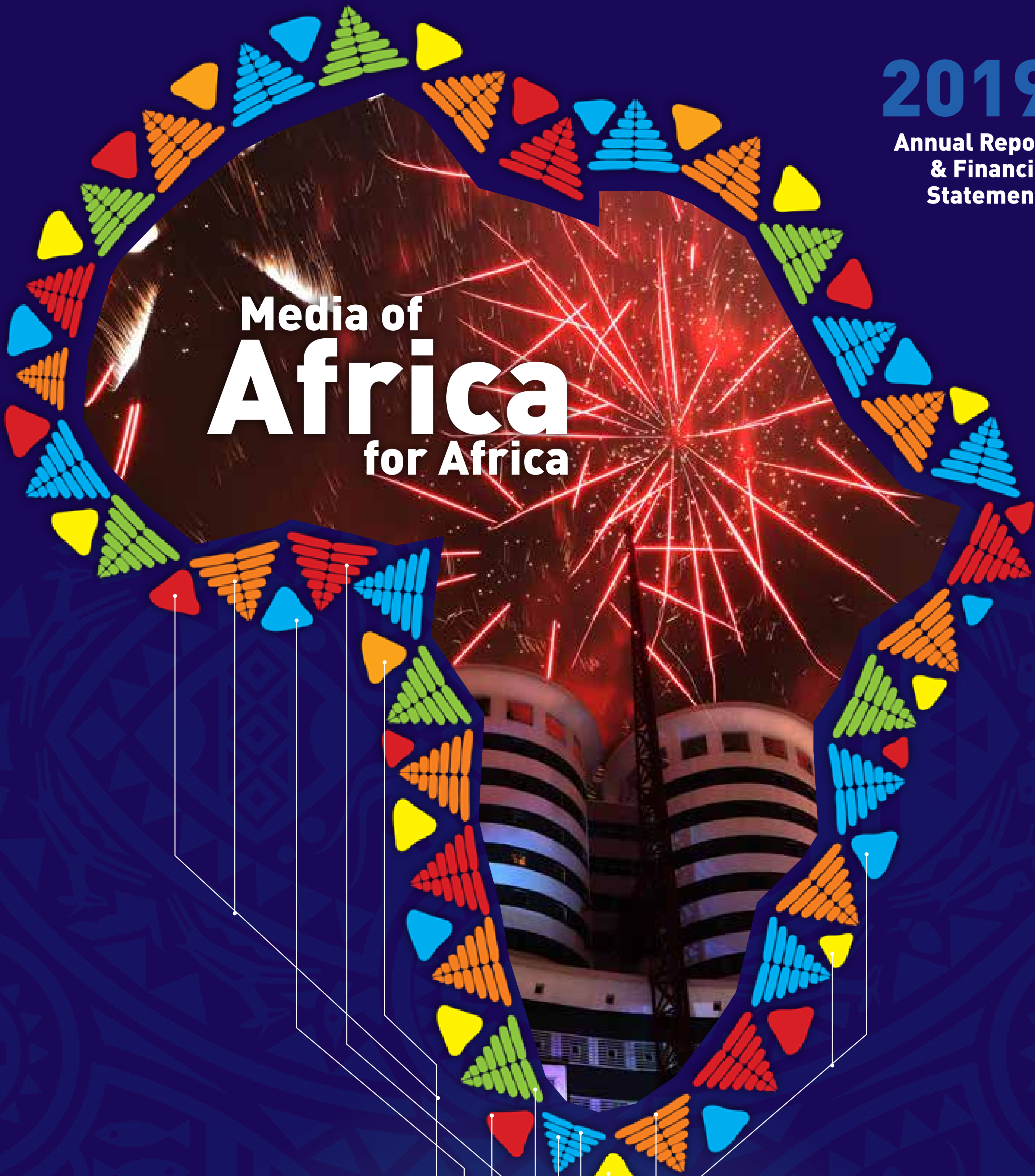
2019

Annual Report & Financial Statements

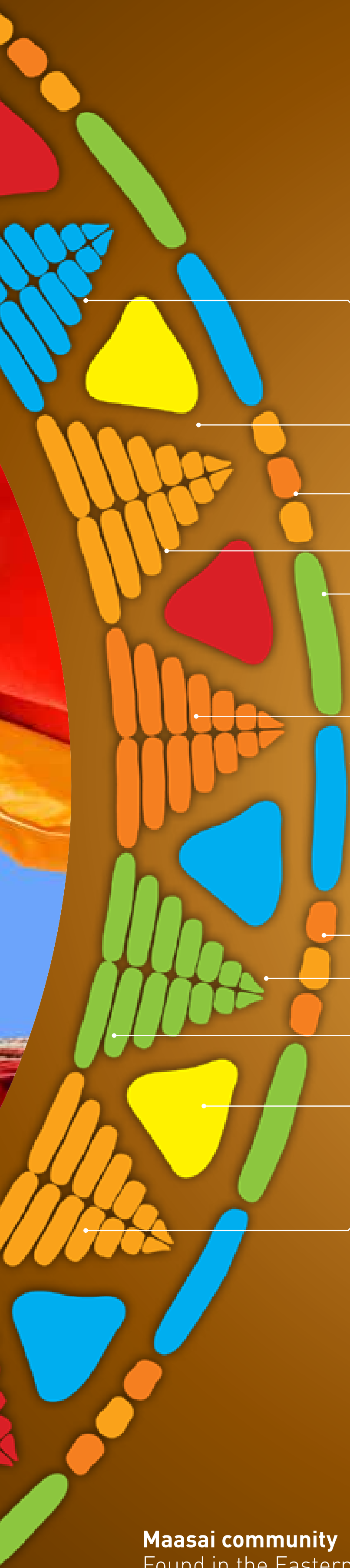


Media of Africa for Africa

Nation Media Group

Media of Africa for Africa

www.nationmedia.com



Media of Africa for Africa

2019

Annual Report & Financial Statements

Maasai community
Found in the Eastern part of Africa, the Maasai people represent the deep culture we have as a continent. They are a symbol of Africa's cultural identity and the need to preserve it in the face of pressure from modernisation.

Nation Media Group

Media of Africa for Africa

Nation Media Group is the leading media company with businesses in print, broadcasting and digital. NMG uses its industry leading operating scale and brands to create, package and deliver high-quality content on a multi-platform basis. As the largest independent media house in East and Central Africa, we attract and serve unparalleled audiences in Kenya, Uganda, Tanzania, and Rwanda. We are committed to generating and creating content that will inform, educate and entertain our consumers across the different platforms, keeping in mind the changing needs and trends in the industry. In our journey, nothing matters more than the integrity, transparency, and balance in journalism that we have publicly committed ourselves to. NMG journalism seeks to positively transform the society it serves, by influencing social, economic and political progress.

Nation Centre, Kimathi Street

Telephone: +254 20 328 8000

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

www.nationmedia.com

Browse, download or print our annual report at
https://www.nationmedia.com/wp-content/uploads/2020/06/NMG-AR-2019.pdf

View our 2019 results presentation at
https://www.nationmedia.com/wp-content/uploads/2019/08/Investor-Briefing-Presentation-28TH-AUGUST-2019-v4.pdf

Company Information

Nation Centre Kimathi Street P O Box 49010 00100 Nairobi	Registered Office	Afisi ilioandikishwa
Hamilton Harrison & Mathews Delta Suites Waiyaki Way, Nairobi	Advocates	Wakili
PricewaterhouseCoopers LLP 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
Sekou Owino Nation Centre Kimathi Street P O Box 49010 00100 Nairobi	Interim Company Secretary	Katibu wa Kipindi cha Mpito

Media of
Africa
for Africa


Kusiafrica
Brought to you by
Nation Media Group
Media of Africa for Africa
True & Timeless
CAN AFRICA CLAIM THE 21ST CENTURY?
*WE BECOME BIG WHEN WE PRESENT OURSELVES AS A CONTINENTAL ECONOMY
STRIVE MASIYIWA
Founder & Chairman, Econet
$2.5T
What Africa's economy is worth
87%
By 2025, mobile broadband will account for 87% of mobile connections in Sub Sahara
40%
Africa's share contribution to the world's population by year 2100
Kusi Ideas Festival is a 'pan-African ideas transaction market' that seeks to capitalize on the opportunities and innovations available to Africa to help win in the 21st Century.
Feeding Africa's Billions
Guarding the Gates Human Security
Towards a Borderless Continent
Sustainable Economies
Africa's Demographic Dividend & Peril
Geopolitics of the Indian Ocean Circle
The Wakanda Century
Media and New African Narratives
KUSI IDEAS FESTIVAL
THE NEXT 60 YEARS IN AFRICA

Inside the report

Media of Africa for Africa

Notice of Annual General Meeting

Due to the ongoing Covid-19 Pandemic and the resultant directives issued by the Government of Kenya under the Public Health (Prevention, Control and Suppression of Covid19) Rules, 2020 which restrict gatherings and congregations of persons , the normal method of holding General meetings by congregations of Shareholders in person at a single venue and Further in accordance with the Order of the High Court of Kenya issued in Nairobi Miscellaneous Application No. E680 of 2020 on the 29th day of April, 2020, Notice is hereby given that the Fifty-Seventh Annual General Meeting of the Shareholders of Nation Media Group PLC will be held on Friday 26th June 2020 at 3.00 p.m. by electronic communication for the following purposes:

ORDINARY BUSINESS

1 To receive the financial statements for the year ended 31st December 2019, and the chairman's, directors' and auditors' reports thereon.
2 To confirm the payment of the interim dividend of Shs.1.50 per share (60%) and to note the non-payment of final dividend on the ordinary share capital in respect of the year ended 31st December 2019.
3 To confirm that PricewaterhouseCoopers continue in office as the Company's Auditors in accordance with section 721 of the Kenyan Companies Act 2015 and to authorize the directors to fix the remuneration of the Auditors.
4 To elect and re-elect the following directors:
   a) In accordance with Article 96 of the Company's Articles of Association, Ms. Sumayya Hassan is a director appointed on 26th September, 2019, who retires and being eligible offers herself for reelection.
   b) In accordance with Article 96 of the Company's Articles of Association, Mr. Al-Noor Ramji is a director appointed on 27th March, 2020, who retires and being eligible offers himself for reelection
   c) In accordance with Article 110 of the Company's Articles of Association, Dr. Yasmin Jetha, Mr. Wangethi Mwangi and Mr. Leonard Mususa retire by rotation and being eligible, offer themselves for re-election.
   d) In accordance with the provisions of section 769(1) of the Companies Act 2015, the following directors being members of the Audit, Risk and Compliance Committee be elected to continue to serve as members of the said Committee:
      (i) Mr. Leonard Mususa
      (ii) Mr. Anwar Poonawala
      (iii) Mr. Al-Noor Ramji
5 To authorise the directors to fix the remuneration of the Non-Executive Directors.

SPECIAL BUSINESS

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

6 "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."
7 "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."
8 "That Mr. A. Poonawala, 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."
9 That Mr. F.O. Okello being 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."
10 "That Subject to the approval by the Capital Markets Authority and the Nairobi Securities Exchange PLC the sum of Kshs. 47,135,572.50 being part of the amount now standing to the credit of the reserves of the company shall be capitalized and that the same shall be applied in making in full at par for the 18,854,229 Ordinary shares of Kshs.2.50 each in the capital of the company. Such shares shall be distributed as fully paid up among the persons who are registered as holders of the Ordinary shares in the capital of the Company at the close of business on 12th June, 2020, at the rate of one new full paid share for every ten ordinary shares held by such holders respectively and that such new shares shall not qualify for payment of any dividend for the year 2019 declared at this meeting. "
11 Any other Business for which valid Notice shall have been given.

By Order for the Board

S. Owino
Interim Company Secretary

4th June, 2020

Media of Africa for Africa

Tangazo la Mkutano Mkuu wa Kila Mwaka

Kutokana na janga tandavu la COVID-19 linaloendelea na masharti yaliyotolewa na Serikali ya Kenya chini ya Kanuni za 2020 za Afya ya Umma (Kuzuia, Kusimamia na Kukandamiza), zinazowekea vikwazo mikusanyiko na mikutano ya watu wengi, njia ya kawaida ya kufanya Mikutano Mikuu ya Mwaka kwa mkusanyiko mkubwa wa ana kwa ana wa Wenyehisa katika ukumbi mmoja na Hali kadhalika, kuambatana na Amri iliyotolewa na Mahakama Kuu ya Kenya kwenye Ombi la Kisheria la Masuala Mengineyo la Nairobi, Nambari E680 la 2020 mnamo Aprili, 2020, Ilani inatolewa hapa kwamba Mkutano Mkuu wa Kila Mwaka wa Hamsini na Saba wa Wenyehisa wa Shirika la Nation Media Group PLC utafanyika siku ya Ijumaa tarehe 26 Juni, 2020 kuanzia saa 9.00 Jioni kupitia kwa njia ya mawasiliano ya kimtandao kwa sababu kuu zifuatazo:

SHUGHULI ZA KAWAIDA

1 Ili kupokea taarifa za kifedha za mwaka uliomalizikia tarehe 31 Desemba 2019, pamoja na ripoti za mwenyekiti, wakurugenzi wakuu na wakaguzi wa mahesabu ya kifedha baada ya hapo.

2 Ili kuthibitisha malipo ya mpito ya mgao wa Kshs. 1.50 kwa kila hisa (60%) na kuidhinisha hatua ya kutokuwepo kwa malipo ya mgao wa mwisho wa hisa katika hisa ya kawaida ya mtaji kulingana na mwaka ulimalizikia tarehe 31 Desemba 2019.

3 Ili kuthibitisha kwamba shirika la PricewaterhouseCoopers litaendelea kuwa ofisini kama Wakaguzi wa Kifedha wa Kampuni kuambatana na sehemu ya 721 ya Sheria ya Kampuni za Kenya, 2015 na kuidhinisha wakurugenzi kupangilia malipo ya Wakaguzi wa Kifedha.

4 Ili kuwachagua na kuwachagua tena wakurugenzi wafuatao:

a) Kuambatana na Kifungu cha 96 cha Vifungu vya Ushirika vya Makampuni, Bi. Sumayya Hassan ni mkurugenzi aliyeteuliwa mnamo mwezi wa Septemba 26, 2019, anayestaafu na kwa kuwa anastahiki angependa kujitolea kuchaguliwa tena.

b) Kuambatana na Kifungu cha 96 cha Vifungu vya Ushirika vya Makampuni, Bw. Al-Noor Ramji ni mkurugenzi aliyeteuliwa mnamo mwezi wa Machi 27, 2020, anayestaafu na kwa kuwa anastahiki angependa kujitolea kuchaguliwa tena.

c) Kuambatana na Kifungu cha 110 cha Vifungu vya Ushirika wa Makampuni, Dkt. Yasmin Jetha, Wangethi Mwangi na Leonard Mususa wanastaafu kwa zamu na kwa kuwa wanastahiki, wangependa kujitolea kuchaguliwa tena.

d) Kuambatana na masharti ya sehemu ya 769(1) ya Sheria ya Makampuni ya 2015, wakurugenzi wafuatao kama wanachama wa kamati za Ukaguzi wa Kifedha, Hatari na Uzingatiaji wachaguliwe ili kuendelea kuhudumu kama wanachama wa kamati hizo:

(i) Bw. Leonard Mususa
(ii) Bw. Anwar Poonawala
(iii) Bw. Al-Noor Ramji

5 Ili kuwaidhinisha Wakurugenzi kuyapangilia malipo ya Wakurugenzi Wakuu Wasio Watendaji

SHUGHULI MAALUM

Ili kuzingatia na, ikiwezekana, kupitisha makubaliano yafuatayo kama Makubaliano Maalum.

6 "Kwamba Dkt. W. Kiboro, mkurugenzi anayestaafu kuambatana na Kifungu cha 101 cha Vifungu vya Ushirika wa Makampuni na ambaye pia amepitipisha umri wa miaka 70, bila ya kuzingatia sababu hiyo, achagulie tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

7 "Kwamba Prof. L Huebner, mkurugenzi anayestaafu kuambatana na Kifungu cha 101 cha Vifungu vya Ushirika wa Makampuni na ambaye pia amepitipisha umri wa miaka 70, bila ya kuzingatia sababu hiyo, achagulie tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

8 "Kwamba Bw. A. Poonawala, mkurugenzi anayestaafu kuambatana na Kifungu cha 101 cha Vifungu vya Ushirika wa Makampuni na ambaye pia amepitipisha umri wa miaka 70, bila ya kuzingatia sababu hiyo, achagulie tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

9 "Kwamba Bw.F.O. Okello, mkurugenzi anayestaafu kuambatana na Kifungu cha 101 cha Vifungu vya Ushirika wa Makampuni na ambaye pia amepitipisha umri wa miaka 70, bila ya kuzingatia sababu hiyo, achagulie tena kama mkurugenzi wa Kampuni kwa kipindi cha mwaka mmoja."

10 "Kwamba kwa Kutegemea uidhinishwaji na Mamlaka ya Masoko ya Mtaji pamoja na Kampuni ya Ubadilishanaji wa Hisa ya Nairobi, jumla ya Kshs. Bilioni 47,135,572.50 ikiwa ni sehemu ya akiba ya fedha za hifadhi ya Kampuni hiyo, basi zitafanywa kuwa mtaji na kiwango hicho hicho kitatumiwa ili kuonyesha thamani halisi ya sasa ya Hisa 18,854,229 za Kawaida za Kshs.2.50 kwa kila hisa katika mtaji wa Kampuni. Hisa kama hizo zitagawanywa kama zilizolipwa kikamilifu kati ya watu waliosajiliwa kama wenyehisa wa Hisa za Kawaida katika mtaji wa Kampuni kufikia muda wa mwisho wa kazi wa tarehe 12 Juni, 2020, kwa kiwango cha hisa moja iliyolipwa kikamilifu kwa kila hisa kumi za kawaida zinazomilikiwa na wenyehisa hao mtawalia na kwamba hisa mpya kama hizo hazitafaulu kulipiwa mgao wowote wa mwaka wa 2019 uliotangazwa kwenye mkutano huu."

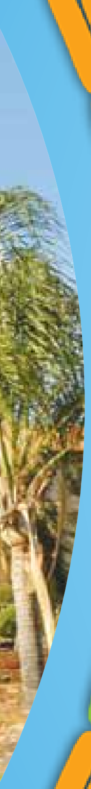
11. Shughuli nyingine zozote ambazo ilani itakuwa imetolewa.

Kwa amri ya Bodi Kuu

S. Owino
Katibu wa Muda

Tarehe 4 Juni, 2020

Corporate Governance



Statue of Mandela
Mandela is an iconic figure in the liberation struggles across the continent of Africa. This statue in South Africa, his home country, symbolizes moving forward together. The stretched arms symbolize embracing all, regardless of historical injustices and the foot forward denotes a nation on the move.

Media of Africa for Africa

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 following were the standing Board committees in the year ended 31st December, 2019:-

1. **Nominations and Governance Committee,** which is responsible for executive and non-executive board appointments and for overseeing the Group's adherence to good corporate governance principles. Prof L. Huebner chairs the committee which has Dr. W. D. Kiboro, Mr. D. Aluanga, Mr. A. Poonawala and Mr. S. Gitagama as members. The members of the Committee, with the exception of the Group Chief Executive Officer, are non-executive directors.

2. **Audit, Risk and Compliance Committee,** whose responsibility is to oversee the effective administration of the Group's systems of internal controls, management of risk and compliance with applicable regulatory requirements as well as review of the Group's financial plans and reports. Mr. L. Mususa chairs the committee which has Mr. A. Poonawala, Dr. S. Kagugube (deceased) and Mr. A. Ramji as members. The members of the committee are independent and non-executive directors.

3. **Strategy and Investments Committee,** which reviews the Group's medium and long term strategic options and investment proposals. Mr. J. Montgomery chaired the committee before he resigned and was replaced by Mr. L. Otieno. The committee has Dr. Y. Jetha, Prof. L. Huebner, Mr. S. Dunbar-Johnson, Mrs. S. Hassan, Mr. A. Ramji, Mr. S. Gitagama, Mr. D. Aluanga and Mr. R. Tobiko as members.

4. **Editorial Committee,** which considers and advises on the Group's editorial policy, the journalistic code of ethics and legal responsibilities. Mr. F. O. Okello chairs the committee which has Mr. D. Aluanga, Mr. W. Mwangi, Mrs. S. Hassan and Mr. S. Gitagama 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 in Human Resources Management and Development. Dr. Y. Jetha chairs the committee, which has Mr. A. Poonawala, Mr. L. Mususa and Mr. L. Otieno as members. The members of the committee are independent and non-executive directors.

The Chairman of the Board is a 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 set out. 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 is responsible for implementing the strategy approved by the board and also deals with operational matters and co-ordinates activities across the Group's various subsidiary companies and divisions.

INSIDER DEALINGS

The board has a documented policy on insider dealings in the Company's shares.

CORPORATE GOVERNANCE

Nation Media Group PLC 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 above.

> **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.**

NMG Corporate Values

Continuous Improvement & Innovation

Consumer Focus

We are a Team

Integrity and Trust

Drive for Performance

Overview

The Great Sphinx of Giza
Nile The Pyramids of Giza in Egypt, North Africa are the largest and most recognizable structures in the world. They were built in the fourth ruling dynasty of Egypt, around 2580 B.C. They are a clear representation of the fact that Africa is the home of all civilisation.

Media of Africa for Africa

Overview

Nation Media Group's story begins in 1959

The pre-colonial era, particularly the late 50's and early 60's, was a key and pivotal moment for Kenya as she was approaching her independence. His Highness the Aga Khan envisioned the establishment of a nationalist platform where indigenous African voices could be heard and authentic nationalist stories told from a Kenyan perspective.

Nation Media Group (NMG) was founded on the bedrock of a set of core values to espouse independent voices, diversity and freedom of expression. Central to these values and the purpose for our establishment, is a mission to be a trusted partner to emerging African democracies, a champion of the ordinary person in his/her interaction with the government of the day, a voice for the rule of law and respect for human rights, and a strong advocate for free market economies. This mission has remained unchanged over the years. As we seek to positively influence society, we shall continue to be guided and to stand by the values of truth, independence, fairness, balance and accuracy.

Because of our leading position in the industry and refusal to pander to partisan whims, we have and will from time to time come under attack by interest groups attempting to undermine our credibility. We pledge to all our stakeholders that we shall remain strong, independent, steadfast and true to our values.

Hence, in 1959 His Highness the Aga Khan acquired the then little known *Taifa* which was a Swahili newspaper. A year later, Nation Media Group's flagship newspaper – *Nation* – was launched with its headquarters at the Old Nation House, present day Tom Mboya Street.

Nation Media Group (NMG) was founded on the bedrock of a set of core values to espouse independent voices, diversity and freedom of expression. Central to these values and the purpose for our establishment, is a mission to be a trusted partner to emerging African democracies, a champion of the ordinary person in his/her interaction with the government of the day, a voice for the rule of law and respect for human rights, and a strong advocate for free market economies

1959

In 1959 His Highness the Aga Khan acquired the then little known Taifa which was a Swahili newspaper. A year later, Nation Media Group's flagship newspaper – Nation – was launched with its headquarters at the Old Nation House, present day Tom Mboya Street

The *Nation* was propelled into regional and international prominence through its meticulous reportage on the big headlines of the century including: Kenya's independence in 1963, the Assassination of Tom Mboya in 1969; and the events leading up to the attainment of a multiparty state in the 70s and 80s. Regional readers also enjoyed the *Nation*'s coverage of the political events in Uganda as they unfolded following President Idi Amin's gag on local media during his tenure as President in Uganda.

Currently, the Group publishes the *Daily Nation, Business Daily and Taifa Leo* newspaper brands in Kenya, *The EastAfrican* regional newspaper; the *Daily Monitor* and *Enyanda* in Uganda, and *Mwananchi, The Citizen* and *Mwanaspoti* newspapers in Tanzania and a raft of e-papers and the largest portfolio of digital assets. Also in its stable are *NTV* and *Nation FM* in Kenya, and *NTV* and *Spark* television stations as well as *KFM* and *Dembe* radio stations in Uganda. It has been quoted on the Nairobi Stock Exchange since the early 1970s and its shares are cross-listed at the Uganda Securities Exchange, Dar es Salaam Stock Exchange and Rwanda Stock Exchange.

Without fear or favor, the group has remained steadfast in its mission to hold leaders to account and be a voice for the voiceless through balanced, accurate and bold coverage on matters such as corruption, human interest stories among others.

The group recognizes the need to meet our consumers at their point of need with innovative products that resonate well with their needs. In line with this, the group continues to launch products that serve needs of new age consumers.

Media of Africa for Africa

1970

NMG has been quoted on the Nairobi Stock Exchange since the early 1970s and its shares are cross-listed at the Uganda Securities Exchange, Dar es Salaam Stock Exchange and Rwanda Stock Exchange.

Future Outlook for NMG:

As the Group continues to redefine itself as a modern digital content company, we are alive to the challenges facing media businesses as our consumers continually shift whole-heartedly to the digital-social-mobile platforms.

We intend to be relevant in their lives by being a provider of unique, high quality content at their convenience and in their way. We will aggressively grow our audiences in the digital space by providing unique value that keeps them connected and engaged on our platforms.

The Group is addressing this challenge by ensuring we are mobile first, we deliver quality and differentiated content on multiple platforms.

In order to win in this space, it is critical we continue being the first with the truth, deliver superior user experience and create products that are relevant for our consumer's lives.

NEWS

We intend to be relevant in their lives by being a provider of unique, high quality content at their convenience and in their way

Our commitment is to give our consumers highly desirable content that fits into their worlds, however, wherever and whenever they need it.

Vision:
To be the media of Africa for Africa

Core values:

- Consumer focus
- Teamwork
- Integrity & Trust
- Continuous Improvement & Innovation
- Drive for performance

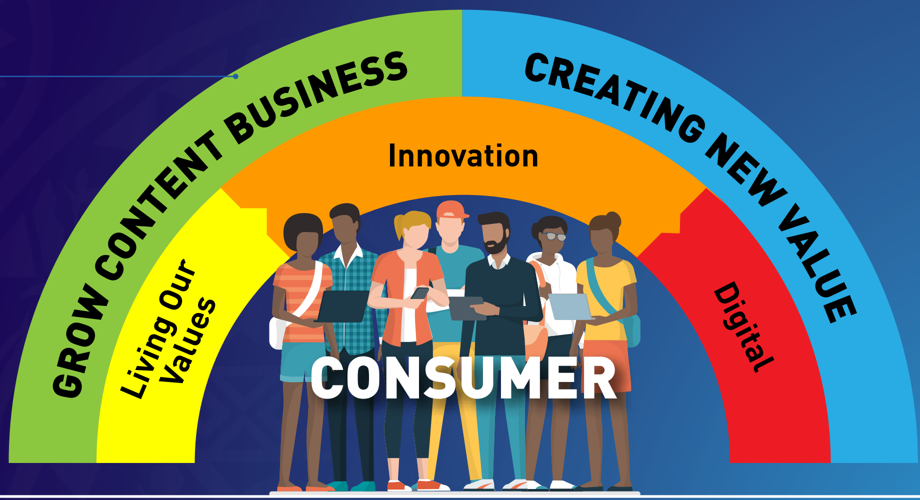
Our Mission:
Create value for its stakeholders and positively influence society by providing media that informs, educates, and entertains

The Group was founded to tell the African story and today we transformed ourselves into a media house with not only African but a global reach

Media of Africa for Africa

Strategy and Enablers

Business Objective



We are a content company; our competitive edge will be based on creating new value.
Digital , Innovation & Our values are enablers to achieve the business objective

Our Footprint

Kenya, Uganda, Tanzania and Rwanda

Uganda Brands
- NTV Uganda
- Daily Monitor
- Dembe FM
- The EastAfrican
- Ennyanda
- Spark TV
- KFM
- Nation Forum Uganda and Monitor's Thought Leaders Forum

Tanzania Brands
- The Citizen
- Mwananchi
- Mwana Spoti
- The EastAfrican
- Mwananchi Thought Leadership Forum

Rwanda Brands
- The East African
- Rwanda Today

Kenya- Brands
- Daily Nation
- Business Daily
- NTV
- The EastAfrican
- Taifa Leo
- Kenya Buzz
- Lit 360
- Nairobi News
- Nation Leadership Forum
- Kusi Ideas Festival
- TAG Brand Studio
- Nation FM
- Pishi

Our Digital Footprint

Total reach
44.6
Million users

Website reach
13
Million users

ePaper reach
17.1K
users

Social Media reach
31.5
Million users

Websites

DAILY NATION
BUSINESS DAILY
The EastAfrican
Daily Monitor
KENYABUZZ
THE CITIZEN
MWANASPOTI
MWANANCHI
NAIROBI NEWS
ntv
TAIFA LEO

News & Epaper Apps

Messenger bot & Music

Nation Messenger
NATION KIKI!

