



Printing Press





The Nation Media Group, the largest independent media house in East and Central Africa with operations in print, broadcast and digital media, attracts and serves unparalleled audiences in Kenya, Uganda, Tanzania and Rwanda.

Published in 2013

Copyrights © 2013 Nation Media Group Limited

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the permission of the copyright holder.



Head Office  
Nation Centre  
Kimathi Street

P.O. Box 49010  
00100, GPO  
Nairobi, Kenya

Tel. +254 20 3288000  
Cell Phone: +254 719 038000, +254 732 138000

corporateaffairs@ke.nationmedia.com  
www.nationmedia.co.ke

Browse, download or print our annual report at  
[http://www.nationmedia.com/docs/NMG\\_Annual\\_Report\\_and\\_Financial\\_Statements\\_2012.pdf](http://www.nationmedia.com/docs/NMG_Annual_Report_and_Financial_Statements_2012.pdf)

View our 2012 results presentation at  
<http://www.nationmedia.com/docs/2012-Results-Investor-Briefing.pdf>

# Brands

DAILY NATION  
The East African  
BUSINESS DAILY  
TAIFA LEO  
ntv  
-6667- nationmobile  
easy 96.3fm my life my music  
QFM Kisa Kisa  
n-skoko.com The Easy Way  
NATIONHELA Pesa Mfikoni  
sporton!  
twende twende

Daily Monitor TRUTH EVERY DAY  
NTV Turning on your World  
The East African  
jamba  
K  
ENNYANDA  
MONITOR DIGITAL

MWANANCHI  
THE CITIZEN  
The East African  
Spoti

The East African  
98.7 KFM  
RWANDA TODAY

WWW

The background features several light blue lines of varying lengths and orientations, some ending in small circles, creating a sense of movement and connectivity. A circuit-like icon, consisting of a central circle with three lines extending to smaller circles, is positioned to the left of the 'Our Vision' section.

## Our Vision

To be the Media of Africa for Africa.

The background features several light blue lines of varying lengths and orientations, some ending in small circles, creating a sense of movement and connectivity. A circuit-like icon, consisting of a central circle with three lines extending to smaller circles, is positioned to the left of the 'Our Mission' section.

## Our Mission

To create value for our stakeholders and positively influence society by providing media that informs, educates and entertains.



# Contents

## Highlights

Pg 1	Notice of Annual General Meeting Ilani ya Mkutano Mkuu wa Mwaka	Pg 9	Taarifa ya Mwenyekiti
Pg 3	Corporate Governance	Pg 13	Group Chief Executive's Report
Pg 4	Financial Highlights	Pg 16	Ripoti ya Mkurugenzi Mkuu Mtendaji
Pg 5	Chairman's Statement		

## Business Review

Pg 19	Corporate Social Responsibility	Pg 25	Board of Directors' Profiles
Pg 21	Human Resources	Pg 27	Directors' Report Ripoti ya Wakurugenzi
Pg 23	Group Websites	Pg 31	Executive Team Profiles
Pg 24	Board of Directors Halimashauri ya Wakurugenzi	Pg 35	Statement of Directors' Responsibility

## Financial Statements

Pg 36	Report of the Independent Auditor to the Members of Nation Media Group Limited	Pg 79	Principal Shareholders and Distribution of Shareholding 31 December 2012
Pg 39	Financial Statements		
Pg 78	Five year Financial Summary	Pg 80	Proxy Form Fomu ya Uwakilishi

# Notice of Annual General Meeting



Notice is hereby given that the Fiftieth Annual General Meeting of the Shareholders of Nation Media Group Limited will be held at the Kenyatta International Conference Centre, Comesa Ground, Nairobi, on Friday 26 April 2013 at 2.00 p.m. for the following purposes:

## Ordinary business

1. To receive the financial statements for the year ended 31 December 2012, and the chairman's, directors' and auditors' reports thereon.
2. To confirm the payment of the interim dividend of Kshs.2.50 per share (100%) and to approve the payment of the final dividend of Kshs.7.50 per share (300%) on the ordinary share capital in respect of the year ended 31 December 2012.
3. To confirm that PricewaterhouseCoopers continue in office as the Company's Auditors in accordance with Section 159 (2) of the Companies Act (Cap 486) Laws of Kenya and to authorize the directors to fix their remuneration.
4. To authorise the directors to fix the remuneration of the non-executive directors.
5. To elect and to re-elect the following directors:

In accordance with Article 96 of the Company's Articles of Association, Mr J. Montgomery, a director appointed on 27 April 2012 and Ms N. Karago, a director appointed on 1 March 2013, both retire and being eligible offer themselves for election.

In accordance with Article 110 of the Company's Articles of Association, Mr W. D. Kiboro, Mr R. Dowden, Mr S. Gitagama and Dr Y. Jetha, retire by rotation and being eligible, offer themselves for re- election.

## Special business

To consider and if thought fit, to pass the following resolutions as Special Resolutions.

6. "That Prof L. Huebner, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a further period of one year."
7. "That subject to the approval of the Capital Markets Authority and the Nairobi Securities Exchange Limited the sum of Kshs.78,559,285.00 being part of the amount now standing to the credit of the reserves of the Company, shall be capitalized and that the same shall applied in making payment in full at par for 31,423,714 ordinary shares of Kshs.2.50 each in the capital of the Company. Such shares shall be distributed as fully paid among the persons who are registered as holders of the ordinary shares in the capital of the Company at the close of business on 12 April 2013, at the rate of one new fully paid ordinary share for every five ordinary shares held by such holders respectively and that such new shares shall not qualify for the payment of the final dividend for the year 2012 declared by this meeting"

By order of the Board  
J. C. Kinyua  
Secretary  
19 March 2013

## Note:

A member entitled to attend and to vote may appoint a proxy to attend and to vote on his behalf. Such proxy need not be a member of the Company. To be valid, proxy forms must be deposited at the Company's registered office not less than 48 hours before the appointed time of the meeting.

# Ilani ya mkutano mkuu wa kila mwaka



Ilani inatolewa hapa ya Mkutano Mkuu wa Hamsini wa Kila Mwaka wa wenyehisa wa Kampuni ya Nation Media Group Limited utakaofanyika katika Kenyatta International Conference Centre, Comesa Grounds, Nairobi, siku ya Ijumaa tarehe 26 Aprili 2013 kuanzia saa nane adhuhuri, na shughuli zifuatazo zitatekelezwa:

## Shughuli za kawaida

1. Kupokea nakala za mahesabu ya fedha ya mwaka uliomalizikia tarehe 31 Desemba 2012, pamoja na ripoti za mwenyekiti, wakurugenzi wakuu na wakaguzi wa mahesabu ya fedha.
2. Kuthibitisha utoaji wa mgao wa kati wa Shilingi 2.50 kwa kila hisa (asilimia 100) na kuidhinisha malipo ya mgao wa mwisho wa Shilingi 7.50 kwa kila hisa (asilimia 300) kutokana na mtaji wa hisa za kawaida katika kipindi cha mwaka uliomalizikia 31 Desemba 2012.
3. Kuthibitisha kwamba PricewaterhouseCoopers wanaendelea kuhudumu kama wakaguzi wa hesabu kuambatana na Sehemu ya 159 (2) ya Sheria za Kampuni katika Kifungu cha (Cap 486) kulingana na Sheria za Kenya na kuruhusu wakurugenzi kuamua malipo yao.
4. Kuwataka wakurugenzi wakuu kubainisha malipo ya wakurugenzi wasiokuwa wakuu.
5. Kuchagua na kuchagua upya wakurugenzi wakuu wafuatao:

Kulingana na Ibara ya 96 ya Kanuni za Kiushirika za Kampuni, Bw J. Montgomery, mkurugenzi mkuu aliyeteuliwa mnamo tarehe 27 Aprili 2012 na Bi N. Karago, mkurugenzi mkuu aliyeteuliwa mnamo tarehe 1 Machi 2013, wote wanastaafu na wana fursa ya kujitolea kuteuliwa katika uchaguzi.

Kulingana na Ibara ya 110 ya Kanuni za Kiushirika za Kampuni, Bw W. D. Kiboro, Bw R. Dowden, Bw S. Gitagama na Dkt Y. Jetha, wanastaafu kwa zamu na kwa sababu wanastahili, wanajitolea kuchaguliwa tena.

## Shughuli maalum

Kukubali na ikionekana kuwa sawa, kuidhinisha makubaliano yafuatayo kama Makubaliano Maalum.

6. "Kwamba Prof. L. Huebner, mkurugenzi mkuu anayestaafu kwa mujibu wa Kifungu cha 101 cha Mkataba wa Ushirikiano wa Kampuni na ambaye anazidi umri wa miaka 70, kwa kuangalia ukweli huo, atachaguliwa kama mkurugenzi mkuu wa Kampuni hii kwa kipindi cha mwaka mmoja.
7. "Ikiwa wenyehisa, Halmashauri ya Mtaji wa Soko na Kampuni ya Soko la Hisa la Nairobi, wataidhinisha kiwango cha jumla cha Shilingi 78,559,285.00 kikiwa ni sehemu ya pesa zilizopo katika hifadhi ya pesa taslimu za Kampuni, kifanywe kuwa mtaji na wakati huo huo kitumiwe kufanya malipo kikamilifu kwa kiwango sawa cha 31,423,714 hisa za kawaida kwa Shilingi 2.50 kwa kila hisa katika mtaji wa Kampuni. Hisa hizo zita sambazwa kama zilizolipwa kikamilifu kati ya watu waliosajiliwa kama wamiliki wa hisa za kawaida katika mtaji wa Kampuni kufikia wakati kukamilika kwa muda wa saa za kazi za tarehe 12, Aprili 2013, katika kiwango cha hisa moja ya kawaida iliyolipiwa kikamilifu kwa kila hisa tano za kawaida zinazomilikiwa na wenyehisa kama hao mtawalia, kwamba hisa kama hizo mpya hazitaidhinishwa kwa malipo ya ulipaji wa mgao wa mwisho wa mwaka wa 2012 ilioiodhinishwa na mkutano huu mkuu wa kila mwaka."

Kwa idhini ya halmashauri  
J. C. Kinyua  
Katibu  
Tarehe 19, Machi 2013

## Fahamu:

Mwanachama anayeruhusiwa kuhudhuria na kupiga kura anaweza kuteua mwakilishi atakayemwakilisha na kupiga kura kwa niaba yake. Mwakilishi kama huyo, sio lazima awe ni mwanachama wa Kampuni. Ili kuwa halali, fomu za uwakilishi zinafaa kufikishwa katika ofisi ya usajili ya Kampuni, sio chini ya saa 48 ya muda wa uteuzi wa mkutano huo.

# Corporate Governance

## The Company is committed to upholding the best international standards of good corporate governance practices.

The role of the Board is to determine the Company's policies and strategies, to monitor the attainment of the business objectives and to ensure that the Company meets its obligations to the shareholders. The directors are also responsible for overseeing the Group's internal control systems. These controls are designed both to safeguard the Group's assets and to ensure the reliability of the financial information used within the business.

The Board has the following standing Board Committees:-

1. Nominations Committee, which is responsible for executive and non-executive board appointments and which meets twice a year. Mr G. M. Wilkinson chairs the committee, which has Mr W. D. Kiboro, Mr A. Poonawala, Prof L. Huebner and Mr L. W. Gitahi as members. The members of the Committee with the exception of the Group Chief Executive Officer, are independent and non-executive directors.
2. Finance and Audit Committee, whose responsibility is to ensure that the systems of internal controls are effectively administered, to define the responsibilities of the internal auditors, liaise with the external auditors and to review the interim results and the full year financial statements and which meets quarterly in each year. Mr D. Aluanga chairs the committee, which has Mr A. Poonawala and Dr S. Kagugube as members. The members of the committee are independent and non-executive directors.
3. Strategic Planning Committee, which reviews the Group's medium and long term strategic aims and direction and which meets quarterly in each year. Prof L Huebner chairs the committee, which has Mr G. M. Wilkinson, Dr Y. Jetha, Mr R. Dowden, Mr L. W. Gitahi, Mr. S. Gitagama and Mr J Montgomery as members.
4. Editorial Committee, which considers and advises on the Group's editorial policy, the journalistic code of ethics and legal responsibilities and which meets quarterly in each year or as often as necessary. Mr F. O. Okello chairs the committee, which has Mr D. Aluanga, Prof O. Mugenda, Mr R. Dowden and Mr L. W. Gitahi as members.
5. Human Resources and Remuneration Committee, whose primary objective is to assist the Group to achieve its goal of adhering to the best practices of Corporate Governance relating to Human Resources Management and Development. The Committee meets quarterly in each year. Dr Y. Jetha chairs the committee, which has Mr A. Poonawala, Prof O. Mugenda and Mrs Z. Muro as members. The members of the committee are independent and non-executive directors.

The Chairman of the Board is an independent and non-executive director and is elected by the board of directors to hold office after every three years.

There is a clearly defined organisational structure within which individual responsibilities and authority limits are identified in relation to internal financial controls. The structure is complemented by policies and management operates the business in compliance with these policies.

The Group Chief Executive Officer chairs the Executive Team, which comprises the executive directors and other senior executives of the Group. The team deals with operational matters and co-ordinates activities across the Group's various subsidiary companies and divisions.

# Financial Highlights 2012

## Performance Highlights

Group turnover increased by Kshs.1.1 Billion (9.8%) to Kshs.12.35 Billion

Profit before tax increased by 24.7% to Kshs.3.50 Billion

Profit attributable to shareholders increased by 34.0% to Kshs.2.61 Billion

Dividend per share for the year of Kshs.10.00

Group turnover

+ (9.8%)

to Kshs.12.35 Billion

Profit before tax

+ 24.7%

to Kshs.3.50 Billion

Profit attributable to shareholders

+ 34.0%

to Kshs.2.61 Billion

## Mukhtasari wa Matukio ya Mwaka wa 2012

Mapato ya Jumla ya Kampuni yaliongezeka kwa Shilingi 1.1 Bilioni (asilimia 9.8) hadi Shilingi 12.35 Bilioni

Faida kabla ya ushuru iliongezeka asilimia 24.7 hadi Shilingi 3.50 Bilioni

Faida inayotokana na wenyehisa iliongezeka kwa asilimia 34.0 hadi Shilingi 2.61 Bilioni

Mgao wa Shilingi 10.00 kwa kila hisa



## Chairman's Statement



It gives me great pleasure to present to you the Annual Report and Financial Statements for the year ended 31 December 2012. The Group achieved significantly improved results compared with the previous year. The turnover for the year increased by 9.8% to Kshs.12.35 billion, with profit before tax rising to Kshs.3.50 billion, an increase of 24.7% from the Kshs.2.81 billion recorded in 2011.

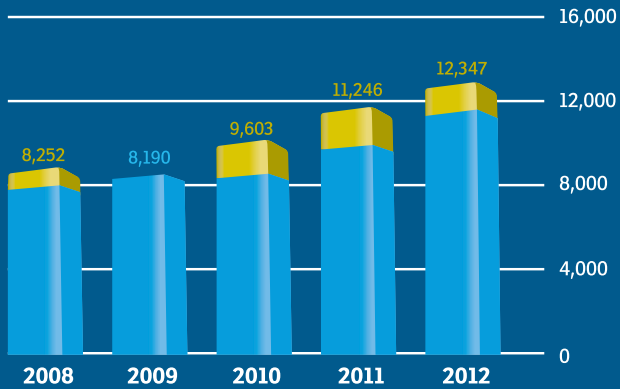
**Wilfred D. Kiboro**  
Chairman



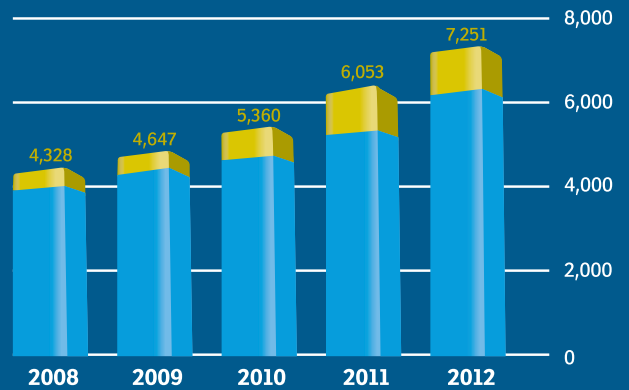
# Chairman's Statement

## Continued

Turnover (Kshs M)



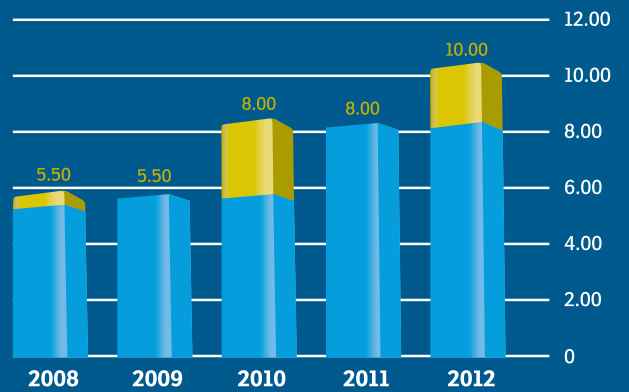
Shareholders Funds (Kshs M)



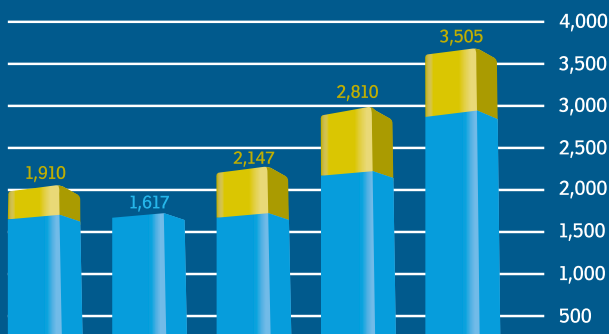
Capital Expenditure (Kshs M)



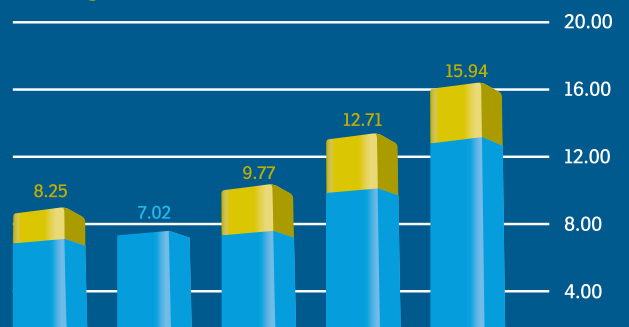
Dividend Per Share (Kshs)



Profit Before Tax (Kshs M)



Earnings Per Share (Kshs)



# Chairman's Statement

## Continued

The good performance was driven by revenue growth, market share gains, improved performance by the new products and growth in contribution from the regional subsidiaries and interest income earned on the Group's cash reserves. A favourable foreign exchange regime also earned the Group significant savings on direct costs.

### Dividends

The Directors have recommended, subject to the shareholders' approval at the Annual General Meeting, a final dividend for the year of Kshs.7.50 (300%) per share on the issued share capital of 157,118,572 ordinary shares of Kshs. 2.50 each. In addition, the Directors paid an interim dividend of Kshs.2.50 (100%) per share on 30th September 2012. This makes a total dividend pay-out of Kshs.10.00 per share (400%) for the year ended 31 December 2012 (2011: Kshs.8.00 per share or 320%) subject to withholding tax, where applicable.

### Bonus shares

The Directors have also recommended, subject to the approval of the shareholders, the Capital Markets Authority and the Nairobi Securities Exchange, the issue of one new fully paid ordinary share for every five shares held in the capital of the Company, to the shareholders on the register of members at the close of business on 12 April 2013.

### Share price and market capitalisation

The Group's share price and the market capitalisation over the period under review show an upward trend. The NMG share price was at Kshs.222 per share in December 2012, up from Kshs.141 per share at the beginning of the year. This is a market capitalisation of Kshs.34.88 billion as at December 2012, up from Kshs.22.15 billion in January 2012.

### Regional environment

The global macroeconomic landscape continues to be unstable due to the slow recovery of the US economy and the continuing Eurozone economic crisis. In the East African region, the economies were adversely affected by high interest rates, high inflation, high food and energy prices brought about by prevalent drought conditions, insecurity associated with acts of terrorism

and uncertainty in the build-up to the General Election in Kenya. These challenges notwithstanding, the Group performed remarkably well in the year under review.

### Business environment

Kenya's economy remained under pressure and the GDP grew to 5.2% from 4.4% in 2011. In Uganda, GDP slowed down on the back of high oil and commodity prices, while in Tanzania, GDP growth slowed down, partly attributable to the energy crisis.

