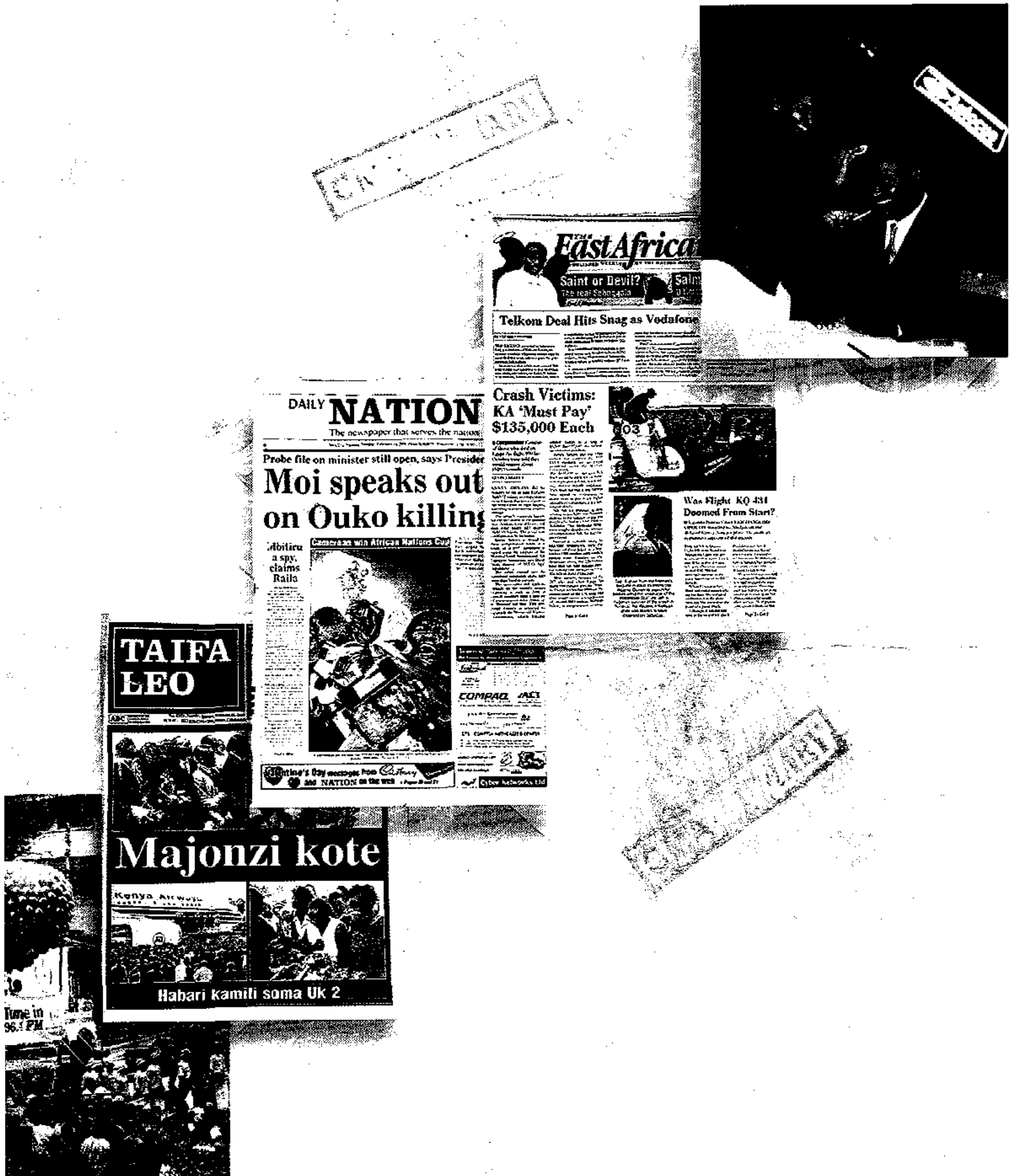

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NOTICE OF ANNUAL GENERAL MEETING

1. Nation Media group --- Periodicals
2. Media group -- Kenya -- Periodicals

Notice is hereby given that the Thirty Seventh Annual General Meeting of the Shareholders of Nation Media Group Limited will be held at the Hilton Hotel, Nairobi, on Thursday 8th June 2000 at 3.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the accounts for the year ended 31st December 1999 and the chairman's, directors' and auditors' reports thereon.

2. To confirm the payment of the interim dividend of 11% and to approve the payment of a final dividend of 24% on the ordinary share capital in respect of the year ended 31st December, 1999.

3. To authorise the directors to fix the remuneration of the auditors Messrs PricewaterhouseCoopers.

4. To re-elect the following directors.

In accordance with Article 110 of the Company's Articles of Association Mr R C Henry, Mr A Poonawala and Mr G. M. Wilkinson retire by rotation and, being eligible, offer themselves for re-election.

By order of the Board
J C Kinyua
Secretary

13th April 2000

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

Annual Highlights 1999

In a difficult year group revenue increased by Shs. 41 million (2%) .

Nation Radio launched in October 1999.
Nation Television launched in December 1999.

Operating profit at Shs.360 million was 26% below 1998.
State of the art editorial, advertising and administration systems installed.

Nation Carriers expanded into licensed courier business.
Profit attributable to shareholders was Shs.250 million compared to Shs. 316 million in 1998.

Nation Marketing and Publishing Limited acquired The Weekly Advertiser.

The group's associated company Industrial Promotion Building Limited contribution increased by 83% to Kshs.17.6 million.

Recommended dividend total increased by 6% to 35% for the year.

TANGAZO LA MKUTANO MKUU WA KILA MWAKA

Mnatangaziwa kwamba Mkutano Mkuu wa Kila Mwaka wa Thelathini na Saba wa Wenyehisa wa Kampuni ya Nation Media Group Limited utafanywa katika hoteli ya Hilton, mjini Nairobi mnamo Alhamisi tarehe 8 Juni mwaka wa 2000 saa 9 alasiri ambapo maswala yafuatayo ya kawaida yatajadiliwa:

SHUGHULI ZA KAWAIDA

1 Kupokea na kujadili Hesabu za mwaka uliomalizika Desemba 31,1999 na ripoti za mwenyekiti, wakurugenzi na wakaguzi wa hesabu.

2. Kuthibitisha ulipaji wa mgawo wa muda wa faida wa asilimia 11 na kuidhinisha malipo ya mwisho ya mgawo wa faida wa asimilia 24 kuhusu mtaji wa hisa za kawaida kuhusiana na mwaka uliomalizika Desemba 31, 1999.

3. Kuthibitisha uteuzi na kutoa idhini kwa Wakurugenzi waamue marupurupu ya Wakaguzi wa Hesabu PricewaterhouseCoopers.

4. Kuwachagua tena Wakurugenzi wafuatao:

Kulingana na kifungu cha nambari 110 cha Kanuni za Kampuni, Bw. R.C. Henry, Bw. A.Poonawala na Bw. G.M. Wilkinson, wanastaafu kwa zamu na kwa sababu wanaweza kugombea uchaguzi, wanajitolea kusimama kuchaguliwa tena.

Kwa amri ya Halmashauri
J.C. Kinyua
Katibu

Aprili 13 2000

MATUKIO MUHIMU YA MWAKA 1999

Mapato ya kampuni yaliongezeka kwa sh. 41 milioni (asilimia 2) katika wakati wenye shida kiuchumi.

Redio ya Nation ilianzishwa Oktoba 1999.
Televisheni ya Nation ilianzishwa Desemba 1999.

