ANNUAL REPORT & FINANCIAL STATEMENTS 2013

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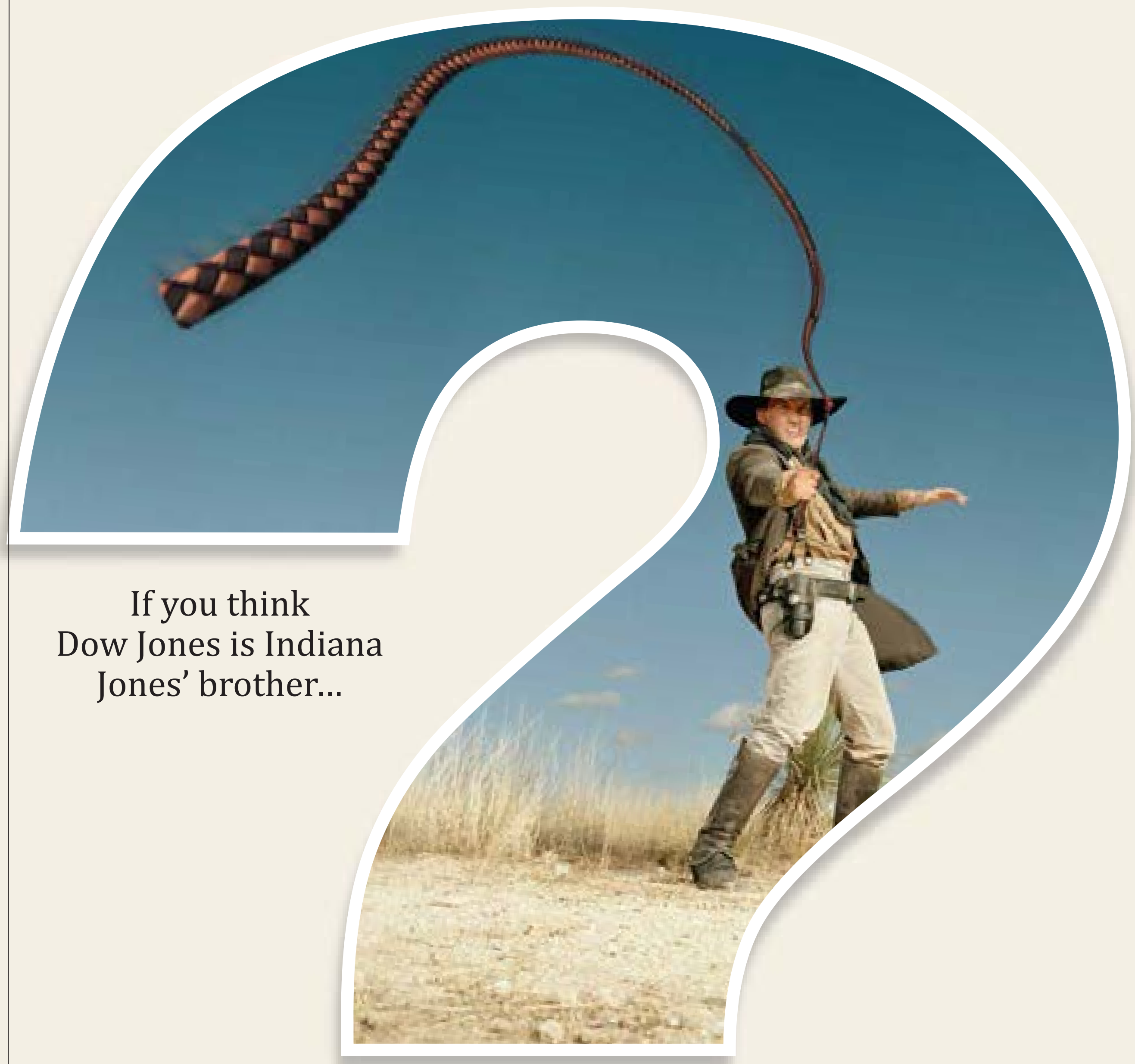

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The Nation Media Group, the largest independent media house in East and Central Africa with operations in print, broadcast and digital media, attracts and serves unparalleled audiences in Kenya, Uganda, Tanzania and Rwanda

Published in 2014

Nation Media Group
Media of Africa for Africa

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Our Vision

To be the Media of Africa for Africa.

Our Mission

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

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty-first Annual General Meeting of the Shareholders of Nation Media Group Limited will be held in the Amphitheatre at the Kenyatta International Conference Centre, Nairobi on Friday 30 May 2014 at 2.00 p.m. for the following purposes:

Ordinary business

1. To receive the financial statements for the year ended 31 December 2013, and the chairman's, directors' and auditors' reports thereon.

2. To confirm the payment of the interim dividend of Shs.2.50 per share (100%) and to approve the payment of the final dividend of Shs.7.50 per share (300%) on the ordinary share capital in respect of the year ended 31 December 2013.

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 board to fix the non-executive directors remuneration.

5 To re-elect the following directors:

In accordance with Article 110 of the Company's Articles of Association, Mr. D. Aluanga, Mr. F Okello, Prof. O. Mugenda and Dr. S. Kagugube, 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 not withstanding that fact, be re-elected as a director of the Company for a period of one year."

7. "That Mr. G. Wilkinson, 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 not withstanding that fact, be re-elected as a director of the Company for a period of one year."

By order of the Board

J C Kinyua
Secretary

19 March 2014

Note:

A member entitled to attend and vote may appoint a proxy to attend and 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 kwamba Mkutano Mkuu wa Mwaka wa Hamsini na moja ya wenyehisa wa kampuni ya Nation Media Group Limited utafanyika katika ukumbi wa Amphitheatre kwenye Jumba la Mikutano ya Kimataifa (KICC), Nairobi tarehe 30 Mei, 2014 kuanzia saa nane alasiri ambapo shughuli zifuatazo zitatekelezwa:

Shughuli za kawaida

1. Kupokea ripoti za kifedha za mwaka uliokamilika tarehe 31 Desemba 2013, pamoja na ripoti za mwenyekiti, wakurugenzi na wakaguzi wa mahesabu ya fedha.

2. Kuthibitisha malipo ya Shilingi 2.50 (100%) ya mgao wa muda pamoja na kuidhinisha malipo ya Shilingi 7.50 kwa kila hisa (300%) ya mgao wa mwisho kwa kila mtaji wa hisa ya kawaida katika mwaka uliomalizikia Desemba 31, 2013.

3. Kuidhinisha kwamba shirika la PricewaterhouseCoopers litaendelea kushikilia afisi ya Mkaguzi wa Mahesabu ya Fedha ya Kampuni hii kulingana na Sehemu ya 159(2) ya Sheria ya Makampuni (Kifungu cha 486) cha Sheria za Kenya pamoja na kuwaamuru wakurugenzi kuamua malipo yao.

4. Kuwaruhusu wakurugenzi kubainisha malipo ya wakurugenzi.

5. Kuchagua upya wakurugenzi wafuatao:
   Kulingana na Kifungu cha 110 cha Mkataba wa Ushirikiano wa Kampuni, Bw. D. Aluanga, Bw. F. Okello, Prof. O. Mugenda na Dr. S. Kagugube, wanastaafu kwa zamu na kwa kuwa wanastahili, wanajitolea ili kuchaguliwa tena.

Shughuli maalum

Kwa kuzingatia na ikionekana kuwa sawa, kuidhinisha makubaliano yafuatayo kama makubaliano Maalum.

6. "Kwamba Prof L Huebner ambaye ni mkurugenzi anayestaafu kulingana na Kifungu cha 101 cha Mkataba wa Ushirikiano wa Kampuni, na ambaye amezidi umri wa miaka 70, hatajitokeza kuchaguliwa tena kama mkurugenzi wa Kampuni katika kipindi cha mwaka mmoja."

7. "Kwamba Bw G Wilkinson ambaye ni mkurugenzi anayestaafu kulingana na Kifungu cha 101 cha Mkataba wa Ushirikiano wa Kampuni na ambaye amezidi umri wa miaka 70, hatajitokeza kuchaguliwa tena kama mkurugenzi wa Kampuni katika kipindi cha mwaka mmoja."

Kwa amri ya Bodi

J C Kinyua
Katibu

Tarehe 19 Machi 2014

Fahamu:

Mwanachama anayestahili kuhudhuria na kupiga kura anaweza akamteua mwakilishi ili kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi huyo sio lazima awe mwanachama wa kampuni . Ili kuwa halali, fomu hiyo ya uwakilishi inafaa kufikishwa katika afisi iliyosajiliwa ya kampuni, sio chini ya saa 48 kabla muda uliotengwa kwa mkutano huo.

CORPORATE GOVERNANCE

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

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 annual capital and revenue budgets, 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, Ms. N. Karago 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 addresses 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 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 the senior executives of the Group. The team deals with operational matters and co-ordinates activities across the Group's various subsidiary companies and divisions.


BUSINESS
COUNTIES

FINANCIAL HIGHLIGHTS 2013

Group turnover increased by Shs.1.0 Billion (8.3%)

Profit before tax increased by 2.4% to Shs.3.59 Billion

Profit attributable to shareholders increased to Shs.2.62 Billion

Dividend per share for the year of Shs.10.00

Group turnover
+ (8.3%)
to Shs.13.37 Billion

Profit before tax
+ 2.4%
to Shs.3.59 Billion

Profit attributable to shareholders
to Shs.2.62 Billion

Mukhtasari wa Matukio ya Mwaka wa 2013

Mapato ya Jumla ya Kampuni yaliongezeka kwa Shilingi 1.0 Bilioni (asilimia 8.3)

Faida kabla ya ushuru iliongezeka asilimia 2.4 hadi Shilingi 3.59 Bilioni

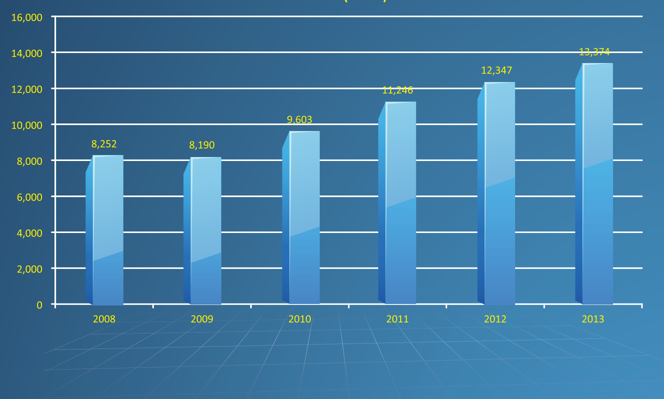
Faida inayotokana na wenyehisa iliongezeka hadi Shilingi 2.62 Bilioni

Mgao wa Shilingi 10.00 kwa kila hisa

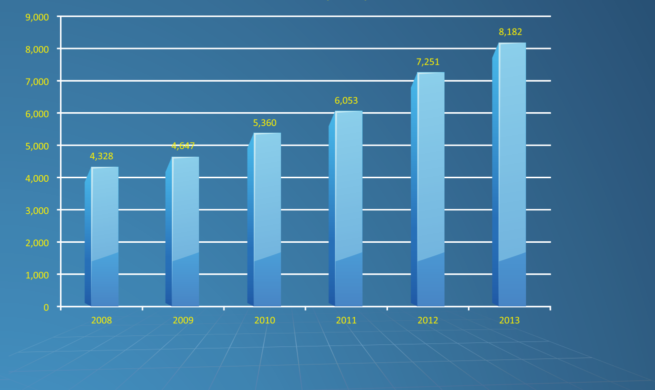
CHAIRMAN'S STATEMENT

The operating economic environment saw many corporates effect cuts in the traditional advertising revenue sources, but aggressive selling and innovative offers, boosted our top line and ensured an improved performance.

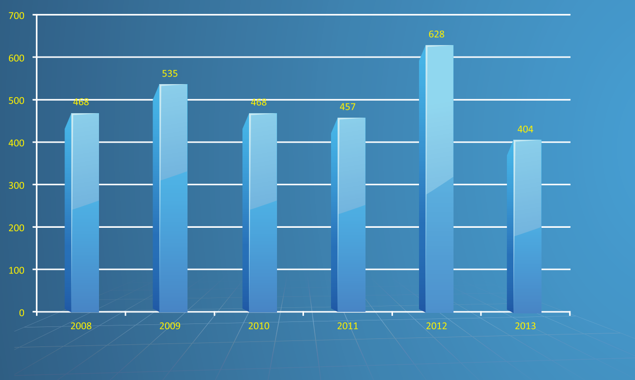
Turnover (shs m)



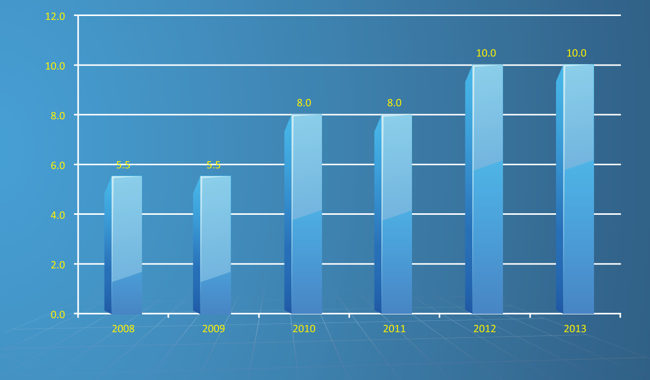
Shareholder's Funds (shs m)



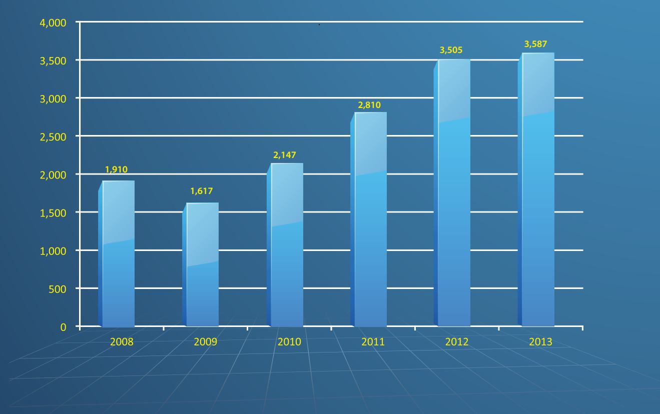
Capital Expenditure (shs m)



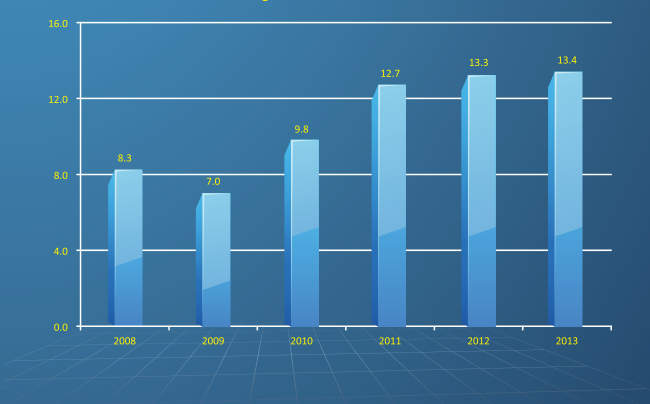
Dividends Per Share (shs)



Profit Before Tax (Shs m)



Earnings Per Share (shs)



CHAIRMAN'S STATEMENT continued

It gives me great pleasure to present to you the Annual Report and Financial Statements for the year ended 31st December 2013. The Group's performance improved slightly compared to the previous year. The turnover increased by 8.3% to Shs.13.37 billion, with the profit before tax increasing to Shs.3.59 billion, an increase of 2.4% from the Shs.3.50 billion recorded in 2012.