The tight operating economic environment saw cuts in the traditional advertising revenue sources, but aggressive selling and innovative offers, boosted our top line and ensured an improved performance. Good editorial content also sustained the attraction of our media platforms.

Following the Group's expansion into Rwanda with the launch of the 98.7 KFM radio station, performance has been impressive. The Group suspended its operations in South Sudan, following a ban on foreign publications by the Government.

### Growth

The Group's geographical diversification continues to be a key strategic initiative, to establish a multimedia platform in broadcasting, print and digital media. The regional investments outside Kenya are becoming major contributors to the Group's bottom line.

The initiative to bring a more nuanced and balanced analysis of Africa's prospects in international media coverage is now taking root. The Group has correspondents and writers in 38 African countries, the most for any media house covering Africa, and its portal for Africa news - AfricaReview.com - is now among the top three pan-African online news sites. The Group has established sufficient in-house expertise around the continent, and is attracting partnerships with global media houses to cover events in Africa. This should make NMG the outright leader in covering news and events in Africa in the coming years.

# Chairman's Statement

## Continued

### Corporate social responsibility

The Groups' commitment to improving the quality of life of the communities in which we operate remains central to what we do. During the year, we continued to focus on education, environmental projects and community involvement. The impact we are having continues to be impressive: The 'Get on the Bus' excellence and mentorship programme, which provides scholarships and mentorship to needy and bright post primary students for their entire secondary school education, has so far benefited 230 students in East Africa. The Newspapers in Education (NiE) programme continues to attract sponsorship from companies and individuals in the region to provide newspapers to marginalized schools in Kenya and Uganda. The programme is benefitting more than 306 schools.

We continue to preserve the environment through tree planting initiatives organised by the Save the Mau Trust. NMG staff members, in collaboration with other corporates, have so far planted over 700,000 tree seedlings in the Eburru forest since 2009.

### Board

During the year in review, Mr Adam Salkeld resigned from the Board. I wish to express the Board's gratitude to Mr Salkeld for his diligent and committed service to the Group.

I also take this opportunity to welcome Mr James Montgomery and Ms Njeri Karago, who were appointed to the Board after the previous Annual General Meeting and look forward to their contributions to the Group's growth.

### Editorial policy & future prospects

Our reporting in the print and electronic media in the period leading to and after the General Election in Kenya has been guided by the Group's editorial policy and guidelines. The Board's Editorial Committee was instrumental in ensuring a balanced and ethical journalistic practice that was not skewed in support of any of the candidates or political parties. We are proud of the accolades that the Group has received for its coverage of the elections and the dissemination of the results from around the country and also for calling on Kenyans to keep the peace.

Overall, the trading environment is projected to improve in 2013 and our resolve is to remain focused on pursuing and applying resources to strategies that enable the Group to take advantage of the emerging opportunities to grow its business.

I want to convey my sincere and deep gratitude to my fellow Directors, the management and staff of the Group, our customers and business partners, for their continued support and contribution towards the Group's success.

W. D. Kiboro  
Chairman

## Taarifa ya Mwenyekiti



Nina furaha nyingi kuwasilisha Ripoti hii ya Mwaka na Taarifa ya Kifedha ya mwaka uliomalizikia Desemba 31, 2012. Kampuni hii ilipata matokeo yaliyoimarika kwa kiasi kinachoridhisha ikilinganishwa na mwaka uliyotangulia.

Mapato ya jumla ya mwaka huo yaliongezeka kwa asilimia 9.8 hadi Shilingi bilioni 12.35, huku faida kabla ya ushuru ikiongezeka hadi Shilingi bilioni 3.50, ongezeko la asilimia 24.7 kutoka Shilingi bilioni 2.81 zilizopatikana mwaka 2011.

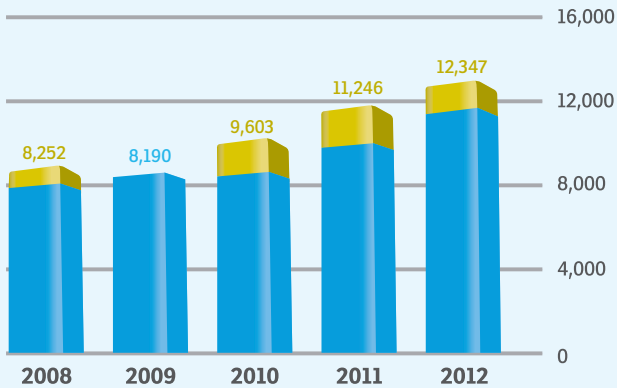
Wilfred D. Kiboro  
Mwenyekiti



# Taarifa ya Mwenyekiti ya mwaka wa 2012

## Inaendelea

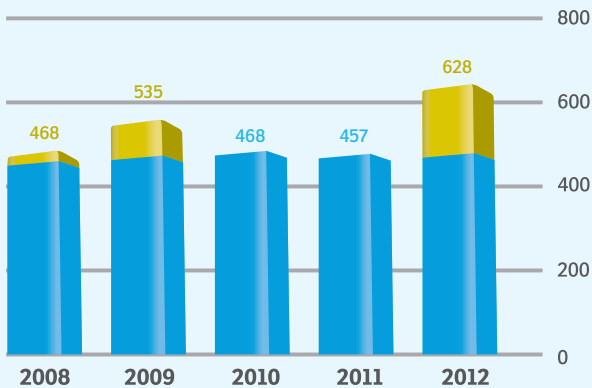
Mapato ya Jumla (Kshs M)



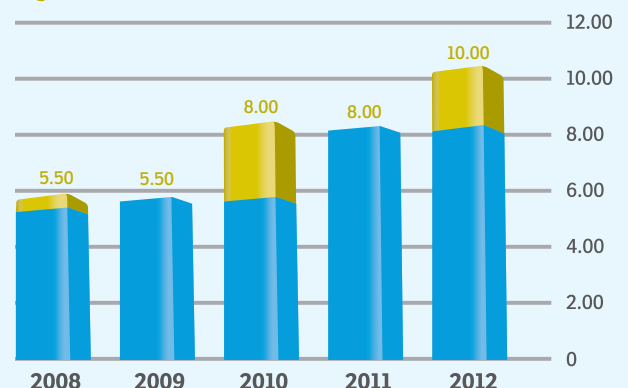
Hazina ya Wenye Hisa (Kshs M)



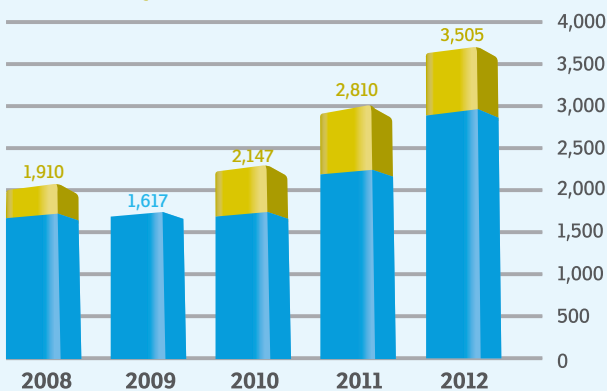
Matumizi ya Mtaji (Kshs M)



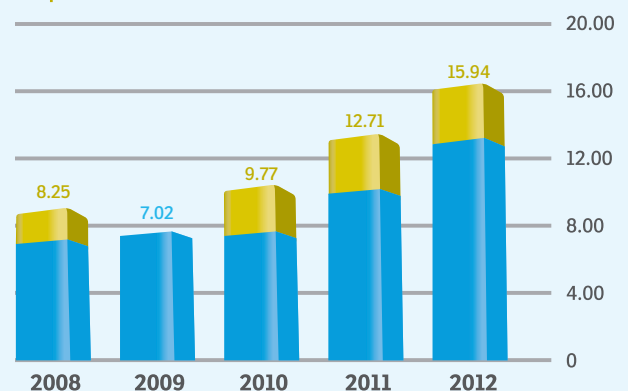
Mgao kwa Kila Hisa (Kshs)



Faida Kabla ya Kutozwa Ushuru (Kshs M)



Mapato kwa Hisa (Kshs)



# Taarifa ya Mwenyekiti ya mwaka wa 2012

## Inaendelea

Matokeo hayo mazuri yanatokana na ukuaji wa mapato, ongezeko la ngawira yetu katika soko la kibiashara, kuimarika kwa matokeo ya jumla kutokana na bidhaa mpya pamoja na mchango wa mashirika dau yetu, pamoja na mapato ya riba yaliyotokana na hifadhi ya pesa taslimu za kampuni. Kadhalika, mfumo imara wa ubadilishanaji wa pesa za kigeni ulisaidia pakubwa Kampuni hii kubana matumizi ya moja kwa moja.

## Mgao

Wakurugenzi Wakuu, wamependekeza, kwa kutegemea idhinisho la wenyehisa katika Mkutano Mkuu wa kila Mwaka, utoaji wa mgao wa mwisho wa Shilingi 7.50 (asilimia 300) kwa kila hisa kwa mtaji wa hisa uliotolewa wa hisa za kawaida 157,118,572 wa shilingi 2.50 kwa kila hisa. Zaidi ya hayo, Wakurugenzi walilipa mgao wa kipindi cha kati wa shilingi 2.50 (asilimia 100) kwa kila hisa mnamo 30 Septemba 2012. Malipo haya yanafanya mgao wa jumla uliolipwa kufika shilingi 10.00 kwa kila hisa ikiwa ni (asilimia 400) kwa malipo ya mwaka uliomalizika tarehe 31 Desemba 2012 (2011: Shilingi 8.00 kwa kila hisa ama (asilimia 320), kabla ya kutozwa ushuru wa hifadhi, kila panapofaa.

## Hisa za ziada

Wakurugenzi Wakuu, pia wamependekeza, kwa kutegemea idhinisho la wenyehisa, Halmashauri ya Soko la Mtaji na Soko la Hisa la Nairobi, kutolewa kwa hisa moja ya kawaida iliyolipiwa kikamilifu kwa kila hisa tano za kawaida zilizo kwenye mtaji wa kampuni, hasa kwa wenyehisa walio katika sajili ya wanachama kufikia saa za kufunga kazi za tarehe 12 Aprili 2013.

## Bei ya hisa na mtaji wa soko

Bei ya hisa ya Kampuni na mtaji wa soko wa kipindi kinachopigiwa darubini iliimarika. Bei ya hisa ya NMG ilikuwa shilingi 222 kwa kila hisa mnamo Desemba 2012, kutoka shilingi 141 kwa kila hisa mwanzoni mwa mwaka huo. Huu ni mtaji wa soko wa shilingi Bilioni 34.88 kufikia Desemba 2012, kutoka shilingi Bilioni 22.15 mnamo Januari mwaka wa 2012.

## Mazingira ya ukanda huu

Shughuli za kibiashara ulimwenguni zilibaki kuwa na changamoto nyingi kutokana na kudorora kwa uchumi wa Marekani na mfumko wa chumi za ukanda wa Eurozone. Katika ukanda wa Afrika Mashariki, uchumi uliathirika

kutokana na viwango vikubwa vya riba, mfumko wa bei za bidhaa, gharama ya juu ya mafuta, chakula na kawi, zilizotokana na ukame mkubwa, ukosefu wa usalama unaohusishwa na visa vya ugaidi na wasiwasi kutokana harakati kali za kisiasa nchini Kenya. Lakini licha ya changamoto hizi, kampuni yetu ilifanya vyema katika kipindi cha mwaka huo.

## Mazingira ya kibiashara

Uchumi wa Kenya ulizidi kukabiliwa na ugumu lakini Mapato ya Kitaifa ya Mwaka (GDP) yaliongezeka hadi asilimia 5.2 kutoka asilimia 4.4 katika mwaka 2011. Nchini Uganda, Mapato ya Kitaifa ya Mwaka (GDP) yalipungua kufuatia bei ya juu ya mafuta na bidhaa nyinginezo, huku nchini Tanzania, ukuaji wa viwango vya biashara za bidhaa (GDP) ulipungua, ikiambatanishwa na kuongezeka kwa gharama ya kawi.

Mazingira haya magumu ya utendakazi wa kiuchumi, yalisababisha kupungua kwa mapato ya matangazo lakini yakasababisha kuongezeka kwa mbinu za uuzaji na ofa nyingi za kibiashara kwa wateja. Matokeo yake ilikuwa ni kuimarisha biashara yetu na kuhakikisha pana utendakazi muafaka. Makala na habari nzuri kutoka kwa vyombo vyetu vya habari yalisaidia pakubwa katika kuwavutia wasomaji na watazamaji wa makala na vipindi mbali mbali.

Kufuatia kupanuliwa kwa Kampuni hii hadi nchini Rwanda kwa kuzindua kituo cha radio cha 98.7FM, matokeo yamekuwa ya kuridhisha. Upanuzi wa Kampuni hii hadi Sudan Kusini ulisitishwa kutokana na Serikali ya taifa hilo kubatilisha vyombo vyote vya habari kutoka mataifa ya nje kuendesha shughuli zake nchini humo.

## Ustawi

Upanuzi wa Kampuni hii kijiografia unaendelea kuwa mbinu mahsusi katika uundaji wa vyombo habari anuwai hasa kwenye mawanda ya utangazaji, uchapishaji na dijitali. Uwekezaji wa kimaeneo hasa yale yaliyo nje ya Kenya ni miongoni mwa vichangaji vikuu katika malengo ya Kampuni hii.

Mikakati inayolenga kuleta usawa katika uchanganuzi wa maswala ya habari hapa Afrika na katika mataifa ya ng'ambo, sasa unachukua matao yake. Kampuni hii ina waandishi na watoa-habari katika mataifa 38 barani Afrika, ikiwa ndio idadi kubwa kabisa ukilinganisha

# Taarifa ya Mwenyekiti ya mwaka wa 2012

## Inaendelea

na shirika la habari jingine lolote lile kwenye ukanda huu. Kadhalika, katika kiwambo na wavuti wake wa AfricaReview.com, kwa sasa, ni miongoni mwa mitandao bora hapa barani Afrika.

Shirika hili lina wataalamu wake waliotaalamika vyema hapa barani Afrika, na pia kushikana ubia na wadau wengine wa kimataifa ili kutoa habari za hapa Afrika. Hali hii inafaa kulifanya shirika hili la NMG kuwa bingwa wa vyombo vingine vya habari katika bara zima la Afrika kwenye kipindi cha miaka michache ijayo.

## Jukumu la shirika hili kwa jamii

Ufanisi wa utendakazi wetu unategemea mazingira na jamii ambazo tunaendeshea biashara. Katika mwaka huu, tulijishughulisha mno na miradi ya elimu, mazingira, na pia ushirika wa jamii. Matokeo yake yamekuwa ya kuridhisha. Mpango wa Nation 'Get On the Bus' wa Uboreshaji na Ukuzaji Vipawa kwa vijana walio maskini na waliofanya vyema katika mitihani yao ya shule za msingi, ili kuwasomesha katika kipindi cha masomo yao yote ya Sekondari. Kwa sasa, mradi huu umewafaa wanafunzi 230 kutoka Afrika Mashariki.

Mpango wa 'Newspapers in Education (NiE)' umeendelea kupokea michango mikubwa ua udhamini kutoka kwa kampuni mbali mbali na pia watu binafsi katika ukanda hasa kwa kuwanunulia wanafunzi na shule magazeti ya kusoma hususan hapa nchini Kenya na Uganda. Mpango huu umefaidi zaidi ya shule 306. Kadhalika, tunaendelea kuhifadhi miti kwa kuchangia pakubwa katika mradi ya upanzi wa miti, unaoongozwa na Save the Mau Trust. Wafanyikazi wa NMG kwa ushirikiano na mashirika mengine, tayari wamepanda mbegu 700,000 ya miti katika Msitu wa Eburru kutoka 2009.

## Bodi kuu

Katika mwaka huu unaoangaziwa, Bw Adam Salkeld alistaafu kutoka kwa bodi kuu. Ningependa kuelezea fahari ya bodi hii kwa Bw Salkeld kutokana na bidii yake ya mchwa na kujitolea kwake katika utoaji wa huduma kwa kampuni hii.

Pia nachukua fursa hii kuwakaribisha Bw James Montgomery na Bi Njeri Karago, walioteuliwa na bodi hii baada ya Mkutano Mkuu wa Mwaka uliotangulia.

## Sera ya uhariri na maazimio ya baadae

Usambazaji wetu wa habari katika magazeti, redio na runinga katika kipindi kilichokaribia na baada ya Uchaguzi Mkuu nchini Kenya ulizingatia kanuni, sera na masharti ya utoaji habari ya Kampuni ya NMG.

Kamati ya Uhariri ya Bodi hii ilijizatiti ili kahakikisha kwamba shughuli za uhariri zinazingatia usawa na maadili mema ya kiuanahabari na isingeweza kuegemea kwa chama ama mgombea yeyote katika harakati na pilkapilka za uchaguzi mkuu. Tunafurahia sifa kochokocho ambazo shirika hili limemiminiwa kutokana na utendakazi wake wa ukusanyaji wa habari wakati wa uchaguzi pamoja na jinsi lilivyotangaza matokeo ya uchaguzi. Yote haya yalitendeka na NMG ilidumu kuwarai na kuwasihhi wakenya wote kudumisha amani.

Kwa jumla, mazingira ya kibiashara yanabashiriwa kuimarika katika mwaka wa 2013 na maazimio yetu ni kubakia makini katika kuandama na kutumia rasilmali kwa mikakati itakayowezesha Kampuni hii kutumia vyema nafasi zinazojitokeza ili kukuza biashara.

Ninataka kutoa shukrani zangu za dhati kwa Wakurugenzi Wakuu wenzangu, usimamizi na wafanyakazi wa Kampuni, wateja wetu na washirika wetu wa kibiashara, kwa msaada na mchango wenu katika ufanisi wa Kampuni hii.

W. D. Kiboro

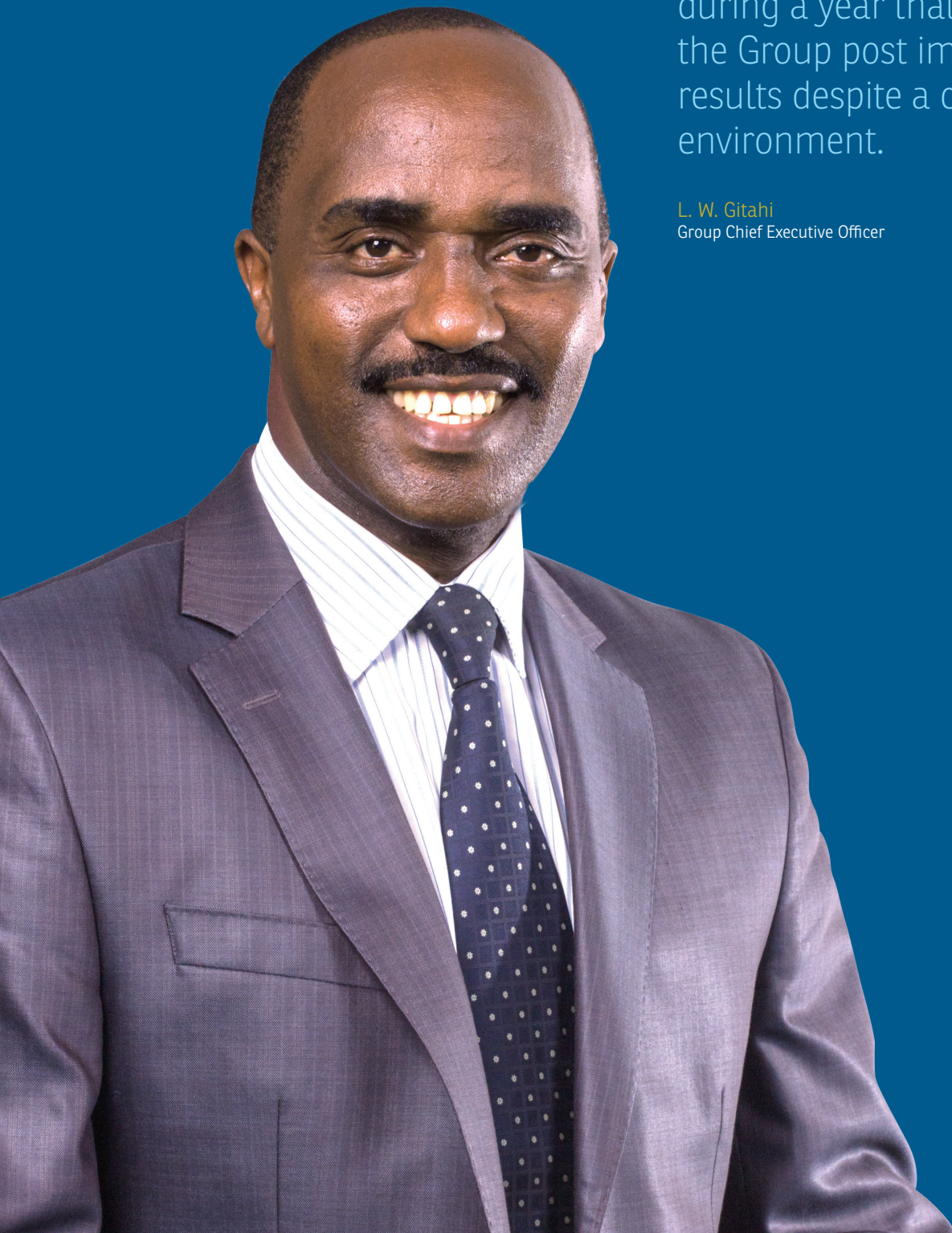
Mwenyekiti

# Group Chief Executive Report



I would like to start my report by first paying tribute to the entire NMG team for their dedication and commitment during a year that has seen the Group post impressive results despite a challenging environment.

