Nation Media Group

Media of Africa for Africa

ANNUAL REPORT AND FINANCIAL STATEMENTS

2015

OUR VISION

To be the Media of Africa for Africa

OUR MISSION.

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

THE FUTURE

We show pride, enthusiasm and dedication in everything that we do. We are committed to selling and delivering high quality products and services.

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

Nation Media Group
Media of Africa for Africa

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View our 2015 results presentation at
http://www.nationmedia.com/docs/2015_Results_Investor_Briefing.pdf

Our Brands

ntv turning on your world
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BUSINESS DAILY
TAIFA LEO
Qtv
NATION HELA
DAILY NATION

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Daily Monitor
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RWANDA TODAY
Rwanda's national newspaper brought to you by The EastAfrican
The EastAfrican

Commissioning of the Printing Press by His Highness the Aga Khan on March 17th, 2016 in the presence of Cabinet Secretary of ICT Mr. Joe Mucheru, Governor of Machakos County, Dr. Alfred Mutua, Chairman Dr. Kiboro and GCEO, Joe Muganda.

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Notice of Annual General Meeting

Notice is hereby given that the Fifty-Third Annual General Meeting of the Shareholders of Nation Media Group Limited will be held in the Amphitheatre at the Kenyatta International Convention Centre, Nairobi on Friday 24 June 2016 at 2.00 p.m. for the following purposes:

Ordinary Business

1. To receive the financial statements for the year ended 31st December 2015, and the chairman's, directors' and auditor's 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 2015.

3. To confirm that PricewaterhouseCoopers continue in office as the Company's Auditors in accordance with Section 723(b) of the Companies Act 2015 Laws of Kenya and to authorize the directors to fix their remuneration.

4. To elect and re-elect the following directors:

(1) In accordance with Article 96 of the Company's Articles of Association, Mr. J. Muganda, a director appointed on 1st July 2015, retires and being eligible offers himself for election.

(2) In accordance with Article 110 of the Company's Articles of Association, Mr. D.Aluanga, Dr. S. Kagugube and Mr. S. Gitagama, retire by rotation and being eligible, offer themselves for re-election.

(3) In accordance with the provisions of Section 760 of the Companies Act 2015, the following Directors being members of the Board Finance and Audit Committee be elected to continue to serve as members of the said Committee:

i. Mr. Dennis Aluanga
ii. Mr. Anwar Poonawala
iii. Dr. Simon Kagugube
iv. Mr. Leonard Mususa

(4) Ms. N. Karago retires and does not offer herself for re-election.

Special Business

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

5. "That Dr. W. Kiboro, a director who retires in accordance with Article 101 of the Company's Articles of Association and who is over the age of 70 years, shall notwithstanding that fact, be re-elected as a director of the Company for a period of one year."

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

18 March 2016

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.

Illani Ya Mkutano Mkuu Wa Mwaka

Ilani inatolewa hapa kwamba Mkutano Mkuu wa Kila Mwaka wa Hamsini na Tatu wa Wenyehisa wa Nation Media Group Limited utafanyika kwenye Ukumbi wa Ampitheatre ndani ya Jumba la Mikutano ya Kimataifa la KICC, Nairobi mnamo Ijumaa, Juni 24, 2016 saa nane mchana kwa ajenda zifuatazo:

Shughuli za Kawaida

1. Kupokea taarifa za kifedha za mwaka uliomalizikia Desemba 31, 2015, na baadaye ripoti za mwenyekiti, wakurugenzi na mkaguzi wa fedha.

2. Kuthibitisha kulipwa kwa mgao wa muda wa Shs.2.50 kwa kila hisa (100%) na kuidhinisha kulipwa kwa mgao wa mwisho wa Sh7.50 kwa kila hisa (300%) kwa mtaji wa kila hisa kwa mwaka uliomalizikia Desemba 31, 2015.

3. Kuthibitisha kwamba kampuni ya PricewaterhouseCoopers itaendelea kuhudumu kama wakaguzi wa fedha za Kampuni kwa mujibu wa Sehemu ya 723(b) cha Sheria za Kampuni 2015, Sheria za Kenya na kuwaidhinisha Wakurugenzi kutenga malipo yao.

4. Kuchagua na kuwachagua tena wakurugenzi wafuatao:

(1) Kwa mujibu wa kifungu cha 96 cha Ushirika wa Kampuni, Bw. J. Muganda, ambaye ni mkurugenzi aliyeteuliwa mnamo Julai 1, 2015, anastaafu na kwa kuwa anastahili kuwania, anajitokeza ili achaguliwe.

(2) Kwa mujibu wa kifungu cha 110 cha Ushirika wa Kampuni, Bw. D.Aluanga, Dkt. S. Kagugube na Bw. S. Gitagama, wanastaafu kwa mzunguko na kwa vile wanaruhusiwa kuwania tena, wanajitokeza ili wachaguliwe tena.

(3) Kwa mujibu wa kanuni za Sehemu ya 760 ya Sheria ya Kampuni ya 2015, katika sheria za Kenya. Wakurugenzi wafuatao, wakiwa wanachama wa Bodi ya Fedha na Kamati ya Ukaguzi wa fedha, wachaguliwe ili kuendelea kuhudumu kama wanachama wa kamati hiyo.
   i. Bw. Dennis Aluanga
   ii. Bw. Anwar Poonawala
   iii. Dkt. Simon Kagugube
   iv. Bw. Leonard Mususa

(4) Bi. N. Karago anastaafu na hajajitokeza kutaka kuchaguliwa tena.

Shughuli Maalum

Kuzingatia na ikionekana kufaa, wenyehisa wapitishe maazimio yafuatayo kama Maazimio Maalum.

5. "Kwamba Dkt. W. Kiboro, mkurugenzi anayestaafu kwa mujibu wa Kifungu cha 101 cha Ushirika wa Kampuni, na aliye na umri wa zaidi ya miaka 70, bila kuzingatia hayo, achaguliwe tena kama Mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

6. "Kwamba Prof. L Huebner, mkurugenzi anayestaafu kwa mujibu wa Kifungu cha 101 cha Ushirika wa Kampuni, na aliye na umri wa zaidi ya miaka 70, bila kuzingatia hayo, achaguliwe tena kama Mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

7. "Kwamba Bw. G. Wilkinson, ambaye ni mkurugenzi anayestaafu kwa mujibu wa Kifungu cha 101 cha Ushirika wa Kampuni, na aliye na umri wa zaidi ya miaka 70, bila kuzingatia hayo, achaguliwe tena kama Mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

Kwa Amri ya Bodi
J C Kinyua
Katibu

18 Machi 2016

Fahamu:
Mwanachama anayeruhusiwa kuhudhuria na kupiga kura anaweza kumteua mtu wa kumuwakilisha na kupiga kura kwa niaba yake. Mwakilishi huyo si lazima awe mwanachama wa Kampuni. Hata hivyo, ili kutambuliwa, ni sharti mwakilishi huyo ajaze fomu na kuziwasilisha kwenye Afisi zinazotambulika za Kampuni, kwa kipindi kisichopungua saa 48 kabla ya muda kamili wa mkutano.

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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 Dr. W. D. Kiboro, Mr. A. Poonawala, Prof. L. Huebner and Mr. J. Muganda 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, Dr. S. Kagugube and Mr. L. Mususa 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. J. Muganda, Mr. S. Gitagama, Ms. N. Karago and Mr. J. Montgomery as members.

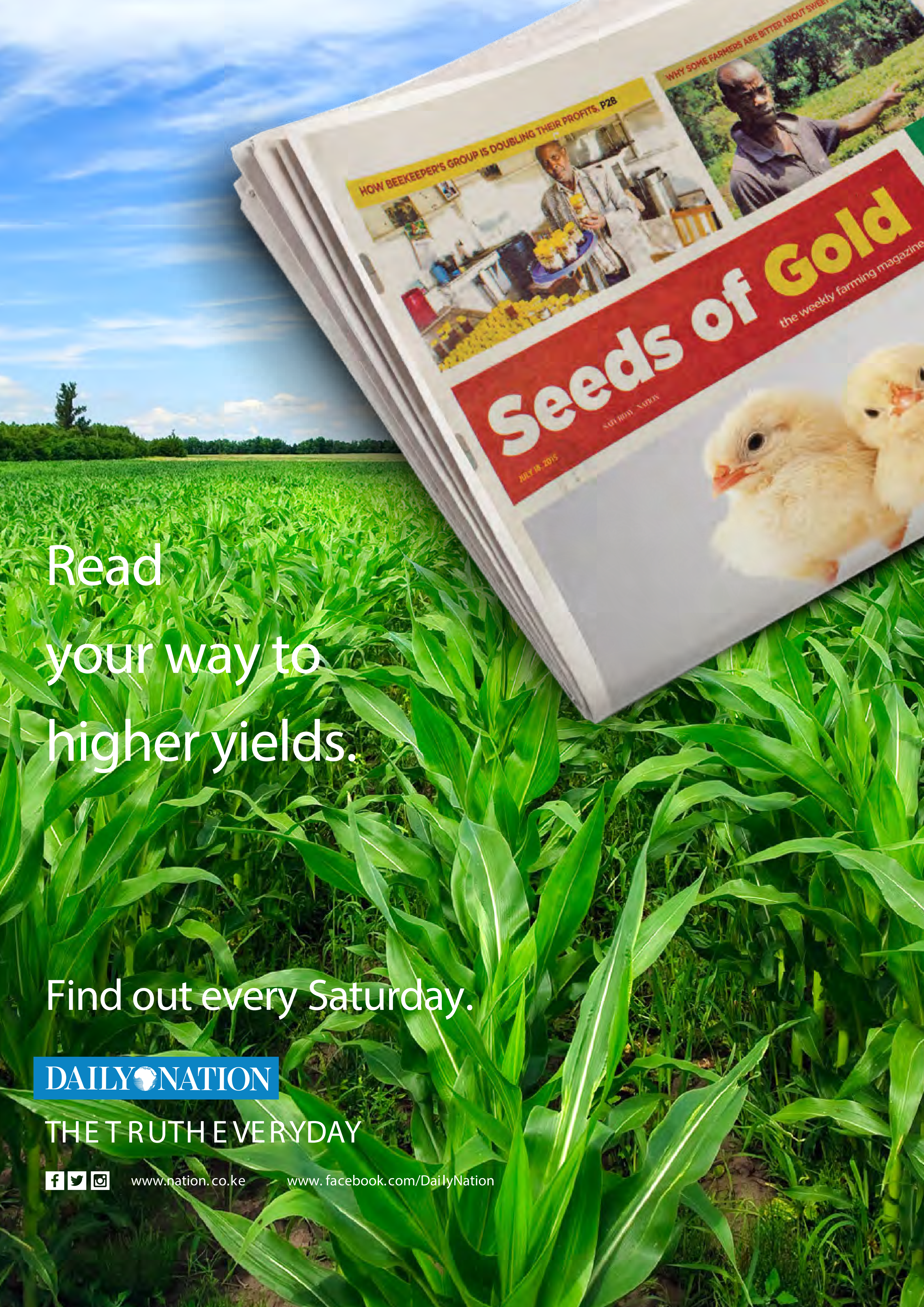
4. Editorial Committee, which considers and advises on the Group's editorial policy, the journalistic code of ethics and addresses legal responsibilities and which meets quarterly in each year or as often as necessary. Mr. F. O. Okello chairs the committee which has Mr. D. Aluanga, Prof. O. Mugenda, Mr. R. Dowden, Mr. J. Muganda and Mr. T. Mshindi 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 Mr. L. Mususa as members. The members of the committee are independent and non-executive directors.

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

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

The Group Chief Executive Officer chairs the Executive Team, which comprises the executive directors and 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.


HOW BEEKEEPER'S GROUP IS DOUBLING THEIR PROFITS, P28
WHY SOME FARMERS ARE BITTER ABOUT
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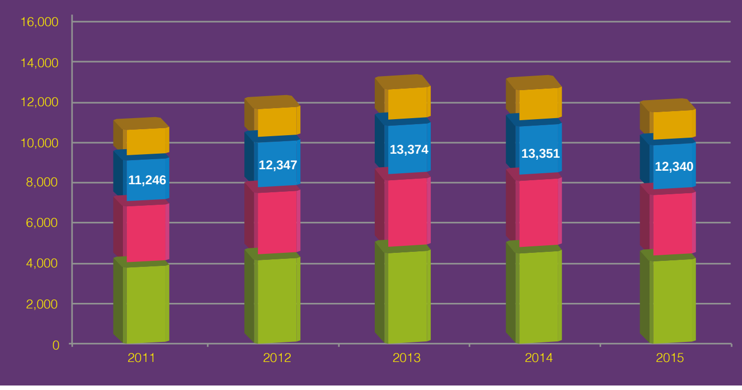
Chairman's Statement

"The Group has over the years maintained its editorial objectivity and our various media platforms are a reputable source for credible news and information."

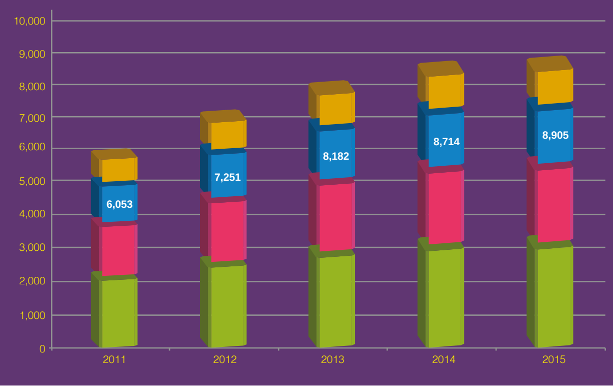
Dr. Wilfred D. Kiboro
Chairman

Performance Highlights

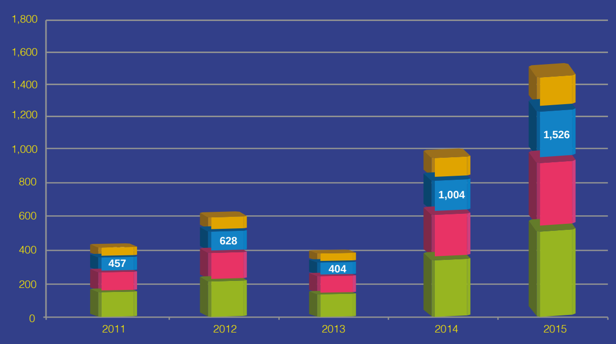
Turnover (Shs m)



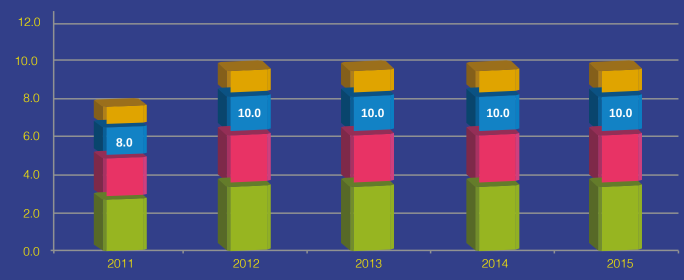
Shareholder's Funds (Shs m)



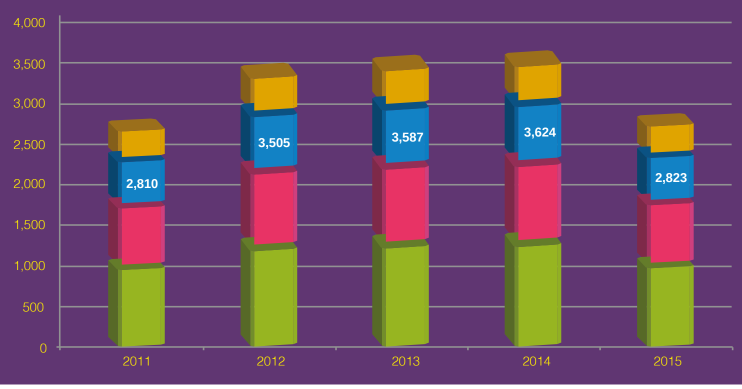
Capital Expenditure (Shs m)



Dividends Per Share (Shs)



Profit Before Tax (Shs m)



Earnings Per Share (Shs)

Chairman's Statement Report

Ladies and Gentlemen, it is my pleasure to update you on the performance of the Group and to review the economic, business, regulatory and competitive environment that we experienced in respect of the year ended 31st December 2015.

Economic and Political Environment

Kenya's economy in 2015 remained fairly stable growing marginally at 5.6%, compared to 5.3% in 2014. The growth was mainly supported by expansions in agricultural production, construction, financial and insurance, wholesale and retail trade, and transport and storage. A key challenge to Kenya's growth was, however, the insecurity following several terrorist attacks against innocent civilians, resulting in the loss of lives and destruction of property.

As you are aware, 18 public listed companies - but not the Nation Media Group - issued profit warnings as a result of the particularly difficult business environment. NMG was adversely affected by the reduction in advertising revenue and the depreciation of the Kenya Shilling against the major world currencies, which resulted in increased costs of the imported materials used for newspaper production and the cost of foreign television programs. In addition, the significant outstanding debt owed to the Group by advertisers was also a major factor, since it is our policy to provide for all debts that are over 90 days. We are focused on collecting the debts owed to us.