The good performance was driven by revenue growth, prudent cost management and improved contributions from the regional subsidiaries.

Dividends

The directors have recommended, for the shareholders' approval at the Annual General Meeting, the payment of a final dividend for the year of Shs.7.50 (300%) per share on the issued share capital as at 31st December 2013, which, together with the interim dividend of Shs.2.50 (100%) per share paid on 30th September 2013, makes a total dividend payout of Shs.10.00 per share (400%) for the year ended 31st December 2013 (2012: Shs.10.00 per share or 400 %). The actual cash payout translates to an increase of 20% following the 1:5 bonus shares issued to the shareholders last year.

Share price and market capitalisation

The Group's share price and the market capitalisation over the period under review maintained an upward trend. The NMG share price as at 31 December 2013 was Shs.310 per share, up from Shs.222 per share at the beginning of the year. This is a market capitalisation of Shs.58.44 billion as at 31December 2013, up from Shs.34.88 billion in January 2013.

Business environment

The global economy had a relatively better year, with notable recovery of the US economy, but the Eurozone was still in recession for much of the year and the living standards in most of the developing world were still below those of 2007.

Kenya's economic growth was stable with the GDP growing to 5.9% from 5.2% in 2012. Security concerns, especially the terrorist attacks, the General Elections and the implementation of the new devolved counties structure adversely affected the country's business environment.

The Group faced operational challenges with the regional subsidiaries suffering the wrath of government bureaucracy, while in Kenya, two new pieces of legislation were enacted that serve to erode the freedom of the media as espoused in the constitution. The Group has taken legal measures to challenge the attempts to muzzle the press.

Despite the challenging operating environment, the Board is happy to report an improvement in the Group's performance over last year.

The operating economic environment saw many corporates effect 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 various media platforms.

CHAIRMAN'S STATEMENT continued

Growth

The regional expansion and consolidation of market shares remain key strategic imperatives in expanding the offerings on the Group's multi-media platforms. The regional subsidiaries are making good contributions towards the bottom line.

The Board maintained close interface with the management team in developing the Group's five year strategic plan. A key challenge going forward will be the implementation of the transition from analogue to digital television broadcasting, which requires viewers to connect a set-top-box to their television sets to receive signals. The broadcasters are concerned with the potential initial loss of viewers that will most likely adversely affect advertising revenues. The Group has put in place strategies that will mitigate against such an eventuality.

I am pleased to inform you that the Group has ordered a new state of the art printing press, which will improve the overall print quality and enhance the newspaper pagination and increase the colour capacity. We expect to commission the new press mid next year.

Our regional subsidiary in Tanzania has embarked on an ambitious project to extend the reach of the newspapers to cover the Lake Zone region which currently receives newspapers very late on the day of production or the day after. Through a third party printing contract, the MCL newspapers are being printed in Mwanza and a distribution network has been established in the region to ensure that newspapers reach the markets early and also carry news that is relevant to the public and that can attract both readers and advertisers.

Editorial policy & future prospects

The coverage of the voter registration exercise, the election campaigns, the events on the election day and the outcome of the General Elections in Kenya and the subsequent Presidential election petition in the Supreme Court, were key milestones during the year and I want to commend the Editorial Board Committee and the journalists who ensured balanced, accurate and objective reporting.

Overall, the trading environment is projected to improve in 2014 and our resolve is to remain focused on pursuing and applying resources on strategies that enable the Group to take advantage of the emerging opportunities to grow the Group's business.

I want to sincerely thank my fellow Directors, the Management and the staff of the Group, customers and business partners, for their continued support and contribution towards the Group's success.

W. D. Kiboro
GROUP CHAIRMAN

TAARIFA YA MWENYEKITI

Mazingira hayo ya kiuchumi yalipelekea mashirika mengi ya kibiashara kupunguza bajeti ya matangazo ya biashara, lakini ukakamavu wa kitengo chetu cha mauzo na ofa bunifu, zilipiga jeki mapato yetu na kutuhakikishia kupatakina kwa matokeo yaliyoimarika.

Ninaona fahari kuu kuwasilisha kwenu Ripoti na Taarifa ya Fedha ya mwaka uliomalizikia tarehe 31 Desemba 2013. Matokeo ya Shirika hili yaliimarika kiasi kidogo ukilinganisha na mwaka uliotangulia. Mapato ya jumla yaliongezeka kwa asilimia 8.3 hadi kufikia shilingi13.37 bilioni, huku faida kabla ya kutoza ushuru ikiongezeka hadi kufikia shilingi bilioni 3.59, ikiwa ni ukuaji wa asilimia 2.4 kutoka shilingi bilioni 3.50 zilizopatikana mwaka 2012.

Matokeo hayo mazuri yanafungamanishwa na ukuaji mzuri wa mapato, usimamizi bora wa gharama na mchango mzuri wa kampuni tanzu katika ukanda huu.

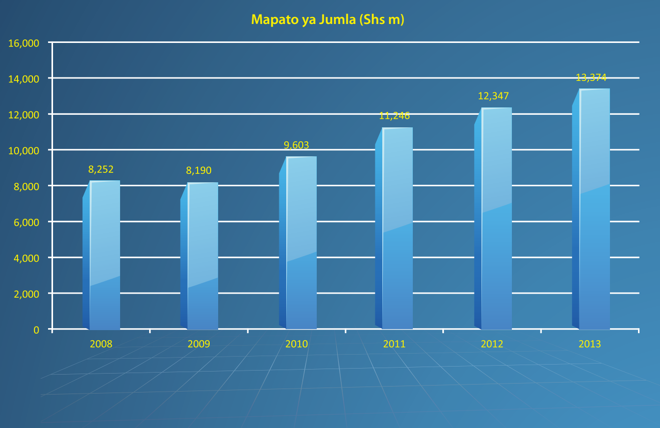
Mgao

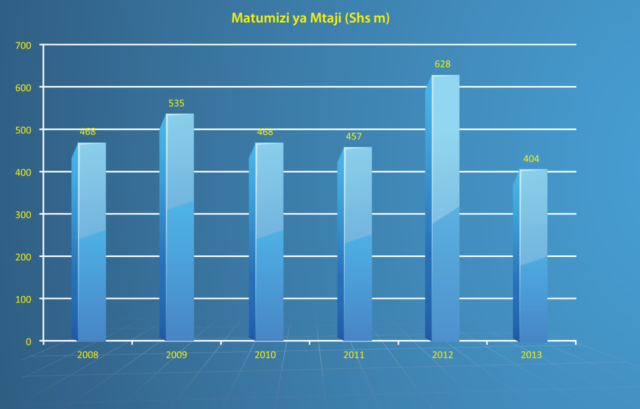
Wakurugenzi wamependekeza, ili wenyehisa waidhinishe katika Mkutano Mkuu wa Mwaka, malipo ya mgao wa mwisho wa shilingi. 7.50 (asilimia 300) kwa kila hisa kwenye mtaji wa hisa uliotolewa kufikia tarehe 31 Desemba 2013, ambao, pamoja na mgao wa muda wa shilingi 2.50 (asilimia 100) kwa kila hisa iliyolipiwa tarehe 30 Septemba 2013, na kufikisha jumla ya mgao uliolipwa kuwa shilingi 10.00 kwa kila hisa (asilimia 400) katika mwaka uliomalizikia 31 Desemba 2013 (2012: shilingi 10.00 kwa kila hisa au asilimia 400). Pesa taslimu zilizolipwa zinawakilisha ongezeko la asilimia 20 kufuatia wakilisho la ngawira ya 1:5 ya hisa za bonasi zilizotolewa kwa wenyehisa mwaka jana.

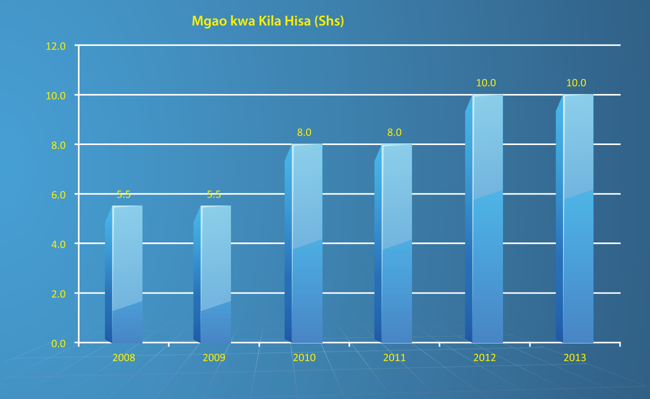
Bei ya hisa na thamani kwenye soko la hisa

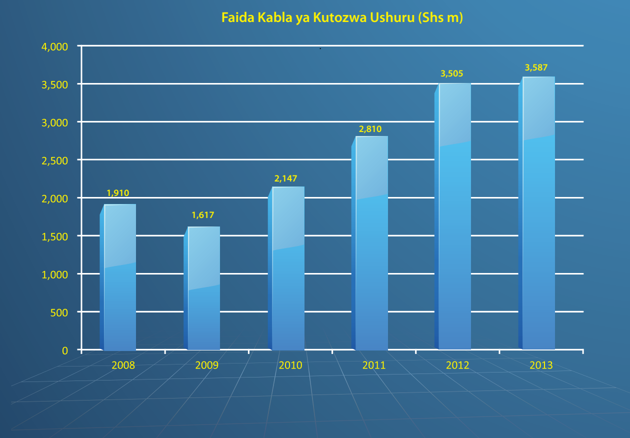
Bei ya hisa za kampuni hii pamoja na hali ya soko la hisa katika mwaka huo unaotathminiwa ilidumisha mkondo wa ukuaji. Bei ya hisa za NMG kufikia 31 Desemba 2013 ilikuwa shilingi 310 kwa kila hisa, ikiwa imeongezeka kutoka shilingi 222 kwa kila hisa mwanzoni mwa mwaka huo. Huu ni ukuaji wa thamani ya hisa hadi shilingi 58.44 bilioni kufikia 31 Desemba 2013, kutoka shilingi bilioni 34.88 mnamo Januari 2013.

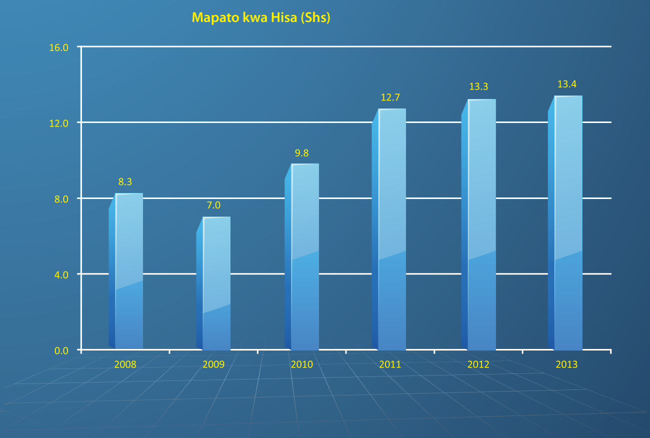
TAARIFA YA MWENYEKITI: inaendelea











TAARIFA YA MWENYEKITI: inaendelea

Mazingira ya kibiashara

Uchumi wa dunia ulikuwa imara katika mwaka huo, ambapo Marekani iliweza kurekodi ufufuzi bainifu wa uchumi wake, lakini ukanda wa Eurozone ulibakia katika mtikisiko kwenye kipindi kirefu cha mwaka huo, nayo hali ya maisha katika mataifa yanayoendelea ikibakia chini ikilinganishwa na ilivyokuwa mnamo mwaka wa 2007.

Ustawi wa uchumi wa Kenya ulikuwa thabiti ambapo Uzalishaji wa Jumla wa Nchi (GDP) ulikua kwa asilimia 5.9 kutoka asilimia 5.2 mnamo mwaka wa 2012. Hofu kuhusu usalama, hususan kuhusu mashambulizi ya kigaidi, Uchaguzi Mkuu na utekelezaji wa mfumo mpya wa utawala wa ugatuzi viliathiri pakubwa mazingira ya kibiashara ya nchi hii.

Kampuni hii ilikabiliwa na changamoto kadha za utendakazi ambapo tanzu zake zilipata mapigo ya utawala mbaya wa serikali husika, huku nchini Kenya, sheria mpya mbili, zinazodidimiza uhuru wa vyombo vya habari kama inavyofaa kuwa kwa misingi ya Katiba, zikiidhinishwa. Shirika hili limechukua hatua za kisheria kwa lengo la kufifisha hila hiyo ya kudhoofisha vyombo vya habari. Licha ya mazingira hayo yenye changamoto za kibiashara, Bodi hii ina furaha kutangaza kuimarika kwa matokeo ya Shirika katika mwaka uliopita. Mazingira hayo ya kiuchumi yalipelekea mashirika mengi ya kibiashara kupunguza bajeti ya matangazo ya biashara, lakini ukakamavu wa kitengo chetu cha mauzo na ofa bunifu, zilipiga jeki mapato yetu na kutuhakikishia kupatakina kwa matokeo yaliyoimarika. Habari nzuri nzuri zilizochapishwa na kupeperushwahewani pia zilidumisha mvuto wa vitengo vyetu mbalimbali vya habari.