**L. W. Gitahi**  
Group Chief Executive Officer



# Group Chief Executive Report

## Continued

The East African region faced a number of challenges in 2012, from high bank interest rates, to insecurity associated with acts of terrorism and uncertainty in the wake of heightened political campaigns in Kenya. There was, however, optimism with the discovery of oil reserves in Kenya and natural gas in Tanzania, which are expected to boost the regional economies in the coming years.

### Financial performance

Despite the challenging business environment, the Group's profit before tax increased by 24.7% to Kshs.3.50 billion from Kshs.2.81 billion in 2011, as a result of higher newspaper circulation and advertising revenues and market share gains.

The Group's turnover increased by 9.8% to Kshs. 12.35 billion from Kshs.11.2 billion in 2011. The following are the key highlights of the performance of the Group's various divisions:

Nation Newspapers Division (NND) performance recorded a growth trajectory with the circulation and the advertising revenues growing by 12% and 8% respectively. Circulation revenues were driven by strong editorial content, marketing promotions and circulation initiatives. The Group's strategy is to enhance the editorial content by covering national and county news to drive readership and viewership and to attract and maintain loyalty.

*Business Daily's* performance improved with both the advertising and the circulation revenue growing by 18% and 16% respectively. The key initiatives that continue to enhance the brand are: The Next Big Thing, an initiative seeking to promote homegrown innovations; BD Life - a pullout in the Friday paper and the Top 40 under 40 men and women lists, which identify successful men and women in Kenya under the age of 40 years.

*The EastAfrican* operating profit was driven by improved circulation and advertising revenues, which increased by 22% and 14% respectively.

NTV Kenya benefited from better cost management. Its new-state-of-the-art studio was commissioned and will enhance the brand's appeal to viewers. Following legal challenges, the switchover from analog to digital broadcasting is expected to be effected in 2013. The Group welcomes the migration as it will level the broadcasting playing field in terms of station signal

reach, and also offer a larger variety of TV channels to viewers. Consumers with analog TV sets will be required to buy a set-top box at a one off cost in order to watch programmes on the free-to-air television stations, including the NTV and QTV stations owned by the Group.

We continue to expand the appeal of our Kenya-based radio broadcasting stations - QFM and Easy FM, which have national reach, with captivating shows and information. During the year, the Group launched a new radio station in Rwanda, 98.7 KFM which has received a very positive response in the market.

Nation Digital Division's performance has shown consistent improvement with online advertising experiencing a growth surge of 13%, while its operating profit grew by 271%. Site optimisation and content improvement contributed to the good revenue results.

Nation Carriers achieved 18% growth in revenue, driven by improved fleet management, which has ensured timely delivery of the newspapers around the country.

Monitor Publications Limited's revenue increased marginally by 3%. The content review of the newspapers and the strengthening of the human capital to accelerate business growth is underway.

Mwananchi Communications Limited's circulation revenue grew by 25% as a result of impressive circulation copy sales. Advertising revenue grew by 35% compared with the prior year.

### Improving our efficiency

Our technology platforms are at the core of our business. The Group has been at the forefront of leveraging the use of cutting edge technology to drive performance and efficiency.

The Group's capital investment is geared towards growth and driving efficiency to support the business. The total capital investment for the year under review was Kshs.627.9 million, with the main investment being in the state-of-the-art television studio in Kenya to enhance the NTV brand appeal.

The Group has continued to harmonise the use of its systems across the region, with the Digital Technology International (DTI) publishing system being implemented at Mwananchi Communications Ltd.

# Group Chief Executive Report

## Continued

### Nationlife connected to community

The Group's commitment to improving the quality of life of communities was in the areas of Education, Health, Environment and Community sponsorship under Nationlife: our passion for community initiatives.

Targeting the next generation of East African leaders, the Group extended the 'Get on the Bus' excellence and mentorship programme from Uganda to Kenya. The programme continues to benefit bright post primary students from disadvantaged backgrounds with scholarships during secondary education.

The Group also continued to support the environment through tree planting initiatives with other corporates who make up the 'Save the Mau Trust' at the Eburru Forest. 357,000 tree seedlings were planted during the year, bringing the total so far planted to 700,000. The target is to plant 1 million trees by the end of 2013.

The Group conducted free eye clinics in Nairobi in collaboration with the Kenya Society for the Blind. The objective is to prevent blindness in Kenya, as well as to create awareness about opportunities for people with visual impairment.

The Group continued with its support to projects that alleviate hunger by partnering with other corporates in organising climbing expeditions by the staff to Mt Kilimanjaro, to raise funds to support long-term interventions for food security in Kajiado County.

### People talent

The Group has an elaborate talent management and development programme that develops staff to meet business requirements.

The Group instituted various executive learning programmes, an e-learning facility for all our staff and targeted exposure and training opportunities for staff within the region. We are proud that our programmes are being acknowledged through the honours that the Group

and the members of staff have earned in national, regional and international awards, such as second runners-up position in the inaugural Best Company to Work For survey in Kenya and the CNN Journalism Awards.

### Prospects

The outlook for the year 2013 is cautiously optimistic with the conclusion of the peaceful General Election in Kenya and the improved security environment in the region. The oil and minerals potential in the region is expected to attract direct foreign investment and thus accelerate economic growth.

I wish to sincerely thank the Board of Directors, the staff, as well as our stakeholders for all the support extended over the year and look forward to continued cooperation as we seek to achieve improved results in the year ahead.

**L. W. Gitahi**  
Group Chief Executive Officer

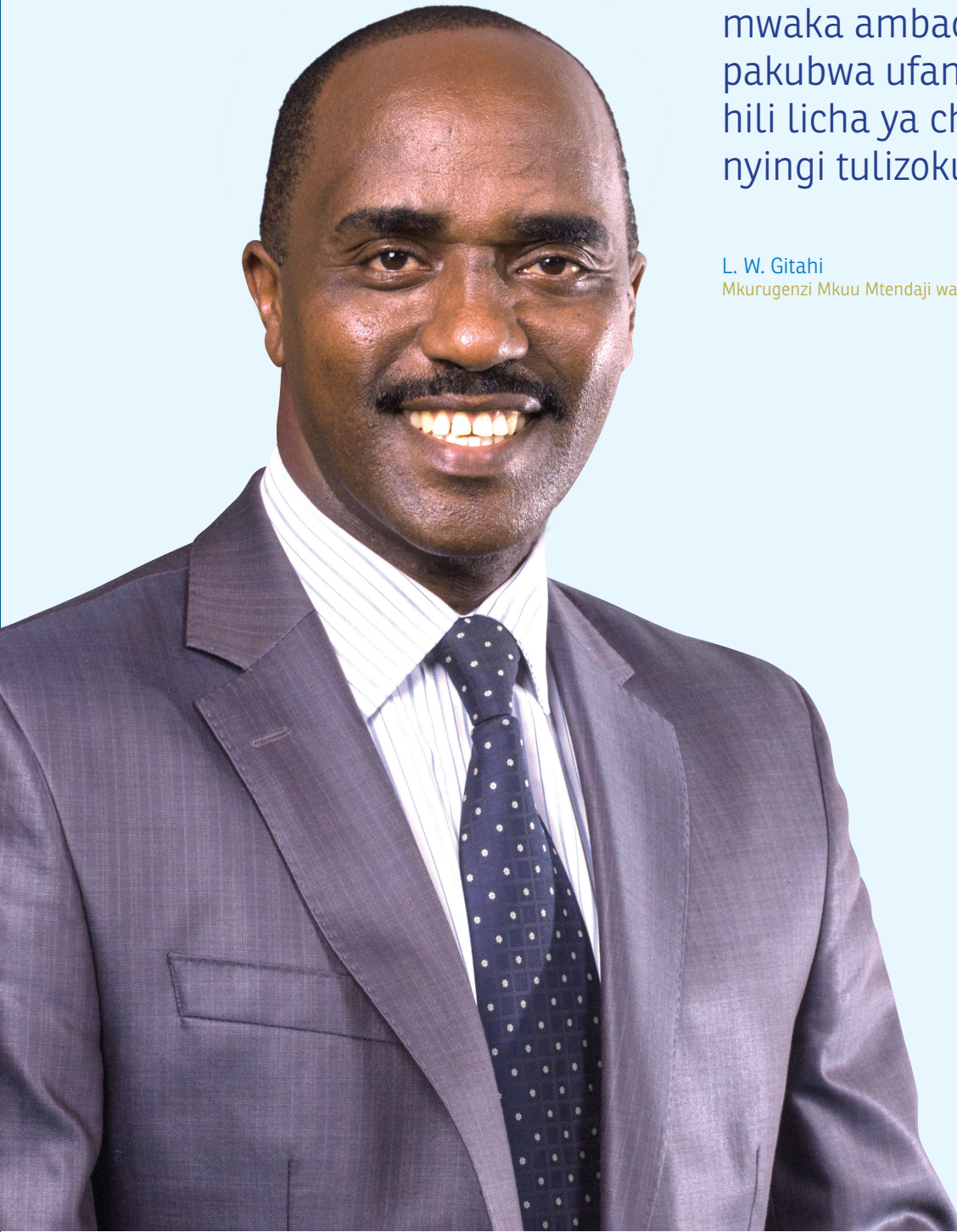
## Ripoti ya Mkurugenzi Mkuu Mtendaji



Kwanza kabisa, ningependa kuanza taarifa yangu kwa kuwapongeza wafanyikazi wote wa NMG kwa jitihada na bidii yao isiyo kifani kwenye mwaka ambao umechangia pakubwa ufanisi wa shirika hili licha ya changamoto nyingi tulizokumbana nazo.

L. W. Gitahi

Mkurugenzi Mkuu Mtendaji wa Kampuni



# Ripoti ya Mkurugenzi Mkuu Mtendaji

## Inaendelea

Eneo la Ukanda wa Afrika Mashariki lilikumbwa na changamoto kadha katika mwaka wa 2012, kuanzia kwa viwango vya juu vya riba, ukosefu wa usalama kutokana na visa vya ugaidi na joto la kampeni za kisiasa nchini Kenya. Kadhalika, pamejengeka imani kubwa baada ya kuvumbuliwa kwa mafuta ya visukuku nchini Kenya na gesi halisi huko Tanzania, vitega-uchumi vinavyotazamiwa kuinua uchumi wa mataifa haya kwa muda mrefu ujao.

### Matokeo ya kifedha

Licha ya mazingira ya kibiashara yenye changamoto humu nchini, faida ya kampuni hii kabla ya ushuru iliongezeka kwa asilimia 24.7 hadi Shilingi 3.50 bilioni kutoka Shilingi 2.81 bilioni mwaka 2011, hii ilitokana na mauzo ya juu ya magazeti na ongezeko katika mapato ya matangazo ya biashara na ngawira yetu katika soko.

Mapato ya jumla ya Kampuni yaliongezeka kwa asilimia 9.8 hadi Ksh12.35 bilioni kutoka Ksh11.2 bilioni mwaka 2011. Yafuatayo ndiyo matokeo ya vitengo mbalimbali vya kampuni katika mwaka wa 2012.

Matokeo ya Kitengo cha Usambazaji wa Magazeti ya Nation (NND), yalipata ukuaji mzuri ambapo mapato ya usambazaji na matangazo ya biashara yalikua kwa asilimia 12 na 8 mtawalia. Mapato ya usambazaji yalitokana hasa na habari zilizoimarika, uboreshaji wa matangazo ya bidhaa na mikakati imara ya usambazaji. Mbinu muafaka ya Kampuni hii ni kulenga uimarishaji wa habari ili kuongeza usomaji, utazamaji kwa lengo la kuimarisha ufausi.

Matokeo ya *Business Daily* yaliongezeka katika mapato ya matangazo ya biashara na usambazaji magazeti uliokua kwa asilimia 18 na 16 mtawalia. Jitihada kuu zinazoendelea kuimarisha gazeti hili ni: The Next Big Thing, ambao ni mpango unaolenga kuinua ubunifu wa humu nchini; BD Life – ambalo ni jarida katika toleo la Ijumaa, na Top 40 men under 40 inayoorodhesha wanaume na wanawake wanaoongoza kibiashara nchini Kenya na walio na umri chini ya miaka 40.

Ukuaji wa faida ya utendakazi ya *The EastAfrican* ulitokana na mapato ya usambazaji wa magazeti na matangazo ya biashara kwa asilimia 22 na 14 mtawalia.

NTV Kenya ilinufaika kutokana na usimamizi mzuri wa gharama. Studio ya hali ya kisasa ilikamilishwa na inatazamiwa kuimarisha na kuwavutia watazamaji wengi.

Kutokana na changamoto za kisheria, uhamisho kutoka mfumo wa analogi kwenda mfumo wa dijitali utanzishwa katika kipindi cha mwaka huu wa 2013. Kampuni hii inakaribisha mfumo huu kwani utaleta usawa katika utazamaji na pia katika mgao wa masafa ya runinga na radio. Kadhalika, mfumo huu utatoa nafasi kwa watazamaji kutazama vipindi vingi kutoka sehemu mbali mbali. Wateja walio na runinga za analogi watahitajika kununua kikasha cha gharama moja ili kutazama vipindi vya vituo vya runinga visivyolipiwa, ikiwa ni pamoja na vituo vya NTV na QTV vinavyomilikiwa na kampuni ya NMG.

Tunaendelea kupanua na kuwavutia wasikilizaji wa matangazo ya vituo vyetu vya radio - QFM na Easy FM, ambavyo vinasikika kote nchini Kenya, huku vikiwa na vipindi muruwa na vinavyovutia. Katika kipindi cha mwaka unajadiliwa, Kampuni hii ilizindua kituo kipya cha Radio huko nchini Rwanda, kinachofahamika kama 98.7 KFM ambacho mpaka sasa, kimepokelewa kwa shangwe na taadhima.

Matokeo ya Kitengo cha Dijitali cha Nation yameonyesha kuimarika, huku matangazo kwenye mtandao yakishuhudia ukuaji wa asilimia 13 na kadhalika faida ya utendakazi ikikua kwa asilimia 271. Ubora wa mtandao wake umesaidia pakubwa katika matokeo hayo mazuri.

Matokeo ya Nation Carrier (usafirishaji) yalishuhudia ukuaji wa asilimia 18 katika mapato. Hali hii ilisababishwa na usimamizi mzuri wa shughuli za magari yake huku ikihakikisha kufikishwa kwa magazeti kwa wakati ufaao kote nchini.

Mapato ya kitengo cha Monitor Publications Limited yalikua kwa kiasi kidogo cha asilimia 3. Uimarishaji wa habari na ufanyakazi ili kuongeza ukuaji, unaendelea kwa sasa.

Mapato ya usambazaji katika Kampuni ya Mwananchi Communications Limited yaliimarika kwa asilimia 25 huku matangazo ya biashara yakikua kwa asilimia 35, ikilinganishwa na mwaka uliotangulia.

### Uimarishaji wa ubora wetu kikazi

Kitengo chetu cha kiteknolojia ndicho nguzo ya biashara yetu. Kampuni hii imekuwa katika mstari wa mbele wa kuimarisha matumizi ya teknolojia ya kisasa, kuzidisha utendakazi na ubora.

# Ripoti ya Mkurugenzi Mkuu Mtendaji

## Inaendelea

Uwekezaji wa Mtaji wa Kampuni hii umeegemea katika ukuaji na kuthibiti ubora ili kufanikisha biashara yetu. Uwekezaji wa Mtaji wa mwaka huo ulikuwa ni shilingi milioni 627.9, huku uwekezaji mkubwa ukiwa ni ule wa Studio mpya ya Kisasa ya runinga ili kuboresha utazamaji mzuri wa kituo cha NTV Kenya.

Kampuni hii imeendelea kuboresha mifumo yake kote katika ukanda huu huku mfumo wa uchapishaji wa Digital Technology International (DTI) ukiendelea kushirikishwa katika teknolojia ya Mwanachi Communications Ltd.

## Nationlife imefikishwa kwa wanajamii

Kujitolea kwetu ili kuimarisha hali ya maisha ya jamii zetu ilikuwa katika ufadhili wa sekta ya Elimu, Afya, Mazingira na Jamii.

Ikilenga kizazi kijacho cha viongozi wa Afrika Mashariki, tulipanua mpango wetu wa ufadhili wa Elimu, Ubora na Ukuzaji wa vipawa yaani 'Get on the Bus' kutoka Uganda hadi Kenya. Mpango huo unatazamiwa kuwafaa wanafunzi wervevu wanaomaliza masomo ya msingi ili kuwasomesha katika kipindi chao katika shule ya sekondari na tena wawe ni wale wanaotoka katika jamii zisizobahatika.

Tuliendelea kuyadhamini mazingira kupitia kwa upanzi wa miti kwa ushirikiano na mashirika yaliyounda kundi liitwalo 'Save The Mau Trust,' katika Msitu Eburru. Miche ya miti 357,000 ilipandwa kwenye kipindi cha mwaka huo, na mwisho wake ikifikisha idadi ya miti yote iliyopandwa kuwa 700,000. Maazimio kamili ni kupanda miti Milioni 1 kufikia mwisho wa mwaka wa 2013.

Kampuni hii ilishirikiana na shirika la kuwafaa vipofu la 'Kenya Society for the Blind' kwa lengo la kuhamasisha kuhusu watu walio na ulemavu wa macho na kuzuia upofu nchini Kenya kwa kutoa huduma za bure za tiba ya macho mjini Nairobi. Yote haya yalifanywa ili kuuhamasisha umma kuhusu matatizo wanayokumbana nayo watu walio na ulemavu wa macho.

Kampuni hii iliendelea kusaidia katika miradi mbali mbali ya kuangamiza njaa kwa ushirikiano na mashirika mengine. Miongoni mwa miradi hiyo ulikuwa ule wa kuukwea Mlima wa Kilimanjaro ili kuchanga pesa za kuisaidia baadhi ya jamii ya watu wa Kaunti ya Kajiado

## Vipawa vya watu

Kampuni hii ina mpango madhubuti wa usimamizi na ustawishaji wa vipawa ambao unakuza wafanyakazi kwa ajili ya mahitaji zaidi ya biashara.

Kampuni hii ilianzisha mipango kadhaa mikuu ya masomo, mradi wa kusoma kupitia mtandao (e-learning) kwa wafanyakazi wetu wote na kadhalika ukalenga kutoa nafasi za wafanyakazi wote katika ukanda huu ili kujifunza. Tunafuraha kwamba miradi hiyo inaendelea kuwafaa pakubwa wafanyakazi wengi. Kadhalika miradi hii imepokea sifa na zawadi Kochokocho kitaifa, kikanda na kimataifa. Mfano muafaka ni utafiti wa hivi majuzi ambao ulielezea kwamba; NMG ndiyo Kampuni ya Pili kwa ubora ambayo watu wengi wangependa kuifanyia kazi nchini Kenya na pia lile tuzo la Wanahabari bora wa CNN.

## Matarajio

Matarajio ya mwaka 2013 yanaelekea kuwa ya kutia moyo. Hii ikiwa ni baada ya uchaguzi mkuu uliokamilika hivi majuzi tena kwa njia ya amani hapa nchini Kenya na hali kadhalika kuimarika kwa hali ya usalama katika ukanda wa Afrika Mashariki. Uwezekano wa kuwepo kwa mafuta ya visukuku katika ukanda huu unatarajiwa kuvutia uwekezaji wa kigeni na hivyo kuimarisha ukuaji.