Perfomance Highlights

Non- Financial Highlights

NiE Numbers
53,269
Pupils, 118 schools across 36 counties. 116,000 copies distrubuted

Energy Use
7%
Decreased by 7% compared to 2018

Waste Management
0.9%
Decreased by 0.9% compared to 2018

Employees
1,578
Total Number of employees across the region

Economic impact
5,400
Number of people we impact through employement- dependants

Supply chain
80%
Of suppliers are SME's

Vendorrs/ sub-vendors
3,000
Across the country

Awards
21
Across the region

Financial Highlights

Financial	% Growth
Total cash	19%
Digital copy sales	13%
Google Adsense	>100%
KENYABUZZ contribution	>100%
Contract printing contribution	31%
Kfm Uganda Contribution	24%
Dembe Fm Contribution	>100%
Capital Expenditure	Shs 184m
Bonus share issue	One new fully paid ordinary share for every ten shares held

Media of Africa for Africa

Vidokezo vya Matokeo Muhimu

Vidokezo visivyo vya matokeo ya kifedha

Nambari za Hamasisho la Mradi wa Newspaper in Education (NiE)
53,269
Wanafunzi, shule 118 katika kaunti 36. Nakala 116,000 zilisambazwa

Matumizi ya Kawi
7%
Ilipungua kwa kiwango cha 7% Ikilinganishwa na mwaka wa 2018

Usimamizi wa Taka
0.9%
Ilipungua kwa kiwango cha 0.9% Ikilinganishwa na mwaka wa 2018

Wafanyikazi
1,578
Idadi ya Jumla ya wafanyikazi kwenye ukanda mzima

Athari ya Kiuchumi
5,400
Idadi ya watu tunaowawezesha kupitia kwa ajira - wategemezi

Wanaotuletea Bidhaa Mbali Mbali
80%
Za wanaotuletea bidhaa ni Wafanyibiashara Wadogo Wadogo (SME's)

Wauzaji wa Magazeti/ Wauzaji Magazeti Wadogo
3,000
Kila mahali nchini

Matuzo
21
Kila mahali kwenye ukanda huu

Vidokezo muhimu vya matokeo ya kifedha

Kifedha	% Ukuaji
Pesa Taslimu za Jumla	19%
Mauzo ya Nakala za Kidijitali	13%
Mtazamo wa Matangazo wa Google Adsense	>100%
Mchango wa KENYABUZZ	>100%
Mkataba wa Mchango wa Kuchapisha Kazi za Kampuni Nyingine	31%
Mchango wa Kfm Uganda	24%
Mchango wa Dembe Fm	>100%
Matumizi ya Mtaji	Shs 184m
Hisa ya Bonasi iliyotolewa	Hisa moja ya kawaida iliyolipwa kikamilifu kwa kila hisa kumi zinazomilikiwa

Media of Africa for Africa

Media of Africa for Africa

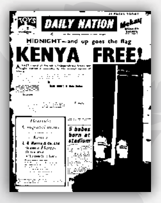
Six Decades of

1960 – 1969

March 20th 1960
Daily Nation publishes its first issue, registered as *'The Nation'*.

March 20th 1960
14 opposition leaders arrested in Ghana.

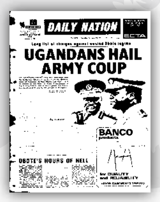
December 12th 1963
Kenya gains independence.



1970 – 1979

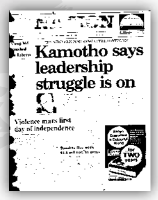
January 17th 1972
Coup in Ghana

January 25th 1971
Coup in Uganda



1980 – 1989

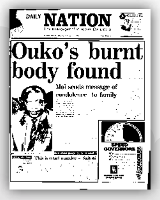
April 20th 1980
Attempted coup in Liberia



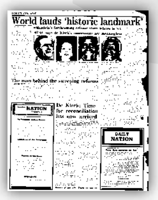
April 20th 1981
Kenyans Shekhar Mehta and Mike Daughty win safari rally

1990 – 1999

February 17th 1990
Robert Ouko found dead



1990
Nelson Mandela released from prison



2000 – 2010

July 9th 2002
Formation of African Union

October 2002
Found in the Eastern part of Africa, the Maasai people represent the deep culture we have as a continent. They are a symbol of Africa's cultural identity and the need to preserve it in the face of pressure from modernisation

2010 – 2019

August 27th 2010
Kenya gets new constitution

July/June 2010
World Cup in South Africa

October 20th 2011
Death of Gadaffi

December 5th 2013
Death of Mandela

December 12th 1964
Kenya becomes a republic


DAILY NATION

IT'S JAMHURI

Rousing send-off for 'Mr Mac'

October 13th 1968
Kenya wins first Olympic Gold Medal.

April 16th 1966
Uganda gets a new constitution.


DAILY NATION

PRESIDENT OBOTE

August 12th 1967
Nigerian Airforce Headquarters bombed.

October 16th 1969
Somalia President Dr. Abdulrashid Ali Sharmarke assassinated.

March 27th 1972
Queen Elizabeth visits Africa


DAILY NATION

Kenyans make it a royal welcome as Mzee greets Queen

June 4th 1971
Cholera Outbreak in Senegal

July 8th 1971
Kipchoge Keino sets a new world record


DAILY NATION

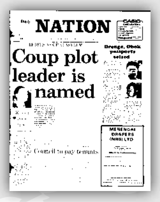
CHIEF JUSTICE RESIGNS

Uganda bar on Tanzania Minister

August 22 1978
Jomo Kenyatta dies

September 1978
Pope John Paul I dies

August 1st 1982
Attempted coup in Kenya


NATION

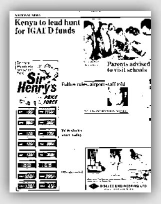
Coup plot leader is named

1985
Kenya introduces 8-4-4 system

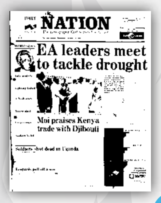

TAIFA LEO

Mipango ya 8-4-4 vyuoni tayari - Moi

January 1986
Formation of IGAD


Kenya to lead hunt for IGAD funds

January 5th 1986
EA leaders meet to discuss drought


NATION

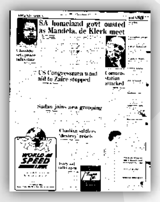
EA leaders meet to tackle drought

Moi praises Kenya trade with Djibouti

1986
Launch of Nyayo buses

NMG's Impact in Africa

April 6th 1990
South African Homeland government ousted


SA homeland govt ousted as Mandela, de Klerk meet

1992
Multiparty politics in Kenya


The rocky path to a multi-party structure

April 10th 1994
Genocide in Rwanda


SUNDAY NATION

Hundreds dead as fighting rages

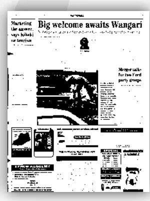
April 27th 1994
End of apartheid rule


SA awaits de Klerk's signal to end apartheid

2004
Wangari Mathai Nobel Peace Prize


SATURDAY NATION

Big names shocker in land-grab report


Big welcome awaits Wangari


Big names shocker in land-grab report

2007/2008
Kenya Post-election violence


DAILY NATION

10 burnt alive as toll rises


SUNDAY NATION

47 killed in fresh Nakuru violence


DAILY NATION

Death in ODM protests

April 15th 2014
Nigerian girls kidnapped


WORLD

Islamists kidnap over 100 girls from Nigeria school

September 2015
Ethiopia gets electric train


Ethiopia set to topple Kenya as East Africa's largest economy

February 4th, 2020
Death of Moi


DAILY NATION

The last imperial president

March 12th, 2020
Kenya confirms it's first Covid19 case


SATURDAY NATION

Don't panic, here is a plan to beat virus

Dr. Wilfred D. Kiboro Chairman

Group Chairman's Statement

Dear Stakeholders,

On behalf of the Board of Directors, it gives me great pleasure to present to you the Group's financial performance for the year ended 31st December, 2019.

We are going through unprecedented times due to the Coronavirus (COVID-19). It is spreading fast and destabilising all of us. We have seen the overwhelming burden on health systems; total and partial lock-downs instituted around the world including major economies such as China, India, Russia, USA etc; the closure of international borders; suspension of air travel; slowing down of domestic and international trade; pay cuts and lay-off instituted by companies; closure of schools redefining education through home schooling and major shifts in the work environment with the adoption of working from home. Indeed, the virus has disrupted our lives, families and business operations in ways unparalleled. Although the pandemic may be distressing, it has drawn all of us together. Indeed, if there is good to come out of this, it is that we must all work together to overcome the challenge.

In all this, what matters most is the safety and well-being of our employees, families, partners, customers and other stakeholders across all our markets.

We take this opportunity to assure our stakeholders and the Governments in East Africa of our continued support and partnership in the fight against the spread of COVID-19 and affirm our public interest mission to provide relevant and timely information and education to the public on the current pandemic. We will continue to be at the forefront of reporting about the pandemic and proactively drive awareness across all our platforms to influence behaviour change and avert stigma.

We have also taken precautionary measures, in line with the guidelines issued by the Government such as upscaling hygiene levels at our premises and sensitising our staff, partners, customers and other stakeholders on self-hygiene, social distancing, and self-quarantine protocols. We have also instituted measures to secure the safety of our teams working from the offices and in the field by equipping them with personal protective equipment.

We have activated our Business Continuity Management Team that is working around the clock to ensure that the safety and well-being of our employees, partners, customers, suppliers and other stakeholders remains our top priority while enabling the business to operate during this pandemic.

We have activated our Business Continuity Management Team that is working around the clock to ensure that the safety and well-being of our employees, partners, customers, suppliers and other stakeholders remains our top priority while enabling the business to operate during this pandemic. We are working closely with relevant Government agencies in monitoring the unfolding situation and providing timely information to the community.

Economic Environment

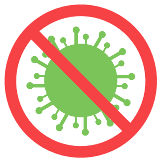
Year 2019 was characterised by declining performance in both advertising and circulation across the region resulting from a challenging economic environment where revenue authorities missed tax collection targets, austerity measures instituted by governments in Kenya and Tanzania, suppressed credit to the private sector, a number of listed companies declared profit warnings and corporates, including media houses, laid off staff.

In addition, NMG's traditional print media business was impacted adversely by the continued disruption of the industry following rapid changes in the ways in which the market prefers to consume media - which has shifted from the traditional platforms to digital alternatives, the value customers are prepared to pay for content in the advent of an avalanche of 'freely available' alternative sources facilitated by developments of multiple digital communication channels.

Financial Performance

Despite the difficult operating environment in the region, the Group posted a turnover of Shs 9.1 billion and profit before tax of Shs 1.3 billion, which were 6.3% and 20.7% lower than prior year respectively.

The Group's performance was adversely impacted by a challenging economic environment which together with industry specific developments in a leading advertising sector precipitated reductions in advertising spend in general. The performance of the traditional media platforms was further affected by higher prices of newsprint, its main production input. The adverse impact of the market environment on the Group's



We take this opportunity to assure our stakeholders and the Governments in East Africa of our continued support and partnership in the fight against the spread of COVID-19 and affirm our public interest mission to provide relevant and timely information and education to the public on the current pandemic.

Media of Africa for Africa

Group Chairman's Statement (continued)

overall performance was substantially mitigated by reduced operating costs realized from sustained optimization of business operations to improve efficiency and productivity.

Dividends

The Group is making extensive investments in innovation to grow new revenue streams and gradually transition to digital media becoming a significant contributor of its revenue as the scope for growth in the legacy media business declines globally. The contemplated investments will require substantial resources including material cash reserves to actualize the initiatives.

Considering the above, the Directors do not recommend payment of a final dividend for the year. Consequently, the interim dividend of Shs 1.50 (60%) per share on the issued share capital of 188,542,286 ordinary shares of Shs 2.50 each, paid on 30th September 2019, will be the total dividend per share and will be deemed as the final dividend for the year ended 31st December 2019 (2018: Shs 5.00 per share).

Bonus Share Issue

The Directors recommend, subject to approval by the Capital Markets Authority, the Nairobi Securities Exchange Plc, and the Shareholders at the Annual General Meeting, a bonus share issue of one new fully paid ordinary share for every ten shares held in the capital of the Company, to the shareholders on the register of members at the close of business on 12th June 2020. The new shares shall not qualify for payment of any dividend for the year 2019.

Share Price and Market Capitalisation

The NMG share price declined from an average of Shs 68.5 at the end of the previous year to close at an average of Shs 39.8. This was due to the subdued Nairobi Securities Exchange (NSE) market across the board that was characterised by difficult operating environment leading to reduced earnings and foreign capital flight. The Group's market capitalisation was Shs 7.5 billion as at 31st December 2019.

Digital Transformation Journey

The Group continued to register progress in its strategic journey to transform into a modern digital content company. The Group achieved a number of milestones including; mainstreaming of data and analytics in the business to focus on continuous understanding of the consumer and delivering value to them; establishing a Digital Marketing Agency known as TAG Brand Studio to optimise on the digital revenue opportunity and deliver new value to advertisers; commenced implementation of the paid content journey aimed at developing a single digital brand and growing reader revenue and scaled its events business particularly in the thought leadership space.

The Group continued to register progress in its strategic journey to transform into a modern digital content company. The Group achieved a number of milestones including; mainstreaming of data and analytics in the business to focus on continuous understanding the consumer and delivering value to them; establishing a Digital Marketing Agency known as TAG Brand Studio to optimise on the digital revenue opportunity and deliver new value to advertisers; commenced implementation of the paid content journey aimed at developing a single digital brand and growing reader revenue and scaled its events business particularly in the thought leadership space

NMG Thought Leadership

Nation Leadership Forums

The forums are a platform created by NMG to support the execution of the Group's mission of positively influencing society. They also offer an opportunity for the Group to champion its core values of standing for human rights, democracy and free markets. The series now consists of the Nation Leadership Forum (Kenya), Monitor's Thought Leaders Forum (Uganda), and Mwananchi Thought Leadership Forum (Tanzania).

The objective of these forums is to provoke discourse, encourage dialogue, shape public opinion, influence policy and try to find practical and optimal solutions to the problems facing the respective countries societies. In addition to serving the core purpose, the forums also provide opportunities for diversified revenue more notably from non-traditional sources such as organisations primarily engaged in development and related activities.

Kusi Ideas Festival

The Group continued scaling up its events business beyond East Africa with establishment of a Pan-African knowledge based product dubbed *Kusi Ideas Festival*. The festival seeks to begin building a "Pan-African ideas transaction market" to capitalise on opportunities and innovations available to Africa to help her win in the 21st Century. Recognising the Group's vision of being the '*Media of Africa for Africa*', the objective is to begin proactively shaping Africa's agenda leveraging on the Group's convening power, positioning NMG at the centre of driving Africa's agenda.

Media of Africa for Africa

1.50

The interim dividend of Shs 1.50 (60%) per share on the issued share capital of 188,542,286 ordinary shares of Shs 2.50 each, paid on 30th September 2019, will be the total dividend per share and will be deemed as the final dividend for the year ended 31st December 2019 (2018: Shs 5.00 per share)

Group Chairman's Statement (continued)

The Group held the first edition of *Kusi Ideas Festival* under the theme "The Next 60 years in Africa" on 8-9 December 2019 in Kigali, Rwanda, as the highlight event of its 60th Anniversary celebrations. The conference attracted 1,600 delegates from five continents including co-host President Paul Kagame of Rwanda, President Felix Tshisekedi of the Democratic Republic of Congo, African Union Commission Chairperson Moussa Faki Mahamat and African Union High Representative for Infrastructure Development & Former Prime Minister of Kenya, Raila Odinga. In attendance also were business leaders, policy makers, diplomats, innovators, researchers, young entrepreneurs, students, among others.

The festival was covered widely by media across Africa and also had a large social media engagement averaging 500 million impressions. The successful gathering of the presidents, top government officials, business leaders and leading scholars to kick off discourse on the future of the continent, reaffirmed the Group's convening power, an important component in championing Thought Leadership in Africa. *Kusi Ideas Festival* will become the flagship thought leadership event for NMG in the continent and is expected to be held in different countries in Africa going forward.

The Group continued scaling up its events business beyond East Africa with establishment of a Pan-African knowledge based product dubbed Kusi Ideas Festival. The festival seeks to begin building a "Pan-African ideas transaction market" to capitalise on opportunities and innovations available to Africa to help her win in the 21st Century

Sustainability Agenda

This year I would like to focus my message on environmental sustainability. Climate change has become the defining issue of our time. This is the time to heal our Mother Earth by injecting our collective efforts from all sectors of society including media. As correctly put by the United Nations, "climate change is now affecting every country on every continent. It is disrupting national economies and affecting lives, costing people, communities and countries dearly today and even more tomorrow". It is on this basis that United Nations Sustainable Development Goals (UN SDGs) Goal 13 urges humanity to take urgent action to combat climate change and its impacts.

It is this firm belief that the Group, in the last six decades, has been involved in various hard-fought environmental sustainability initiatives including saving the Aberdares Forest, Karura Forest, Central Park, Uhuru Park, Mau Forest among others to protect the region's water towers and safeguard recreational areas for generations to come.

In 2019, the Group undertook a special project around pollution of the Nairobi River known as *'The Toxic Flow'* series. The project took 3 months, covered 390 kilometers, collected 49 different samples including vegetables, aquatic samples and involved significant resources. The research shocked the nation by unearthing the devastating impact of heavy pollution with deadly metals found in the river water, negative impact on the quality of food cultivated through irrigation along the river reaching markets, existence of a disease corridor with hospitals near the river handling waterborne diseases and a spike in cancer cases in counties such as Machakos and Makueni where the river passes by.

The research resulted in Government setting up of multidisciplinary team that pursued 1,404 companies; 3 companies closed indefinitely following complaints by residents; 4 companies temporarily shut down for discharging life-threatening waste into the river; the Ministry of Water & Sanitation and Irrigation scaled up budget allocation towards sanitation services and the National Environmental Management Authority (NEMA) presented a report to Ministry of Environment and Forestry for action.

Following the *Toxic Flow* Series, the Group received many comments and leads from the public on pollution of water bodies including Lake Victoria. As a result, early this year, the Group undertook another special project dubbed *'Rotting from the Deep'* that focused on pollution of Lake Victoria, one of the most important resources for this region. The project, conducted over a period of 3 months, collected 28 aquatic samples, found 8 metals in the samples including lead, mercury, zinc harmful to health of the residents and involved significant resources. The research found that a number of institutions both public and private have been polluting the lake. This resulted in Government action that audited 255 companies; building of lagoons for public institutions; closure of one of the largest firms in the western region; leaders seeking immediate action on firms violating environmental rules.

Let me conclude by echoing the call to action of the UN Secretary General, António Guterres, that *"[T]he climate emergency is a race we are losing, but*

390km

In 2019, the Group undertook a special project around pollution of the Nairobi River known as 'The Toxic Flow' series. The project took 3 months, covered 390 kilometers, collected 49 different samples including vegetables, aquatic samples and involved significant resources

Media of Africa for Africa

Group Chairman's Statement (continued)

it is a race we can win. The climate crisis is caused by us and the solutions must come from us. We have the tools: technology is on our side". The Group will continue to play a critical part to educate and raise awareness on adaptation, impact reduction and early warning on climate change.

Board Changes

Mr James Montgomery retired from the board during the year and I would like to thank him for his valuable contribution as Chairman of the Strategy and Investments Committee. Mrs. Sumayya Hassan-Athmani, who is the CEO of Azure Energy Limited, was appointed to the board during the year. The board will immensely benefit from her wealth of experience in corporate governance.

Our People

The Group continues to be committed to identifying, developing, and fostering new skill sets critical to the business strategy of winning in the digital space. The focus is to comprehensively build capacity across all operations and functions in order to accelerate the transformation of NMG in to a world class digital media organization.

> **The Group continues to be committed to identifying, developing, and fostering new skill sets critical to the business strategy of winning in the digital space. The focus is to comprehensively build capacity across all operations and functions in order to accelerate the transformation of NMG in to a world class digital media organization.**

Looking Ahead

The outbreak of COVID-19 pandemic is already presenting an unprecedented risk to the global including the East African region in 2020 and possibly beyond. Experts including the World Health Organisation (WHO) have observed that it is not known how long the pandemic will last. In this regard, we expect 2020 to be the most difficult trading year in the life of the Group as businesses and the economy continue reeling under the adverse impact of COVID-19. Business models, how people work and consume products, distribution channels including those of legacy media will radically change and be redefined post the pandemic, disrupting our traditional revenue sources. Indeed, during this time the performance of print circulation has been adversely impacted while at the same time there has been a significant growth in online consumption of our content. Hence our focus going forward is to continue upscaling and accelerating monetisation of our digital content.

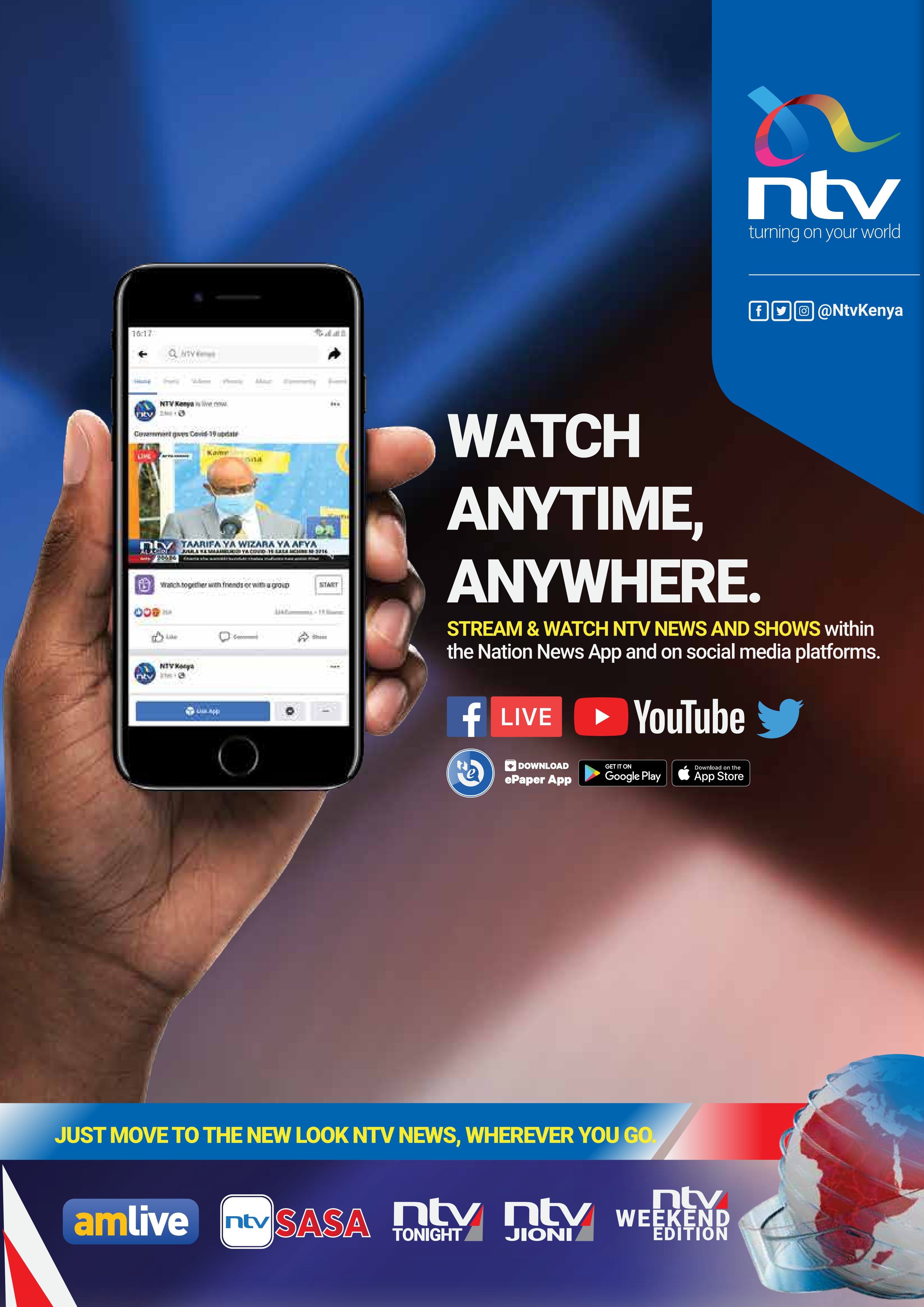
The Group will continue taking appropriate steps to safeguard the safety and health of our employees alongside ensuring business continuity. Our commitment is to deliver on our mandate to positively transform society, by consistently creating quality, differentiated and engaging content. We are cognisant that our relevance depends on understanding the new age consumers while remaining faithful to our compass of truth, independence, fairness and accuracy.

I take this opportunity to thank my fellow directors for their support and continued invaluable contribution to the board.

Let me also take this opportunity, on behalf of the Board to share my deepest gratitude to the management and staff of NMG, our business partners, customers and other stakeholders for their unwavering support and commitment over the year.

Ahsanteni sana!

Dr. Wilfred D. Kiboro
Chairman


ntv
turning on your world
@NtvKenya
NTV Kenya
Government gives Covid-19 update
TAARIFA YA WIZARA YA AFYA
Watch together with friends or with a group
START
WATCH ANYTIME, ANYWHERE.
STREAM & WATCH NTV NEWS AND SHOWS within the Nation News App and on social media platforms.
LIVE
YouTube
DOWNLOAD ePaper App
GET IT ON Google Play
Download on the App Store
JUST MOVE TO THE NEW LOOK NTV NEWS, WHEREVER YOU GO.
amlive
ntv SASA
ntv TONIGHT
ntv JIONI
ntv WEEKEND EDITION

Dr. Wilfred D. Kiboro Mwenyekiti

Taarifa ya Mwenyekiti

Wapendwa Washikadau,

Kwa niaba ya Bodi ya Wakurugenzi Wakuu, nina furaha kubwa sana kuwasilisha kwenu matokeo ya kifedha ya shirika ya mwaka uliomalizikia mnamo tarehe 31 Desemba, 2019.

Tunapitia kipindi kigumu mno kutokana na janga tandavu la Virusi vya Korona (COVID-19). Janga hili linasambaa kwa haraka sana na kuvuruga shughuli nyingi za kila mmoja wetu. Tumeshuhudia changamoto kubwa hususan katika mfumo mzima wa afya; amri kamilifu na za muda mfupi zilizowekwa za kutotoka nje ya eneo la makazi duniani kote ikiwa ni pamoja na chumi kubwa kama vile Uchina, India, Urusi, Marekani n.k; kufungwa kwa mipaka ya kimataifa; kusitishwa kwa safari za ndege; kupunguzwa kwa biashara za humu nchini na hata kimataifa; kupunguza kwa mishahara na kufutwa kazi kwa wafanyikazi kulikoanzishwa na kampuni mbali mbali; kufungwa kwa shule kumebadilisha mkondo wa elimu kupitia kwa mafunzo ya nyumbani na kuwepo kwa mabadiliko makubwa katika mazingira ya kazi huku kazi nyingi zikifanywa kutoka nyumbani. Ama kwa hakika, virusi hivi vimeyavuruga maisha, familia na uendeshaji wa biashara zetu kwa njia mbali mbali. Ijapokuwa janga hili tandavu linaweza kuwa na dhiki nyingi, limetuleta sote pamoja. Ama kwa hakika, iwapo patakuwa na uzuri wowote utakaotokana na janga hili tandavu, basi ni kwamba ni lazima tufanye kazi pamoja ili kuangamiza changamoto hii.

Katika yote haya, muhimu zaidi ni usalama pamoja na ubora wa hali ya maisha ya wafanyikazi wetu, familia, washirika, wateja na washikadau katika masoko yetu yote.

Tunachukua fursa hii ili kuwahakikishia washikadau na Serikali za Ukanda mzima wa Afrika Mashariki kwamba tutaendelea kusaidiana na kushirikiana katika vita dhidi ya usambaaji wa wa janga hili tandavu la COVID-19 na kuthibitisha azimio letu la kutoa huduma kwa umma ili kuwapatia wateja taarifa kama zinavyotokea na zinazofaa pamoja na elimu ya umma kuhusu janga hili tandavu linalotusumbua kwa sasa. Tutaendelea kuwa kwenye mstari wa mbele wa kutoa ripoti kuhusu janga hili tandavu na pia kutoa taarifa za mapema kupitia kwa majukwaa yetu yote ili kushawishi mabadiliko ya kitabia na kuangamiza unyanyapaa.

> **Tumehamasisha Kikosi chetu cha Usimamizi wa Kuendeleza Biashara zetu kinachofanya kazi kwa bidii ili kuhakikisha kwamba usalama na utendakazi bora wa wafanyikazi, washirika, wateja, wanaotuletea bidhaa pamoja na washikadau wengine wanabakia kupewa kipaumbele huku tukijitahidi kuendesha shughuli zetu wakati huu wa janga tandavu la Korona**

Kadhalika tumechukua tahadhari, kuambatana na miongozo iliyotolewa na Serikali kama vile kuimarisha viwango vya usafi kwenye afisi zetu na kuwapa mafunzo wafanyikazi wetu, washirika, wateja na washikadau wengine kuhusu usafi wa kibinafsi, kuweka umbali baina yako na mwenzako, pamoja na kuzingatia kanuni za kujiweka karantini wewe mwenyewe. Kadhalika, tumeweka mikakati ili kuulinda usalama wa wafanyikazi wetu wanaofanya kazi kwenye afisi pamoja na huko nyanjani kwa kuwapatia magwanda ya kujingia janga hili tandavu la Korona.

Tumehamasisha Kikosi chetu cha Usimamizi wa Kuendeleza Biashara zetu kinachofanya kazi kwa bidii ili kuhakikisha kwamba usalama na utendakazi bora wa wafanyikazi, washirika, wateja, wanaotuletea bidhaa pamoja na washikadau wengine wanabakia kupewa kipaumbele huku tukijitahidi kuendesha shughuli zetu wakati huu wa janga tandavu la Korona. Tunafanya kazi kwa karibu sana na mawakala husika wa Serikali katika kukagua mambo yanavyoibuka pamoja na kutoa taarifa kwa jamii kwa wakati unaofaa.