Ukuaji

Upanuzi katika ukanda huu na uimarishaji wa hisa zetu sokoni unabakia kuwa mikakati muhimu katika upanuzi wa huduma za vitengo mbalimbali vya shirika hili. Tanzu za kimaeneo zinazidi kutoa mchango mzuri kwa mapato ya jumla.

Bodi hii ilidumisha mkabala mzuri na usimamizi katika uundaji mikakati ya miaka mitano ya Shirika hili. Changamoto kuu inayotukabili kuanzia sasa inabakia kuwa utekelezaji wa uhamaji kutoka mfumo wa upeperushaji matangazo ya runinga wa analogia hadi ule wa dijitali, ambapo watazamaji watahitajika kuunganisha ving'amuzi kwenye runinga zao ili kupokea matangazo. Kuna uwezekano wa kupoteza watazamaji, hali ambayo itaathiri pakubwa mapato yanayotokana na matangazo ya biashara. Shirika hili, hata hivyo, limebuni mikakati ya kujikinga dhidi ya hatari kama hizo.

Ninayo furaha kuwafahamisha kwamba Shirika hili limeagiza mtambo mpya wa kisasa wa kupiga chapa, ambao utaimarisha ubora wa magazeti yetu na kuwezesha unakili wa nambari ya ukurasa wa gazeti pamoja na kuboresha rangi yake. Tunatarajia kuzindua mtambo huo katikati ya mwaka ujao.

Utanzu wetu wa Tanzania unaendelea kuunda mradi wa kupanua usambazaji wa magazeti hadi eneo la Ukanda wa Ziwa ambao kwa sasa hupata magazeti kuchelewa, katika siku ya kuchapishwa kwake au hata siku moja baadaye. Kupitia mkataba uliofanywa na mchapishaji wa kando, magazeti ya MCL yatachapishiwa huko mjini Mwanza, nazo njia za ziada za usambazaji zitaanzishwa katika eneo hilo ili kuhakikisha kwamba magazeti yanafika sokoni mapema na kuwa na habari zinazofaa umma na ambazo zinaweza kuvutia wasomaji na matangazo ya kibiashara.

Sera ya uhariri na mustakabali wa shirika

Upigiaji darubini wa shughuli ya usajili wa wapiga kura, kampeni za uchaguzi, shughuli za siku ya uchaguzi na matokeo ya Uchaguzi huo Mkuu nchini Kenya pamoja na kesi ya uchaguzi wa Urais katika Mahakama ya Juu, vyote hivyo, vilikuwa hatua moja kuu katika mwaka huo na ningependa kuipongeza Kamati ya Uhariri ya Bodi hii na wanahabari waliohakikisha kwamba ripoti zilikuwa zenye usawa, zenye ukweli na zisizoegemea upande wowote.

Kwa jumla, mazingira ya biashara yanatarajiwa kuimarika katika mwaka wa 2014 na azimio letu ni kubakia imara na makini katika utafutaji na utumiaji wa mapato kwa mikakati ambayo itawezesha Shirika hili kutumia vyema nafasi zinazoibuka ili kukuza biashara ya Shirika hili.

Ningependa kuwashukuru Wakurugenzi wenzangu kwa dhati, na hali kadhalika Usimamizi na wafanyakazi wa Shirika hili, wateja na washirika wa kibiashara, kwa kuendelea kutuunga mkono na kuchangia ufanisi wa Shirika hili.

W.D. Kiboro
MWENYEKITI WA SHIRIKA

GROUP CHIEF EXECUTIVE REPORT

Despite the challenging local business environment, the Group's profit before tax increased by 2.4% to Shs.3.6 billion from Shs.3.5 billion in 2012.

GROUP CHIEF EXECUTIVE REPORT continued

I am pleased to present to you the NMG business highlights from the year ended 31 December 2013, The East African region faced a significant number of challenges in 2013 that threatened to slowdown economic growth in the region. This included insecurity especially terrorism and political risk.

Financial performance

Despite the challenging local business environment, the Group's profit before tax increased by 2.4% to Shs.3.6 billion from Shs.3.5 billion acheived in 2012, as a result of higher newspaper circulation revenue and an increase in the advertising volumes and revenues.

The Group's turnover increased by 8.3% to Shs.13.37 billion from Shs.12.35 recorded billion in 2012. The performance is attributable to Nation Newspapers Division (NND) circulation and advertising revenue growth, good performance from *NTV (U)*, the ***Business Daily***, Nation Carriers Division, Monitor Publications, Mwananchi Communications and Nation Holdings Rwanda.

NND's performance recorded a growth in circulation and advertising revenues growing by 2% and 12% respectively. Circulation revenues were driven by cover price increase, marketing promotions and streamlining the distribution system. The Group's strategy is to focus on content improvement to drive readership and carry out further distribution review to broaden market reach.

Business Daily's performance improved in both circulation and advertising revenue which grew by 12% and 13% respectively. Creative selling through speciality supplements helped boost revenue while review of the distribution channels helped circulation revenue.

Easy FM is being rebranded though a change of content to provide more news bulletins and stimulate serious discussions on topical issues.

Nation Carriers' performance was supported by 29% growth in revenue.

Monitor Publications Limited operating profit grew by 11% due to revenue growth and cost management.

Mwananchi Communications Limited's circulation and advertising revenue grew by 10% and 14% respectively, with impressive circulation copy sales.

Improving our efficiency

Technology remains core to our business and the Group has been at the forefront of leveraging the use of cutting edge technology, to drive performance and efficiency.

The SAP Human Capital Management (HCM) and Payroll software were implemented across the region. This enables the country teams to have a holistic view of staff information, including payroll and leave management with seamless integration between the finance and the HR departments.

The publishing and pre-press systems at MCL were automated to lower the cost of production and increase revenue streams such as classifieds as well as ensuring first to market arrivals.

People talent

2013 focused on managing existing talent and recruiting of fresh talent particularly for broadcasting, editorial and digital. We had five Managers go through leadership program at Strathmore University ready for higher responsibilities within the Group.

The media lab programme which is in its 6th year in 2013, had 21 trainees under the program across the region. In addition, we continued with global attachments to provide greater exposure to our staff.

Prospectus

The outlook for the year 2014 remains challenging but the management remains cautiously optimistic of good results.

I wish to sincerely thank the Board of Directors, the staff, as well as all our stakeholders for your support and I look forward to your cooperation in achieving improved results in the year ahead.

L W Gitahi
GROUP CHIEF EXECUTIVE OFFICER

RIPOTI YA AFISA MKUU MTENDAJI WA KAMPUNI

Licha ya mazingira magumu ya kufanyia biashara, faida ya Kampuni hii iliongeza kwa asilimia 2.4 kabla ya kutozwa ushuru hadi kufikia Shilingi bilioni 3.6 kutoka Shilingi bilioni 3.5 zilizopatikana mnamo 2012,

Ni fahari yangu kuwahutubia kuhusu matokeo ya Shirika hili katika mwaka uliokamilika Desemba 31, 2013.
Ukanda mzima wa Afrika Mashariki ulikabiliwa na changamoto kadha katika mwaka wa 2013 ambazo nusura zitishie kukwamiza ustawi wa uchumi. Changamoto hizo ilikuwa ni pamoja na; ukosefu wa usalama, hasa uvamizi wa magaidi pamoja na hatari za kisiasa.

Matokeo ya kifedha

Licha ya mazingira magumu ya kufanyia biashara, faida ya Kampuni hii iliongeza kwa asilimia 2.4 kabla ya kutozwa ushuru hadi kufikia shilingi bilioni 3.6 kutoka shilingi bilioni 3.5 zilizopatikana mnamo 2012, kama tokeo la mapato makuu kutokana na uuzaji wa magazeti pamoja na matangazo ya biashara, usimamizi mzuri wa gharama pamoja na mchango mkubwa kutoka kwa kampuni tanzu za kimaeneo.

Mapato ya jumla ya Shirika hili yaliongezeka kwa asilimia 8.3 hadi kufikia shilingi bilioni 13.37, kutoka shilingi bilioni 12.35 katika mwaka wa 2012. Matokeo haya yanahusishwa na ukuaji wa mauzo kwenye Kitengo cha Usambazaji Magazeti cha Nation (NND) pamoja na matangazo ya biashara, matokeo mazuri ya *NTV (U)*, *Business Daily*, Kitengo cha Nation Carriers, Machapisho ya Gazeti la Monitor, Mwananchi Communications Ltd na Nation Holdings Rwanda.

Mapato ya Usambazaji wa NND pamoja na matangazo ya biashara yalikua kwa asilimia 2 na asilimia 12 mtawalia. Mapato ya usambazaji magazeti yalisukumwa na ongezeko la bei ya magazeti lililotokana na kuanzishwa kwa matozo ya ada ya VAT kwa magazeti, gharama ya kuyatangaza machapisho na pia kupangilia vyema shughuli za usambazaji magazeti. Mkakati wa Shirika hili ni kuzingatia uimarishaji wa habari na makala yanayochapishwa ili kuvutia wasomaji zaidi na kuangazia vituo vya kusambaza ili kupanua upenyaji zaidi kwenye soko.

Matokeo ya ***Business Daily*** yaliimarika katika sehemu mbili kuu; matangazo ya biashara na usambazaji, ambayo yalikua kwa asilimia 12 na asilimia 13 mtawalia. Ubunifu wa mbinu za kuuza kupitia matangazo ya kibiashara (supplements) yalisaidia

RIPOTI YA AFISA MKUU inaendelea

kuimarisha mapato ya matangazo ya biashara, huku kufanyia mabadiliko njia za kusambaza kukisaidia katika kuinua mapato ya usambazaji.

Easy FM imefanyiwa mabadiliko hususan katika upande wa maandalizi ya vipindi, kutoa makala mengi ya habari na kuchochea mijadala kwa umma kuhusu masuala mengi ibuka.

Matokeo ya Nation Carriers yalichangiwa na ukuaji wa asilimia 29 katika mapato kama tokeo la usimamizi mzuri wa magari ya usafiri na matumizi bora ya ratiba ya usambazaji wa bidhaa zetu.

Mapato ya kitengo cha Monitor Publication Limited yalipanda kwa kiasi cha asilimia 11 hasa kwa kufanikiwa na kupata biashara katika usambazaji juu ya hayo, usimamizi mzuri wa gharama ulihakikisha faida hiyo.

Licha ya kupigwa marufuku kwa uchapishaji wa gazeti la Mwananchi kwa majuma mawili, kitengo cha Mwananchi Communication Ltd, kilifanikiwa kupata ukuaji katika usambazaji na utangazaji wa kibiashara wa asilimia 10 na asilimia 14 mtawalia. Mwananchi ndilo gazeti la Kiswahili linaloongoza, huku Mwanaspoti likiwa gazeti la michezo linaloongoza nchini Tanzania. Gazeti la Citizen ndilo gazeti linaloaminika sana katika magazeti yanayooandikwa katika Lugha ya Kiingereza .

Kuimarisha utendakazi wetu

Teknolojia inasalia nguzo kuu kwa biashara yetu hivyo basi Shirika hili limekuwa kwenye mstari wa mbele katika uboreshaji wa matumizi ya teknolojia ya kisasa ili kuimarisha utendakazi na ufaafu. NMG imeagizia mtambo mpya wa uchapishaji ambao unatazamiwa kuzinduliwa Mei 2015.

Zana tepe (software) ya mfumo wa Usimamizi wa Wafanyikazi (HCM) pamoja na Programu ya vocha za Mshahara imezinduliwa kote katika ukanda huu. Hii husaidia wahusika katika kila taifa kupata habari kamilifu kuhusu wafanyakazi, ikiwemo mshahara na uendeshaji wa likizo bila kizuizi baina ya idara za Fedha na Wafanyakazi.

Kadhalika, mifumo ya mitambo ya uchapishaji na kabla ya unakilishaji katika MCL ilifanywa ili kujiendesha yenyewe kimtambo ili kupunguza gharama na kuongeza mapato kupitia jitihada kama vile uanzishwaji wa sehemu za classifieds. Hii pia ilisaidia katika kuharakisha ufikaji wa bidhaa zetu kwenye soko.

Vipawa vya wafanyakazi

Sehemu kuu ya mwaka 2013 ilizingatia sana usimamizi wa wafanyakazi waliopo na kuwashirikisha wafanyakazi wapya hasa katika vitengo vya utangazaji, magazeti na dijitali.
Katika mwaka huo, mameneja watano walifuzu katika chuo cha Strathmore Business School, kuwaandaa kukabili majukumu makuu katika Shirika hili.

Mpango wa Media Lab uliadhimisha mwaka wake wa 6 mnamo 2013. Aidha, Shirika hili lilituma wafanyakazi wake kujifunza zaidi kazi katika mashirika mbalimbali ya habari.

Mustakabali

Mustakabali wa mwaka 2014 unabakia changamano lakini Usimamizi umechukua tahadhari kwa matumaini ya kupata matokeo mazuri kutokana na jitihada zake mpya na bidhaa ambazo zimezinduliwa.

Ningependa kuwashukuru kwa dhati wahusika wa Bodi ya Wakurugenzi kwa msaada na uongozi wao, wafanyakazi, pamoja na wadau wetu wote kwa kutuunga mkono na kwa usanjari huo ninatazamia ushirikiano wenu katika kufikia matokeo yaliyoimarika katika mwaka huu unaotusubiri.

L. W. Gitahi
AFISA MKUU MTENDAJI WA KAMPUNI

NATION MEDIA GROUP
CORPORATE SOCIAL RESPONSIBILITY

1. Community sponsorship
Book donation
Nation Media Group collaborated with the Mathare Mothers' Development Centre in a bid to raise 5,000 textbooks towards the centre. Nation Media Group staff presented the books to the centre on June 7, 2013. The centre benefits children in more than150 households in the area, as well as some parts of Kawangware.

2. Education
Nation 'get on the bus' excellence and mentorship programme
The year 2013 saw the Nation 'Get on the Bus' Excellence & Mentorship Programme welcome 26 new students, all hailing from various National schools in the country. Currently in its third year, the scholarship programme seeks to accord the best deserving Form One students with a full scholarship throughout their four years in High School. So far, 264 students have benefited from the programme with 84 in Kenya, 80 in Uganda and 100 in Tanzania under the 'Paa na Mwananchi' scholarship programme.