Financial Performance

The Group revenue in 2015 at Shs 12.3 billion was a 7.6% reduction in comparison to the Shs 13.4 billion realised in 2014. The 2015 profit before tax at Shs 2.8 billion was a reduction of 22% against the Shs 3.6 billion recorded in 2014.

Dividends

The directors have recommended for shareholders' approval, 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 2015, which, together with the interim dividend of Shs 2.50 (100%) per share paid out on 30th September 2015, makes a total dividend payout of Shs 10.00 per share (400%) for the year ended 31st December 2015. The proposed dividend payout has been maintained at the same level as that of the previous year.

Share Price and Market Capitalisation

The NMG share price was adversely affected by the downturn in the demand for equities at the Nairobi Securities Exchange, with many investors opting for the money markets and investing in government securities and corporate bonds. As at 31st December 2015, NMG shares were trading at Shs 191 per share, which is a market capitalisation of Shs 36.0 billion.

Business Environment

In 2015 we faced a major challenge during the digital migration from analogue to digital television broadcasting in Kenya, as a result of which we switched off our television stations for a period of three weeks. This was as we challenged the regulator in the courts to award the leading independent media houses a digital signal transmission license to enable us to transmit our own television signals. We were particularly unhappy with the decision by the Communications Authority of Kenya to permit the licensed digital signal transmitters to carry all the local free to air television stations on their platforms, without payment of any royalties under "the must carry rule".

This significantly adversely affected the performance of the television business as following the transition from analogue to digital broadcasting, many viewers were unable to watch television unless they had access to set top boxes. This invariably resulted in reduced advertising on television, as advertisers are attracted by a stations viewership to promote their goods and services. I am pleased to inform you that we have successfully transitioned all our Free-To-Air stations to digital television broadcasting and the *NTV* and *QTV* television stations are available countrywide.

I am also pleased to inform you that *The EastAfrican* newspaper, which was banned in 2015 in Tanzania, during which time we were unable to generate any circulation and advertising revenues, is now back on sale in the country.

Copy sales of the Group's newspapers were boosted by the elections coverage in Tanzania and Uganda and the publications were recognised by local and international monitoring bodies for the balanced, fair and accurate reporting of the presidential, parliamentary and civic candidates. The Group has over the years maintained its editorial objectivity and our various media platforms are a reputable source for credible news and information.

The method of consumption of news, information and entertainment has changed, as individuals move away from the traditional newspapers, radio and television to the digital platforms from which they are able to obtain news and information in real time and which are mainly accessed through mobile phones, laptops and tablets which are connected to the internet. This disruption to the traditional business model has presented both challenges and opportunities. NMG has responded to these technological changes and our various websites are among the most frequented sites on the African continent, where the *Daily Nation* website has the highest number of page views and unique readers. We are very optimistic that the Group will benefit from the global audiences and the revenue opportunities presented by the digital platforms.

Investments

NMG, despite the changing media consumption patterns globally, believes that the print medium in Africa is still an important source of news and information and NMG invested a sum of US$20 million (Shs. 2 billion) in a new state of the art printing press, which was officially commissioned on 17th March 2016 by the founder of the Group, His Highness the Aga Khan. The printing press is the most modern in Africa and enables us to print 80 pages in full colour in a straight run and which has several additional features that are attractive to advertisers. This has greatly improved not only the printing quality and increased the colour capacity but has also significantly contributed to our early market arrival times around the country.

NMG in collaboration with other media houses formed a joint venture company - Africa Digital Network Limited, which was licensed for digital television signal transmission following the digital broadcasting migration in February 2015. The reason for insisting on our own transmission capacity is to ensure that there is no interference with our broadcasts. The digital transmitter enables for 21 television stations on the platform and we are reviewing how to utilise the additional station capacity. The company has established 15 transmission sites and by the end of this year, these will have been expanded to 35 sites around the country, which is a positive development for us as we shall have a countrywide infrastructure network.

Challenges

We continue to operate in an unpredictable and challenging regulatory environment across the region. We face very serious challenges in respect of freedom of the media through potentially penal government sponsored legislation. We will continue engaging with the governments and the regulators to ensure that the media industry is consulted before formulation of any regulations to achieve meaningful and balanced legislation that protects our rights to publish and to broadcast and for the public to freely receive information. The media is the conscience of society and we will continue playing our rightful role to highlight issues adversely affecting societies and also to promote development initiatives and good governance.

Editorial Policy and Guidelines

NMG has a well documented editorial policy and guidelines, which set out in great detail the way that our journalists should gather information and conduct themselves and more particularly in the dissemination to ensure objectivity, fairness and accuracy in the articles that are published or news features that are broadcast. The Group ensures adherence to the policy and stern action is taken against those that breach the policy.

Board Changes

In the period under review, NMG transitioned to a new Group Chief Executive Officer with the appointment of Mr. Joe Muganda, following the retirement of Mr. Linus Gitahi after nine years at the helm of the Company. We are very grateful to Mr. Gitahi for steering the company during his tenure and we welcome Mr. Muganda, who joined the Group after a distinguished career with various multinational companies.

Our People

NMG's businesses are managed and operated by our 1,800 employees around the region. The Group has invested substantially in training of the staff and we are collaborating with the Aga Khan Graduate Media School in training our journalists. I would like to thank the management and staff for their dedication and hard work during the year. We endeavor to create an environment that challenges and encourages our people to be innovative, bringing out the best in them while staying true to our values, ethics and professional standards.

I want to sincerely thank my fellow directors, as well as our customers and business partners, for their continued support and contribution towards the Group's success.

Looking Ahead

The year 2016 began with the continuing tough business environment and our key focus for the year is to tap into the new business opportunities for generating revenues whilst implementing efficiencies and cost cutting measures.

Dr. W.D. Kiboro
Group Chairman

Taarifa ya Mwenyekiti

Dkt. W. D. Kiboro
Mwenyekiti

"Kwa miaka mingi sasa, Shirika hili limeshikilia usukani katika uhariri unaotazama masuala halisi kwenye uandishi na utangazaji wetu, na kadhalika tunatambulika kwa kuwapa wasomaji, wasikizaji na watazamaji habari sahihi na za kuaminika.."

Taarifa Ya Mwenyekiti

Mabibi na Mabwana, ni furaha yangu kuwafahamisha kuhusu matokeo ya Kampuni hii na pia kuitathmini hali halisi ya kiuchumi, kibiashara, kisheria na mazingira ya jumla ya ushindani tuliyokumbana nayo katika mwaka uliomalizikia Desemba 31, 2015.

Mazingira ya Kiuchumi na Kisiasa

Kwa kiwango fulani, uchumi wa Kenya katika mwaka 2015 ulikuwa shwari na kuweza kukua kwa 5.6%, ikilinganishwa na 5.3% mnamo mwaka wa 2014. Ukuaji huo ulitokana na kupanuka kwa uzalishaji katika sekta ya kilimo, ujenzi, fedha na bima, biashara za rejareja na jumla pamoja na uchukuzi na uhifadhi. Hata hivyo, changamoto kubwa ya kukukua kwa Kenya, ilichangiwa pakubwa na ukosefu wa usalama kufuatia mashambulizi kadhaa ya kigaidi dhidi ya wananchi wasio na hatia, na hali kadhalika kusababisha kupotea kwa maisha ya watu na uharibifu wa mali.

Kama mnavyofahamu, kampuni 18 zilizosajiliwa kwenye Soko la Hisa – lakini sio Shirika la Nation Media Group – zilitangaza onyo la kuwa hazitapata faida kutokana na mazingira magumu ya kufanyia biashara. Shirika la NMG liliathiriwa vibaya na kupungua kwa mapato yanayotokana na matangazo ya biashara pamoja na kushuka kwa thamani ya Shilingi ya Kenya dhidi ya sarafu za kimataifa. Hali hii, ilisababisha kuongezeka kwa gharama ya kuagiza bidhaa za karatasi za kuchapishia magazeti na gharama ya kununua vipindi vya kigeni vya Televisheni. Hata hivyo, kiwango kikubwa cha pesa ambazo Shirika hili linadai makampuni na watangazaji wake wa biashara pia kilichangia pakubwa. Katika shirika la NMG, pana sera maalum ya kuyashughulikia na kuyathibiti madeni yote yanayozidi kiwango cha siku 90. Hali kadhalika, tunalenga kukusanya madeni yote tunayodai kutoka kwa wadeni wetu.

Matokeo ya Kifedha

Mapato ya Shirika katika mwaka 2015 yalikuwa Shilingi bilioni 12.3 ambacho ni kiwango pungufu cha 7.6% ikilinganishwa na Shilingi bilioni 13.4 zilizopatikana mwaka wa 2014. Faida ya mwaka 2015 kabla ya kutozwa ushuru, ambayo ilikuwa Shilingi bilioni 2.8 ikiwa ni kiwango pungufu cha 22% ikilinganishwa na faida ya Shilingi bilioni 3.6 zilizopatikana mwaka wa 2014.

Mgao

Wakurugenzi wamependekeza kwa wenyehisa kuidhinishwa kwa, malipo ya mwisho ya mgao wa faida ya mwaka wa Shilingi 7.50 (300%) kwa kila hisa kati ya hisa zilizokuwa zimewasilishwa katika Soko la Hisa kufikia Desemba 31, 2015, ambayo kwa pamoja na mgao wa muda wa Shilingi 2.50 (100%) kwa kila hisa uliolipwa mnamo Septemba 30, 2015, inafanya jumla ya mgao unaolipwa kuwa Shilingi 10.00 kwa hisa (400%) kwa mwaka uliomalizikia Desemba 31, 2015. Mgao wa faida unaopendekezwa umebakia katika kiwango cha mgao uliolipwa mwaka uliotangulia.

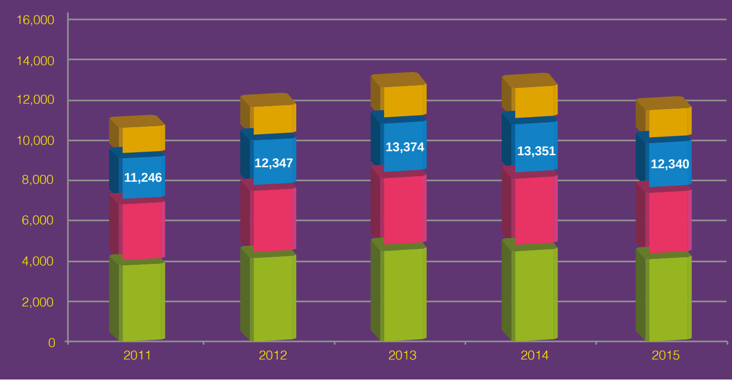
Bei ya Hisa na Mtaji wa Soko

Thamani ya hisa za Shirika la NMG iliathirika vibaya katika Soko la Hisa kutokana na kupungua kwa watu walionunua hisa, huku wawekezaji wengi wakiamua kujishughulisha na ununuzi wa fedha na kuwekeza katika hisa za Serikali na mashirika ya umma. Kufikia Desemba 31, 2015, hisa za NMG zilikuwa zikiuzwa kwa Shilingi 191 kwa kila hisa, huo ukiwa ni mtaji wa thamani ya soko wa Shilingi bilioni 36.

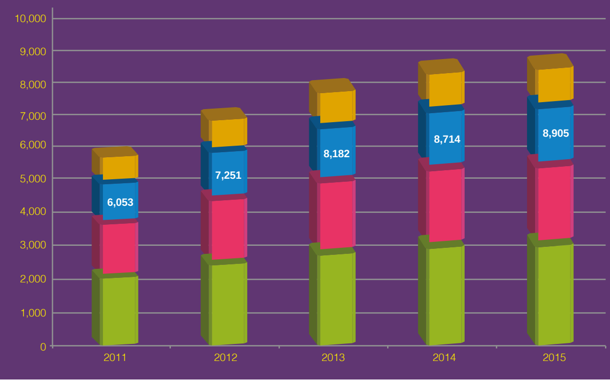
Mazingira ya Biashara

Mnamo mwaka wa 2015, tulikumbwa na changamoto kubwa wakati wa mzozo wa kuhama kutoka mfumo wa analogi hadi kwenda katika mfumo wa dijitali kwenye utangazaji wa runinga hapa nchini Kenya. Kwa sababu hiyo, vituo vyetu vya runinga vilizimwa kwa muda wa wiki tatu mfululizo. Hali hii iliendelea huku tukipambana kortini na halmashauri ya

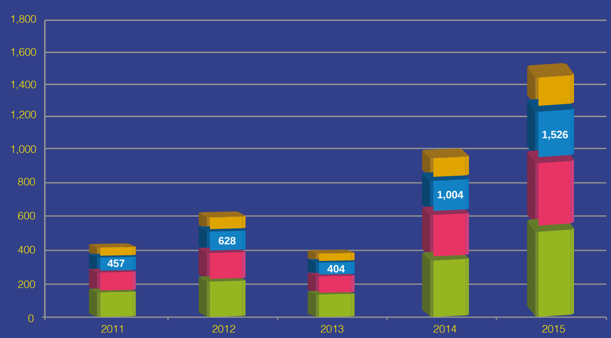
Mapato ya Jumia (Shs m)



Hazina ya Wenye Hisa (Shs m)

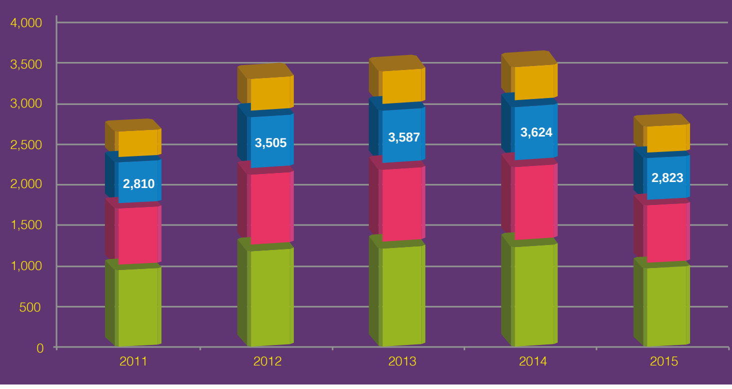


Matumizi ya Mtaji (Shs m)



Mgao Kwa Kila Hisa (Shs)

Faida Kabla ya Kutozwa Ushuru (Shs m)



Mapato Kwa Hisa (Shs)

wa mawasiliano nchini, ili vyombo huru vikuu vya habari vipewe kasi-mawimbi ya kusambazia matangazo kidijitali. Ukweli ni kwamba, hatukufurahishwa na uamuzi wa Halmashauri ya Mawasiliano ya Kenya kuyapatia leseni za kusambaza vipindi vinavyotengezwa humu nchini mashirika ambayo tayari wanalipisha watazamaji, bila ya kutulipa sisi mrabaha kwa vipindi hivyo chini ya mfumo wa “the must carry rule”.

Kimsingi, hali hii iliathiri pakubwa utendakazi na mapato ya biashara yetu ya runinga, hasa katika harakati za kuhama kutoka katika mfumo wa analogi hadi ule mfumo wa dijitali, kufuatia hali hii watazamani wengi hawakuweza kutazama runinga bila ya kununua visimbuzi vya kurushia mawimbi. Matukio haya, yalisababisha kupungua kwa mapato ya matangazo ya runinga, kwa vile wanaotangaza biashara zao huvutiwa na idadi ya wanaotazama runinga husika, ili kutangaza biashara au huduma wanazotoa. Ninafurahi kuwafahamisha kwamba tumefanikiwa kuhamisha matangazo kutoka katika mfumo wa analogi hadi mfumo wa dijitali na sasa runinga zetu za *NTV* na *QTV* zinapatikana kote nchini.

Hali kadhalika, nafurahi kuwafahamisha kwamba gazeti letu la The *EastAfrican*, lililokuwa limepigwa marufuku nchini Tanzania mwaka 2015, wakati ambapo hatukuweza kupata mapato ya mauzo ya gazeti hilo wala kupata mapato kutokana na matangazo, sasa linauzwa nchini humo.

Mauzo ya nakala za magazeti nayayochapishwa na shirika letu yalipigwa jeki na uchaguzi mkuu nchini Tanzania na Uganda na yalitambuliwa na mashirika ya nchi hizo na hata kimataifa, kwa kuripoti habari ambazo hazikuegemea upande mmoja na zilizokuwa na ukweli mtupu kuhusu uchaguzi wa urais, ubunge na ule wa madiwani. Kwa miaka mingi sasa, Shirika hili limeshikilia usukani katika uhariri unaotazama masuala halisi kwenye uandishi na utangazaji wetu, na kadhalika tunatambulika kwa kuwapa wasomaji, wasikizaji na watazamaji habari sahihi na za kuaminika.