Mazingira ya Kiuchumi

Mwaka wa 2019 ulikuwa na changamoto ya kupungua kwa viwango vya matokeo katika vitengo vya matangazo na usambazaji kwenye ukanda mzima, hali hii ikisababisha na mazingira mabaya ya kiuchumi yaliyosababishwa halmashauri za ushuru kukosa kufikia viwango vyao vya mwaka vya ukusanyaji wa mapato ya ushuru, hatua za kimsingi zilizochukuliwa na Serikali za Kenya naTanzania, ilikandamiza mikopo ya sekta ya kibinafsi, idadi fulani ya kampuni zilizoorodheshwa zilitangaza tahadhari ya faida na pia mashirika, ikiwa ni pamoja na vyombo vya habari, kufuta kazi wafanyikazi.

Zaidi ya hivyo, biashara ya uchapishaji wa magazeti ya Nation Media Group (NMG) iliathirika pakubwa kwa hali mbaya iliyoendelea kuathiri sekta hiyo kufuatia mabadiliko ya ghafla ya jinsi wateja wanavyozipokea habari – ambayo imebadilika kutoka kwa majukwaa ya kawaida hadi katika njia m'badala za kidijitali, thamani ambayo wateja wako tayari kulipia kwa maudhui katika kipindi hiki cha "uhuru wa habari" kutoka kwenye vyanzo mbali mbali vinavyoendeshwa

> **Tunachukua fursa hii ili kuwahakikishia washikadau na Serikali za Ukanda mzima wa Afrika Mashariki kwamba tutaendelea kusaidiana na kushirikiana katika vita dhidi ya usambaaji wa wa janga hili tandavu la COVID-19 na kuthibitisha azimio letu la kutoa huduma kwa umma ili kuwapatia wateja taarifa kama zinavyotokea na zinazofaa pamoja na elimu ya umma kuhusu janga hili tandavu linalotusumbua kwa sasa**

Taarifa ya Mwenyekiti (inaendelea)

na maendeleo ya vituo vingi vya mawasiliano ya kidijitali.

Matokeo ya Kifedha

Licha ya mazingira magumu ya kikazi katika ukanda mzima, Shirika lilizalisha mapato ya jumla ya Shs. Bilioni 9.1 na faida kabla ya ushuru ya Shs. Bilioni 1.3, zilizokuwa 6.3% na 20.7% chini zaidi ya mwaka uliotangulia mtawalia.

Matokeo ya Shirika yaliathirika pakubwa kutokana na changamoto ya mazingira ya kiuchumi ambayo pamoja maendeleo maalum kwenye sekta kubwa ya matangazo ilisababisha kupungua kwa viwango vya matangazo kwa ujumla. Matokeo ya majukwaa ya vyombo vya habari vya kawaida yaliathirika kutokana na gharama ya juu ya uchapishaji, kitengo chake kikuu cha uchapishaji. Athatri kubwa ya mazingira ya soko kwenye matokeo ya jumla ya Shirika kwa kiasi fulani ilikingika kupitia kwa kupunguzwa kwa gharama ya utendakazi iliyopatikana kutoka kwa usawazishaji wa uendeshaji wa biashara ili kuboresha utendakazi pamoja na uzalishaji.

Migao

Shirika hili linajitahidi kuwekeza katika ubunifu ili kuunda njia m'badala za mapato na pole pole kuhamia kwenye uanahabari wa kidijitali na kuifanya kuwa chombo kikuu cha kuchangia mapato huku upeo wa ukuaji kwenye biashara ya vyombo vya habari ukipungua kote duniani. Uwekezaji unaotarajiwa utahitaji rasilimali za kutosha ikiwa ni pamoja na hifadhi ya pesa taslimu ili kufanikisha mipango hiyo.

Kwa kuzingatia taarifa iliyopo hapo juu, Wakurugenzi hawapendekezi malipo ya mgao wa mwaka. Kwa sababu hiyo, mgao wa muda wa Shs. 1.50 (60%) kwa kila hisa ya mtaji wa hisa iliyotolewa wa 188,542,286 wa hisa ya kawaida ya Shs 2.50 kwa kila hisa, iliyolipwa mnamo tarehe 30, Septemba 2019, itakuwa ndiyo mgao wa mwisho kwa hisa na itachukuliwa kama mgao wa mwisho wa mwaka uliomalizikia tarehe 31 Desemba 2019 (2018: Shs 5.00 kwa kila hisa).

Hisa ya Bonasi Iliyotolewa

Kwa kutegemea idhini kutoka kwa Halmashauri ya Masoko ya Mitaji, Wakurugenzi wanapendekeza, shirika la Nairobi Securities Exchange Plc, pamoja na Wenyehisa katika Mkutano Mkuu wa Mwaka, hisa ya bonasi iliyotolewa kwa hisa moja ya kawaida na iliyolipiwa kwa kila hisa kumi zilizopo kwenye mtaji wa Kampuni, kwa wenyehisa kwenye sajili ya wanachama kufikia mwisho wa saa za kazi za tarehe 12, Juni 2020. Hisa mpya hazitafaulu kulipwa mgao wowote wa mwaka wa 2019.

Bei ya Hisa na Mtaji wa Soko

Bei ya hisa ya NMG ilipungua kutoka kwa wastani ya Shs 68.5 mwishoni mwa mwaka jana na kufikia wastani ya Shs 39.8. Hali hii ilitokana na kutengwa kwa Soko la Ubadilishanaji wa Hisa la Nairobi (NSE) katika nyanja zote zilizokumbwa na mazingira magumu ya kufanyia kazi hatimaye ikipelekea kupungua kwa mapato pamoja na kupungua kwa mtaji wa pesa za kigeni. Mtaji wa soko la shirika ulikuwa Shs Bilioni 7.5 kufikia tarehe 31 Desemba, 2019.

Safari ya Mabadiliko ya Kidijitali

Shirika liliendelea kusajili matokeo mazuri katika safari yake ya kimkakati ili kuhamia kwenye kampuni ya kisasa iliyo na maudhui ya kidijitali. Shirika lilifanikiwa kutimiza malengo fulani ikiwa ni pamoja; Kuweka bayana data na utathmini kwenye biashara ili kuzingatia uelewa endelevu kwa wateja pamoja na kuwapatia thamani; kuanzisha Kampuni ya Mauzo ya Kidijitali inayofahamika kama TAG Brand Studio ikiwa na lengo la kupata fursa ya kuleta mapato ya kidijitali na kuleta thamani kwa kampuni zinazotupatia matangazo; tulianza utekelezaji wa safari ya makala yaliyolipiwa kwa lengo la kukuza bidhaa moja bora ya kidijitali na pia kuimarisha mapato ya wasomaji na kuboresha matukio mbali mbali ya kibiashara hususan katika fursa za kiuongozi.

Uongozi Endelevu wa Kifikra wa NMG

Vikao vya Kiuongozi vya Nation (Nation Leadership Forums)

Vikao hivi ni jukwaa lililoundwa na NMG ili kusaidia kuyafanikisha malengo ya Shirika hili kwa kuihimiza jamii kwa njia chanya. Kadhalika, vikao hivyo vinatoa fursa kwa Shirika kuendesha vyema thamani yake ya kimsingi ya kusimamia hali ya

Shirika liliendelea kusajili matokeo mazuri katika safari yake ya kimkakati ili kuhamia kwenye kampuni ya kisasa iliyo na maudhui ya kidijitali. Shirika lilifanikiwa kutimiza malengo fulani ikiwa ni pamoja; Kuweka bayana data na utathmini kwenye biashara ili kuzingatia uelewa endelevu kwa wateja pamoja na kuwapatia thamani; kuanzisha Kampuni ya Mauzo ya Kidijitali inayofahamika kama TAG Brand Studio ikiwa na lengo la kupata fursa ya kuleta mapato ya kidijitali na kuleta thamani kwa kampuni zinazotupatia matangazo; tulianza utekelezaji wa safari ya makala yaliyolipiwa kwa lengo la kukuza bidhaa moja bora ya kidijitali na pia kuimarisha mapato ya wasomaji na kuboresha matukio mbali mbali ya kibiashara hususan katika fursa za kiuongozi

1.50

mgao wa muda wa Shs. 1.50 (60%) kwa kila hisa ya mtaji wa hisa iliyotolewa wa 188,542,286 wa hisa ya kawaida ya Shs 2.50 kwa kila hisa, iliyolipwa mnamo tarehe 30, Septemba 2019, itakuwa ndiyo mgao wa mwisho kwa hisa na itachukuliwa kama mgao wa mwisho wa mwaka uliomalizikia tarehe 31 Desemba 2019 (2018: Shs 5.00 kwa kila hisa).

Taarifa ya Mwenyekiti (inaendelea)

haki za kibinadamu, demokrasia na masoko huru. Sasa, mfululizo wa vikao hivyo unahusisha: Nation Leadership Forum (Kenya), Monitor's Thought Leaders Forum (Uganda), na Mwananchi Thought Leadership Forum (Tanzania).

Lengo la vikao hivyo likiwa ni kuchanganua fikra, kuhimiza mazungumzo, kutoa muelekeo wa maoni ya umma, kushawishi masuala ya sera pamoja na kujaribu kutafuta suluhu halisi kwa matatizo yanayokumba jamii husika za mataifa hayo. Zaidi ya kushughulikia malengo yetu makuu, vikao hivyo hutoa fursa ya mapato anuwai hususan kutoka kwa vyanzo ambavyo sio vya kawaida sana kama vile mashirika yaliyokuwa awali yakishughulikia maendeleo na shughuli nyingine kama hizo.

Kusi Ideas Festival

Shirika liliendelea kuimarisha shughuli zake za kibiashara nje ya mipaka ya Afrika Mashariki kwa kuanzisha sherehe za Kuchanganua Fikra ambazo kwa sasa zinafahamika kama sherehe za *Kusi Ideas Festival*. Sherehe hizi zinalenga kuanza kujenga "Soko la Muamala wa Mawazo kutoka Barani Afrika" ili kushughulikia fursa pamoja na ubunifu wa kazi unaopatikana kwa bara hili la Afrika kwa lengo la kulisaidia bara hili kushinda katika Karne ya 21. Kwa kuitambua kauli mbiu ya Shirika hili kuwa 'Shirika la Habari la Afrika kwa Afrika' (*Media of Africa for Africa*), lengo hapo likiwa ni kuanza kubadilisha ajenda kuu ya Afrika kwa kuzingatia uwezo wa Shirika hili, kuiweka NMG kifua mbele katika kushunikiza ajenda ya bara la Afrika.

Mnamo tarehe 8-9 Desemba 2019 huko Kigali, Rwanda, shirika lilianzisha toleo lake la kwanza la *Kusi Ideas Festival* chini ya kauli mbiu ya "Miaka 60 Ijayo ya Bara la Afrika" kama tukio mojawapo la maadhimisho ya sherehe za miaka 60 ya shirika hili. Kongamano hili liliwavutia wajumbe 1,600 kutoka kwa mabara matano ikiwa ni pamoja na mwenyeji, Rais Paul Kagame wa Rwanda, Rais Felix Tshisekedi wa Jamhuri ya Kidemokrasia ya Congo, Mwenyekiti wa Tume ya Umoja wa Afrika Bw. Moussa Faki Mahamat pamoja na Muwakilishi wa Maendeleo ya Kimuundo Msingi katika Umoja wa Afrika na aliyekuwa Waziri Mkuu wa Kitambo nchini Kenya, Raila Odinga. Wengine waliohudhuria walikuwa na viongozi wa kibiashara, waunda sera, wanadiplomasia, wabunifu, watafiti, wajasiriamali vijana, wanafunzi, kati ya wengine wengi.

> **Shirika liliendelea kuimarisha shughuli zake za kibiashara nje ya mipaka ya Afrika Mashariki kwa kuanzisha sherehe za Kuchanganua Fikra ambazo kwa sasa zinafahamika kama sherehe za Kusi Ideas Festival. Sherehe hizi zinalenga kuanza kujenga "Soko la Muamala wa Mawazo kutoka Barani Afrika" ili kushughulikia fursa pamoja na ubunifu wa kazi unaopatikana kwa bara hili la Afrika kwa lengo la kulisaidia bara hili kushinda katika Karne ya 21**

Sherehe hii ilitangazwa katika vyombo vyote vya habari barani Africa na kadhalika ilitangazwa mno kwenye mitandao ya kijamii huku ikiwavutia zaidi ya watu milioni 500 mtandaoni. Kuhudhuria huko kwa marais, viongozi wakuu katika serikali, viongozi wa kibiashara pamoja na wasomi mbali mbali ili kuanza mazungumzo kuhusu jinsi ya kuendeleza bara la Afrika, hatua hiyo ilithibitisha uwezo wa Shirika hili na hicho kikiwa kiungo muhimu sana katika kushughulikia Uongozi wa Fikra za Pamoja barani Afrika. Sherehe hii ya *Kusi Ideas Festival* itakuwa tukio kubwa la kiuongozi la NMG katika bara zima na tunaposonga mbele, tukio hili linatazamiwa kufanyika katika mataifa mbali mbali barani Afrika.

Ajenda Endelevu

Ningependa kuuelekeza ujumbe wangu wa mwaka huu katika suala la uendelevu wa kimazingira. Mabadiliko ya tabianchi yamekuwa maswala muhimu sana ya nyakati hizi. Huu ndio wakati muafaka wa kuponya Ulimwengu Wetu kwa kuweka jitihada za pamoja kwenye sekta zote za kijamii ikiwa ni pamoja na vyombo vya habari. Kama ilivyoelezwa vyema na Umoja wa Mataifa, "sasa mabadiliko ya tabianchi yanaathiri kila taifa katika kila bara. Inavuruga chumi za kitaifa na kuathiri maisha ya watu, huku ikiwagharimu watu, jamii pamoja na mataifa leo hii na hata zaidi hapo kesho". Ni kuambatana na hili ambapo Malengo ya Maendeleo Endelevu ya Umoja wa Kimataifa (UN SDGs) Lengo la 13 linawahimiza watu kuchukua hatua ya haraka ili kukabiliana na mabadiliko ya tabianchi na athari zake.

Ni kupitia kwa imani hii nzito, Shirika hili katika kipindi cha miongo sita iliyopita, limeshiriki miradi mbali mbali migumu ya mazingira endelevu ikiwa ni pamoja na kuhifadhi Misitu ya Aberdares na Karura, eneo la Central Park, Uhuru Park, na Msitu wa Mau kati ya miradi mingine ili kulinda vyanzo vikuu vya maji na pia kuhifadhi maeneo ya kupumzikia kwa vizazi vijavyo.

Mnamo mwaka wa 2019, Shirika lilishughulikia mradi maalum kuhusu uchafuzi wa Mto Nairobi (Nairobi River) iliyofahamika kama mfululizo wa *'The Toxic Flow'*. Mradi ulichukua muda wa miezi 3, ulitembelea eneo la umbali wa kilomita 390, na kukusanya sampli zaidi ya 49 ikiwa ni pamoja na mboga za majani, sampuli za maji na kuhusisha rasilimali nyingi ili kufanikisha mradi mzima.

390km

Mnamo mwaka wa 2019, Shirika lilishughulikia mradi maalum kuhusu uchafuzi wa Mto Nairobi (Nairobi River) iliyofahamika kama mfululizo wa 'The Toxic Flow'. Mradi ulichukua muda wa miezi 3, ulitembelea eneo la umbali wa kilomita 390, na kukusanya sampli zaidi ya 49 ikiwa ni pamoja na mboga za majani, sampuli za maji na kuhusisha rasilimali nyingi ili kufanikisha mradi mzima

Taarifa ya Mwenyekiti (inaendelea)

Utafiti huo ulilishangaza taifa zima kwa kuweka paruwanja hali mbaya kabisa ya uchafuzi wa mazingira uliokuwa na sumu ya chuma iliyokuwa kwenye maji yam to, athari hasi kwenye vyakula vinavyokuzwa kwa njia ya unyunyiziaji katika maeneo ya mito hiyo na hatimaye kufikishwa sokoni, kuwepo kwa ushoroba wa magonjwa huku hospitali zilizoko pembezoni mwa mto huo zikitibu magonjwa yanayohusiana na maji na kuongezeka kwa visa vya ugonjwa wa saratani katika kaunti kama vile Machakos na Makueni sehemu ambazo mto huu unapopitia.

Utafiti huu uliifanya Serikali kuanzisha Kikosi cha Nidhamu kilichohusisha mashirika mbali mbali ambacho kilifuatilia kampuni 1,404; kampuni 3 zilifungwa kabisa kabisa kufuatia malalamishi kutoka kwa wenyeji; kampuni 4 zilifungwa kwa muda kwa kumwaga maji taka kwenye mto; Wizara ya Maji & Usafi na Unyunyiziaji iliongezea bajeti yake ili kushughulikia huduma za usafi na Mamlaka ya Kitaifa ya Usimamizi wa Kimazingira (NEMA) iliwasilisha ripoti kwa Wizara ya Mazingira na Misitu ili kuchukua hatua inayofaa.

Kufuatia msururu huo wa makala maalum ya *Toxic Flow*, Shirika lilipokea maoni mengi na hoja kutoka kwa umma kuhusu uchafuzi wa mito ikiwa ni pamoja na Ziwa Victoria. Kutokana na hilo, mwanzoni mwa mwaka huu, Shirika lilianzisha makala mengine mapya yaliyofahamika kama *"Uozo kutoka ndani" (Rotting from the Deep)* yaliyoshughulikia uchafuzi katika Ziwa Victoria, mojawapo ya rasilimali muhimu sana ya ukanda huu. Makala haya, yalishughulikiwa kwa kipindi cha miezi 3, ilikusanya sampuli 28 za maji, ilipata sumu ya vyuma 8 kwenye sampuli hiyo ikiwa ni pamoja na risasi, zebaki, zinki, vyote vikiwa ni hatari kwa afya ya wenyeji na ilichukua gharama kubwa. Utafiti huo uligundua kwamba kuna kampuni nyingi zikiwa zile za umma na pia za kibinafsi zinazochafua mazingira ya ziwa. Hii ilisababisha Serikali kuchukua hatua na kukagua kampuni 255; kujenga rasi kwa asasi za umma; kufungwa kwa mojawapo ya kampuni kubwa zaidi katika eneo la magharibi; huku ikitaka kuchukuliwa hatua za haraka kwa mashirika yanayokiuka masharti ya kimazingira.

Wacha nihitimishe kwa kuunga mkono mwito wa Katibu Mkuu wa Umoja wa Mataifa, António Guterres, kwamba *"Dharura ya Kimazingira ni mbio inayotushinda, lakini ni mbio ambayo tunaweza kushinda. Athari ya hali ya hewa inasababishwa na sisi na suluhisho lazima litoke kwetu sisi wenyewe. Tuna zana: teknolojia iko upande wetu"*. Shirika litaendelea kujitahidi hususan katika masuala ya kuelimisha na kutoa habari muhimu kuhusu marekebisho, kupunguza athari na kuchukua tahadhari za awali kwenye mabadiliko ya tabianchi.

Mabadiliko katika Bodi

Bw. James Montgomery alistaafu kutoka kwenye Bodi Kuu katika kipindi cha mwaka huo na ningependa kumshukuru sana kwa mchango wake mkubwa kama Mwenyekiti wa Kamati ya Mpango Mkakati na Uwekezaji. Bi. Sumayya Hassan-Athmani, ambaye ni Mkurugenzi Mkuu wa Azure Energy Limited, aliteuliwa kwenye bodi katika mwaka huo. Bila shaka, Bodi itanufaika sana kwakwe kutokana na tajriba yake kubwa kwenye usimamizi wa kiushirika.

Shirika linaendelea kuwajibika katika kutambua, kuendeleza, na kutafuta maarifa mapya ili yawe kiungo kikuu kwenye mikakati ya kuimarisha biashara ya sekta ya kidijitali. Mkazo unawekwa zaidi katika kuimarisha uwezo kwenye vitengo vyote vya utendakazi na uamilifu ili kuongeza kasi ya kuibadilisha NMG kuwa shirika lenye viwango vya kimataifa la kidijitali

Watu Wetu

Shirika linaendelea kuwajibika katika kutambua, kuendeleza, na kutafuta maarifa mapya ili yawe kiungo kikuu kwenye mikakati ya kuimarisha biashara ya sekta ya kidijitali. Mkazo unawekwa zaidi katika kuimarisha uwezo kwenye vitengo vyote vya utendakazi na uamilifu ili kuongeza kasi ya kuibadilisha NMG kuwa shirika lenye viwango vya kimataifa la kidijitali.

Mustakabali wa NMG

Janga tandavu la COVID-19 tayari linaonyesha athari ulimwenguni kote ikiwa ni pamoja na uchumi wa ukanda huu wa Afrika Mashariki katika mwaka huu wa 2020 na bila shaka kuendelea mbele. Wataalamu wakiwa ni pamoja na Shirika la Afya Ulimwenguni (WHO) limegundua kwamba haijulikani ni lini janga hili litamalizika. Katika hali hii, tunategemea kwamba mwaka huu wa 2020 utakuwa mwaka mgumu sana kwenye maisha ya Shirika hili kama biashara pamoja na uchumi kuendelea kufanya kazi katika mazingira ya athari ya COVID-19. Miundo ya kibiashara, jinsi watu wanavyofanya kazi na kutumia bidhaa, njia za kusambaza ikiwa ni pamoja na tasnia ya vyombo vya habari vya kawaida ambavyo vitabadilika kabisa kisha vichanganuliwe baada ya janga hili tandavu, likivuruga njia zetu za kawaida za vyanzo vya kuingiza mapato. Ama kwa kweli, katika kipindi hiki matokeo ya usambazaji wa magazeti yameathirika pakubwa na pia pamekuwa na utumiaji mkubwa wa maudhui ya kidijitali. Hivyo basi, mustakabali wetu ni kuimarisha na kuweka kasi ubidhaishaji wa maudhui yetu ya kidijitali.

Shirika litaendelea kuchukua hatua muhimu ili kulinda usalama pamoja na afya ya wafanyikazi wetu na kuhakikisha kwamba biashara yetu inaendelea vyema. Kujitolea kwetu kunalenga kuyatimiza malengo yetu ili kuibadilisha jamii kwa njia nzuri, kwa kudumu kuwapatia habari bora, zilizo na utofauti mkubwa pamoja na maudhui yanayoafiki matakwa ya wateja wetu. Tunafahamu kwamba umuhimu wetu unategemea pakubwa uelewa wa wateja wa enzi za kisasa huku tukizingatia dira yetu ya ukweli, uhuru, usawa na usahihi.

Ninachukua fursa hii kuwashukuru kwa dhati wakurugenzi wenzangu kwa usaidizi wao na mchango wao endelevu kwa bodi.

Kadhalika, wacha nichukue fursa hii, kwa niaba ya Bodi Kuu kutoa shukrani zangu za dhati kwa usimamizi na wafanyikazi wote wa NMG, washikadau wetu, wateja na wadau wengine kwa usaidizi wao pamoja na kujitolea mhanga kwao kwa muda wa mwaka mmoja uliopita.

Ahsanteni sana!

Dr. Wilfred D. Kiboro
Mwenyekiti

Mr. Stephen Gitagama
Group CEO

Group CEO Statement

I am pleased to present to you the business highlights for the year ended 31st December 2019.

The East African region faced a number of challenges in 2019 that consequently affected the overall economic growth and the operating business environment. The results for the Group were achieved in the context of a tough business environment impacted by adverse weather conditions that affected food production; reduced credit to private sector despite easing of the interest rates cap; increased exits of foreign investors from the stock market and a continued hostile regulatory environment. This difficult operating environment led to the restructuring of a number of businesses, with some discontinuing their operations while others announcing profit warnings. The media sector was similarly impacted with a number of them posting significantly reduced revenues and having to re-organise operations.

Despite the challenges, the Group progressed on its digital transformation journey through various initiatives:

Digital Transformation Journey

NMG's strategic objective is to assume leadership of sub – Sahara Africa's mobile publishing landscape in a fashion similar to our past dominance of the print business in Kenya. Mobile offers a transformational opportunity for growth in Africa. The technology overcomes barriers of distance, borders and social distinction, reducing Africa, and indeed the whole world, to one connected village which can be served cost-effectively. In this respect, the Group has embarked on a number of key initiatives to accelerate its digital transformation journey, namely;

The East African region faced number of challenges in 2019 that consequently affected the overall economic growth and the operating business environment. The results for the Group were achieved in the context of a tough business environment

NMG's strategic objective is to assume leadership of sub – Sahara Africa's mobile publishing landscape in a fashion similar to our past dominance of the print business in Kenya. Mobile offers a transformational opportunity for growth in Africa

Paid Content Project

The initiative aims to monetise our digital audiences through world class mobile first digital platforms backed up by content that users are willing to pay for. The project comprises of several key phases which will culminate in the rebuild of our digital assets with the objective of growing user revenue in the long term. It is also key in the ultimate development and monetisation of non-news content verticals.

Scale up of TAG Brand Studio

The Group established TAG Brand Studio, an in-house digital marketing agency in August 2019 as one of the initiatives for creating new revenue streams in digital. The Group seeks to evolve TAG into a leader in the digital advertising market; build key partnerships; develop new products that will create unique market positioning and lead expansion into Africa.

Content Service Provision

The Group has set up an in-house content service platform business with a view to developing a new revenue stream to capture part of an estimated annual sector revenue exceeding KES 10 billion and growing at a compound annual grouth rate of over 20%.

Habari Hub (Digital innovation and incubation hub)

This is a technology incubation hub that focuses on digital journalism and entrepreneurial innovation anchored on content. The hub provides a suitable environment for smart and innovative individuals willing to collaborate with Mwananchi Communications Limited in Tanzania (MCL) on digital experimentation and testing of digital innovation ideas. MCL Digital has already signed up partners and is jointly

20%

The Group has set up an in-house content service platform business with a view to developing a new revenue stream to capture part of an estimated annual sector revenue exceeding KES 10 billion and growing at a CAGR of over 20%.

Group CEO Statement (continued)

exploring ideas around digital content creation and distribution, application development and deployment, institutional collaboration and digital journalism training.

The Group's commitment to investing in journalism and upholding journalistic values and our continuing focus on sweeping digital innovation has helped us create a sustainable business model for news and other programming. As a result, it was another exceptional year for NMG journalism, from breaking news coverage of *Poison River* on print, *Red Alert* and *Preying Missionaries* across the Group's print, broadcast, digital platforms. Quality journalism continues to strengthen the value of our brand as the leading media house in the region.

The EastAfrican celebrated 25 years in 2019 through a campaign named *The EastAfrican@25* Activation and a pullout documenting her 25-year journey. The campaign ran on TV, Print and Digital and kicked off concurrently in Kenya, Uganda, Tanzania and Rwanda. On-ground activations were also undertaken and comprised of vendor branding with the aim of driving visibility and copy sales for *The EastAfrican*.

I am delighted that the Nation Media Group family has remained dedicated throughout this period of change, with the organization and its staff winning 11 journalism awards in Kenya, 3 in Tanzania and 10 in Uganda. We are confident about the promise that the future holds for the Group and are continuously striving to ensure that we deliver on our promise to positively influence society while operating sustainably and profitably.

The Group's commitment to investing in journalism and upholding journalistic values and our continuing focus on sweeping digital innovation has helped us create a sustainable business model for news and other programming. As a result, it was another exceptional year for NMG journalism, from breaking news coverage of Poison River on print, Red Alert and Preying Missionaries across the Group's print, broadcast, digital platforms

21

The Nation Media Group family has remained dedicated throughout this period of change, with the organization and its staff winning 11 journalism awards in Kenya, 3 in Tanzania and 10 in Uganda.

6.3

The Group's turnover declined by 6.3 per cent to Shs 9.1 billion, while total comprehensive income at Shs 0.9 billion was 18.4 per cent lower than last year

Financial Performance

The Group's profit before tax at Shs 1.3 billion was 20.7 per cent lower than previous year, as a result of declined advertising and circulation volumes. The shortfall in advertising revenue in Kenya was partly attributable to the reduction of Government advertising, the revocation of licenses of major sports betting companies by the Government of Kenya and reduced spend from agencies owing to budget cuts by various corporates that previously had relatively large advertising budgets.

The Group's turnover declined by 6.3 per cent to Shs 9.1 billion, while total comprehensive income at Shs 0.9 billion was 18.4 per cent lower than last year. The results were adversely impacted by higher newsprint costs, investment in new initiatives aimed at creating new revenue streams and expenses arising from the Group's 60th anniversary celebrations but partly cushioned by continued cost reduction resulting from improved productivity and efficiency in business operations.

Product Development and Marketing Initiatives

A 360-degree brand campaign dubbed *'Just Move'* campaign was rolled out for *Daily Nation*, *NTV*, *Business Daily*, *The East African* and *#TambaNayo* campaign on *Taifa Leo*. The main objective was to empower audiences and readers to make better choices with regards to their media choices with an aim of ensuring retention of current and growth of new audiences/readers.

Numerous brand events were executed to drive readers' engagement. The key events included *Career Fair*, *Seeds of Gold* farm clinics, *NMG Property Expo* and *NMG Sacco Expo*. Additionally, on ground events for *Daily Nation* were done with the aim of engaging current and recruiting new readers.

The *Business Daily*'s Top 100 campaign included a conference and ended with a gala dinner to award the winners. These campaigns continue to position the brand as a business leader and an enabler for both small businesses and entrepreneurs.

MCL through *Mwanaspoti* Newspaper, conducted Live Chat with readers on social media (Facebook, Instagram and Twitter) to get feedback, advice and evaluate the business performance of the newspaper and how to repurpose the content. In addition, *Swahili Hub*, one of our digital platforms was recognized as one of the centers that support the development of the Swahili language through the National Swahili Council.

Taifa Leo and the *Newspapers in Education (NiE)* team introduced regional Insha competitions which improved readership in the various

Group CEO Statement (continued)

participating schools in the country. The competition led to the delivery of 25,650 copies from February to October 2019 (Primary Schools - 14,400 copies; Secondary Schools- 11,250 copies). The NiE project was activated in 305 schools in Kenya, distributing 125,670 newspaper copies between February and October 2019 to both primary and secondary schools.