Newspapers in Education (NiE)
The Newspapers in Education (NiE) programme partnered with Promoting Access to Community Education (PACE). The partnership saw PACE provide volunteers to run reading clubs across the NiE schools with 55 young school leavers trained for this purpose. The programme carried out several monitoring and evaluation exercises across the country in areas such as Nairobi, Mwingi, Makueni, Lita, Ruiru, Msambweini, Kinango and Kaloleni. Additionally, the programme trained a total of 144 teachers across the above mentioned areas.

A total of 108 schools participated in the programme.

3. Health
Eye clinics
In partnership with the Kenya Society for the Blind, Nation Media Group conducted two eye clinics in Nakuru on February 23 and Kisumu on June 22, 2013. A total of 620 people were screened and treated during both clinics.

4. Celebrating kenya @ 50: one nation one vibe
Nation Media Group's campaign of celebrating Kenya @50 across all its Kenyan media platforms covering print, radio, TV and digital. One Vibe was conceptualized by Kenyans to celebrate their Kenyan heritage & NMG tapped into that youthful dynamism to peg its Kenya @50 campaign. With artistes like Anto-neosoul, DK kwenye Beat, Wendy Kimani and Calvo Mistari, among many others and popular MCs Obinna, Cleophas Awinja JPT,. The music was by DJ Xclusive, MO, Sadic and others. NMG had 4 events to this campaign;

One Nation One Vibe Campaign

The Technical University of Mombasa on 9th November, 2013. Event started at 1.00pm – 7.00pm and attracted over 1,500 students.
Egerton University on the 16th November, event ran from 7pm – 1.00am and had over 2,000 students.
Kenyatta University on 23rd November, event had two parts: Crossover Chart from 1.30pm – 4.00pm and One Vibration from 8.30pm – 12.30pm and had over 3,000 students.
The culmination of the events was on 1st December at KICC, which was a live television broadcast from 10.00am – 5.00pm, with a live audience of over 6,000 people and a TV audience of millions across Kenya.

5. Katuni
Nation Media Group together with the Association of East Africa Cartoonists held a special luncheon at the Kenya School of Monetary Studies on November 23, 2013 to honour the nation's pioneer cartoonists. Among the legendary cartoonists honoured were Terry Hirst and Kenya's first cartoonist Edward Gitau whose cartoon strip 'Juha Kalulu' in the Taifa Leo continues to this day.

Edward Gitau aka "Juha Kalulu"

KENYA

Donation	Amount
Blood Link Foundation	500,000
Maseno University	250,000
Mama Fatuma Goodwill Children's Home	50,000
Kajiado Children's Home	50,000
Medical: Rose Wanja Muhia	100,000
International Press Institute	1,160,540
Kenya Institute Of Special Education	51,400
Usiu-Ladies Basketball Team	200,000
Kenya Society For The Blind: Eye Clinics	921,640
German Embassy: Turkana Festival	100,000
Rift Valley Technical Training Institute:	
Sponsorship Of Trainee	30,000
Reckit Benckiser: Golf Sponsorship	300,000
Karatina University: Mau Mau Conference	150,000
Goan Welfare Society	50,000
Nairobi County Council: Governors Ball	1,000,000
Buni Ltd	389,000
Capital Markets Awards Dinner-Think Big	40,000
KCA University	90,000
Carnivore: Media Council Of Kenya Conference	250,000
Safaricom: Lewa Marathon	500,000
Graceland Girls School	250,000
Kenya Open Golf Sponsorship	1,000,000
Kenya Red Cross: Annual Gala Dinner	100,000
Oasis Africa	272,000
Jubilee Kingdom	50,000
Toastmasters International	100,000
Grand Total	**7,954,580**

NMG Golf Classic

MWANANCHI COMMUNICATIONS CORPORATE SOCIAL RESPONSIBILITY

1. Education

a. Paa na Mwananchi scholarships

Having been officially launched on 2nd April 2012, the scholarship programme is currently in its third year with a total of 100 beneficiaries. The scholarship programme seeks to groom future leaders of Tanzania through education and mentorship.

b. Vendor scholarship programme

Commonly referred to as 'Faidika na Udhamini wa Elimu,' the Vendor Scholarship Programme serves as a Corporate Social Responsibility initiative aimed at giving back to the newspaper vendors. The programme is currently in its third year with a total of 40 beneficiaries who are all either the children or relatives of the MCL newspaper vendors.

c. Top 100 mid-size company survey-2013

Mwananchi Communications Limited worked with KPMG in organizing the 2013 Top 100 Mid-Sized Company Survey-Tanzania. This was the third time the survey was being held in the country which aims at identifying and recognizing the fastest growing Mid-Sized companies in Tanzania.

Top 100 Mid-Sized Survey Dinner Gala – MCL Tanzania

MONITOR PUBLICATIONS CORPORATE SOCIAL RESPONSIBILITY

1. Health

Fullwoman health camp

As part of its corporate social responsibity, MPL organizes an annual health camp where the general public is invited to get free medical consultations and checkups by different doctors and tips on health matters that affect their day to day lives. This event is a way of giving back to readers by availing them a platform to learn and acquire information on different health issues.

This Year's Theme was ""Wellness and total health"". The camp was held on 7th September 2013 at the Kampala Serena Conference Centre, at which the Minister of State for Health Mrs. Sarah Opendi officiated, which attracted over 900 people.

2. Environment

Dembe Fm in a tree planting drive in Mpigi district in Uganda

MPL CSR manager, Jackie worked with Dembe FM presenters in helping children to plant trees in Mpigi

Dembe FM Tree planting drive

3. CSR

MPL in drive to raise funds for women suffering from fistula

MPL corporate affairs manager Jackie Tahakanizibwa and the Speaker of Parliament of Uganda worked together to provide support for women sufering from Fistula. This was done through organising a fundraising drive organised by MPL

MPL corporate affairs manager Jackie Tahakanizibwa and the speaker of parliament of Uganda

UGANDA

Donation	Amount (Shs)
Full woman health camp	433,000
Run against cancer	333,000
Get on the bus project	4,800,000
Kasese Landslides	180,000
Fistula Fundraising drive	180,000
Tree planting	213,000
World Aids Day	433,000
Total	**6,572,000**


NTV STUDIO


JVC

Human Resources

Talent Management and Recruitment

A great part of 2013 was focused on managing the existing staff talent and the recruitment of fresh talent particularly for the broadcasting, editorial and digital platforms. This was imperative as a result of the increased competition in the media industry and the planned introduction of new brands and products.

Learning and leadership development:

In 2013, we had five Managers who graduated from the Strathmore Business School, having undertaken Management and Leadership development modular programmes. The training prepared the managers to undertake greater responsibilities within the Group.

In addition to the training initiatives in leadership development, we have continued to train emerging NMG staff from the subsidiaries with potential for management and leadership development. 8 staff were on secondment to Kenya for exposure and on the job learning experience.

Media Lab Training

The media lab programme continued into the 6th year in 2013. We had 21 trainees in the program from Kenya, Rwanda, Tanzania and Uganda. Having witnessed the intense demand for talent in the media industry, this programme has put NMG in good stead to ensure a constant supply of talent in NMG's various markets. In Media Lab 7, greater emphasis will be focused on media convergence in alignment to the growth in the digital media space.

International Training and Work Exposure

In 2013, three members of staff from the Radio and the Editorial departments attended IESE training at Navara University in the USA, in Advanced Management Development program for media managers. In addition, we had a key member of staff from the broadcasting section who attended a three week international attachment at CNN International in Atlanta, where she worked with leading international content producers and renowned television personalities.

Partnership with University of Missouri

Over 115 editorial and news production staff and correspondents from NTV Uganda and Kenya were trained by Professors from the University of Missouri in journalism. This provided the NMG teams with fresh perspectives of reporting, content production and presentation for competitive advantage.

Awards & Recognition:

In 2013, our staff were recognized as winners in various fields and categories. These were:

- 1 CNN Africa Journalist Awards 2013- Television News Feature Category
- 1 2013 Dag Hammarskjöld journalism award- was in the USA for 10 weeks prior to the opening of the 68th UN General Assembly in New York and reporting from there.
- East Africa Media Awards 2013 - Overall Best Business Reporter in East Africa
- 2 Media Council Awards
- 7 KEMEP Awards 2013
- 1 Children Media Awards 2013
- 1 UN World Food Award
- Media Council of Tanzania scooped 12 out of 18 prizes

We are pleased to report that three NMG print journalists from Kenya and Rwanda were selected for the 2013 Chevening Scholarships and they are currently pursuing Masters' programmes in the UK and upon their return from the studies they will add greater value in their areas of work.

NMG Sports day

Overal winner for Mwanaspoti Bora wa Soka Award- 2013

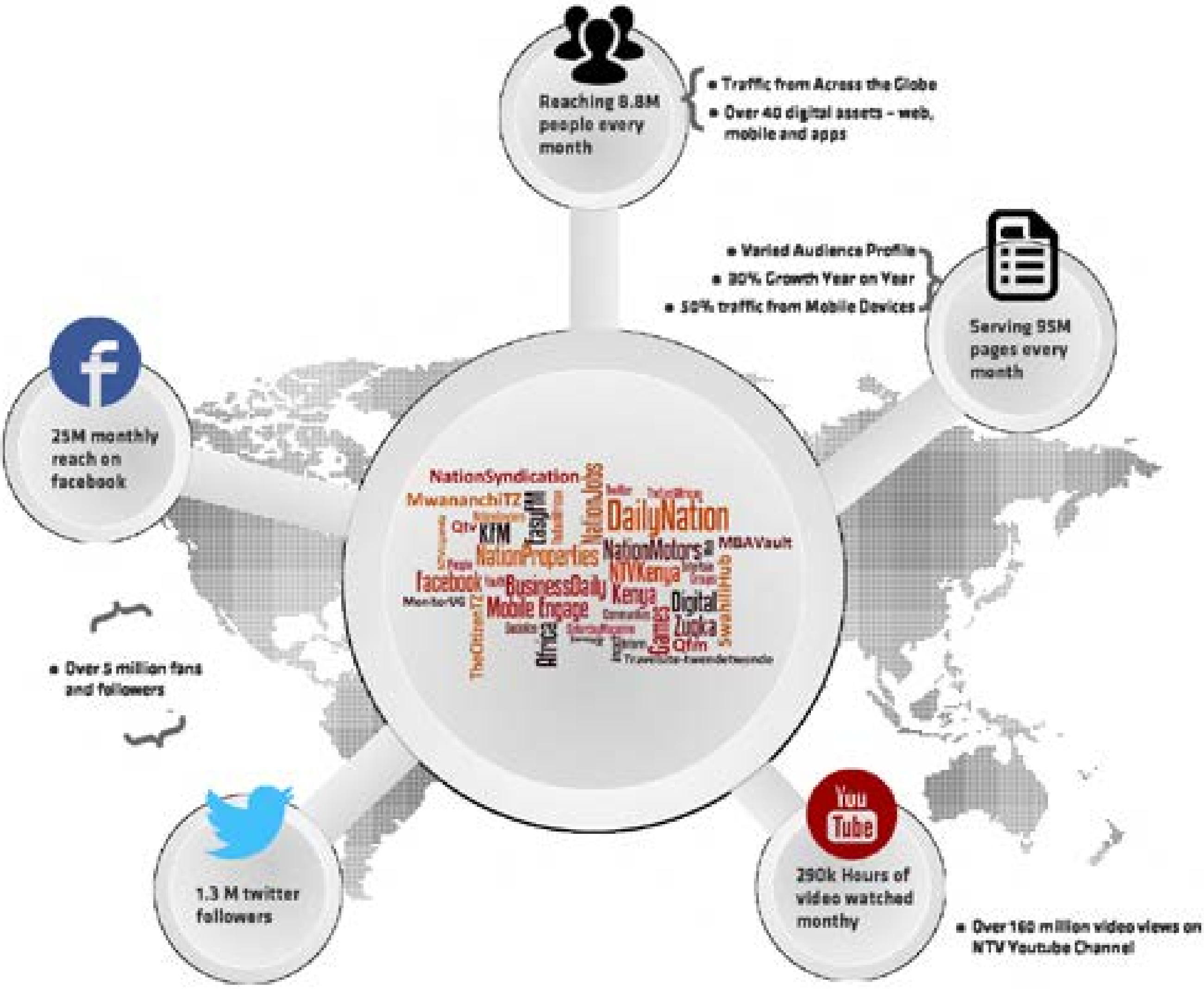
NHR-KFM Team at the stand

Certificate of appreciation from Private Sector Federation Rwanda – KFM Rwanda

KFM Rwanda staffer receiving the certificate from an official of Private sector Federation Rwanda

Our Presence

Nation Media Group



BOARD OF DIRECTORS
HALMASHAURI YA WAKURUGENZI

W D Kiboro	Chairman (Kenyan)	Mwenyekiti (Mkenya)
L W Gitahi	Chief Executive Officer (Kenyan)	Mrasimu Mkuu (Mkenya)
D Aluanga	(Kenyan)	(Mkenya)
R Dowden	(British)	(Mwingereza)
S Gitagama	(Kenyan)	(Mkenya)
L Huebner	(American)	(Muamerikani)
Y Jetha	(British)	(Mwingereza)
N Karago	(Kenyan)	(Mkenya)
S Kagugube	(Ugandan)	(Muganda)
J Montgomery	(British)	(Mwingereza)
O Mugenda	(Kenyan)	(Mkenya)
Z Muro	(Tanzanian)	(Mtanzania)
F O Okello	(Kenyan)	(Mkenya)
A Poonawala	(Swiss)	(Muswiss)
G M Wilkinson	(Irish)	(Mu-Irish)

J C Kinyua	Secretary	Katibu
Nation Centre Kimathi Street P O Box 49010 00100 Nairobi	Registered Office	Afisi ilioandikishwa
Hamilton Harrison & Mathews ICEA Building Kenyatta 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

1. Mr. Wilfred Kiboro (69)
Holds a Bachelor of Science (Civil Engineering) from the University of Nairobi. He retired from NMG as the Group Chief Executive Officer on 31st October 2006 after working for the Company for thirteen years. He was appointed a non-executive director in December 2006 and was elected the Chairman of the Board in 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.

2. Mr. Linus Gitahi (51)
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 Africa Media Initiative, the Group's subsidiary companies and PDM Holdings Limited, an associate Company. Mr. Gitahi was honored by the President and awarded the Moran of the Burning Spear (MBS). He is a member of the Nominations, the Editorial and the Strategic Planning Committees.

3. Mr. Dennis Aluanga (46)
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 has 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.

