capital		
Depreciation/Amortisation	118,028,007	101,473,921
Decrease in Investments Receivables and Accruals	(2,933,625,304)	(1,387,894,110)
Increase in Accrued Expenses and Other Liabilities	<u>638,603,194</u>	<u>247,117,979</u>
Net Cash inflow from operating activities Before Tax	(1,499,002,576)	(1,111,832,773)
Tax paid (W/Tax)	<u>(97,982,090)</u>	<u>(53,015,479)</u>
Net Cash inflow from operating Activities after Tax	(1,596,984,666)	(1,164,848,252)
2. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Non Current Assets	769,021,830	1,448,418,586
Increase in IPO Expenses	301,546,165	58,500,000
Increase in Pre Operational Expenses	1,436,887,285	382,747,770
Dividends Payable	<u>-</u>	<u>-</u>
Net Cash flow from Investing Activities	(2,507,455,280)	(1,889,666,356)
3. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	5,601,735,000	2,875,000
Refund of Shares	(3,000,000)	(3,175,000)
Decrease in Advance Towards Share Capital	<u>(2,259,990,000)</u>	<u>-</u>
Net Cash flow from Financing Activities	3,338,745,000	(300,000)
Net Increase in Cash and Cash Equivalents	(765,694,946)	(3,054,814,608)
Opening Cash and Cash Equivalents	<u>(3,452,007,617)</u>	<u>(397,193,009)</u>
Closing Cash and Cash Equivalents	<u>(4,217,702,563)</u>	<u>(3,452,007,617)</u>