Monitor Publications Limited (MPL), in partnership with DFCU Bank and Uganda Investment Authority (UIA) launched the *Rising Woman Business Expo* which was aimed at recognising and celebrating a culture of mentorship among women in business in Uganda. MPL also partnered with National Social Security Fund (NSSF) to launch an annual Universities Career Fair aimed at arming university students with career advice towards making critical choices on their careers for the labour market after school.

The last Quarter of 2019 saw a significant improvement on *NTV Kenya* with Kenya Audience Research Foundation (KARF) projecting a growth of 2% in November 2019 from 4.5% to 6.5%. This period saw *NTV Kenya* launch two new TV shows; *Pieces of Us* and *Kaidi*, which assisted the brand in gaining new audiences. *NTV Kenya* has continued to engage audiences countrywide in partnership with *Churchill Show* and through the *NTV* County Editions. In 2020 *NTV Kenya* will focus more on attracting female audiences and the youth while retaining male audiences, through impact-led programming for both news and shows.

As we look to 2020, The Group has put in place comprehensive plans to leverage and exploit its current strength in the digital space towards delivering value both for the new age consumers and growing new revenue streams

2020 Strategic Priorities

As we look to 2020, The Group has put in place comprehensive plans to leverage and exploit its current strength in the digital space towards delivering value both for the new age consumers and growing new revenue streams. In order to achieve this, new initiatives are in the pipelines to reach our existing and new audiences at home and across the region to sustainably grow the number of engaged users, grow digital circulation and advertising businesses and to accelerate development of mobile-first paid content business. In this regard, focus will be placed on digital content monetisation and scaling up the revenue opportunity and footprint in the market leveraging on TAG Brand Studio. The Group will also exploit business opportunities in the content service provision (CSP) space and implement a new E-paper platform to drive growth of subscription revenue. There will be continuous focus on scaling up of events business with the roll out of signature events across the region primarily on Thought Leadership, anchored by hosting of *Kusi Ideas Festival II* and the Nation Leadership Forums. We will sustain cost and debt management initiatives and the continued focus on operational efficiency across the Group.

In order to deliver the above objectives, the Group will require an agile and vibrant team with the right skill-sets. As a result, we will focus on recruiting and retaining staff with skills necessary to support implementation of digital innovation initiatives while emphasizing on putting the consumer at the centre of everything that we do.

We recognize the instrumental contribution of various stakeholders of NMG in reinforcing the Group's position as the market leader in East and Central Africa, and I would like to thank you for your support and partnership.

I wish to express my sincere gratitude to the Board of Directors, the Executive team and staff members across the region for their guidance, passion, diligence, and unwavering commitment to deliver today as we reposition the Group to win for tomorrow. I look forward to your support as we continue instilling confidence in the Group as a sustainable partner of choice and position Nation Media Group to be the modern digital '*Media of Africa for Africa*'.

Stephen Gitagama
Group Chief Executive Officer

305

The NiE project was activated in 305 schools in Kenya, distributing 125,670 newspaper copies between February and October 2019 to both primary and secondary schools

Media of Africa for Africa

Mr. Stephen Gitagama
Mkurugenzi Mkuu
Mtendaji

Taarifa ya Mkurugenzi Mkuu Mtendaji wa Shirika

Nina furaha kuwasilisha kwenu vidokezo muhimu vya biashara yetu vya mwaka uliomalizikia tarehe 31 Desemba 2019.

Ukanda mzima wa Afrika Mashariki ulikumbwa na changamoto kadhaa mnamo 2019 na kwa sababu hiyo uchumi wa jumla uliathirika pakubwa pamoja na mazingira ya uendeshaji wa biashara. Matokeo ya Shirika yalifanikishwa katika muktadha wa mazingira magumu ya kibiashara yaliyoathiriwa na hali mbaya ya kimazingira ambayo pia iliathiri pakubwa uzalishaji wa chakula; kupungua kwa mikopo kwenye sekta ya kibinafsi licha ya kupunguzwa kwa viwango vya riba; kuondoka kwenye soko la hisa kwa wawekezaji wengi wa kimataifa pamoja na kuendelea kuwepo kwa mazingira magumu mno ya kisheria. Mazingira haya magumu ya kufanyia kazi yalisababisha kubadilisha hali ya baadhi ya biashara zetu, huku baadhi ya biashara zikisitisha utendakazi wake na zingine zikitangaza maonyo ya faida. Kadhalika, sekta ya vyombo vya habari iliathirika pakubwa huku baadhi ya vyombo hivyo vikitangaza matokeo yaliyokuwa na mapato ya chini na hatimaye kusababisha kubadilishwa utaratibu wa kiusimamizi.

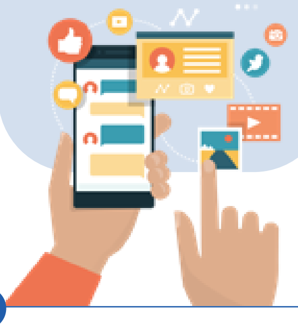
Licha ya changamoto hizo, Shirika liliendelea vyema katika safari yake ya kubadilisha mfumo wake wa kidijitali kupitia kwa mipango mbali mbali:

Safari ya Mabadiliko ya Kidijitali

Lengo la Mkakati wa NMG ni kuongoza katika ukanda mzima wa Afrika pamoja na jangwa la Sahara kwenye mazingira ya uchapishaji wa mtandao wa simu tena katika mtindo sawa na ule wa awali kwenye biashara ya uchapishaji nchini Kenya. Mtandao wa simu unatoa fursa za kimabadiliko kwa ukuaji barani Afrika. Teknolojia hiyo inapiku vizingiti vya umbali, mipaka na utofauti wa kijamii, na pia kulipunguza bara la Afrika la kulifanya kuwa dogo, na bila shaka hata ulimwengu mzima, na kuufanya kuwa kijiji kidogo kilichounganishwa na ambacho kinaweza kuhudumiwa kwa gharama ndogo. Katika hali hii, Shirika hili limeanzisha mipango kadhaa ili kuongezea kasi mipango yake ya safari ya mabadiliko ya kidijitali, inayatambulika kama;

Ukanda mzima wa Afrika Mashariki ulikumbwa na changamoto kadhaa mnamo 2019 na kwa sababu hiyo uchumi wa jumla uliathirika pakubwa pamoja na mazingira ya uendeshaji wa biashara

> **Lengo la Mkakati wa NMG ni kuongoza katika ukanda mzima wa Afrika pamoja na jangwa la Sahara kwenye mazingira ya uchapishaji wa mtandao wa simu tena katika mtindo sawa na ule wa awali kwenye biashara ya uchapishaji nchini Kenya. Mtandao wa simu unatoa fursa za kimabadiliko kwa ukuaji barani Afrika**



Mradi wa Maudhui Yanayolipiwa

Mpango huu unalenga kuzalisha pesa kutoka kwa wateja wetu wa kidijitali kupitia kwa huduma za kimataifa za jukwaa la kidijitali la simu kwanza linaloungwa mkono na maudhui ambayo watumiaji wanaweza kupenda kuyalipia. Mradi huu inahusisha awamu nyingi muhimu zitakazofikia hatma ya kujenga upya amali yetu ya kidijitali huku lengo kuu la muda mrefu likiwa ni kukuza kiwango cha mapato yetu kutoka kwa watumiaji. Kadhalika, mpango huu ni muhimu kwa maendeleo na uzalishaji wa fedha kwenye maudhui ya kibiashara ambayo hayahusiani kabisa na masuala ya habari.

Kuimarisha biashara ya TAG Brand Studio

Mnamo mwezi Agosti 2019, Shirika lilianzisha TAG Brand Studio, kampuni tanzu ya uwakala wa matangazo ya kidijitali kama mojawapo ya mipango maalum wa kuanzisha vyanzo m'badala vya kuunda mapato mapya katika sekta ya dijitali. Shirika linaazimia kufanya TAG kuwa kiongozi katika soko la matangazo ya kidijitali; kujenga ubia maalum; kuandaa bidhaa mpya zitakazounda soko jipya na ukuaji mkubwa barani Afrika.

20%

Shirika limeanzisha jukwaa la kibiashara la kushughulikia uundaji wa maudhui mbali mbali kwa lengo la kuanzisha mkondo mpya wa mapato ili kuchangia katika makadirio ya mwaka ya sekta ya mapato yanayozidi KES 10 billion na inayokua katika CAGR ya zaidi ya 20%

Taarifa ya Mkurugenzi Mkuu Mtendaji wa Shirika (inaendelea)

Utoaji wa Huduma za Kimaudhui

Shirika limeanzisha jukwaa la kibiashara la kushughulikia uundaji wa maudhui mbali mbali kwa lengo la kuanzisha mkondo mpya wa mapato ili kuchangia katika makadirio ya mwaka ya sekta ya mapato yanayozidi Shs 10 billion na inayokua katika CAGR ya zaidi ya 20%.

.

Habari Hub (Ubunifu wa Kidijitali na Kituo cha Kukuza Talanta)

Hiki ni Kituo cha Kiteknolijia Kinachokuza Talanta na kinachozingatia uanahabari wa kidijitali pamoja na ubunifu wa kiujasiriamali unaoegemea zaidi katika maudhui. Kituo hicho kinatoa mazingira faafu ya watu wabunifu na werevu walio tayari kushirikiana na Mwananchi Communications Limited nchini Tanzania (MCL) hususan katika sekta ya kidijitali kuhusu majaribio na uchunguzi wa mawazo bunifu ya kidijitali. MCL Digital tayari imeingia ubia na mashirika na kwa pamoja wanafanya tafakuri za kimawazo kuhusu uundaji wa maudhui ya kidijitali na usambazaji, uundaji wa programu na usakinishaji wake, ushirika wa kiasasi pamoja na mafunzo ya uanahabari wa kidijitali.

Wajibu wa Shirika wa kuwekeza katika uanahabari na kuzingatia thamani ya uanahabari pamoja na kuendelea kutilia mkazo ubunifu wa kidijitali umetusaidia kuunda mfumo wa biashara endelevu kwa habari na programu nyinginezo. Kutokana na hilo, huu ulikuwa ni mwaka mwingine wa kipekee kwa uanahabari wa NMG, kutoka kwa ripoti za makala maalum ya habari za hivi punde za Poison River kwenye gazeti, Red Alert pamoja na Preying Missionaries katika magazeti yote ya NMG, kitengo cha utangazaji, majukwaa ya kidijitali. Uanahabari bora unaendelea kuimarisha thamani ya bidhaa yetu kama shirika kuu la habari katika ukanda huu.

Gazeti la *The EastAfrican* lilisherehekea miaka 25 mnamo mwaka wa 2019 kupitia kwa kampeini iliyofahamika kama *Hamasisho la miaka 25 ya The EastAfrican (The EastAfrican@25 Activation)* na jarida lililofafanua kwa utondoti kuhusu safari yake ya hiyo miaka 25. Kampeini hiyo ilitangazwa kwenye Runinga, Gazeti na jukwaa la dijitali na ilianza kwa usanjari katika mataifa ya Kenya, Uganda, Tanzania na Rwanda. Kadhalika, mahamasisho ya nyanjani yalifanyika na yalishirikisha kuwavisha wauzaji magazeti mavazi ya gazeti hilo kwa lengo la kujipigia debe kwa wateja pamoja na mauzo ya nakala za magazeti ya *The EastAfrican*.

> **Wajibu wa Shirika wa kuwekeza katika uanahabari na kuzingatia thamani ya uanahabari pamoja na kuendelea kutilia mkazo ubunifu wa kidijitali umetusaidia kuunda mfumo wa biashara endelevu kwa habari na programu nyinginezo. Kutokana na hilo, huu ulikuwa ni mwaka mwingine wa kipekee kwa uanahabari wa NMG, kutoka kwa ripoti za makala maalum ya habari za hivi punde za Poison River kwenye gazeti, Red Alert pamoja na Preying Missionaries katika magazeti yote ya NMG, kitengo cha utangazaji, majukwaa ya kidijitali**

21

Familia ya Nation Media Group imejitolea waziwazi katika kipindi hiki cha mabadiliko, huku shirika pamoja na wafanyikazi wake wakijishindia matuzo 11 ya uanahabari nchini kenya, 3 nchini Tanzania na 10 huko Uganda

Nina furaha kwamba familia ya Nation Media Group imejitolea waziwazi katika kipindi hiki cha mabadiliko, huku shirika pamoja na wafanyikazi wake wakijishindia matuzo 11 ya uanahabari nchini kenya, 3 nchini Tanzania na 10 huko Uganda. Tuna uhakika kuhusu ahadi tunayoitarajia hapo mbeleni na tunaendelea kujitahidi ili kuhakikisha kwamba tunaitimiza ahadi yetu ya kuifahamisha jamii na huku tukifanya kazi kiuendelevu na kwa lengo la kupata faida.

Matokeo ya Kifedha

Faida ya Shirika kabla ya ushuru wa Shilingi Bilioni 1.3 ilikuwa asilimia 20.7 chini ya mwaka uliotangulia, hii ilitokana na kupungua kwa viwango vya matangazo na usambazaji. Kupungua kwa mapato ya matangazo nchini Kenya kulichangiwa na kupunguzwa kwa matangazo ya Serikali, Serikali ya Kenya kubatilisha kabisa leseni za kampuni kuu za bahati nasibu na pia kupungua kwa matumizi kutoka kwa mawakala kutokana na kupunguzwa kwa bajeti kwenye asasi mbali mbali ambazo awali zilikuwa na bajeti kubwa ya matangazo.

Mapato ya jumla yalipungua kwa asilimia 6.3 hadi Shs. Bilioni 9.1, huku mapato kamilifu ya jumla ya Shs. Bilioni 0.9 billion yalikuwa ya asilimia 18.4 chini ya mwaka uliotangulia. Matokeo yaliathiriwa pakubwa na gharama kubwa ya makaratasi ya kuchapishia magazeti, uwekezaji wa mipango mipya iliyolenga kuanzisha njia m'badala za kuingiza mapato pamoja na gharama za matumizi yaliyotokana na sherehe za maadhimisho ya miaka 60 lakini iliyopunguzwa makali ya kupunguzwa kwa gharama kutokana na uzalishaji ulioimarika pamoja na utendakazi bora katika uendeshaji wa biashara.

6.3

Mapato ya jumla yalipungua kwa asilimia 6.3 hadi Shs. Bilioni 9.1, huku mapato kamilifu ya jumla ya Shs. Bilioni 0.9 billion yalikuwa ya asilimia 18.4 chini ya mwaka uliotangulia

Taarifa ya Mkurugenzi Mkuu Mtendaji wa Shirika (inaendelea)

Uendelezaji wa Bidhaa na Mipango ya Matangazo

Kampeini ya mfumo wa 360-degree kuhusu bidhaa zetu zote ilifanyika na kufahamika kama kampeini ya *'Just Move'*. Kampeini hiyo ilihusisha bidhaa kama vile *Daily Nation*, *NTV*, *Business Daily*, *The East African* na *#TambaNayo* kwenye *Taifa Leo*. Lengo kuu hapa ikiwa ni kuwahamasisha walengwa na wasomaji wetu ili kufanya maamuzi yanayofaa hususan kuhusu maamuzi yao ya vyombo vya habari kwa lengo la kuhakisha wateja waliopo wamebakia na kuwasaka wateja wapya/ na wasomaji wa magazeti yetu.

Matukio mengi ya bidhaa mbali mbali yalifanyika ili kumshirikisha zaidi msomaji wetu. Matukio makuu yalikuwa ni pamoja na *Career Fair*, maonyesho ya kilimo ya *Seeds of Gold*, *NMG Property Expo* na *NMG Sacco Expo*. Kwa kuongezea, katika matukio ya *Daily Nation* yaliyofanyika nyanjani, yalifanywa kwa lengo la kuwashirikisha na kuwahusisha wasomaji wapya na wale waliokuwepo.

Kampeini ya The *Business Daily*'s Top 100 ilihusisha kongamano na kumalizikia na tafrija mchapwalo ili kuwazawidi washindi. Kampeini hizi zinaendelea kulifanya gazeti hili kuwa na matao ya juu katika magazeti yanayoandika masuala ya kibiashara na kuwa na mafao makubwa kwa biashara ndogo ndogo pamoja na wajasiriamali.

MCL kupitia kwa gazeti lake la *Mwanaspoti*, waliendesha majadiliano mubashara na wasomaji kwenye mitandao mbali mbali ya kijamii kama vile (Facebook, Instagram na Twitter) ili kupata majibu, ushauri na kuyatathmini matokeo ya kibiashara ya gazeti pamoja na jinsi ya kuyabadilisha maudhui hayo. Zaidi ya hivyo, *Swahili Hub*, mojwapo ya majukwaa yetu ya kidijitali ilitambulika kama kituo kinachotoa usaidizi wa makuzi ya lugha adhwimu ya Kiswahili kupitia kwa Baraz a Kitaifa la Kiswahili.

Kikosi kizima cha *Taifa Leo* pamoja na mradi wa *Newspapers in Education (NiE)* kilianzisha mashindano ya Insha ya sehemu zote nchini ambayo hatimaye yaliimarisha usomaji wa gazeti la Taifa Leo katika shule mbali mbali zilizoshiriki nchini. Shindano hilo lilisaidia kununuliwa kwa nakala 25,650 kutoka Februari hadi Oktoba 2019 (zikiwa ni nakala 14,400 kwa shule za msingi; na nakala 11,250 kwa shule za upili). Mradi wa NiE ulifanya mahamasisho kwa shule 305 nchini Kenya, huku zikisambaza nakala za gazeti 125,670 kati ya mwezi wa Februari na Oktoba 2019 kwa shule za msingi a zile za upili.

Monitor Publications Limited (MPL), iliingia ubia na Benki ya DFCU na Halmashauri ya Uwekezaji ya Uganda (UIA) ilizindua onyesho la kibiashara la *Rising Woman Business Expo* lililolenga kutambua na kusherehekea tamaduni ya ulezi mwema kwa wafanyibiashara wanawake nchini Uganda. Kadhalika, MPL ilishirikiana na Hazina ya Kitaifa ya Usalama wa Kijamii (NSSF) ili kuzindua Onyesho la Kila Mwaka la Stadi Mbali Mbali za Vyuo Vikuu lililokuwa limelenga kuwawezesha wanafunzi wa vyuo vikuu kwa ushauri kuhusu stadi wanazopendelea na kuwasababisha kufanya maamuzi muhimu kwenye stadi zao kwa soko la kazi baada ya kumaliza shule.

Wakati tunapouangazia mwaka wa 2020, tayari Shirika hili limeandaa mipango mathubuti ya kuwekea mizani na vipimo, uwezo wake katika sekta ya jukwaa la kidijitali ili kutoa huduma zenye thamani kwa wateja za enzi hizi na kukuza njia m'badala za kuimarisha mapato

Robo ya mwisho wa mwaka wa 2019 ilionyesha ukuaji mkubwa kwa *NTV Kenya* huku shirika la kitafiti la Kenya Audience Research Foundation (KARF) likikadiria ukuaji wa 2% mnamo Novemba 2019 kutoka 4.5% hadi 6.5%. Kipindi hiki kilifanya *NTV Kenya* kuzindua vipindi viwili vipya vinavyofahamika kama; *Pieces of Us* na *Kaidi*, vipindi vilivyosaidia sana kituo hicho kupata watazamaji wapya. *NTV Kenya* imeendelea kuwashirikisha watazamaji kote nchini kwa ushirikiano na kipindi maarufu cha *Churchill Show* pamoja na kupitia kwa matoleo ya nyanjani ya *NTV* County Editions. Mnamo mwaka wa 2020 *NTV Kenya* itaangazia zaidi katika kuwavutia watazamaji wanawake pamoja na vijana huku tukiwashughulikia watazamaji wanaume, kupitia kwa programu zenye uhondo mwingi wa habari pamoja na vipindi vya kuvutia.

Vipaumbele vya Mikakati ya 2020

Wakati tunapouangazia mwaka wa 2020, tayari Shirika hili limeandaa mipango mathubuti ya kuwekea mizani na vipimo, uwezo wake katika sekta ya jukwaa la kidijitali ili kutoa huduma zenye thamani kwa wateja za enzi hizi na kukuza njia m'badala za kuimarisha mapato. Ili kuyafikia malengo haya, mipango mipya inaandaliwa ili kuwafikia haraka wateja waliopo na wale wapya hapa nchini na katika ukanda mzima ili kuendeleza uongezekaji wa idadi ya watumiaji waliofikiwa, kukuza usambazaji wa kidijitali na biashara ya matangazo na pia kuendeleza kasi ya ukuaji wa

305

Mradi wa NiE ulifanya mahamasisho kwa shule 305 nchini Kenya, huku zikisambaza nakala za gazeti 125,670 kati ya mwezi wa Februari na Oktoba 2019 kwa shule za msingi a zile za upili

Media of Africa for Africa

Taarifa ya Mkurugenzi Mkuu Mtendaji wa Shirika (inaendelea)

biashara ya maudhui ya malipo ya mfumo wa simu-kwanza. Katika hali hii, uzingatiaji utaegemezwa zaidi kwenye ubidhaishaji wa maudhui ya kidijitali na kukuza nafasi za mapato pamoja na kuwacha alama katika soko kwa kutilia pondo TAG Brand Studio. Kadhalika, Shirika litatafuta njia m'badala katika utoaji wa huduma za nafasi ya maudhui (CSP) pamoja na utekelezwaji wa jukwaa jipya la gazeti la mtandaoni la E-paper ili kuimarisha ukuaji wa mapato ya kujisajili. Kutakuwa na muendelezo wa kuboresha biashara za maonyesho kwa kuanzisha kwanza kabisa ukusanyaji wa sainikatika sehemu zote, hususan Uongozi Uliopevuka, ukisimamiwa na *Kusi Ideas Festival II* na Nation Leadership Forums. Bado tutaendelea kubakiza gharama na kuwepo kwa mipango ya usimamizi wa mikopo pamoja na kuendelea na uzingatiaji wa ubora wa kiusimamizi katika shirika lote.

Ili kuyatimiza malengo yaliyoko hapo juu, Shirika hili litahitaji kikosi chenye ubunifu, wepesi wa kazi na utaalamu unaofaa. Matokeo yake, ni kwamba tutaangazia katika hali ya kuajiri na kubakiza wafanyikazi walio na maarifa faafu ili kuunga mkono utekelezaji wa mipango ya ubunifu wa kidijitali huku tukisisitiza kwa kumfanya mteja kuwa kitovu cha kila kitu tunakichofanya.

Tunatambua mchango wa kipekee wa asisi za washikadau wa NMG katika kuthibiti nafasi yake ya shirika kama kiongozi kwenye soko la Afrika Mashariki na kati, na ningependa kuwashukuru sana kwa usaidizi pamoja na ushirikiano wenu.

Ningependa kutoa shukurani zangu za dhati kwa Bodi Kuu ya Wakurugenzi, Kikosi cha Wakurugenzi Wakuu pamoja na wafanyikazi kutoka kwa ukanda mzima wa eneo kwa mwongozo wao, shauku, bidii ya mchwa, na uwajibikaji usiopimika utakaofikishwa leo hii wakati tunapojipanga kwenye kikosi ili kushinda kwa ajili ya kesho. Ninategemea pakubwa usaidizi wako wakati tunapoendelea kujaliza imani kwenye shirika kama mshirika endelevu na fursa iliyopo ya Nation Media Group kukumbatia mfumo wa dijitali ya kisasa yenye kauli mbiu inayosema '*Media of Africa for Africa*'.

Stephen Gitagama
Mkurugenzi Mkuu Mtendaji wa Shirika

Ningependa kutoa shukurani zangu za dhati kwa Bodi Kuu ya Wakurugenzi, Kikosi cha Wakurugenzi Wakuu pamoja na wafanyikazi kutoka kwa ukanda mzima wa eneo kwa mwongozo wao, shauku, bidii ya mchwa, na uwajibikaji usiopimika utakaofikishwa leo hii wakati tunapojipanga kwenye kikosi ili kushinda kwa ajili ya kesho

Sustainability Report

Empowering future leaders for Africa.

Media of Africa for Africa

Sustainability Report

The Group has embarked on a critical efforts to create shared value by identifying and expanding the connections between societal and economic progress

Sharmearke Jamal of Al Hikma Primary School reads through a copy of the Juniorspot Magazine during a school newspaper in education activation in Donholm.

The success of any business lies in creating economic value in a way that also creates value for society by addressing its needs and challenges[1]. Indeed, the principle of shared value is reflected in the Nation Media Group's mission to positively transform society whose centrality is in the very essence of its existence as a voice for the voiceless, a trusted partner to African democracies, a champion of the ordinary person in his/her interaction with the government of the day, and a strong advocate for free market economies.

The Group has embarked on critical efforts to create shared value by identifying and expanding the connections between societal and economic progress. We are alive to the realisation that this will involve a long term learning curve to embed shared value in decisions and opportunities to generate innovation and growth for the business and also greater benefits for society.

It is in this regard, that the Group enjoined as a member of Shared Value Initiative whose mission is to bring together businesses and business communities from across Africa with a common purpose to build the African economy to become the most economically viable, and bring about change at scale. NMG is the only media house in the continent to join this initiative, demonstrating its commitment to play a leading role in driving sustainability in its operations.

The Group seeks to primarily focus on improving literacy levels. This will ensure that NMG plays a leading role in achieving the UN SDG Goal 4 of ensuring inclusive and quality education for all and promote lifelong learning. Other key pillars within which the Group seeks to have impact include Health, Environment and Community Sponsorships.

Our sustainability approaches have had the following impact:

[1] The business concept of Shared Value was first given its name and a defined structure in the foundational Harvard Business Review article by Prof Michael Porter and Mark Kramer in 2011. The Shared Value approach reconnects business success with social progress, positing that it is not only possible but indeed preferable from a business perspective to focus business on creating both economic value for its shareholders and for society

4 QUALITY EDUCATION

Education

Hope Mwende,a Pupil at Solidarity Day and Boarding Primary School Ruai in Nairobi County contributing at their School during the launch of the Juniorspot reading club.

Kenya

The *Newspapers in Education* (NiE) program (a Nation Media Group initiative that seeks to increase the level of literacy within primary schools through the provision of newspapers as supplementary reading aids) continued to be the Group's signature education initiative with over 116,400 copies of *Daily Nation* and *Taifa Leo* distributed to 188 schools across the country impacting 53,269 students' access to reading material.

One year after the introduction of *Juniorspot*, an engaging, informative and entertaining 12-page weekly pull out, NMG introduced the concept of reading clubs in primary schools. These are teacher and student led clubs that take a creative, tailor-made approach to education and reading to support the implementation of the new curriculum. In the first month alone, the Group launched these clubs in schools in Kitale, Nakuru, Nairobi, Machakos and Samburu and on boarded 36 schools by December 2019. In addition to these, the program conducted multiple teacher trainings and school activations across the country to create awareness about the use of newspapers in a classroom setting. The NiE program is conducted in partnership with alumni groups, staff members, corporates, individuals and schools to increase access to easily accessible and relevant reading material for the children.

The Group continued its education programme through textbook donations to schools in various counties. The programme is delivered in consultation and partnership with a broad range of stakeholders including, the County Governments, development partners and independent bodies. In 2019, the Group distributed books in Murumba Primary School, Siaya county, Laikipia Rescue & Rehab Centre, Laikipia county, Kiwandani Primary School, Kilifi county, Natwana Primary School, Uasin Gishu County, Mama Fatuma Children's Home and Mum's Love Children's Home, in Nairobi county. These donations benefitted more than 2,000 pupils.

One year after the introduction of Juniorspot, an engaging, informative and entertaining 12-page weekly pull out, NMG introduced the concept of reading clubs in primary schools. These are teacher and student led clubs that take a creative, tailor-made approach to education and reading to support the implementation of the new curriculum

Pupils of Natwana Primary School in Uasin Gishu County display books contributed by NMG as part of its education program to improve literacy levels in schools across different counties.

53,269

Over 116,400 copies of Daily Nation and Taifa Leo distributed to 188 schools across the country impacting 53,269 students' access to reading material

4 QUALITY EDUCATION

Education

Uganda

Monitor Publications Limited and National Social Security Fund (NSSF) collaborated with key stakeholders in Uganda to raise over Shs 8 million in a period of 3 years to improve the learning conditions in public schools. In 2019, the campaign achieved its target to raise Shs. 8 million and handed over to the management of Kampala Capital City Authority (KCCA) and over 6 schools have benefitted across the country.

8 million

Monitor Publications Limited and National Social Security Fund (NSSF) collaborated with key stakeholders in Uganda to raise over Shs 8 million in a period of 3 years to improve the learning conditions in public schools

Tanzania

Mwananchi Publications rolled out *Newspapers in Education (NiE)* initiative, using *Mwananchi* newspaper in 2019 and impacted seven schools including; Twibhoki Primary school in Serengeti Mara and Changa Primary School in Tanga.

3 GOOD HEALTH AND WELL-BEING

Health

MPL staff participated in a blood drive to boost the countrywide shortage of blood. This initiative was in partnership with National Social Security Fund (NSSF) who worked closely with the media and Uganda Blood Transfusion Services (UBTS) to create awareness for blood donation.

Uganda

The MPL staff participated in a blood drive to boost the countrywide shortage of blood. This initiative was in partnership with National Social Security Fund (NSSF) who worked closely with the media and Uganda Blood Transfusion Services (UBTS) to create awareness for blood donation. The campaign managed to mobilize thousands of people countrywide, collecting a total of 5,898 units of blood within a week above its target of 4,000 units. It further led to several organizations taking up the responsibility to organize blood drives to save more lives.