4. Mr. Richard Dowden (64)
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.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 the 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 the Strategic Planning Committees.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5. Mr. Stephen Gitagama (47)
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 a 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.

6. Prof. Lee Huebner (73)
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 fourteen 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.

7. Dr. Yasmin Jetha (61)
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. 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.

8. Ms. Njeri Karago (53)
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 in March 2013 and is a member of the Strategic Planning Committee.

9. Dr. Simon Kagugube (58)

Holds 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 in 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.

10. Mr. James Montgomery (48)

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 features 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.

11. Prof. Olive Mugenda (59)

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.

12. Mrs. Zuhura Muro (53)

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 business 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.

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13. Mr. Francis Okomo Okello (64)

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) and the Woodrow Wilson School of Public and International Affairs (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 (East Africa) 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.

14. Mr. Anwar Poonawala (67)

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 thirty 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.

15. Mr. Gerard Wilkinson (70)

Holds an MEcon.Sc and an MS and a BA, from Ireland and the United States of America. He lectured at the School of Business University College, Dublin, Ireland. He has 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 as the 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.

16. Mr. James Kinyua (50)

(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 alumni 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 2013, 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, radio and television broadcasting and digital online products, 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 42.

Dividends

The directors recommend the payment of a final dividend of Shs.7.50 per share (300%) on the issued share capital as at 31 December 2013, which together with the interim dividend of Shs.2.50 per share (100%) paid on 30 September 2013, makes a total of Shs.10.00 per share (400%) in respect of the year ended 31 December 2013 (2012: Shs.10.00 per share). The dividend will be paid less withholding tax where applicable on or about 30 July 2014 to shareholders registered on the member's register at the close of business on 16 May 2014. The Register of members will be closed from 19 to 23 May 2014, both dates inclusive.

Directors

The directors who held office during the year and to the date of this report are set out on page 32.

Mr.D Aluanga, Mr. F. O. Okello, Dr. S. Kagugube and Prof. O. Mugenda 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 and Mr. G. Wilkinson are directors who retire in accordance with Article 101 of the Company's Articles of Association and who are over the age of 70 years, and shall notwithstanding that fact, be re-elected as directors 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 8.

By order of the Board

J C Kinyua
Secretary
19 March 2014

RIPOTI YA WAKURUGENZI

Wakurugenzi wana fahari ya kuwawasilishia ripoti yao pamoja na mahesabu ya fedha yaliyokaguliwa katika mwaka uliokamalizikia tarehe 31 Desemba 2013, ambayo yanafichua hali halisi ya mambo yalivyo katika Kampuni ya Nation Media Group (Kampuni) pamoja na tanzu zake (kwa pamoja zaitwa Shirika).

Shughuli kuu

Shughuli kuu za Shirika hili ni uchapishaji, kutoa na kusambaza habari katika magazeti na majarida, kutangaza kupitia redio na runinga pamoja na huduma za kidijitali za mtandaoni, katika mataifa ya Afrika Mashariki yanayojumuisha Kenya, Uganda, Rwanda na Tanzania.

Matokeo ya shirika

Matokeo ya Shirika hili katika mwaka huo yamenakiliwa katika ripoti ya Shirika kuhusu mapato kamili kwenye ukurasa wa 42.

Mgao

Wakurugenzi wanapendekeza kulipwa kwa mgao wa mwisho wa shilingi 7.50 kwa kila hisa (asilimia 300) kwenye mtaji wa hisa uliotolewa kufikia Desemba 31 2013, ambayo kwa pamoja na mgao-shikilizi wa shilingi 2.50 kwa kila hisa (asilimia 100) uliolipwa mnamo tarehe 30 Septemba 2013, inafikisha jumla ya shilingi 10 kwa kila hisa (asilimia 400) kufuatia taarifa za mwaka uliomalizikia tarehe 31 Desemba 2013 (2012: shilingi10 kwa kila hisa). Mgao huo utalipwa baada ya kuondolewa ushuru wa hifadhi (withholding tax) pale itakapohitajika kufikia au karibu na tarehe 30 Julai 2014 kwa wenyehisa waliosajiliwa katika sajili ya wanachama kufikia wakati wa kufunga kazi hapo Mei 16, 2014. Sajili ya wanachama itafungwa kuanzia tarehe 19 hadi 23 Mei 2014, tarehe zote zinajumuishwa.

Wakurugenzi wakuu

Wakurugenzi wakuu waliokuwa afisini katika mwaka huo hadi kufikia tarehe ya ripoti hii wameorodheshwa kwenye ukurasa wa 32.

Bw. D. Aluanga, Bw. F. O. Okello, Dkt. S. Kagugube na Prof. O. Mugenda ni wakurugenzi wanaostaafu kwa zamu kulingana na Kifungu cha 110 cha Mkataba wa Ushirikiano wa Kampuni na kwa kuwa wanastahili, wanajitokeza kuchaguliwa tena.

Prof. L. Huebner na Bw. G. Wilkinson ni wakurugenzi ambao wanastaafu kwa mujibu wa Kifungu cha 101 cha Mkataba wa Ushirikiano wa Kampuni na ambao wanazidi umri wa miaka 70, wanastahili kuchaguliwa kama wakurugenzi wa Kampuni kwa muda wa mwaka mmoja.

Mkaguzi wa mahesabu ya fedha

Mkaguzi wa mahesabu ya Fedha wa kampuni ambao ni PricewaterhouseCoopers wameonyesha nia na hiari ya kuendelea kushikilia afisi kwa mujibu wa Sehemu 159(2) ya Sheria kuhusu Kampuni (Ibara ya 486) ya Sheria za Kenya.

Usimamizi wa mashirika ya kibiashara

Kampuni ya Nation Media Group inadumisha na kujiambatanisha na Miongozo Bora ya Usimamizi wa Soko la Mtaji. Zaidi ya thuluthi moja ya Bodi ya Wakurugenzi Wakuu wako huru na si watendaji. Uanachama wa kamati mbalimbali za bodi hii umeorodheshwa katika ukurasa wa 8.

Kwa Amri ya Bodi Kuu

J C Kinyua
Katibu
Tarehe 19 Machi 2014

EXECUTIVE TEAM PROFILES


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1. Mr. Linus Gitahi
Group CEO
Mr. Gitahi 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 (KIM) and was honoured by the President with the Moran of the Burning Spear (MBS). Mr. Gitahi is the Group Chief Executive Officer and joined NMG in September 2006 and was appointed to the board in December 2006. He previously worked with Glaxosmithkline as the 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.

2. Mr. Tom Mshindi
Chief Operating Officer
Mr. Mshindi, a media and communications expert has trained and worked as a journalist, a development communications specialist for the UN, and a senior media manager in Kenya and abroad with more than 20 years of experience. He worked for the Nation Media Group in Nairobi as a journalist, rose to become the managing editor of 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; thereafter, he worked as the 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 from IESE, New York.

3. Mr. Japhet Mucheke
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).

4. Mr. Gabriel Chege
Group IT Director
Mr. Chege, MCSE, MCDBA, MCT, CCNA, Siemon CI, ITIL is the Group IT Director and holder of a Bachelor of Science degree in the Management of Information Systems. He joined the group in 2002 from PricewaterhouseCoopers (PwC); Global Technology Solutions (GTS) division and has industry experience spanning 15 years that has seen him work for a variety of companies within Eastern Africa ranging from Public companies to large private organisations.

5. Mr. Victor Ngei
Managing Director Special Projects
Mr. Ngei holds a Bachelor of Education from Kenyatta University, Kenya. He has served in senior management positions within the group, including being the Managing Director, Television. He served as the General Manager of NTV Uganda, the leading National TV network which is a subsidiary of the Group. Mr. Ngei currently serves as the Managing Director, Special Projects as well as the Group Head of Corporate Affairs. He is an alumnus of Harvard Business School, Program for Leadership Development and has attended various leadership and management courses in Kenya, Uganda and South Africa. He is involved in several community initiatives and serving on various boards as Chairman and in schools around the country.

6. Mr. Stephen Gitagama
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.

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7. Mr. Michael Ngugi
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 an alumni of the Harvard Business School, General Management Programme. He has over 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.

8. Mr. Gideon Aswani
Group Head of Production

Mr. Aswani holds an MBA in Finance from the University of Leicester (UK) and a BSc from the University of Nairobi 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, Machakos County Chapter.

9. Mr. Philip Velese
General Manager, Nation Holdings Rwanda Ltd

Mr. Velese has over 15 years' experience in Sales and Marketing and joined NMG in 1998. He has served as Regional Circulation Manager, Head of Nation Carriers division and as Commercial Manager for The EastAfrican. He holds a Bachelor of Arts degree from Kenyatta University and is currently pursuing an MBA in Marketing at the University of Nairobi. He also holds a diploma in Business Management from KIM and is Member of the Kenya Institute of Management (MKIM).

10. Mr. Alex Asiimwe
Managing Director, Monitor Publications Ltd

Mr. Asiimwe has over 10 years' experience in Sales and Marketing and joined NMG in 2001. He has served as an Advertising Manager at Monitor Publications Limited and later as a General Manager .He joined NMG Nairobi in 2009 as a General Manager, Commercials. Prior to joining NMG, he worked with Unilever as an Area Sales Manager from 1997 to 2001 and Tumpeco as a Sales Officer. He has a Bachelors degree in Commerce and a Masters in Business Administration from Makerere University Business School where he majored in Marketing. He has also attended various executive management courses on Media Management at Rhodes University of South Africa and a leadership management course from Henley UK. Mr. Asiimwe is a member of the World Association of Newspapers where he has attended several global media conferences.

11. Mr. David Kiambi
Group HR Director

Mr. Kiambi joined NMG in March 2014. He has over 13 years' experience in HR leadership and management in the East African region gained mainly from the manufacturing and financial services sectors. Prior to joining NMG, Mr. Kiambi worked with NIC Bank Group as Director, Human Resources from 2006-2014. Before that, he worked with BAT from 1994-2005 in several capacities as the Group Human Resources Manager responsible for BAT Kenya, Uganda, Rwanda and the Horn of Africa. He was additionally the Head of HR for BAT Kenya, Factory Engineer and Manufacturing Manager. Mr. Kiambi holds a BSc degree in Mechanical Engineering, MBA-Employee Relations and professional certifications in various specialized areas in HR.

EXECUTIVE TEAM PROFILES

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12. Mrs. Elizabeth Kyengo
General Manager, Group Procurement

Mrs. Kyengo holds an MBA in Strategic Management from the University of Nairobi, a Bachelor of Commerce (Accounting), is a Certified Public Accountant of Kenya (CPAK), a Certified International Procurement Profession (CIPP). She is a member of the Kenya Institute of Management (NKIM), ICPA (K), (KISM) and (IAPM). 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 for NCD and NBD, Procurement Manager, GM-Procurement before taking up her current Group role. She is a board member of Mumias Sugar Company Ltd and Mhasibu Runda Holdings Ltd.

13. Mr. Sam Mutetei
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 experience in sales and distribution and has initiated changes in the Distribution Value Chain. He has benefitted from wide international exposure in distribution and logistics in Europe and in the USA. 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.

14. Mr. Agastee Khante
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, India. He has over 10 years' experience in Digital Marketing, Business Development and Product Management having previously worked in the digital divisions at Yahoo Jagran, Financial Times and The Times of India. At NMG, he is responsible for the Group Digital Strategy and Operations.

15. Mr. Chrysantus Macheso
Group Head of Audit

Mr. Macheso joined NMG in 2012 from the Nairobi Securities Exchange. He has 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.

16. Mr. Tido Mhando
Managing Director, Mwananchi Communications Ltd

Mr. Mhando is a career journalist with resounding experience in electronic media, working in Tanzania, Kenya and England where he was employed by the renowned BBC World Service for 20 years. Mr. Mhando has been a Media executive for the past 15 years, working as Head of the BBC Swahili Service, Director General of the Tanzania Broadcasting Corporation (TBC), and now the Managing Director of MCL.

17. Mr. Joseph Odindo
Group Editorial Director

Mr. Odindo is a career journalist and senior editor. He holds an MBA in Journalism from the University of Wales (UK) and 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 17 years.

18. Mr. Manwa Magoma
General Manager, Radio

Mr. Magoma joined NMG in November 2013 from Ogilvy & Mather East Africa (Kenya) where he served as the Managing Director. Prior to Ogilvy Kenya, Mr. Magoma worked with Ogilvy Tanzania as the General Manager and Saatchi & Saatchi (Rwanda) as the Managing Director and other organizations prior to joining Ogilvy Tanzania. Mr. Magoma has extensive experience in advertising, market research and PR garnered through working in Kenya, Uganda, Rwanda and Tanzania. He has also worked in various roles in consumer research, advertising and communication in Kenya, Uganda, Rwanda and Tanzania.

19. Mr. James Kinyua
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 (CPSK) and a member of the Institute of Directors (Kenya). He is an alumni of the Cambridge University Advanced Management Program. He was appointed the Company Secretary in July 1998 and heads the Legal and Administration department. .He was in private practice prior to joining the group.

20. Mrs. Agnes Asiimwe-Konde
Managing Director, NTV (U)

Mrs. Asiimwe-Konde has over 15 years' experience in strategy development, brand management, sales planning and process implementation in FMCG companies. Prior to joining NTVU as Managing Director, Mrs. Asiimwe-Konde worked for Monitor Publications Limited in Kampala and Crown Beverages Ltd Uganda where she was awarded the highest market share award from PepsiCo International for Africa, the 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. Mrs. Asiimwe-Konde holds an MBA from the University of Liverpool (UK) and is a Chartered Marketer with CIM (UK).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error. They also accept responsibility for:

(i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
(ii) Selecting and applying appropriate accounting policies;
(iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2013 and of the Group and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

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

W. D. Kiboro

S. Gitagama

19 March 2014

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 42 to 79 which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we considered the internal controls relevant to the company's preparation of financial statements that give a true and fair view in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. 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 audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the state of financial position of the Group and of the Company as at 31 December 2013 and of the financial performance and cash flows of the company for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, 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; and

iii) the company's statement of financial position and statement of comprehensive are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Anne Eriksson – P/772.

Certified Public Accountants
19 March 2014
Nairobi

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Partners: A Eriksson, P Kinisu, K Muchiru, M Mugasa, F Muriu, P Ngahu, A Njeru, R Njoroge, B Okundi, K Saiti, R Shah.