Auditors report is on page 4-5

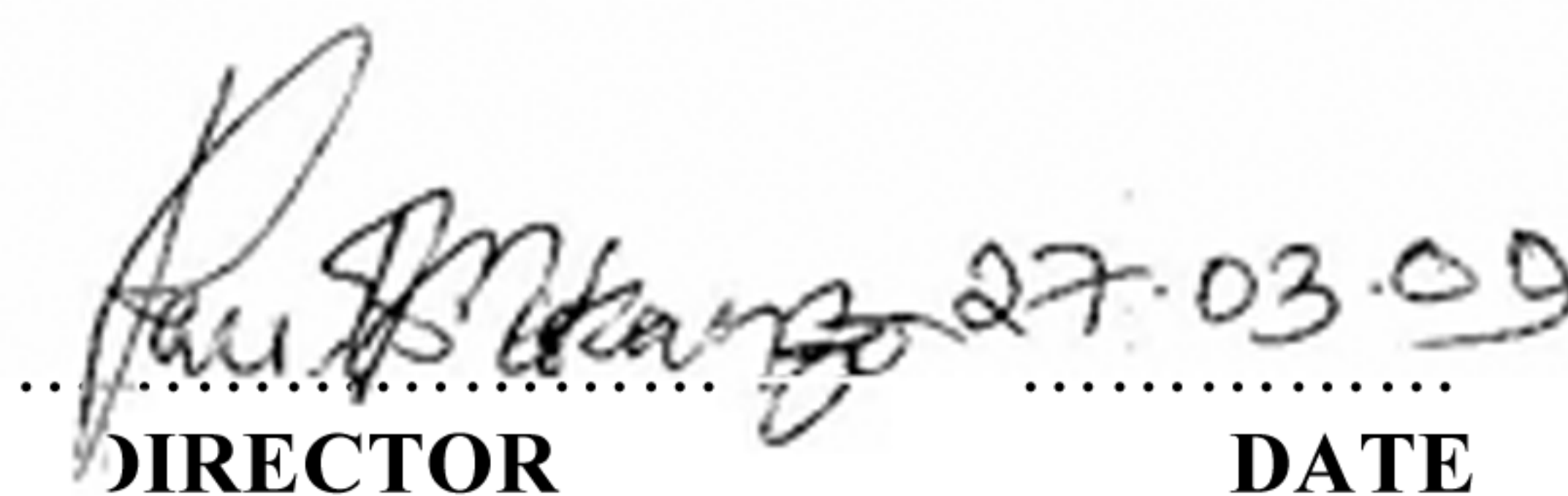
Note 1 to 19 form part of the Accounts



CHAIRMAN

27.03.09

DATE



DIRECTOR

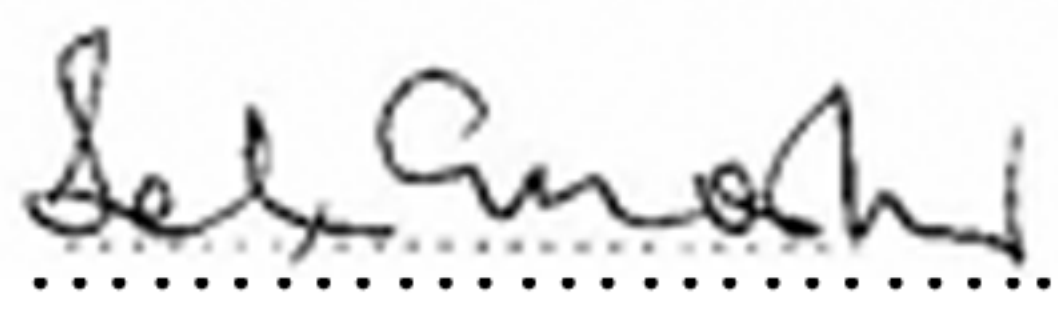
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M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

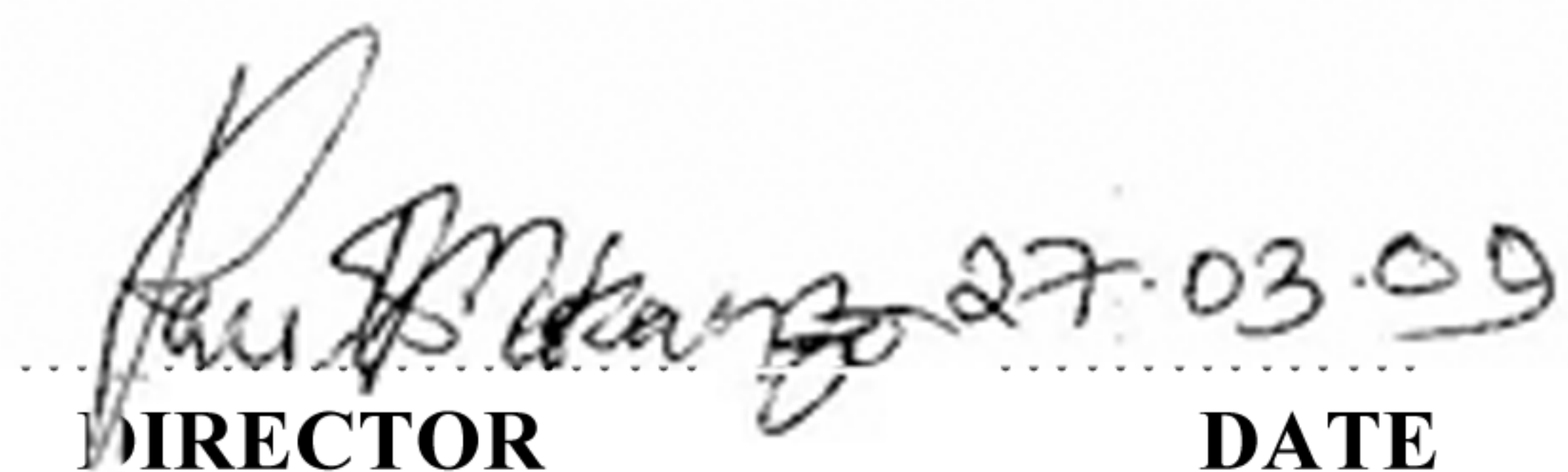
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2008.

	SHARE CAPITAL & SHAREHOLDERS CONTRIBUTION TOWARDS EQUITY	RETAINED EARNINGS	TOTAL
	<u>TSHS</u>	<u>TSHS</u>	<u>TSHS</u>
Balance 1 st January 2008	8,572,785,649	(48,127,912)	8,524,657,737
Shares Refunded	(3,000,000)	-	(3,000,000)
Issue of Share Capital	3,341,745,000	-	3,341,745,000
Investment Reserve	25,667,714,908	-	25,667,714,908
Profit (Loss) for the Year ended 31 st December 2008		441,612,730	441,612,730
TFDC (NICO Subsidiary) Profit (Loss) for the Year ended 31 st December 2008	<u>-</u>	<u>116,876,157</u>	<u>116,876,157</u>
Balance 31.12.2008	<u>37,579,245,557</u>	<u>510,360,975</u>	<u>38,089,606,532</u>

Auditors report is on page 4-5
Note 1 to 19 form part of the Accounts


.....
CHAIRMAN

27.03.09
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DATE


.....
DIRECTOR

27.03.09
.....
DATE

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

NOTES TO THE FINANCIAL STATEMENTS

NOTE: 1

1.0 ACCOUNTING POLICIES

1.1 Adoption of IFRS

Tanzania entities that have been preparing financial statements under Tanzania Financial Accounting Standards (TFAS) are required to report under International Financial Reporting Standard (IFRS) for financial periods beginning on or after July 1st 2004.