5,898

The campaign managed to mobilize thousands of people countrywide, collecting a total of 5,898 units of blood within a week above its target of 4,000 units

3 GOOD HEALTH AND WELL-BEING

Health

Kenya

In June 2018, the Kenya National Blood Transfusion Service (KNBTS) through its Director Josephine Gathiga announced that the agency had failed to hit its collection target for the year ended December 2017. Kenya requires approximately 500,000 units of blood against KNBTS's collection of 149,000 units. In 2019, NMG partnered with the KNBTS for a blood donation drive targeting its staff members stationed at the headquarters – Nation Centre through the "Show Your Love" campaign which rallied staff to support the initiative by donating blood to save a life.

500,000

Kenya requires approximately 500,000 units of blood against KNBTS's collection of 149,000 units

15 LIFE ON LAND

Environment

The Group recognizes environmental management as a critical business imperative that seeks to create value for the business, people and the planet and is committed to promoting environmental management, focusing on environmental conservation as one of the top management priorities

The Group recognizes environmental management as a critical business imperative that seeks to create value for the business, people and the planet and is committed to promoting environmental management, focusing on environmental conservation as one of the top management priorities. A passion for the environment remains at the heart of everything we do. We conduct our activities professionally and responsibly, carefully managing the effects of our operations on the natural environment.

In our operations, we use manufacturing processes that reduce the impact on the environment, including developing and improving operations and technologies to minimize waste, prevent air, water, and other pollution to minimize health and safety risks and dispose of waste safely and responsibly.

The Group, is determined to help create a higher quality of life for all people, and to do our part to help ensure that progress continues within the communities in which we operate.

7 AFFORDABLE AND CLEAN ENERGY

Energy use

At the printing press, the use of energy is closely monitored to ensure efficient use, to promote sustainable use of energy and to contribute to the overall reduction of the carbon footprint in the operations of the Group. A hybrid of clean renewable energy and traditional energy is employed to mitigate the negative impact on the surroundings arising from energy use in the production processes.

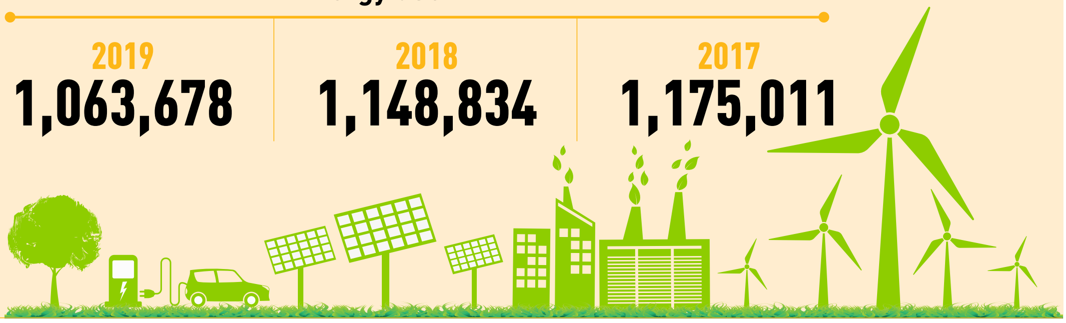
To reduce electric energy consumption, solar lighting technology has been incorporated in the design to supplement electricity use. This has drastically reduced electricity consumption for lighting during the day.

These cost savings have been made possible by reducing the amount of energy consumed by deploying more energy-efficient technologies and alternative energy solutions. Energy use is monitored real-time using software which sends alerts whenever high peaks are reached. This has helped in the control of electricity use especially during heavy demands. We check our performance against our own internal checks and against the environmental laws and regulations. This is done annually via external environmental audits by experts.

To reduce electric energy consumption, solar lighting technology has been incorporated in the design to supplement electricity use. This has drastically reduced electricity consumption for lighting during the day

Energy use in Kwh

2019	2018	2017
1,063,678	1,148,834	1,175,011



Waste Management

Our waste management process ensures that waste generated by our operations do not negatively impact on the environment. The largest raw material consumed by our operations is newsprint.

In 2019, efficient newsprint waste management remained a key focus. Newsprint consumption was lesser vis-à-vis 2018 consumption partly due to efficient newsprint waste management during production.

To reduce negative environmental impacts of toxic and other waste generated by our operations, the Group is committed to efficient waste management and fully abides by legal requirements regarding waste generation, handling and disposal. The Group works with to NEMA certified waste handling and disposal partners to ensure that all waste generated from our processes, including waste that is categorised as hazardous waste, is managed in accordance and compliance to existing environmental regulations, thus contributing positively to the environment.

In 2019, efficient newsprint waste management remained a key focus. Newsprint consumption was lesser vis-à-vis 2018 consumption partly due to efficient newsprint waste management during production

To reduce negative environmental impacts of toxic and other waste generated by our operations, the Group is committed to efficient waste management and fully abides by legal requirements regarding waste generation, handling and disposal

Energy Consumed decreased	Waste Management
2017-2018 2%	2017-2018 13%
2018-2019 7%	2018-2019 0.9%

54

Media of Africa for Africa

Community Sponsorships

Uganda
In partnership with KFM listener's family, NMG Uganda donated assorted baby items to Mother Tereza Orphanage in Namasuba. The homes takes care of orphans as well as abandoned babies.

Tanzania
MCL worked closely with relevant organizations on various issues affecting Tanzania. In December 2019, MCL partnered with UNICEF to host a discussion that created awareness on the challenges affecting the Rights of the Child at The National Council for Technical Education (NACTE). The discussion addressed the overall child deprivation, poverty rates, children living in multi-dimensional poverty and solutions that can improve the situation across the country.

Human Capital

Following the digital disruption in the media industry, the Group embarked on measures to review our structures to align our operations and people to the changes in our business environment. This is to ensure that we are efficient and effective in the delivery of content on all platforms. Recruitment of talent with the right skill set seeks to ensure that NMG's human capital continues to position the business to win in the transformation journey of being a modern digital content company. This is so even while keeping alive our values of continuous improvement and innovation in content ideation, generation, curation and delivery.

Corporate Culture Values and Change Program - Update

As part of the change management program a number of initiatives were undertaken across the Group including employee led networks were put in place to enhance teamwork; employee survey – Your Voice Survey was conducted in August 2019 to establish engagement and satisfaction; Between October to November 2019 teams reviewed their team feedback to determine critical areas for intervention. The implementation of the outcomes, has been delayed due to the changes in the business environment and as such, the next phase will be covered in 2020-2021.

MCL worked closely with relevant organizations on various issues affecting Tanzania. In December 2019, MCL partnered with UNICEF to host a discussion that created awareness on the challenges affecting the Rights of the Child at The National Council for Technical Education (NACTE)

410

84 staff were taken through Health and Safety training; 410 staff attended data and gender journalism training; and 99 staff attended training on libel as a measure to reduce libel cases

Training

In-house Training
Most of the training across the Group was aimed at developing skills in specified functional areas and also in leadership. The 8th cohort of Nation Media Group's Media Lab, was launched in August 2019 in partnership with Aga Khan Graduate School of Media (AKGSM). The curriculum was jointly developed by NMG and AKGSM and focused on preparing our talent for deployment to all strategic areas of the business in print, digital and broadcast. The program was for five (5) months and had 16 students, 12 from Kenya, 2 from Tanzania and 2 from Uganda.

Other trainings included 63 staff members attended the Leadership Excellence Acceleration and Leadership Development Programmes facilitated by Strathmore Business School; 84 staff were taken through Health and Safety training; 410 staff attended data and gender journalism training; and 99 staff attended training on libel as a measure to reduce libel cases.

Two (2) managers in MCL were enrolled on the Wan-Ifra Media Management Accelerator program which aims at developing full digital spectrum knowledge (From Digital revenue creation, strategy and diversification to innovation and integrating a start-up culture). The program will last between 9-12 months.

Seven (7) of MCL's journalists underwent a 6 months sponsorship program offered by Bloomberg Media Initiative Africa. The program aims at improving business reporting skills on data and financial analysis.

External Training
In 2019, the group sponsored two (2) managers to attend Program for Management Development (PMD) which covered learning through internationally acknowledged business case studies and exposure to Gordon Institute of Business Science (GIBS) in South Africa.

In partnership with KFM listener's family, NMG Uganda donated assorted baby items to Mother Tereza Orphanage in Namasuba. The homes takes care of orphans as well as abandoned babies.

Media of Africa for Africa

Awards and Recognition

The Group and the staff continued to receive a number of international, regional and local awards. This was a continued recognition of its exemplary work and the stellar performance of our staff.

The highlight of the awards was NTV Kenya Senior Reporter, Rose Wangui' s international recognition and celebration for telling stories with a strong sense of purpose to tackle unique and taboo stories that usually get buried in headlines. Her stories were selected because of the impact on society and the communities.

International Awards

Kenya and Uganda

The following individuals and teams were recognized internationally:-

- Rose Wangui-Senior Reporter was the winner of Knight International Journalism Award for 2019 awarded by The International Centre for Journalists (ICFJ)
- Elias Makori – Editor, Sports- African Media Personality of the year awarded by the Voice Magazine in conjunction with the Voice Achievers Award
- Eunice Amollo – Reporter – Africa Media Health Network (AMHN) Excellence in Health Journalism Award 2019 by Africa Network on Health.
- Frederic T. Musisi-Reporter was the winner of the Editors and Publishers International Association Award for best Business Reporting.
- Michael J. Ssali-Reporter was the winner of ICHAD and SMART in Washington DC University in St. Louis (Missouri State) for research case study on empowering HIV/AIDS infected and affected orphans and inculcating a saving culture into the vulnerable children in Masaka Region - Central Uganda.

Local Awards

Kenya

8th Annual Journalism Excellence Awards 2019 (AJEA)-

- Devolution Reporting
- Governance Reporting
- Sports Reporting
- Health Reporting
- ICT Reporting
- Gender Reporting
- Business Reporting

Sanaa Theatre Awards

- Best Theatre, Art and Culture Magazine

Uganda (MPL, KFM & NTVU)

Media challenge initiative (Funded by the US Embassy & Deutsche Welle)

- Kyamagero Andrew, Best Female English News Anchor
- Farida Nakazibwe, Best female Luganda News Anchor
- Frank Walusimbi, Best male Luganda news anchor

Uganda Bankers Association and the Institute of Financial Services

- Outstanding Financial and Business Reporter

Uganda Press Photo Awards (UPPA)

- Uganda Press Photo awards

Tanzania

Excellence in Journalism Awards Tanzania (EJAT) in 2019

- Health Category
- Education Category

Tanzania Editors Forum (TEF and UNICEF Tanzania)

- Children Reporting

The Group and the staff continued to receive a number of international, regional and local awards. This was a continued recognition of its exemplary work and the stellar performance of our staff


Music that moves you
NTV
Turning on your world
YOU CAN TELL WHO IS WATCHING NTV.
Tune in for the latest music, interviews with your favourite artists and scoop on everything entertainment.
@ntvuganda • NTVUganda • www.ntv.co.ug

Our Leadership

Africa Renaissance monument
This 49-meter-high bronze statue in the capital Dakar in West Africa symbolizes Africa's rennaissance, the triumph of African liberation. It marks the rebirth of the continent after years of colonial rule. It is a reflection of Africa Rising - culturally, financially and geopolitically.

Media of Africa for Africa

Board of Directors

W D Kiboro	Chairman (Kenyan)
S Gitagama	Chief Executive Officer/ Managing Director (Kenyan)
D Aluanga	(Kenyan)
S Dunbar-Johnson	(British)
S Hassan	(Kenyan) Appointed on 26th September 2019
L Huebner	(American)
Y Jetha	(British)
S Kagugube	(Ugandan) Deceased 15th February 2020
J Montgomery	(British) Resigned on 31st March 2019
W Mwangi	(Kenyan)
L Mususa	(Tanzanian)
F O Okello	(Kenyan)
L Otieno	(Kenyan)
A Poonawala	(Swiss)
A Ramji	(British) Appointed on 27th March 2020
R Tobiko	(Kenyan) Appointed 1 March 2019
J C Kinyua	Secretary (Kenyan) Resigned on 1st February, 2020
Sekou Owino	Interim Company Secretary

Board of Directors Profiles

Dr. Wilfred Kiboro (75) 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 non-executive director and is a member of the Nominations and Governance 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. Stephen Gitagama (53) 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 Chief Executive Officer and was appointed to the Board in March 2008. He previously worked as a Finance Director with East African Breweries Limited. Mr. Gitagama is an executive director and is a director of the Group's Subsidiary Companies and is a member of the Strategy and Investments, the Nominations and Governance and the Editorial Committees.

Mr. Dennis Aluanga (52) 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 equity 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 a non-executive director of Telkom Kenya Limited and Vivo Energy Kenya Limited. Mr. Aluanga is a non-executive director and is a member of the Nominations and Governance, Strategy and Investments and the Editorial Committees.

Mr. Stephen Dunbar-Johnson (57) is a graduate of Worth School and Kent University in the United Kingdom. He has attended an Executive Management program at the Wharton School, University of Pennsylvania (USA) and has undertaken the Sulzberger program at the Colombia School of Journalism (USA). He is the President, International of the New York Times Company and is responsible for the oversight and strategic development of the company's international digital and print business. Previously, he was the Publisher of the International Herald Tribune. He was appointed to the Board in April 2018 and is a member of the Strategy and Investments Committee.

Board of Directors Profiles (continued)

Mrs. Sumayya Hassan (46) holds a Master of Laws(LL.M) degree from the university of Bristol and a Bachelor of Laws (LL.B) degree from Lancaster University. She is an Advocate of the High Court of Kenya and has a Postgraduate diploma in law from the Kenya School of Law. Mrs Hassan is also a director at Takaful Insurance of Africa Limited. She was previously the Managing Director and Chief Executive Officer if the National Oil Corporation of Kenya. She was appointed to the Board as an Independent Non-Executive director in September, 2019 and is a member of the Editorial Committee and the Strategy & Investment Committee."

Prof. Lee Huebner (79) 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 a non-executive director and is the Chairman of the Nominations and Governance Committee and is a member of the Strategy and Investments Committee.

Mr. Leonard Mususa (66) is a Fellow of the Association of Chartered Certified Accountants (UK) and the Certified Public Accountants of Tanzania. Currently a Private Management Consultant, he was the Country Senior Partner of PricewaterhouseCoopers in Tanzania until his retirement in June 2014. He also served in other roles, including Head of Assurance Risk and Quality of the PwC Africa Central Region for three years and Head of Risk, Independence and Quality in the PwC East African Market area for two years. He was appointed to the NMG board as an independent non-executive director in March 2015. He is the Chairman of the Audit, Risk and Compliance Committee, a member of the Human Resources and Remuneration Committee and the Chairman of Mwananchi Communications Limited in Tanzania. He is also a director of NMB Bank PLC (Tanzania), Tanzania Breweries PLC and Reliance Insurance Company (Tanzania) Limited.

Mr. Francis Okomo Okello (70) holds a Bachelor of Laws Degree from the University of Dar es Salaam, Tanzania and is an Advocate of the High Court of Kenya. He is 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 an Independent Non-Executive Director of Absa Group Limited (formerly Barclays Africa Group Limited) and the immediate former Chairman of Absa Bank Kenya PLC (formerly Barclays Bank of Kenya PLC). He is 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). Mr Okello is a non-executive director and is the Chairman of the Editorial Committee.

Board of Directors Profiles (continued)

Dr. Yasmin Jetha (67) holds a masters degree in Management Science from Imperial College (London), and is a Fellow of the Chartered Institute of Management Accountants. She was awarded an honorary Doctor of Laws degree by the University of Leicester in 2005, and was made an honorary Fellow of the University of Bedfordshire in 2011. She is currently a non-executive director of The Royal Bank of Scotland Group Plc and also Guardian Media Group in the United Kingdom. During her executive career, she was the Chief Information Officer at Bupa and prior to that Chief Operating Officer at the Financial Times. Dr Jetha joined the board in September 2009 as an independent non-executive director and is the Chairperson of the Human Resources and Remuneration Committee, and a member of the Strategy & Investments Committee.

Mr. Wangethi Mwangi (67) holds a Masters of Business Administration degree in Strategic Management from Strathmore University and a Bachelor of Arts in Literature in English and Political Science from the University of Nairobi, a Post Graduate Diploma in Mass Communication and a Certificate in Professional Mediation. He is a media professional with more than 30 years' experience in journalism. He previously worked for NMG rising to the position of Group Editorial Director.
He is currently serving as a senior advisor to the African Media Initiative, a Pan African organization which seeks to strengthen the media section to support national and continental efforts to achieve economic growth, democratic governance and social development. He has served as a member of the Media Complaints Commission of Kenya and remains a member of the Kenya Editors Guild, which he helped set up.
Mr Mwangi was appointed to the board as a non-executive director in July 2017 and is a member of both the Editorial and Human Resources & Remuneration Committees.

Mr. Louis Otieno (55) holds Master of Business Administration and Bachelor of Science degrees from Long Island University and Mercy College (NY, USA), respectively. Mr. Otieno began his ICT professional career in the USA, rising to the position of Assistant Vice President at EEC Financial Services in New York. He then joined Microsoft Corporation in 1997, leading its expansion across Africa in various capacities for over 20 years. He has served on advisory basis to various African governments as well as being a member of the boards of Kenya Vision 2030 and the COMESA Business Council.
He has also served on various private and public company boards, giving guidance on digital transformation initiatives.
He is a non-executive director at Absa Bank Kenya Limited.
He is the Chairman of the Board of Absa Asset Management Limited. Mr. Otieno was appointed to the board as an independent non-executive director in July 2017. He chairs the Strategy & Investments Committee and is a member of the Human Resources and Remuneration Committee.

Mr. Anwar Poonawala (73) holds a Master of Science (Industrial Engineering) and an MBA from the University of Iowa (USA). He joined the board as a non-executive director 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 Audit, Risk and Compliance, the Nominations and Governance and the Human Resources and Remuneration Committees.

Board of Directors Profiles (continued)

Mr. Al-Noor Ramji (64) is the Group Chief Digital Officer for Prudential PLC where is he responsible for developing and executing an integrated long-term digital strategy for the group. Before joining Prudential PLC, he worked at Northgate Capital, a venture capital firm in Silicon Valley where he run technology focused funds. Prior to that he worked at BT Group PLC as Chief Information Officer, Qwest Communications, Dresdner Kleinworth Benson and Sweiss Bank Corporation. He is the founder of Webtek Software Pvt Ltd. Mr. Ramji is on the board of Virtusa Corp., Netnumber.com Inc., iSoftStone Holdings Ltd. and Argo Group International Holdings Ltd. He received an undergraduate degree from the University of London. He is a member of the Audit Risk & Compliance Committee and the Strategy & Investments Committee.

Mr. Richard Tobiko (46) holds an MBA from Warwick Business School, University of Warwick (UK) and a Bachelor of Commerce (Accounting Option) degree from the University of Nairobi. He is a Certified Public Accountant (CPA - K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He has previously worked with several local and global organizations in the manufacturing and services sector; most notably KETRACO where he was General Manager, Finance and Strategy, General Electric (GE) as Centre Leader for Sub Saharan Africa shared services hub and African Development Bank as a Financial Management Consultant. He was appointed Group Finance Director in October 2018 and joined the Board as an Executive Director on 1 March 2019 and he is a member of the Strategy and Investments Committee.

Sekou Owino (47) is currently the Interim Company Secretary and Head of Legal & Training at Nation Media Group PLC and he has been with the company for 15 years. He is the holder of Bachelor of Laws (LL.B) degree from the University of Nairobi, a postgraduate Diploma from the Kenya School of Law, and is an Advocate of the High Court of Kenya and a Certified Public Secretary in addition to being a certified Corporate Governance Trainer. Prior to joining Nation Media Group PLC, Mr. Owino worked at Hamilton Harrison & Mathews Advocates as a Legal Assistant, and also at EABS Bank (now Ecobank Limited). He was appointed Interim Company Secretary in February 2020.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of Nation Media Group PLC (the "Company") and its subsidiaries (together the "Group").

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Kenya experienced a challenging economic environment with declining domestic demand, missed tax collection targets, reduced credit available to the private sector and staff layoffs by several corporates during the year. A number of listed companies on the Nairobi Securities Exchange issued profit warnings, while others reported reduced earnings as a result of the harsh business environment.

In Uganda, the macro environment was fairly stable since the beginning of the year with the Central Bank Rate (CBR) remaining constant most of the year at 10% and dropping to 9% in October 2019. The highest headline inflation rate was 3.6% in December 2019. In Tanzania, growth was moderate driven by increased infrastructure development, agriculture, transport and low inflation at 3%. Despite the positive growth in these economies, the impact was not felt across many businesses.

The Group's performance was mainly impacted by reduced advertising spend on traditional media platforms partly attributable to changes in the regulatory environment and budget cuts by major advertisers as the challenging economic environment continues to suppress resources available for businesses. The performance was also dampened by higher newsprint costs and investment in new initiatives aimed at creating alternative revenue streams for the Group. Overall performance was substantially cushioned by reduced operating costs focused on optimizing current operations.

Group turnover at Shs 9.1 billion was 6.3% lower than prior year while total comprehensive income at Shs 0.9 billion was 18.4% below the previous year.

The results of the Group for the year are set out in the Group statement of comprehensive income on page 84.

KEY PERFORMANCE HIGHLIGHTS

	2019	2018	2017	2016	2015
	Shs m	Shs m	Shs m	Shs m	Shs m
Performance					
Revenue	9,050.9	9,660.6	10,624.9	11,324.8	12,339.5
Profit before income tax	1,296.4	1,634.0	1,954.6	2,460.0	2,823.2
Total comprehensive income for the year	862.6	1,056.7	1,350.9	1,634.7	2.071.1
Financial position					
Non-current assets	5,184.7	4,770.0	5,009.2	5,010.8	5,171.8
Net current assets	3,338.3	3,137.6	3,190.4	3,707.3	3,933.8
Non-current liabilities	(725.5)	(30.0)	(33.3)	(15.2)	(151.9)
Non-controlling interest	(63.9)	(56.7)	(51.0)	(47.0)	(48.4)
Equity holders funds	7,733.6	7,820.9	8,115.3	8,655.9	8,905.3
Profit before tax as a percentage of revenue (%)	14.32	16.91	18.40	21.72	22.88
Earnings per share (Shs)	4.50	5.90	6.92	8.94	11.79
Dividends per share (Shs)	1.50	5.00	10.00	10.00	10.00
Dividends cover (times)	3.00	1.18	0.69	0.89	1.18
Capital expenditure – Excluding ROU Assets	183.5	276.9	417.6	370.8	1,525.9

REPORT OF THE DIRECTORS (continued)

PRINCIPAL RISKS AND MITIGATING STRATEGIES

The Group's principal risks are set out below. These risks have been assessed considering their potential impact and likelihood of occurrence, and the resultant residual risk based on management controls and actions put in place to mitigate the residual risk.

Principal risks	Mitigating strategies
1. Reputation risk Damage to NMG's reputation as a result of actions, behaviour or performance that falls short of stakeholder expectations.	• Improved consumer service training for staff. • Create awareness among staff on NMG's key reputational risks. • A "Ready for Regulation" strategy to ensure compliance with regulatory issues. • Develop an escalation matrix within the Group for escalating reputational issues. • Improve the editorial gatekeeping function and compliance with editorial policy. • Develop a communication protocol for the Group including a social media policy. • Continuous scanning of the social media and responding appropriately. • Robust stakeholder management.
2. Concentration risk Heavy reliance on print media and circulation revenue as the primary source of revenue.	• Exploring new revenue streams. • Fully entrenching the digital/mobile first digital model and embedding the digital culture in the organization. • Focus on developing or acquiring unique, relevant content.
3. Litigation risk Defamatory content/information/message about an individual or company published or aired by the Group exposes Nation Media Group PLC to increased legal suits from persons impacted by the Group's content.	• Establishing and implementing robust internal controls within the company to prevent such occurrences. • Putting in place disciplinary measures for offenders. • Enforcing strict adherence of the editorial policy. • Proactive training of staff on new media laws and regulations to comply without compromising product quality. • Robust management of legal cases.
4. Default risk Failure of a counterparty to a financial transaction to fulfill its financial obligation to Nation Media Group PLC.	• Strict credit control and vetting credit clients/transactions. • Review debt collection continuously. • Engage debt collectors where applicable. • More judicious approval of credit to clients. • Requirement for providing bank or insurance guarantees.
5. Regulatory and compliance risk Changing regulations threaten NMG's competitive position and its capacity to efficiently conduct business.	• Continuous engagement with a wide set of stakeholders in the industry. • Strict enforcement of Editorial Policy and Guidelines as a tool to ensure quality journalism. • Performing regular regulatory development assessment. • Regular training on changing regulatory requirements. • Ensuring compliance with all relevant laws, regulations and standards.

REPORT OF THE DIRECTORS (continued)

DIVIDENDS

The Group is making extensive investments in innovation to grow new revenue streams and gradually transition to digital media becoming a significant contributor of its revenue as the scope for growth in the legacy media business declines gradually. The contemplated investments will require substantial resources including material cash reserves to actualize the initiatives.

Considering the above, the Directors do not recommend payment of a final dividend for the year. Consequently, the interim dividend of Shs 1.50 (60 per cent) per share on the issued capital of 188,542,286 ordinary shares of Shs 2.50 each, paid on 30th September 2019, will be the total dividend per share and will be deemed as the final dividend for the year ended 31 December 2019 (2018: Shs 5.00 per share).

BONUS SHARE ISSUE

The Directors recommend, subject to approval by the Capital Markets Authority, the Nairobi Securities Exchange Plc, and the shareholders at the Annual General Meeting, a bonus share issue of one new fully paid ordinary share for every ten shares held in the capital of the Company, to the shareholders on the register of members at the close of business on 12th June 2020. The new shares shall not qualify for payment of any dividend for the year 2019.

DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 60.

Mrs. S. Hassan was appointed to the Board on 26th September, 2019 in accordance with Article 96 of the Company's Articles of Association.

Mr. A. Ramji was appointed to the Board on 27th March, 2020 in accordance with Article 96 of the Company's Articles of Association.

Dr. Y. Jetha, Mr. L. Mususa and Mr. W. Mwangi 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.

Dr W. Kiboro, Prof. L. Huebner, Mr. F.O. Okello and Mr. A. Poonawala are directors who being over the age of 70 retire in accordance with Article 101 of the Company's Articles of Association and offer themselves for election as directors of the Company for a further period of one year.

By order of the Board

S Owino
Interim Company Secretary
17 April 2020

TAG
brand studío

Digital is at the heart and is the art of what we do!

WE CREATE DIGITAL EXPERIENCES

through

- Digital media buy
- SMM
- Creative
- Trading desk/Programmatic
- ATL media buy
- BTL
- Brand Strategy
- Content strategy
- Native – visual & contextual

GET IN TOUCH TODAY!

Email: snkamau@tag.africa

Phone: 020-3 288 523, 0719 038 523

TAG Brand Studio

KENYA'S PREMIER *DIGITAL MARKETING AGENCY* OFFERING YOU A *360 DATA DRIVEN SOLUTIONS*

Ripoti ya Wakurugenzi Wakuu

Wakurugenzi Wakuu wana furaha ya kuwawasilishia ripoti pamoja na taarifa za kifedha zilizokaguliwa za mwaka uliomalizikia mnamo Desemba 31, 2019, taarifa inayoweka bayana hali halisi ya shughuli za Nation Media Group PLC ("Kampuni") na mashirika yake tanzu (kwa pamoja yakiitwa "Shirika").

SHUGHULI KUU

Shughuli kuu za Shirika hili ni pamoja na machapisho, uchapishaji na usambazaji wa magazeti, redio na utangazaji wa runinga pamoja na bidhaa za mtandao wa kidijitali, katika ukanda mzima wa mataifa ya Afrika Mashariki, mataifa hayo yakiwa ni Kenya, Uganda, Rwanda na Tanzania.

TATHMINI YA KIBIASHARA

Kenya ilikumbwa na changamoto ya mazingira ya kiuchumi huku pakiwa na upungufu mkubwa wa uhitaji wa bidhaa zetu katika ukanda huu, kukosa malengo yaliyopangwa ya ukusanyaji wa ushuru, kupungua kwa njia za kupatikana kwa mikopo kwenye sekta ya kibinafsi na kufutwa kazi kwa wafanyikazi na mashirika mengi ya kibinafsi katika mwaka huo. Kampuni nyingi wanachama wa Shirika la Ubadilishanaji wa Hisa la Nairobi zilitangaza onyo na tahadhari ya faida, huku kampuni nyingine zikiripoti mapato ya kiwango cha chini kutokana na mazingira magumu ya kibiashara.

Huko Uganda, mazingira ya kiuchumi kwa ujumla yalikuwa na afadhali kutoka mwanzoni mwa mwaka, huku Viwango vya Benki Kuu ya Uganda (CBR) vikibakia katika 10% kwenye kipindi chote cha mwaka na pia kupungua hadi 9% mnamo mwezi Oktoba 2019. Kiwango cha juu zaidi cha mfumuko wa bei kilikuwa 3.6% mnamo mwezi Desemba 2019. Huko Tanzania, ukuaji ulikua wa kiwango wastani ukizingatia kuongezeka kwa maendeleo ya kimuundo-msingi, kilimo, uchukuzi na kiwango cha chini cha mfumuko wa bei wa 3%. Licha ya uchanya wa ukuaji huo kwenye chumi hizi, athari haikusikika katika nyanja zote za kibiashara.