Ningependa kuishukuru Bodi ya Wakurugenzi Wakuu, wafanyakazi, pamoja na washikadau kwa msaada wao wote na kadhalika natarajia kuwepo kwa ushirikiano wenu zaidi ili kupata matokeo bora zaidi katika kipindi cha mwaka huu.

L. W. Gitahi

Mkurugenzi Mkuu Mtendaji wa Kampuni

# Corporate Social Responsibility

The Group continues to demonstrate its commitment and connection to our communities through involvement in projects within the region.

## Education

### Nation 'Get On The Bus' excellence and mentorship programme

The Group continued with the Nation 'Get on the Bus' excellence and mentorship programme in 2012, targeting the next generation of East African leaders. A total of 107 students from Kenya, Uganda and Tanzania, under the 'Paa na Mwananchi' initiative, were welcomed to the programme. Officially introduced in Uganda under the "Monitor Get on the Bus" scholarship programme in 2010, the scholarship assists the best deserving Form One students with tuition fees throughout the four years. The beneficiaries attended a Mentorship Conference in Nairobi to prepare them for leadership. To date, 230 students have benefited from the programme: 58 in Kenya, 72 in Uganda and 100 in Tanzania.

### Newspapers in Education

The Newspapers in Education (NiE) initiative provides newspapers to schools to improve literacy and develop a reading culture among students. The programme, launched in March 2007 in Uganda, was extended to Kenya and currently covers 410 schools in Kenya and Uganda. In 2012, the programme conducted several teacher training sessions and also carried out monitoring and evaluation exercises in various regions across the country. NiE in conjunction with one of its partners, KCB, conducted a four-week children's interactive story reading and answering competition which was run in the Young Nation. Over 600 children participated in the weekly competition.

## Health

Nation Media Group has entered into partnership with the Kenya Society for the Blind (KSB). This partnership will see the two organisations working towards preventing blindness in Kenya in addition to creating awareness about people with visual impairment. The first eye clinic was conducted at Ndururua Primary School in Kawangware, Nairobi on March 24, 2012 where over 1,500 people were treated with several members of staff from NMG assisting in the screening and registration of patients.

## Environment

### Save the Mau Trust

Save The Mau Trust carried out four tree planting sessions in 2012 involving staff from NMG, Kenya Wildlife Services, Equity Bank, EABL and the Green Belt Movement. Over 700,000 seedlings have been planted since its commencement in 2009. The initiative seeks to rehabilitate the Eburru forest and the Mau escarpment following the allocation, by the Kenya government, of 4,000 hectares of forest to the Trust. Of the trees planted so far, it is notable that the Trust has achieved an 80 to 85% survival rate.

### Beacon of Hope Centre

NMG contributed Kshs.2 million towards the development of the Beacon of Hope Centre in Ongata Rongai. The centre was originally built to cater to HIV/AIDS victims and orphans. It has since expanded its remit to take care of vulnerable groups and the youth in the neighbouring slums, offering vocational training, business skills and other life skills in an effort to improve their lives.

## Community Initiatives

### October Action Month

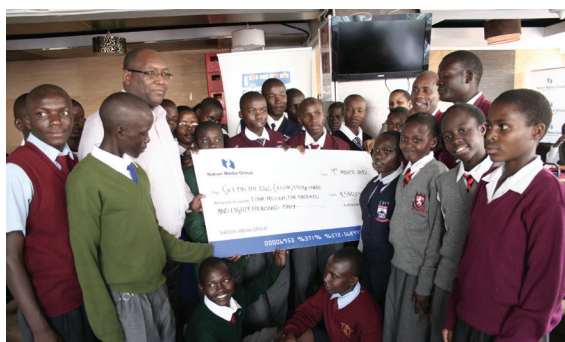
The month of October was a beehive of activity with the Group's staff and businesses across the region participating in the annual Community Action Month. Projects undertaken included: Team and Bureau CSR activities where funds raised from this exercise were matched shilling for shilling.

Nation Media Group Staff joined their counterparts from Safaricom and Kenya Red Cross in climbing Mt. Kilimanjaro to raise funds towards the Kajiado Food Security Project. This project is an initiative of Kiliclimb 2. Funds raised will support long-term interventions to alleviate hunger in Inkisanjani, Loitokitok by providing water, seed and agro-based know-how to build sustainable food security in the area. This initiative, which began in 2011, and has assisted the identified communities to enhance food security.

# Corporate Social Responsibility

Continued

## COMMUNITY SPONSORSHIPS



'Get On The Bus' excellence and mentorship programme



Newspapers in Education



Kenya Society for the Blind (KSB)

### Donations

Kenya	Kshs
Donation to St Pauls University	50,499
Donation towards Kijiji cha Ependo children's project	50,000
Seed of Hope	50,000
Dream Children's Home	50,000
Hilde Back Foundation	20,000
Music for hunger concert	200,000
Ndakaini half marathon	102,000
Kingdom business	75,000
Mama Fatuma Goodwill Children's Home	100,000
Lions Club charity golf tournament	50,000
Kenya Society for the Blind charity golf	50,000
Kwetu Home of Peace	40,000
Orphans of Hope	250,000
Aga Khan University patient welfare programme	50,000
Heart to Heart Foundation	50,000
Loreto Msongari fundraising dinner	60,000
Lewa Wildlife Conservancy	360,000
Buruburu Girls School project	50,000
August 7th bombing memorial cantata	50,000
Story Moja Hay Festival	40,000
Music for Change	100,000
Seeing is Believing marathon support	100,000
Safana Holdings	250,000
Beacon of Hope Home support	2,000,000
Kajiado Children's Home	50,000
German embassy: Lake Turkana Festival	371,000
Ahadi Kenya Trust	100,000
Medical camp: Karura community	100,000
KIE Drama Festival	1,500,000
Co-op Bank Endowment Fund	250,000
Goan welfare charity	50,000
Kiboro Primary School Charity	77,477
Graceland Girls	100,000
Diocese of Lodwar: Aro koriang	124,000
Thika Muslim community	120,000
Maasai cricket	400,000
Free Eye clinic Nairobi	600,000
Free Eye clinic Mombasa	429,020
Roho kwa Roho sponsorship	500,000
Community youth soccer	145,223
Community week sponsorships	1,232,550
	<b>10,346,769</b>
<b>Uganda</b>	<b>Kshs</b>
Bududa landslides, Mbale	200,000
Cancer benefit concert- Nsambya Hospital	333,400
Full Woman health camp	300,000
CSR in Health symposium	100,000
	<b>933,400</b>
<b>Grand Total</b>	<b>11,280,169</b>

# Human Resources

## Culture Transformation

Our corporate culture transformation process has been going on for the past five years and we continue to receive valuable feedback from staff on areas of improvements. NMG emerged 3rd in the Best Company to Work For survey conducted by Deloitte, a testimony that our corporate culture values and principles resonate well with staff. This process is now being replicated in Uganda and our first staff survey gave us good insights into the areas we need to address to keep our staff more engaged. We will roll in Tanzania in 2013.



Monitor @20 staff celebrations



Monitor staff enjoy meal at celebrations

## Talent Management & Development

Individual talent reviews are crucial for our business and they give us an opportunity to assess each staff member's capabilities and how to improve them to meet changing business needs and meet individual career plans.

## Leadership Development

As our business grows and expands into different geographical areas, our need for good business leaders remains crucial. We have a regular programme in partnership with IESE; three managers attend a modular Advanced Management Programme focused on Media and Entertainment every year. In addition, we have similar programmes for middle level managers and supervisors, preparing them for more responsibilities.

## Media Lab Training

The nine-month journalist trainee programme expanded to Rwanda and has successfully graduated 99 trainees (41 Kenya, 26 Tanzania, 29 Uganda, 3 Rwanda) since its inception in 2008. This programme continues to address the emerging business needs and in 2012 we focused on broadcasting.

## International Training and Work Exposure

To keep up with the latest advances in the media industry, some of our key staff went on three-week international attachments at CNN International, San Francisco Chronicle and BBC World Service to gain exposure to broadcasting and photography trends. Further, seven staff from Uganda & Tanzania have been on a one year management development exposure at the NMG offices in Kenya.

## Convergence

Over 200 members of staff have been trained in convergence, which aims at equipping all NMG journalists with skills to work across both print and electronic media platforms.

## Staff Wellness

Staff wellness is a critical part of our staff strategy and we continue to encourage our staff to understand the need to lead balanced and healthy lifestyles. We now have over 30 Wellness Champions and held our second Family Wellness and Financial Fair where members of staff and their partners were given health tips and insights into how to achieve financial freedom. Similar talks were held in Uganda and Tanzania. The World AIDS Day was marked by counseling sessions and voluntary HIV tests by a team of medical experts stationed within the NMG offices across the country and the region.

# Human Resources

## Continued



Dann Mwangi NTV Business News anchor receives an award from the Group CEO

### Awards & Recognition:

Ours staff have been recognised as leaders and winner in various fields. This includes awards in:

- Kenya:
- 4 winners in the Media Council awards, broadcasting category including News Anchor of the Year.
  - 4 winners in Media Council awards, print category.
  - CNN award for best TV news journalist.
  - 1 winner: UN Correspondents Awards.
  - IAAF World Journalist of the Year.
  - 4 winners: Children Rights Media awards.

- Tanzania:
- 7 winners print category by Tanzania Media Council.

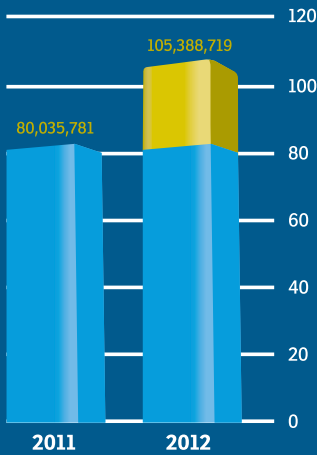
- Uganda:
- 1 winner Super League awards.
  - NTV Uganda: 6 winners awarded by Uganda Media Council.

East Africa Business Council awarded 4 NMG reporters from across the region.

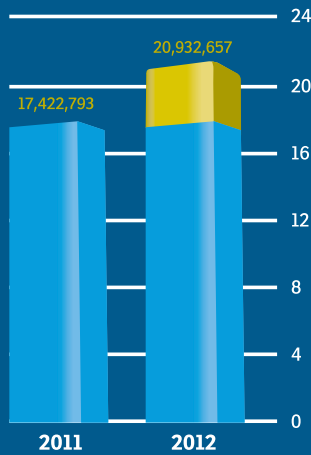
# Group websites

## Audience growth

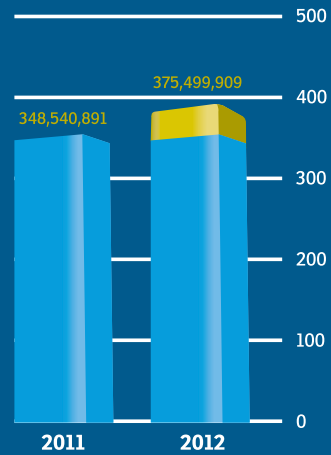
Visits to our Websites



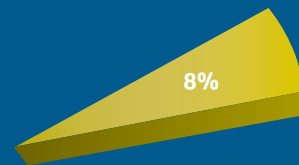
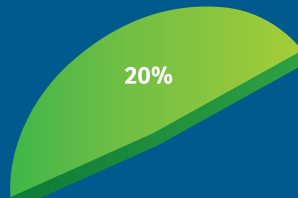
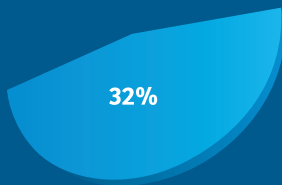
Unique visitors to our Websites



Websites Page Views



### PERCENTAGE GROWTH



### Brand

- Daily Nation
- NTV
- NTV on youtube
- Twende Twende
- N-Soko jobs
- Business Daily
- Africa Review
- Daily Monitor
- Mwananchi
- Swahili Hub

### Website

- [www.nation.co.ke](http://www.nation.co.ke)
- [www.ntv.co.ke](http://www.ntv.co.ke)
- [www.youtube.com/user/ntvkenya](http://www.youtube.com/user/ntvkenya)
- [www.twendetwende.co.ke](http://www.twendetwende.co.ke)
- [http://jobs.n-soko.com/](http://http://jobs.n-soko.com/)
- [www.businessdailyafrica.com](http://www.businessdailyafrica.com)
- [www.africareview.com](http://www.africareview.com)
- [www.monitor.co.ug](http://www.monitor.co.ug)
- [www.mwananchi.co.tz](http://www.mwananchi.co.tz)
- [www.swahilihub.com](http://www.swahilihub.com)

# Board of Directors

## Halmashauri ya Wakurugenzi

W. D. Kiboro	Chairman (Kenyan)	Mwenyekiti (Mkenya)
L. W. Gitahi	Chief Executive Officer/ Managing Director (Kenyan)	Mkurugenzi Mkuu Mtendaji/ Msimamizi (Mkenya)
D. Aluanga	(Kenyan)	(Mkenya)
R. Dowden	(British)	(Mwingereza)
S. Gitagama	(Kenyan)	(Mkenya)
L. Huebner	(American)	(Mmarekani)
Y. Jetha	(British)	(Mwingereza)
S. Kagugube	(Ugandan)	(Muganda)
N. Karago	(Kenyan) Appointed 1 March 2013	(Mkenya) Aliteuliwa 1 Machi 2013
J. Montgomery	(British) Appointed 27 April 2012	(Mwingereza) Aliteuliwa 27 Aprili 2012
O. Mugenda	(Kenyan)	(Mkenya)
Z. Muro	(Tanzanian)	(Mtanzania)
F. O. Okello	(Kenyan)	(Mkenya)
A. Poonawala	(Swiss)	(Muswiss)
A. Salkeld	(British) Resigned 21 September 2012	(Mwingereza) Alijiuzulu 21 Septemba 2012
G. M. Wilkinson	(Irish)	(Mwa-Irish)

---

J. C. Kinyua	Secretary	Katibu
Nation Centre Kimathi Street P. O. Box 49010-00100 Nairobi	Registered Office	Afisi ilioandikishwa
Kaplan & Stratton George Williamson House 4th Ngong Avenue Nairobi	Advocates	Wakili
PricewaterhouseCoopers PwC Tower, Waiyaki Way/Chiromo Road Westlands, Nairobi	Auditors	Wakaguzi wa Hesabu
Standard Chartered Bank of Kenya Limited Chiromo No. 48 Westlands Road, Nairobi	Bankers	Benki

# Board of Directors' Profiles

Mr Wilfred Kiboro - 68

1

Holds a Bachelor of Science (Civil Engineering) from the University of Nairobi. He retired from NMG as the Group Chief Executive Officer on 31 October 2006 after working for the Company for 13 years. He was appointed a non-executive director in December 2006 and was elected the Chairman of the Board on 24 September 2009. He is a member of the Nominations Committee. Mr Kiboro is the Chairman of Family Bank Limited and Wilfay Investments Limited, a family owned enterprise.

Mr Linus Gitahi - 50

2

Holds an MBA from the United States International University and a Bachelor of Commerce (Accounting) from the University of Nairobi. He is a Fellow of the Kenya Institute of Management. He is the Group Chief Executive Officer and joined the board in December 2006. He previously worked as the Managing Director of Glaxosmithkline based in Nigeria. He is a director of the International Press Institute, the African Media Initiative, the Group's subsidiary companies and PDM Holdings Limited, an associate company. Mr Gitahi was honoured with the Moran of the Burning Spear (MBS). He is a member of the Nominations, the Editorial and the Strategic Planning Committees.

Mr Dennis Aluanga - 45

3

Holds an MBA from the University of Edinburgh (United Kingdom) and is a Certified Public Accountant of Kenya. He was appointed to the board in March 2009. He is a Partner at Helios Investment Partners, an Africa focused private investment firm. He was previously the Chief Operating Officer at Industrial Promotion Services (East Africa) and also worked at NMG as the Group Finance Director and the Chief Operating Officer. He is also a director of Equity Bank Limited and Vivo Energy Kenya Limited. Mr Aluanga chairs the Finance and Audit Committee and is a member of the Editorial Committee.

Mr Stephen Gitagama - 46

4

Holds an MBA and a Bachelor of Commerce (Accounting) from the University of Nairobi and is a Certified Public Accountant of Kenya. He is the Group Finance Director and was appointed to the Board in March 2008. He previously worked as Finance Director with East African Breweries Limited. Mr Gitagama is a director of the Group's subsidiary companies and is a member of the Strategic Planning Committee.



1



2



3



4



9



10



11



12

Mr Richard Dowden - 63

9

Holds a Bachelor of Arts (History) from London University (United Kingdom). He began his career in journalism as the Editor of the Catholic Herald in 1976, before joining The Times foreign desk in 1980 reporting from the Middle East and Africa. He joined The Independent in 1986 as the Africa Editor, moving to the Economist in 1995 as Africa Director until 2001, when he resigned to become a freelance journalist and writer. He was appointed the director of the Royal African Society in 2002. Mr Dowden has produced several television documentaries on Africa which have been aired on BBC and Channel 4 television stations in the UK and is the author of the book Africa: Altered States, Ordinary Miracles which was published in 2008. He joined the board in March 2010 and is a member of the Editorial and Strategic Planning Committees.

Prof Lee Huebner - 72

10

Holds a Ph.D and an MA from Harvard University and a BA from Northwestern University (USA) and is a Professor of the School of Media and Public Affairs at the George Washington University in Washington, D.C. (USA). He was formerly a professor at Northwestern University and has also served as the Chief Executive Officer of the International Herald Tribune in Paris for 14 years. He joined the board in December 1995. Prof Huebner is the Chairman of the Strategic Planning Committee and is a member of the Nominations Committee.

Mr Anwar Poonawala - 66

11

Holds a Master of Science (Industrial Engineering) and an MBA from the University of Iowa (USA). He joined the board in June 1989. He has been associated with the Aga Khan Development Network for over 30 years and retired in 2006 as the director of Industrial Promotion Services based in Paris, France. Mr Poonawala is a director of AKFED. He is a member of the Finance and Audit, the Nominations and the Human Resources and Remuneration Committees.

Mr Gerard Wilkinson - 69

12

Holds a MEcon.Sc and MS and a BA, from Ireland and the United States of America. He has lectured at the School of Business University College, Dublin, Ireland. He has also served as a senior executive at Independent Newspapers, in Dublin, the Managing Director, Nation Newspapers in Kenya, Managing Director, ASPACOS, Consorzio Costa Smeralda, Sardinia, Italy and Head of Public Affairs at the Aga Khan Secretariat in Paris, France. He initially served on the board from September 1973 until 1980 and rejoined the board in April 1983. Mr Wilkinson is the Chairman of the Nominations Committee and is a member of the Strategic Planning Committee.

**Mrs Zuhura Muro - 52**

5

Holds a Bachelor of Arts and Social Sciences from the University of Dar es Salaam, (Tanzania) and a post graduate diploma in General Management. She was the head of Human Resources for Celtel Tanzania Limited (now trading as Airtel) from 2001 until May 2007, when she resigned to pursue personal interests. She is the Chairwoman of Mwananchi Communications Limited, a director of KCB Tanzania Limited and the Managing Director of Kazi Services Limited, all based in Tanzania. Mrs Muro joined the board in September 2010 and is a member of the Human Resources and Remuneration Committee.

**Dr Simon Kagugube - 57**

6

Holds a Master of Science in Management and a Ph.D in International Humanitarian Law, a Doctor of Science of Law in Immigration, Refugees and Asylum Law and a Masters of Laws in Corporation Law, Taxation and International Trade Systems, all from Yale University (USA) and a Bachelor of Laws from Makerere University (Uganda). He is the Executive Director of Centenary Rural Development Bank Limited in Uganda. He joined the Board on 22 September 2011 and is the Chairman of the Board of Monitor Publications Limited in Uganda. Dr Kagugube is a member of the Finance and Audit Committee.

**Mr James Montgomery - 47**

7

Holds a Bachelor of Arts in Politics and Philosophy (Hons) from the University of Durham (UK). He is the Controller, Digital and Technology, BBC Global News which provides international news in 27 languages. He previously worked as an Assistant Editor for the Financial Times. Mr Montgomery joined the Board in September 2012 and is a member of the Strategic Planning Committee.

**Prof Olive Mugenda - 58**

8

Holds a Ph.D and an M.Sc in Family Studies, Education, Consumer Sciences and Research Methods from Iowa State University (USA), an MBA from the Eastern and Southern Africa Management Institute and a B.Ed from the University of Nairobi. She has been the Vice-Chancellor of Kenyatta University since 2006, where she has held various senior lecturing positions since 1984. Prof Mugenda joined the board in September 2010 and is a member of the Editorial and the Human Resources and Remuneration Committees.