National Investments Company Limited has adopted IFRS for the first time for the financial year beginning 1st January 2005. The Company had therefore applied IFRS 1 first time adoption of International Financial Reporting Standards in the preparation of its financial statements for the year ended 31st December, 2005. Adoption of IFRS begins with the preparation of an opening IFRS balance sheet. This is the balance sheet prepared as at the date of transition to IFRS.

The company's date of transition to IFR'S is 1st January 2004.

IFR'S in force at the reporting date of the first IFRS Statements

The Company's IFRS reporting date is 31st December 2005. IFRS 1, requires full retrospective application of IFRS. Exemptions are granted where the costs of compliance are deemed to exceed the benefit to users of financial statements. Retrospective application is also prohibited in some aspects mainly where such retrospective application requires judgment by the management about past conditions after the outcome of a particular transaction is already known.

The company has not elected to apply any of the optional exemption granted under IFRS 1.

1.2 Change in Accounting policies

The effect of these changes to the Company's reported financial position at the date of transition and the last balance sheet date and on reported performance for the last accounting period is illustrated in separate notes.

1.3 Continuing application of TFAS issued by NBAA

The following Tanzania Financial Accounting Standards having no equivalent IFRS continue to be effective.

- TFAS No .12 : Directors Report
- TFAS No 24 : Public Sector Financial Reporting

1.4 Basis of Preparation

The financial Statements have been prepared under the historical cost convention in Tanzanian shillings. The Financial Statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been consistently applied to all periods presented in these financial statements.

1.4.1. The Company adopted the following fundamental assumptions

- Going Concern
- Accruals basis of Accounting
- Matching principle

1.4.2. Policies as detailed in the financial regulations were developed taking into account the following criteria:-

- Prudence
- Substance over form
- Relevance and materiality

1.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2008

1.5.1 Foreign Currency Translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. Therefore the financial statements are presented in Tanzania Shillings (Tshs).

Foreign currency transactions are translated into Tanzania shillings using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

1.5.2 Property, Plant and Equipment

Property, plant and equipment were initially recorded at cost. Cost comprises of expenditure that is directly attributable to the acquisition (purchase or construction) of the item. Subsequent costs are included in the assets carrying amount only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of an item is measured reliably.

1.5.3 Depreciation of Assets

Depreciation of assets begin when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that asset is de recognized.

Depreciation expenses on tangible assets have been charged on a straight line method using approved rates shown hereunder.

Furniture and fittings	12.5%
Air condition	12.5%
Computers	33. 1/3%
Motor Vehicles	20.0%

1.5.4 Impairment of Assets

An impairment loss is recognized, for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

For the financial year under review, there were no indications as to impairment of assets.

1.5.5 Investments

National Investment Company Limited classified its investments in the following categories;

Investment in other companies and receivables, and
Held to maturity investments.

The classification depends on the purpose for which the investments were acquired.

Investment in Other Companies and Receivables

Investments and receivables are not quoted in the active market and with no intention of trading. During 2008 the National Microfinance Bank (NMB) applied for listing for trading in the capital market through CMSA and upon fulfilling conditions became listed for trading by Dar es Salaam Stock Exchange (DSA) effective November 2008. Investments in other companies and receivables are included in current assets, except for maturities greater than twelve months after balance sheet date are classified as non current assets. Investments in Other Companies and Receivable are included in non current assets in the year 2008 Balance Sheet.

Held to Maturity Investments (Investments in Fixed Deposit)

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that National Investment Company Management has the ability and positive intention to hold to maturity. Investment made to mature within 12 months is classified under current assets.

1.5.6 Receivables and Advances

Receivables and Advances are non derivative financial assets with fixed or determinable payments arising from provision of goods, services or money. Receivables and advances are stated at cost as they are not quoted in the active market.

They are classified depending on the purpose for which they were made, mainly, trade debtors, sundry debtors and staff loans or advances.