Matokeo ya kibiashara ya Shirika hili yaliathirika pakubwa kutokana na kupungua kwa viwango vya wateja wanaotangaza biashara zao katika vyombo vya kawaida vya kutangazia huku hali hiyo ikichangiwa na mabadiliko kwenye mazingira ya sheria za kiushirika. Kadhalika, hii ni pamoja na kupunguzwa kwa bajeti za matangazo kutoka kwa mashirika yanayotupatia biashara hususan wakati huu ambapo changamoto za mazingira ya kiuchumi zinapoendelea kubana rasilimali za kibiashara. Matokeo haya pia yalidumazwa na gharama ya juu ya uchapishaji pamoja na uwekezaji wa mikakati mipya inayolenga kuunda njia m'badala za mapato ya Shirika hili. Matokeo ya jumla yalisaidiwa kiasi kutokana na kupungua kwa gharama ya kiutendakazi huku yakizingatia zaidi kushughulikia hali halisi ya sasa ya biashara yetu.

Mauzo ya jumla ya Shirika ya Shilingi Bilioni 9.1 yalikuwa chini ya 6.3% ya mwaka uliotangulia huku mapato ya jumla ya Shilingi Bilioni 0.9 yakiwa chini ya 18.4% ya mwaka uliotangulia.

Matokeo ya mwaka ya Shirika yameelezewa kwa kina kwenye taarifa ya Shirika ya mapato ya jumla katika ukurasa wa 84.

VIPENGELE MUHIMU VYA MATOKEO

	2019	2018	2017	2016	2015
	Shs m	Shs m	Shs m	Shs m	Shs m
Matokeo					
Mapato	9,050.9	9,660.6	10,624.9	11,324.8	12,339.5
Faida kabla ya ushuru wa mapato	1,296.4	1,634.0	1,954.6	2,460.0	2,823.2
Mapato yote ya jumla ya mwaka mzima	862.6	1,056.7	1,350.9	1,634.7	2.071.1
Hali halisi ya kifedha					
Uwekezaji wa mali wa muda mrefu	5,184.7	4,770.0	5,009.2	5,010.8	5,171.8
Mali iliyopo kwa sasa	3,338.3	3,137.6	3,190.4	3,707.3	3,933.8
Madeni ya muda mrefu	(725.5)	(30.0)	(33.3)	(15.2)	(151.9)
Asilimia ndogo ya usimamizi wa kibiashara	(63.9)	(56.7)	(51.0)	(47.0)	(48.4)
Hazina ya umiliki kwenye uwekezaji	7,733.6	7,820.9	8,115.3	8,655.9	8,905.3
Faida kabla ya ushuru kama asilimia ya mapato (%)	14.32	16.91	18.40	21.72	22.88
Mapato kwa kila hisa (Shs)	4.50	5.90	6.92	8.94	11.79
Migao ya kila hisa (Shs)	1.50	5.00	10.00	10.00	10.00
Migao ya mapato (times)	3.00	1.18	0.69	0.89	1.18
Matumizi ya mtaji – Bila ya kuhusisha Mali ya ROU	183.5	276.9	417.6	370.8	1,525.9

Ripoti ya Wakurugenzi Wakuu (inaendelea)

HATARI KUU PAMOJA NA MIKAKATI YA KUPUNGUZA HATARI HIZO

Athari kuu za Shirika zimeelezewa hapo chini kama ifuatavyo. Hatari hizi zimetahminiwa kwa kuzingatia kuwepo kwa uwezekano wa athari zake, pamoja na matokeo ya hatari zitakazojitokeza kulingana na uthibiti pamoja na hatua za kiusimamizi zilizowekwa ili kupunguza matokeo ya hatari hizo.

Hatari Kuu	Mikakati ya Kupunguza Hatari
1. Hatari ya sifa Uharibifu wa sifa za Shirika la NMG kutokana na maamuzi, tabia ama matokeo ambayo hayatimizi matarajio ya mshikadau.	• Kuimarika kwa mafunzo ya huduma ya watumiaji kwa wafanyikazi. • Kuunda ufahamu kati ya wafanyikazi wa shirika la NMG kuhusu hatari kuu. • Mkakati wa "Tayari kwa Usimamizi" ili kuhakikisha uzingatiaji wa masuala ya kisheria. • Andaa kitariki cha kubainisha ndani ya Shirika kwa kuyaweka wazi masuala ya sifa. • Imarisha jukumu la uongozi wa uhariri na uzingatiaji wa sera za uhariri. • Andaa itifaki ya mawasiliano ya Shirika ili kushirikisha sera ya mtandao wa kijamii. • Utambazaji unaoendela wa mtandao wa kijamii na kutoa majibu kwa njia inayofaa. • Usimamizi mkubwa wa washikadau.
2. Mkusanyiko wa hatari Utegemezi mkubwa wa vyombo vya uchapishaji pamoja na mapato ya usambazaji kama vyanzo vya msingi wa mapato.	• Kutafuta njia nyingine za mapato mapya. • Kujihusisha kikamilifu kwenye mfumo wa kidijitali/simu za rununu na kupachika tamaduni ya kidijitali kwenye Shirika hili. • Zingatia katika kuandaa au kupata taarifa iliyoko ya kipekee na inayofaa.
3. Hatari ya kimashtaka Taarifa iliyopo ya kashfa/habari/ujumbe kuhusu mtu ama kampuni iliyochapisha ama kutangazwa na Shirika inaliweka wazi au kuanika Nation Media Group PLC kwa kesi nyingi kutoka kwa watu walioathirika na taarifa au habari hiyo ya Shirika.	• Kuanzisha na kutekeleza mifumo thabiti ya usimamizi wa ndani katika kampuni ili kukinga matokeo kama hayo. • Kuanzisha mikakati ya kinidhamu kwa ajili ya wakoseaji. • Kuhakikisha kwamba pana ufuatiliaji wa sera ya uhariri. • Kufundishwa mapema kwa wafanyikazi kuhusu sheria na masharti mpya za vyombo vya habari ili kuzingatia bila ya kuchujusha ubora wa bidhaa. • Usimamizi mkubwa wa kesi za kisheria.
4. Hatari ya chaguo-msingi Kushindwa kwa ubia wa mashirika katika muamala wa kifedha ili kutimiza jukumu kwa Nation Media Group PLC.	• Usimamizi wa mikopo mikali na kukagua wateja wa mikopo/miamala. • Mara kwa mara, tathmini ukusanyaji wa madeni. • Washirikishe wakusanyaji wa madeni kila panapofaa. • Uidhinishaji wa kihekima wa mikopo kwa wateja. • Mahitaji ya kutoa mahakikisho ya benki pamoja na bima.
5. Hatari ya kisheria na uzingatiaji Mabadiliko ya kisheria yanatishia hali ya ushindani wa kibiashara wa NMG na uwezo wake wa kuendesha biashara yake vyema.	• Hali ya kuendela kushirikiana na washikadau mbali mbali kwenye sekta hii. • Kutekeleza kikamilifu Sera ya Uhariri pamoja na Miongozo kama chombo cha kuhakikisha kuwepo kwa uanahabari bora. • Kufanya utathmini wa maendeleo ya mara kwa mara ya kisheria. • Mafunzo ya mara kwa mara kuhusu mahitaji ya kisheria yanayobadilikabadilika. • Kuhakikisha uzingatiaji wa sheria zote husika, masharti ya kisheria pamoja na viwango vya ubora.

Ripoti ya Wakurugenzi Wakuu (inaendelea)

MIGAO

Shirika hili linawekeza zaidi katika ubunifu ili kukuza njia m'badala za kuzalisha mapato na kuhamia pole pole katika mfumo wa kidijitali ambao kwa sasa umekuwa kichangiaji kikuu cha mapato yake huku viwango vya ukuaji wa kibiashara wa vyombo vya kawaida vya habari ukididimia pole pole. Uwekezaki uliotarajiwa utahitaji mtaji wa kutosha ikiwa ni pamoja na akiba ya pesa taslimu ili kuifanikisha mipango hiyo.

Kwa kuzingatia maelezo yaliyopo hapo juu, Wakurugenzi hawapendekezi malipo ya mgao wa mwisho ya mwaka huo. Kwa sababu hiyo, mgao wa kipindi cha mpito wa Shs 1.50 (asilimia 60) kwa kila hisa ya mtaji uliotolewa wa hisa za kawaida 188,542,286 za Shs 2.50 kwa kila hisa, zilizolipwa mnamo tarehe 30 Septemba 2019, utakuwa ndio mgao kamili kwa kila hisa na utachukuliwa kuwa ndio mgao wa mwisho wa mwaka uliomalizikia mnamo tarehe 31 Desemba 2019 (2018: Shs 5.00 kwa kila hisa).

HISA YA BONASI ILIYOTOLEWA

Wakurugenzi wakuu wanapendekeza, kwa kutegemea uidhinishaji wa Mamlaka ya Masoko ya Mtaji, Shirika la Ubadilishanaji wa Hisa la Nairobi, na wenyehisa katika Mkutano Mkuu wa Kila Mwaka, hisa ya banasi iliyotolewa ya hisa moja ya kawaida iliyolipiwa kikamilifu kwa kila hisa kumi zilizopo kwenye mtaji wa Kampuni, kwa wenyehisa walio kwenye sajili ya wanachama kufikia mwisho wa muda wa biashara tarehe 12 Juni 2020. Hisa mpya hazitastahiki kufikia kiwango cha malipo ya mgao wowote kwenye mwaka wa 2019.

WAKURUGENZI WAKUU

Wakurugenzi waliokuwa afisini katika kipindi hicho cha mwaka na mpaka tarehe ya kuandaliwa kwa ripoti hii kama ilivyoelezewa bayana kwenye ukurasa wa 60.

Bi. S. Hassan aliteuliwa kwenye Bodi mnamo tarehe 26 Septemba, 2019 kuambatana na Kifungu cha 96 cha Sheria ya Vifungu vya Ushirika wa Kampuni.

Bw. A. Ramji aliteuliwa kwenye Bodi mnamo tarehe 27 Machi, 2019 kuambatana na Kifungu cha Sheria cha 96 cha Vifungu vya Ushirika wa Kampuni.

Dkt. Y. Jetha, Mr. L. Mususa na Bw. W. Mwangi ni wakurugenzi wanaostaafu kwa zamu kuambatana na Kifungu cha 110 cha Sheria ya Vifungu vya Sheria ya Ushirika wa Kampuni na kwa kuwa wanastahili, wanajitolea ili kuchaguliwa tena.

Dkt. W. Kiboro, Prof. L. Huebner, Mr. F.O. Okello na Mr. A. Poonawala ni wakurugenzi wanaostaafu kuambatana na Kifungu cha 101 cha Sheria ya Ushirika wa Kampuni na ambao wana umri wa zaidi ya miaka 70, na kuambatana na Kifungu cha 110 cha Sheria ya Vifungu vya Sheria vya Ushirika wa Kampuni na wanajitolea wenyewe ili kuchaguliwa tena kama wakurugenzi wa Kampuni kwa kipindi cha mwaka mmoja.

Kwa amri ya Bodi Kuu

S Owino
Katibu wa Kipindi cha Mpito
17 Aprili 2020

DIRECTORS' REMUNERATION REPORT

INFORMATION NOT SUBJECT TO AUDIT

Annual Statement and Statement of company's policy on directors' remuneration

The Nation Media Group PLC non-executive directors' remuneration is recommended by the Human Resources and Remuneration Committee to the board. The non-executive directors' fees were held at similar levels to the previous year. Their remuneration is not pegged on performance.

The executive directors comprise of the Group Chief Executive Officer, the Group Finance Director and the Editor in Chief who resigned in 2018. Their remuneration is approved by the Chairman of the Board. They have performance targets for the year and there is an approved bonus policy for the executive directors which is in line with the rest of the employees.

The Group does not run any share option schemes.

Contract of service

The non-executive directors are appointed under a three year contract and are subject to retirement by rotation and are eligible for re-election at the Annual General Meeting (AGM). Those non-executive directors above the age of 70 are required to retire at each AGM and are eligible for re-election.

The executive directors are employees who are on permanent and pensionable terms of employment.

Statement of voting at general meeting

During the AGM held on 28 June 2019, the shareholders unanimously authorised the board to fix the remuneration of the non-executive directors.

Summary of the remuneration policy in respect of Non-Executive Directors (NEDs)

The following are highlights of the Board remuneration policy for the Group:

1. All fees of NEDs are fixed and are reviewed after every two years to take into account factors such as the prevailing rate of inflation and the competitive environment to attract and retain suitably qualified individuals.
2. The fees are paid quarterly and those NEDs who need to allocate more time than the norm are compensated through payment of sitting allowances.
3. Different rates apply to the Board members, the Chairmen of the various Board Committees and the Board Chairman, proportionate to the services and responsibilities rendered.
4. NED's are reimbursed for all business expenses relating to airfare, accommodation, taxis, visa fees incurred on Company business on actual basis supported by official receipts.
5. The NED's remuneration is approved by the shareholders in conformity with the Company's Articles of Association and the Capital Markets Authority Regulations.
6. The Company had in place a policy for payment on retirement for long serving NEDs. This policy was discontinued in 2012 and there are now only four NEDs, who were appointed prior to September 2008 eligible for such payment on retirement.

DIRECTORS' REMUNERATION REPORT (continued)

INFORMATION SUBJECT TO AUDIT

The following table shows a single figure remuneration for the executive, Chairman and non-executive directors in respect of qualifying services for the year ended 31 December 2019 together with the comparative figures for 2018.

The aggregate directors' emoluments are shown under Note 31(vi).

For the year ended 31 December 2019	Salary	Fees	Bonuses	Expense allowances	Long term/ terminal benefits	Total
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Stephen Gitagama	38.8	-	-	0.1	2.6	41.5
Richard Tobiko	20.0	-	-	-	1.2	21.2
Wilfred Kiboro	-	5.2	-	0.1	-	5.3
Francis Okello	-	2.6	-	0.1	-	2.7
Anwar Poonawala*	-	1.7	-	-	-	1.7
Lee Huebner	-	2.3	-	-	-	2.3
Yasmin Jetha	-	2.3	-	-	-	2.3
Dennis Aluanga	-	2.9	-	-	-	2.9
Sumayya Hassan	-	0.4	-	-	-	0.4
Simon Kagugube	-	2.2	-	-	-	2.2
James Montgomery	-	0.6	-	-	-	0.6
Leonard C Mususa	-	2.3	-	-	-	2.3
Louis Otieno	-	1.9	-	-	-	1.9
Wangethi Mwangi	-	3.5	-	-	-	3.5
Stephen Dunbar Johnson	-	1.7	-	-	-	1.7
Totals	58.8	29.6	-	0.3	3.8	92.5

*Payment with respect to services provided by Anwar Poonawala was paid to Aga Khan Fund for Economic Development (AKFED).

DIRECTORS' REMUNERATION REPORT (continued)

INFORMATION SUBJECT TO AUDIT (CONTINUED)

For the year ended 31 December 2018	Salary	Fees	Bonuses	Expense allowances	Long term/ terminal benefits	Total
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Joe Muganda	5.2	-	-	0.1	0.2	5.5
Stephen Gitagama	37.4	-	-	0.1	2.3	39.8
Tom Mshindi	35.7	-	-	0.4	2.4	38.5
Wilfred Kiboro	-	5.8	-	0.2	-	6.0
Francis Okello	-	2.5	-	0.1	-	2.6
Anwar Poonawala*	-	1.7	-	-	-	1.7
Lee Huebner	-	2.3	-	-	-	2.3
Yasmin Jetha	-	2.3	-	-	-	2.3
Dennis Aluanga	-	3.0	-	-	-	3.0
Olive Mugenda	-	1.7	-	0.2	-	1.9
Simon Kagugube	-	2.1	-	-	-	2.1
James Montgomery	-	2.9	-	-	-	2.9
Leonard C Mususa	-	2.1	-	-	-	2.1
Louis Otieno	-	1.7	-	-	-	1.7
Wangethi Mwangi	-	3.4	-	-	-	3.4
Stephen Dunbar Johnson	-	1.3	-	-	-	1.3
Totals	78.3	32.8	-	1.1	4.9	117.1

*Payment with respect to services provided by Anwar Poonawala was paid to Aga Khan Fund for Economic Development (AKFED).

On behalf of the Board

Chairperson,
Human Resources and Remuneration Committee
16 April 2020

Executive Team

Stephen Gitagama
Group Chief Executive Officer

Richard Tobiko
Group Finance Director

Tony Glencross
Managing Director,
Nation Media Uganda

Monicah Ndung'u
Head of Broadcasting, NTV

Rachel Wanyoike
Head of Risk and Compliance

Francis Nanai
Managing Director,
Mwananchi Communications Limited

Executive Team (continued)

Mutuma Mathiu
Group Editorial Director

Francis Munywoki
Managing Director,
Nation Newspapers Division

Clifford Machoka
Head of Corporate &
Regulatory Affairs

Sekou Owino
Interim Company Secretary &
Head of Legal

Caroline Githii
Head of Marketing

Financial Statements

Media of
Africa
for Africa

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company at the end of the financial year and of their financial performance for the year then ended. The directors are responsible for ensuring that the Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enable them to prepare financial statements of the Group and Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii. Selecting suitable accounting policies and then applying them consistently; and

iii. Making judgements and accounting estimates that are reasonable in the circumstances.

Having made an assessment of the Group's and Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the board of directors on 17 April 2020 and signed on its behalf by:

W D Kiboro
Chairman

R Tobiko
Group Finance Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATION MEDIA GROUP PLC

pwc

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Nation Media Group PLC (the Company) and its subsidiaries (together, the Group) set out on pages 84 to 124, which comprise the Group and Company statements of financial position at 31 December 2019 and the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Nation Media Group PLC give a true and fair view of the financial position of the Group and the Company at 31 December 2019 and of their 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, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Judgement in the estimation of expected credit losses on trade receivables. The measurement of trade receivables involves the use of significant judgements and assumptions in the estimation of the expected credit losses.. As described in note 3 (i) (a) of the financial statements, significant judgements and assumptions are applied in the following areas: (i) The estimation of the credit risk parameters i.e. probably of default (PD), loss given at default (LGD) and exposure at default (EAD) for trade receivables; and (ii) The definition of default, determination of probability of default matrix and identification of customers' accounts with significant deterioration in credit quality. (iii) Determination of expected future payment pattern for government advertising debt. The disclosures on the application of IFRS 9 in the determination of expected credit losses are in note 4(b) of the financial statements.	We performed the following audit procedures: • We assessed the Group's accounting policies for compliance with IFRS 9; • We assessed and tested key modelling assumptions for reasonableness, including the expected payment pattern for government advertising debt; • We validated key inputs into the ECL model against source documents and reports and checked for mathematical accuracy; and • We checked the financial statement disclosures for compliance with IFRS 9.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATION MEDIA GROUP PLC (continued)

Other information

The other information comprises the company information, the corporate governance statement, the chairman's statement, the directors' profiles, the report of the directors, the statement of directors responsibilities, the non-auditable part of the directors' remuneration report, the notice of the annual general meeting, and the report of principal shareholders which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATION MEDIA GROUP PLC (continued)

pwc

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors' report on pages 66 to 68 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 73 to 75 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

Pricewaterhouse Coopers

Certified Public Accountants
Nairobi

17 April 2020

CPA Bernice Kimacia, Practising certificate No. 1457
Signing partner responsible for the independent audit

Statements of Comprehensive Income
for the year ended 31 December

	Notes	Group 2019 Shs m	Group 2018 Shs m	Company 2019 Shs m	Company 2018 Shs m
Revenue	5	9,050.9	9,660.6	6,922.3	7,523.5
Cost of sales		(1,814.1)	(1,808.0)	(1,342.0)	(1,323.8)
Gross profit		7,236.8	7,852.6	5,580.3	6,199.7
Distribution costs		(318.2)	(330.7)	(225.6)	(239.9)
Administrative expenses		(4,274.0)	(4,349.4)	(3,069.1)	(3,035.3)
Net impairment losses on financial assets		202.1	(102.8)	198.8	(76.0)
Other expenses		(1,735.5)	(1,756.9)	(1,376.1)	(1,560.0)
Operating profit	**6**	**1,111.2**	**1,312.8**	**1,108.3**	**1,288.5**
Finance income	8	197.6	243.5	164.8	212.5
Finance costs	8	(84.4)	-	(70.3)	-
Share of profit after income tax of associate	17	72.0	77.7	-	-
Profit before income tax		**1,296.4**	**1,634.0**	**1,202.8**	**1,501.0**
Income tax expense	9	(440.4)	(516.5)	(403.7)	(497.2)
Profit for the year		**856.0**	**1,117.5**	**799.1**	**1,003.8**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		22.1	(31.8)	-	-
Other comprehensive income from associate	17	(15.5)	(29.0)	-	-
		6.6	**(60.8)**	**-**	**-**
Total comprehensive income for the year		**862.6**	**1,056.7**	**799.1**	**1,003.8**
Profit for the year attributable to:					
Owners of the parent		849.3	1,112.2	-	-
Non-controlling interest		6.7	5.3	-	-
		856.0	**1,117.5**	**-**	**-**
Total comprehensive income attributable to:					
Owners of the parent		855.4	1,052.9	-	-
Non-controlling interest		7.2	3.8	-	-
		862.6	**1,056.7**	**-**	**-**
Basic earnings per share (Shs)	10	4.5	5.9	-	-
Diluted earnings per share (Shs)	10	4.1	5.4	-	-

Statements of Financial Position
at 31 December

		Group		Company	
	Notes	2019	2018	2019	2018
		Shs m	Shs m	Shs m	Shs m
CAPITAL EMPLOYED					
Attributable to the Company's equity holders					
Share capital	11	471.4	471.4	471.4	471.4
Other reserves	12	(134.9)	(136.4)	99.5	102.1
Retained earnings		7,397.1	6,826.0	5,550.2	5,031.3
Proposed dividends	27	-	659.9	-	659.9
		7,733.6	**7,820.9**	**6,121.1**	**6,264.7**
Non-controlling interest		63.9	56.7	-	-
Total equity		**7,797.5**	**7,877.6**	**6,121.1**	**6,264.7**
Non-current liabilities					
Deferred income tax	13	27.3	27.6	-	-
Lease liabilities	16	692.2	-	571.3	-
Post-employment benefit obligation	26	6.0	2.4	6.0	2.4
		725.5	**30.0**	**577.3**	**2.4**
Total equity and non-current liabilities		**8,523.0**	**7,907.6**	**6,698.4**	**6,267.1**
Non-current assets					
Land and buildings	14(a)	595.2	617.3	426.2	444.4
Plant and equipment	14(b)	1,710.0	1,999.8	1,349.6	1,606.8
Right of Use Asset	16	871.6	69.3	702.2	42.3
Intangible assets	15	191.6	225.8	167.7	198.8
Investment in associate	17	1,422.6	1,373.8	94.6	94.6
Investment in subsidiaries	18	-	-	702.8	774.3
Deferred income tax	13	282.6	309.8	206.0	219.4
Other assets	19	111.1	174.2	111.1	174.2
		5,184.7	**4,770.0**	**3,760.2**	**3,554.8**
Current assets					
Inventories	20	656.7	1,116.2	508.9	873.8
Receivables and prepayments	21	3,623.0	3,156.5	2,874.1	2,752.8
Cash and cash equivalents	22	1,039.0	867.1	817.3	591.5
Short-term investments	23	1,520.0	1,288.2	1,362.0	1,131.6
Current income tax		73.3	-	40.5	-
		6,912.0	**6,428.0**	**5,602.8**	**5,349.7**
Current liabilities					
Payables and accrued expenses	24	2,906.0	2,729.5	2,046.0	2,090.6
Provisions	25	537.9	527.2	515.1	506.3
Lease liabilities	16	129.8	-	103.5	-
Current income tax		-	33.7	-	40.5
		3,573.7	**3,290.4**	**2,664.6**	**2,637.4**
Net current assets		**3,338.3**	**3,137.6**	**2,938.2**	**2,712.3**
Total assets less current liabilities		**8,523.0**	**7,907.6**	**6,698.4**	**6,267.1**

The financial statements on pages 84 to 124 were approved and authorised for issue by the board of directors on 17 April 2020 and signed on its behalf by:

W D Kiboro
Chairman

R Tobiko
Group Finance Director

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

		Attributable to equity holders of the Company						
	Notes	Share capital	Other reserves	Retained Earnings	Proposed dividends	Total	Non-controlling interest	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2018								
At start of year, as previously reported		**471.4**	**(72.5)**	**6,302.3**	**1,414.1**	**8,115.3**	**51.0**	**8,166.3**
Impact of initial application of IFRS 9		-	-	349.6		349.6	2.4	352.0
At start of year, as adjusted		**471.4**	**(72.5)**	**6,651.9**	**1,414.1**	**8,464.9**	**53.4**	**8,518.3**
Profit for the year		-	-	1,112.2	-	1,112.2	5.3	1,117.5
Other comprehensive income, net of tax								
Currency translation differences		-	(30.3)	-	-	(30.3)	(1.5)	(31.8)
Transfer of excess depreciation		-	(6.5)	6.5	-	-	-	-
Deferred income tax on transfer		-	1.9	(1.9)	-	-	-	-
Share of comprehensive income in associate		-	(29.0)	-	-	(29.0)	-	(29.0)
Total other comprehensive income		**-**	**(63.9)**	**4.6**	**-**	**(59.3)**	**(1.5)**	**(60.8)**
Total comprehensive income for the year		**-**	**(63.9)**	**1,116.8**	**-**	**1,052.9**	**3.8**	**1,056.7**
Transactions with owners								
Dividends:								
- Final for 2017		-	-	-	(1,414.1)	(1,414.1)	-	(1,414.1)
- Interim for 2018 paid	27	-	-	(282.8)	-	(282.8)	-	(282.8)
- Proposed final for 2018	27	-	-	(659.9)	659.9	-	-	-
- Dividends paid to Non-controlling interest		-	-	-	-	-	(0.5)	(0.5)
Total transactions with owners		**-**	**-**	**(942.7)**	**(754.2)**	**(1,696.9)**	**(0.5)**	**(1,697.4)**
At end of year		**471.4**	**(136.4)**	**6,826.0**	**659.9**	**7,820.9**	**56.7**	**7,877.6**

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

	Notes	Attributable to equity holders of the Company						
		Share capital	Other reserves	Retained Earnings	Proposed dividends	Total	Non-controlling interest	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2019								
At start of year		**471.4**	**(136.4)**	**6,826.0**	**659.9**	**7,820.9**	**56.7**	**7,877.6**
Profit for the year		-	-	849.3	-	849.3	6.7	856.0
Other comprehensive income, net of tax								
Currency translation differences		-	21.6	-	-	21.6	0.5	22.1
Transfer of excess depreciation		-	(6.5)	6.5	-	-	-	
Deferred income tax on transfer		-	1.9	(1.9)	-	-	-	
Share of comprehensive income in associate		-	(15.5)	-	-	(15.5)	-	(15.5)
Total other comprehensive income		-	**1.5**	**4.6**	**-**	**6.1**	**0.5**	**6.6**
Total comprehensive income for the year		-	**1.5**	**853.9**	**-**	**855.4**	**7.2**	**862.6**
Transactions with owners								
Dividends:								
- Final for 2018		-	-		(659.9)	(659.9)	-	(659.9)
- Interim for 2019 paid	27	-	-	(282.8)	-	(282.8)	-	(282.2)
Total transactions with owners		**-**	**-**	**(282.8)**	**(659.9)**	**(942.7)**	**-**	**(942.7)**
At end of year		**471.4**	**(134.9)**	**7,397.1**	**-**	**7,733.6**	**63.9**	**7,797.5**

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

	Notes	Share capital	Other reserves	Retained earnings	Proposed dividends	Total equity
		Shs m	Shs m	Shs m	Shs m	Shs m
Year ended 31 December 2018						
At start of year, as previously reported		**471.4**	**104.7**	**4,635.6**	**1,414.1**	**6,625.8**
Impact of initial application of IFRS 9		-	-	332.0	-	332.0
At start of year, as adjusted		**471.4**	**104.7**	**4,967.6**	**1,414.1**	**6,957.8**
Total comprehensive income						
Profit for the year		-	-	1,003.8	-	1,003.8
Other comprehensive income, net of tax						
Transfer of excess depreciation		-	(3.7)	3.7	-	-
Deferred income tax on transfer		-	1.1	(1.1)	-	-
Total other comprehensive income		**-**	**(2.6)**	**2.6**	**-**	**-**
Total comprehensive income for the year		**-**	**(2.6)**	**1,006.4**	**-**	**1,003.8**
Transactions with owners						
Dividends:						
- final for 2017 paid	27	-	-	-	(1,414.1)	(1,414.1)
- interim for 2018 paid	27	-	-	(282.8)	-	(282.8)
- proposed final for 2018	27	-	-	(659.9)	659.9	-
Total transactions with owners		**-**	**-**	**(942.7)**	**(754.2)**	**(1,696.9)**
At end of year		**471.4**	**102.1**	**5,031.3**	**659.9**	**6,264.7**
Year ended 31 December 2019						
At start of year		471.4	102.1	5,031.3	659.9	6,264.7
Total comprehensive income						
Profit for the year		-	-	799.1	-	799.1
Other comprehensive income, net of tax						
Transfer of excess depreciation		-	(3.7)	3.7	-	-
Deferred income tax on transfer		-	1.1	(1.1)	-	-
Total other comprehensive income		**-**	**(2.6)**	**2.6**	**-**	**-**
Total comprehensive income for the year		**-**	**(2.6)**	**801.7**	**-**	**799.1**
Transactions with owners						
Dividends:						
- final for 2018 paid	27	-	-	-	(659.9)	(659.9)
- interim for 2019 paid	27	-	-	(282.8)	-	(282.8)
Total transactions with owners		**-**	**-**	**(282.8)**	**(659.9)**	**(942.7)**
At end of year		**471.4**	**99.5**	**5,550.2**	**-**	**6,121.1**

Statements of Cash Flows
for the year ended 31 December

		Group		Company	
	Notes	2019	2018	2019	2018
		Shs m	Shs m	Shs m	Shs m
Operating activities					
Cash generated from operations	30	1,967.8	1,142.2	1,881.8	1,066.5
Income tax paid		(519.4)	(566.6)	(471.2)	(517.9)
Net cash generated from operating activities		**1,448.4**	**575.6**	**1,410.6**	**548.6**
Investing activities					
Interest received	8	197.6	243.5	164.8	212.5
Purchase of property, plant and equipment	14	(161.6)	(129.6)	(93.2)	(66.8)
Purchase of intangible assets	15	(21.9)	(147.3)	(20.4)	(147.1)
Proceeds from sale of property, plant and equipment		6.0	24.6	4.6	21.8
Dividends received from associate	17	7.7	5.5	7.7	5.5
Dividend received from subsidiary		-	-	18.7	33.6
Long-term deposit	19	63.1	(13.2)	63.1	(13.2)
Short-term investments	23	(231.8)	325.7	(230.4)	482.3
Net cash generated from / (used in) investing activities		**(140.9)**	**309.2**	**(85.1)**	**528.6**
Financing activities					
Dividends paid to non-controlling interest		-	(0.5)	-	-
Dividends paid to shareholders of the Company		(942.7)	(1,696.9)	(942.7)	(1,696.9)
Payment of lease liabilities	16	(213.2)	-	(157.0)	-
Net cash used in financing activities		**(1,155.9)**	**(1,697.4)**	**(1,099.7)**	**(1,696.9)**
Net increase/(decrease) in cash and cash equivalents		**151.6**	**(812.6)**	**225.8**	**(619.7)**
Movement in cash and cash equivalents					
At start of year		867.1	1,692.6	591.5	1,211.2
Increase/(Decrease) in cash and cash equivalents		151.6	(812.6)	225.8	(619.7)
Exchange gains/(losses) on cash and cash equivalents		20.3	(12.9)	-	-
At end of year	**22**	**1,039.0**	**867.1**	**817.3**	**591.5**

Notes to the financial statements

1 General information

Nation Media Group PLC (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 PLC
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 the Company and 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 on a going concern basis and in compliance with International Financial Reporting Standards (IFRS). The financial statements are presented in Kenyan Shillings (Shs m), rounded to the nearest one tenth of a million.The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise 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 and amendments were introduced for the first time for the annual reporting period commencing 1 January 2019:

a) IFRS 16 Leases
b) Annual improvements 2015-2017 Cycle
c) IFRIC 23 Uncertainty over Income Tax Treatments
d) Prepayment Features with Negative Compensation – Amendments to IFRS 9
e) Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28, and
f) Plan Amendment, Curtailment or Settlement – Amendments to IAS 19.