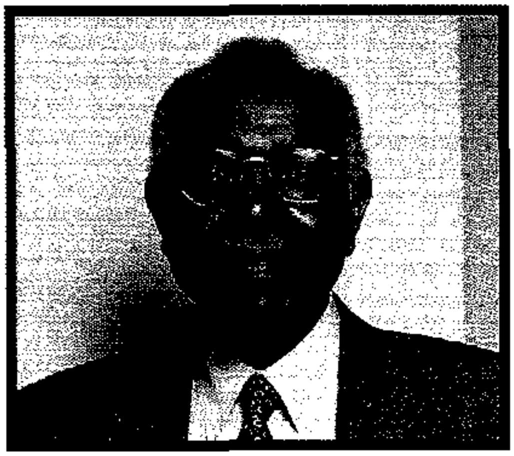
Faida iliyotokana na shughuli za biashara ilikuwa sh. 360 milioni,yaani asilimia 26 chini ya faida ya 1998.
Mitambo ya kisasa iliwekwa katika idara za uandishi wa habari, matangazo ya biashara na usimamizi.

Kitengo cha Nation Carriers kilipata leseni ya kuendesha biashara ya uchukuzi wa vifurushi.
Faida ya kugawiwa wenyehisa ilikuwa sh.250 milioni ikilinganishwa na faida ya sh.316 milioni mnamo 1998.

Kampuni ya Nation Marketing & Publishing Limited ilinunua jarida la "The Weekly Advertiser".

Kampuni ya Industrial Promotion Building Limited ambayo inaambatanishwa na kampuni ya Nation Media Group iliongeza mchango wake hadi sh.17.6 milioni.

Mgawo wa faida uliopendekezwa kwa jumla uliongezeka kwa asilimia 6 hadi kufikia asilimia 35 kwa mwaka.



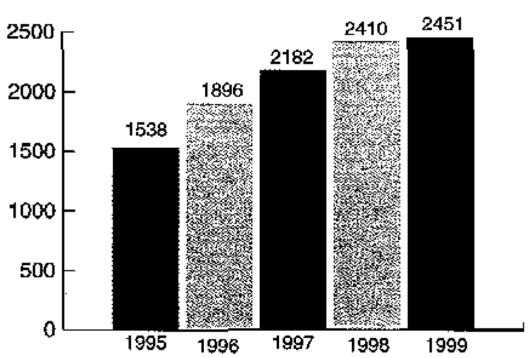
Dr B.M. Gecaga, C.B.S., Chairman
DKt B.M. Gecaga, C.B.S., Mwenyekiti

In 1999 the group achieved an operating profit of Shs.360.1 million (1998 Shs.489.9 million). Despite the difficult background, your group undertook considerable investment and diversified into radio and television as well as enhancing it's newspaper interests during the year. Although the profit is reduced, I believe nevertheless that these are good results in the context of a depressed economy, a weaker shilling, the declining purchasing power of consumers, the collapsed infrastructure and high interest rates.

Group revenue increased by 2% to Shs.2.45 billion (Shs.2. 41 billion). The group profit before tax was Shs.342.2 million (Shs.488.6 million) whilst profit attributable to shareholders of Shs.249.8 million was Shs.66.1 million lower than the previous year.

Following capital expenditure of Shs.293.3 million in 1998, the group spent Shs.408.0 million in 1999. This was primarily on developing radio and television broadcasting and also on new editorial, advertising and administration computer systems to ensure Year 2000 compliance.

Turnover
Shs. million



In order to help finance this level of expenditure the group launched it's own issue of commercial paper in March 1999 and this also enabled the group cost effectively to repay the balance of Shs.220 million of medium term bank loans taken out in 1996 to finance our modern press facilities. Since the year-end a substantial part of the commercial paper issue has been replaced by a medium term Shs.300 million bank loan on competitive terms.

Outstanding borrowings, which stood at Shs. 449.7 million at the year-end are expected to reduce during the current year.

NATION NEWSPAPERS DIVISION

During the year, the most important news themes centred on Kenya's economic recovery efforts, the constitutional reform debate and the attendant presidential succession issue. We created additional space in our publications to enable us to publish comprehensive reports and analyses concerning these crucial issues, which have commanded considerable national interest as they impinge precisely on the country's future direction and development.

Our product development team introduced a new range of special editorial supplements, dedicated to particular news themes or historically significant personalities, including the Millenium Souvenir issue of December 31, 1999. These developments have proved popular with readers and are planned to become a regular feature of our products.

Cover prices, which had not changed since 1997, were raised in September 1999 to take account of inflation over the previous two years. Despite this, sales held up well with the Daily Nation averaging 160,000 copies and the Sunday Nation close to 200,000 copies.

Our Taifa publications were repackaged to strengthen their news and design appeal while The EastAfrican continued to consolidate its unrivalled upmarket status in the region.

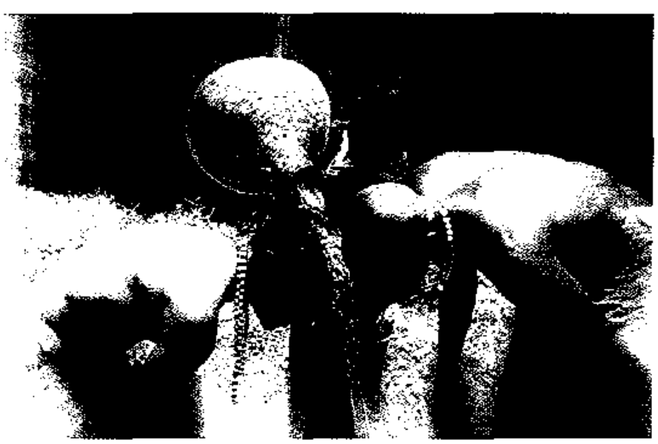
Further development work involved the replacement of the out-dated Atex editorial system with an ultra-modern one reflecting 21st century technology and the establishment of an image centre for all our graphics material. These developments were undertaken as part of our Group's stated policy of

Kenya's batsman Steve Tikolo at the crease during the four Nations' tournament
Mchezaji maarufu wa Kenya, Steve Tikolo, anaonyesha ubingwa wake katika mchezo wa cricket kwenye Mataifa Manne

continually improving the editorial and physical quality of our publications to achieve world-class standards.

The Taifas continued to sell around 30,000 copies and with improved editorial and greater use of colour they maintained their position as the third largest circulation newspapers in Kenya. The EastAfrican sold between 25,000 and 30,000 copies for a fourth successive year.

1999 was a good year for advertising revenue and the Nation newspapers again improved their share of the print media market benefiting, in particular, from strong growth in demand for colour advertising.



Cooling off at the world water day at the city stadium in Nairobi
Hawa wanajimwagilia maji waepue joto mnao siku ya kwadhimisha ustawi wa maji ulimwenguni. Hapa ni kwenye uwanja wa city stadium katika jiji la Nairobi

Costs continued to be tightly controlled. However, import duty on newsprint was increased by 10% in November 1998 and this together with the weaker shilling meant that overall the cost of newsprint increased by 18% over 1998. The increase in other costs, including staff costs, was held to 3%.

NATION CARRIERS DIVISION

During the last year Nation Carriers Division (NCD) performed exceptionally well in coping with the heavy demands on its vehicle fleet. Despite poor road conditions throughout much of the country there was some improvement in delivery times and a good record on accidents and breakdowns was achieved. The division achieved ISO 9002 certification in June and this is a tribute to the management's dedication to maintaining all round standards and training, especially for drivers. Nevertheless, the high cost in terms of vehicle renewal and maintenance remains a matter of concern.