Njia za kupata habari, maelezo na burudani zimebadilika. Sasa mtu si lazima asome gazeti, asikize redio au atazame runinga. Anaweza kupata hayo yote kwenye mitandao, kwa wakati unaofaa na pia anaweza kupata hayo kupitia kwenye simu yake ya rununu au kipakatalishi ama hata kwenye tableti alimradi tu viwe vimeunganishwa kwenye mitandao. Hali hii ya watu kuhamia mitandaoni imeleta changamoto na pia fursa. Shirika hili la NMG limezikabili changamoto hizo na mitandao yetu ni miongoni mwa mitandao inayotembelewa zaidi na watu barani Afrika. Wavuti wa *Daily Nation* una idadi kubwa zaidi ya watu wanaoutazama na pia wasomaji wa kipekee. Tuna matumaini makubwa kwamba shirika hili litanufaika kutokana na watu wanaotembelea mitandao yetu kote ulimwenguni, na nafasi ya mapato inayojitokeza kutokana na mifumo hii mipya ya kidijitali.

Uwekezaji

Licha ya kuwepo kwa mabadiliko mengi ya kilimwengu katika mbinu za utoaji wa habari, Shirika la NMG linaamini kwamba uchapishaji wa habari barani Afrika bado ni njia muhimu. Kwani kimakusudi tu NMG imewekeza Dola za Marekani Milioni Ishirini (US$20M) sawa na Shilingi bilioni 2 katika mtambo wa kisasa wa kuchapisha magazeti, uliozinduliwa rasmi Machi 17, 2015 na mwanzilishi wa shirika hili, Muadhama Aga Khan. Mashini hiyo ya kuchapishia ni mojawapo ya mitambo ya kisasa zaidi humu barani Afrika na inatuwezesha kuchapisha kurasa 80 za rangi kwa mkupuo. Hali kadhalika, mtambo huo una vivutio vingine vinavyowawezesha wafanyibiashara kutangaza bidhaa zao kwa mfumo faafu. Hatua hii imeimarisha ubora wa uchapishaji na kuongeza uthabiti na uzuri wa rangi na kadhalika imechangia kufika katika masoko yetu mapema kote nchini.

Kwa ushirikiano na kampuni nyingine za utangazaji, shirika la NMG liliingia ubia na kuunda kampuni ya pamoja - Africa Digital Network Limited, ambayo ilipewa leseni ya kusambaza matangazo kidijitali, kufuatia kuzinduliwa kwa matangazo ya kidijitali mnamo mwezi Februari 2015. Sababu ya kusisitiza tuwe na uwezo wa kusambaza matangazo yetu wenyewe, ni kuhakikisha kwamba matangazo yetu hayavurugwi. Mitambo hiyo ya kupeperushia matangazo kidijitali inatuwezesha kufikia vituo 21 na kufikia mwisho wa mwaka huu, tutapanua na kufikia vituo 35 kote nchini, hatua ambayo ni nzuri kwetu kwa vile tutakuwa na miundo-msingi ya kutuwezesha kufikisha matangazo yetu katika pembe zote za nchi.

Changamoto

Ukweli ni kwamba, tunaendelea kufanya biashara katika mazingira na changamoto zisizotabirika kote katika ukanda huu. Tunakumbana na changamoto kuu kuhusiana na uhuru wa vyombo vya habari kupitia sheria zinazopendekezwa na serikali husika. Tutaendelea kushirikiana na serikali hizo pamoja na taasisi zinazosimamia masuala ya habari na mawasiliano, ili kuhakikisha kuwa sekta ya uanahabari inashauriwa kabla ya kuundwa kwa sheria zinazothibiti sekta hiyo, na kupata sheria nzuri zinazoangalia pande zote na kulinda haki za uchapishaji, kutangaza na hali kadhalika uhuru wa wananchi kupata habari bila pingamizi. Vyombo vya habari vinatekeleza wajibu muhimu kwa jamii na tutaendelea kutekeleza jukumu letu ili kuangazia masuala yanayozikabili jamii na pia kukuza uwajibikaji na uongozi mzuri.

Miongozo na Sera ya Uhariri

Shirika la NMG lina sera bora na muongozo mzuri wa uhariri uliochapishwa na ambao unaeleza kwa mapana jinsi wanahabari wetu wanavyopaswa kukusanya habari na kuonekana, hasa katika utoaji habari kwa kuzingatia masuala halisi, usawa na usahihi wa habari wanazochapisha au makala yanayotangazwa. Shirika hili huhakikisha kwamba miongozo na sera hizo zinafuatwa na wale wanaozivunja huchukuliwa hatua kali.

Mabadiliko ya Bodi Kuu

Katika kipindi ambacho tunashughulikia, Shirika la NMG lilibadili uongozi na kupata Afisa Mkuu Mtendaji mpya kwa kumteua Bw. Joe Muganda, kufuatia kustaafu kwa Bw. Linus Gitahi baada ya kuongoza kampuni kwa miaka tisa. Tunamshukuru sana Bw. Gitahi kwa kuiongoza kampuni hii kufikia kilele cha ufanisi. Na sasa tunamkaribisha Bw. Muganda, aliyejiunga na Shirika hili baada ya kufanya kazi nzuri na kampuni nyingi za kimataifa.

Wafanyikazi Wetu

Biashara za NMG zinasimamiwa na kuendeshwa na wafanyikazi wetu 1,800 walio katika ukanda wote wa Afrika Mashariki. Shirika hili limewekeza vilivyo katika kuwapa mafunzo wafanyikazi wetu na pia tunashirikiana na chuo kikuu cha mafunzo cha Aga Khan Graduate Media School ili kuwapa mafunzo wanahabari wetu. Ningependa kuwashukuru wasimamizi na wafanyikazi wote wa Shirika letu kwa kujitolea kwao na kufanya kazi kwa bidii ya mchwa kwenye kipindi cha mwaka huo. Ninatoa hakikisho kwamba tutaweka mazingira bora yatakayotoa changamoto na kuwapa moyo wafanyikazi wetu ili kuwafanya kuwa wabunifu, na kuwaimarisha zaidi huku tukiilinda hadhi na maadili yetu pamoja na kuzingatia viwango vyetu vya ubora wa kitaalamu.

Ningependa kuwashukuru kwa dhati wakurugenzi wenzangu, wakiwepo wateja wetu na wale wote tunaoshirikiana nao kibiashara, kwa kuendelea kutuunga mkono pamoja na mchango wao uliofanikisha pakubwa shirika hili.

Mipango ya Baadaye

Mwaka huu wa 2016 ulianza kwa hali ile ile ngumu ya kibiashara na mpango wetu mkubwa kwa mwaka huu ni kuwekeza katika nafasi mpya za kibiashara ili kujipatia mapato mazuri, huku tukitekeleza mikakati bora na ya kupunguza gharama ya biashara.

Dr. W.D. Kiboro
Mwenyekiti wa Shirika

Group Chief Executive Officer's Report

"Given the consumer changing trends, we are reorganising ourselves with the objective of transforming the Group from a legacy newspaper publisher, into a modern digital content company. "

Joe Muganda
Chief Executive Officer

Group Chief Executive Officer's Report

I am pleased to present the Group's audited financial results for the year ended 31st December 2015. The local business environment is dynamic, experiencing adverse macro-economic factors, global fiscal pressures having a knock-on effect and an unpredictable regulatory environment. All these bring new challenges every day. This was certainly the case in 2015, which was a difficult year of transition for our business, during which we experienced a tough operating environment with the advent of the digital migration and marginal economic growth. Nonetheless, the NMG family came together and emerged stronger, more united and ready to transform our business in line with our vision to be the Media of Africa for Africa. A lot has been done and our focus in 2016 is about implementation of the new strategic direction that captures the new age of media consumption. The strategy is premised on protecting our current sources of revenues and positioning the organisation to win in the future. This will encompass convergence of the back office to ensure efficient and effective operations, while continuing to invest in our digital capability. This will ensure we remain competitive and grow the shareholder value of the Group.

Financial Performance

The Group's profit after tax declined compared with the previous year. The adverse performance was mainly attributed to a shortfall in revenue with the broadcasting division adversely affected by the disruptions of the television signal transmission, following the switch from analogue to digital broadcasting early in the year. Profitability was also adversely affected by the foreign exchange losses. However, the impact of the adverse environment on the performance was mitigated by higher interest income and cost management measures.

The Group's turnover declined by 7.6% to Shs.12.3 billion, while the net earnings at Shs 2.1billion was 14% lower than the prior year.

Nation Carriers Division performance significantly improved with revenue growing by 10.3% while operating profit grew by 1.6%.

Business Daily and Nation Digital recorded a 1.1% and 7.4% increment in revenue respectively.

Monitor Publications Limited registered an impressive performance with revenues in the Monitor newspaper, Radio (*KFM* and *Dembe*) and *NTV Uganda* growing by 9.2%, 16.6% and 10.7% respectively.

Mwananchi Communications Limited recorded a 6.6% increment in its revenue, while Nation Holdings Rwanda Limited performance improved by 2.9%.

New Printing Press

We are confident that print media, which remains the core of our business, will continue to play a significant role for many years to come. It is against this background that we made a significant Shs. 2 billion investment in the purchase of a new state-of-the-art printing press. We are proud that this project was delivered on time and within budget and went into production on 7th December, 2015. It was officially commissioned on 17th March 2016 by His Highness the Aga Khan accompanied by Mr Joe Mucheru, the Cabinet Secretary, Ministry of Information, Communications and Technology and Dr Alfred Mutua, the Governor of Machakos County. The new press offers a richer menu of exclusive print advertising formats for diverse advertising targets. This in addition to enhanced newspaper pagination increased colour capacity and an improved print quality will help in improving advertising revenues and deliver a better reader's experience of our products. Our competitive edge will also improve given our improved ability to produce region specific editions and deliver the newspapers to the markets on time.

Marketing

Daily Nation focused its efforts in strengthening and supporting the circulation and distribution channels through various activities, including a vendor branding initiative and a vendor incentive programme aimed at rewarding loyalty by the vendors and the distributors, with the objective of increasing the newspaper copy sales.

The *Business Daily* expanded the Top 100 SME survey to include a county edition. Other successful initiatives included The Next Big Thing and Top 40 under 40 men and women. This series of activities that recognises the top business and individual achievers in the country continue to embed its position as the only business newspaper publication in the country.

The *EastAfrican* focused on celebrating its 20 years in the region by launching a campaign marking the brand milestones and its role in promoting regional integration and cohesion.

The *Monitor* in Uganda launched a thematic campaign "Go Further" whose objective was to reposition the paper as an independent, balanced and accurate source of information. The campaign feedback was positive and resulted in readership growth of more than 5%.

NTV-U launched a new television station, Spark TV, in December 2015, which targets females aged between 20 and 29 years. The TV channel broadcasts both in Luganda and English and has been well received by viewers. In a bid to reinforce its position and create an emotional connection with its audience, NTV-U launched a thematic campaign #I Move Uganda. The campaign was received positively and drove a lot of interaction on social media.

Strategic Priorities

Given the changing consumer trends we are reorganising ourselves with the objective of transforming the Group from a legacy newspaper publisher, into a modern digital content company. This will entail embracing a digital/ mobile first business model; using appropriate technology to support this model, offering the consumer a 360-degree communication solution for obtaining real time information. This will allow us to maintain our leading position in both digital and traditional media in the region.

We will leverage our synergies across the Group to ensure that we operate efficiently in areas such as cost and debt management. The investment in the new press, not only reflects our long-term commitment to print media, but is also expected to yield gains from efficiencies. We will protect our current revenue streams while positioning the business for the digital era.

Following the digital migration in 2015, we entered into a joint venture to set up a company under the name Africa Digital Network Limited (ADNL). The company is licensed as a self-provisioning digital signal transmitter and it has established transmission sites in the major towns and continues to roll out to other areas, with the goal of boosting the signal reach to cover over 90% of the population. Our broadcasting strategy is to improve our programming menu with appealing programs that attract audiences to our stations.

This year will mark the advent of an electioneering period in Kenya extending into 2017 when the general elections will be held. This always presents a challenging environment. We intend to ensure that we go through it with minimum disruption to our operations, while delivering accurate, objective and balanced reporting.

We are cognisant of the fact that we operate in an unpredictable and challenging regulatory environment across the region. Our intention is to retain a free press that enhances democratic gains and provides an impetus for the growth of the economies in the region. To achieve this, we will play our part, working with the governments and all relevant stakeholders to ensure that we have a vibrant free press.

We uphold the principles of good journalism, producing great content that is appealing to our readers, viewers and advertisers. Producing content that educates, informs and entertains will remain at the core of what we do. Our investment in technology, the Media Lab, and our partnership with the Aga Khan University Graduate School of Media Studies to train our journalists affirms that commitment.

I, sincerely thank the Board of Directors, the Management and Staff, as well as all our shareholders and stakeholders for your unwavering support. We are excited about the opportunities ahead and look forward to your support and cooperation in achieving our performance objectives in the year ahead.

J Muganda
Group Chief Executive Officer

Ripoti Ya Afisa Mkuu Mtendaji

J Muganda
Afisa Mkuu Mtendaji

"Kutokana na kubadilika kwa wateja wanaotumia bidhaa zetu, tunajipanga upya kwa lengo la kuligeuza Shirika hili kutoka kwa wachapishaji wa magazeti pekee, hadi katika Kampuni ya kisasa inayoaminika kwa habari za kidijitali kupitia mitandao".

Nina furaha kuwawasilishia matokeo ya kifedha ya Shirika yaliyokaguliwa ya mwaka uliomalizikia Desemba 31, 2015. Mazingira ya kibiashara humu nchini yamebadilika, hali hii ikiwa ni pamoja na mabadiliko ya kuchumi, huku mifumko ya kifedha ya kilimwengu ikishinikiza athari zisizotabirika na hali kadhalika mazingira tete ya kiusimamizi. Matukio haya yote huleta changamoto za kila siku.
Hali hii ndiyo iliyokuwepo mnamo mwaka 2015, mwaka wa mpito uliokuwa na magumu mengi katika biashara zetu, kipindi ambacho tulikumbana na kanuni mpya za kuhama kutoka katika mfumo wa analogi hadi mfumo dijitali huku pakiwa na ukuaji finyu wa kiuchumi.
Hata hivyo, idara mbali mbali za Shirika la NMG zilishirikiana na kuimarika zaidi, kuwa na mtagusano kabambe pamoja na kuwa tayari kubadilisha biashara yetu kuambatana na kauli mbiu yetu ya kuwa Kampuni ya Habari ya Afrika kwa Waafrika. Mengi yamefanyika na sasa malengo yetu mwaka huu wa 2016, ni kutekeleza mikakati yetu mipya ambayo inaangazia uhalisia mpya ya jinsi watu wanavyopokea habari. Mikakati hiyo inazingatia kulinda njia zetu za sasa za kuingiza mapato na pia kuliweka shirika hili katika hali ya kufanikisha maazimio yake ya siku za usoni. Hali hii itahusisha kushirikisha vitengo vyetu vyote, kuhakikisha utendakazi mzuri na ulio sahihi, huku tukiendelea kuwekeza katika mfumo mpya wa dijitali. Njii hii itahakikishia kwamba tunaendelea kutoa ushindani bora na kukuza mapato kwa wenyehisa wa Shirika letu.

Matokeo ya Kifedha

Faida ya Shirika baada ya kutozwa ushuru ilipungua ikilinganishwa na mwaka uliotangulia. Hali hiyo ilitokana na kupungua kwa mapato ya Idara ya Televisheni na Radio kufuatia kukatizwa kwa masafa ya matangazo ya Televisheni, baada ya kuzimwa kwa matangazo ya mfumo wa analogi na kuhamia mfumo wa dijitali mwanzoni mwa mwaka. Hali kadhalika, faida iliathirika na pakawa na hasara iliyotokana na ubadilishanaji wa fedha za kigeni. Hata hivyo, kwa kiasi kikubwa athari hizi zilikabiliwa na mazingira ya matokeo mazuri ya mapato ya riba pamoja na mikakati bora ya kupunguza gharama ya matumizi.

Mapato ya Shirika yalipungua kwa 7.6% hadi Shilingi Bilioni 12.3, huku faida halisi ya shilingi bilioni 2.1 ikipungua kwa 14% ikilinganishwa na mwaka uliotangulia.

Matokeo ya Idara ya Nation Carrier yaliimarika pakubwa na hata mapato yake kukua kwa asilimia kumi nukta tatu (10.3%) huku faida yake ikikua kwa asilimia moja nukta sita (1.6%). *Business Daily* na Nation Digital zilipata ukuaji wa 1.1% na 7.4% mtawalia.

Monitor Publications Limited ilifanikiwa kupata matokeo mazuri mno hasa katika gazeti la *The Monitor*, Redio za (*KFM* na *Dembe*) pamoja na NTV Uganda ikiimarika na ikikua kwa 9.2%, 16.6% na 10.7% mtawalia.

Mwananchi Communications Limited ilikuwa na ongezeko la 6.6% ya mapato, huku Nation Holdings Rwanda Limited ikikua kwa 2.9% katika mapato yake.