5



6



7



8



13



14



15



16

**Dr Yasmin Jetha - 60**

13

Holds a Master of Science in Management Science from Imperial College (London) and a Bachelor of Science in Mathematics from London University (United Kingdom). She is a Fellow of the Chartered Institute of Management Accountants, was awarded an honorary Doctor of Laws degree by the University of Leicester (United Kingdom) in 2005 and was made an honorary Fellow of the University of Bedfordshire (United Kingdom) in 2011. She is the Chief Information Officer at Bupa, a leading health care company and was previously the Chief Operating Officer at the Financial Times (United Kingdom). Dr Jetha joined the board in September 2009 and is the Chairman of the Human Resources and Remuneration Committee and a member of the Strategic Planning Committee.

**Mr Francis Okello - 63**

14

Holds a Bachelor of Laws Degree from the University of Dar es Salaam, (Tanzania) and is an Advocate of the High Court of Kenya, an Albert Parvin Fellow of Princeton University (USA) as well as a Fellow of the Kenya Institute of Bankers (FKIB). He is the Executive Director in charge of Legal and Corporate Affairs at Industrial Promotion Services Group of Companies. He joined the board in December 1995. Mr Okello is the Chairman of Barclays Bank of Kenya Limited and also TPS Eastern Africa Limited (Serena Group of Hotels and Lodges). Mr Okello is the Chairman of the Editorial Committee.

**Njeri Karago (52)**

15

Holds a Masters of Fine Arts degree (Theatre, Film, and Television) from the University of California and a Bachelor of Arts degree from Kenyatta University. She has over 20 years' experience in professional film making with emphasis on development and producing and is recognised as a leader in the field of film production, having produced a number of high profile award winning films. She was appointed to the board on 1 March 2013.

**Mr James Kinyua - 49**

16

Mr Kinyua, the Group Company Secretary, holds a Bachelor of Laws (Hons.) from the University of Sheffield (United Kingdom) and a Bachelor of Arts (Political Science) from York University (Canada). He is an Advocate of the High Court of Kenya and is also a Certified Public Secretary of Kenya (CPS K) and a member of the Institute of Directors (Kenya). He is an alumnus of the Cambridge University Advanced Leadership Programme. He was appointed the Company Secretary in July 1998 and is the head of the Legal and Administration department. He is a director of the Group's subsidiary companies.

# Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2012, which disclose the state of affairs of Nation Media Group Limited (the Company) and its subsidiaries (together the Group).

## Principal activities

The principal activities of the Group are the publication, printing and distribution of newspapers and magazines, and radio and television broadcasting, in the East African countries of Kenya, Uganda, Rwanda and Tanzania.

## Group results

The results of the Group for the year are set out in the Group statement of comprehensive income on page 39.

## Dividends

The Directors recommend the payment of a final dividend of Kshs.7.50 per share (300%) on the issued share capital as at 31 December 2012, which together with the interim dividend of Kshs.2.50 per share (100%) paid on 30 September 2012, makes a total of Kshs.10.00 per share (400%) in respect of the year ended 31 December 2012 (2011: Kshs.8.00 per share or 320%). The dividend will be paid less withholding tax where applicable on or about 15 July 2013 to shareholders registered on the member's register at the close of business on 12 April 2013. The Register of members will be closed from 15 to 19 April 2013, both dates inclusive.

## Bonus issue

The Directors recommend, subject to the approval of the shareholders, the Capital Markets Authority and the Nairobi Securities Exchange, a bonus issue at the rate of one fully paid ordinary share for every five ordinary shares held in the issued and paid up capital of the Company as at 12 April 2013. Such new shares shall rank *pari passu* in all respects with the existing shares in the capital of the Company, except for the above mentioned final dividend. The proposed bonus share issue will be implemented upon receipt of the necessary regulatory consents and approvals and the implementation will be preceded by an appropriate notification in the local press.

## Directors

The Directors who held office during the year and to the date of this report are set out on page 25 and 26.

Mr J. Montgomery was appointed a director on 27 April 2012 and Ms N. Karago was appointed to the Board on 1 March 2013 and they both retire in accordance with Article 96 of the Company's Articles of Association and being eligible, offer themselves for election.

Mr W. Kiboro, Mr R. Dowden, Mr S. Gitagama and Dr Y. Jetha are directors who retire by rotation in accordance with Article 110 of the Company's Articles of Association, and being eligible, offer themselves for re-election.

Prof L. Huebner is a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a further period of one year.

## Auditor

The Company's auditor PricewaterhouseCoopers has expressed willingness to continue in office in accordance with Section 159(2) of the Companies Act (Cap 486) Laws of Kenya.

## Corporate governance

Nation Media Group Limited is in compliance with the provisions of the Capital Markets Corporate Governance Guidelines. Over one third of the Board of Directors are independent and non-executive directors. The membership of the various board committees is listed on page 3.

By order of the Board

J. C. Kinyua  
Secretary  
19 March 2013

# Ripoti ya Wakurugenzi

Wakurugenzi wakuu wana fahari ya kuwasilisha ripoti yao pamoja na mahesabu ya fedha yaliyokaguliwa ya mwaka uliomalizikia tarehe 31 Desemba 2012, inayoonyesha hali ilivyo katika Kampuni ya Nation Media Group Limited (Kampuni) pamoja na mashirika tanzu yake (kwa pamoja yanaitwa Kundi).

## Shughuli kuu

Shughuli kuu ni uandishi, uchapishaji na usambazaji wa magazeti na majarida, na utangazaji katika redio na runinga, katika mataifa ya Afrika Mashariki ya Kenya, Uganda, Rwanda na Tanzania.

## Matokeo ya kundi

Matokeo ya Kundi ya mwaka huo yameorodheshwa katika ripoti ya matokeo kamili ya Kundi kwenye ukurasa wa 39.

## Mgao

Wakurugenzi wakuu wanaidhinisha malipo ya mgao wa mwisho wa Shilingi 7.50 kwa kila hisa (asilimia 300) kwa kila mtaji wa hisa uliotolewa hadi kufikia tarehe 31 Desemba 2012, ambao kwa pamoja na mgao wa muda wa Shilingi 2.50 kwa kila hisa (asilimia 100) uliolipwa 30 Septemba 2012, unafikisha jumla ya Shilingi 10 kwa kila hisa (asilimia 400) kwa kuzingatia mwaka uliokamilika Desemba 31, 2012 (2011: Shilingi 8.00 kwa kila hisa) (ikiwa ni asilimia 320). Mgao huo utalipwa baada ya kutolewa kwa Ushuru wa hifadhi kila itakapohitajika ama itakapokaribia na tarehe 15 Julai 2013 kwa wenyehisa walisajiliwa katika sajili ya wanachama kufikia muda wa kufunga kazi wa tarehe 12 Aprili 2013, Sajili ya Wanachama itafungwa kati ya tarehe 15 hadi 19 Aprili 2013, siku zote mbili zikihesabiwa.

## Mpango wa utoaji wa hisa za ziada

Wakurugenzi Wakuu wanapendekeza, ikiwa wenyehisa, Halmashauri ya Mtaji wa Soko, na Soko la Hisa la Nairobi wataidhinisha bonasi ya kiwango cha hisa moja ya kawaida iliyolipwa kikamilifu kwa kila hisa tano za kawaida zinazomilikiwa katika zile zilizotolewa na mtaji wa Kampuni uliolipwa kufikia tarehe 12 Aprili 2013. Hisa kama hizo mpya zitachukuliwa kuwa *pari passu* katika njia zozote zile kufuatia hisa zilizopo katika mtaji wa Kampuni, bila ya kuhusisha mgao wa mwisho uliotajwa hapo juu. Mgao wa hisa wa bonasi uliopendekezwa utatekelezwa tu baada ya kupokelewa kwa makubaliano yote na pia utekelezwaji huo utakamilishwa kwa kuchapishwa kwa matangazo rasmi katika vyombo vya habari vya humu nchini.

## Wakurugenzi

Wakurugenzi waliochikilia nyadhifa za afisi mwaka huo kufikia kipindi cha kutolewa kwa ripoti hii, wameorodheshwa katika ukurasa wa 25 na 26.

Bw J. Montgomery aliteuliwa kama mkurugenzi mkuu mnamo Aprili 27, 2012 naye Bi N. Karago aliteuliwa katika Halmashauri mnamo Machi 1, 2013 na wote wanastaafu kulingana na Kifungu cha 96 cha Mkataba wa Ushirikiano wa Kampuni, na kwa sababu wana fursa ya kugombea, wanaweza kujitokeza kuchaguliwa.

Bw W. Kiboro, Bw R. Dowden, Bw S. Gitagama na Dkt Y. Jetha ni wakurugenzi wakuu wanaostaafu kwa mzunguko kulingana na Kifungu cha 110 cha Mkataba wa Ushirikiano wa Kampuni hii, na kwa sababu wana fursa ya kugombea, wanaweza kujitokeza kuchaguliwa tena.

Prof L. Huebner ni mkurugenzi mkuu anayestaafu kulingana na Kifungu cha 101 cha Mkataba wa Ushirikiano wa Kampuni na anayezidi umri wa miaka 70, bila kuzingatia kauli hiyo, atachaguliwa tena kwa mwaka mmoja kama mkurugenzi mkuu wa Kampuni.

## Mkaguzi wa hesabu

Mkaguzi wa hesabu ya Kampuni, PricewaterhouseCoopers ameelezea haja yake ya kuendelea kuwa afisini kulingana na Sehemu ya 159 (2) ya Sheria za Kampuni (Ibara ya 486) ya Sheria za Kenya.

## Usimamizi wa mashirika ya kibiashara

Kampuni ya Nation Media Group inadumisha sheria ya Miongozo ya Usimamizi wa Kimashirika ya biashara katika Masoko ya Hisa. Zaidi ya thuluthi ya Bodi ya Wakurugenzi Wakuu ni wakurugenzi wakuu huru na wasio watendaji. Uanachama wa kamati mbalimbali za halmashauri umeorodheshwa katika ukurasa wa 3.

[Kwa amri ya Bodi Kuu](#)

**J. C. Kinyua**  
Katibu  
19 Machi 2013

# News Studios





**NEWS UPDATE**



# Executive Team Profiles

Mr Linus Gitahi

1

Group CEO

Holds an MBA from USIU and a Bachelor of Commerce (Accounting) from the University of Nairobi. He is a Fellow of the Kenya Institute of Management and was honoured with the Moran of the Burning Spear (MBS). Mr Gitahi is the Group Chief Executive Officer and joined NMG in September and was appointed to the board in December 2006. He previously worked with Glaxosmithkline as Managing Director based in Nigeria. He is a director of the International Press Institute, the Africa Media Initiative and the Group's subsidiary companies and PDM Holdings Limited, an associate company. Mr Gitahi is a member of the Nominations, the Editorial and the Strategic Planning Committees of the board.

Mr Tom Mshindi

2

Managing Director, Nation Newspapers Division

Mr Mshindi is a media and communications expert who has trained and worked as a journalist, a development communications specialist for the UN, and a senior media manager in Kenya and abroad. Mr Mshindi has more than 20 years of experience working in the media. He worked for the Nation Media Group in Nairobi as a journalist and rose to become the managing editor of its flagship newspaper, the Daily Nation, before joining UNICEF as an editor in New York. He then served as UNICEF's chief of communication in its Nigeria programme, its largest in Africa. After the UN, he worked as the managing director and chief executive officer of the Standard Media Group in Kenya, and later the managing director of Monitor Publications Ltd in Uganda (an NMG subsidiary). He is a graduate of the University of Nairobi School of Journalism, and has an AMP certificate from Strathmore Business School and another AMP from IESE, New York.

Mr Joseph Odindo

3

Group Editorial Director

A career journalist and senior editor, he holds an MA in Journalism from the University of Wales (UK) and a BEd Degree from the University of Nairobi. He is also a Harvard GMP Alumni and a Cambridge University, Wolfson College Press Fellow. He was appointed the Group Editorial Director in August 2009 having worked as a managing editor for various NMG print products for 16 years.



Mr Ian Fernandes

4

Managing Director, Television Division

Mr Fernandes holds a BSc. Electronic Engineering from the University of Nairobi. He joined NMG in 2005 and has more than 17 years' experience in the media industry having previously served as Technical & Production Director at the Standard Newspaper Group and as the Managing Director of KTN. He spearheaded the re-launch of Nation Television as NTV and Nation Fm as EasyFm. He was instrumental in the design and conceptualisation of NTV Uganda and the launching of QTV, the latest addition to NMG's television stable.

Mr Stephen Gitagama

5

Group Finance Director

Mr Gitagama holds an MBA and a Bachelor of Commerce (Accounting) from the University of Nairobi and is a Certified Public Accountant of Kenya. He is the Group Finance Director, having joined NMG in 2007 and was appointed to the Board in March 2008. He previously worked as a Finance Director with East African Breweries Limited. Mr. Gitagama is a director of the Group's subsidiary companies.

Ms Mwikali Muthiani

6

Group Human Resources Director

Ms Muthiani joined NMG in April 2008 and is an accomplished HR professional with multi-sectoral experience gained from the private, NGO and public sectors. She holds an MBA in International Business and a Bachelor of Arts from the University of Nairobi. She also holds a post graduate diploma in Human Resources. She is a board member of Faulu Kenya, MFI and Amnesty International.

**Mr James Kinyua**

7

**Group Company Secretary**

Mr Kinyua, holds a Bachelor of Laws (Hons.) from the University of Sheffield (United Kingdom) and a Bachelor of Arts (Political Science) from York University (Canada). He is an Advocate of the High Court of Kenya and is also a Certified Public Secretary of Kenya (CPS) and a member of the Institute of Directors (Kenya). He is an alumni of the Cambridge University Advance Management Program. He was appointed the Company Secretary in July 1998 and heads the Legal and Administration department. He is a director of the Group's subsidiary companies.

**Mr Victor Ngei**

8

**Director, Special Projects**

Mr Ngei holds a Bachelor of Education (Business) from Kenyatta University and is currently pursuing an MBA degree at ESAMI, Nairobi. Victor is also an alumnus of the Harvard Business School, Programme for Leadership Development. He joined the Group in 1995 as a Sales Supervisor and has served as Branch Manager - Coast, Advertising Manager at Monitor Publications, Advertising Manager for NTV and Easy FM, General Manager for NTV Uganda at its inception before moving back to run television in the group as Managing Director. Mr Ngei is involved in several community initiatives and serves on various school boards.

**Ms Agnes Asimwe Konde**

9

**Managing Director, NTV Uganda**

Ms Konde has over 15 years' experience in strategy development, brand management, sales planning and process implementation in FMCG companies. Before joining NTV as Managing Director, Ms Konde worked for the Daily Monitor, KFM radio broadcasting in Kampala and Crown Beverages Ltd Uganda, where she was awarded the highest market share award from PepsiCo international for Africa Middle East and Asia. She has been voted among the top 50 Women in Uganda and top 10 Corporate Ladies for two years in a row. She is a girl-child mentor for Rising Star in Uganda. Ms Konde holds an MBA from the University of Liverpool (UK) and is a Chartered Marketer with CIM UK.

7



8



9



10



11



12

**Mr Michael Ngugi**

10

**Group Advertising Director**

Mr Ngugi has been the Group Advertising Director since January 2009. He holds a BSc. degree from Jacksonville University, Florida, US and is also an alumnus of the Harvard Business School, General Management Programme. He has 15 years' experience in sales and general management in the telecommunications, FMCG and petroleum sectors. Mr Ngugi has previously held senior positions within the advertising and circulation functions of the Group.

**Mrs Ann Gitao - Kinyua**

11

**Group Marketing Director**

Mrs. Gitao-Kinyua is a marketing and communications professional with over 12 years' experience in business, marketing and communications strategy. She joined the Group in May 2008 as the Head of Marketing, Nation Broadcasting Division and has since grown in her role to head the marketing function for NMG across the region. Before joining NMG she was the General Manager for Young & Rubicam Brands. Mrs. Gitao-Kinyua holds a Bachelor of Commerce (Marketing) degree from the Catholic University of Eastern Africa and an MBA from Henley Business School – University of Reading (UK).

**Mr Gabriel Chege**

12

**Group IT Director**

Mr Chege holds an MCSE, MCDDBA, MCT, CCNA, Siemon CI, ITIL and is the Group Head of Information Technology and holder of a Bachelor of Science degree in the Management of Information Systems. He joined the group in 2002 from PricewaterhouseCooper's Global Technology Solutions division and has an industry experience spanning 15 years that has seen him work for a variety of companies around East Africa ranging from public companies to large private organisations. Mr Chege was instrumental in the re-engineering and re-design of the www.nation.co.ke website. Mr Chege is currently pursuing a Masters in Information Systems Management (ISM) from the University of London (UK).

# Executive Team Profiles

Mr Gideon Aswani

13

**Group Head of Production**

Mr Aswani holds an MBA in Finance from the University of Leicester (UK) and is a qualified Mechanical Engineer. Mr Aswani joined NMG as a mechanical engineer in 1995 having previously worked for Thomas De La Rue (K) Ltd. and East African Breweries Ltd. He is the Chairman of the Kenya Association of Manufacturers, Athi River Chapter.

Mr Japhet Mucheke

14

**Group Financial Controller**

Mr Mucheke joined Nation Media Group in 1997 from Deloitte & Touche. He has since then worked as the Group Chief Accountant and Group Internal Audit Manager before being promoted to Group Financial Controller in June 2008. Mr Mucheke is a Certified Public Accountant of Kenya, a Certified SAP Consultant and holds a Bachelor of Commerce (Accounting) degree from the University of Nairobi and an MBA from the University of Leicester (UK).

Mr Charles Maye

15

**General Manager, Radio**

Mr Maye joined NMG in 2011 as the General Manager – Innovation and Business Development. He previously worked with Celtel Ghana and Malawi as Marketing Director; Diageo UK and Nigeria as Innovations Manager and Diageo Kenya as a Brand Manager. He holds an undergraduate degree from Moi University and is an alumnus of the London Business School's Advanced Management Programme.

13



14



15



16



17



18



Mrs Elizabeth Kyengo

16

**General Manager, Group Procurement**

Mrs Kyengo holds a BCom (Accounting Option) degree from Kenyatta University, and is a Certified Public Accountant of Kenya and a Member of KISM. She holds an MBA degree in Strategic Management from the University of Nairobi. She joined the Group in April 1995 from Coopers and Lybrand where she worked as an Auditor. She has held various positions within the Group including Management Accountant NCD and NBD and Procurement Manager before taking up her current role.

Mr Agastee Khante

17

**General Manager, Digital Division**

Mr Khante joined NMG in June 2010. He holds a Masters degree in Finance and Strategic Human Resources Management from the Oxford Brookes University and an Engineering degree from RVCE, Bangalore. He has over 9 years' experience of Digital Marketing and Product Management, having previously worked in the digital divisions at Yahoo Jagran, Financial Times and Times of India.

Mr Sam Mutetei

18

**General Manager, Sales & Distribution**

Mr Mutetei took up his current role in September 2009 from the Standard Group, having initially joined NMG in 1992. He has over 16 years' hands on experience in sales and distribution and has initiated radical changes in the Distribution Value Chain. He also has benefitted from wide international exposure in distribution and logistics in Europe and in the US. Mr Mutetei is a Political Science graduate from the University of Nairobi, and holds a Higher Diploma in Business Management from KIM and an MBA in Strategic Management from Moi University.

**Mr Chrysantus Macheso**

19

**Group Head of Audit**

Mr Macheso joined Nation Media Group in 2012 from the Nairobi Securities Exchange. He had previously worked with PricewaterhouseCoopers and CARE International. Mr Macheso is a Certified Public Accountant of Kenya, a Certified Information Systems Auditor, a Certified Quality Assessor of the Institute of Internal Auditors and holds a Bachelor of Commerce degree from the University of Nairobi.

**Mrs Olga Arara-Kimani**

20

**General Manager, Business Development and Innovation**

Mrs Arara-Kimani joined NMG in October 2012 from Google where she was the Country Manager, Kenya. She has over 16 years' work experience mainly in Telecommunications and IT, and has provided leadership in both strategic business development, sales, marketing and project management at the local and regional level. A trained Electrical & Electronics Engineer, she also holds an MBA - Engineering Business Management from Manchester Business School, University of Manchester (UK). She has been named one of Forbes Top 20 Youngest Power Women in Africa and Top 40 Under 40 Women in Kenya.