The division has continued to expand it's business in areas of transporting staff for third parties as well as Nation Newspapers Division and also in the courier business. During the year NCD was registered as a courier company thereby enabling it's vans to make use of their spare capacity by carrying parcels on their return journeys from delivering newspapers. Both these new activities are contributing significantly to improving vehicle utilisation and the prospects for expanding the courier business, in particular, are most encouraging

Paul Tergat (centre) on his way to a new world record of 59.06 mins in the Lisbon half marathon, March 26th 1999
Paul Tergat (katikati) akielekea kuvunja rekodi ya ulimwenguni mnamo tarehe 26 Machi, mjini Lisbon (Ureno). Alitumia muda wa dakika 59.06 katika mbio za masafa marefu, yaani "marathon"

AFRICA BROADCASTING DIVISION

As previously reported, the group was awarded licences for both radio and television broadcasting in Nairobi in May 1998 and by December 1998 frequencies had been issued. As anticipated in my report last year, Africa Broadcasting went on air on schedule with Nation Radio in October 1999 and Nation Television in December 1999, to much public acclaim and as a result of dedicated work by the management and staff involved.

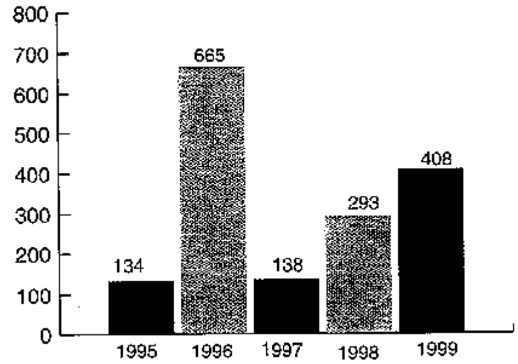
Management has now set about in earnest the task of delivering the highest quality services in East Africa, especially with regard to news services, and the early indications are most encouraging for both radio and television. We have received many favourable comments with regard to the inter-mix of English and Kiswahili within our radio broadcasts. Nation Television started two months after Nation Radio and at the time of writing is still hardly five months old. The number of listeners and viewers have increased steadily and we have some exciting programmes which are already taking audience share from other well established stations. Several of our local television programmes are proving to be exceptionally popular and are enjoying the highest viewership ratings in Nairobi.

We have started to see increased commitment from advertisers for both radio and television and remain confident that our objectives of achieving a positive cash flow for radio by mid-year and for television by the year-end are realistic. These new services provide strong synergies within the group and significant opportunities for advertisers for cross-media promotions and we are confident that this major diversification will guarantee the group a strong future.

The Japanese royal family of Imperial Highness Prince and Princess Takamado, chat with Minister Kalonzo Musyoka after the Jamhuri day celebrations at Nyayo Stadium
Jamii ya kifalme ya Japan, Mutukufu bwana na bibi Takamado, wakizugumza na waziri Kalonzo Musyoka baada ya sherehe za Jamhuri katika uwanja wa Nyayo

In February 1999 NMG was awarded further radio licences for Mombasa, Nakuru and Kisumu. It is therefore disappointing to have to inform shareholders that, more than a year later, due to delays encountered at the CCK, we have still not been awarded the necessary frequencies and it is now appearing increasingly unlikely that we shall be able to expand our coverage to these areas this year. This is particularly trying as the group has the necessary finance available and, indeed,

Capital Expenditure
Shs. million



budgeted for 2000. Delays of this nature extend the overall investment pay-back period and do nothing to encourage our broadcasting staff.

Our court cases over the ownership of EATN have made frustratingly little progress in the last twelve months despite management's and our lawyer's best endeavours, but your board continues to be hopeful of ultimately achieving a successful outcome that will enable the development of television as well as radio countrywide.

NATION MARKETING AND PUBLISHING LIMITED

In addition to the Kenya Business Directory and What's On the group acquired The Weekly Advertiser in October 1999. This is a free sheet distributed in Nairobi and devoted exclusively to classified advertising. We believe there is a growing market for local classified advertising and we are confident that the pagination and the circulation, currently 50,000 copies a week, can be significantly expanded whilst coverage can be extended well beyond Nairobi. Plans to expand the company's activities into book and magazine publishing are currently at the development stage.

MONITOR PUBLICATIONS LIMITED

As part of our overall strategy to expand in the East African Region, negotiations were completed in March 2000 for NMG to acquire a majority holding in Monitor Publications Limited which publishes the Daily and Sunday Monitor in Kampala. The Monitor is Uganda's leading independent English language daily newspaper and with the benefit of NMG's financial strength and marketing and distribution skills the opportunities for the company's future growth look exciting.

President Moi at the funeral of former Tanzanian president Dr. Julius Nyerere
Rais Moi alipohudhria mazishi ya Rais Mwanzilisha wa Tanzania, Hayati Dkt. Julius Nyerere.

INDUSTRIAL PROMOTION BUILDING LIMITED

During the year the group's associated company Industrial Promotion Building Limited (IPB) completed a major refurbishment of Vienna Court, a key residential property in Nairobi. The flats are now let and have made a significant contribution to the company's performance. As a result, NMG's share of profits before tax increased by 83% to Shs.17.6 million (Shs.9.6 million). With a property portfolio that includes the Nation Centre and the IPS building in Nairobi prospects for the current year continue to look encouraging.

YEAR 2000 COMPLIANCE

As referred to last year the group updated or replaced several major computer systems in 1999 to ensure year 2000 compliance. I am pleased to report that this strategy proved wholly effective and the millenium date change passed without incident.

DIVIDENDS

In October the group declared and paid a maintained interim dividend of Shs.0.55 per share (11%). The Board now recommends a final dividend of Shs.1.20 per share (24%) for approval at the Annual General Meeting which, if approved, will bring the total dividend for the year to Shs.1.75 (35%) compared to Shs.1.65 (33%) in 1998. This represents an increased payment of 6% and dividend cover at 4.0 times continues to be well above the norm for major companies quoted on the Nairobi Stock Exchange.

FUTURE PROSPECTS

The current year has got off to a satisfactory start with circulation levels for all titles experiencing growth and advertising revenue for the first quarter at record levels. Furthermore, radio and television advertising is starting to show indications of steady growth. Nevertheless, relatively high interest rates and the increasing cost of newsprint in US dollar terms will undoubtedly have an impact on the overall result for 2000.

The group remains convinced that diversification will guarantee a strong future and this has been the reason for the recent development of the radio and television broadcasting stations. These are projects with long term returns and we are confident that, with our continuing investment in newspapers and the Internet, with promising opportunities for the future development of e-commerce, your Board has made the right strategic decisions, which will help to secure a healthy and growing return for shareholders.

Your group is also committed to expanding it's horizons to cover the East African region and has already moved into Uganda, one of the countries with the fastest growing and most liberalised economies in Africa. The Nation Media Group continues to be one of the most dynamic companies in the East African region.

Winner of Miss Kenya 1999 Esther Muthee
Mshindi wa tuzo la mrembo zaidi nchini mwaka jana, Esther Muthee

Tecla Lorupe shows off the gold medal she won in the Lisbon half marathon on March 26th 1999. Also in the picture are (l) Dera Tutu of Ethiopia (silver) and Fernanda Ribiero of Portugal (bronze).

Tecla Lorupe aonyesha medali aliyoshinda ya dhahabu kwenye mbio za masafa marefu jijini Lisbon (Ureno). Wenzake ni Dera Tutu wa Ethiopia (fedha) na Fernanda Ribiero wa Ureno (shaba)

CORPORATE GOVERNANCE

The Board is committed to ensuring that the group is run according to the highest standards of corporate governance. For this purpose there exist three Board Committees.The Finance and Audit Committee, chaired by Mr. Hannington Awori plays a key role in evaluating the financial management and financial policies of the group as well as the effectiveness of internal controls. The Editorial Committee, chaired by Mr. Francis Okello, ensures that editorial policy is reviewed regularly and that editorial standards are maintained throughout the group's newspapers, radio and television broadcasting. The Strategic Planning Committee under Professor Lee Huebner is responsible for identifying the group's key strategic direction in terms of both product and geographical diversification and expansion.Each of the above Committees reports to the Board on a regular basis.