Mashini Mpya ya Kuchapishia

Tunaamini kwamba, sekta ya uchapishaji ambayo ndiyo uti wa mgongo wa biashara yetu, itaendelea kutekeleza wajibu muhimu katika miaka mingi ijayo. Ni kufuatia imani hiyo, ambapo tuliamua kuwekeza katika biashara yetu ya uchapishaji kwa kutumia Shilingi bilioni 2 na kununua mashini ya kisasa kabisa ya kuchapisha magazeti. Tunajivunia kwamba mradi huo ulitekelezwa kwa wakati uliofaa na pia kwa kutumia bajeti iliyokadiriwa. Mtambo huo mpya ulianza kazi rasmi mnamo Desemba 7, 2015. Kisha mtambo huo ukazinduliwa mnamo Machi 17, 2016 na Muadhama Aga Khan akiandamana na Waziri wa Habari, Mawasiliano na Teknolojia, Mhesh. Joe Mucheru pamoja na Gavana wa Machakos Dkt. Mhesh. Alfred

Mutua. Mashini hiyo mpya inatoa nakala nzuri kwa wateja wetu sio tu kwa magazeti bali hata kwa matangazo ya mauzo, kuweka kurasa katika mfumo bora, kuongeza rangi, na hii husaidia katika uimarishaji wa mapato ya mauzo na pia kutoa mtazamo mzuri kwa wasomaji wetu. Bilas haka, mtambo huu utaimarisha kiwango cha ushindani wetu katika soko na kuboresha baadhi ya majarida yetu ya kikanda na hali kadhalika kutuwezesha kufikisha magazeti sokoni kwa wakati.

Masoko

Gazeti la *Daily Nation* liliangazia zaidi juhudi zake kwa kuimarisha na kuboresha usambazaji wa magazeti kwa kutumia mikakati mbali mbali, ikiwemo kampeni ya kulitangaza mbinu za usambazaji wa magazeti na kadhalika mpango wa kuwatuza wauzaji-magazeti ili kuwapatia motisha pamoja na wanaoyasambaza magazeti, haya yote yakiwa ni kwa lengo la kuongeza nakala wanazouza.

Gazeti la *Business Daily* lilipanua utafiti wake wa Wafanyibiashara wadowadogo mia moja bora, almaarufu kama Top 100 SME survey, na kujumuisha kaunti, utafiti ambao pia kwa mara ya kwanza ulihusisha magatuzi mbali mbali. Harakati nyinginezo zilizofaulu ilikuwa ni pamoja na kampeini ya The Next Big Thing, Top 40 under 40, ikiwa ni ile ya waume kwa wanawake. Yote ikiwa kwa lengo la kuwatambua Wakenya waliofanikiwa na kuafaulu vyema kibiashara na ambao walijishirikisha na gazeti la kipekee la biashara humu nchini.

Gazeti la The *EastAfrican* liliangazia kuadhimisha miaka 20 katika eneo la Afrika Mashariki, kwa kuzindua kampeni ya kujitangaza kwa kubadili sura na pia jukumu lake la kuendeleza utangamano na uwiano katika eneo zima.

The Monitor nchini Uganda lilizindua kampeni iliyokuwa na kauli mbiu ya "Go Further" iliyokuwa na lengo la kulifanya gazeti hili lionekane na kufahamika kuwa huru, linaoangazia kila upande na chanzo cha habari sahihi na za ukweli. Kampeni hii ilipokelewa vyema na kufanya idadi ya wasomaji wa gazeti hilo kuongezeka kwa zaidi ya 5%. *NTV-Uganda* ilizindua kituo cha Televisheni, *Spark TV*, mnamo Desemba 2015, ambacho kinawalenga watazamaji wanawake walio na umri wa kati ya miaka 20 na 29. Kituo hicho cha runinga kinatangaza kwa lugha za Kiingereza na Kiluganda na kimepokelewa vyema na watazamaji wote. Katika juhudi za kuendeleza nafasi yake na kuimarisha uhusiano wake na watazamaji, *NTV Uganda* ilizindua kampeni iliyokuwa na kauli mbiu ya #I Move Uganda. Kampeni hiyo ilipokelewa vyema na watazamaji na ikavutia mawasiliano ya karibu kwenye mitandao ya kijamii.

Mikakati Maalum

Kutokana na kubadilika kwa wateja wanaotumia bidhaa zetu, tunajipanga upya kwa lengo la kuligeuza Shirika hili kutoka kwa wachapishaji wa magazeti pekee, hadi katika Kampuni ya kisasa inayoaminika kwa habari za kidijitali kupitia mitandao. Hali hii itahusisha kuzingatia utoaji wa habari kwanza kupitia mitandao na vile vile ujumbe kwenye jumbe katika simu za rununu; kutumia teknolojia sahihi kuwezesha mfumo na mbinu hii kufaulu, na pia kuwa na mfumo utakaovishughulisha vitengo vyote vya mawasiliano; yaani mteja awe anapata suluhisho na huduma kutoka pande zote. Mfumo huo utatufanya tuendelee kushikilia nafasi yetu kama viongozi kwa upande wa mfumo wa utoaji wa habari na pia ule wa kidijitali katika ukanda wote wa Afrika Mashariki na Kati.

Tutatumia vyema bidhaa zetu na watu tulio nao ili kuhakikisha kwamba tunatoa huduma bora katika usimamizi kabambe wa kudhibiti gharama na kudhibiti madeni. Uwekezaji katika mtambo mpya wa kuchapisha, ni dhihirisho tosha la uwajibikaji wetu wa siku nyingi katika uchapishaji, na hata pia unatarajiwa kutupatia faida kwa kubana matumizi ya karatasi nyingi.Tutalinda njia zetu za sasa za kuleta mapato, huku tukijiimarisha katika biashara ya enzi ya dijitali.

Kufuatia uhamiaji kutoka mfumo wa analogi hadi mfumo wa dijitali mnamo mwaka 2015, tuliingia ubia na vyombo vingine vya habari na kuunda kampuni kwa jina la Africa Digital Network Limited (ADNL). Kampuni hii ilipewa leseni ya kusambaza matangazo ya kidijitali na imebuni maeneo ya kusambazia matangazo hayo katika miji mikubwa na inaendeleza usambazaji huo kwenye maeneo mengine. Lengo ni kufikia zaidi ya asilimia tisini (90%) ya watazamaji. Mikakati yetu ya Redio na runinga ni kuimarisha vipindi vyetu ili kuwavutia watazamaji na wasikiliza zaidi kwa vituo vyetu.

Mwaka huu utaalika maandalizi na matayarisho ya Uchaguzi Mkuu nchini Kenya hali itakayoendelea hadi 2017 ambapo uchaguzi mkuu utakapofanyika. Uchaguzi Mkuu siku zote huleta changamoto, lakini tunapanga kuhakikisha kwamba tunapita katika kipindi hicho bila kuathiriwa kwa shughuli zetu, huku tukiendelea kupeana habari sahihi, bora na zisizoegemea upande wowote wa kisiasa.

Tunatambua kwamba tunafanya biashara katika mazingira yasiyotabirika hasa kwenye upande wa sheria na kanuni za kudhibiti vyombo vya habari hususan katika sehemu zote za ukanda wa Afrika Mashariki. Malengo yetu ni kusimamia vyombo huru vya habari, ambavyo vitaendeleza hatua zilizopigwa kidemokrasia na kutoa nafasi ya kukua kwa uchumi katika eneo zima. Ili kutimiza hili, tutatekeleza wajibu wetu na kushirikiana na serikali zote katika eneo hili, ili kuhakikisha tuna uanahabari huru na unaoaminika.

Tunazingatia sera bora ya uanahabari, kutoa habari na makala yanayowavutia wasomaji, watazamaji na wateja wetu wanaotuletea matangazo. Kutoa habari au makala nzuri zinazopendeza. Hata hivyo, kufahamisha na kuburudisha bado itasalia kuwa kazi yetu kuu katika kila tunalofanya. Tutaendelea kuwekeza katika teknolojia, Mafunzo kwa Wanahabari (Media Lab) na pia kuimarisha ushirikiano wetu na Aga Khan University Graduate School of Media Studies ili kuwafundisha wanahabari wetu, na hali hii inathibitisha kujitolea kwetu katika kuyafikia malengo hayo kikamilifu.

Ninawashukuru kwa dhati Wakurugenzi wa Bodi, Wasimamizi na Wafanyikazi, pamoja na wenyehisa na wadau wote kwa kutuunga mkono bila kuchoka. Tuna azma ya kutumia fursa zitakazojitokeza siku za usoni, na tunatazamia kwamba mtatuunga mkono na kushirikiana nasi ili kuyafikia malengo yetu ya utendakazi katika kipindi cha mwaka ujao.

J Muganda
Afisa Mkuu Mtendaji

Corporate Social Responsibility

Kisumu County – NMG team after donating books at Sondu Miriu Public library

1. Community sponsorship

In 2015, our community projects were driven by the employees who proposed projects to support. The Group focused on six counties, where employees worked with communities and offered solutions to various challenges affecting them.

In Kisumu County, we donated textbooks and storybooks to the Sondu Miriu Public Library, in Nyakach Constituency. It is located a few kilometres from the Kenya Electricity Generating Company (KENGEN) power plant. Its objective is to provide learning resources to those unable to attend school. It has supported hundreds of children since it was put up in 2001. In turn, the beneficiaries also support it. The books donated by NMG will go a long way to improve the library's stock and enable it meet its objective of enhancing literacy among children and adults in the area.

We partnered with Ahadi Trust Kenya to offer jigger treatment, education and shoes to children at Uaso Narok Primary School in Nyahururu, in Laikipia County. Ahadi Kenya Trust is the founder of the anti-jigger campaign in Kenya. It works in partnership with the Ministry of Health, Ministry of Interior and Coordination of National Government, corporate organisations, non-governmental organisations, media and communities.

In Nakuru County, the NMG Staff visited the Nakuru Hills Special School where they donated food stuff and beddings. Nakuru Hills Special School is a public boarding school for persons with mental and physical disabilities of ages 6-25 years. Founded in 1978, the school provides vocational training in craft-making, sewing, carpentry, animal husbandry and agriculture. The school's mission is to provide a caring and purposeful environment for conducive learning and offer equal opportunities for all regardless of their disability.

During a visit to Shimo La Tewa Prison, in Mombasa County, we saw women prisoners and donated books to them. We also distributed clothes for the babies born during their mothers' imprisonment.

2. Education

Nation Get on the Bus Excellence and Mentorship Programme started in 2010 and provides scholarships to bright learners who excel in primary school examinations but are unable to pursue secondary education due to financial constraints. The students are selected from national schools and sponsored for four years. We sponsored 80 students in 2015.

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.

NMG Team in partnership with Ahadi Trust Kenya at Uaso Narok Primary School Nyahururu

3. Health

The key focus on health in 2015 was on cancer and children.

Cancer cases are on the rise in Kenya. The government estimates that there are about 25,000 new cancer cases in the country each year. Kenyatta National Hospital bears the greatest burden in this region as it is among the few public hospitals in Africa that has cancer screening and treatment equipment. Yet the hospital has not been able to give a facelift to its facilities for more than 30 years. The Nation Media Group undertook to rehabilitate the Thyroid Cancer Ward in 2014 and completed the work in May, 2015. This new ward will reduce the long period cancer patients have to wait to secure admissions. We have started rehabilitating two paediatric wards at the hospital, which should be completed by mid-2016.

In 2015, NMG joined the Beyond Zero Campaign and sent a team to participate in the First Lady's Half Marathon. In 2016, through the Group Chief Executive Officer, Joe Muganda, NMG participated in the campaign as a media partner. It contributed some Shs. 13 million for the marathon's publicity. More than 100 NMG staff members also participated in the 2016 First Lady's Half Marathon. The Beyond Zero Foundation is an initiative led by Kenya's First Lady Her Excellency Margaret Kenyatta, which was formed in 2014, with the aim of rallying the government and private sector to eliminate maternal and child mortality. The campaign has acquired and distributed 36 mobile clinics in 36 counties and assisted more than 30,000 people. The clinics continue to address social inequities for essential health services by reaching the rural poor and marginalised communities.

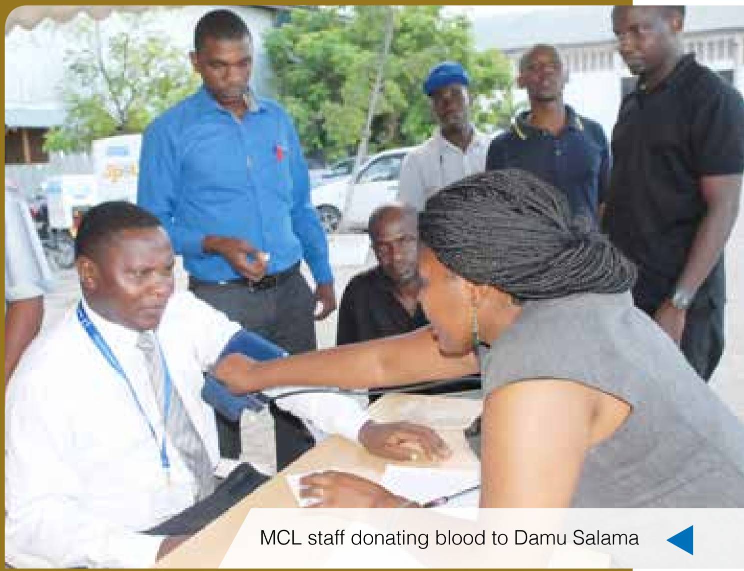
TANZANIA (MWANANCHI COMMUNICATIONS LIMITED)

Nungwe Camp Donation

28 MCL employees visited Nungwe Camp and donated Shs. 100,000. Based at Kigamboni, Dar es Salaam, the camp hosts people living with leprosy. The aim of the donation was to assist the individuals to get into productive engagement so that they do not depend on others.

MCL "Damu Salama" Blood Donation

It is said that blood is the most precious gift - the gift of life. MCL employees took part in blood donation. A total of 26 pints were donated. The blood was to help mothers and infants.



MCL staff donating blood to Damu Salama

Cash Donations

Project	Amount Shs.
Get On the Bus Scholarships	4,649,109
Refurbishment of KNH Thyroid Cancer Ward	850,000
Lewa Conservancy	800,000
Standard Chartered Marathon - Giving to the Blind	200,000
Starehe Girls Bursary Fund	200,000
Ghetto Classic Event - The Art of Music Foundation	200,000
Save the Children	200,000
Nakuru Hills Special School	103,803
First Lady's Half Marathon - Team Sponsorship	100,000
Kitale Diaspora Golf Tournament	100,000
Book Donations to Sondu Miriu Library	92,828
Mater Heart Run	58,000
Mji Wa Huruma Donation	43,213
Smile Foundation	35,000
Kapsabet School for the Deaf	100,000
Partnership with Ahadi Trust - Jigger Campain	250,000
Donation Mama Fatumas Children Home	100,000
Ramadhan Fundraiser Dinner	50,000
Total	**8,131,954**

UGANDA

Since Spark TV's launch, the brand has engaged in a number of community activations. The most recent was a Spark TV Women's Day walk in partnership with the US embassy and Century Entrepreneurship Development Agency (CEDA) International. This was a mentorship walk where older women mentored younger ladies aged 18-29. The overall objective of the 7 km walk was to empower women and eliminate barriers that stifle their socio-economic advancement. Among the issues raised were: inadequate capital to start business, lack of equal representation in top positions in government and private sector.

A total of 1,500, girls have been mentored through CEDA. These have in turn mentored the young girls in schools and universities in Uganda.

After the walk, the Spark TV female fans were treated to a fan movie night out and many walked away with gifts, including clothing, decoders and smartphones.

NTV #HelpRosemaryCampaign

April 12th, marks the anniversary of the death of our first female news anchor Rosemary Nankabirwa. Last year, we conducted a funds drive to save her life using a digital campaign called #HelpRosemary, where we raised Shs. 4,024, 618. This was used to cater for her medical and funeral expenses and to construct a cancer shed at the Uganda Cancer Institute in her memory. The memorial cancer shed was handed over on April 12th and was officially opened by Health Minister Elioda Tumwesigye.

#HelpRosemary Campaign donated a memorial cancer shed and was officially opened by Health Minister Elioda Tumwesigye in Uganda.

MONITOR PUBLICATIONS LIMITED
MPL Cancer Awareness Campaign 2015

The campaign was driven by Editorial Department in partnership with International Medical Group and AAR Health Care, which offered free screening and counselling at their different clinics and hospitals. The campaign was done countrywide and ended with a camp at the company premises that was open to the public. During the awareness period, the Daily Monitor was published in pink. This helped to create awareness, especially among rural women who did not know how to examine themselves for breast lumps and the need for regular check-ups.

Hope Ward Run 2015

The Hope Ward Run is an annual event organised by International Group Uganda. The proceeds are donated for complex treatment or surgeries for babies born with defects. The run took place in November 2015 and MPL staff participated. It raised more than Shs. 606,838. So far one baby has benefitted and 20 more are expected to benefit.