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules using the modified retrospective approach where the cumulative effect of initially applying the new standard resulted in recognition of a right of use asset and lease liability of Shs 950.8million (Company – Shs 761.5 million). The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IFRS 16 Leases

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, under IAS 17.

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The details of the changes in accounting policy are disclosed below:

a) Definition of Lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. At inception of a contract, the Group now assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to a customer for a period of time in exchange for consideration.

b) The Group as a Lessee

As a lessee, the Group leases various assets, mainly office space. These lease contracts are typically made for fixed periods of 1 to 6 years, but may have extension/termination options. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for the qualifying leases (i.e. these leases are on statement of financial position).

Contracts may contain both lease and non-lease components. At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to the lease and non-lease components based

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)
b) The Group as a Lessee (continued)

on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(i) Leases previously classified as operating leases under IAS 17

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average Group's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10%

Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all its leases.

The Group has used a number of practical expedients permitted by the standard when applying IFRS 16 for the first time to leases previously classified as operating leases under IAS 17. In particular:

i. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

ii. Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019.

iii. Accounting for operating leases with a remaining lease term of less than 12 months at 1 January 2019 as short-term leases.

iv. Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

v. Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

vi. A lease item (contract) that can be leased separately is considered low value if it is below the threshold of USD 5,000 (Shs 500,000).

vii. Short-term leases and leases of low value are excluded in the computation of lease liabilities and right of use assets.

(ii) Leases previously classified as finance leases under IAS 17

The Group does not have any finance leases as a lessee under IAS 17 or IFRS 16.

c) Impact on Financial Statements

The impact of adoption of IFRS 16 to the statement of profit or losss and statement of financial position is as follows. The net impact on retained earnings on 1 January 2019 was not significant and therefore no adjustment was made to opening retained earnings.

i. Amounts recognised in the statement of comprehensive income

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Depreciation on right of use assets	146.6	-	100.2	-
Interest on lease liabilities	84.4	-	70.3	-
Total	**231.0**	**-**	**170.5**	**-**

Amounts recognised in the statement of financial position

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Right of use assets	804.2	-	661.3	-
Lease liability	(822.0)	-	(674.8)	-
Net Liability	**(17.8)**	**-**	**(13.5)**	**-**

(ii) New and amended standards adopted by the Company that had no material impact on financial statements

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

I.Annual Improvements 2015-2017 Cycle

IAS 12 Income Taxes - The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners.

Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(ii) New and amended standards adopted by the Company that had no material impact on financial statements (continued)

I. Annual Improvements 2015-2017 Cycle (continued)

earliest comparative period. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

IAS 23 Borrowing Costs - The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

II. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. The Company applies significant judgement in identifying uncertainties over income tax treatments. The interpretation did not have an impact on the financial statements of the Company.

III. Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification.

The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

IV. Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the financial statements of the Company as the associate is being accounted for using the equity method.

V. Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual

reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(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 IFRS 9 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 in the separate financial statements. 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 re-measured 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 recognized 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

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(b) Consolidation (continued)

(ii) Associates (continued)

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.

Associates are stated at cost in the separate financial statements of the Company.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at market value, based on valuations that are conducted at least every five years 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.

Freehold 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
Leasehold land	Over the remaining lease term

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, which is responsible for strategic decision, allocating resources and assessing performance of the operating segments, has been identified as the CODM.

All transactions between business segments are conducted on an arm length basis. Income and expenses associated with each segment as included in determining business segment performance.

(e) Revenue and income recognition

The Group recognises revenue for direct sales of goods and rendering of services. Revenue is recognised as and when the Group satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax (VAT).

Circulation revenue from the sale of newspapers is recognised on delivery of the newspapers to appointed distributors based on approved allocation list, net of returns of unsold newspapers. Advertising revenue is recognised on publication or airing of the related advertisement. Contract printing revenue recognition is based on the performance of the service agreed with the customers.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)
(e) Revenue and income recognition (continued)

The Group recognises revenue at a point in time or over time depending on the nature of goods and services and mode of fulfilling performance obligations.

Interest income is recognised using the effective interest method.

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. Specific provisions are made for obsolete, slow moving and defective inventories.

(g) Financial instruments

(i) Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Group commits itself to the purchase or sale.

(ii) Classification

The Group classifies its financial instruments into the following categories:

a) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost.

b) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other comprehensive income.

c) All other financial assets are classified and measured at fair value through profit or loss.

d) Financial liabilities that are held for trading, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The Company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

e) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Demand and term deposits with banking institutions, trade and other receivables, and short term investments were classified as at amortised cost.

- Trade and other liabilities were classified as at amortised cost.

(i) Initial measurement

On initial recognition:

- Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair value.

- Trade receivables are measured at their transaction price.

- All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

(iv) Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Exchange gains and losses on monetary items, interest income and dividend income are recognised in profit or loss.

Fair value is determined as set out in Note 4(e). Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(v) Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments (Note 4(b)) for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected credit losses are measured in a way that reflects an unbiased and

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(v) Impairment (continued)

probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(vi) Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

(vii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset.Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

When a financial asset measured at fair value through other comprehensive income, other than an equity instrument, is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. For equity investments for which an irrevocable election has been made to present changes in fair value in other comprehensive income, such changes are not subsequently transferred to profit or loss.

(viii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(h) 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 end of reporting period 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

(i) Intangible assets

(i) Goodwill

Goodwill represents the difference between the aggregate of (i) the value of the consideration transferred (generally at fair value), (ii) the amount of any non-controlling interest (NCI), and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(i) Intangible assets (continued)

(i) Goodwill (continued)

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 and are identified according to operating segments.

(ii) Computer software

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

(iii) Transmission frequencies

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

(j)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 Funds in the countries which they operate, which are defined contribution schemes. The Group's contributions 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 statement of financial position 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 present value of the defined benefit obligation and related service costs is determined using the 'projected unit credit method', which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. 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 reporting 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.

(k) 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 profit or loss within 'finance income/costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other income' or 'other expenses'.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

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

(iii) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- 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
- 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.

(l) 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).

(m) 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.

(n) Share capital

Ordinary shares are classified as equity.

(o) Cash and cash equivalents

ash 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.

(p) Provisions

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

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

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

3 Critical accounting estimates and judgements

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

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Impairment losses on financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).A number of significant judgements and estimations are also required in applying the accounting requirements for measuring ECL, such as:

- The application of IFRS 9 risk parameters i.e. probably of default (PD), loss given at default (LGD) and exposure at default (EAD) to trade receivables; and
- The definition of default, determination of probability of default matrix and identification of exposures with significant deterioration in credit quality.

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements (continued)

a) Impairment losses on financial assets (continued)

- Determination of expected future payment pattern for government advertising debt.

b) Provision for claims and other liabilities

The Group faces exposure to claims and other liabilities arising in the normal course of business. There is uncertainty as to how present and future claims and other liabilities will be resolved and therefore significant judgement is required in assessing the likely outcome and the potential liability for such matters. Management in consultation with the legal advisers estimates a provision based on past precedents.

c) 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.

d) Impairment of non-financial assets

Critical estimates are made by management in assessment of impairment for non-financial assets. Significant estimates relate to the determination of the projected cash flows and the discount rate.

e) 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.

f) Lease term and discount rates determination on adoption of IFRS 16

Critical estimates are made by management in determining lease terms in lease contracts. Specifically in determining which leases will be extended and renewed on expiry of the non-cancellable lease term. Estimates are also made on the discount rate.

(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 whether assets are impaired.

4 Financial risk management

The Group's and the Company's activity expose it to a variety of financial risks comprising market risk (including foreign exchange risks, interest rate 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 management under policies approved by the Board of Directors. Management identifies, evaluates and mitigates 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 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.

Management manages this risk by making the significant foreign currency purchases within periods when the exchange rates are favourable. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

At 31 December 2019, if the shilling had weakened/ strengthened against the US dollar and Euro by 5%, with all other variables held constant, the consolidated post tax profit for the year and equity would have been Shs 1.5 million higher/ lower for the US dollar whereas the Euro effect would have been Shs 0.1 million higher/ lower (2018: Shs 1.6 million for the US dollar and Shs 0.1 million for the Euro) higher/ lower mainly as a result of foreign exchange gains/losses on translation of US$ and Euro-denominated trade payables and bank balances.

(ii) Price risk

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

(iii) Interest rate risk

The Group and the Company do not hold any borrowing and therefore not subject to interest rate risk.

(b) Credit risk and expected credit losses

Credit risk arises from cash and short term investments as well as trade and other receivables. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit controllers assess the

Notes to the financial statements (continued)

4. Financial risk management (continued)

(b) Credit risk and expected credit losses(continued)

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.

The Group has adopted the Expected Credit Losses (ECL) model to determine the impairment of trade receivables. The Group opted to adopt the simplified approach of determining the impairment provision. This model includes some operational simplifications for trade and other receivables because they are often held by entities that do not have sophisticated credit risk management systems. These simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.

Using the simplified approach, management has segmented their accounts receivable balances into Government advertising debtors, other advertising debtors, and circulation and subscription debtors.

For the Government advertising debtors, management uses the Government debt collection trends in the past to determine the expected cash flows from these debts and discounts them to the present value to determine the provision. For the other advertising debtors, management determines probabilities of default (PD) using collection trends in the past adjusted for forward looking economic variables by a management multiplier. The average PDs are then used to determine the provision.

For circulation and subscription debtors, management determines the portion of the debt not secured by a bank guarantee and applies a PD based on average collection trends in the past adjusted for forward looking economic variables on this unsecured portion to compute the provision. Dormant accounts are fully provided for.

Related party receivable balances are assessed for impairment based on the counterparty's ability to settle on demand. Cash balances and long-term deposits have been assessed for credit loss based on the credit rating of the financial institutions holding the assets.

Notes to the financial statements (continued)

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December is made up as follows:

Trade and other receivables	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
i) Trade receivables (Note 21)				
Trade receivables	4,396.8	4,648.0	3,318.7	3,534.8
Expected credit losses	(2,449.6)	(2,683.4)	(1,566.8)	(1,765.6)
Carrying amount	**1,947.2**	**1,964.6**	**1,751.9**	**1,769.2**
Neither past due nor impaired	490.1	449.5	370.0	365.3
Past due but not fully impaired	1,889.4	2,202.8	1,426.1	1,790.4
Impaired (fully provided for)	2,017.3	1,995.7	1,522.6	1,379.1
ii) Related parties receivables (Note 21)				
Past due but not impaired	3.7	8.8	214.7	177.6
Impaired (fully provided for)	-	-	322.2	298.4
iii) Other receivables				
Past due but not impaired	1,672.1	1,183.1	907.5	806.0

The overall reduction in the provision for Expected Credit Losses (ECL) results from lower Loss Given Default (LGD) rates on application of IFRS 9 particularly with respect to government debt.

Shs 238.6 million was held as collateral in the form of bank guarantees for trade receivables as at 31 December 2019 (2018: Shs 225.1 million). The stated bank guarantee amounts approximate their fair value.

Bank deposits and short term investments	Group		Company	
	2019	2018	2019	2018
Neither past due nor impaired	Shs m	Shs m	Shs m	Shs m
Deposits with banks (Notes 19, 22 & 23)	1,848.0	1,064.3	1,222.3	762.3
Other short term investments (Note 23)	822.1	806.0	822.1	806.0
	2,670.1	**1,870.3**	**2,044.4**	**1,568.3**

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the board of directors, which together with management, closely monitor the Group's and Company's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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 discounting is not significant.

	Group		Company	
	2019	2018	2019	2018
Liabilities less than 1 year	Shs m	Shs m	Shs m	Shs m
Payables and accrued expenses (Note 24)	2,906.0	2,729.5	2,046.0	2,090.6
Lease liabilities (Note 16)	129.8	-	103.5	-

Notes to the financial statements (continued)

4. Financial risk management (continued)

(d) Capital management

The Group's and 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 manage capital.

The capital structure of the Group and Company consists of equity attributable to equity holders, comprising issued capital and retained earnings. The Group and Company had no borrowings at year end (2018: Nil).

(e) Fair value estimation

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices (unadjusted) in active markets for identical assets (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset that are not based on observable market data (that is, unobservable data) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as discounted cash flow analysis. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of all assets and liabilities at the year-end date approximate their fair values.

The following table shows an analysis of financial and non- financial instruments measured at fair value by level of the fair value hierarchy:

Group	Level 1	Level 2	Level 3	Total
	Shs m	Shs m	Shs m	Shs m
At 31 December 2019				
Non- financial assets				
Freehold land and buildings	-	595.2	-	595.2
At 31 December 2018				
Non- financial assets				
Freehold land and buildings	-	617.3	-	617.3
Company				
At 31 December 2019				
Non- financial assets				
Freehold land and buildings	-	426.2	-	426.2
At 31 December 2018				
Non- financial assets				
Freehold land and buildings	-	444.4	-	444.4

Land and buildings are categorised under Level 2 fair value hierarchy as their value is based on inputs other than quoted prices, or inputs that are observable for the asset or liability, either directly as prices or indirectly as derived from prices. There were no transfers between the various levels during the year.

Notes to the financial statements (continued)

5. Segmental information

Management has determined the operating segments based on the various products or section's performance that are used by Executive Management Team that are used to make strategic decisions. The Group considers the business from a product perspective;

(i) Newspapers and Digital
(ii) Broadcasting

Newspapers and Digital – Incorporating sale of newspapers, advertisements published in the newspapers, advertisements in the digital platforms and subscriptions of e-paper.

Broadcasting – Incorporating advertisements and other content aired on television.

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 operations and third party printing services. Neither of these constitute a separately reportable segment and have therefore been included as part of Newspapers, and Digital 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

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines;

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Advertising revenue	6,010.6	6,528.7	4,576.4	5,077.1
Circulation revenue	2,392.4	2,603.1	1,844.1	1,973.0
Other	647.9	528.8	501.8	473.4
Total	**9,050.9**	**9,660.6**	**6,922.3**	**7,523.5**
Timing of revenue recognition:				
- At a point in time	9,050.9	9,660.6	6,922.3	7,523.5

Segment performance

Nation Media Group is domiciled in Kenya. The revenue attributed to Kenya was Shs 6,922.3 million (2018: Shs 7,523.5 million) while the revenues attributed to all foreign countries in total from which the entity derives revenues was Shs 2,128.6 million (2018: Shs 2,137.1 million). The Group does not derive revenues in excess of 10% of the total Group's revenue from any individual customer except the Government of Kenya.

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

Notes to the financial statements (continued)

5. Segmental information (continued)

Statement of comprehensive income

	Newspapers and Digital	Broadcasting	Unallocated	Total
	Shs m	Shs m	Shs m	Shs m
2019				
Revenue	7,588.6	1,462.3	-	9,050.9
Cost of sales	(1,415.3)	(398.8)	-	(1,814.1)
Gross profit	**6,173.3**	**1,063.5**	**-**	**7,236.8**
Depreciation	(484.1)	(139.0)	-	(623.1)
Amortisation	(50.5)	(1.9)	-	(52.4)
Provision for impairment of receivables	166.6	35.5	-	202.1
Other operating costs	(4,401.8)	(900.8)	(434.0)	(5,736.6)
Total operating expenses	**(4,769.8)**	**(1,006.2)**	**(434.0)**	**(6,210.0)**
Operating profit	1,403.5	57.3	(434.0)	1,026.8
Finance income	-	-	197.6	197.6
Share of results of associate	-	-	72.0	72.0
Contribution	**1,403.5**	**57.3**	**(164.4)**	**1,296.4**
2018				
Revenue	8,096.1	1,564.5	-	9,660.6
Cost of sales	(1,347.8)	(460.2)	-	(1,808.0)
Gross profit	**6,748.3**	**1,104.3**	**-**	**7,852.6**
Depreciation	(387.6)	(137.0)	-	(524.6)
Amortisation	(39.7)	(2.8)	-	(42.5)
Provision for impairment of receivables	(96.0)	(6.8)	-	(102.8)
Other operating costs	(4,633.9)	(960.7)	(275.3)	(5,869.9)
Total operating expenses	**(5,157.2)**	**(1,107.3)**	**(275.3)**	**(6,539.8)**
Operating profit	1,591.1	(3.0)	(275.3)	1,312.8
Finance income	-	-	243.5	243.5
Share of results of associate	-	-	77.7	77.7
Contribution	**1,591.1**	**(3.0)**	**45.9**	**1,634.0**

Notes to the financial statements (continued)

5. Segmental information (continued)

Statement of financial position

	Newspapers and Digital	Broadcasting	Unallocated	Total
2019	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Current assets				
Inventories	606.0	50.7	-	656.7
Receivables and prepayments	1,183.6	1,608.9	830.5	3,623.0
Other assets	-	-	2,632.3	2,632.3
	1,789.6	**1,659.6**	**3,462.8**	**6,912.0**
Non-current assets				
Property, plant and equipment	1,959.8	343.1	2.2	2,305.1
Right of Use Asset	713.2	91.0	67.4	871.6
Investment in associate	-	-	1,422.6	1,422.6
Other assets	-	-	585.4	585.4
	2,673.0	**434.1**	**2,077.6**	**5,184.7**
Total assets	**4,462.6**	**2,093.7**	**5,540.4**	**12,096.7**
Current liabilities				
Payables and accrued expenses	564.8	2,772.0	(430.8)	2,906.0
Lease liability	114.9	14.9	-	129.8
Other liabilities	-	-	537.9	537.9
	679.7	**2,786.9**	**107.1**	**3,573.7**
Non-current liabilities				
Lease liability	612.5	79.7	-	692.2
Other liabilities	-	-	33.3	33.3
	612.5	**79.7**	**33.3**	**725.5**
Total liabilities	**1,292.2**	**2,866.6**	**140.4**	**4,299.2**
Capital expenditure	**116.8**	**66.7**	**-**	**183.5**
2018				
Current assets				
Inventories	999.0	48.9	68.3	1,116.2
Receivables and prepayments	1,999.3	888.4	268.8	3,156.5
Other assets	-	-	2,155.3	2,155.3
	2,998.3	**937.3**	**2,492.4**	**6,428.0**
Non-current assets				
Property, plant and equipment	1,755.2	297.3	564.6	2,617.1
Investment in associate	-	-	1,373.8	1,373.8
Other assets	-	-	779.1	779.1
	1,755.2	**297.3**	**2,717.5**	**4,770.0**
Total assets	**4,753.5**	**1,234.6**	**5,209.9**	**11,198.0**
Current liabilities				
Payables and accrued expenses	1,156.0	732.7	840.8	2,729.5
Other liabilities	-	-	560.9	560.9
	1,156.0	**732.7**	**1,401.7**	**3,290.4**
Non-current liabilities				
Other liabilities	-	-	30.0	30.0
Total liabilities	**1,156.0**	**732.7**	**1,431.7**	**3,320.4**
Capital expenditure	**225.5**	**51.4**	**-**	**276.9**

Notes to the financial statements (continued)

6. Expenses by nature

	Group		Company	
	2019	2018	2019	2018
The following items have been charged/(credited) in arriving at operating profit:	Shs m	Shs m	Shs m	Shs m
Profit on disposal of property, plant and equipment	(6.4)	(0.7)	(4.6)	(13.7)
Employee benefits expense (Note 7)	3,396.6	3,341.7	2,480.5	2,410.2
Trade receivables-provision for impairment (Note 21)	(202.1)	102.8	(198.8)	76.0
Depreciation of property, plant & equipment (Note 14)	474.7	524.6	368.5	416.5
Amortisation of leases (Note 16)	148.5	1.9	101.6	1.5
Goodwill impairment (Note 15)	4.0	-	-	-
Amortisation of intangible assets (Note 15)	52.2	42.5	51.5	40.0
Consumption of inventories	1,357.4	1,327.3	992.6	968.1
Provision for inventory	-	(25.4)	-	(24.8)
Auditors' remuneration	25.2	25.6	16.3	12.8
Repairs and maintenance expenditure on property, plant and equipment	21.3	31.4	9.9	19.8

7. Employee benefits expense

Salaries and wages	3,217.4	3,182.9	2,368.7	2,299.3
Defined contribution benefit scheme	95.5	92.9	89.3	88.3
National Social Security Fund	64.2	46.7	3.7	3.4
Post employment benefit obligation (Note 26)	19.5	19.2	18.8	19.2
	3,396.6	**3,341.7**	**2,480.5**	**2,410.2**

The number of persons employed by the Group at the year end was:	2019	2018
	Number	Number
Full time	1,112	1,126
Part time	466	444
	1,578	**1,570**

8. Finance cost and income

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Finance income:				
Interest income	197.6	243.5	164.8	212.5
Finance costs:				
Interest on leases	(84.4)	-	(70.3)	-

9. Income tax expense

Current income tax:				
- Current year charge to profit of loss	403.6	695.7	390.3	586.6
- Under/(over) provision of current tax in prior years	9.9	(0.4)	-	-
Deferred income tax (Note 13):	26.9	(178.8)	13.4	(89.4)
Total income tax expense	**440.4**	**516.5**	**403.7**	**497.2**

Notes to the financial statements (continued)

9. Income tax expense (continued)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Profit before income tax	1,296.4	1,634.0	1,202.8	1,501.0
Tax calculated at the statutory tax rate of 30% (2018:30%)	388.9	490.2	360.8	450.3
Tax effect of:				
- Income not subject to tax	(80.8)	(54.4)	(59.2)	(31.1)
- Expenses not deductible for tax purposes	105.2	81.0	102.1	78.8
Under/(over) provision of deferred tax in prior years	17.2	0.1	-	(0.8)
Under/(over) provision of current tax in prior years	9.9	(0.4)	-	-
Income tax expense	**440.4**	**516.5**	**403.7**	**497.2**

The statutory tax rate in all the countries in which the Group operates is 30%.

10. Earnings per share

a) Basic 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	
	2019	**2018**
Net profit attributable to shareholders (Shs million)	849.3	1,112.2
Weighted average number of ordinary shares in issue (million)	188.5	188.5
Basic earnings per share (Shs)	4.5	5.9

b) Diluted earnings per share

Diluted 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 and bonus shares recommended for issue. The Directors recommend, subject to the approval of the shareholders, the Capital Markets Authority and the Nairobi Securities Exchange, a bonus issue at the rate of one fully paid ordinary share for every ten ordinary shares held in the issued and paid up capital of the Company as at 12 June 2020.

	Group	
	2019	**2018**
Net profit attributable to shareholders (Shs million)	849.3	1,112.2
Weighted average number of ordinary and bonus shares recommended for issue (million)	207.4	207.5
Diluted earnings per share (Shs)	4.1	5.4

11. Share capital

	Group & Company	
	Number of shares (million)	**Ordinary shares Shs m**
Authorised (par value of Shs 2.5 per share)	240.0	600.0
Issued and fully paid:		
31 December 2018	188.5	471.4
31 December 2019	188.5	471.4

Notes to the financial statements (continued)

12. Other reserves

	Revaluation reserve on buildings	Transactions with controlling interest	Currency translation	Total
	Shs m	Shs m	Shs m	Shs m
Group				
As at 1 January 2018	**182.2**	**(24.9)**	**(229.8)**	**(72.5)**
Share of comprehensive income from associate	-	(29.0)	-	(29.0)
Currency translation differences	-	-	(30.3)	(30.3)
Transfer of excess depreciation	(6.5)	-	-	(6.5)
Deferred income tax on transfer of depreciation	1.9	-	-	1.9
	(4.6)	-	-	(4.6)
Balance as at 31 December 2018	**177.6**	**(53.9)**	**(260.1)**	**(136.4)**
As at 1 January 2019	**177.6**	**(53.9)**	**(260.1)**	**(136.4)**
Share of comprehensive income from associate	-	(15.5)	-	(15.5)
Currency translation differences	-	-	21.6	21.6
Transfer of excess depreciation	(6.5)	-	-	(6.5)
Deferred tax on transfer of depreciation	1.9	-	-	1.9
	(4.6)	-	-	(4.6)
Balance as at 31 December 2019	**173.0**	**(69.4)**	**(238.5)**	**(134.9)**

	Revaluation reserve onbuildings	Total
	Shs m	Shs m
Company		
As at 1 January 2018	**104.7**	**104.7**
Transfer of excess depreciation	(3.7)	(3.7)
Deferred tax on transfer of depreciation	1.1	1.1
	(2.6)	(2.6)
Balance as at 31 December 2018	**102.1**	**102.1**

	Revaluation reserves on buildings	Total
	Shs m	Shs m
As at 1 January 2019	**102.1**	**102.1**
Transfer of excess depreciation	(3.7)	(3.7)
Deferred tax on transfer of depreciation	1.1	1.1
	(2.6)	(2.6)
Balance as at 31 December 2019	**99.5**	**99.5**

Notes to the financial statements (continued)

13. Deferred income tax

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
At start of year, as previously stated	**(282.2)**	**(254.2)**	**(219.4)**	**(272.3)**
Initial application of IFRS 9	-	150.8	-	142.3
At start of year, as adjusted	**(282.2)**	**(103.4)**	**(219.4)**	**(130.0)**
(Credit) to profit or loss (Note 9)	26.9	(178.8)	13.4	(89.4)
Charge/ (credit) to the statement of comprehensive income		-		-
At end of year	**(255.3)**	**(282.2)**	**(206.0)**	**(219.4)**
Presented by:				
Deferred income tax liabilities	27.3	27.6	-	-
Deferred income tax assets	(282.6)	(309.8)	(206.0)	(219.4)
At end of year	**(255.3)**	**(282.2)**	**(206.0)**	**(219.4)**

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

Group	1.1.19	Charged/ (credited) to P&L	Charged/ (credited) to OCI	31.12.19
Year ended 31 December 2019	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Deferred income tax liabilities				
Property, plant and equipment	226.8	(72.0)	-	154.8
Revaluation of buildings	75.7	(0.2)	-	75.5
Currency translation differences	6.5	(0.2)	-	6.3
Overprovision / Underprovision in prior year	-	17.2	-	17.2
Unrealized exchange gains	4.4	(1.8)	-	2.6
	313.4	**(57.0)**	**-**	**256.4**
Deferred income tax assets				
Provisions	(563.5)	69.0	-	(494.5)
Tax losses	(2.2)	-	-	(2.2)
Unrealized exchange losses	(29.9)	14.9	-	(15.0)
	(595.6)	**83.9**		**(511.7)**
Net deferred income tax (asset)/ liability	**(282.2)**	**26.9**	**-**	**(255.3)**

Notes to the financial statements (continued)