DIRECTORS AND STAFF

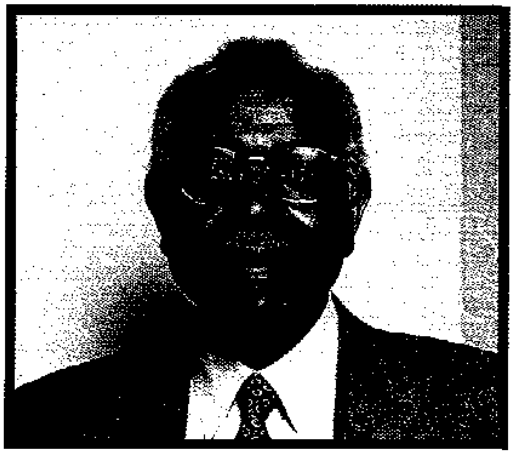
Finally, I would like to thank the Group Chief Executive, Mr. Wilfred Kiboro and my other Board colleagues as well as the management and staff for their hard work and dedication throughout a demanding year. In particular, the achievement of launching both Nation Radio and Nation Television on time within six weeks of each other and within budget, placed a significant additional workload on the senior executives involved as did the acquisition of the Monitor earlier this year. I am confident that we have the team on which to build the future success of the group.

BM Gecaga

Dr. B M Gecaga
Chairman

The South Africans in jubilant mood after their victory in the LG Cup

Wachezaji wa Afrika Kusini waonyesha furaha baada ya ushindi wao katika mashindano ya kikombe cha L.G.



Dr B.M. Gecaga, C.B.S., Chairman
DKt B.M. Gecaga, C.B.S., Mwenyekiti

Katika mwaka wa 1999 kundi la makampuni ya Nation lilipata faida ya shilingi milioni 360.1 (mwaka 1998 shilingi milioni 489.9) Mbali na matatizo ya kiuchumi nchini , kampuni hii imeweza kujiongezea vitega uchumi kwa kuanzisha vituo vya redio na televisheni na pia ikaongezea vivutio kadhaa katika magazeti yake. Ijapokuwa faida imepungua, ninaamini kwamba matokeo haya ni mazuri sana ukilinganisha na: hali mbaya ya uchumi tuliyonayo katika nchi yetu, kupunguwa kwa uwezo wa wanunuzi wa bidhaa zetu kuweza kununua bidhaa hizo, kuharibika kwa miundo msingi na viwango vya riba vya juu sana.

Mapato ya kampuni yaliongezeka kwa asili mia 2 hadi kufika shilingi bilioni 2.45(kutoka shilingi bilioni 2.41 mwaka wa 1998). Faida iliyopatikana kabla ya kodi ilikuwa ni shilingi milioni 342.2 (shilingi milioni 488.6 mwaka wa 1988). Faida kwa wenyehisa ilikuwa jumla ya shilingi 249.8, kiwango ambacho kimepunguwa kwa shilingi milioni 66.1 kikilinganishwa na mwaka jana.

Baada ya matumizi ya shilingi milioni 293.3 katika kuimarisha raslimali yetu mnamo mwaka wa 1998, kampuni yako iliongeza matumizi hayo katika mwaka wa 1999 hadi kufikia shilingi milioni 408.0. Ongezeko hili lililetwa zaidi na uanzishwaji wa vituo vya redio na televisheni, pamoja na uimarishwaji wa compyuta za uhariri, shughuli za matangazo ya biashara na maswala ya utawala ili ziweze kulingana na mahitaji ya mwaka 2000.

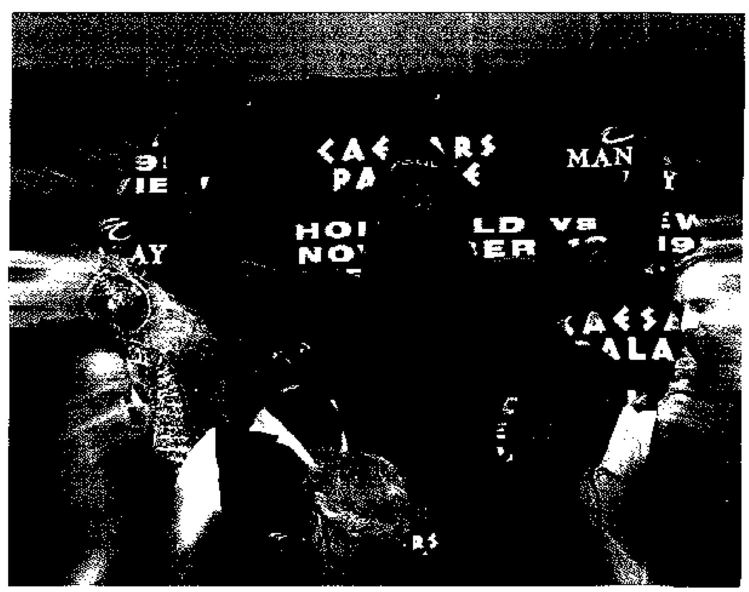
Kwa sababu ya kutaka kupata pesa za kuweza kufanya matumizi ya kiasi hicho, kampuni yako ilijianzishia mpango wake fulani wa ki-biashara mnamo mwezi wa Machi, 1999. Mpango huu uliiwezesha kampuni ya Nation kujilipia bila matatizo mabaki ya shilingi milioni 200 iliyopewa kama mikopo na mabenki fulani tangu mwaka wa 1996 wakati kampuni hii iliponunua mashine za kisasa za kuchapishia magazeti. Tangu mwaka ulipokwisha, mpango huo wa ki-biashara umeondolewa na kampuni imechukua mkopo wa muda wa wastani upatao shilingi milioni 300 kutoka kwa benki chini ya mkataba nafuu.

Mabaki ya madeni ya nje ambayo yalikuwa shilingi milioni 449.7 kufikia mwisho wa mwaka yatazamiwa kupunguwa katika kipindi cha mwaka huu.

IDARA YA MAGAZETI YA NATION

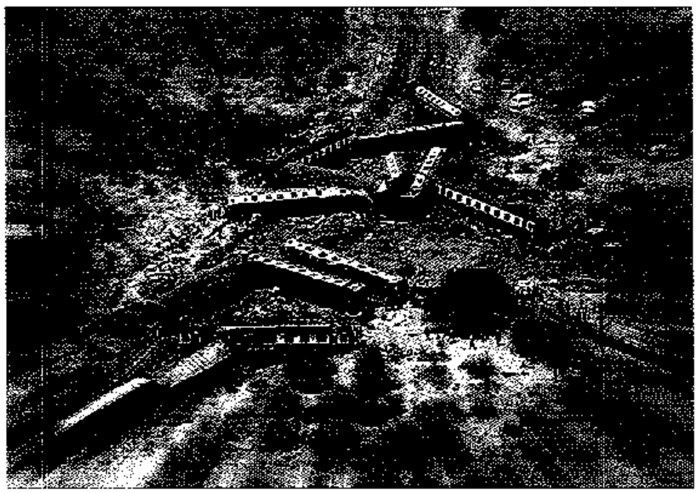
Katika mwaka wa 1999, habari nyingi muhimu zilizungumzia juu ya jitihada za ufufuaji wa hali ya uchumi uliozorota nchini Kenya, majadiliano kuhusu ubadilishwaji wa katiba na pia kuhusu nani atakaye chukua nafasi ya urais pindi tu huyu tuliyenaye atakapo ondoka. Kwa sababu ya umuhimu wa maswala haya ya ki-taifa, tuliongezea nafasi zaidi katika magazeti yetu ili tuweze kuyachambua kwa undani na ufasaha mambo hayo; kwani ni mambo haya haya ambayo yanaweza kuathiri maendeleo na muelekeo wa nchi yetu katika siku za usoni.