Receivables and Advances are included in the balance sheet as current assets or non current assets where they have been outstanding for more than 12 months.

1.5.7 Non Current Intangible Assets

Acquired Website development costs, IPO expenses and TFDC (NICO Subsidiary) Pre Operational expenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific assets.

Amortization expenses of intangible assets have been charged at 10%. Amortisation of TFDC Pre operational

expenses was charged for one month only (December 2008) when operations commenced.

1.5.8 Cash and Cash Equivalent

Cash comprises of cash on hand and demand deposits held by banks. Cash equivalents comprises of investments in money market instruments (fixed deposits) with maturity period of three months or less.

1.5.9 Share Capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of shares through IPO's or options are capitalised as intangible assets and are amortised at rates deemed appropriate.

1.5.10 Income Tax

Income Tax expense is the aggregate of the charge to the profit and loss account in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, 2004.

1.5.11 Dividend Distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared and approved for payment.

1.5.12 Income Recognition

Income represents the fair value of consideration received or receivable for goods and services provided to third parties and is recognised when the risks and rewards of ownership are substantially transferred. Income excludes value added tax.

Interest Income

Interest income is recognized on a time proportion basis using the effective interest method.

When a receivable is impaired, the company reduces the carrying amount to the recoverable amount being the estimated future cash flow discounted at original effective interest rate of the instrument and continues unwinding the discount as interest income.

Interest income on the impaired loans is recognized either as cash is collected or on a cost recovery basis as conditions warrant.

Dividend Income

Dividend income is recognized when the right to receive payment is established.

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

NOTES TO THE FINANCIAL STATEMENTS CONT'D

NOTE4. LONG TERM INVESTMENTS

	31.12.2008	31.12.2007
	<u>TSHS</u>	<u>TSHS</u>
Investment in 6.6% of NMB Shares	32,010,000,000	4,610,411,706
Treasury Bonds (10 years maturity 7.5% Int.)	30,000,000	30,000,000
Investment in Bayport Financial Services	45,000	404,490,297
Investment in IPL Pharmaceuticals	1,731,873,386	1,500,350,000
Less Provision	<u>(1,731,873,386)</u>	
Investment in Dodoma Abattoir	<u>1,368,098,460</u>	<u>-</u>
TOTAL	<u>33,408,143,460</u>	<u>6,545,252,003</u>

(a) National Microfinance Bank (NMB) applied for listing for trading in the capital market through CMSA and upon fulfilling conditions became listed for trading by Dar es Salaam Stock Exchange (DSA) effective November 2008. NICOL owned 33,000,000 shares in NMB as at 31st December 2008 and the value per share at that was Tshs 970. Thus the fair value of the shares at that date was Tshs. 32,010,000,000.

NOTE 5.DEBTORS AND OTHER RECEIVABLES

Sundry Debtors	3,000,000	3,000,000
Mawenzi Advocate Chambers	<u>6,453,853</u>	<u>6,453,853</u>
TOTAL	<u>9,453,853</u>	<u>9,453,853</u>

CURRENT ASSETS**NOTE 6. STOCKS**

Stocks TFDC Mza	<u>675,078,966</u>	<u>23,944,580</u>
TOTAL	<u>675,078,966</u>	<u>23,944,580</u>

NOTE 79.DEBTORS AND OTHER RECEIVABLES

Sundry Debtors TFDC Mwanza	97,320,960	97,320,960
Debtors and Receivables TFDC Mwanza	372,944,586	34,992,616
Staff Loan TFDC Mwanza	25,004,962	-
VAT Claims TFDC Mwanza	<u>148,788,019</u>	<u>34,848,615</u>
TOTAL	<u>644,058,527</u>	<u>167,162,191</u>

(b) IPL Pharmaceuticals has been placed under receivership. 100% provision has been made on that investment.