Consolidated Statement of Comprehensive Income for the year ended 31 December

	Note	2013 Shs m	2012 Shs m
Revenue	5	13,373.7	12,346.8
Cost of sales		(2,699.4)	(2,659.8)
Gross profit		10,674.3	9,687.0
Distribution costs		(355.2)	(359.0)
Administrative expenses		(1,115.0)	(1,097.8)
Other expenses		(5,950.2)	(5,169.5)
Operating profit	6	3,253.9	3,060.7
Finance income	8(a)	280.8	352.0
Finance costs	8(b)	(15.3)	(30.0)
Share of profit after income tax of associate	18	67.7	121.9
Profit before income tax		3,587.1	3,504.6
Income tax expense	9	(1,053.9)	(994.3)
Profit for the year (of which Shs 2,235.1 million has been dealt within the accounts of the Company)		2,533.2	2,510.3
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		49.7	(26.4)
Other comprehensive income from associate	18	42.8	-
Items that will not be reclassified to profit or loss		**92.5**	**(26.4)**
Revaluation gain , net of tax	12	-	131.3
Total comprehensive income for the year		2,625.7	2,615.2
Profit for the year attributable to:			
Owners of the parent		2,528.5	2,504.1
Non-controlling interest		4.7	6.2
		2,533.2	2,510.3
Total comprehensive income attributable to:			
Owners of the parent		2,615.7	2,612.7
Non-controlling interest		10.0	2.5
		2,625.7	2,615.2
Basic and diluted earnings per share (Shs)	10	13.4	13.3

Consolidated Statements of Financial Position at 31 December

	Note	Group 2013 Shs m	Group 2012 Shs m	Company 2013 Shs m	Company 2012 Shs m
CAPITAL EMPLOYED					
Capital and reserves attributable to the Company's equity holders					
Share capital	11	471.4	392.8	471.4	392.8
Other reserves	12	132.4	116.8	137.5	134.3
Retained earnings		6,163.7	5,563.1	5,236.3	4,968.5
Proposed dividends	24	1,414.1	1,178.4	1,414.1	1,178.4
		8,181.6	7,251.1	7,259.3	6,674.0
Non-controlling interest		61.8	72.4	-	-
Total equity		8,243.4	7,323.5	7,259.3	6,674.0
Non-current liabilities					
Long-term borrowings	13	67.0	84.9	-	-
Deferred income tax	14	17.4	52.3	-	35.0
		84.4	137.2	-	35.0
Total equity and non-current liabilities		**8,327.8**	**7,460.7**	**7,259.3**	**6,709.0**
Non-current assets					
Property, plant and equipment	15	2,234.6	2,280.8	1,422.4	1,458.4
Intangible assets	16	326.9	321.5	97.6	89.1
Prepaid operating lease rentals	17	82.8	84.4	47.3	48.0
Investment in associate	18	830.0	725.0	94.6	94.6
Investment in subsidiaries	19	-	-	1,131.4	1,075.4
Deferred income tax	14	115.6	17.5	70.4	-
		3,589.9	3,429.2	2,863.7	2,765.5
Current assets					
Inventories	20	1,094.8	1,015.2	835.6	771.8
Receivables and prepayments	21	2,527.7	2,272.7	2,103.7	1,955.3
Cash and cash equivalents	22	4,093.7	3,960.3	3,788.0	3,809.6
Current income tax		138.1	-	152.5	-
		7,854.3	7,248.2	6,879.8	6,536.7
Current liabilities					
Payables and accrued expenses	23	3,090.0	3,092.0	2,484.2	2,492.0
Borrowings	13	26.4	26.9	-	-
Current income tax		-	97.8	-	101.2
		3,116.4	3,216.7	2,484.2	2,593.2
Net current assets		4,737.9	4,031.5	4,395.6	3,943.5
Total assets less current liabilities		**8,327.8**	**7,460.7**	**7,259.3**	**6,709.0**

The financial statements from pages 42 to 79 have been approved for issue by the board of directors on 19 March 2014 and signed on its behalf by

W. D. Kiboro S. Gitagama

Consolidated Statement of Changes in Equity for the year ended 31 December

	Note	Share capital	Other reserves	Retained Earnings	Proposed dividends	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the Company						
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2012								
At start of year		392.8	8.2	4,630.2	1,021.3	6,052.5	69.9	6,122.4
Total comprehensive income								
Profit for the year		-	-	2,504.1	-	2,504.1	6.2	2,510.3
Other comprehensive income, net of tax								
Currency translation differences		-	(22.7)	-	-	(22.7)	(3.7)	(26.4)
Revaluation of buildings		-	187.8	-	-	187.8	-	187.8
Deferred tax on revaluation		-	(56.5)	-	-	(56.5)	-	(56.5)
Total other comprehensive income		-	108.6	-	-	108.6	(3.7)	104.9
Total comprehensive income for the year		-	108.6	2,504.1	-	2,612.7	2.5	2,615.2
Transactions with owners								
Dividends:								
- final for 2011		-	-	-	(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	-	-	-
Total transactions with owners		-	-	(1,571.2)	157.1	(1,414.1)	-	(1,414.1)
At end of year		**392.8**	**116.8**	**5,563.1**	**1,178.4**	**7,251.1**	**72.4**	**7,323.5**

Other reservers have been analysed in note 12.

Consolidated Statement of Changes in Equity for the year ended 31 December (continued)

	Notes	Share capital	Other reserves	Retained Earnings	Proposed dividends	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the Company						
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2013								
At start of year		392.8	116.8	5,563.1	1,178.4	7,251.1	72.4	7,323.5
Total comprehensive income								
Profit for the year		-	-	2,528.5	-	2,528.5	4.7	2,533.2
Other comprehensive income, net of tax								
Transfer of excess depreciation		-	9.4	(9.4)	-	-	-	-
Deferred tax transfer		-	(2.8)	2.8	-	-	-	-
		-	6.6	(6.6)	-	-	-	-
Currency translation differences		-	44.4	-	-	44.4	5.3	49.7
Share of comprehensive income in associate		-	-	42.8	-	42.8	-	42.8
Total other comprehensive income		-	44.4	42.8	-	87.2	5.3	92.5
Total comprehensive income for the year		-	44.4	2,571.3	-	2,615.7	10.0	2,625.7
Transactions with owners recognized directly in equity								
Purchase of non controlling interest		-	(35.4)	-	-	(35.4)	(20.6)	(56.0)
Bonus shares issue		78.6	-	(78.6)	-	-	-	-
Dividends:								
- final for 2012	24	-	-	-	(1,178.4)	(1,178.4)	-	(1,178.4)
- interim for 2013 paid	24	-	-	(471.4)	-	(471.4)	-	(471.4)
- proposed final for 2013	24	-	-	(1,414.1)	1,414.1	-	-	-
Total transactions with owners		78.6	(35.4)	(1,964.1)	235.7	(1,685.2)	(20.6)	(1,705.8)
At end of year		471.4	132.4	6,163.7	1,414.1	8,181.6	61.8	8,243.4

Company Statement of Changes in Equity for the year ended 31 December

	Note	Share capital Shs m	Other reserves Shs m	Retained earnings Shs m	Proposed dividends Shs m	Total Shs m
Year ended 31 December 2012						
At start of year		392.8	70.2	4,320.7	1,021.3	5,805.0
Total comprehensive income						
Profit for the year		-	-	2,219.0	-	2,219.0
Other comprehensive income, net of tax						
Revaluation of buildings		-	91.5	-	-	91.5
Deferred tax on revaluation		-	(27.4)	-	-	(27.4)
Total comprehensive income for the year		-	64.1	2,219.0	-	2,283.1
Transactions with owners						
Dividends:						
- final for 2011paid	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	-
Total transactions with owners		-	-	(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
Year ended 31 December 2013						
At start of year		392.8	134.3	4,968.5	1,178.4	6,674.0
Total comprehensive income						
Profit for the year		-	-	2,235.1	-	2,235.1
Other comprehensive income, net of tax						
Transfer of excess depreciation		-	4.6	(4.6)	-	-
Deferred income tax on transfer		-	(1.4)	1.4	-	-
Total other comprehensive income		-	3.2	(3.2)	-	-
Total comprehensive income for the year		-	3.2	2,231.9	-	2,235.1
Transactions with owners						
Bonus shares issue to existing shareholders		78.6	-	(78.6)	-	-
Dividends:						
- final for 2012 paid	24	-	-	-	(1,178.4)	(1,178.4)
- interim for 2013 paid	24	-	-	(471.4)	-	(471.4)
- proposed final for 2013	24	-	-	(1,414.1)	1,414.1	-
Total transactions with owners		78.6	-	(1,964.1)	235.7	(1,649.8)
At end of year		471.4	137.5	5,236.3	1,414.1	7,259.3

Consolidated Statement of Cash Flows for the year ended 31 December

	Note	2013 Shs m	2012 Shs m
Operating activities			
Cash generated from operations	26	3,402.3	3,736.9
Interest received	8 (a)	280.8	352.0
Interest paid	8 (b)	(15.3)	(30.0)
Income tax paid		(1,422.9)	(782.3)
Net cash from operating activities		2,244.9	3,276.6
Investing activities			
Purchase of property, plant and equipment	15	(356.7)	(555.2)
Purchase of intangible assets	16	(47.3)	(72.7)
Proceeds from sale of property, plant and equipment		11.2	10.7
Acquisition of non-controlling interest	19	(56.0)	-
Dividends received from associate	18	5.5	5.5
Net cash used in investing activities		(443.3)	(611.7)
Financing activities			
Repayment of borrowings		(18.4)	(35.2)
Dividends paid		(1,649.8)	(1,414.1)
Net cash used in financing activities		(1,668.2)	(1,449.3)
Net increase in cash and cash equivalents		133.4	1,215.6
Movement in cash and cash equivalents			
At start of year		3,960.3	2,744.7
Increase		133.4	1,215.6
At end of year	22	4,093.7	3,960.3

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 buildings. The financial statements are presented in Kenyan Shillings (Shs), 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

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2013 and have an impact on the Group:

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 amendment only affects presentation on the face of the statement of comprehensive income.

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. This amendment has no significant impact on the financial statements.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The impact of adopting of IFRS 12 has been increased disclosures in the financial statements.

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. The adoption of IFRS 13 has increased the extent of fair value disclosures in the financial statements.

Notes to the financial statements continued

Changes in accounting policy and disclosures continued

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

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. There are no other new or revised standards or interpretations issued and effective that would be expected to have a material impact on the Group.

(ii) New standards and interpretations that are not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, 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 Group, except the following set out below:

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 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 profit or loss, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Annual improvements 2010-2012 and 2011-2013 cycles – These are collections of 7 and 4 amendments to standards respectively as part of the IASB's programme to annual improvements. The amendments are all effective for annual periods beginning on or after 1 July 2014 and the directors are currently assessing the impact of these improvements on their financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to,variable returns from its involvement with the entity and has the ability to affect thosereturns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the

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 recognizes 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.

Notes to the financial statements continued

(b) Consolidation continued

(i) Subsidiaries Continued

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. 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (note 2.6).

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 recognized in other comprehensive income is reclassified to profit or loss as appropriate.

Notes to the financial statements continued

(b) Consolidation continued

(iv) Associates (continued)

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.

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 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 profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to 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.

Notes to the financial statements continued

(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 is responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive management team that makes strategic decisions.

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 as 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 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 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 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.

Notes to the financial statements continued

(i) Current and deferred income tax (Continued)

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 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, if the 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 is 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 programmes 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. Transmision 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. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntarybasis. The group has no further payment obligations once the contributions havebeen paid. The contributions are recognised as employee benefit expense whenthey are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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 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.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation

(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 (Shs), 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 profit or loss.

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

Notes to the financial statements continued

(l) Functional currency and translation of foreign currencies (continued)

(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 off or sold, exchange differences that are recorded in equity are recognised in 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.

(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.

Notes to the financial statements continued

2. Summary of significant accounting policies continued

(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 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 recognized 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 recognized 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 recognized 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.

(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.

Notes to the financial statements continued

3. Critical accounting estimates and judgements continued

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 assets. 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 judgment 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 the Company's activity expose it to a variety of financial risks, market risk (including foreign exchange risks fair value interest rate risk, cash flow interest risk and price risk), credit risk and liquidity risk. 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 the 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 the 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.

At 31 December 2013 if the shilling had weakened/ strengthened against the US dollar and Euro, with all other variables held constant, the consolidated post tax profit for the year and equity would have been Shs 8.0 million (2012: Shs 38.0 million) higher/ lower mainly as a result of foreign exchange gains/losses on translation of US$ and Euro-denominated trade receivables,trade payables and bank balances.

(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 2013 and 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.

Notes to the financial statements continued

4 Financial risk management continued

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

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Past due but not impaired				
- up to 60 days	889.0	782.6	653.3	580.0
- by 61 to 90 days	878.9	732.6	539.4	486.7
Total past due but not impaired	1,767.9	1,515.2	1,192.7	1,066.7
Impaired	1,715.0	1,264.1	1,050.2	758.0

(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 relvant 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.

Notes to the financial statements continued

4. Financial risk management continued

	Less than 1 year Shs m	Between 1 and 2 years Shs m	Between 2 and 5 years Shs m	Total Shs m
Group				
At December 2013				
Liabilities				
- borrowings	26.4	52.8	14.2	93.4
- payables and accrued expenses	3,090.0	-	-	3,090.0
Total financial liabilities	3,116.4	52.8	14.2	3,183.4
Assets				
-cash and cash equivalents	4,093.7	-	-	4,093.7
- receivables	1,947.0	-	-	1,947.0
Total financial assets	6,040.7	-	-	6,040.7
At December 2012				
Liabilities				
- borrowings	32.0	61.9	48.7	142.6
- payables and accrued expenses	3,092.0	-	-	3,092.0
Total financial liabilities	3,124.0	61.9	48.7	3,234.6
Assets				
-cash and cash equivalents	3,960.3	-	-	3,960.3
- receivables	1,739.8	-	-	1,739.8
Total financial assets	5,700.1	-	-	5,700.1
Company				
At December 2013				
Liabilities				
- payables and accrued expenses	2,484.2	-	-	2,484.2
Total financial liabilities	2,484.2	-	-	2,484.2
Assets				
-cash and cash equivalents	3,788.0	-	-	3,788.0
- amount due from related parties	274.0	-	-	274.0
- receivables	1,387.0	-	-	1,387.0
Total financial assets	5,449.0	-	-	5,449.0
At December 2012				
Liabilities				
- payables and accrued expenses	2,492.0	-	-	2,492.0
	2,492.0	-	-	2,492.0
Assets				
- cash and cash equivalents	3,809.6	-	-	3,809.6
- amount due from related parties	329.9	-	-	329.9
- receivables	1,262.5	-	-	1,262.5
Total financial Assets	5,402.0	-	-	5,402.0

Notes to the financial statements continued

4 Financial risk management continued

(d) Capital risk management

The Group and the Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group and the 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 the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt as shown below:

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Total borrowings	93.4	111.8	-	-
Less: cash and cash equivalents	(4,093.7)	(3,960.3)	(3,788.0)	(3,809.6)
Net debt	(4,000.3)	(3,848.5)	(3,788.0)	(3,809.6)
Total equity	8,243.4	7,323.5	7,259.3	6,674.0
Total capital	4,243.1	3,475.0	3,471.3	2,864.4

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 the Company do not have any financial assets or financial liabilities subject to fair value estimation.