Kikundi chetu cha kubuni bidhaa kilianzisha tahariri kadhaa mpya; maalum kwa habari mpya au kwa watu maarufu wa ki-historia na pia kwa matukio maalum kama vile toleo la tarehe 31 Desemba, 1999 lilikuwa kama zawadi ya kikwi (Millenium). Maendeleo haya yameonyesha kupendwa sana na wasomaji wetu. Kwa hivyo kuna mpango wa kuufanya muelekeo huu uwe ni wa kawaida katika bidhaa zetu.



Heavy weight champion Lenox Lewis is weighed in before the title reunification fight against Evander Holyfield
Bingwa wa masumbwi ya uzani wa juu, Lenox Lewis, anapimwa uzito kabla ya pigano na Evander Holyfield

Bei za magazeti yetu ambazo zilikuwa hazijabadilishwa tangu mwaka wa 1997, ziliongezwa kuanzia mwezi wa Septemba, 1999 ili kufidia upagaji wa gharama za maisha kwa miaka miwili iliyopita. Ijapokuwa bei ziliongezwa, uuzaji wa magazeti haukuwa mbaya huku "Daily Nation" likiuza kwa wastani nakala 160,000 wakati "Sunday Nation" nayo ikiuza karibu nakala 200,000. Gazeti la Taifa Leo lilifanyiwa mageuzo ili kulistawisha ki-habari na pia sura na mpangilio wake. Gazeti la "The EastAfrican" liliendelea kulitawala na kuliongoza soko la eneo letu kwa mwaka wa nne mfululizo. Gazeti hili limeweza kuuza nakala kati ya 25,000 na 30,000.



Kenya Railways train crash at Tsavo
Ajali ya gari la moshi iliyotokea Tsavo

Kazi nyingine za kimaendeleo zilikuwa ni kuubadilisha mtambo wa uhariri wa zamani wa aina ya "Atex", na mtambo mpya wenye teknolojia ya karne ya ishirini na moja; na pia kujenga kituo cha picha ili kushughulikia mambo yote kuhusiana na picha. Kazi hizi za ki-maendeleo zilifanywa kuambatana na msimamo wa kampuni ya Nation, katika kuimarisha uhariri na hata hali ya magazeti yake ili yaweze kufikia kiwango cha ki-mataifa.

Magazeti ya Taifa yaliendelea kuuza kiasi cha nakala karabu 30,000. Kwa sababu ya mabadiliko juu ya uhariri wake na kutumia picha za rangi katika uchapishaji wake, Taifa limeweza kuihifadhi nafasi yake ya tatu kwa ukubwa kati ya magazeti yanayosomwa na kusambazwa zaidi nchini.

Mwaka wa 1999 ulikuwa mwaka mzuri kwa mapato kutoka kwa matangazo. Magazeti ya Nation kwa mara nyingine tena ilijiongezea mapato yake katika biashara ya uchapishaji wa matangazo ya biashara, hasa zaidi kutokana na matangazo yaliyochapishwa kwa rangi.

Gharama ziliwekwa chini ya uangalifu mkali sana. Ijapokuwa hivyo, kwa sababu ya kuongezwa kwa ushuru wa karatasi za kuchapishia magazeti kwa asili mia 10 mnamo mwezi wa Novemba 1998 pamoja na kupungua kwa thamani ya shilingi yetu, gharama ya karatasi za kuchapishia magazeti ziliongezeka kwa asili mia 18. Maongezeko ya gharama nyingine kukiwemo gharama za wafanyi kazi zilisimamia kwenye kiwango cha asili mia 3.

IDARA YA UCHUKUZI YA NATION

Katika mwaka uliopita, idara ya uchukuzi ya Nation (Nation Carriers), ilifanya kazi zake vizuri sana kwa kuweza kutimiza mahitaji yote ya uchukuzi kwa kutumia kundi lake la magari. Mbali na barabara mbovu zilizotapakaa kote nchini, kulikuwa na maendeleo makubwa katika kufupisha muda wa kusafirisha bidhaa, kupunguwa kwa ajali na pia kupunguwa kwa ripoti za magari kuharibika ovyo ovyo njiani. Idara hii ilijipatia cheti cha kimataifa cha udhibiti wa bidhaa (ISO 9002) mnamo mwezi wa Juni. Cheti hichi ni kielele cha jinsi wasimamizi wa idara hii walivyojitolea kuviimarisha viwango vyote vinavyohitajika kukiwemo mafunzo hasa kwa madereva. Jambo linalo hofu idara hii ni gharama ya kununua magari mapya na gharama ya kuhifadhi yale ya zamani.

Idara hii imekuwa ikipanua shughuli zake hasa katika uchukuzi kwa kusafirisha wafanyikazi wa makampuni mengine pamoja na usafirishaji wa magazeti na hata usafirishaji wa barua na mizigo midogo midogo. Katika mwaka huo idara hii ilisajiliwa kuwa kampuni ambayo inaweza kusafirisha mizigo midogo midogo pamoja na barua. Kwa kufanya hivyo basi, magari ya idara hii yamekuwa hayarudi matupu baada ya kupakua magazeti. Shuguli zote hizi mpya, zimehakikisha utumiwaji mzuri wa magari, na pia kuonyesha dalili za kupanuka kwa shughuli za kusafirisha barua na mizigo midogo midogo.

IDARA YA "AFRICA BROADCASTING"

Kama nilivyosema hapo mbeleni, kampuni ya Nation ilipewa leseni ya redio na televisheni kwa kutanganzia mji wa Nairobi na vitongoji vyake tangu mwezi wa mei 1998, na kufikia mwezi wa Desemba 1998, vipimo vya mita kutangazia kwa vituo vyote viwili vilikuwa vimeshatolewa. Kama nilivyo kadiria katika ripoti yangu ya mwaka jana, Africa Broadcasting ilianza matangazo yake kama ilivyokuwa imepangwa ikianza na Nation Redio mwezi wa Oktoba, 1999 halafu baadaye Nation Television katika mwezi wa Desemba, 1999. Kuanzishwa kwa vituo hivi kulipokelewa kwa shangwe kubwa sana na wananchi wakipongeza zaidi mafanikio hayo kutokana na juhudi za mameneja wasimamizi pamoja na wafanyikazi wote waliohusika.

Hoza Cultural group from Rwanda perform at the All Africa Peace Conference in Nairobi.
Kundi la Kitamaduni kutoka Rwanda lawatumbuiza waliohudhuria semina ya Amani Kote Africa iliyofanyika jijini Nairobi.

Uongozi wa kampuni yenu umejitoa muhanga kuhakikisha kwamba Africa Broadcasting itatoa huduma bora zaidi katika eneo hili la Africa Mashariki, hasa katika mambo ya utangazaji habari. Dalili za vituo hivi tangu vianze ni ya kuiridhisha sana kwani tumepata maoni ya kuridhisha zaidi na ya kututia moyo hasa kuhusu vile tunavyo changanya kiengereza na kiswahili katika utangazaji wetu wa redio. Televisheni ya Nation ilianza miezi miwili baada ya kituo cha redio cha Nation kuanza, na mpaka sasa kituo hicho hata hakijakamilisha miezi mitano. Ijapokuwa vituo hivi ni vichanga jensi hiyo imethibitishwa kwamba nambari ya wasikilizaji na watazamaji inaongezeka siku hadi siku kwa sababu ya vipindi vyetu murua vya kuvutia ambavyo wakati mwengine huwahusisha wapenzi wetu katika vipindi vya stesheni za kimataifa zilizostawi ili watoe maoni yao. Vipindi vyetu vingi vya televisheni kutoka hapa nyumbani vimetia fora sana, hivyo basi vimepata mashabiki wengi sana hapa mjini Nairobi.