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

NOTES TO THE FINANCIAL STATEMENTS CONT'D

<u>NOTE 8. DEPOSITS AND PREPAYMENTS</u>	31.12.2008	31.12.2007
	<u>TSHS</u>	<u>TSHS</u>
Deposits - Dodoma Abattoir (Bond Deposit)	14,045,000	123,925,000
Deposit – East African Meat Company	140,020,000	100,020,000
Deposit – Twiga Animal Feeds Ltd	610,000,000	330,000,000
TTCL Deposit for International Line	250,000	250,000
Tanzania Postal Services Deposit for Dividend	-	248,596,567
Container Deposit - TFDC Mza	39,000,000	39,000,000
TTCL Deposit – TFDC Mza	144,000	144,000
TFDC Loan A/C (To NICO –Parent Co)	589,759,816	-
Deposits with KDCL Minerals Ltd	59,135,184	-
TOTAL	<u>1,452,354,000</u>	<u>841,935,567</u>

<u>NOTE 9. WITHHOLDING TAX</u>		
Withholding Tax O/Bal	128,314,971	75,299,492
Charged for the year	<u>97,982,090</u>	<u>53,015,479</u>
TOTAL	<u>226,297,061</u>	<u>128,314,971</u>

NOTE 10. CASH & CASH EQUIVALETS

Petty Cash	2,948,230	240,750
CRDB Savings A/C 01J2020548200 DSM	224,333	224,333
CRDB Current A/C 01J1020548200 DSM	731,889,264	-
FBME A/C 011707 USD TCAC 001-C DSM	2,098,864	2,069,391
NMB A/C 2011300315 DSM	102,424,517	20,118,487
Cash & Bank Balance – TFDC Exim Bank Mza	563,923	-
Bank Balance – TFDC FBME Bank Mza	34,218	330,115,037
Exim Bank Escrow A/C US\$ 0301234440 DSM	35,599,276	48,154,077
NMB Bank TFDC Mwanza A/C	106,655,094	-
FBME A/C 011707 TZS TCAC 001-Q DSM	171,695	-
Backlays Bank A/c 8003015 DSM	<u>119,272,396</u>	<u>-</u>
TOTAL	<u>1,101,881,810</u>	<u>400,922,075</u>

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

NOTES TO THE FINANCIAL STATEMENTS CONT'D

<u>NOTE 11 SHARE CAPITAL</u>	31.12.2008	31.12.2007
	<u>TSHS</u>	<u>TSHS</u>
Authorised Share Capital:		

400,000,000 Ordinary Shares @ Tshs 250	<u>100,000,000,000</u>	<u>100,000,000,000</u>
Share Capital paid Allotted as per IPO 1 & 2		
25,251,142 Shares @ 250/=	6,309,785,500	6,312,785,500
Share Capital paid Allotted as per IPO 3		
18,672,450 Shares @ 300/=	5,601,735,000	-
Advance Towards Share Capital	<u>10,149</u>	<u>2,260,000,149</u>
TOTAL	<u>11,911,530,649</u>	<u>8,572,785,649</u>

NOTE 12. RETAINED EARNINGS

Retained Earnings B/F	(48,127,912)	24,402,651
Prior year Adjustments	-	-
Profit (Loss) for the Year	<u>561,115,370</u>	<u>(72,530,563)</u>
	512,987,458	(48,127,912)
Less: Provision for Taxation	<u>119,502,640</u>	-
	393,484,818	(48,127,912)
Add: TFDC Profit for 2008	<u>116,876,157</u>	-
Retained Earnings C/F	<u>510,360,975</u>	<u>(48,127,912)</u>

NOTE 13. COMPUTATION OF CORPORATION TAX

Net Profit (Loss) as per Accounts	561,115,370	(72,530,563)
ADD: Depreciation and Amortisation	<u>118,028,007</u>	<u>101,473,921</u>
Adjusted Income	679,143,377	28,943,358
DEDUCT Wear and Tear for the year	<u>170,607,600</u>	<u>139,637,003</u>
	508,535,777	(110,693,645)
ADD Donation	-	500,000
Prior year adjustments	-	-
	508,535,777	(110,193,645)
Loss B/F	(110,193,645)	-
Loss C/Forward	-	(110,193,645)
	398,342,132	(110,193,645)
Corporate Tax (30%)	119,502,640	-
Corporate Tax Payable B/F	<u>104,912,439</u>	<u>104,912,439</u>
Tax Payable	<u>224,415,079</u>	<u>104,912,439</u>

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

NOTES TO THE FINANCIAL STATEMENTS CONT'D

<u>NOTE 14: ACCRUED EXPENSES</u>	31.12.2008	31.12.2007
	<u>TSHS</u>	<u>TSHS</u>

Interest on ABCT (TFDC) Loan	141,557,077	77,699,500
Accruals/NSSF TFDC Mwanza	44,356,062	-
Audit Fees	8,840,000	4,200,000
TOTAL	<u>194,753,139</u>	<u>81,899,500</u>