**Mr Dennis Kashero**

21

**Group Head of Corporate Affairs**

Mr Kashero has over 18 years' experience handling senior marketing, communications and commercial portfolios in assignments covering Kenya and Uganda (including the Great Lakes region). Before joining NMG in February 2013, he was the General Manager Marketing & Communications for Rift Valley Railways. He has previously worked for NMG in Sales and Marketing before joining Lafarge East Africa as Marketing Manager, Group Marketing Manager for Bamburi Cement, and later as Commercial Manager for Its Uganda subsidiary, Hima Cement Ltd. He holds an undergraduate degree from the University of Nairobi and is an alumnus of the INSEAD Business School Marketing Approach Programme.

19



20



21



22



23



24

**Mr Tido Mhando**

22

**Managing Director, Mwananchi Communications Ltd**

Mr Mhando is a well-known East African journalist who has worked in Tanzania and Kenya as well as in the UK. He first worked with the then Radio Tanzania Dar es Salaam (RTD) before moving to Kenya in 1980, where for 10 years he worked as a correspondent reporting for the Voice of America, BBC and Voice of Germany. In 1990, he joined BBC World Service, Swahili Section, rising to become its first African head. Mr Mhando was invited back to Tanzania in 2006 by the President Jakaya Kikwete to revamp the Tanzania Broadcasting Corporation. In 2012 he joined Mwananchi Communication Limited as Managing Director.

**Mr Alex Asimwe**

23

**Managing Director, Monitor Publications Ltd**

Mr Asimwe has over 10 years' experience in sales and marketing and joined Nation Media Group in 2001 as Advertising Manager at Monitor Publications Limited, and later General Manager. He joined NMG Nairobi in 2009 as General Manager Commercial. Prior to joining NMG, Mr Asimwe worked for Unilever Uganda and Tumpeco in senior sales positions. He holds a Bachelor's degree in Commerce and an MBA from Makerere University Business School, majoring in Marketing. He is also an alumnus of Rhodes University's executive management programme.

**Mr Philip Velese**

24

**Country Manager, Rwanda**

Mr Velese joined NMG in 1998 as a Sales Representative and has served as Regional Circulation Manager, Head of Nation Carriers division, and most recently as Commercial Manager for *TheEastAfrican*. He holds a Bachelor of Arts degree from Kenyatta University and is currently pursuing an MBA in Marketing at the University of Nairobi. He holds a diploma in Business Management from KIM and is a member of the Kenya Institute of Management (MKIM).

# Statement of Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the Group 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. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. The directors are of the opinion that the accounts give a true and fair view of the state of the financial affairs of the Company and the Group and of the Group's profit. 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 designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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



W D Kiboro



S Gitagama

19 March 2013

# Report of the Independent Auditor to the members of Nation Media Group Limited

## Report on the financial statements

We have audited the accompanying financial statements of Nation Media Group Limited (the Company) and its subsidiaries (together, the Group) set out on pages 39 to 77. These financial statements comprise the consolidated statement of financial position at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and a consolidated statement of cash flows for the year then ended, together with the statement of financial position of the Company standing alone as at 31 December 2012 and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Kenya Companies Act and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion the accompanying financial statements give a true and fair view of the financial affairs of the Group and of the Company at 31 December 2012 and of its profit and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

## Report on other legal requirements

The Kenyan Companies Act requires that in carrying out our audit we consider and report to you on the following matters.

We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books;
- iii) The Company's statement of financial position is in agreement with the books of account.



Certified Public Accountants  
19 March 2013

Nairobi





# Newspapers Dispatch



# Consolidated Statement of Comprehensive Income

## for the year ended 31 December

	Note	2012 Kshs.M	2011 Kshs.M
Revenue	5	12,346.8	11,245.8
Cost of sales		(2,659.8)	(2,861.0)
Gross profit		9,687.0	8,384.8
Distribution costs		(359.0)	(313.5)
Administrative expenses		(1,097.8)	(879.4)
Other expenses		(5,169.5)	(4,633.6)
<b>Operating profit</b>	6	3,060.7	2,558.3
Finance income	8(a)	352.0	152.5
Finance costs	8(b)	(30.0)	(12.7)
Share of profit after income tax of associate	18	121.9	112.2
<b>Profit before income tax</b>		3,504.6	2,810.3
Income tax expense	9	(994.3)	(803.5)
<b>Profit for the year (of which Shs 2,219.0 million (2011: Shs 1,785.8 million) has been dealt within the accounts of the Company)</b>		2,510.3	2,006.8
<b>Other comprehensive income:</b>			
Currency translation differences		(26.4)	(21.8)
Revaluation gain, net of tax	12	131.3	-
Share of other comprehensive income in associate, net of tax	18	-	(27.7)
<b>Total comprehensive income for the year</b>		2,615.2	1,957.3
<b>Profit for the year attributable to:</b>			
Owners of the parent		2,504.1	1,996.9
Non-controlling interest		6.2	9.9
		2,510.3	2,006.8
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		2,612.7	1,949.3
Non-controlling interest		2.5	8.0
		2,615.2	1,957.3
<b>Basic and diluted earnings per share (Shs)</b>	10	15.9	12.7

# Consolidated Statements of Financial Position at 31 December

	Note	Group		Company	
		2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
<b>CAPITAL EMPLOYED</b>					
Capital and reserves attributable to the Company's equity holders					
Share capital	11	392.8	392.8	392.8	392.8
Other reserves	12	116.8	8.2	134.3	70.2
Retained earnings		5,563.1	4,630.2	4,968.5	4,320.7
Proposed dividends	24	1,178.4	1,021.3	1,178.4	1,021.3
		7,251.1	6,052.5	6,674.0	5,805.0
Non-controlling interest		72.4	69.9	-	-
<b>Total equity</b>		<b>7,323.5</b>	<b>6,122.4</b>	<b>6,674.0</b>	<b>5,805.0</b>
<b>Non-current liabilities</b>					
Long-term borrowings	13	84.9	118.5	-	-
Deferred income tax	14	52.3	44.5	35.0	44.5
		137.2	163.0	35.0	44.5
<b>Total equity and non-current liabilities</b>		<b>7,460.7</b>	<b>6,285.4</b>	<b>6,709.0</b>	<b>5,849.5</b>
<b>Non-current assets</b>					
Property, plant and equipment	15	2,280.8	1,945.3	1,458.4	1,246.7
Intangible assets	16	321.5	288.5	89.1	98.5
Prepaid operating lease rentals	17	84.4	85.0	48.0	48.7
Investment in associate	18	725.0	608.6	94.6	94.6
Investment in subsidiaries	19	-	-	1,075.4	1,075.4
Deferred income tax	14	17.5	33.8	-	-
		3,429.2	2,961.2	2,765.5	2,563.9
<b>Current assets</b>					
Inventories	20	1,015.2	1,034.3	771.8	786.7
Receivables and prepayments	21	2,272.7	1,928.7	1,955.3	1,758.3
Cash and cash equivalents	22	3,960.3	2,744.7	3,809.6	2,598.2
Current income tax		-	147.4	-	135.8
		7,248.2	5,855.1	6,536.7	5,279.0
<b>Current liabilities</b>					
Payables and accrued expenses	23	3,092.0	2,502.4	2,492.0	1,993.4
Borrowings	13	26.9	28.5	-	-
Current income tax		97.8	-	101.2	-
		3,216.7	2,530.9	2,593.2	1,993.4
<b>Net current assets</b>		<b>4,031.5</b>	<b>3,324.2</b>	<b>3,943.5</b>	<b>3,285.6</b>
<b>Total assets less current liabilities</b>		<b>7,460.7</b>	<b>6,285.4</b>	<b>6,709.0</b>	<b>5,849.5</b>

The financial statements on pages 39 to 77 were approved for issue by the board of directors on 19th March 2013 and signed on its behalf by:



W. D. Kiboro



S. Gitagama

# Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the company				Total Kshs.M	Non- controlling interest Kshs.M	Total equity Kshs.M
		Share capital Kshs.M	Other reserves Kshs.M	Retained Earnings Kshs.M	Proposed dividends Kshs.M			
<b>Year ended 31 December 2011</b>								
At start of year		392.8	29.7	3,916.4	1,021.3	5,360.2	61.9	5,422.1
<b>Total comprehensive income</b>								
Profit for the year		-	-	1,996.9	-	1,996.9	9.9	2,006.8
<b>Other comprehensive income, net of tax</b>								
Transfer of excess depreciation		-	(2.3)	2.3	-	-	-	-
Deferred income tax transfer		-	0.7	(0.7)	-	-	-	-
Currency translation differences		-	(19.9)	-	-	(19.9)	(1.9)	(21.8)
Share of other comprehensive income in associate	18	-	-	(27.7)	-	(27.7)	-	(27.7)
<b>Total other comprehensive income</b>		-	(21.5)	(26.1)	-	(47.6)	(1.9)	(49.5)
<b>Total comprehensive income for the year</b>		-	(21.5)	1,970.8	-	1,949.3	8.0	1,957.3
<b>Transactions with owners</b>								
Dividends:								
- special for 2010 paid	24	-	-	-	(392.8)	(392.8)	-	(392.8)
- final for 2010 paid	24	-	-	-	(628.5)	(628.5)	-	(628.5)
- interim for 2011 paid	24	-	-	(235.7)	-	(235.7)	-	(235.7)
- proposed final for 2011	24	-	-	(1,021.3)	1,021.3	-	-	-
<b>Total transactions with owners</b>		-	-	(1,257.0)	-	(1,257.0)	-	(1,257.0)
At end of year		392.8	8.2	4,630.2	1,021.3	6,052.5	69.9	6,122.4

# Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the company				Total Kshs.M	Non- controlling interest Kshs.M	Total equity Kshs.M
		Share capital Kshs.M	Other reserves Kshs.M	Retained Earnings Kshs.M	Proposed dividends Kshs.M			
<b>Year ended 31 December 2012</b>								
At start of year		392.8	8.2	4,630.2	1,021.3	6,052.5	69.9	6,122.4
<b>Total comprehensive income</b>								
Profit for the year		-	-	2,504.1	-	2,504.1	6.2	2,510.3
<b>Other comprehensive income, net of tax</b>								
Revaluation of buildings		-	131.3	-	-	131.3	-	131.3
Currency translation differences		-	(22.7)	-	-	(22.7)	(3.7)	(26.4)
<b>Total other comprehensive income</b>		-	108.6	-	-	108.6	(3.7)	104.9
<b>Total comprehensive income for the year</b>		-	108.6	2,504.1	-	2,612.7	2.5	2,615.2
<b>Transactions with owners</b>								
<b>Dividends:</b>								
- final for 2011 paid	24	-	-	-	(1,021.3)	(1,021.3)	-	(1,021.3)
- interim for 2012 paid	24	-	-	(392.8)	-	(392.8)	-	(392.8)
- proposed final for 2012	24	-	-	(1,178.4)	1,178.4	-	-	-
<b>Total transactions with owners</b>		-	-	(1,571.2)	157.1	(1,414.1)	-	(1,414.1)
<b>At end of year</b>		392.8	116.8	5,563.1	1,178.4	7,251.1	72.4	7,323.5

# Company Statement of Changes in Equity

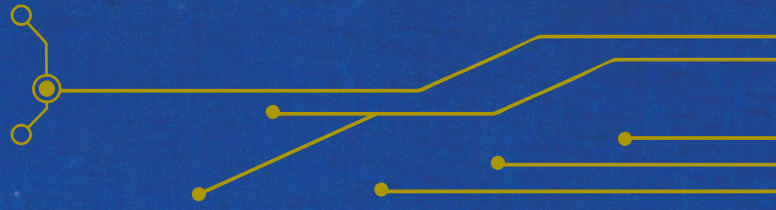
	Note	Share capital Kshs.M	Other reserves Kshs.M	Retained earnings Kshs.M	Proposed dividends Kshs.M	Total Kshs.M
<b>Year ended 31 December 2011</b>						
At start of year		392.8	71.8	3,790.3	1,021.3	5,276.2
<b>Total comprehensive income</b>						
Profit for the year		-	-	1,785.8	-	1,785.8
<b>Other comprehensive income, net of tax</b>						
Revaluation gain		-	(2.3)	2.3	-	-
Deferred income tax on transfer		-	0.7	(0.7)	-	-
<b>Total other comprehensive income</b>		-	(1.6)	1.6	-	-
<b>Total comprehensive income for the year</b>		-	(1.6)	1,787.4	-	1,785.8
<b>Transactions with owners</b>						
Dividends:						
- special for 2010 paid	24	-	-	-	(392.8)	(392.8)
- final for 2010 paid	24	-	-	-	(628.5)	(628.5)
- interim for 2011 paid	24	-	-	(235.7)	-	(235.7)
- proposed final for 2011	24	-	-	(1,021.3)	1,021.3	-
<b>Total transactions with owners</b>		-	-	(1,257.0)	-	(1,257.0)
At end of year		392.8	70.2	4,320.7	1,021.3	5,805.0
<b>Year ended 31 December 2012</b>						
At start of year		392.8	70.2	4,320.7	1,021.3	5,805.0
<b>Total comprehensive income</b>						
Profit for the year		-	-	2,219.0	-	2,219.0
<b>Other comprehensive income, net of tax</b>						
Revaluation of buildings		-	64.1	-	-	64.1
<b>Total comprehensive income for the year</b>		-	64.1	2,219.0	-	2,283.1
<b>Transactions with owners</b>						
Dividends:						
- final for 2011 paid	24	-	-	-	(1,021.3)	(1,021.3)
- interim for 2012 paid	24	-	-	(392.8)	-	(392.8)
- proposed final for 2012	24	-	-	(1,178.4)	1,178.4	-
<b>Total transactions with owners</b>		-	-	(1,571.2)	157.1	(1,414.1)
At end of year		392.8	134.3	4,968.5	1,178.4	6,674.0

# Consolidated Statement of Cash Flows

## for the year ended 31 December

	Note	2012 Kshs.M	2011 Kshs.M
<b>Operating activities</b>			
Cash generated from operations	26	3,736.9	2,523.4
Interest received	8 (a)	352.0	152.5
Interest paid	8 (b)	(30.0)	(12.7)
Income tax paid		(782.3)	(955.2)
<b>Net cash from operating activities</b>		<b>3,276.6</b>	<b>1,708.0</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	15	(555.2)	(446.0)
Purchase of intangible assets	16	(72.7)	(10.9)
Proceeds from sale of property, plant and equipment		10.7	16.2
Dividends received from associate	18	5.5	5.5
<b>Net cash used in investing activities</b>		<b>(611.7)</b>	<b>(435.2)</b>
<b>Financing activities</b>			
Proceeds from borrowings		-	169.4
Repayment of borrowings		(35.2)	(43.7)
Dividends paid		(1,414.1)	(1,257.0)
<b>Net cash used in financing activities</b>		<b>(1,449.3)</b>	<b>(1,131.3)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,215.6</b>	<b>141.5</b>
<b>Movement in cash and cash equivalents</b>			
At start of year		2,744.7	2,603.2
Increase		1,215.6	141.5
<b>At end of year</b>	22	<b>3,960.3</b>	<b>2,744.7</b>

Radio Studios





# Notes to the financial statements

## 1. General information

Nation Media Group Limited (the "Company") is incorporated in Kenya under the Kenya Companies Act as a public limited liability Company, and is domiciled in Kenya. The address of its registered office is:

Nation Media Group Limited  
Nation Centre  
Kimathi Street P O Box 49010 00100  
Nairobi

The Company's shares are listed on the Nairobi, Kampala, Dar es Salaam and Kigali Stock Exchanges. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income, in these financial statements.

## 2. Summary of significant accounting Policies

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

### (a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. The financial statements are presented in Kenyan Shillings (Kshs), rounded to the nearest million.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

### Changes in accounting policy and disclosures

#### (i) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2012 that have a material impact on the Group and the Company.

#### (ii) New standards and interpretations that are not yet effective and have not been early adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company and the Group, except the following set out below:

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires

# Notes to the financial statements

## continued

financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The directors are yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group and Company is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group and Company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

## (b) Consolidation

### (i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

# Notes to the financial statements

## continued

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### (iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### (iv) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss as appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

## Notes to the financial statements

### continued

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognised in profit or loss.

### (c) Property, plant and equipment

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

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against

the revaluation reserve; all other decreases are charged to the profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life. The annual rates used for this purpose are as follows:

Buildings	40 years
Plant and equipment	2 – 40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each statement of financial position date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are taken into account in determining the profit. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

### (d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The Executive Management team, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive management team that makes strategic decisions.

# Notes to the financial statements

## continued

All transactions between business segments are conducted on an arm length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses associated with each segment are included in determining business segment performance.

### (e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for sales of goods and services, and is stated net of value-added tax (VAT), rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

- (i) **Sales of goods** are recognised in the period in which the Group delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- (ii) **Sales of services** are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.
- (iii) **Interest income** is recognised using the effective interest method.
- (iv) **Dividends** are recognised as income in the period the right to receive payment is established.

### (f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted

average principle. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Goods in transit are stated at cost. Provision is made for obsolete, slow moving and defective inventories.

### (g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group or Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit or loss.

### (h) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease. Leases of land that are for a period of 99 years and below are classified as operating leases.

### (i) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate

# Notes to the financial statements

## continued

on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## (j) Intangible assets

### (i) Goodwill

Goodwill represents the excess of the cost of an acquisition over fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for purposes of impairment testing. The allocation made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose is identified according to operating segment.

### (ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs are amortised over their estimated useful lives (three to five years). Costs associated with developing or maintaining computer software programs are recognised as an expense incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Acquired computer software and computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

### (iii) Transmission frequencies

Acquired transmission frequencies are capitalised on the basis of the costs incurred to acquire and to bring them to use. Transmission frequencies are tested annually for impairment and carried at cost less accumulated impairment losses.

# Notes to the financial statements

## continued

### (k) Employee benefits

#### (i) Post employment benefit obligations

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution scheme is one under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Company and employees.

The Company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The Company's contribution to the defined contribution schemes are charged to the profit or loss in the year to which they relate. The Company has no further obligation once the contributions have been paid.

#### (ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

### (l) Functional currency and translation of foreign currencies.

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kenyan Shillings (KShs), which is the Company's functional currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the

functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 or loss.

All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses' - net.

#### (iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that are recorded in equity are recognised in the profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

# Notes to the financial statements

## continued

### (m) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

### (n) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

### (o) Comparatives

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

### (p) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### (q) Share capital

Ordinary shares are classified as equity.

### (r) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

### (s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

### (t) Provisions

Provisions for legal claims are recognised when 1) the Group has a present legal or constructive obligation as a result of past events; 2) it is probable that an outflow of resources will be required to settle the obligation; and 3) the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the provision due to passage of time is recognised as an expense.

## 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

# Notes to the financial statements

## continued

### (i) Critical accounting estimates and assumptions

The Group 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 addressed below.

#### Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(j). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The carrying amount of the goodwill and the key assumptions made are set out in Note 16.

#### Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected product lifecycles for its high-tech segment. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences

will impact the income tax and deferred tax provisions in the period in which such determination is made.

### (ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- . The classification of financial assets and leases; and
- . Whether assets are impaired.

## 4. Financial risk management

The Group and Company's activities expose it to a variety of financial risks, market risks (including foreign exchange risks, fair value interest rate risks, cash flow interest risk and price risk), credit risks and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects on its financial performance within the options available in East Africa to hedge against such risks.

Risk management is carried out by the Finance function under policies approved by the Board of Directors. The Finance function identifies, evaluates and hedges against financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

### (a) Market risk

#### (i) Foreign exchange risk

The Group and Company make significant purchases of raw materials in foreign currency, principally newsprint, inks and plates used in newspaper production, and TV programming used in broadcasting. This exposes the Group and Company to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

## Notes to the financial statements

### continued

At 31 December 2012, if the shilling had weakened/strengthened against the US dollar, with all other variables held constant, the consolidated post tax profit for the year and equity would not have changed materially from what has been reported.

#### (ii) Price risk

The Group and the Company do not hold any investments subject to price risk.

#### (iii) Cashflow and fair value interest rate risk

The Group has borrowings at variable rates. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

At 31 December 2012, an increase/decrease of interest rates would not have resulted in any material increase/decrease in consolidated post tax profits for the year and equity.

#### (b) Credit risk

Credit risk arises from cash and cash equivalents as well as trade and other receivables. Neither the Group nor Company has significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. Credit risk is managed on a Group basis. The Group credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. For banks and financial institutions, only reputable well established financial institutions are accepted. For trade receivables, the credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Past due but not impaired				
- up to 60 days	782.6	701.6	580.0	560.3
- by 61 to 90 days	732.6	600.7	486.7	364.4
<b>Total past due but not impaired</b>	<b>1,515.2</b>	<b>1,302.3</b>	<b>1,066.7</b>	<b>924.7</b>
Impaired	1,264.1	1,158.8	758.0	752.1

All receivables past due by more than 90 days are considered to be impaired, and are carried at their estimated value.