Tangu tuvianzishe vituo hivi, tumeona ongezeko la watangazaji biashara zao katika vituo vyote viwili. Mwelekeo huu unatupa moyo kwamba makadirio tuliyofanya kuhusu upatikanaji wa pesa utakuwa sawa kufikia katikati ya mwaka huu kwa upande wa redio, na kufikia mwisho wa mwaka, kwa upande wa televisheni. Huduma hizi mbili mpya zimeongeza msukumo mkubwa kati ya makampuni haya ya Nation kwa kutoa nafasi isiyo na pingamizi kwa watu wote wanaotaka kujitangazia biashara zao nje na ndani ya nchi hii. Kwa msimamo huu ninaamini kwamba mradi huu utaijenga kampuni yetu kwa manufaa ya miaka ijayo.

Katika mwezi wa Februari, 1999, shirika la habari la Nation lilipatiwa leseni ya kuweza kutangaza kwa redio mjini Mombasa, Nakuru na Kisumu. Ninasikitika kuwaeleza wanahisa kwamba ni zaidi ya mwaka tangu tupate leseni hizi, lakini kutokana na kucheleweshwa kwa kupeana vipimo vya mita bendi kutoka kwa Kamati ya Mawasiliano ya Kenya (CCK) hatujaweza kusambaza matangazo yetu katika maeneo hayo. Dalili za kupata vipimo hivyo hivi karibuni hazionekani. Hili ni jambo la kusikitisha sana kwani kampuni ya Nation tayari ilikuwa ishapangia gharama za upanuzi huo katika mwaka 2000. Ucheleweshaji wa namna hii unaleta hasara kwa sababu ya kuongezeka kwa muda wa biashara kuweza kujilipa, na zaidi ya hivyo, kuna athari ya kuwavunja moyo wafanyikazi wa utangazaji.

Kesi zetu kuhusu ni nani mwenye EATN hazijapewa uamuzi wowote wa kuridhisha kwa kipindi cha mwaka mzima sasa, ijapokuwa uongozi wa kampuni pamoja na mawakili wake umejitahidi kutetea kesi hizi iwezekanavyo. Hata hivyo, hatujavunjika moyo na tunatumaini kwamba siku moja Nation Redio na Television itasikika nchini kote.

Dr. Richard Leakey congratulates Ms. Sinyo on her nomination to Parliament
Dkt. Richard Leakey anampongeza Bi. Sinyo alipoteuliwa kama mbunge maalum

Celebrating.... the Nation Radio team at the launch. Sherehekea... Timu ya 'Nation Radio' kwenye sherehe za kuanzisha.

NATION MARKETING AND PUBLISHING LIMITED

Mbali na kitabu cha Orodha za Anwani za wafanyi Biashara wa Kenya (Kenya Business Directory) na jarida la What's On, kampuni hii mnamo mwezi wa Oktoba mwaka 1999 iliweza kulinunua gazeti la The Weekly Advertiser. Gazeti hili ni la kuhusu mambo ya utangazaji biashara ndogo ndogo peke yake. Tunaamini kwamba kuna soko kubwa sana la matangazo madogo madogo ya biashara hapa nchini kiasi cha kwamba hata zile nakala 50,000 zinazogawanywa kwa wiki zinaweza kuongezwa na zikaenezwa hadi maeneo mengine nje ya Nairobi. Kuna mipango ambayo imefikia viwango vya juu vya kuifanya kampuni hii iweze kuchapisha vitabu na magazeti.

MONITOR PUBLICATIONS LIMITED

Kama sehemu ya mipango yake ya kujipanua na kujiendeleza katika eneo hili la Africa Mashariki, kampuni ya Nation ilikamilisha makubaliano mnamo mwezi wa Machi mwaka huu na kuweza kuinunua sehemu kubwa ya hisa za kampuni ya Monitor Publications Limited, ambayo ndiyo inayochapisha magazeti ya Daily na Sunday Monitor katika mji wa Kampala. Gazeti la Monitor ni gazeti huru la kiengereza linalo ongoza nchini Uganda. Kwa sababu ya uwezo wa ki-fedha wa kampuni ya Nation na pia ujuzi wa kutafuta soko na kusambaza bidhaa zake, uwezekano wa kampuni hii ya uchapishaji wa gazeti la Monitor kupanuka ni wa kuridhisha.

INDUSTRIAL PROMOTION BUILDING LIMITED

Katika mwaka wa 1999, kampuni shiriki ya Industrial Promotion Building Limited iliweza kukamilisha kukarabati nyumba za Vienna Court ambayo ni moja kati ya maeneo mazuri ya kuishi katika mji wa Nairobi. Nyumba hizo kwa sasa zimepangishwa na mapato yanafanya mchango mkubwa katika utendaji na uendelezaji wa kampuni yetu. Kutokana na mapato ya nyumba hizo, faida juu ya hisa za kampuni hii iliongezeka kwa asili mia 83 na kufikia kiasi cha shilingi milion 17.6 (Shilingi milioni 9.6 mwaka uliopita). Kiwango hiki cha faida ni kabla ya mkato wa kodi ya serikali. Ikiwa na raslimali kama vile majengo ya Nation Centre na IPS Building katika mji wa Nairobi, kampuni hii inamatazamio mazuri katika mwaka huu.

UKUBALIFU NA MWAKA WA 2000

Kampuni yenu ilichukua jukumu la kuzirekebisha au kununua upya mifumo kadhaa muhimu za mashine za kompyuta katika mwaka wa 1999 ili ziweze kukubaliana na mahitaji ya mwaka 2000. Nina furaha kuwaeleza kwamba hatua hii imekuwa ya mafanikio makubwa kwani kubadilika kwa tarehe ya kikwi (Millenium) haikutuletea matatizo yoyote katika shughuli zetu.

MGAWO WA FAIDA

Ilipofika mwezi wa Oktoba, 1999 kampuni yenu ilitangaza na ikalipa mgawo wa faida wa muda wa senti 55 kwa kila hisa. Kiwango hiki kilikuwa sawa na mgawo wa asili mia 11 kwa kila hisa. Hivi leo bodi ya wakurugenzi inapendeleza mgawo kamili wa shilingi 1.20 kwa kila hisa ambao ni sawa na asili mia 24 kwa kila hisa. Mgawo huu utalipwa punde tu utakapokubaliwa wakati wa mkutano mkuu wa mwaka. Ukikubaliwa, mgawo huu utakuwa na jumla ya shilingi 1.75 kwa kila hisa sawa na asili mia 35 (1998 shilingi 1.65 sawa na asili mia 33). Kiwango hiki kinaonyesha ongezeko la asili mia 6. Malipo ya hisa ambayo ni mara nne ni juu zaidi ya kiwango cha kawaida za makampuni yalio orodheshwa katika soko la hisa la Nairobi.

MATAZAMIO YA SIKU ZA BAADAYE

Mwaka huu umeanza vizuri huku viwango vya uuzaji wa magazeti yetu yote vikionyesha kukua. Pia kiwango cha ukusanyaji wa mapato ya pesa za matangazo ya biashara kilifika kima cha kuridhisha katika robo ya kwanza ya mwaka huu. Zaidi ya hivyo utangazaji wa biashara kupitia kwa redio na televisheni kumeonyesha ishara za kuimarika. Ijapokuwa kuna dalili hizi nzuri, ongezeko la bei ya karatasi za kuchapishia magezeti kwa sarafu ya dola ya kimarekani, pamoja na viwango vya juu vya riba, bila shaka vita atharisha kiwango fulani cha matokeo ya biashara yetu ya mwaka huu.