New Printing Press

New Printing Press

Human Resources

Leadership and Management Development

As the Nation Media Group ventures into new business opportunities and designs new products, the need for effective business leaders and sound management practices remains crucial. Ongoing partnerships with established entities such as the Strathmore Business School and the AKU Graduate School of Media and Communication continue to play a key role in the development of business leaders and professional journalists respectively. To ensure that our journalists get the best training and exposure, NMG partnered with international universities such as the IESE Business School in Barcelona and UCLA for the Advanced Management programme in media and entertainment and with Oxford University for short term scholarships. For the wider management team leadership development programmes that recognise the changing job demands at different management levels were implemented to provide an opportunity for development. These programmes are open to all employees across the region and are run annually to give new managers and those newly-promoted an opportunity to hone their management skills.

Intercompany talent exchange continues to play a key role in capacity building for the Group. In 2015, there were 12 employees working away from their home countries and it is anticipated that this number will grow as the East Africa Community integration becomes a reality. This is part of the Group's commitment to enhancing professionalism and business awareness across the region in line with our vision of becoming the Media of Africa for Africa.

Group Human Resources Director David Kiambi, awards a certificate to a member of the sales team after training.

Talent Management

NMG firmly believes in talent development based an individual's performance and potential for career growth. In the past year, the talent management process identified the best people across the Group to retain, develop and grow to be the future leaders and business drivers. The process also plays an important part in succession planning, as well as developing experts in essential areas of the business.

Reward and recognition planning are part and parcel of talent management to ensure that NMG maintains a competitive employer promise and is able to attract and retain the best people in the region. We recognise and are committed to the tenet that people are our most important business asset.

Organisational Development

Businesses are in a constant state of flux and therefore, each organisation must prepare for, and embrace change, to survive. In 2015, the company initiated a process to examine if the current corporate values and processes can sustain and drive growth. The initiative is a three-to-five years' journey that will shape the organisation to meet future challenges based on well-thought out corporate objectives. The existing corporate values have delivered immense success over the years but time has come for self-examination and reflection to prepare for the future. The media industry, like many others, is faced with rapid change driven by technology and changing consumer habits and preferences. We want to be ready and succeed in the new world.

Health & Wellness

We firmly believe that prevention is better than cure. In partnership with AoN Hewitt, we organised a session where staff were taken through various health issues that benefitted them and their families. The key focus was awareness and prevention of cancer. The medical experts emphasised prevention and management of cervical cancer, breast cancer and prostate cancer. The wellness programme will continue to sensitise employees on various topical health matters to ensure their wellbeing and that of their families.

Editorial team "The Meat Wrappers" during Staff Sport's Day

Staff Welfare

Inter-departmental Sports Competition during which employees are always encouraged to lead a balanced life in order to build not only their careers but also their physical well-being and that of their families. The annual sports day was held in July at the Parklands Sports Club and proved to be more competitive than in the past. The winner of the full-day event was the Advertising Department, which edged out the Editorial Department, dubbed "Meat wrappers". Similar sports events were held at the regional centres namely, Mombasa, Nakuru, Kisumu and Eldoret, for field staff.

Group CEO Joe Muganda with the overall winners of the Staff Sports Day - Advertising Department

Our team is supportive of one another's efforts, loyal to one another and cares for one another both personally and professionally.

NTV & QTV'S NEWS ANCHORS

We show pride, enthusiasm and dedication in everything that we do. We are committed to selling and delivering high quality products and services.

Board Of Directors
Halmashauri Ya Wakurugenzi

W D Kiboro	Chairman (Kenyan)	Mwenyekiti (Mkenya)
J Muganda	Chief Executive Officer/Managing Director (Kenyan) appointed 1 July 2015	Afisa Mtendaji Mkuu (Mkenya) Aliteuliwa 1 Julai 2015
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)
T Mshindi	(Alternate Director) (Kenyan) Appointed 5 June 2015	Mkurugenzi Mbadala (Mkenya) Alieteuliwa 5 Juni 2015
L Mususa	(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 Delta Office Suites Waiyaki Way, 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

The long awaited

Spark TV

is finally here!

Introducing the 1st female channel in Uganda!

Tune in for the very best of TV, made for you to bring out the best in you.

#ItsYourTime

Its Your Time @ItsYourTime

STANDING FROM LEFT TO RIGHT: Mr. J. Muganda, Mr. J. Montgomery, Mr. G. Wilkinson, Prof. L. Huebner, Dr. S. Kagugube, Mr. L. Mususa, Mr. R. Dowden, Mr. T. Mshindi, Mr. F. Okello, Mr. S. Gitagama, Mr. A. Poonawala and Mr. J. Kinyua

SEATED FROM LEFT TO RIGHT: Prof. O. Mugenda, Ms. N. Karago, Dr. W. Kiboro, Mr. D. Aluanga and Dr. Y. Jetha


The EastAfrican
IS NOW AVAILABLE IN TANZANIA.
DARK SIDE OF IDP CAMPS
Thousands of Kenyans still live in misery
Page 18
The EastAfrican
THE BEAR'S IN KAMPALA NOW
Bourse hits new trading lows
Page 27
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NO. 755 APRIL 20-26, 2009
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Board of Directors

DR. WILFRED KIBORO

Dr. Wilfred Kiboro (71) 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. Dr. Kiboro was awarded an honorary Doctor of Philosophy degree by Kenyatta University in December 2015. He is a member of the Nominations Committee. Dr. Kiboro is the Chancellor of Riara University and the Chairman of Family Bank Limited and Wilfay Investments Limited, a family owned enterprise.

MR. JOE MUGANDA

Mr. Joe Muganda (50) holds an MBA from Leicester University and a Bachelor of Science (Economics, Accounting and Financial Management) from the University of Buckingham (United Kingdom). He is the Group Chief Executive Officer and joined the board in July 2015. He has previously worked as the Managing Director of Kenya Breweries Limited and has held senior positions at British America Tobacco, Unilever and Barclays Bank. 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. Muganda is a member of the Nominations, the Editorial and the Strategic Planning Committees.

MR. DENNIS ALUANGA

Mr. Dennis Aluanga (48) 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.

MR. RICHARD DOWDEN

Mr. Richard Dowden (66) holds a Bachelor of Arts (History) from London University (United Kingdom). He began his career in journalism as the Editor of the Catholic Herald in 1976, before joining The Times foreign desk in 1980 reporting from the Middle East and Africa. He joined The Independent in 1986 as the Africa Editor, moving to The Economist in 1995 as Africa Director until 2001, when he resigned to become a freelance journalist and writer. He was appointed the director of the Royal African Society in 2002. Mr. Dowden has produced several television documentaries on Africa which have been aired on 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.

MR. STEPHEN GITAGAMA

Mr. Stephen Gitagama (49) 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.

PROF. LEE HUEBNER

Prof. Lee Huebner (75) 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.

Board of Directors

DR. YASMIN JETHA

Dr. Yasmin Jetha (63) holds a Master of Science in Management Science from Imperial College (London) and a Bachelor of Science in Mathematics from London University (United Kingdom). She is a Fellow of the Chartered Institute of Management Accountants, was awarded an honorary Doctor of Laws degree by the University of Leicester (United Kingdom) in 2005 and was made an honorary Fellow of the University of Bedfordshire (United Kingdom) in 2011. She was the Chief Information Officer prior to her retirement in 2014 at Bupa, a leading healthcare 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.

MS. NJERI KARAGO

Ms. Njeri Karago (55) 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 production, 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.

DR. SIMON KAGUGUBE

Dr. Simon Kagugube (60) 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.

MR. JAMES MONTGOMERY

Mr. James Montgomery (50) holds a Bachelor of Arts in Politics and Philosophy (Hons) from the University of Durham (UK). He is the director of digital development at BBC News which publishes one of the world's leading English language websites as well as digital news and features in 29 other languages. He previously worked as an Assistant Editor for the Financial Times. Mr. Montgomery joined the Board in September 2012 and is a member of the Strategic Planning Committee.

PROF. OLIVE MUGENDA

Prof. Olive Mugenda (61) 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 until her retirement in March 2016, where she has also held various senior lecturing positions from 1984. Prof. Mugenda joined the board in September 2010 and is a member of the Editorial and the Human Resources and Remuneration Committees.

MR. LEONARD MUSUSA

Mr. Leonard Mususa (62) is a Fellow of the Association of Chartered Certified Accountants (UK) and a Fellow Certified Public Accountant (Tanzania). He was the Country Senior Partner of PricewaterhouseCoopers in Tanzania until his retirement in June 2014. He has served as Regional Head of Risk and Quality of the PwC Assurance business covering 9 countries, as well as the Overall Head of Risk and Quality of 6 countries comprising the East African Market area. He was appointed to the NMG board in March 2015. He is a member of the Finance and Audit as well as the Human Resources and Remuneration Committees and Chairman of Mwananchi Communications Limited in Tanzania. He is also a director of ARM Cement Limited and Chairman of its Tanzanian subsidiaries, a director of National Microfinance Bank Plc (in Tanzania), Tanzania Breweries Limited and Reliance Insurance Company (Tanzania) Limited .

Board of Directors

MR. TOM MSHINDI

Mr. Tom Mshindi (55) 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. He worked for the Nation Media Group as a journalist rising to the position on Managing Editor of the Daily Nation before joining UNICEF as an editor in New York. He served as UNICEF's chief of communications in its Nigeria programme. He has worked as the Chief Executive Officer of the Standard Media Group before taking up appointment as the Managing Director of Monitor Publications Limited and subsequently at Nation Newspapers division. Mr Mshindi was appointed the Editor-In Chief on 5 June 2015 and appointed an Alternate Director.

MR. FRANCIS OKOMO OKELLO

Mr. Francis Okomo Okello (66) 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, Woodrow Wilson School of Public and International Affairs (USA) as well as a Fellow of the Kenya Institute of Bankers (FKIB). He joined the board in December 1995. Mr. Okello is the Chairman of Barclays Bank of Kenya Limited and an Independent Non-Executive Director of Barclays Africa Group Limited, as well as the Chairman of TPS Eastern Africa Limited (Serena Group of hotels and lodges). He is a member of the Advisory Board of the Strathmore Business School, Strathmore University and is also a member of the Advisory Committee of the Aga Khan University, Faculty of Arts and Sciences- East Africa. He is the Executive Director in charge of Legal and Corporate Affairs at Industrial Promotion Services (East Africa) Group of Companies. Mr. Okello is the Chairman of the Editorial Committee.

MR. ANWAR POONAWALA

Mr. Anwar Poonawala (69) 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.

MR. GERARD WILKINSON

Mr. Gerard Wilkinson (72) 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.

MR. JAMES KINYUA

Mr. James Kinyua (52) (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.

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AUNTIE BOSS!
TUESDAYS 8:30PM
#PrayAndPrey
PRAY & PREY
TUESDAY 8:00PM
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turning on your world
GREATEST LOCAL ENTERTAINMENT!
#NTVWild
ntv WILD talk
TUESDAY 10:00PM
#Pendo
PENDO
WEDNESDAY 8:00PM
#ChurchillRaw
teen rep-ublik
CHURCHILL RAW
THURSDAY 8:30PM
#TeenRepublik
teen rep-ublik
SATURDAY 11:00AM
#CrossOver
CROSSOVER
SUNDAYS 10:00AM
#ChurchillShow
CHURCHILL SHOW
SUNDAYS 8:00PM
NTVKenya

Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2015, 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 48.

Dividends
The Directors recommend the payment of a final dividend of Shs. 7.50 per share (300%) on the issued share capital as at 31st December 2015, which together with the interim dividend of Shs.2.50 per share (100%) paid on 30th September 2015, makes a total of Shs.10.00 per share (400%) in respect of the year ended 31st December 2015 (2014: Shs.10.00 per share). The dividend will be paid less withholding tax where applicable on or about 29th July 2016 to shareholders registered on the register of members at the close of business on 10th June 2016. The register of members will be closed from 13th to 17th June 2016, both dates inclusive.

Directors
The Directors who held office during the year and to the date of this report are set out on page 34.

Mr. J. Muganda was appointed to the Board on 1st July 2015 and in accordance with Article 96 of the Company's Articles of Association, he retires and being eligible offers himself for election.

Mr. D. Aluanga, **Mr. S. Gitagama** and **Dr. S. Kagugube** 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.

Ms. N. Karago retires and does not offer herself for re-election.

Dr. W. Kiboro, **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.

In accordance with Section 760 of the Companies Act 2015 **Mr. D Aluanga**, **Mr. A. Poonawala**, **Dr. S. Kagugube** and **Mr. L. Mususa** who are the members of the board Finance and Audit Committee are required to be elected to continue to serve on the committee.

Auditor
The Company's auditor PricewaterhouseCoopers has expressed willingness to continue in office in accordance with Section 723(b) of the Companies Act 2015 Laws of Kenya.

Corporate Governance
Nation Media Group Limited is in compliance with the provisions of the Capital Markets Act - Code of Corporate Governance Practices For Issuers of Securities to the Public 2015. 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
18 March 2016

Ripoti ya Wakurugenzi Wakuu

Wakurugenzi wana furaha kuwasilisha ripoti yao pamoja na taarifa kuhusu fedha zilizokaguliwa kwa mwaka uliokamilika Desemba 31, 2015, ambayo inaonyesha jinsi Nation Media Group Limited (Kampuni) na matawi yake (pamoja shirika) ilivyofanya katika kipindi hicho.

Shughuli Muhimu
Shughuli kuu za Shirika la Nation Media Group ni uchapishaji, upigaji chapa na usambazaji wa magazeti na majarida, kutangaza kupitia kwenye redio na televisheni pamoja na huduma nyinginezo za kimtandao katika mataifa ya Afrika Mashariki, ikiwa ni pamoja na Kenya, Uganda, Rwanda na Tanzania.

Matokeo ya Shirika
Matokeo ya Shirika kwa mwaka huo yameorodheshwa kwenye taarifa kamili ya Mapato ya Shirika kwenye ukurasa wa 48.

Mgao
Wakurugenzi wanapedekeza malipo ya mwisho ya mgao wa Shs.7.50 kwa kila hisa (300%) kwa mtaji wa hisa zote zilizomilikiwa kufikia Desemba 31, 2015, ambayo pamoja na mgao wa muda wa Shs.2.50 kwa kila hisa (100%) uliolipwa mnamo Septemba 30, 2015, unafanya jumla ya mgao kuwa Sh10.00 kwa kila hisa (400%) kwa mwaka uliomalizikia Desemba 31, 2015 (2014: Shs.10.00 kwa kila hisa). Mgao huo utalipwa baada ya kutozwa kodi ya hifadhi ya serikali itakapohitajika kufikia au karibu na Julai 29, 2016 kwa wenyehisa waliosajiliwa kwenye sajili ya wanachama, kufikia jioni ya Juni 10, 2016. Sajili ya wanachama itafungwa kuanzia Juni 13 hadi 17, 2016, siku zote mbili zikihesabiwa.

Wakurugenzi
Wakurugenzi waliohudumu kwa mwaka huo na kufikia siku ya kuundaliwa kwa ripoti hii, maelezo hayo yapo kwenye ukurasa wa 34.

Bw. J. Muganda aliteuliwa kwenye Bodi mnamo Julai 1, 2015 na kwa mujibu wa Kifungu cha 96 cha Ushirika wa Kampuni, anastaafu na kwa kuwa anaruhusiwa kuwania, anajitokeza ili achaguliwe.

Bw. D. Aluanga, **Bw. S. Gitagama** na **Dkt. S. Kagugube** ni wakurugenzi wanaostaafu kwa zamu na kwa mujibu wa Kifungu cha 110 cha Ushirika wa Kampuni, wanaruhusiwa kuwania tena, kwa hivyo wanajitokeza ili wachaguliwe tena.

Bi. N. Karago anastaafu na hajajitokeza kutaka kuchaguliwa tena.

Dkt. W. Kiboro, **Prof. L. Huebner** na **Bw. G. Wilkinson** ni wakurugenzi wanaostaafu kwa mujibu wa Kifungu cha 101 cha Ushirika wa Kampuni, na wamepitisha umri wa miaka 70, na bila kuzingatia hayo, wachaguliwe tena kama wakurugenzi wa Kampuni kwa kipindi kingine cha mwaka mmoja.

Kwa mujibu wa kanuni za Sehemu ya 760 ya Sheria za Kampuni 2015, Sheria za Kenya **Bw. D. Aluanga**, **Bw. A. Poonawala**, **Dkt. S. Kagugube** na **Bw. L. Mususa** ambao ni wanachama wa Bodi ya Fedha na Kamati ya Ukaguzi wa fedha wanahitajika kuchaguliwa ili waendelee kuhudumu kama wanachama wa kamati hiyo.

Mkaguzi wa Kifedha
Mkaguzi wa kifedha wa Kampuni, PricewaterhouseCoopers ameonyesha nia ya kutaka kuendelea kuhudumu kwa mujibu wa Sehemu ya 723(b) ya Sheria za Kampuni 2015, Sheria za Kenya.

Usimamizi Bora
Shirika la Nation Media Group Limited limetimiza masharti ya Sheria ya Masoko ya Mtaji- Kanuni za Usimamizi Bora kwa wanaotoa Hisa kwa Umma mnamo mwaka wa 2015. Zaidi ya thuluthi moja ya Bodi ya Wakurugenzi wanajitegemea na ni wakurugenzi wasio na mamlaka. Wanachama wa kamati mbalimbali za bodi umeorodheshwa kwenye ukurasa wa nane (8).