5. Segmental information

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 the three 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.

5. Segmental information continued

	Newspapers & Magazines		Broadcasting		Group	
	2013	2012	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Sales	11,340.9	10,530.9	2,032.8	1,815.9	13,373.7	12,346.8
Allocated costs	(7,913.2)	(7,240.7)	(1,817.6)	(1,559.7)	(9,730.8)	(8,800.4)
Segment results	3,427.7	3,290.2	215.2	256.2	3,642.9	3,546.4
Unallocated costs					(389.0)	(485.7)
Operating profit					3,253.9	3,060.7
Net finance income					265.5	322.0
Share of results of associate					67.7	121.9
Profit before income tax					3,587.1	3,504.6

The entity is domiciled in Kenya. The revenue attributed to local sales was Shs 10,224.6 million (2012:Shs 9,575.4 million) while the revenues attributed to all foreign countries in total from which the entity derives revenues was Shs 3,149.1 million (2012: Shs 2,771.4 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:

	Newspapers & Magazines		Broadcasting		Group	
	2013	2012	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Depreciation	278.4	278.9	144.9	108.6	423.3	387.5
Amortisation	43.6	39.6	-	-	43.6	39.6
Provision for impairment of receivables	365.0	81.4	85.9	23.9	450.9	105.3

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.

	Newspapers & Magazines		Broadcasting		Group	
	2013	2012	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Segment assets	8,756.2	8,508.5	1,604.3	1,426.4	10,360.5	9,934.9
Investment in associates					830.0	725.0
					11,190.5	10,659.9
Segment liabilities	1,673.4	1,929.6	1,443.0	1,274.2	3,116.4	3,203.8
Capital expenditure	220.5	315.3	183.5	312.6	404.0	627.9

Notes to the financial statements continued

6. Expenses by nature

The following items have been charged/(credited) in arriving at operating profit:	Group 2013 Shs m	Group 2012 Shs m
Profit on disposal of property, plant and equipment	(9.3)	(10.5)
Operating lease rentals-office buildings	169.6	161.5
Repairs and maintenance expenditure on property, plant and equipment	33.6	49.0
Auditors' remuneration: Group	21.4	20.6
: Company	11.1	10.6
Employee benefits expense (Note 7)	3,825.4	3,426.8
Depreciation of property, plant & equipment (Note15)	423.3	387.5
Amortisation of intangible assets (Note 16)	43.6	39.6
Operating lease rentals-leasehold land (Note 17)	1.3	1.1
Trade receivables-provision for impairment (Note 21)	450.9	105.3

7. Employee benefits expense

Salaries and wages	3,749.8	3,359.1
National Social Security Fund	75.6	67.7
	3,825.4	3,426.8

The number of persons employed by the Group at the year end was:	2013 Number	2012 Number
Full time	1,583	1,498
Part time	397	337
	1,980	1,835

8 (a) Finance income

	2013 Shs m	2012 Shs m
Interest income	280.8	352.0

8 (b) Finance costs

Interest expense	(15.3)	(30.0)

9 Income tax expense

Current income tax	1,178.0	1,027.5
Deferred income tax (Note 14)	(127.3)	(33.2)
Overprovision of deferred tax in prior years	(1.5)	-
Overprovision of income tax in prior years	4.7	-
	1,053.9	994.3

Notes to the financial statements continued

9. Income tax expense continued

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	
	2013	2012
	Shs m	Shs m
Profit before income tax	3,587.1	3,504.6
Tax calculated at the statutory tax rate of 30% (2012:30%)	1,076.1	1,051.4
Tax effect of:		
- income not subject to tax	(48.0)	(36.0)
- Expenses not deductible for tax purposes	22.6	19.8
Under/(over) provision of deferred tax in prior years	(1.5)	-
Under/(over) provision of income tax in prior years	4.7	-
Recognition of deferred income tax asset in Africa Broadcasting Uganda Limited	-	(40.9)
Income tax expense	1,053.9	994.3

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 equity holders of the company by the weighted average number of ordinary shares in issue during the year

	Group	
	2013	2012
Net profit attributable to shareholders (Shs million)	2,528.5	2,504.1
Weighted average number of ordinary shares in issue (million)	188.5	188.5
Basic earnings per share (Shs)	13.4	13.3

There were no potentially dilutive ordinary shares outstanding as at 31 December 2013 or 2012. Diluted earnings per share is therefore the same as basic earnings per share.
Re stated with bonus share issue in 2013 of 31,423,714 shares

11. Share capital

	Group & Company	
	Number of shares (million)	Ordinary shares Shs m
Authorised (par value of Shs 2.50 per share)	240	600
Issued and fully paid:		
At 1 January 2012,1 January 2013		
31 December 2013	157.1	392.8
Additional shares	31.4	78.6
	188.5	471.4

All issued shares are fully paid. During the year a bonus issue of 31,423,714 shares at par value of Shs 2.50 was made.

Notes to the financial statements continued

12. Other reserves

	Revaluation reserve on buildings Shs m	Transactions with Non controlling Interest Shs m	Currency translation Shs m	Total Shs m
Group				
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
As at 1 January 2013	201.5	-	(84.7)	116.8
Currency translation differences	-	-	44.4	44.4
Transfer of excess depreciation	9.4	-	-	9.4
Deferred tax on transfer of depreciation	(2.8)	-	-	(2.8)
Purchase of minority shares in MPL	-	(35.4)	-	(35.4)
Balance as at 31 December 2013	208.1	(35.4)	(40.3)	132.4

	Revaluation reserve on buildings Shs m	Total Shs m
Company		
As at 1 January 2012	70.2	70.2
Revaluation gains	91.5	91.5
Deferred tax on revaluation gains	(27.4)	(27.4)
Balance as at 31 December 2012	134.3	134.3
As at 1 January 2013	134.3	134.3
Transfer of excess depreciation	4.6	4.6
Deferred tax on transfer of depreciation	(1.4)	(1.4)
Balance as at 31 December 2013	137.5	137.5

Notes to the financial statements continued

13. Borrowings

	Group	
	2013	2012
	Shs m	Shs m
Current		
Bank borrowings	26.4	26.9
	26.4	26.9
Non current		
Bank borrowings	67.0	84.9
Total borrowings	93.4	111.8

In the year 2011 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	
	2013	2012
Bank loan	15.68%	21.58%

In the opinion of the directors, the carrying amounts of short-term and long-term borrowings approximate to their fair value. Fair values are based on discounted cashflows 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	
	2013	2012
	Shs m	Shs m
Between 1 and 2 years	26.4	26.9
Between 2 and 5 years	40.6	58.0
	67.0	84.9

14. Deferred income tax

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
At start of year	34.8	10.7	35.0	44.5
Charge/ (credit) to the statement of comprehensive income (Note 9)	(127.3)	(33.2)	(109.2)	(36.9)
Revaluation	(2.8)	56.5	(1.4)	27.4
Under provision in prior years (Note 9)	(1.5)	-	5.2	-
Currency translation differences	(1.4)	0.8	-	-
At end of year	(98.2)	34.8	(70.4)	35.0
Deferred income tax liabilities	17.4	52.3	-	35.0
Deferred income tax assets	(115.6)	(17.5)	70.4	-
At end of year	(98.2)	34.8	70.4	35.0

Notes to the financial statements continued

14. Deferred income tax continued

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

Group	1.1.13 Shs m	Charged/ (credited) to P&L Shs m	Charged to OCI Shs m	31.12.13 Shs m
Year ended 31 December 2013				
Deferred income tax liabilities				
Property, plant and equipment	116.2	(36.5)	-	79.7
Revaluation	56.5	-	(2.8)	53.7
Unrealized exchange gains	16.9	127.4	-	144.3
	189.6	90.9	(2.8)	277.7
Deferred income tax assets				
Provisions	(126.2)	(101.6)	-	(227.8)
Unrealized exchange losses	(31.1)	(118.1)	-	(149.2)
	(157.3)	(219.7)	-	(377.0)
Currency Translation Differences	2.5	(1.4)	-	1.1
Net deferred income tax liability	34.8	(130.2)	(2.8)	(98.2)

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

Notes to the financial statements continued

14. Deferred income tax continued

Group Year ended 31 December 2013	1.1.13 Shs m	Charged/ (credited) to P&L Shs m	Charged to OCI Shs m	31.12.13 Shs m
Deferred income tax liabilities				
Property, plant and equipment	58.8	(36.0)	-	22.8
Revaluation	27.4	-	(1.4)	26.0
Unrealized exchange gains	14.3	127.4	-	141.7
	100.5	91.4	(1.4)	190.5
Deferred income tax assets				
Provisions	(52.0)	(84.7)	-	(136.7)
Unrealised exchange losses	(13.5)	(110.7)	-	(124.2)
	(65.5)	(195.4)	-	(260.9)
Net deferred income tax liability	35.0	(104.0)	(1.4)	(70.4)

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

Notes to the financial statements continued

15. Property, plant and equipment

Group	Freehold land Shs m	Buildings Shs m	Plant and equipment Shs m	Total Shs m
As at 1 January 2012				
Cost or valuation	7.0	387.7	5,140.8	5,535.5
Accumulated depreciation	-	(53.0)	(3,537.2)	(3,590.2)
Net book value	7.0	334.7	1,603.6	1,945.3
Year ended 31 December 2012				
Opening net book value	7.0	334.7	1,603.6	1,945.3
Revaluation	-	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)
Closing net book value	7.0	508.0	1,765.8	2,280.8
As at 1st January 2013				
Cost or valuation	7.0	572.5	5,667.9	6,247.4
Accumulated depreciation	-	(64.5)	(3,902.1)	(3,966.6)
Net book value	7.0	508.0	1,765.8	2,280.8
Year ended 31 December 2013				
Opening net book value	7.0	508.0	1,765.8	2,280.8
Additions	-	3.5	353.2	356.7
Disposals	-	-	(1.9)	(1.9)
Depreciation charge	-	(21.5)	(401.8)	(423.3)
Currency translation differences	-	5.2	17.1	22.3
Closing net book value	7.0	495.2	1,732.4	2,234.6
As at 31 December 2013				
Cost or valuation	7.0	581.5	6,061.1	6,649.6
Accumulated depreciation	-	(86.3.)	(4,328.7)	(4,415.0)
Net book value	7.0	495.2	1,732.4	2,234.6

Notes to the financial statements continued

15. Property, plant and equipment continued

	Freehold land Shs m	Buildings Shs m	Plant and equipment Shs m	Total Shs m
Company				
As at 1 January 2012				
Cost or valuation	7.0	261.8	3,915.3	4,184.1
Accumulated depreciation	-	(29.2)	(2,908.2)	(2,937.4)
Net book value	7.0	232.6	1,007.1	1,246.7
Year ended 31 December 2012				
Opening net book value	7.0	232.6	1,007.1	1,246.7
Revaluation		89.6	-	89.6
Additions	-	-	407.6	407.6
Disposals	-	-	(0.5)	(0.5)
Depreciation charge	-	(8.7)	(276.3)	(285.0)
Closing net book value	7.0	313.5	1,137.9	1,458.4
As at 31 December 2012				
Cost or valuation	7.0	351.4	4,287.1	4,645.5
Accumulated depreciation	-	(37.9)	(3,149.2)	(3,187.1)
Net book value	7.0	313.5	1,137.9	1,458.4
Year ended 31 December 2013				
Opening net book value	7.0	313.5	1,137.9	1,458.4
Additions	-	2.6	256.6	259.2
Disposals	-	-	(1.7)	(1.7)
Depreciation charge	-	(13.5)	(280.0)	(293.5)
Closing net book value	7.0	302.6	1,112.8	1,422.4
As at 31 December 2013				
Cost or valuation	7.0	354.0	4,518.2	4,879.2
Accumulated depreciation	-	(51.4)	(3,405.4)	(3,456.8)
Net book value	7.0	302.6	1,112.9	1,422.4

Notes to the financial statements continued

15. Property, plant and equipment 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	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Cost	318.2	314.7	168.8	166.2
Accumulated depreciation	(90.9)	(82.9)	(72.6)	(68.4)
Net book value	227.3	231.8	96.2	97.8

16. Intangible assets

	Goodwill	Computer software	Transmission Frequencies	Total
	Shs m	Shs m	Shs m	Shs m
Group				
As at 1 January 2012				
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
Year ended 31 December 2012				
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
As at 31 December 2012				
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
Year ended 31 December 2013				
Opening net book value	187.9	106.4	27.2	321.5
Additions	-	47.3	-	47.3
Amortisation	-	(43.6)	-	(43.6)
Currency translation differences	-	1.7	-	1.7
Closing net book value	187.9	111.8	27.2	326.9
As at 31 December 2013				
Cost	187.9	433.1	27.2	648.2
Accumulated amortisation	-	(321.3)	-	(321.3)
Net book value	187.9	111.8	27.2	326.9

16. Intangible assets continued

Impairement tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the operating segment.

A discounted cash flow model has been used to value the business at MCL in 2013 to assess if the goodwill is impaired. Management has assessed a goodwill based on the performance of MCL for the goodwill arising from acquisition of MCL totaling to Shs. 128.9 million.

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the media industry in which the CGU operates.

The key assumptions used for value-in-use calculations in 2013 are a Weighted Average Cost of Capital of 25.65% and a Terminal Growth rate of 10%.