# Notes to the financial statements

## continued

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group and the Company's financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of the discounting is not significant.

	Less than 1 year Kshs.M	Between 1 and 2 years Kshs.M	Between 2 and 5 years Kshs.M	Total Kshs.M
<b>Group</b>				
<b>At December 2012</b>				
<b>Liabilities</b>				
- borrowings	32.0	61.9	48.7	142.6
- payables and accrued expenses	3,092.0	-	-	3,092.0
<b>Total financial liabilities</b>	<b>3,124.0</b>	<b>61.9</b>	<b>48.7</b>	<b>3,234.6</b>
<b>Assets</b>				
- cash and cash equivalents	3,960.3	-	-	3,960.3
- receivables and prepayments	2,272.7	-	-	2,272.7
<b>Total financial assets</b>	<b>6,233.0</b>	<b>-</b>	<b>-</b>	<b>6,233.0</b>
<b>At December 2011</b>				
<b>Liabilities</b>				
- borrowings	34.0	52.5	122.0	208.5
- payables and accrued expenses	2,502.4	-	-	2,502.4
<b>Total financial liabilities</b>	<b>2,536.4</b>	<b>52.5</b>	<b>122.0</b>	<b>2,710.9</b>
<b>Assets</b>				
- cash and cash equivalents	2,744.7	-	-	2,744.7
- receivables and prepayments	1,928.7	-	-	1,928.7
<b>Total financial assets</b>	<b>4,673.4</b>	<b>-</b>	<b>-</b>	<b>4,673.4</b>

## Notes to the financial statements

### continued

	Less than 1 year Kshs.M	Between 1 and 2 years Kshs.M	Between 2 and 5 years Kshs.M	Total Kshs.M
<b>Company</b>				
<b>At December 2012</b>				
<b>Liabilities</b>				
- payables and accrued expenses	2,492.0	-	-	2,492.0
<b>Total financial liabilities</b>	<b>2,492.0</b>	<b>-</b>	<b>-</b>	<b>2,492.0</b>
<b>Assets</b>				
-cash and cash equivalents	3,809.6	-	-	3,809.6
- amount due from related parties	329.9	-	-	329.9
- receivables and prepayments	1,625.4	-	-	1,625.4
<b>Total financial assets</b>	<b>5,764.9</b>	<b>-</b>	<b>-</b>	<b>5,764.9</b>
<b>At December 2011</b>				
<b>Liabilities</b>				
- payables and accrued expenses	1,993.4	-	-	1,993.4
<b>Total financial liabilities</b>	<b>1,993.4</b>	<b>-</b>	<b>-</b>	<b>1,993.4</b>
<b>Assets</b>				
- cash and cash equivalents	2,598.2	-	-	2,598.2
- amount due from related parties	324.0	-	-	324.0
- receivables and prepayments	1,434.3	-	-	1,434.3
<b>Total financial assets</b>	<b>4,356.5</b>	<b>-</b>	<b>-</b>	<b>4,356.5</b>

# Notes to the financial statements

## continued

### (d) Capital risk management

The Group and Company's objectives when managing capital are to safeguard the Group and 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 Group and Company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

Consistent with others in the industry, the Group and 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 as shown below:

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Total borrowings	111.8	147.0	-	-
Less: cash and cash equivalents	(3,960.3)	(2,744.7)	(3,809.6)	(2,598.2)
Net debt	(3,848.5)	(2,597.7)	(3,809.6)	(2,598.2)
Total equity	7,323.5	6,122.4	6,674.0	5,805.0
Total capital	3,475.0	3,524.7	2,864.4	3,206.8

As the cash balances held by the Group are in excess of the borrowings, computation of the gearing ratios would be inappropriate.

### (e) Fair value estimation

The Group and Company do not have any financial assets or liabilities subject to fair value estimation.

## 5. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Executive Management Team that are used to make strategic decisions.

The Group considers the business from a product perspective; Newspapers & Magazines and Broadcasting. The Executive Management team considers the East African countries in which the Group operates as one geographical segment because of similarities in the risks and returns in all the countries.

Other Group operations mainly comprise courier and third party printing services and digital operations. Neither of these constitute a separately reportable segment and have therefore been included as part of Newspapers & Magazines.

## Notes to the financial statements

### continued

	Newspapers & Magazines		Broadcasting		Group	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Sales	10,530.9	9,690.6	1,815.9	1,555.2	12,346.8	11,245.8
Allocated costs	(7,240.7)	(6,859.0)	(1,559.7)	(1,412.5)	(8,800.4)	(8,271.5)
Segment results	3,290.2	2,831.6	256.2	142.7	3,546.4	2,974.3
Unallocated costs					(485.7)	(416.0)
Operating profit					3,060.7	2,558.3
Net finance income					322.0	139.8
Share of results of associates					121.9	112.2
Profit before income tax					3,504.6	2,810.3

The entity is domiciled in Kenya. The revenue attributed to local sales was Kshs.9,575.4 million (2011: Kshs.8,710.2 million) while the revenues attributed to all foreign countries in total from which the entity derives revenues was Kshs.2,771.4 million (2011: Kshs.2,535.6 million). The Group does not derive revenues in excess of 10% of the total group's revenue from any individual customer. Other segments included in the statement of financial position are as follows:

Included in the statement of comprehensive income are the following expenses:

	Newspapers & Magazines		Broadcasting		Group	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Depreciation	278.9	269.0	108.6	105.6	387.5	374.6
Amortisation	40.3	41.0	0.4	1.9	40.7	42.9
Provision for impairment of receivables	81.4	84.3	23.9	53.9	105.3	138.2

Segment assets comprise primarily property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude deferred income tax and investments. Segment liabilities comprise operating liabilities. They exclude tax. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

# Notes to the financial statements

## continued

	Newspapers & Magazines		Broadcasting		Group	
	2012	2011	2012	2011	2012	2011
	Kshs.M	Kshs.M	Kshs.M	Kshs.M	Kshs.M	Kshs.M
Segment assets	8,508.5	6,953.6	1,426.4	1,072.9	9,934.9	8,026.5
Investment in associates					725.0	608.6
					10,659.9	8,635.1
Segment liabilities	1,929.6	1,889.5	1,274.2	759.9	3,203.8	2,649.4
Capital expenditure	315.3	380.9	312.6	76.0	627.9	456.9

## 6. Expenses by nature

	Group	
	2012 Kshs.M	2011 Kshs.M
The following items have been charged/(credited) in arriving at operating profit:		
Profit on disposal of property, plant and equipment	(10.5)	(10.3)
Operating lease rentals-office buildings	161.5	153.8
Repairs and maintenance expenditure on property, plant and equipment	49.0	11.9
Auditors' remuneration: Group	20.6	19.1
: Company	11.3	10.6
Employee benefits expense (Note 7)	3,426.8	3,101.3
Depreciation of property, plant & equipment (Note 15)	387.5	374.6
Amortisation of intangible assets (Note 16)	39.6	41.7
Operating lease rentals-leasehold land (Note 17)	1.1	1.2
Trade receivables-provision for impairment (Note 21)	105.3	138.2

## 7. Employee benefits expense

Salaries and wages	3,359.1	3,038.3
National Social Security Fund	67.7	63.0
	3,426.8	3,101.3

The number of persons employed by the group at the year end was:

	2012 Number	2011 Number
Full time	1,498	1,382
Part time	337	305
	1,835	1,687

## 8. (a) Finance income

	Group	
	2012 Kshs.M	2011 Kshs.M
Interest income	352.0	152.5

## (b) Finance costs

Interest expense	(30.0)	(12.7)
------------------	--------	--------

## Notes to the financial statements

### continued

#### 9. Income tax expense

	Group	
	2012 Kshs.M	2011 Kshs.M
Current income tax	1,027.5	725.2
Deferred income tax (Note 14)	(33.2)	78.3
	994.3	803.5

The tax on the group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country as follows:

	Group	
	2012 Kshs.M	2011 Kshs.M
Profit before income tax	3,504.6	2,810.3
Tax calculated at the statutory tax rate of 30%	1,051.4	843.1
Tax effect of:		
- income not subject to tax	(36.0)	(54.7)
- Expenses not deductible for tax purposes	19.8	15.1
Recognition of deferred income tax asset in Africa Broadcasting Uganda Limited	(40.9)	-
Income tax expense	994.3	803.5

Further information about deferred income tax is presented in Note 14

#### 10. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to share holders by the weighted average number of ordinary shares in issue during the year

	Group	
	2012 Kshs.M	2011 Kshs.M
Net profit attributable to shareholders (Kshs million)	2,504.1	1,996.9
Weighted average number of ordinary shares in issue (million)	157.1	157.1
Basic earnings per share (Kshs)	15.9	12.7

There were no potentially dilutive ordinary shares outstanding as at 31 December 2012 or 2011. Diluted earnings per share is therefore the same as basic earnings per share.

# Notes to the financial statements

## continued

### 11. Share capital

	Group & Company	
	Number of shares (Million)	Ordinary shares Kshs.M
Authorised (par value of Kshs 2.5 per share)	240	600
Issued and fully paid:		
At 1 January 2011, 1 January 2012 and 31 December 2012	157.1	392.8

All issued shares are fully paid.

### 12. Other reserves

	Revaluation reserve on buildings Kshs.M	Currency translation Kshs.M	Total Kshs.M
<b>Group</b>			
As at 1 January 2011	71.8	(42.1)	29.7
Currency translation differences	-	(19.9)	(19.9)
Transfer of excess depreciation	(2.3)	-	(2.3)
Deferred income tax on transfer	0.7	-	0.7
Balance as at 31 December 2011	70.2	(62.0)	8.2
As at 1 January 2012	70.2	(62.0)	8.2
Currency translation differences	-	(22.7)	(22.7)
Revaluation of buildings (Note 15)	187.8	-	187.8
Deferred income tax on revaluation (Note 14)	(56.5)	-	(56.5)
Balance as at 31 December 2012	201.5	(84.7)	116.8

	Revaluation reserve on buildings Kshs.M	Total Kshs.M
<b>Company</b>		
As at 1 January 2011	71.8	71.8
Transfer of excess depreciation	(2.3)	(2.3)
Deferred income tax on transfer	0.7	0.7
Balance as at 31 December 2011	70.2	70.2
As at 1 January 2012	70.2	70.2
Revaluation of buildings, net of tax	64.1	64.1
Balance as at 31 December 2012	134.3	134.3

# Notes to the financial statements

## continued

### 13. Borrowings

	Group	
	2012 Kshs.M	2011 Kshs.M
<b>Current</b>		
Bank borrowings	26.9	28.5
	26.9	28.5
<b>Non current</b>		
Bank borrowings	84.9	118.5
Total borrowings	111.8	147.0

In prior year Monitor Publications Ltd obtained a 6 year loan worth Uganda Shillings 5 billion (equivalent to Kenya Shillings 169.4 million) from Citibank Uganda Ltd that financed the purchase of a new printing press. The bank borrowings are secured by a 100% comprehensive corporate guarantee from Nation Media Group Limited.

The weighted average effective interest rates at the statement of financial position date were as follows:

	Group	
	2012 Kshs.M	2011 Kshs.M
Bank loan	21.58%	14.46%

In the opinion of the Directors, the carrying amounts of short-term borrowings approximate to their fair value. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect should be available to the Group at the statement of financial position date.

Maturity of non-current borrowings

	Group	
	2012 Kshs.M	2011 Kshs.M
Between 1 and 2 years	26.9	28.5
Between 2 and 5 years	58.0	90.0
	84.9	118.5

# Notes to the financial statements

## continued

### 14. Deferred income tax

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
At start of year	10.7	(69.3)	44.5	(15.7)
Charge/ (credit) to the statement of comprehensive income (Note 9)	(33.2)	78.3	(36.9)	60.2
Revaluation	56.5	-	27.4	-
Currency translation differences	0.8	1.7	-	-
At end of year	34.8	10.7	35.0	44.5
Deferred income tax liabilities	52.3	44.5	35.0	44.5
Deferred income tax assets	(17.5)	(33.8)	-	-
At end of year	34.8	10.7	35.0	44.5

Deferred income tax assets and liabilities are attributable to the following items:

	1.1.12 Kshs.M	Charged/ (credited) to P&L Kshs.M	Charged to OCI Kshs.M	31.12.12 Kshs.M
<b>Group</b>				
<b>Year ended 31 December 2012</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	137.5	(21.4)	56.5	172.6
Unrealised exchange gains	93.0	(76.0)	-	17.0
	230.5	(97.4)	56.5	189.6
<b>Deferred income tax assets</b>				
Provisions	(122.0)	(4.2)	-	(126.2)
Unrealised exchange losses	(99.5)	68.4	-	(31.1)
	(221.5)	64.2	-	(157.3)
Currency translation differences	1.7	0.8	-	2.5
<b>Net deferred income tax liability</b>	10.7	(32.4)	56.5	34.8

# Notes to the financial statements

## continued

	1.1.11 Kshs.M	Charged/ (credited) to P&L Kshs.M	Charged to OCI Kshs.M	31.12.11 Kshs.M
<b>Group</b>				
<b>Year ended 31 December 2011</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	104.8	32.7	-	137.5
Unrealised exchange gains	83.3	9.7	-	93.0
	188.1	42.4	-	230.5
<b>Deferred income tax assets</b>				
Provisions	(182.6)	60.6	-	(122.0)
Unrealised exchange losses	(74.8)	(24.7)	-	(99.5)
	(257.4)	35.9	-	(221.5)
Currency translation differences	-	1.7	-	1.7
			-	
<b>Net deferred income tax liability/ (asset)</b>	<b>(69.3)</b>	<b>80.0</b>		<b>10.7</b>

The 2012 deferred income tax of Kshs.56.5 million transferred to other comprehensive income relates to deferred income tax arising from the gain on revaluation of buildings carried out during the year.

	1.1.12 Kshs.M	Charged/ (credited) to P&L Kshs.M	Charged to OCI Kshs.M	31.12.12 Kshs.M
<b>Company</b>				
<b>Year ended 31 December 2012</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	96.5	(37.7)	27.4	86.2
Unrealised exchange gains	90.4	(76.1)	-	14.3
	186.9	(113.8)	27.4	100.5
<b>Deferred income tax assets</b>				
Provisions	(39.5)	(12.5)	-	(52.0)
Unrealised exchange losses	(102.9)	89.4	-	(13.5)
	(142.4)	76.9	-	(65.5)
<b>Net deferred income tax liability</b>	<b>44.5</b>	<b>(36.9)</b>	<b>27.4</b>	<b>35.0</b>

	1.1.11 Kshs.M	Charged/ (credited) to P&L Kshs.M	Charged/ (credited) to OCI Kshs.M	31.12.11 Kshs.M
<b>Year ended 31 December 2011</b>				
<b>Deferred income tax liabilities</b>				
Property, plant and equipment	94.9	1.6	-	96.5
Unrealised exchange gains	84.0	6.4	-	90.4
	178.9	8.0	-	186.9
<b>Deferred income tax assets</b>				
Provisions	(116.6)	77.1	-	(39.5)
Unrealised exchange losses	(78.0)	(24.9)	-	(102.9)
	(194.6)	52.2	-	(142.4)
<b>Net deferred income tax liability/ (asset)</b>	<b>(15.7)</b>	<b>60.2</b>	<b>-</b>	<b>44.5</b>

The 2012 deferred income tax of Kshs.27.4 million transferred to other comprehensive income relates to deferred income tax arising from the gain on revaluation of buildings carried out during the year.

\* OCI - Other Comprehensive Income

# Notes to the financial statements

## continued

### 15. Property, plant and equipment

	Freehold land Kshs.M	Buildings Kshs.M	Plant and equipment Kshs.M	Total Kshs.M
<b>Group</b>				
<b>As at 1 January 2011</b>				
Cost or valuation	7.0	390.5	4,722.5	5,120.0
Accumulated depreciation	-	(43.6)	(3,183.1)	(3,226.7)
<b>Net book value</b>	<b>7.0</b>	<b>346.9</b>	<b>1,539.4</b>	<b>1,893.3</b>
<b>Year ended 31 December 2011</b>				
Opening net book value	7.0	346.9	1,539.4	1,893.3
Additions	-	-	446.0	446.0
Disposals	-	-	(5.9)	(5.9)
Depreciation charge	-	(9.5)	(365.1)	(374.6)
Currency translation differences	-	(2.7)	(10.8)	(13.5)
<b>Closing net book value</b>	<b>7.0</b>	<b>334.7</b>	<b>1,603.6</b>	<b>1,945.3</b>
<b>As at 31 December 2011</b>				
Cost or valuation	7.0	387.7	5,140.8	5,535.5
Accumulated depreciation	-	(53.0)	(3,537.2)	(3,590.2)
<b>Net book value</b>	<b>7.0</b>	<b>334.7</b>	<b>1,603.6</b>	<b>1,945.3</b>
<b>Year ended 31 December 2012</b>				
Opening net book value	7.0	334.7	1,603.6	1,945.3
Revaluation surplus	-	187.8	-	187.8
Impairment	-	(5.5)	-	(5.5)
Additions	-	5.0	550.2	555.2
Disposals	-	-	(0.5)	(0.5)
Depreciation charge	-	(11.7)	(375.8)	(387.5)
Currency translation differences	-	(2.3)	(11.7)	(14.0)
<b>Closing net book value</b>	<b>7.0</b>	<b>508.0</b>	<b>1,765.8</b>	<b>2,280.8</b>
<b>As at 31 December 2012</b>				
Cost or valuation	7.0	572.5	5,667.9	6,247.4
Accumulated depreciation	-	(64.5)	(3,902.1)	(3,966.6)
<b>Net book value</b>	<b>7.0</b>	<b>508.0</b>	<b>1,765.8</b>	<b>2,280.8</b>

## Notes to the financial statements

### continued

	Freehold land Kshs.M	Buildings Kshs.M	Plant and equipment Kshs.M	Total Kshs.M
<b>Company</b>				
<b>As at 1 January 2011</b>				
Cost or valuation	7.0	261.8	3,723.9	3,992.7
Accumulated depreciation	-	(22.5)	(2,671.3)	(2,693.8)
<b>Net book value</b>	<b>7.0</b>	<b>239.3</b>	<b>1,052.6</b>	<b>1,298.9</b>
<b>Year ended 31 December 2011</b>				
Opening net book value	7.0	239.3	1,052.6	1,298.9
Additions	-	-	228.0	228.0
Disposals	-	-	(1.6)	(1.6)
Depreciation charge	-	(6.7)	(271.9)	(278.6)
<b>Closing net book value</b>	<b>7.0</b>	<b>232.6</b>	<b>1,007.1</b>	<b>1,246.7</b>
<b>As at 31 December 2011</b>				
Cost or valuation	7.0	261.8	3,915.3	4,184.1
Accumulated depreciation	-	(29.2)	(2,908.2)	(2,937.4)
<b>Net book value</b>	<b>7.0</b>	<b>232.6</b>	<b>1,007.1</b>	<b>1,246.7</b>
<b>Year ended 31 December 2012</b>				
Opening net book value	7.0	232.6	1,007.1	1,246.7
Revaluation surplus	-	91.5	-	91.5
Impairment	-	(1.9)	-	(1.9)
Additions	-	-	407.6	407.6
Disposals	-	-	(0.5)	(0.5)
Depreciation charge	-	(8.7)	(276.3)	(285.0)
<b>Closing net book value</b>	<b>7.0</b>	<b>313.5</b>	<b>1,137.9</b>	<b>1,458.4</b>
<b>As at 31 December 2012</b>				
Cost or valuation	7.0	351.4	4,287.1	4,645.5
Accumulated depreciation	-	(37.9)	(3,149.2)	(3,187.1)
<b>Net book value</b>	<b>7.0</b>	<b>313.5</b>	<b>1,137.9</b>	<b>1,458.4</b>

# Notes to the financial statements

## continued

The Group's buildings on leasehold land were revalued as at 31 August 2012 by independent professional valuers. The basis for the valuation was open market value. The book values of the properties were adjusted to the revalued amounts and the resulting surplus, net of deferred tax, was credited to the revaluation reserve in shareholders' equity. The revaluation reserve is not distributable in accordance with the Kenyan Companies Act. If the buildings were stated on historical cost basis, the amounts would be as follows:

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Cost	314.7	314.7	166.2	166.2
Accumulated depreciation	(82.9)	(73.4)	(68.4)	(61.7)
Net book value	231.8	241.3	97.8	104.5

## 16. Intangible assets

	Goodwill Kshs.M	Computer software Kshs.M	Transmission Frequencies Kshs.M	Total Kshs.M
<b>Group</b>				
<b>As at 1 January 2011</b>				
Cost	187.9	301.5	27.2	516.6
Accumulated amortisation	-	(197.2)	-	(197.2)
Net book value	187.9	104.3	27.2	319.4
<b>Year ended 31 December 2011</b>				
Opening net book value	187.9	104.3	27.2	319.4
Additions	-	10.9	-	10.9
Amortisation	-	(41.7)	-	(41.7)
Currency translation differences	-	(0.1)	-	(0.1)
Closing net book value	187.9	73.4	27.2	288.5
<b>As at 31 December 2011</b>				
Cost	187.9	312.1	27.2	527.2
Accumulated amortisation	-	(238.7)	-	(238.7)
Net book value	187.9	73.4	27.2	288.5
<b>Year ended 31 December 2012</b>				
Opening net book value	187.9	73.4	27.2	288.5
Additions	-	72.7	-	72.7
Amortisation	-	(39.6)	-	(39.6)
Currency translation differences	-	(0.1)	-	(0.1)
Closing net book value	187.9	106.4	27.2	321.5
<b>As at 31 December 2012</b>				
Cost	187.9	384.5	27.2	599.6
Accumulated amortisation	-	(278.1)	-	(278.1)
Net book value	187.9	106.4	27.2	321.5

## Notes to the financial statements

### continued

#### Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the operating segment. A segment-level summary of the goodwill allocated is presented below:

	Operating Segment	2012 Kshs.M	2011 Kshs.M
Mwananchi Communications Limited	Newspapers	128.9	128.9
Monitor Publications Limited	Newspapers	23.0	23.0
East Africa Television Network	Broadcasting	15.5	15.5
Radio Uhuru Limited	Broadcasting	20.5	20.5
		187.9	187.9

	Computer software Kshs.M	Transmission Frequencies Kshs.M	Total Kshs.M
<b>Company</b>			
<b>As at 1 January 2011</b>			
Cost	290.4	27.2	317.6
Accumulated amortisation	(189.6)	-	(189.6)
Net book value	100.8	27.2	128.0
<b>Year ended 31 December 2011</b>			
Opening net book value	100.8	27.2	128.0
Additions	10.4	-	10.4
Amortisation	(39.9)	-	(39.9)
Closing net book value	71.3	27.2	98.5
<b>As at 31 December 2011</b>			
Cost	300.8	27.2	328.0
Accumulated amortisation	(229.5)	-	(229.5)
Net book value	71.3	27.2	98.5
<b>Year ended 31 December 2012</b>			
Opening net book value	71.3	27.2	98.5
Additions	27.5	-	27.5
Amortisation	(36.9)	-	(36.9)
Closing net book value	61.9	27.2	89.1
<b>As at 31 December 2012</b>			
Cost	328.3	27.2	355.5
Accumulated amortisation	(266.4)	-	(266.4)
Net book value	61.9	27.2	89.1

The carrying amounts of the transmission frequencies approximate their fair values.