Kwa Amri ya Bodi

J C Kinyua
Katibu

Executive Team

MR. JOE MUGANDA
GROUP CHIEF EXECUTIVE

MR. TOM MSHINDI
EDITOR-IN-CHIEF

MR. STEPHEN GITAGAMA
GROUP FINANCE DIRECTOR

MR. JAMES KINYUA
GROUP COMPANY SECRETARY

MR. DAVID KIAMBI
GROUP HUMAN RESOURCES DIRECTOR

MR. MICHAEL NGUGI
GROUP ADVERTISING DIRECTOR

MRS. ROSE LUTTA
GROUP MARKETING DIRECTOR

MR. TIMOTHY ORIEDO
AG. GENERAL MANAGER, RADIO

MR. JAPHET MUCHEKE
GROUP FINANCIAL CONTROLLER

MR. GABRIEL CHEGE
GROUP IT DIRECTOR

MR. GIDEON ASWANI
GROUP HEAD OF PRODUCTION

MRS. AGNES ASSIMWE-KONDE
MANAGING DIRECTOR, NTV UGANDA

Executive Team

MRS. CONNIE MWANGEMI
AG. GENERAL MANAGER
NATION HOLDINGS RWANDA LTD

MR. CLIFFORD MACHOKA
HEAD OF CORPORATE
AND REGULATORY
AFFAIRS

MR. ANTHONY CRAIG
GLENCROSS
MANAGING DIRECTOR,
MONITOR
PUBLICATIONS LTD

MR. FRANCIS NANAI
MANAGING DIRECTOR, MWANANCHI
COMMUNICATIONS LIMITED

MRS. ELIZABETH KYENGO
GROUP HEAD OF
PROCUREMENT

MR. LINUS KAIKAI
GENERAL MANAGER
TELEVISION

MRS. RASHMI CHUGH
HEAD OF DIGITAL

MR. MICHAEL WALEKWA
GENERAL MANAGER
CIRCULATION &
DISTRIBUTION

MR. GEORGE AMBATTA
GROUP HEAD
OF INTERNAL AUDIT

Statement of Directors' Responsibilities

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

The Directors accept responsibility for the annual financial statements that are free from material misstatements whether due to fraud or error. They also accept responsibility for:

i) Designing, implementing and maintaining internal controls 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 31st December 2015 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.

Dr. W. D. Kiboro | **S. Gitagama**

18th March 2016

Report of the Independent Auditor to the Members of Nation Media Group Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Nation Media Group Limited (the "Company") and its subsidiaries (together, the "Group"), set out on pages 48 to 84. These financial statements comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the statement of financial position of the Company standing alone as at 31 December 2015 and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

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 income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Peter Ngahu – P/No. 1458.

PricewaterhouseCoopers

Certified Public Accountants
Nairobi.
18 March 2016

Consolidated Statement of Comprehensive Income
for the year ended 31 December

	Note	2015	2014
Revenue	5	12,339.5	13,351.3
Cost of sales		(2,451.5)	(2,538.7)
Gross profit		9,888.0	10,812.6
Distribution costs		(352.3)	(375.2)
Administrative expenses		(1,052.1)	(1,080.0)
Other expenses		(6,101.3)	(6,222.4)
Operating profit	6	2,382.3	3,135.0
Finance income	8(a)	324.6	299.0
Finance costs	8(b)	(8.3)	(11.6)
Share of profit after income tax of associate	18	124.6	201.6
Profit before income tax		2,823.2	3,624.0
Income tax expense	9	(600.5)	(1,163.5)
Profit for the year (of which Shs 2,218.3 million has been dealt within the accounts of the Company)		2,222.7	2,460.5
Other comprehensive income: Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(118.8)	(53.3)
Other comprehensive income from associate	18	(32.8)	3.0
		(151.6)	**(50.3)**
Total comprehensive income for the year		2,071.1	2,410.2
Profit for the year attributable to:			
Owners of the parent		2,222.5	2,464.4
Non-controlling interest		0.2	(3.9)
		2,222.7	2,460.5
Total comprehensive income attributable to: Owners of the parent		2,076.6	2,418.1
Non-controlling interest		(5.5)	(7.9)
		2,071.1	2,410.2
Basic and diluted earnings per share (Shs)	10	11.8	13.1

The notes from page 54 to 84 are an integral part of these financial statements

Consolidated Statement of Financial Position
at 31 December

		Group		Company	
	Note	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
CAPITAL EMPLOYED **Capital and reserves attributable to the Company's equity holders**					
Share capital	11	471.4	471.4	471.4	471.4
Other reserves	12	(56.4)	63.3	124.7	127.9
Retained earnings		7,076.2	6,765.4	5,821.0	5,485.0
Proposed dividends	26	1,414.1	1,414.1	1,414.1	1,414.1
		8,905.3	8,714.2	7,831.2	7,498.4
Non-controlling interest		48.4	53.9	-	-
Total equity		8,953.7	8,768.1	7,831.2	7,498.4
Non-current liabilities					
Long-term borrowings	13	-	41.0	-	-
Deferred income tax	14	151.9	16.9	136.6	-
		151.9	57.9	136.6	-
Total equity and non-current liabilities		**9,105.6**	**8,826.0**	**7,967.8**	**7,498.4**
Non-current assets					
Property, plant and equipment	15	3,479.2	2,589.4	2,803.2	1,873.6
Intangible assets	16	305.6	306.5	99.2	88.0
Prepaid operating lease rentals	17	76.1	80.5	45.8	46.6
Investment in associate	18	1,115.4	1,034.6	94.6	94.6
Investment in subsidiaries	19	-	-	1,131.4	1,131.4
Deferred income tax	14	93.1	295.6	-	238.2
Long-term deposits	20	102.4	262.7	102.4	262.7
		5,171.8	4,569.3	4,276.6	3,735.1
Current assets					
Inventories	21	893.8	944.5	538.7	711.6
Receivables and prepayments	22	2,938.5	2,853.9	2,566.6	2,457.1
Cash and cash equivalents	23	3,063.3	3,451.7	2,792.0	3,087.5
Current income tax		629.3	124.9	577.7	46.7
		7,524.9	7,375.0	6,475.0	6,302.9
Current liabilities					
Payables and accrued expenses	24	3,286.2	2,885.7	2,517.0	2,334.5
Post employment benefit obligation	25	266.8	205.1	266.8	205.1
Borrowings	13	38.1	27.5	-	-
		3,591.1	3,118.3	2,783.8	2,539.6
Net current assets		3,933.8	4,256.7	3,691.2	3,763.3
Total assets less current liabilities		**9,105.6**	**8,826.0**	**7,967.8**	**7,498.4**

The notes from page 54 to 84 are an integral part of these finacial statements.

The financial statements from page 48 to 84 have been approved for issue by the board of directors on 18 March 2016 and signed on its behalf by:

Dr. W. D. Kiboro

S. Gitagama

Consolidated 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	Non-controlling interest Shs m	Total equity Shs m
		Attributable to equity holders of the Company						
Year ended 31 December 2014								
At start of year		471.4	119.2	6,176.9	1,414.1	8,181.6	61.8	8,243.4
Total comprehensive income								
Profit for the year		-	-	2,464.4	-	2,464.4	(3.9)	2,460.5
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		-	(49.3)	-	-	(49.3)	(4.0)	(53.3)
Share of comprehensive income in associate		-	-	3.0	-	3.0	-	3.0
Total other comprehensive income		**-**	**(55.9)**	**9.6**	**-**	**(46.3)**	**(4.0)**	**(50.3)**
Total comprehensive income for the year		**-**	**(55.9)**	**2,474.0**	**-**	**2,418.1**	**(7.9)**	**2,410.2**
Transactions with owners recognized directly in equity								
Dividends:								
- final for 2013	26	-	-	-	(1,414.1)	(1,414.1)	-	(1,414.1)
- interim for 2014 paid	26	-	-	(471.4)	-	(471.4)	-	(471.4)
- Proposed final for 2014	26	-	-	(1,414.1)	1,414.1	-	-	-
Total transactions with owners		-	-	(1,885.5)	-	(1,885.5)	-	(1,885.5)
At end of year		**471.4**	**63.3**	**6,765.4**	**1,414.1**	**8,714.2**	**53.9**	**8,768.1**

The notes from page 54 to 84 are an integral part of these financial statements.

		Attributable to equity holders of the Company					Non-controlling interest	Total equity
	Note	Share capital Shs m	Other reserves Shs m	Retained Earnings Shs m	Proposed dividends Shs m	Total Shs m	Shs m	Shs m
Year ended 31 December 2015								
At start of year		471.4	63.3	6,765.4	1,414.1	8,714.2	53.9	8,768.1
Total comprehensive income								
Profit for the year		-	-	2,222.5	-	2,222.5	0.2	2,222.7
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		-	(113.1)	-	-	(113.1)	(5.7)	(118.8)
Share of comprehensive income in associate		-	-	(32.8)	-	(32.8)	-	(32.8)
Total other comprehensive income		**-**	**(119.7)**	**(26.2)**	**-**	**(145.9)**	**(5.7)**	**(151.6)**
Total comprehensive income for the year		**-**	**(119.7)**	**2,196.3**	**-**	**2,076.6**	**(5.5)**	**2,071.1**
Transactions with owners recognised directly in equity								
Dividends:								
- final for 2014		-	-	-	(1,414.1)	(1,414.1)	-	(1,414.1)
- interim for 2015 paid	26	-	-	(471.4)	-	(471.4)	-	(471.4)
- Proposed final for 2015	26	-	-	(1,414.1)	1,414.1	-	-	-
Total transactions with owners		**-**	**-**	**(1,885.5)**	**-**	**(1,885.5)**	**-**	**(1,885.5)**
At end of year		**471.4**	**(56.4)**	**7,076.2**	**1,414.1**	**8,905.3**	**48.4**	**8,953.7**

The notes from page 54 to 84 are an integral part of these financial statements.

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 2014						
At start of year		471.4	131.1	5,242.7	1,414.1	7,259.3
Total comprehensive income						
Profit for the year		-	-	2,124.6	-	2,124.6
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)**	**2,127.8**	**-**	**2,124.6**
Transactions with owners						
Dividends:						
- final for 2013 paid	26	-	-	-	(1,414.1)	(1,414.1)
- interim for 2014 paid	26		-	(471.4)	-	(471.4)
- proposed final for 2014	26	-	-	(1,414.1)	1,414.1	-
Total transactions with owners		**-**	**-**	**(1,885.5)**	**-**	**(1,885.5)**
At end of year		**471.4**	**127.9**	**5,485.0**	**1,414.1**	**7,498.4**
Year ended 31 December 2015						
At start of year		471.4	127.9	5,485.0	1,414.1	7,498.4
Total comprehensive income						
Profit for the year		-	-	2,218.3	-	2,218.3
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)**	**2,221.5**	**-**	**2,218.3**
Transactions with owners						
Dividends:						
- final for 2014 paid	26	-	-	-	(1,414.1)	(1,414.1)
- interim for 2015 paid	26	-	-	(471.4)	-	(471.4)
- proposed final for 2015	26	-	-	(1,414.1)	1,414.1	-
Total transactions with owners		**-**	**-**	**(1,885.5)**	**-**	**(1,885.5)**
At end of year		**471.4**	**124.7**	**5,821.0**	**1,414.1**	**7,831.2**

The notes from page 54 to 84 are an integral part of these financial statements.

Consolidated Statement Of Cash Flows
for the year ended 31 December

	Note	2015 Shs m	2014 Shs m
Operating activities			
Cash generated from operations	28	3,376.6	3,589.1
Interest received	8 (a)	324.6	299.0
Interest paid	8 (b)	(8.3)	(11.6)
Income tax paid		(767.4)	(1,331.2)
Net cash from operating activities		2,925.5	2,545.3
Investing activities			
Purchase of property, plant and equipment	15	(1,488.0)	(962.1)
Purchase of intangible assets	16	(37.9)	(41.8)
Proceeds from sale of property, plant and equipment		14.8	12.7
Dividends received from associate	18	11.0	-
Long-term deposit		160.3	25.3
Net cash used in investing activities		(1,339.8)	(965.9)
Financing activities			
Repayment of borrowings		(30.4)	(24.9)
Dividends paid		(1,885.5)	(1,885.5)
Net cash used in financing activities		(1,915.9)	(1,910.4)
Decrease in cash and cash equivalents		(330.2)	(331.0)
Movement in cash and cash equivalents			
At start of year		3,451.7	3,805.7
Decrease in cash and cash equivalents		(330.2)	(331.0)
Exchange losses on cash and cash equivalents		(58.2)	(23.0)
At end of year	23	3,063.3	3,451.7

The notes from page 54 to 84 are an integral part of these 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 m), rounded to the nearest one tenth of a 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 or after 1 January 2015:

- Annual Improvements to IFRSs – 2010-2012 Cycle and 2011 – 2013 Cycle
- Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The adoption of the improvements made in the 2012-2012 Cycle has required additional disclosures in our segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.
The Group also elected to adopt the following two amendments early:

- Annual Improvements to IFRSs 2012-2014 Cycle; and
- Disclosure Initiative: Amendments to IAS 1.

As these amendments only clarify the existing requirement, they do not affect the Group's accounting policies or any of the disclosures.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2015 are not material to 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 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Application of this standard is mandatory for financial years commencing on or after 1 January 2018. Adoption of this standard is not expected to have a significant impact on the group.

IFRS 15 Revenue from Contracts with Customers - Mandatory for financial years commencing on or after 1 January 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), i.e without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. Management is currently assessing the impact of the new rules.

IFRS 16, Leases, Effective date - 1 January 2019. After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months) and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

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 those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

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.

(a) 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.

(b) 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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss as appropriate.

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

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	5 – 15 years
Computers and software	3 – 5 years
Motor Vehicles	3 – 5 years

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

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

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

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The Executive Management team, who 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.

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. Transmission frequencies are tested annually for impairment and carried at cost less accumulated impairment losses.

(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 voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they 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.

In addition the group operates a gratuity scheme where the group makes contributions to a special purpose vehicle that is administered independently. The employees are entitled to specified benefits as per the scheme's rules. The gratuity scheme is a defined benefit scheme. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated every five years by independent actuaries.

(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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance and income costs. All other foreign exchange gains and losses are presented in the profit or loss within 'other income' or 'other expenses' - net.

(iii) Group companies

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

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

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) Payables

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

(p) Share capital

Ordinary shares are classified as equity.

(q) 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.

(r) 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.

(s) Provision for liabilities

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 recognised for future operating losses.

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

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

(t) Comparatives

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

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.

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 2015 if the shilling had weakened/strengthened against the US dollar and Euro by 10%, with all other variables held constant, the consolidated post tax profit for the year and equity would have been Kshs 6.7 million for the US dollar whereas the Euro effect would have been Kshs 23.2 million. (2014: Kshs 18.0 million for the US dollar and Kshs 0.3 million for the Euro) 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 2015 and at 31 December 2014, an increase/decrease of interest rates would not have resulted in any material increase/decrease in consolidated post tax profits for the year and equity.

(b) Credit risk

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

For banks and financial institutions, only reputable well established financial institutions are accepted. For trade receivables, the credit controllers assess the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The amounts that represent the Group's maximum exposure to credit risk is equal to the carrying amount of financial assets in the statement of financial position. 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	
	2015	2014	2015	2014
	Shs m	Shs m	Shs m	Shs m
Past due but not impaired				
- up to 60 days	905.9	982.3	710.8	775.5
- by 61 to 90 days	948.4	888.7	582.1	574.2
Total past due but not impaired	1,854.3	1,871.0	1,292.9	1,349.7
Impaired	2,501.4	2,012.1	1,645.1	1,263.4

Of the total debt Shs 226.9 million was held as collateral.