13. Deferred income tax (continued)

Group	1.1.18	Initial application of IFRS 9	Charged/ (credited) to P&L	Charged/ (credited) to OCI	31.12.18
Year ended 31 December 2018	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Deferred income tax liabilities					
Property, plant and equipment	294.9	-	(68.1)	-	226.8
Revaluation of buildings	77.6	-	(1.9)	-	75.7
Unrealized exchange gains	1.8	-	2.6	-	4.4
	374.3	**-**	**(67.4)**	**-**	**306.9**
Deferred income tax assets					
Provisions	(609.9)	150.8	(104.4)	-	(563.5)
Tax losses	(2.2)	-	-	-	(2.2)
Unrealized exchange losses	(22.2)	-	(7.7)	-	(29.9)
	(634.3)	**150.8**	**(112.1)**		**(595.6)**
Currency translation differences	5.8	-	0.7	-	6.5
Net deferred income tax (asset)/ liability	**(254.2)**	**150.8**	**(178.8)**	**-**	**(282.2)**

Company Year ended 31 December 2019	1.1.19	Charged/ (credited) to P&L	Charged/ (credited) to OCI	31.12.19
	Shs m	**Shs m**	**Shs m**	**Shs m**
Deferred income tax liabilities				
Property, plant and equipment	210.7	(59.0)	-	151.7
Revaluation of buildings	43.3	-	-	43.3
Unrealized exchange gains	7.5	(3.5)	-	4.0
	261.5	**(62.5)**	**-**	**199.0**
Deferred income tax assets				
Provisions	(471.2)	61.0	-	(410.2)
Unrealised exchange losses	(9.7)	14.9	-	5.2
	(480.9)	**75.9**	**-**	**(405.0)**
Net deferred income tax (asset)/ liability	**(219.4)**	**13.4**	**-**	**(206.0)**

Company Year ended 31 December 2018	1.1.18	Initial application of IFRS 9	Charged/ (credited) to P&L	Charged/ (credited) to OCI	31.12.18
	Shs m	**Shs m**	**Shs m**	**Shs m**	
Deferred income tax liabilities					
Property, plant and equipment	271.8	-	(61.1)	-	210.7
Revaluation of buildings	44.4	-	(1.1)	-	43.3
Unrealized exchange gains	3.2	-	4.3	-	7.5
	319.4	**-**	**(57.9)**	**-**	**261.5**
Deferred income tax assets					
Provisions	(589.7)	142.3	(23.8)	-	(471.2)
Unrealised exchange losses	(2.0)	-	(7.7)	-	(9.7)
	(591.7)	**142.3**	**(31.5)**	**-**	**(480.9)**
Net deferred income tax (asset)/ liability	**(272.3)**	**142.3**	**(89.4)**	**-**	**(219.4)**

Notes to the financial statements (continued)

14(a) Land and buildings

Group	Freehold land Shs m	Buildings Shs m	Total Shs m
As at 1 January 2018			
Valuation	9.1	806.9	816.0
Accumulated depreciation	-	(170.0)	(170.0)
Net book value	**9.1**	**636.9**	**646.0**
Year ended 31 December 2018			
Opening net book value	**9.1**	**636.9**	**646.0**
Additions	-	-	-
Disposals	-	-	-
Depreciation charge	-	(22.0)	(22.0)
Currency translation differences	-	(6.7)	(6.7)
Closing net book value	**9.1**	**608.2**	**617.3**
Year ended 31 December 2019			
Opening net book value	**9.1**	**608.2**	**617.3**
Depreciation charge	-	(22.2)	(22.2)
Currency translation differences	-	0.1	0.1
Closing net book value	**9.1**	**586.1**	**595.2**
As at 31 December 2019			
Valuation	9.1	803.9	813.0
Accumulated depreciation	-	(217.8)	(217.8)
Net book value	**9.1**	**586.1**	**595.2**

Company	Freehold land Shs m	Buildings Shs m	Total Shs m
Year ended 31 December 2018			
Opening net book value	**9.1**	**453.4**	**462.5**
Additions	-	-	-
Disposals	-	-	-
Depreciation charge	-	(18.1)	(18.1)
Closing net book value	**9.1**	**435.3**	**444.4**
As at 31 December 2018			
Valuation	9.1	570.8	579.9
Accumulated depreciation	-	(135.5)	(135.5)
Net book value	**9.1**	**435.3**	**444.4**
Year ended 31 December 2019			
Opening net book value	**9.1**	**435.3**	**444.4**
Depreciation charge	-	(18.2)	(18.2)
Closing net book value	**9.1**	**417.1**	**426.2**
As at 31 December 2019			
Valuation	9.1	570.8	579.9
Accumulated depreciation	-	(153.7)	(153.7)
Net book value	**9.1**	**417.1**	**426.2**

The Group's freehold land and buildings were revalued in 2017 by independent professional valuers. Valuations were made on the basis of open market value for existing use. The book values of the revalued assets were adjusted to the revalued amounts. Increase/ (decrease) arising on the revaluation was recognised in other comprehensive income and accumulated in the revaluation surplus.

Notes to the financial statements (continued)

14(a) Land and buildings (continued)

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

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Cost	560.7	560.7	411.0	411.0
Accumulated depreciation	(201.4)	(179.3)	(170.2)	(152.0)
Net book value	**359.3**	**381.4**	**240.8**	**259.0**

14(b) Plant and equipment

	Plant and equipment	Motor vehicle	Total
Group	Shs m	Shs m	Shs m
As at 1 January 2018			
Cost	8,378.9	562.2	8,941.1
Accumulated depreciation	(6,109.2)	(433.6)	(6,542.8)
Net book value	**2,269.7**	**128.6**	**2,398.3**
Year ended 31 December 2018			
Opening net book value	**2,269.7**	**128.6**	**2,398.3**
Additions	106.1	23.5	129.6
Disposals	(4.9)	(4.9)	(9.8)
Depreciation charge	(444.6)	(58.0)	(502.6)
Currency translation differences	(14.9)	(0.8)	(15.7)
Closing net book value	**1,911.4**	**88.4**	**1,999.8**
Year ended 31 December 2019			
Opening net book value	**1,911.4**	**88.4**	**1,999.8**
Additions	150.8	10.8	161.6
Disposals	(0.1)	-	(0.1)
Depreciation charge	(406.9)	(45.6)	(452.5)
Currency translation differences	1.2	-	1.2
Closing net book value	**1,656.4**	**53.6**	**1,710.0**
As at 31 December 2019			
Cost	8,630.8	530.6	9,161.4
Accumulated depreciation	(6,974.4)	(477.0)	(7,451.4)
Net book value	**1,656.4**	**53.6**	**1,710.0**

Notes to the financial statements (continued)

14(b) Plant and equipment (continued)

	Plant and equipment	Motor vehicle	Total
Company	**Shs m**	**Shs m**	**Shs m**
Year ended 31 December 2018			
Opening net book value	**1,842.1**	**104.5**	**1,946.6**
Additions	48.4	18.4	66.8
Disposals	(3.8)	(4.4)	(8.2)
Depreciation charge	(354.1)	(44.3)	(398.4)
Closing net book value	**1,532.6**	**74.2**	**1,606.8**
As at 31 December 2018			
Cost	6,555.9	431.3	6,987.2
Accumulated depreciation	(5,023.3)	(357.1)	(5,380.4)
Net book value	**1,532.6**	**74.2**	**1,606.8**
Year ended 31 December 2019			
Opening net book value	**1,532.6**	**74.2**	**1,606.8**
Additions	70.7	22.5	93.2
Disposals	(0.1)	-	(0.1)
Depreciation charge	(308.2)	(42.1)	(350.3)
Closing net book value	**1,295.0**	**54.6**	**1,349.6**
As at 31 December 2019			
Cost	6,596.8	453.8	7,050.6
Accumulated depreciation	(5,301.8)	(399.2)	(5,701.0)
Net book value	**1,295.0**	**54.6**	**1,349.6**

15. Intangible assets

	Goodwill	Computer software	Transmission frequencies	Total
Group	**Shs m**	**Shs m**	**Shs m**	**Shs m**
As at 1 January 2018				
Cost	187.9	567.3	27.2	782.4
Impairment/ accumulated amortisation	(160.9)	(473.4)	(27.2)	(661.5)
Net book value	**27.0**	**93.9**	**-**	**120.9**
Year ended 31 December 2018				
Opening net book value	27.0	93.9	-	120.9
Additions	-	147.3	-	147.3
Amortisation	-	(42.5)	-	(42.5)
Currency translation differences	-	0.1	-	0.1
Closing net book value	**27.0**	**198.8**	**-**	**225.8**
Year ended 31 December 2019				
Opening net book value	**27.0**	**198.8**	**-**	**225.8**
Additions	-	21.9	-	21.9
Amortisation	-	(52.2)	-	(52.2)
Impairment	(4.0)	-	-	(4.0)
Currency translation differences	-	0.1	-	0.1
Closing net book value	**23.0**	**168.6**	**-**	**191.6**
As at 31 December 2019				
Cost	187.9	736.6	27.2	951.7
Impairment/ accumulated amortisation	(164.9)	(568.0)	(27.2)	(760.1)
Net book value	**23.0**	**168.6**	**-**	**191.6**

Notes to the financial statements (continued)

15. Intangible assets (continued)

The goodwill arose from the historical acquisition of various entities and is allocated to the newspaper and broadcasting segments. The directors monitor goodwill impairment at the level of the acquired entity, being the cash generating unit (CGU). The recoverable amount of the cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions.

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

	Operating Segment	2019	2018
		Shs m	**Shs m**
Monitor Publications Limited (MPL)	Newspapers	23.0	23.0
Radio Uhuru Limited (RUL)	Broadcasting	-	4.0
		23.0	27.0

Movement in goodwill	**2019**	**2018**
	Shs m	**Shs m**
At start of year	27.0	27.0
Impairment of goodwill allocated to MCL	-	-
Impairment of goodwill allocated to RUL	(4.0)	-
At end of year	23.0	27.0

Significant estimates : key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of goodwill 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 following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them;

2019 and 2018	**Monitor Publications Limited**
Pre-tax Discount rate	22%
Long term growth rate	6%
Gross profit margin	77%

Management has determined the values assigned to each of the above key assumptions as follows;

- *Pre-tax Discount rate* - reflects the specific risks relating to the relevant segments and the countries in which they operate. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.
- *Long term growth rate* - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports eg inflation rate.
- *Gross profit margin* - is based on past performance and management's expectations for the future.

The goodwill relating to Radio Uhuru Limited has been fully impaired.

Notes to the financial statements (continued)

15. Intangible assets (continued)

	Computer software	Transmission Frequencies	Total
Company	**Shs m**	**Shs m**	**Shs m**
As at 1 January 2018			
Cost	503.3	27.2	530.5
Accumulated amortization	(411.6)	(27.2)	(438.8)
Net book value	**91.7**	**-**	**91.7**
Year ended 31 December 2018			
Opening net book value	91.7	-	91.7
Additions	147.1	-	147.1
Amortisation	(40.0)	-	(40.0)
Closing net book value	**198.8**	**-**	**198.8**
As at 31 December 2018			
Cost	650.4	27.2	677.6
Accumulated amortization	(451.6)	(27.2)	(478.8)
Net book value	**198.8**	**-**	**198.8**
Year ended 31 December 2019			
Opening net book value	198.8	-	198.8
Additions	20.4	-	20.4
Amortisation	(51.5)	-	(51.5)
Closing net book value	**167.7**	**-**	**167.7**
As at 31 December 2019			
Cost	670.8	27.2	698.0
Accumulated amortization	(503.1)	(27.2)	(530.3)
Net book value	**167.7**	**-**	**167.7**

16. Leases

(i) Right of Use Assets

	Land	Buildings	Plant and Equipment	Motor Vehicle	Total
Group	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Year ended 31 December 2019					
At start of year	69.3	-	-	-	69.3
Adoption of IFRS 16	-	919.5	12.5	18.8	950.8
Amortisation for the year	(1.8)	(135.9)	(4.4)	(6.3)	(148.4)
Currency translation differences	(0.1)	-	-	-	(0.1)
At end of year	**67.4**	**783.6**	**8.1**	**12.5**	**871.6**

	Land	Buildings	Plant and Equipment	Motor Vehicle	Total
Company	**Shs m**	**Shs m**	**Shs m**	**Shs m**	**Shs m**
Year ended 31 December 2019					
At start of year	42.3	-	-	-	42.3
Adoption of IFRS 16	-	749.0	12.5	-	761.5
Amortisation for the year	(1.4)	(95.8)	(4.4)	-	(101.6)
Currency translation differences	-	-	-	-	-
At end of year	**40.9**	**653.2**	**8.1**	**-**	**702.2**

Notes to the financial statements (continued)

16. Leases (continued)

(i) Right of Use Assets (continued)

	Prepaid lease rentals	
	Group	Company
	Shs m	Shs m
Year ended 31 December 2018		
At start of year	**72.3**	**43.8**
Disposal	-	-
Amortisation for the year	(1.9)	(1.5)
Currency translation differences	(1.1)	-
At end of year	**69.3**	**42.3**

(ii) Lease liabilities

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Current	129.8	-	103.5	-
Non-current	692.2	-	571.3	-
At end of year	**822.0**	**-**	**674.8**	**-**

17. Investment in associate

	Group	
	2019	2018
	Shs m	Shs m
At start of year	1,373.8	1,330.6
Share of profit before income tax	101.7	103.9
Share of income tax expense	(29.7)	(26.2)
	72.0	77.7
Dividends received	(7.7)	(5.5)
Share of other comprehensive income	(15.5)	(29.0)
At end of year	**1,422.6**	**1,373.8**

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.

Other comprehensive income from associate relates to the net fair value (loss)/gain on financial assets (quoted and unquoted investments).

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

	Country of incorporation	% interest held	Assets	Liabilities	Revenues	Profit/ (loss)	Other Comprehensive income
			Shs m	Shs m	Shs m	Shs m	Shs m
Year 2019							
Property Development and Management Limited	Kenya	20%	10,157.0	2,654.6	1,178.0	360.2	(77.4)
Year 2018							
Property Development and Management Limited	Kenya	20%	10,163.9	2,903.7	773.3	388.4	(144.9)

There were no changes in the interest held in the unlisted associate during the year. The initial investment in associate carried in the Company's statement of financial position is Shs. 94.6 million (2018: Shs. 94.6 million).

Notes to the financial statements (continued)

18. Investment in subsidiaries

The Company'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 as at 31 December 2019 and 2018:

			Company	
	Country of incorporation	Holding	2019	2018
		%	Shs m	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 Limited	Rwanda	100.0	8.3	8.3
Kenya Buzz Limited	Kenya	51.0	2.0	2.0
			1,153.3	**1,153.3**
Non trading subsidiaries:				
Nation Carriers Limited	Kenya	100.0	3.0	3.0
Nation Infotech Limited	Kenya	100.0	1.5	1.5
East African Televisions Network Limited	Kenya	100.0	-	-
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	-	-
Nation Printers and Publishers Limited	Kenya	100.0	-	-
Radio Uhuru Limited	Tanzania	100.0	20.5	20.5
			1,178.3	**1,178.3**
Provision for impairment on investment in:				
Mwananchi Communications Limited			(416.8)	(349.3)
Africa Broadcasting Uganda Limited			(17.5)	(17.5)
Radio Uhuru Limited			(20.5)	(16.5)
Nation Holdings Rwanda Limited			(8.3)	(8.3)
Nation Holdings Tanzania Limited			(12.4)	(12.4)
			(475.5)	**(404.0)**
Net investment in subsidiaries			**702.8**	**774.3**

The company tests whether investment in subsidiaries has suffered any impairment whenever indicators are noted. As a result of decline in performance, the Directors performed a valuation exercise on Mwananchi Communicatons Limited. The recoverable value of the entity 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 following table sets out the key assumptions:

	Mwananchi Communications Limited	
	2019	2018
Pre-tax Discount rate	17.9%	17.5%
Long term growth rate	3%	3%
Gross profit margin	68%	68%

Notes to the financial statements (continued)

18. Investment in subsidiaries (continued)

Management has determined the values assigned to each of the above key assumptions as follows;

- *Pre-tax Discount rate* - reflects the specific risks relating to the entity and the countries in which the subsidiary operates. The rate is consistent with the investors expected returns (the weighted average cost of capital) bearing in mind the country risk premiums.
- *Long term growth rate* - is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports eg inflation rate.
- *Gross profit margin* - is based on past performance and management's expectations for the future.

Following the above excercise, an additional provision for impairment of Shs 67.5 million (2018: Shs 176.3 million) was made on the Company's investment in Mwananchi Communications Limited.

19. Other assets

	Group & Company	
	2019	**2018**
	Shs m	**Shs m**
Long-term deposits	111.1	174.2

The balance relates to long-term deposits held with a bank as back up funds for staff mortgage scheme. The long-term deposits are carried at amortised cost.

20. Inventories

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Raw materials	553.5	914.6	429.6	745.5
Engineering spares	226.1	230.0	201.3	202.1
Other stock	60.4	154.9	59.1	107.3
Gross inventory	**840.0**	**1,299.5**	**690.0**	**1,054.9**
Less: provision for obsolete stock	(183.3)	(183.3)	(181.1)	(181.1)
	656.7	**1,116.2**	**508.9**	**873.8**

Inventories are held at cost. The cost of inventories recognised as an expense and included in the consolidated 'cost of sales' amounted to Shs 1,357.5 million (2018: Shs 1,327.3 million).

Notes to the financial statements (continued)

21. Receivables and prepayments

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Trade receivables	4,396.8	4,648.0	3,318.7	3,534.8
Less: provision for impairment	(2,449.6)	(2,683.4)	(1,566.8)	(1,765.6)
	1,947.2	1,964.6	1,751.9	1,769.2
Due from related parties (Note 31)	3.7	8.8	536.9	476.0
Less: provision for impairment	-	-	(322.2)	(298.4)
	3.7	8.8	214.7	177.6
Other receivables and prepayments	1,672.1	1,183.1	907.5	806.0
	3,623.0	**3,156.5**	**2,874.1**	**2,752.8**

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

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
At start of year	2,683.4	3,083.4	1,765.6	2,163.9
Initial application of IFRS 9	-	(502.8)	-	(474.3)
Charge for the year	(202.1)	102.8	(198.8)	76.0
Debt write off	(31.7)	-	-	-
At end of year	**2,449.6**	**2,683.4**	**1,566.8**	**1,765.6**

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

22. Cash and cash equivalents

For the purposes of cash flow statements, cash and cash equivalents comprise cash and bank balances and term deposits held with banks, maturing in less than 90 days from origination. The year end cash and cash equivalent comprise the following:

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Cash and bank balances	322.5	459.2	246.0	329.0
Fixed deposits with banks	716.5	407.9	571.3	262.5
	1,039.0	**867.1**	**817.3**	**591.5**

23. Short-term investments

Fixed deposits with banks	697.9	482.2	539.9	325.6
Other short-term investments	822.1	806.0	822.1	806.0
	1,520.0	**1,288.2**	**1,362.0**	**1,131.6**

The short term investments include term deposits, treasury bills and other short term investments with maturity more than 90 days but less than one year. Included in the other short term investments is a commercial paper and fixed deposits with a related parties. Refer to Note 31 (vii) for further details.

The weighted average effective interest rate on the bank deposits during the year was 8.1% (2018 : 8.5%) and that of the other short term investments was 9.9% (2018: 9.9%). The carrying amounts of the above short term investments approximate their fair values

Notes to the financial statements (continued)

24. Payables and accrued expenses

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Trade payables	571.8	798.8	378.4	472.8
Due to related parties (Note 31)	17.6	4.1	36.4	13.1
Accrued expenses	1,173.6	1,106.2	944.6	936.4
Other payables	1,143.0	820.4	686.6	668.3
	2,906.0	**2,729.5**	**2,046.0**	**2,090.6**

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

25. Provisions for claims and other liabilities

	Group		Company	
	Shs m	Shs m	Shs m	Shs m
	2019	2018	2019	2018
At 1 January	527.2	477.6	506.3	453.3
Payments in the year	(56.5)	(81.0)	(55.9)	(61.0)
Charge for the year	67.2	130.6	64.7	114.0
At 31 December	**537.9**	**527.2**	**515.1**	**506.3**

The Group makes specific provisions for claims and other liabilities arising in the normal course of business. Specific provisions are made for estimated claims and other liabilities to the extent that the Group considers it probable that there will be an outflow of economic benefits and the amount can be reliably estimated. Any insurance reimbursements in relation to claims and other liabilities are only recognized when the Group is certain of reimbursement. Typically this will only occur when a reimbursement claim is accepted by the insurer.

Due to the nature of these provisions, management is unable to estimate the timing of their settlement with certainity. The impact of discounting on the provision is not considered to be material.

26. Post-employment benefit obligation

The Group maintains a gratuity scheme under which qualifying employees are entitled to receive remuneration equal to the sum of two weeks pay for every year of service completed upon leaving the Group.

The amount included in the statement of financial position arising from the post employment benefit obligation is arrived at as follows:

	Group and Company	
	2019	2018
	Shs m	Shs m
Opening balance	2.4	7.4
Payments in the year	(15.9)	(24.2)
Credit to P&L	19.5	19.2
Closing balance	**6.0**	**2.4**
Present value of funded obligations	(111.1)	(107.7)**2**
Fair value of plan assets (fixed term deposit)	105.1	105.3
Deficit on funded plan	**(6.0)**	**(2.4)**

Notes to the financial statements (continued)

26. Post-employment benefit obligation (continued)

The scheme was last valued by an independent actuary as at 31 December 2015. The significant actuarial assumptions were as follows;

	2015
Discount rate	14%
Inflation rate	6%
Current service cost (% salary)	1.6%
Assumed retirement age	55 years

A slight increase or reduction in the actuarial assumptions does not result in a material change in the liability and the Group adopted the most conservative resultant liability.

27. Dividends

During the year, an interim dividend of Shs 1.5 per share, amounting to Shs 282.8 million was paid (2018: Shs 282.8 million). At the annual general meeting to be held on 26June 2020, no final dividend in respect of the year ended 31 December 2019 will be proposed. The total dividend for the year is therefore Shs 1.5 per share (2018: Shs 5.0), amounting to Shs 282.8 million (2018: Shs 942.7 million).

28. Commitments

Capital expenditure

Commitments for capital expenditure at the reporting date are as follows:

	Group	
	2019	2018
	Shs m	Shs m
Contracted for but not provided for	27.8	34.1
Operating leases		
The future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 1 year		167.3
Later than 1 year and not later than 5 years		665.6
		832.9

29. Contingent liabilities

The Group is a defendant in various claims brought against the Group in the normal course of business. The Group has made provisions which were deemed appropriate in line with group policy and legal advice. In the directors' opinion after taking appropriate legal advice, no significant additional liability will arise from the resolution of these matters beyond what has been provided for in the financial statements.

Notes to the financial statements (continued)

30. Cash generated from operations

	Group		Company	
	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Reconciliation of profit before tax to cash generated from operations				
Profit before income tax	1,296.4	1,634.0	1,202.8	1,501.0
Adjustments for:				
Depreciation of property, plant and equipment (Note 14)	474.7	524.6	368.5	416.5
Amortisation of leases (Note 16)	148.5	1.9	101.6	1.5
Amortisation of intangible assets (Note 15)	52.2	42.5	51.5	40.0
Goodwill impairment	4.0	-	-	-
Profit on sale of property, plant and equipment	(6.6)	(0.7)	(4.6)	(13.7)
Impairment of subsidiary (Note 18)	-	-	71.5	176.3
Interest income (Note 8)	(197.6)	(243.5)	(164.8)	(212.5)
Lease finance cost (Note 8)	84.4	-	70.3	-
Share of result after tax of associate (Note 17)	(72.0)	(77.7)	-	-
Dividend received from associate (Note 17)	-	-	(7.7)	(5.5)
Dividend received from subsidiary	-	-	(18.7)	(33.6)
Post employment benefit obligation (Note 26)	3.6	(5.0)	3.6	(5.0)
Changes in working capital:				
- inventories	459.5	(478.6)	364.9	(385.9)
- receivables and prepayments	(466.5)	(391.3)	(121.3)	(420.2)
- payables and accrued expenses, and provisions	187.2	136.0	(35.8)	7.6
Cash generated from operations	**1,967.8**	**1,142.2**	**1,881.8**	**1,066.5**

31. 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.

	Group		Company	
i) Sale of goods and services	2019	2018	2019	2018
	Shs m	Shs m	Shs m	Shs m
Subsidiaries:				
Monitor Publications Limited	-	-	11.8	12.6
Mwananchi Communications Limited	-	-	25.3	27.4
Other related parties:				
Property Development and Management Limited	1.5	-	1.5	-
TPS Eastern Africa Limited	15.2	10.4	1.6	1.8
Jubilee Holdings Limited	8.0	6.8	5.5	5.0
	24.7	**17.2**	**45.7**	**46.8**
ii) Purchase of goods and services				
Subsidiaries:				
Monitor Publications Limited	-	-	20.2	19.7
Mwananchi Communications Limited	-	-	37.6	42.8
Other related parties:				
Property Development and Management Limited	166.4	161.7	166.4	161.7
TPS Eastern Africa Limited	38.7	24.9	6.7	3.6
Jubilee Holdings Limited	239.5	206.6	193.2	183.7
	444.6	**393.2**	**424.1**	**411.5**

Notes to the financial statements (continued)

31. Related parties (continued)

	Group		Company	
iii) Outstanding balances from transactions with related parties	**2019**	**2018**	**2019**	**2018**
Amounts due from related parties	**Sh m**	**Shs m**	**Shs m**	**Shs m**
Subsidiaries:				
Mwananchi Communications Limited	-	-	42.8	0.7
Monitor Publications Limited	-	-	137.2	157.4
Nation Infotech Limited	-	-	0.9	0.9
Radio Uhuru Limited	-	-	4.9	4.9
Nation Marketing and Publishing Limited	-	-	36.9	36.9
Nation Holdings Rwanda Limited	-	-	285.3	261.5
Kenya Buzz Limited	-	-	10.5	6.9
Nation Holdings Tanzania Limited	-	-	18.0	6.3
Other related parties:				
TPS Eastern Africa Limited	3.1	8.2	-	-
Jubilee Holdings Limited	0.6	0.6	0.4	0.5
	3.7	**8.8**	**536.9**	**476.0**
Provision for impairment				
Nation Holdings Rwanda Limited	**-**	**-**	(285.3)	(261.5)
Nation Marketing and Publishing Limited	**-**	**-**	(36.9)	(36.9)
	3.7	**8.8**	**214.7**	**177.6**
Amounts due to related parties				
Subsidiaries:				
Africa Broadcasting Uganda Limited	-	-	29.3	10.3
Monitor Publications Limited	-	-	-	-
Nation Marketing and Publishing Limited	-	-	-	-
Nation Holdings Tanzania Limited	-	-	-	-
Other related parties:				
Property Development and Management Limited	0.7	0.6	0.7	0.6
Jubilee Insurance	14.2	2.4	5.2	1.6
TPS Eastern Africa Limited	2.7	1.1	1.2	0.6
	17.6	**4.1**	**36.4**	**13.1**
iv) Loans to executive directors				
At start of year	2.4	-	2.4	-
Loans advanced during the year	1.5	3.0	1.5	3.0
Loans repaid during the year	(3.9)	(0.6)	(3.9)	(0.6)
At end of year	**0.0**	**2.4**	**0.0**	**2.4**

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

v) Key management compensation

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Salaries and other short term employment benefits	283.6	286.5	255.6	252.9
Post-employment benefits (Defined contribution)	18.6	18.3	15.4	14.5
	302.2	**304.8**	**271.0**	**267.4**

Notes to the financial statements (continued)

31. Related parties (continued)

vi) Directors' remuneration

	Group		Company	
	2019	**2018**	**2019**	**2018**
	Shs m	**Shs m**	**Shs m**	**Shs m**
Fees for services as director	29.6	32.8	27.4	30.7
Salaries and other short term employment benefits	58.8	78.3	58.8	78.3
Other benefits	4.1	6.0	4.1	6.2
	92.5	**117.1**	**90.3**	**115.2**

vii) Other related party transactions

Included as part of short-term investments (Note 23) are the following balances with related parties:

	Group and Company	
	2019	**2018**
	Shs m	**Shs m**
Term deposit with Diamond Trust Bank Kenya Limited	567.5	313.9
Short term note investment with Industrial Promotion Services (K) Limited	400.0	400.0
	967.5	**713.9**

The short term investment note with Industrial Promotion Services (K) Limited is for a duration of 3 months each (renewable), attracting interest rate of 9.3% per annum for 2019 and 9.3% per annum for 2018.

Principal Shareholders and their respective Shareholding
at 31 December 2019

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	KIMANI JOHN KIBUNGA	4,438,433	2.35
4	STANBIC NOMINEES LIMITED	2,864,065	1.52
5	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE002382	2,588,000	1.37
6	STANDARD CHARTERED NOMINEES RESD A/C KE11450	2,283,828	1.21
7	THE JUBILEE INSURANCE COMPANY OF KENYA LIMITED	2,266,818	1.20
8	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 915B	2,266,033	1.20
9	STANDARD CHARTERED NOMINEES RESD A/C KE11401	2,130,717	1.13
10	KENYA COMMERCIAL BANK NOMINEES LIMITED A/C 915A	1,889,389	1.00

Distribution of Shareholding
At 31 December 2019

No. of shares	No. of shareholders	No. of shares held	% of shareholding
1 - 500	4,990	892,071	0.47
501 - 5,000	4,791	9,812,859	5.20
5,001 - 10,000	863	6,504,423	3.45
10,001 - 100,000	925	23,847,875	12.65
100,001 - 1000,000	83	19,855,389	10.53
Over 1,000,000	13	127,629,669	67.69
TOTAL	11,665	188,542,286	100.00

Directors Shareholding

Name	No. of shares held	% of Shareholding
Yasmin Jetha	15,175	0.0080
Wangethi Mwangi	5,058	0.0027
Stephen Gitagama	1,296	0.0007

Nation Media Group

Media of Africa for Africa