Kampuni inaamini kwamba, ufanyaji biashara tofauti tofauti unaweza kuwa hakikisho nzuri la ufanisi wa siku za baadaye. Sababu hii ndiyo iliyo tufanya tuweze kuanzisha vituo hivi vyetu vya redio na televisheni. Mipango ya biashara kama hii ina mfumo wa kupata mavuno yake baada ya muda mrefu. Na kwa hivyo, tuna matumaini ya kwamba kuendelea kwetu kutega uchumi katika uchapishaji wa magazeti pamoja na muungano wetu na huduma ya Internet; kukiwa na matumaini ya kuiendeleza huduma ya e-commerce katika siku za baadaye, bodi yenu ya wakurugenzi naona imefanya uamuzi wa sawa ambao nina hakika utakuwa na mazao mazuri kwa wana hisa wote.

Kampuni yako pia imejitolea kupanua mipaka ya huduma zake ili iweze kutapakaza huduma hizo kote Africa Mashariki. Tayari kampuni yako imejiingiza katika soka la Uganda ambalo ni soko moja katika Africa linalokua kwa haraka sana na lenye uwanja wa kibiashara ulio tulia sana.

Ni matumaini yangu kwamba kampuni ya Nation itabaki kuwa mojawapo ya makampuni yaliyo na mwelekeo wa kupanuka kwa haraka sana katika eneo hili la Africa Mashariki.

USIMAMIZI WA KAMPUNI

Bodi imejitolea kuhakisha kwamba kampuni hii inasimamiwa kiangalifu na kwa taratibu bora za kibiashara. Kwa sababu hii, ndio maana kuna kamati tatu za usimamizi. Kamati ya fedha na uchunguzi wa hesabu, ikiwa chini ya Bw. Hannigton Awori kama mwenyekiti ina jukumu kubwa la kufafanua usimamizi na miongozo ya ki-fedha ya kampuni. Zaidi ya hivyo kamati hii huhakikisha usawa wa usimamizi wa shughuli zetu za ndani.

Kamati ya uhariri, husimamiwa na Bw. Francis Okello ambaye huhakikisha taratibu za uhariri zinachunguzwa mara kwa mara na pia kuona kwamba viwango vya utahariri huo vinadumishwa kwa hali ya juu katika magazeti yetu yote pamoja na kwenye vituo vyetu vya redio na televisheni.

Kamati ya mipango na maendeleo iko chini ya uenyekiti wa Profesa Lee Huebner ambaye ana jukumu la kutambua muelekeo wa kampuni yetu ki-bidhaa zetu na pia katika kuiendeleza mipango ambayo tayari iko matumizini.

Kamati hizo zote hutoa ripoti zao kwa bodi ya wakurugenzi kufuatia mpango ulioko.

WAKURUGENZI NA WAFANYIKAZI

Kwa kumalizia, ningependa kumshukuru mkurugenzi mkuu wa bodi ya wakurugenzi, Bw. Wilfred Kiboro pamoja na washiriki wenzangu katika bodi yetu bila ya kuwasahau mameneja wasimamizi na wafanyikazi wote kwa bidii na kujitolea kwao kazini katika wakati mgumu tuliokuwa nao mwaka mzima. Shukurani hizi hasa nazitoa kwa mafanikio yakuweza kuvianzisha vituo vya "Nation Radio" na "Nation Television" kwa wakati kama ilivyokuwa imepangwa. Na zaidi kwa kufunguliwa kwa vituo hivi ndani ya muda wa wiki sita kati yao bila ya kuzidi makadirio ya gharama zao. Kazi hii pamoja na ile ya kukinunua na kukijengea chombo cha kuenezea matangazo ya redio na televisheni kuliwazidishia mameneja waliohusika kazi nyingi sana. Hata hivyo, nina hakika ya kwamba kikosi cha wafanyikazi tulicho nacho kina uwezo wa kuujenga msingi wa mafanikio ya kwa siku zijazo.

B M Gecaga

Dr. B M Gecaga
Mwenyekiti

Kenya's John Kibowen smiles on the podium with his gold medal after winning the mens short race of the world cross country championship, March 28th 2000 in Potugal.
Mwanariadha mashuhuri wa Kenya, John Kibowen, anatabasamu baada ya kushinda medali ya dhahabu katika mbio za nyika za ulimwengu mnamo Machi 28 mwaka huu nchini Ureno.

BOARD OF DIRECTORS
HALMASHAURI YA WAKURUGENZI

Dr. B. M. Gecaga, C.B.S.

W. D. Kiboro

H. H. O. Awori

A. Bekah

D. d'Acremont

R. C. Henry

L. Huebner

F. O. Okello

A. Poonawala

J. D. M. Silvester

G. M. Wilkinson

BOARD OF DIRECTORS
HALMASHAURI YA WAKURUGENZI

Chairman (Kenyan)	**Dr. B. M. Gecaga, C.B.S.**	Mwenyekiti (Mkenya)
Chief executive/managing (Kenyan)	**W. D. Kiboro**	Mrasimu mkuu/Msimamizi (Mkenya)
(Kenyan)	**H. H. O. Awori**	(Mkenya)
(Kenyan)	**A. Bekah**	(Mkenya)
(French)	**D. d'Acremont**	(Mfaransa)
(British)	**R. C. Henry**	(Mwingereza)
(American)	**L. Huebner**	(Mmarekani)
(Kenyan)	**F. O. Okello**	(Mkenya)
(French)	**A. Poonawala**	(Mfaransa)
(Kenyan)	**J. D. M. Silvester**	(Mkenya)
(Irish)	**G. M. Wilkinson**	(Mwa-Irish)

Secretary	**J C Kinyua CPS (K)**	Katibu
Registered office	**Nation Centre** **Kimathi Street** **Nairobi**	Afisi ilikoandikishwa
Advocates	**Hamilton, Harrison & Mathews** **ICEA Building** **Kenyatta Avenue** **Nairobi**	Wakili
Auditors	**PricewaterhouseCoopers** **The Rahimtulla Tower** **Upper Hill Road** **Nairobi**	Wakaguzi wa Hesabu
Bankers	**Standard Chartered Bank Kenya Limited** **Stanbank House** **Moi Avenue** **Nairobi**	Banki

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The predominant business of the group is the publication, printing and distribution of newspapers. The group commenced radio and television broadcasting during the year.

GROUP RESULTS

The results of the group for the year are set out in full in the profit and loss account on page 20.

DIVIDENDS

The directors recommend the payment of a final dividend of 24% on the issued share capital at 31 December 1999 which, together with the interim dividend of 11% paid on 27th October 1999, makes a total of 35% in respect of the year ended 31 December 1999.

DIRECTORS

The present board of directors is set out on page 15. All the directors have been directors throughout the year.

Mr. R. C. Henry, Mr. A. Poonawala and Mr. G. M. Wilkinson retire by rotation in accordance with Article 110 and being eligible offer themselves for re-election.

AUDITORS

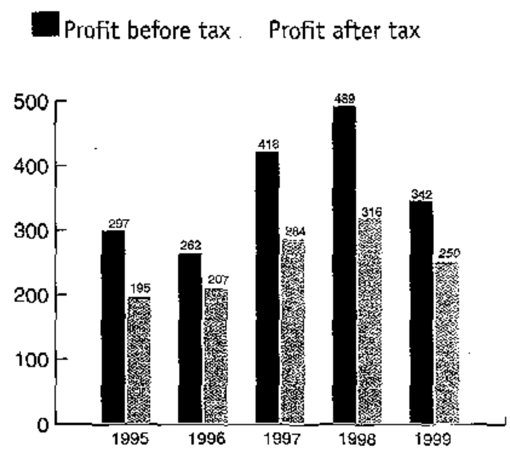
PricewaterhouseCoopers continue in office in accordance with Section 159(2) of the Companies Act (Cap 486).