	Group		Company	
	2015	2014	2015	2014
	Shs m	Shs m	Shs m	Shs m
Cash and bank balances	3,063.3	3,451.7	2,792.0	3,087.5
Long-term deposits	102.4	262.7	102.4	262.7

(c) Liquidity risk

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

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

	Less than 1 year Shs m	Between 1 and 2 years Shs m	Between 2 and 5 years Shs m	Total Shs m
Group				
At December 2015				
Liabilities				
- borrowings	38.1	-	-	38.1
- payables and accrued expenses	3,286.2	-	-	3,286.2
-Post employment benefit obligation	266.8	-	-	266.8
Total financial liabilities	**3,591.1**	**-**	**-**	**3,591.1**

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	Over 5 years Shs m	Total Shs m
Group (continued) Assets					
- cash and cash equivalents	3,063.3	-	-	-	3,063.3
- receivables	2,349.8	-	-	-	2,349.8
- long-term deposits	-	-	-	121.6	121.6
Total financial assets	**5,413.1**	**-**	**-**	**121.6**	**5,534.7**
At December 2014 Liabilities					
- borrowings	27.5	41.0	-	-	68.5
- payables and accrued expenses	2,885.7	-	-	-	2,885.7
-Post employment benefit obligation	205.1	-	-	-	205.1
Total financial liabilities	**3,118.3**	**41.0**	**-**	**-**	**3,159.3**
Assets					
- cash and cash equivalents	3,451.7	-	-	-	3,451.7
- receivables	2,269.7	-	-	-	2,269.7
- long-term deposits	-	-	-	312.0	312.0
Total financial assets	**5,721.4**	**-**	**-**	**312.0**	**6,033.4**
Company At December 2015					
Liabilities					
- payables and accrued expenses	2,517.0	-	-	-	2,517.0
-Post employment benefit obligation	266.8	-	-	-	266.8
Total financial liabilities	**2,783.8**	**-**	**-**		**2,783.8**
Assets					
- cash and cash equivalents	2,792.0	-	-	-	2,792.0
- amount due from related parties	337.9	-	-	-	337.9
- receivables	1,765.1	-	-	-	1,765.1
- long-term deposits	-	-	-	121.6	121.6
Total financial assets	**4,895.0**	**-**	**-**	**121.6**	**5,016.6**
At December 2014 Liabilities					
- payables and accrued expenses	2,334.5	-	-	-	2,334.5
-Post employment benefit obligation	205.1	-	-	-	205.1
Total financial liabilities	**2,539.6**	**-**	**-**	**-**	**2,539.6**
Assets					
- cash and cash equivalents	3,087.5	-	-	-	3,087.5
- amount due from related parties	317.9	-	-	-	317.9
- receivables	1,676.5	-	-	-	1,676.5
- long-term deposits	-	-	-	312.0	312.0
Total financial Assets	**5,081.9**	**-**	**-**	**312.0**	**5,393.9**

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	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Total borrowings	38.1	68.5	-	-
Less: cash and cash equivalents	(3,063.3)	(3,451.7)	(2,792.0)	(3,087.5)
Net debt	-	-	-	-
Total equity	8,953.7	8,768.1	7,831.2	7,498.4
Total capital	8,953.7	8,768.1	7,831.2	7,498.4

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 four 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 on the basis that the said operations are closely related and have similar economic characteristics.

There are no significant transactions between the two reportable segments.

Entity-wide information

Breakdown of the revenue from all products and services is as follows:

	2015 Shs m	2014 Shs m
Advertising revenue	8,130.1	8,979.1
Circulation revenue	3,638.3	3,767.4
Other	571.1	604.8
Total	12,339.5	13,351.3

5 Segmental information (continued)

	Newspapers & Magazines		Broadcasting		Group	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Sales	10,462.4	11,087.7	1,877.1	2,263.6	12,339.5	13,351.3
Allocated costs	(7,476.3)	(7,722.8)	(2,002.5)	(2,070.8)	(9,478.8)	(9,793.6)
Segment results	2,986.1	3,364.9	(125.4)	192.8	2,860.7	3,557.7
Unallocated costs					(478.4)	(422.7)
Operating profit					2,382.3	3,135.0
Net finance income					316.3	287.4
Share of results of associate					124.6	201.6
Profit before income tax					2,823.2	3,624.0

Nation Media Group is domiciled in Kenya. The revenue attributed to local sales was Shs 9,335.8 million (2014: Shs 10,211.0 million) while the revenues attributed to all foreign countries in total from which the entity derives revenues was Shs 3,003.7 million (2014: Shs 3,140.3 million). The Group does not derive revenues in excess of 10% of the total Group's revenue from any individual customer. Other segments included in the statement of financial position are as follows:

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

	Newspapers & Magazines		Broadcasting		Group	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Depreciation	403.1	368.7	135.2	206.5	538.3	575.2
Amortisation	32.4	54.1	4.2	7.0	36.6	61.1
Provision for impairment of receivables	371.6	170.3	117.7	126.8	489.3	297.1

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	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Segment assets	9,901.4	9,140.1	1,679.9	1,769.6	11,581.3	10,909.7
Investment in associates	-	-	-	-	1,115.4	1,034.6
					12,696.7	11,944.3
Segment liabilities	1,894.9	1,523.4	1,848.1	1,652.8	3,743.0	3,176.2
Capital expenditure	1,338.2	942.3	187.7	61.6	1,525.9	1,003.9

6 Expenses by nature

	Group	
The following items have been charged/(credited) in arriving at operating profit:	2015 Shs m	2014 Shs m
Profit on disposal of property, plant and equipment	(10.1)	(8.4)
Operating lease rentals-office buildings	186.9	178.0
Repairs and maintenance expenditure on property, plant and equipment	12.7	19.4
Auditors' remuneration : Group	23.6	22.5
: Company	12.1	11.6
Employee benefits expense (Note 7)	3,829.7	4,035.6
Depreciation of property, plant & equipment	416.3	429.2
Accelerated depreciation on old printing press	122.0	122.0
Accelerated depreciation on analogue TV equipment (Kenya & Uganda)	-	24.0
Total depreciation of property, plant & equipment (Note15)	538.3	575.2
Analogue transmission written off	-	27.2
Amortisation of intangible assets	36.6	33.9
Total Amortisation of intangible assets (Note 16)	36.6	61.1
Operating lease rentals-leasehold land (Note 17)	1.2	1.3
Increase in provision for obsolete spares	80.8	57.0
Trade receivables-provision for impairment (Note 22)	489.3	297.1

7 Employee benefits expense

Salaries and wages	3,598.0	3,775.3
Defined contribution benefit scheme	105.2	113.0
National Social Security Fund	74.1	84.9
Post employment benefit obligation	52.4	62.4
	3,829.7	4,035.6

The number of persons employed by the Group at the year end was:	2015 Number	2014 Number
Full time	1,416	1,535
Part time	392	394
	1,808	1,929

8 (a) Finance income

	Group	
	2015 Shs m	2014 Shs m
Interest income	324.6	299.0

(b) Finance costs

Interest expense	(8.3)	(11.6)

9 Income tax expense

Current income tax	265.7	1,224.9
Deferred income tax (Note 14)	337.5	(180.5)
Underprovision of income tax in prior years	(2.7)	119.1
	600.5	1,163.5

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	
	2015 Shs m	2014 Shs m
Profit before income tax	2,823.2	3,624.0
Tax calculated at the statutory tax rate of 30% (2014:30%)	847.0	1,087.2
Tax effect of:		
- income not subject to tax	(291.7)	(80.0)
- Expenses not deductible for tax purposes	46.3	28.7
Under/(over) provision of deferred tax in prior years	1.6	8.5
Under provision of income tax in prior years	(2.7)	119.1
Income tax expense	600.5	1,163.5

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	
	2015	2014
Net profit attributable to shareholders (Shs million)	2,222.5	2,464.4
Weighted average number of ordinary shares in issue (million)	188.5	188.5
Basic earnings per share (Shs)	11.8	13.1

There were no potentially dilutive ordinary shares outstanding as at 31 December 2015 or 2014. Diluted earnings per share is therefore the same as basic earnings per share.

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:		
31 December 2014	188.5	471.4
31 December 2015	188.5	471.4

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 2014	194.9	(35.4)	(40.3)	119.2
Currency translation differences	-	-	(49.3)	(49.3)
Transfer of excess depreciation	(9.4)	-	-	(9.4)
Deferred tax on transfer of depreciation	2.8	-	-	2.8
Balance as at 31 December 2014	188.3	(35.4)	(89.6)	63.3
As at 1 January 2015	188.3	(35.4)	(89.6)	63.3
Currency translation differences	-	-	(113.1)	(113.1)
Transfer of excess depreciation	(9.4)	-	-	(9.4)
Deferred tax on transfer of depreciation	2.8	-	-	2.8
Balance as at 31 December 2015	181.7	(35.4)	(202.7)	(56.4)

	Revaluation reserve on buildings Shs m	Total Shs m
Company		
As at 1 January 2014	131.1	131.1
Transfer of excess depreciation	(4.6)	(4.6)
Deferred tax on transfer of depreciation	1.4	1.4
Balance as at 31 December 2014	127.9	127.9
As at 1 January 2015	127.9	127.9
Transfer of excess depreciation	(4.6)	(4.6)
Deferred tax on revaluation gains	1.4	1.4
Balance as at 31 December 2015	124.7	124.7

13 Borrowings

	Group	
	2015 Shs m	2014 Shs m
Current		
Bank borrowings	38.1	27.5
	38.1	27.5
Non current		
Bank borrowings	-	41.0
Total borrowings	38.1	68.5

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	
	2015	2014
Bank loan	17.74%	15.42%

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	
	2015 Shs m	2014 Shs m
Between 1 and 2 years	-	27.5
Between 2 and 5 years	-	13.5
	-	41.0

14 Deferred income tax

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
At start of year	(278.7)	(98.2)	(238.2)	(70.4)
Charge/ (credit) to the statement of comprehensive income (Note 9)	337.5	(180.5)	374.8	(167.8)
At end of year	58.8	(278.7)	136.6	(238.2)
Deferred income tax liabilities	151.9	16.9	136.6	-
Deferred income tax assets	(93.1)	(295.6)	-	(238.2)
At end of year	58.8	(278.7)	136.6	(238.2)

14 Deferred income tax (continued)

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

	1.1.15 Shs m	Charged/ (credited) to P&L) Shs m	31.12.15 Shs m
Group			
Year ended 31 December 2015			
Deferred income tax liabilities			
Property, plant and equipment	(37.9)	457.8	419.9
Revaluation	80.7	(2.8)	77.9
Unrealised exchange gains	167.8	(109.8)	58.0
	210.6	**345.2**	**555.8**
Deferred income tax assets			
Provisions	(275.8)	(128.3)	(404.1)
Tax losses	(21.0)	11.1	(9.9)
Unrealised exchange losses	(195.2)	109.3	(85.9)
	(492.0)	**(7.9)**	**(499.9)**
Currency Translation Differences	2.7	0.2	2.9
Net deferred income tax (asset)/ liability	**(278.7)**	**337.5**	**58.8**

	1.1.14 Shs m	Charged/ (credited) to P&L) Shs m	31.12.14 Shs m
Group			
Year ended 31 December 2014			
Deferred income tax liabilities			
Property, plant and equipment	49.9	(87.8)	(37.9)
Revaluation	83.5	(2.8)	80.7
Unrealised exchange gains	144.3	23.5	167.8
	277.7	**(67.1)**	**210.6**
Deferred income tax assets			
Provisions	(227.8)	(48.0)	(275.8)
Tax losses	-	(21.0)	(21.0)
Unrealised exchange losses	(149.2)	(46.0)	(195.2)
	(377.0)	**(115.0)**	**(492.0)**
Currency Translation Differences	1.1	1.6	2.7
Net deferred income tax asset	**(98.2)**	**(180.5)**	**(278.7)**

14 Deferred income tax (continued)

Company Year ended 31 December 2015	1.1.15 Shs m	Charged/ (credited) to P&L) Shs m	31.12.15 Shs m
Deferred income tax liabilities			
Property, plant and equipment	(93.0)	489.5	396.5
Revaluation	54.8	(1.4)	53.4
Unrealised exchange gains	165.9	(107.2)	58.7
	127.7	**380.9**	**508.6**
Deferred income tax assets			
Provisions	(194.4)	(115.3)	(309.7)
Unrealised exchange losses	(171.5)	109.2	(62.3)
	(365.9)	**(6.1)**	**(372.0)**
Net deferred income tax (asset)/ liability	**(238.2)**	**374.8**	**136.6**

Company Year ended 31 December 2014	1.1.14 Shs m	Charged/ (credited) to P&L) Shs m	31.12.14 Shs m
Deferred income tax liabilities			
Property, plant and equipment	(7.4)	(85.6)	(93.0)
Revaluation	56.2	(1.4)	54.8
Unrealised exchange gains	141.7	24.2	165.9
	190.5	**(62.8)**	**127.7**
Deferred income tax assets			
Provisions	(136.7)	(57.7)	(194.4)
Unrealised exchange losses	(124.2)	(47.3)	(171.5)
	(260.9)	**(105.0)**	**(365.9)**
Net deferred income tax asset	**(70.4)**	**(167.8)**	**(238.2)**

15 Property, plant and equipment

	Freehold land Shs m	Buildings Shs m	Plant and equipment Shs m	Total Shs m
Group				
As at 1 January 2014				
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
Year ended 31 December 2014				
Opening net book value	7.0	495.2	1,732.4	2,234.6
Additions	-	0.1	962.0	962.1
Disposals	-	-	(4.9)	(4.9)
Depreciation charge	-	(20.0)	(555.2)	(575.2)
Currency translation differences	-	(6.5)	(20.7)	(27.2)
Closing net book value	7.0	468.8	2,113.6	2,589.4
Year ended 31 December 2015				
Opening net book value	7.0	468.8	2,113.6	2,589.4
Additions	-	242.2	1,245.8	1,488.0
Disposals	-	-	(4.7)	(4.7)
Depreciation charge	-	(16.8)	(521.5)	(538.3)
Currency translation differences	-	(14.8)	(40.4)	(55.2)
Closing net book value	7.0	679.4	2,792.8	3,479.2
As at 31 December 2015				
Cost or valuation	7.0	802.5	8,198.2	9,007.7
Accumulated depreciation	-	(123.1)	(5,405.4)	(5,528.5)
Net book value	7.0	679.4	2,792.8	3,479.2

15 Property, plant and equipment (continued)

	Freehold land Shs m	Buildings Shs m	Plant and equipment Shs m	Total Shs m
Company				
Year ended 31 December 2014				
Opening net book value	7.0	302.6	1,112.8	1,422.4
Additions	-	-	889.4	889.4
Disposals	-	-	(3.1)	(3.1)
Depreciation charge	-	(13.5)	(421.6)	(435.1)
Closing net book value	7.0	289.1	1,577.5	1,873.6
As at 31 December 2014				
Cost or valuation	7.0	354.0	5,371.4	5,732.4
Accumulated depreciation	-	(64.9)	(3,793.9)	(3,858.8)
Net book value	7.0	289.1	1,577.5	1,873.6
Year ended 31 December 2015				
Opening net book value	7.0	289.1	1,577.5	1,873.6
Additions	-	242.2	1,105.6	1,347.8
Disposals	-	-	(1.2)	(1.2)
Depreciation charge	-	(14.0)	(403.0)	(417.0)
Closing net book value	7.0	517.3	2,278.9	2,803.2
As at 31 December 2015				
Cost or valuation	7.0	596.2	6,475.8	7,079.0
Accumulated depreciation	-	(78.9)	(4,196.9)	(4,275.8)
Net book value	7.0	517.3	2,278.9	2,803.2

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:

15 Property, plant and equipment (continued)

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Cost	560.4	318.2	411.0	168.8
Accumulated depreciation	(113.1)	(96.3)	(95.4)	(81.4)
Net book value	447.3	221.9	315.6	87.4

16 Intangible assets

	Goodwill Shs m	Computer software Shs m	Transmission Frequencies Shs m	Total Shs m
Group				
As at 1 January 2014				
Cost	187.9	433.5	27.2	648.6
Accumulated amortisation	-	(321.7)	-	(321.7)
Net book value	187.9	111.8	27.2	326.9
Year ended 31 December 2014				
Opening net book value	187.9	111.8	27.2	326.9
Additions	-	41.8	-	41.8
Amortisation	-	(33.9)	-	(33.9)
Impairment	-	-	(27.2)	(27.2)
Currency translation differences	-	(1.1)	-	(1.1)
Closing net book value	187.9	118.6	-	306.5
As at 31 December 2014				
Cost	187.9	474.2	27.2	689.3
Accumulated amortisation	-	(355.6)	(27.2)	(382.8)
Net book value	187.9	118.6	-	306.5
Year ended 31 December 2015				
Opening net book value	187.9	118.6	-	306.5
Additions	-	37.9	-	37.9
Amortisation	-	(36.6)	-	(36.6)
Currency translation differences	-	(2.2)	-	(2.2)
Closing net book value	187.9	117.7	-	305.6
As at 31 December 2015				
Cost	187.9	509.9	27.2	725.0
Accumulated amortisation	-	(392.2)	(27.2)	(419.4)
Net book value	187.9	117.7	-	305.6

16 Intangible assets (continued)

Impairment tests for goodwill

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

Management has assessed whether the goodwill amounting to Shs 187.9 million that arose on acquisition of various subsidiaries is impaired.