A segment-level summary of the goodwill allocated is presented below:

	Operating Segment	2013	2012
		Shs m	Shs 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

Notes to the financial statements continued

16. Intangible assets continued

	Computer software Shs m	Transmission Frequencies Shs m	Total Shs m
Company			
As at 1 January 2012			
Cost	300.8	27.2	328.0
Accumulated amortisation	(229.5)	-	(229.5)
Net book value	71.3	27.2	98.5
Year ended 31 December 2012			
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
As at 31 December 2012			
Cost	328.3	27.2	355.5
Accumulated amortisation	(266.4)	-	(266.4)
Net book value	61.9	27.2	89.1
Year ended 31 December 2013			
Opening net book value	61.9	27.2	89.1
Additions	43.1	-	43.1
Amortisation	(34.6)	-	(34.6)
Closing net book value	70.4	27.2	97.6
As at 31 December 2013			
Cost	371.5	27.2	398.7
Accumulated amortisation	(301.1)	-	(301.1)
Net book value	70.4	27.2	97.6

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

Notes to the financial statements continued

17. Prepaid operating lease rentals

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
At start of year	84.4	85.0	48.0	48.7
Amortisation for the year	(1.3)	(1.1)	(0.7)	(0.7)
Currency translation differences	(0.3)	0.5	-	-
At end of year	82.8	84.4	47.3	48.0

18. Investment in associate

	Group	
	2013	2012
	Shs m	Shs m
At start of year	725.0	608.6
Share of profit before income tax	97.0	174.2
Share of income tax expense	(29.3)	(52.3)
	67.7	121.9
Dividends received	(5.5)	(5.5)
Share of other comprehensive income	42.8	-
At end of year	830.0	725.0

Investment in associate is carried in the consolidated statement of financial position 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	Liabilities	Revenues	Profit/ (loss)	Other compre-hensive income
			Shs'm	Shs'm	Shs'm	Shs'm	Shs'm
Year 2012							
Property Development and Management Limited	Kenya	20%	4,992.6	961.7	444.0	609.5	-
Year 2013							
Property Development and Management Limited	Kenya	20%	5,503.5	949.9	482.3	338.5	42.8

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 Shs. 94.6 million.

Notes to the financial statements continued

19. Investment in subsidiaries

	Company 2013 Shs m	Company 2012 Shs m
At start of year	1,075.4	1,075.4
Acquistion of non-controlling interest		
Monitor Publications Ltd	56.0	-
At end of year	1,131.4	1,075.4

During the year,the group purchased 6.7% of minority shareholders in Monitor Publications Ltd at a cost of Shs 56.0 million. The consideration of Shs 35.4 million has been accounted for directly in equity being the amount above the book value.

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 %	2013 Shs m	2012 Shs m
Trading subsidiaries:				
Nation Marketing & Publishing Limited	Kenya	100.0	0.5	0.5
Monitor Publications Limited	Uganda	83.4	75.1	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
			1,151.2	1,095.2
Non trading subsidiaries:				
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
			1,176.2	1,120.2
Provision for impairment			(44.8)	(44.8)
			1,131.4	1,075.4

Notes to the financial statements continued

20. Inventories

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Raw materials	793.1	741.0	558.8	525.4
Engineering spares	179.2	130.4	165.6	118.4
Other stock	122.5	143.8	111.2	128.0
	1,094.8	1,015.2	835.6	771.8

The cost of inventories recognised as an expense and included in the consolidated 'cost of sales' amounted to Shs 2,165.4 million (2012: Shs 2,213.5 million).

21. Receivables and prepayments

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Trade receivables	3,482.9	2,779.3	2,242.9	1,824.7
Less: provision for impairment	(1,715.0)	(1,264.1)	(1,050.2)	(758.0)
	1,767.9	1,515.2	1,192.7	1,066.7
Due from related parties (Note 28)	15.2	6.4	238.1	329.9
Other receivables and prepayments	744.6	751.1	672.9	558.7
	2,527.7	2,272.7	2,103.7	1,955.3

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

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
At start of year	1,264.1	1,158.8	758.0	752.1
Provision in the year	450.9	105.3	292.2	5.9
At end of year	1,715.0	1,264.1	1,050.2	758.0

The carrying amounts of the above receivables and prepayments 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	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Cash and bank balances	715.5	453.0	409.8	302.3
Short term deposits	3,378.2	3,507.3	3,378.2	3,507.3
	4,093.7	3,960.3	3,788.0	3,809.6

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 8.0% (2012 : 9.1%)

Notes to the financial statements continued

23. Payables and accrued expenses

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Trade payables	1,246.2	927.2	875.2	558.0
Due to related parties (Note 28)	27.9	10.9	113.0	143.8
Accrued expenses	1,463.5	1,809.4	1,272.7	1,534.0
Other payables	352.4	344.5	223.3	256.2
	3,090.0	3,092.0	2,484.2	2,492.0

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

24. Dividends

During the year, an interim dividend of Shs 2.5 per share, amounting to Shs 471.4 million (2012: Shs 392.8 million) was paid. At the annual general meeting to be held on 30th May 2014, a final dividend in respect of the year ended 31 December 2013 of Shs 7.5 per share amounting to Shs 1,414.1 million (2012: Shs 1,178.4 million) will be proposed. The total dividend for the year is, therefore, Shs 10.0 per share (2012: Shs 10.0), amounting to Shs 1,885.5 million (2012: Shs 1,571.1 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	
	2013	2012
	Shs m	Shs m
Contracted for but not provided for	2.3	17.6

Operating leases

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

	2013	2012
	Shs m	Shs m
Not later than 1 year	131.9	111.6
Later than 1 year and not later than 5 years	530.3	485.7
	662.2	597.3

Notes to the financial statements continued

26. Cash generated from operations

	2013 Shs m	2012 Shs m
Reconciliation of profit before tax to cash generated from operations		
Profit before income tax	3,587.1	3,504.6
Adjustment for:		
Depreciation of property, plant and equipment (Note 15)	423.3	387.5
Amortisation of intangible assets (Note 16)	43.6	39.6
Amortisation of prepaid operating lease rentals (Note 17)	1.3	1.1
Profit on sale of property, plant and equipment	(9.3)	(10.5)
Interest income (Note 8a)	(280.8)	(352.0)
Interest expense (Note 8b)	15.3	30.0
Share of result before tax of associate (Note 18)	(67.7)	(121.9)
Changes in working capital:		
- inventories	(79.6)	19.1
- receivables and prepayments	(255.0)	(344.0)
- payables and accrued expenses	(2.0)	589.6
Translation of net investment in foreign subsidiaries	26.1	(6.2)
Cash generated from operations	**3,402.3**	**3,736.9**

27. Contingent liabilities

The directors have after taking appropriate legal advice, made provisions for contigent liabilities where there is a possible loss to the group.

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.

i) Sale of goods and services

	Group		Company	
	2013 Shs m	2012 Shs m	2013 Shs m	2012 Shs m
Subsidiaries:				
Monitor Publications Limited	-	-	24.8	19.2
Mwananchi Communications Limited	-	-	26.9	1.3
Other related parties:				
TPS Eastern Africa Limited	10.2	4.7	1.9	1.1
Jubilee Holdings Limited	7.0	1.6	5.5	1.0
	17.2	6.3	59.1	22.6

ii) Purchase of goods and services

Subsidiaries:				
Monitor Publications Limited	-	-	14.6	14.8
Mwananchi Communications Limited	-	-	51.4	41.6
Other related parties:				
TPS Eastern Africa Limited	23.8	28.3	4.7	4.1
Jubilee Holdings Limited	242.1	168.7	205.8	155.3
	265.9	197.0	276.5	215.8

Notes to the financial statements continued

28 Related parties continued

iii) Outstanding balances from transactions with related parties

	Group		Company	
	2013	2012	2013	2012
	Shs m	Shs m	Shs m	Shs m
Amounts due from related parties				
Subsidiaries:				
Mwananchi Communications Limited	-	-	137.3	234.2
Monitor Publications Limited	-	-	7.6	-
Nation Infotech Limited	-	-	0.9	0.9
Radio Uhuru Limited	-	-	4.9	4.9
Africa Broadcasting Uganda Limited	-	-	-	-
Nation Holdings Rwanda Limited	-	-	86.6	88.3
Other related parties:				
TPS Eastern Africa Limited	12.2	5.5	0.3	0.7
Jubilee Holdings Limited	3.0	0.9	0.5	0.9
	15.2	6.4	238.1	329.9
Amounts due to related parties				
Subsidiaries:				
Africa Broadcasting Uganda Limited	-	-	21.2	9.8
Monitor Publications Limited	-	-	-	28.5
Nation Marketing and Publishing Limited	-	-	83.2	93.0
Nation Holdings Tanzania Limited	-	-	7.4	7.4
Other related parties:				
Jubilee Insurance	19.5	4.5	1.0	4.5
TPS Eastern Africa Limited	8.4	6.4	0.2	0.6
	27.9	10.9	113.0	143.8

iv) Loans to executive directors

	Group 2013	Group 2012	Company 2013	Company 2012
At start of year	10.3	0.1	10.3	0.1
Loans advanced during the year	6.9	11.6	6.9	11.6
Loans repaid during the year	(3.9)	(1.4)	(3.9)	(1.4)
At end of year	13.3	10.3	13.3	10.3

Loans to executive directors are on terms similar to those applicable to other employees and are included in other receivables.

Notes to the financial statements continued

28. Related parties 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	
	2013	2012
	Shs m	Shs m
Salaries and other short term employment benefits	83.2	73.1

vi) Directors' remuneration

	2013	2012
	Shs m	Shs m
Fees for services as director	29.2	29.7
Salaries and other short term employment benefits	83.2	73.1
	112.4	102.8

vii) Other related party transactions

Included as part of cash and cash equivalents in the Company as at 31 December 2013 are the following balances with related parties:

	Company	
	2013	2012
	Shs m	Shs m
Term deposit with Diamond Trust Bank Kenya Limited	1,016.3	670.5
Short term note investment with Industrial Promotion Services (K) Limited	400.0	400.0
	1,416.3	1,070.5

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

The short term note investment with Industrial Promotion Services (K) Limited is for a duration of 3 months each, attracting interest rate of 11.7% per annum for 2013 and 13% per annum for 2012 respectively.

Five Year Financial Summary

	2013 Shs m	2012 Shs m	2011 Shs m	2010 Shs m	2009 Shs m
Results					
Revenue	13,373.7	12,346.8	11,245.8	9,602.5	8,189.8
Profit before income tax	3,587.1	3,504.6	2,810.3	2,146.6	1,617.4
Profit attributable to shareholders	2,615.7	2,612.7	1,949.3	1,519.8	1,103.1
Net assets					
Non-current assets	3,589.9	3,429.2	2,961.2	2,898.4	2,806.8
Net current assets	4,737.9	4,031.5	3,324.2	2,523.7	1,996.2
Non-current liabilities	(84.4)	(137.2)	(163.0)	-	(89.3)
Non-controlling interest	(61.8)	(72.4)	(69.9)	(61.9)	(67.2)
Shareholders' funds	8,181.6	7,251.1	6,052.5	5,360.2	4,646.5
Profit before tax as a percentage of turnover (%)	26.82	28.38	24.99	22.35	19.75
Earnings per share (Shs)	13.41	15.94	12.71	9.77	7.02
Dividends per share (Shs) - Normal	8	10.00	8.00	5.50	5.50
- Special	-	-	-	2.50	-
Total dividend per share (Shs)	8	10.00	8.00	8.00	5.50
Dividends cover (times)	1.68	1.59	1.59	1.22	1.28

Principal Shareholders and their respective Shareholding at 31 December 2013

No.	Name of shareholder	No. of shares held	%
1	The Aga Khan Fund for Economic Development (AKFED)	84,198,343	44.66
2	Alpine Investments Limited	19,136,566	10.15
3	National Social Security Fund	5,467,416	2.90
4	John Kibunga Kimani	2,529,733	1.34
5	The Jubilee Insurance Company of Kenya Limited	1,939,134	1.03
6	Standard Chartered Nominees A/c KE14353	1,669,214	0.89
7	Old Mutual Life Assurance Company Ltd	1,035,380	0.55
8	Kenya Reinsurance Corporation Ltd	958,320	0.51
9	Standard Chartered Nominees A/c 9230	762,250	0.40
10	Standard Chartered Nominees A/c 1256B	753,548	0.40

Distribution of Shareholding at 31 December 2013

No. of shares	No. of shareholders	No. of shares held	% of shareholding
1 – 500	4,122	787,710	0.42
501 – 5,000	4,587	9,480,892	5.03
5,001 – 10,000	861	6,424,984	3.41
10,001 – 100,000	976	25,402,100	13.47
100,001 – 1,000,000	117	30,470,814	16.16
Over 1,000,000	7	115,975,786	61.51
Total	10,670	188,542,286	100.00

Directors Shareholding

Name	No. of shares held	% of Shareholding
Gerald Wilkinson	3,960	0.0021
Yasmin Jetha	7,060	0.0037
Stephen Gitagama	1,296	0.0006
Linus Gitahi	119	0.00006

PROXY FORM

I/We____

____being a member of

Nation media Group Limited, hereby appont____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 the 30 May 2014 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 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____

____________________________________Tu/nikiwa mwanachama wa Nation Media Group

Limited, ninamteua____

wa____na asipokuja

____na asipokuja, Mwenyekiti wa mkutano kama muwakilishi wangu/wetu kupiga kura kwa niaba yangu/yetu kwenye Mkutano huu Mkuu wa Kila Mwaka wa Kampuni utakaofanyika mnamo tarehe 30 Mei 2014 na baada ya kukamilisha mkutano, wanachama na waalikwa kuondoka.

Na kama nilivyoshuhudia ____

Sahihi____

MAELEZO MUHIMU

1. Kama hutoweza kuhudhuria mkutano huu wewe binafsi, fomu hii ya uwakilishi inafaa kujazwa na kutumwa kwa Katibu, Nation Media Group Limited, P.O. Box 49010 – 00100 Nairobi, ili imfikie kwa kipindi kisichozidi saa 48 kabla ya muda wa kufanyika kwa mkutano huo.
2. Mtu yeyote aliyeteuliwa kuwa muwakilishi sio lazima awe mwanachama wa kampuni hiyo
3. Kama mteuzi wa uwakilishi huo ni Shirika, basi fomu hii ya uwakilishi lazima ipigwe mhuri ama ishughulikiwe na afisa au wakili aliyeidhinishwa kwa maandishi.

Get on the Bus!

Environment

100%

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.

Design and production: BluePrint Marketing Printing: Ramco Printing Works