NOTE 15. OTHER LIABILITIES

Dividends Payable	79,292,594	249,728,221
Tanzania Securities Ltd	835,711	835,711
IPP Media	325,780,252	325,780,252
Creditors TFDC	964,396,757	270,011,575
Creditors ITV	6,575,240	6,575,240
Other Creditors (Mosha)	1,800,000	-
TOTAL	<u>1,378,680,554</u>	<u>852,930,999</u>

NOTE 16. BANK O/D AND LOANS

CRDB Bank A/C 01J1020548201-DSM	-	910,736
Exim Bank A/C No 0301573882 DSM	444,778,401	776,395,881
FBME Bank A/C 011707 TZS TCAC 001-Q DSM	-	827,344,171
Exim Bank A/C -TFDC Mza	-	1,193,680
Bayport Financial Services	305,000,000	-
Exim Bank A/c 0301148881 (Share offer) DSM	107,734	-
African Banking Corp. A/C TZTAF1001ADVTZS 0016	4,569,698,238	2,247,085,224
TOTAL	<u>5,319,584,377</u>	<u>3,852,929,692</u>

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

NOTES TO THE FINANCIAL STATEMENTS CONT'D

NOTE 17. INCOME

	31.12.2008	31.12.2007
	<u>TSHS</u>	<u>TSHS</u>
Interest -Government Treasury Bonds and Bills	2,250,000	2,289,820
Interest - Deposits Escrow A/C -Exim Bank	1,362,859	57,872,001
Interest -Fixed Deposits A/C -CRDB Bank	-	-

Interest -Savings A/C No. 1J202548200 -CRDB	-	37,523
Dividend Income (NMB)	726,000,000	528,000,000
Exchange Gain Realised	73,609	8,473,827
Exchange Gain Unrealised	-	-
Gain on Sale of Bayport Fin Services Shares	257,443,090	-
Interest on Investment in Bayport Fin Services	252,798,505	-
Gain on Sale of Swiss port Shares	-	4,354,160
	<u>1,239,928,063</u>	<u>601,027,331</u>

NOTE 18. OTHER INCOME

Bonus on Resale of NICO Shares	-	1,175,000
Other Income	<u>23,740,195</u>	<u>10,636,057</u>
TOTAL	<u>23,740,195</u>	<u>11,811,057</u>

M/S NATIONAL INVESTMENTS COMPANY (NICOL) LTD

NOTES TO THE FINANCIAL STATEMENTS CONT'D

NOTE 19 OPERATING EXPENSES

	31.12.2008	31.12.2007
	<u>TSHS</u>	<u>TSHS</u>
Salaries and Allowances	122,198,748	60,133,593
Printing and Stationery	9,843,970	3,812,390
Telephone/Postage	9,171,319	6,128,716
Advertisement	24,035,283	5,629,550
Legal Consultancy Fees	8,977,440	2,600,000
Annual General Meetings	5,443,060	22,457,300
Vehicle Running and Maintenance	6,006,825	4,039,580
Office Rent	23,759,060	22,433,460

Electricity	3,430,000	2,320,000
Audit fees	22,360,000	15,115,000
Interest Expense on Loans	219,994,399	302,630,172
Transport and Travelling	32,439,476	37,038,500
Loan Arrangement fees	4,000,000	22,040,000
Post Giro Expenses	0	35,723,807
Bank Charges	26,523,549	1,191,627
Depreciation and Amortization Expenses	118,028,007	101,473,921
Website/ Internet services	5,011,828	3,999,218
Repairs and Maintenance	1,283,000	1,336,000
Training	0	100,000
Brokerage Commissions	0	136,100
Office Supplies/Expenses	12,734,970	2,875,180
Donation	0	500,000
Membership Fees	520,000	4,040,000
Board Meeting Expenses	0	241,750
Exchange Loss	5851329	6,413,687
Insurance	0	3,023,376
Professional Fees	10,040,625	0
Retirement Benefits	30,000,000	0
End of /New Year Present	900,000	0
Meetings and Conferences	0	14,108,110
Dividends Receivable W/Off	0	3,207,195
Interest Receivable W/Off	0	620,719
	<u>702,552,888</u>	<u>685,368,951</u>
Investment Costs		
Feasibility Studies on Future Projects	0	0
TOTAL OPERATING EXPENSES	<u>702,552,888</u>	<u>685,368,951</u>