The recoverable amount of 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 for all the goodwill amounts in 2015 are a Weighted Average Cost of Capital of 23.32% and a Terminal Growth rate of 10%. (2014: 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	2015 Shs m	2014 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

16 Intangible assets (continued)

	Computer software Shs m	Transmission frequencies Shs m	Total Shs m
Company			
As at 1 January 2014			
Cost	371.5	27.2	398.7
Accumulated amortisation	(301.1)	-	(301.1)
Net book value	70.4	27.2	97.6
Year ended 31 December 2014			
Opening net book value	70.4	27.2	97.6
Additions	40.6	-	40.6
Amortisation	(23.0)	-	(23.0)
Impairment	-	(27.2)	(27.2)
Closing net book value	88.0	-	88.0
As at 31 December 2014			
Cost	412.1	27.2	439.3
Accumulated amortisation	(324.1)	(27.2)	(351.3)
Net book value	88.0	-	88.0
Year ended 31 December 2015			
Opening net book value	88.0	-	88.0
Additions	37.7	-	37.7
Amortisation	(26.5)	-	(26.5)
Closing net book value	99.2	-	99.2
As at 31 December 2015			
Cost	449.8	27.2	477.0
Accumulated amortisation	(350.6)	(27.2)	(377.8)
Net book value	99.2	-	99.2

17 Prepaid operating lease rentals

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
At start of year	80.5	82.8	46.6	47.3
Amortisation for the year	(1.2)	(1.3)	(0.8)	(0.7)
Currency translation differences	(3.2)	(1.0)	-	-
At end of year	76.1	80.5	45.8	46.6

18 Investment in associate

	Group	
	2015 Shs m	2014 Shs m
At start of year	1,034.6	830.0
Share of profit before income tax	162.4	144.5
Share of income tax expense	(37.8)	57.1
	124.6	201.6
Dividends received	(11.0)	-
Share of other comprehensive income	(32.8)	3.0
At end of year	1,115.4	1,034.6

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 Shs'm	Liabilities Shs'm	Revenues Shs'm	Profit (loss)/ Shs'm	Other comprehensive income Shs'm
Year 2015							
Property Development and Management Limited							
	Kenya	20%	7,353.7	1,378.2	566.4	623.1	(164.1)
Year 2014							
Property Development and Management Limited							
	Kenya	20%	6,355.7	809.0	501.2	1,008.2	14.9

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.

19 Investment in subsidiaries

	Company	
	2015 Shs m	2014 Shs m
At start and end of year	1,131.4	1,131.4

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

	Company country of incorporation	Holding %	2015 Shs m	2014 Shs m
Trading subsidiaries:				
Nation Marketing & Publishing Limited	Kenya	100.0	0.5	0.5
Monitor Publications Limited	Uganda	83.3	75.1	75.1
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	1,151.2
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	1,176.2
Provision for impairment			(44.8)	(44.8)
			1,131.4	1,131.4

20 Long-term deposit

	Group & Company	
	2015 Shs m	2014 Shs m
Long-term deposits	102.4	262.7

This represents long-term deposits held as back up funds for staff mortgage scheme with Housing Finance.

21 Inventories

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Raw materials	750.8	701.4	457.8	519.3
Engineering spares	177.0	217.7	158.4	200.0
Other stock	164.6	143.7	114.5	103.7
Gross inventory	1,092.4	1,062.8	730.7	823.0
Less provision for obsolete stock	(198.6)	(118.3)	(192.0)	(111.4)
	893.8	944.5	538.7	711.6

The cost of inventories recognised as an expense and included in the consolidated 'cost of sales' amounted to Shs 1,742.7 million (2014: Shs 1,924.6 million).

22 Receivables and prepayments

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Trade receivables	4,208.3	3,883.1	2,924.7	2,613.1
Less: provision for impairment	(2,501.4)	(2,012.1)	(1,645.1)	(1,263.4)
	1,706.9	1,871.0	1,279.6	1,349.7
Due from related parties (Note 30)	4.5	5.0	337.9	317.9
Other receivables and prepayments	1,227.1	977.9	949.1	789.5
	2,938.5	2,853.9	2,566.6	2,457.1

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

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
At start of year	2,012.1	1,715.0	1,263.4	1,050.2
Provision in the year	489.3	297.1	381.7	213.2
At end of year	2,501.4	2,012.1	1,645.1	1,263.4

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

23 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	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Cash and bank balances	493.9	428.5	292.4	279.9
Short term deposits	2,569.4	3,023.2	2,499.6	2,807.6
	3,063.3	3,451.7	2,792.0	3,087.5

The short-term deposits include term deposits and short-term note investments with related parties. Refer to note 30 (vii) for further details. The weighted average effective interest rate on the bank deposits during the year was 12.6% (2014 : 9.5%)

24 Payables and accrued expenses

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Trade payables	1,252.0	980.2	786.3	566.8
Due to related parties (Note 30)	13.3	14.6	75.0	173.2
Accrued expenses	1,445.5	1,171.2	1,278.8	1,070.5
Other payables	575.4	719.7	376.9	524.0
	3,286.2	2,885.7	2,517.0	2,334.5

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

25 Post employment benefit obligation

	Group	
	2015 Shs m	2014 Shs m
Opening balance	205.1	139.7
Payments in the year	(6.9)	(8.2)
Charge to P&L	52.4	62.4
Accrued interest	16.2	11.2
Closing balance	266.8	205.1

The Group maintains a gratuity scheme from 2011 equal to the sum of two weeks basic pay for every year of service completed.

26 Dividends

During the year, an interim dividend of Shs 2.50 per share, amounting to Shs 471.4 million was paid (2014: Shs 471.4 million). At the annual general meeting to be held on 24th June 2016, a final dividend in respect of the year ended 31 December 2015 of Shs 7.50 per share amounting to Shs 1,414.1 million (2014: Shs 1,414.1 million) will be proposed. The total dividend for the year is therefore Shs 10.00 per share (2014: Shs 10.00), amounting to Shs 1,885.5 million (2014: Shs 1,885.5 million). The payment of dividends is subject to withholding tax at the rate of 5% for resident and 10% for non-resident tax payers.

27 Commitments

Capital expenditure

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

	Group	
	2015 Shs m	2014 Shs m
Contracted for but not provided for	248.5	1,023.8

Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows:	2015 Shs m	2014 Shs m
Not later than 1 year	141.5	136.5
Later than 1 year and not later than 5 years	619.5	534.3
	761.0	670.8

28 Cash generated from operations

	Group 2015 Shs m	Group 2014 Shs m
Reconciliation of profit before tax to cash generated from operations		
Profit before income tax	2,823.2	3,624.0
Adjustment for:		
Depreciation of property, plant and equipment (Note 15)	538.3	575.2
Amortisation of intangible assets (Note 16)	36.6	61.1
Amortisation of prepaid operating lease rentals (Note 17)	1.2	1.3
Profit on sale of property, plant and equipment	(10.1)	(8.4)
Interest income (Note 8a)	(324.6)	(299.0)
Interest expense (Note 8b)	8.3	11.6
Share of result after tax of associate (Note 18)	(124.6)	(201.6)
Changes in working capital:		
- inventories	50.7	150.3
- receivables and prepayments	(84.6)	(326.2)
- payables and accrued expenses	462.2	0.8
Cash generated from operations	3,376.6	3,589.1
Translation of net investment in foreign subsidiaries	(58.2)	(23.0)

29 Contingent liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary cause of business. The directors have after taking appropriate legal advice, made provisions for contingent liabilities where there is a possible loss to the Group. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided for as at 31 December 2015.

30 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 2015 Shs m	Group 2014 Shs m	Company 2015 Shs m	Company 2014 Shs m
Subsidiaries:				
Monitor Publications Limited	-	-	16.5	20.8
Mwananchi Communications Limited	-	-	32.0	26.6
Other related parties:				
TPS Eastern Africa Limited	9.6	6.8	2.8	1.4
Jubilee Holdings Limited	9.8	12.8	8.8	8.4
	19.4	19.6	60.1	57.2

ii) Purchase of goods and services

	Group 2015 Shs m	Group 2014 Shs m	Company 2015 Shs m	Company 2014 Shs m
Subsidiaries:				
Monitor Publications Limited	-	-	12.4	15.5
Mwananchi Communications Limited	-	-	42.8	51.0
Other related parties:				
TPS Eastern Africa Limited	33.9	26.6	6.1	5.0
Jubilee Holdings Limited	221.9	211.0	176.6	179.5
	255.8	237.6	237.9	251.0

30 Related parties (continued)

iii) Outstanding balances from transactions with related parties

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
Amounts due from related parties				
Subsidiaries:				
Mwananchi Communications Limited	-	-	144.3	160.4
Monitor Publications Limited	-	-	5.9	4.5
Nation Infotech Limited	-	-	0.9	0.9
Radio Uhuru Limited	-	-	4.9	4.9
Africa Broadcasting Uganda Limited	-	-	-	-
Nation Holdings Rwanda Limited	-	-	180.3	145.5
Other related parties:				
TPS Eastern Africa Limited	4.0	4.6	1.1	1.3
Jubilee Holdings Limited	0.5	0.4	0.5	0.4
	4.5	5.0	337.9	317.9
Amounts due to related parties				
Subsidiaries:				
Africa Broadcasting Uganda Limited		-	1.0	58.0
Monitor Publications Limited		-	-	-
Nation Marketing and Publishing Limited		-	64.5	104.6
Nation Holdings Tanzania Limited		-	4.9	7.3
Other related parties:				
Jubilee Insurance	8.0	9.4	2.5	2.6
TPS Eastern Africa Limited	5.3	5.2	2.1	0.7
	13.3	14.6	75.0	173.2

iv) Loans to executive directors

	Group		Company	
	2015 Shs m	2014 Shs m	2015 Shs m	2014 Shs m
At start of year	9.1	13.3	9.1	13.3
Loans advanced during the year	3.9	1.2	3.9	1.2
Loans repaid during the year	(9.5)	(5.4)	(9.5)	(5.4)
At end of year	3.5	9.1	3.5	9.1

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

30 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	
	2015 Shs m	2014 Shs m
Salaries and other short term employment benefits	92.5	74.1

vi) Directors' remuneration

	2015 Shs m	2014 Shs m
Fees for services as director	30.3	27.0
Salaries and other short term employment benefits	92.5	74.1
	122.8	101.1

vii) Other related party transactions

Included as part of cash and cash equivalents in the Company as at 31 December 2015 are the following balances with related parties:

	Company	
	2015 Shs m	2014 Shs m
Term deposit with Diamond Trust Bank Kenya Limited	690.5	516.6
Short term note investment with Industrial Promotion Services (K) Limited	400.0	400.0
	1,090.5	916.6

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 19.9% per annum for 2015 and 11.1% per annum for 2014.

	2015 Shs m	2014 Shs m	2013 Shs m	2012 Shs m	2011 Shs m
Results					
Revenue	12,339.5	13,351.3	13,373.7	12,346.8	11,245.8
Profit before income tax	2,823.2	3,624.0	3,587.1	3,504.6	2,810.3
Profit attributable to shareholders	2,076.6	2,418.1	2,615.7	2,612.7	1,949.3
Net assets					
Non-current assets	5,171.8	4,569.3	3,877.9	3,429.2	2,961.2
Net current assets	3,933.8	4,256.7	4,449.9	4,031.5	3,324.2
Non-current liabilities	(151.9)	(57.9)	(84.4)	(137.2)	(163.0)
Non-controlling interest	(48.4)	(53.9)	(61.8)	(72.4)	(69.9)
Shareholders' funds	8,905.3	8,714.2	8,181.6	7,251.1	6,052.5
Profit before tax as a percentage of turnover (%)	22.88	27.14	26.82	28.38	24.99
Earnings per share (Shs)	11.79	13.07	13.41	13.28	12.71
Dividends per share (Shs) - Normal	10.00	10.00	10.00	10.00	8.00
Total dividend per share (Shs)	10.00	10.00	10.00	10.00	8.00
Dividends cover (times)	1.18	1.31	1.34	1.33	1.59

Principal Shareholders and Distribution of Shareholding 31 December 2015

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	John Kibunga Kimani	2,961,033	1.57
4	CFC Stanbic Nominees Ltd	2,502,665	1.33
5	Standard Chartered Nominees A/c KE11450	2,283,828	1.21
6	Kenya Commercial Bank Nominees Limited A/c 915B	2,266,033	1.20
7	The Jubilee Insurance Company of Kenya Limited	2,135,648	1.13
8	Standard Chartered Nominees A/c 11401	2,130,717	1.13
9	Kenya Commercial Bank Nominees Limited A/c 915A	1,930,339	1.02
10	Standard Chartered Kenya Nominees A/c KE002257	1,711,014	0.91

Distribution of Shareholding at 31 December 2015

No. of shares	No. of shareholders	No. of shares held	% of shareholding
1 – 500	4,278	802,290	0.43
501 – 5,000	4,500	9,291,798	4.93
5,001 – 10,000	863	6,459,591	3.43
10,001 – 100,000	950	24,787,821	13.15
100,001 – 1,000,000	100	25,944,600	13.76
Over 1,000,000	10	121,256,186	64.31
Total	**10,701**	**188,542,286**	**100.00**

Directors' Shareholding

Name	No. of shares held	% of Shareholding
Yasmin Jetha	11,775	0.0062
Stephen Gitagama	1,296	0.0007
Gerald Wilkinson	960	0.0005
Joe Muganda	72	0.0000

Proxy Form

I/We ____

____ being a member of

Nation Media Group Limited, hereby appoint ____

of ____

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 24th June 2016 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 ______________________________ 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 24 Juni 2016 na baada ya kukamilisha mkutano, wanachama na

waalikwa kuondoka.

Na kama nilivyoshuhudia ____

Sahihi ____

MAELEZO MUHIMU

1. Kama hutaweza kuhudhuria mkutano huu wewe binafsi, fomu hii ya uwakilishi inafaa kujazwa na kutumwa kwa Katibu, Nation Media Group Limited, S.L.P 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 hilo
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.

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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.

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Project Management: Sharon Bachia
Production: SCANAD
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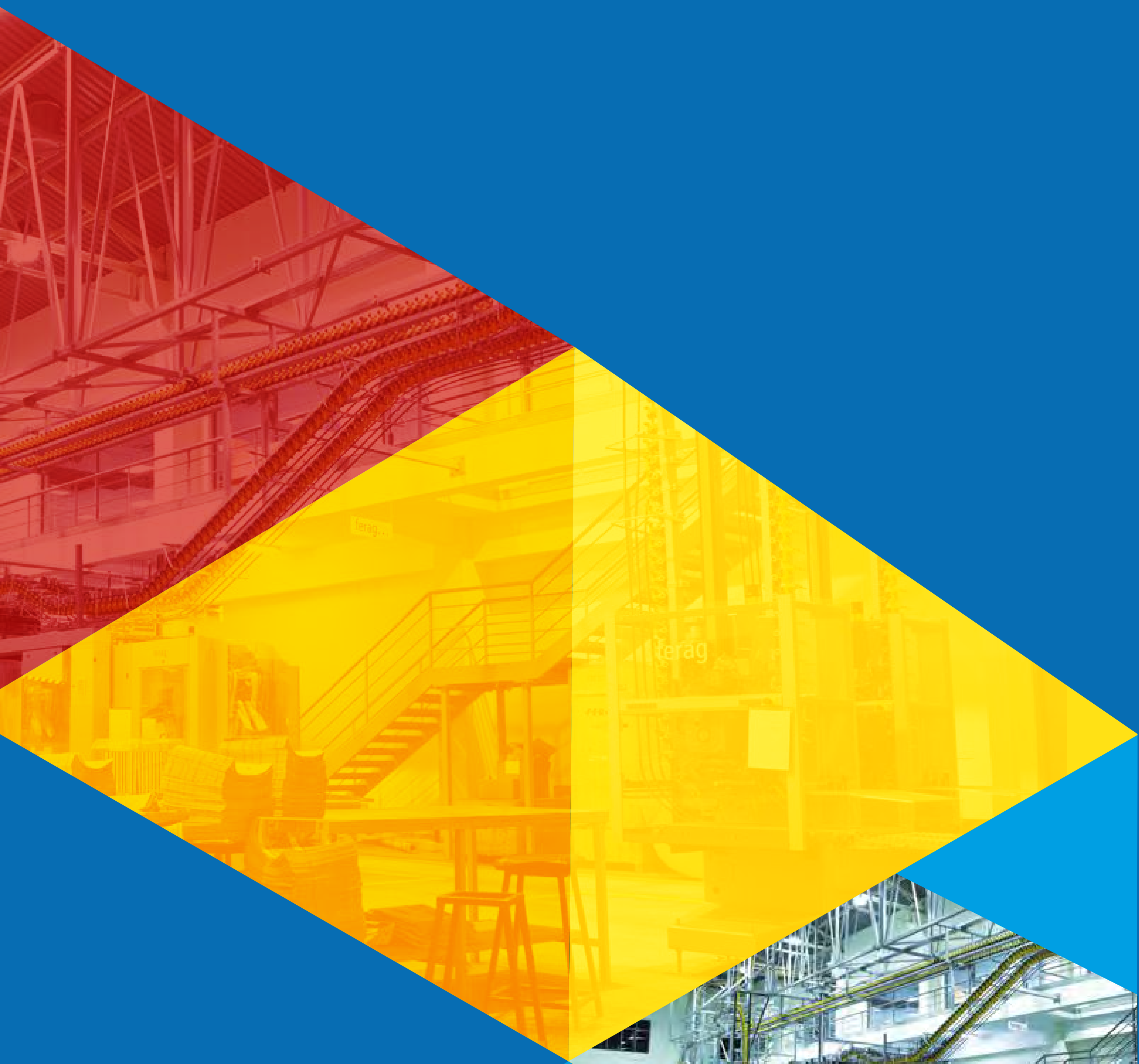

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