# Notes to the financial statements

## continued

### 17. Prepaid operating lease rentals

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
At start of year	85.0	86.8	48.7	49.3
Amortisation for the year	(1.1)	(1.2)	(0.7)	(0.6)
Currency translation differences	0.5	(0.6)	-	-
At end of year	84.4	85.0	48.0	48.7

### 18. Investment in associate

	Group	
	2012 Kshs.M	2011 Kshs.M
At start of year	608.6	529.6
Share of profit before income tax	174.2	160.5
Share of income tax expense	(52.3)	(48.3)
Dividends received	121.9	112.2
Share of other comprehensive income	-	(27.7)
At end of year	725.0	608.6

Investment in associate is carried in the consolidated balance sheet at amounts that reflect the group's share of the net assets of the associate and includes goodwill on acquisition.

Key financial information on the associate, which is unlisted, was as follows:

	Country of incorporation	% interest held	Assets Kshs.M	Liabilities Kshs.M	Revenues Kshs.M	Profit/ (loss) Kshs.M	Other comprehensive income Kshs.M
<b>Year 2011</b>							
Property Development and Management Limited	Kenya	20%	4,548.8	841.4	360.0	560.6	(138.7)
<b>Year 2012</b>							
Property Development and Management Limited	Kenya	20%	4,992.6	961.7	444.0	609.5	-

There were no changes in the interest held in the associate during the year. The initial investment in associate carried in the company statement of financial position is Kshs.94.6 million.

# Notes to the financial statements

## continued

### 19. Investment in subsidiaries

	Company	
	2012 Kshs.M	2011 Kshs.M
At start of year	1,075.4	1,067.2
Additional investment:		
Nation Holdings Rwanda Ltd	-	8.2
At end of year	1,075.4	1,075.4

The group's interest in its subsidiaries, all of which are unlisted and all of which have the same year end as the company, were as follows:

	Company country of incorporation	Holding %	2012 Kshs.M	2011 Kshs.M
<b>Trading subsidiaries:</b>				
Nation Marketing & Publishing Limited	Kenya	100.0	0.5	0.5
Monitor Publications Limited	Uganda	76.7	19.1	19.1
Mwananchi Communications Limited	Tanzania	100.0	569.3	569.3
Nation Holdings Tanzania Limited	Tanzania	100.0	150.4	150.4
Africa Broadcasting Uganda Limited	Uganda	100.0	347.7	347.7
Nation Holdings Rwanda Ltd	Rwanda	100.0	8.2	8.2
<b>Non Trading subsidiaries:</b>				
Nation Carriers Limited	Kenya	100.0	3.0	3.0
Nation Infotech Limited	Kenya	100.0	1.5	1.5
Africa Broadcasting Limited	Kenya	100.0	-	-
Nation Newspapers Limited	Kenya	100.0	-	-
Nation Carriers Uganda Limited	Uganda	100.0	-	-
Nation Carriers Tanzania Limited	Tanzania	100.0	-	-
Africa Broadcasting Tanzania Limited	Tanzania	100.0	-	-
Africa Broadcasting Mauritius Limited	Mauritius	100.0	-	-
Nation Printers and Publishers Limited	Kenya	100.0	-	-
Radio Uhuru Limited	Tanzania	100.0	20.5	20.5
			1,120.2	1,120.2
Provision for impairment			(44.8)	(44.8)
			1,075.4	1,075.4

# Notes to the financial statements

## continued

### 20. Inventories

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Raw materials at cost	741.0	824.5	525.4	603.6
Engineering spares at cost	130.4	123.9	118.4	115.3
Other stock at cost	143.8	85.9	128.0	67.8
	1,015.2	1,034.3	771.8	786.7

The cost of inventories recognised as an expense and included in the consolidated 'cost of sales' amounted to Kshs.2,213.5 million (2011: Kshs.2,430.9 million).

### 21. Receivables and prepayments

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Trade receivables	2,779.3	2,461.1	1,824.7	1,676.8
Less: provision for impairment	(1,264.1)	(1,158.8)	(758.0)	(752.1)
	1,515.2	1,302.3	1,066.7	924.7
Amounts due from related parties (Note 28)	6.4	2.4	329.9	324.0
Other receivables and prepayments	751.1	624.0	558.7	509.6
	2,272.7	1,928.7	1,955.3	1,758.3

Movement on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
At start of year	1,158.8	1,020.6	752.1	656.8
Provision in the year	105.3	138.2	5.9	95.3
At end of year	1,264.1	1,158.8	758.0	752.1

The carrying amounts of the above receivables approximate their fair values.

### 22. Cash and cash equivalents

For the purposes of cashflow statements, cash and cash equivalents comprise cash in hand, term deposits held with banks and investments in money market instruments. The year end cash and cash equivalent comprise the following:

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Cash and bank balances	453.0	990.3	302.3	843.8
Short term deposits	3,507.3	1,754.4	3,507.3	1,754.4
	3,960.3	2,744.7	3,809.6	2,598.2

The short term deposits include term deposits and short term note investments with related parties. Refer to note 28 (vii) for further details. The weighted average effective interest rate on the bank deposits during the year was 9.1% (2011 : 7.2%)

## Notes to the financial statements

### continued

### 23. Payables and accrued expenses

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
Trade payables	927.2	799.2	558.0	417.7
Amounts due to related parties (Note 28)	10.9	3.5	143.8	118.1
Accrued expenses	1,809.4	1,302.3	1,534.0	1,123.8
Other payables	344.5	397.4	256.2	333.8
	3,092.0	2,502.4	2,492.0	1,993.4

The carrying amounts of the above payables and accrued expenses approximate their fair values.

### 24. Dividends

During the year, an interim dividend of Kshs.2.50 per share, amounting to Kshs.392.8 million (2011: Kshs.235.7 million) was paid. At the Annual General Meeting to be held on 26 April 2013, a final dividend in respect of the year ended 31 December 2012 of Kshs.7.50 per share amounting to Kshs.1,178.4 million (2011: Kshs.1,021.3 million) will be proposed. The total dividend for the year is, therefore, Kshs.10.00 per share (2011: Kshs.8.00), amounting to Kshs.1,571.1 million (2011: Kshs.1,257.0 million).

The payment of dividends is subject to withholding tax at the rate of 5% for resident and 10% for non-resident tax payers.

### 25. Commitments

#### Capital Expenditure

Commitments for capital expenditure at the statement of financial position date are as follows:

	Group	
	2012 Kshs.M	2011 Kshs.M
Contracted for but not provided for	17.6	13.9

#### Operating Leases

The future minimum lease payments under non-cancellable operating leases are as follows:

Not later than 1 year	111.6	108.2
Later than 1 year and not later than 5 years	485.7	469.6
	597.3	577.8

# Notes to the financial statements

## continued

### 26. Cash generated from operations

	2012 Kshs.M	2011 Kshs.M
Reconciliation of profit before tax to cash generated from operations		
Profit before income tax	3,504.6	2,810.3
Adjustment for:		
Depreciation of property, plant and equipment (Note 15)	387.5	374.6
Amortisation of intangible assets (Note 16)	39.6	41.7
Amortisation of prepaid operating lease rentals (Note 17)	1.1	1.2
Profit on sale of property, plant and equipment	(10.5)	(10.3)
Interest income (Note 8a)	(352.0)	(152.5)
Interest expense (Note 8b)	30.0	12.7
Share of result before tax of associate (Note 18)	(121.9)	(112.2)
Changes in working capital:		
- inventories	19.1	(358.0)
- receivables and prepayments	(344.0)	(131.4)
- payables and accrued expenses	589.6	53.2
Translation of net investment in foreign subsidiaries	(6.2)	(5.9)
Cash generated from operations	3,736.9	2,523.4

### 27. Contingent liabilities

There were no contingent liabilities at 31 December 2012 (2011: Nil).

### 28. Related parties

Aga Khan Fund for Economic Development, S.A (AKFED) incorporated in Switzerland is the principal shareholder of the Company. There are various other companies which are related to the Group through common shareholdings and directorships. Transactions with related parties are carried out at normal commercial terms and conditions. The following transactions were carried out with related parties.

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
<b>i) Sale of goods and services</b>				
<b>Subsidiaries:</b>				
Monitor Publications Limited	-	-	19.2	26.7
Mwananchi Communications Limited	-	-	1.3	1.3
<b>Other related parties:</b>				
TPS Eastern Africa Limited	4.7	1.5	1.1	0.9
Jubilee Holdings Limited	1.6	0.9	1.0	0.8
	6.3	2.4	22.6	29.7
<b>ii) Purchase of goods and services</b>				
<b>Subsidiaries:</b>				
Monitor Publications Limited	-	-	14.8	5.6
Mwananchi Communications Limited	-	-	41.6	9.6
<b>Other related parties:</b>				
TPS Eastern Africa Limited	28.3	24.0	4.1	4.2
Jubilee Holdings Limited	168.7	117.2	155.3	97.9
	197.0	141.2	215.8	117.3

## Notes to the financial statements

### continued

#### iii) Outstanding balances from transactions with related parties

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
<b>Amounts due from related parties</b>				
<b>Subsidiaries:</b>				
Mwananchi Communications Limited	-	-	234.2	245.2
Nation Infotech Limited	-	-	0.9	0.9
Radio Uhuru Limited	-	-	4.9	4.9
Africa Broadcasting Uganda Limited	-	-	-	53.6
Nation Holdings Rwanda Limited	-	-	88.3	17.7
<b>Other related parties:</b>				
TPS Eastern Africa Limited	5.5	1.5	0.7	0.9
Jubilee Holdings Limited	0.9	0.9	0.9	0.8
	6.4	2.4	329.9	324.0
<b>Amounts due to related parties</b>				
<b>Subsidiaries:</b>				
Africa Broadcasting Uganda Limited	-	-	9.8	-
Monitor Publications Limited	-	-	28.5	25.8
Nation Marketing and Publishing Limited	-	-	93.0	84.5
Nation Holdings Tanzania Limited	-	-	7.4	7.4
<b>Other related parties:</b>				
Jubilee Insurance	4.5	-	4.5	-
TPS Eastern Africa Limited	6.4	3.5	0.6	0.4
	10.9	3.5	143.8	118.1

#### iv) Loans to executive directors

	Group		Company	
	2012 Kshs.M	2011 Kshs.M	2012 Kshs.M	2011 Kshs.M
At start of year	0.1	0.7	0.1	0.7
Loans advanced during the year	11.6	-	11.6	-
Loans repaid during the year	(1.4)	(0.6)	(1.4)	(0.6)
At end of year	10.3	0.1	10.3	0.1

# Notes to the financial statements

## continued

### v) Key management compensation

Key management includes executive directors. The compensation paid or payable to key management for employee services is shown below.

	Company	
	2012 Kshs.M	2011 Kshs.M
Salaries and other short term employment benefits	73.1	65.9

### vi) Directors' remuneration

	Company	
	2012 Kshs.M	2011 Kshs.M
Fees for services as director	29.7	23.6
Salaries and other short term employment benefits	73.1	65.9
	102.8	89.5

### vii) Other related party transactions

Included as part of cash and cash equivalents in the Company as at 31 December 2012 are the following balances with related parties:

	Company	
	2012 Kshs.M	2011 Kshs.M
Term deposit with Diamond Trust Bank Kenya Limited	670.5	350.0
Short term note investment with Industrial Promotion Services (K) Limited	400.0	200.0

The terms of the above deposit with Diamond Trust Bank Kenya Limited are at arm's length, similar to those entered with other parties by the bank.

The short term note investments with Industrial Promotion Services (K) Limited are for a duration of 3 months each, attracting interest rate of 13.0% per annum for 2012 and 15.6% per annum for 2011 respectively.

## Five year financial summary

	2012 Kshs.M	2011 Kshs.M	2010 Kshs.M	2009 Kshs.M	2008 Kshs.M
<b>Results</b>					
Revenue	12,346.8	11,245.8	9,602.5	8,189.8	8,251.5
Profit before income tax	3,504.6	2,810.3	2,146.6	1,617.4	1,910.3
Profit attributable to shareholders	2,612.7	1,949.3	1,519.8	1,103.1	1,296.2
<b>Net assets</b>					
Non-current assets	3,429.2	2,961.2	2,898.4	2,806.8	2,694.8
Net current assets	4,031.5	3,324.2	2,523.7	1,996.2	1,854.8
Non-current liabilities	(137.2)	(163.0)	0.0	(89.3)	(235.1)
Non-controlling interest	(72.4)	(69.9)	(61.9)	(67.2)	13.1
<b>Shareholders' funds</b>					
Profit before tax as a percentage of turnover (%)	28.38	24.99	22.35	19.75	23.15
Earnings per share (Kshs)	15.94	12.71	9.77	7.02	8.25
Dividends per share (Kshs) - Normal	10.00	8.00	5.50	5.50	5.50
- Special	-	-	2.50	-	-
Total dividend per share (Kshs)	10.00	8.00	8.00	5.50	5.50
Dividends cover (times)	1.59	1.59	1.22	1.28	1.50

## Principal shareholders and their respective shareholding at 31 December 2012

No.	Name of shareholder	No. of shares held	%
1	The Aga Khan Fund for Economic Development (AKFED)	70,165,286	44.66
2	Amin Nanji Juma	15,686,175	9.98
3	National Social Security Fund	4,556,180	2.90
4	John Kibunga Kimani	2,054,311	1.31
5	The Jubilee Insurance Company of Kenya Limited	1,699,279	1.08
6	Standard chartered nominees A/c 9230	1,037,875	0.66
7	Old mutual life assurance company ltd	857,217	0.55
8	Kenya reinsurance corporation ltd	798,600	0.51
9	SCB A/C Pan African unit linked FD	687,788	0.44
10	Standard chartered nominees A/c 1256B	645,457	0.41

## Distribution of shareholding at 31 December 2012

No. of shares	No. of shareholders	No. of shares held	% of shareholding
1 – 500	4,338	824,397	0.52
501 – 5,000	4,669	9,361,333	5.96
5,001 – 10,000	735	5,307,104	3.38
10,001 – 100,000	882	21,327,404	13.57
100,001 – 1,000,000	105	25,099,228	15.98
Over 1,000,000	6	95,199,106	60.59
<b>Total</b>	<b>10,735</b>	<b>157,118,572</b>	<b>100.00</b>

## Directors' shareholding

Name	No. of shares held	% of Shareholding
Linus Gitahi	39,216	0.0250
Gerald Wilkinson	3,300	0.0021
Yasmin Jetha	4,800	0.0031
Stephen Gitagama	1,080	0.0007

## PROXY FORM



I/We \_\_\_\_\_

\_\_\_\_\_ being a member/members of Nation Media

Group Limited, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

and failing him \_\_\_\_\_ and failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 26 April 2013 and at any adjournment thereof.

As witness my hand this \_\_\_\_\_

Signature \_\_\_\_\_

### IMPORTANT NOTES:

- 1 If you are unable to attend this meeting personally this form of proxy should be completed and returned to the Secretary, Nation Media Group Limited, P. O. Box 49010 – 00100 GPO Nairobi, to reach him not later than 48 hours before the time appointed for holding the meeting.
- 2 A person appointed to act as a proxy need not be a member of the company.
- 3 If the appointer is a corporation, this form of proxy must be under seal or under the hand of an officer or attorney duly authorised in writing.

## FOMU YA UWAKILISHI



Mimi/Sisi \_\_\_\_\_

\_\_\_\_\_ nikiwa mwanachama/wanachama wa Nation

Media Group Limited, ni/tuna mteua \_\_\_\_\_

wa \_\_\_\_\_

na kumuangusha \_\_\_\_\_ na  
kumuangusha , Mwenyekiti wa mkutano kama muwakilishi wangu/wetu ili kunipigia/kutupigia kura na kwa  
niaba yangu/yetu katika Mkutano Mkuu wa Kila Mwaka wa Kampuni utakaofanyika tarehe 26 Aprili 2013 na  
kukamilika baada ya hapo.

Kama Shahidi wa \_\_\_\_\_

Sahihi \_\_\_\_\_

### MAELEZO MUHIMU:

- 1 Ikiwa huwezi kuhudhuria mkutano huu wewe binafsi fomu hii ya muwakilishi inastahili kujazwa na kurudishwa kwa Katibu, Nation Media Group Limited, S.L.P. 49010 – 00100 GPO Nairobi ili imfike kabla ya saa 48 ya muda ulioamuliwa wa mkutano kufanyika.
- 2 Mtu aliyeteuliwa kama muwakilishi sio lazima awe mwanachama wa kampuni.
- 3 Ikiwa aliyeteuliwa ni shirika, fomu hii ya muwakilishi lazima iwe na mhuri ama kuwa na sahihi ya afisa wa wakili ambaye ameidhinishwa kwa maandisho.

# NATIONHELA.

## The easier way to receive cash from abroad.

Diamond Trust Bank, in conjunction with Nation Media Group, proudly bring you NationHela, the new convenient international money transfer service that allows you to receive money straight to your NationHela account accessible on your mobile phone or Visa prepaid card from anywhere in the world. Its safer, simpler and more convenient. So no more queuing to receive your cash! Pick up your card today from any Diamond Trust Bank branch, Nakumatt or Uchumi supermarket.

Whats more, buy your card today for only **500/-** and submit your application form within 3 days to get your card topped up with **200/-**. Offer available for a limited period.



**NATIONHELA**  
*Pesa Mfukoni*

EVERY SWING

**GET YOUR SPORTS FIX!**



- Extensive international & local sports coverage
  - Featuring guest columnists Maina Kageni & Dennis Mwanja
- AVAILABLE EVERY MONDAY & FRIDAY**

**Kshs 30/-**



#### Environment

Our business puts a strain on the environment in which we live. NMG has and will continue to organize and fund various initiatives in support of sustaining the environment. So as our business grows, the forests grows with it and the environment flourishes.