Approved by the Board

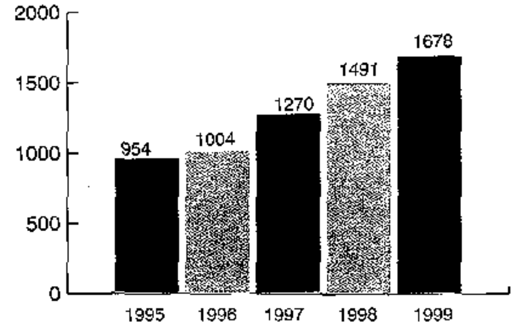
J.C. Kinyua
Secretary

13 April 2000

Profit Before and After tax
Shs. million



Shareholders' Funds
Shs. million



TAARIFA YA WAKURUGENZI

Wakurugenzi wana furaha kuwasilisha ripoti yao pamoja na ukaguzi wa hesabu zilizokaguliwa kuhusu mwaka uliomalizika Desemba 31 1999.

MIRADI MAALUM

Biashara ya kiwango kikubwa zaidi katika kampuni ni uchapishaji na usambazaji, yaani uchukuzi wa magazeti.Kapuni ilianzisha vituo vya redio na televisheni mwaka jana.

MATOKEO YA KUNDI

Matokeo ya kundi kuhusu mwaka huo ni kama yalivyooneshwa kikamilifu katika taarifa ya hesabu ya faida na hasara kwenye ukurasa wa 20.

MIGAWO YA FAIDA

Wakurugenzi wanapendekeza malipo ya mwisho ya mgawo wa asilimia 24 kuhusu hisa zilizotolewa za mtaji kufikia Desemba 31 1999 ambao pamoja na mgawo wa muda wa faida wa asilimia 11 uliolipwa mnamo tarehe 27 Oktoba 1999, unajumlisha mgawo kuhusu mwaka uliomalizika kuwa asilimia 35.

WAKURUGENZI

Halmashauri ya sasa ya wakurugenzi ni kama ilivyoelezwa katika ukurasa wa 15. Wakurugenzi wote wamekuwa wakurugenzi kote mwakani.

Bw. R. C. Henry, Bw. A. Poonawala na Bw. G.M. Wilkinson wanastaafu kwa zamu kulingana na kifungu cha 110, na kwa sababu wanaweza kuchaguliwa, wamejitolea tena kuchaguliwa wakurugenzi.

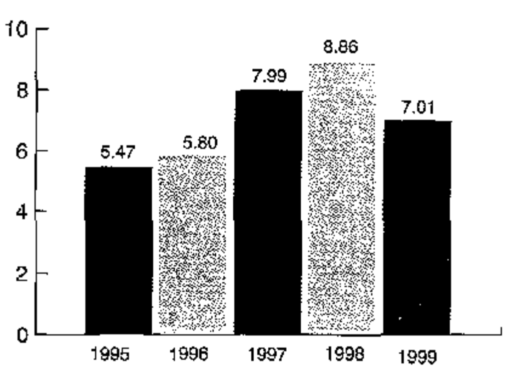
WAKAGUZI WA HESABU

Kampuni ya PricewaterhouseCoopers itaendelea kukagua hesabu za kundi kulingana na kifungu cha 159(2) cha Sheria ya kampuni (ukurasa 486).

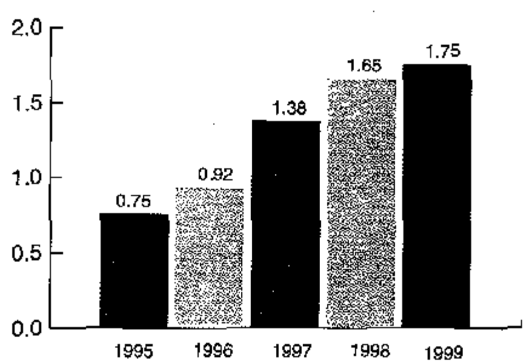
Kwa amri ya Halmashauri
J C Kinyua
Katibu

Aprili 13, 2000

Earnings per share
Shs.



Dividends per share
Shs.



REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements set out on pages 20 to 37. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. The company's balance sheet is in agreement with the books of account.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of financial statements which give a true and fair view of the company's and group's state of affairs and of the group's profit or loss. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

OPINION

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the group's and company's financial affairs at 31 December 1999 and of the profit and cash flows of the group for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants
Nairobi

13th April 2000

TAARIFA YA WAKAGUZI WA HESABU KWA WENYEHISA

Tumekagua hesabu zilizoko kurasa za 20 hadi 37. Tulipata maelezo yote na ufafanuzi ambao kwa kadiri tunavyojua na kuamini yalikuwa ni muhimu kwa madhumuni ya ukaguzi wetu. Hesabu hizo za kampuni ziko sambamba na vitabu vya uhasibu.

WAJIBU WA WAKURUGENZI NA WAKAGUZI WA HESABU WANAOHUSIKA

Wakurugenzi wana wajibu wa kutayarisha hesabu ambazo zinatoa maoni ya kweli na sawasawa ya hali ya mashauri ya Kampuni na faida yake ama hasara. Jukumu letu ni kutoa huru maoni yasiyo na mapendeleo katika hesabu kutegemea ukaguzi wetu wa hesabu na kuwapa taarifa ya maoni yetu.

MSINGI WA MAONI

Tulifanya ukaguzi wa hesabu kulingana na Viwango vya ukaguzi vya Kimataifa. Viwango hivi vinahitaji tupange na kutekeleza ukaguzi wetu ili tupate uhakikisho kwamba hesabu haina dosari. Ukaguzi wa hesabu hujumlisha, kwa msingi wa kubainisha, thibitisho La kiasi cha fedha kinachofichuliwa kwenye taarifa ya ukaguzi. Vile vile, huwa na makadirio ya maongozi ya kanuni za hesabu yanayotumika pamoja na makisio muhimu yaliyofanywa na Wakurugenzi, na hali kadhalika makadirio ya uwasilishaji taarifa kwa jumla.

MAONI

Kwa maoni yetu, vitabu vya hesabu vimewekwa kwa ukamilifu na hesabu zinaonyesha ukweli na usawa wa shughuli za kampuni na kundi kufikia Desemba 31,1999, na faida na mapato ya pesa taslimu kwa mwaka huo ulioimalizika pamoja na kuambatana na Kanuni za uhasibu za Kimataifa na Sheria za Makampuni za Kenya.

PRICEWATERHOUSECOOPERS
Wakaguzi wa Hesabu Waliothibitishwa
Nairobi

Aprili 13, 2000

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31st December, 1999

	Note	1999 Shs.m	1998 Shs.m
Sales	3	2,450.5	2,409.6
Cost of sales		(796.7)	(684.4)
Gross profit		1,653.8	1,725.2
Distribution costs		(145.7)	(151.1)
Administrative expenses		(241.8)	(218.5
Other operating expenses		(906.2)	(865.7)
Operating profit	4	360.1	489.9
Finance costs	6	(35.5)	(10.9)
Share of result of associate	16	17.6	9.6
Profit before tax		342.2	488.6
Tax	7	(92.4)	(172.7)
Profit after tax	8	249.8	315.9
Earnings per share (Shs)	9	7.01	8.86

BALANCE SHEET

Balance sheet as at 31st December, 1999

	Note	Group 1999 Shs.m	Group 1998 Shs.m	Company 1999 Shs.m	Company 1998 Shs.m
CAPITAL EMPLOYED					
Capital and reserves					
Share capital	10	178.3	178.3	178.3	178.3
Revaluation reserve	11	211.7	218.8	127.7	97.1
Retained earnings		1,288.3	1,093.8	1,286.6	563.9
Shareholders' funds		1,678.3	1,490.9	1,592.6	839.3
Minority interests		2.9	3.1	-	-
		1,681.2	1,494.0	1,592.6	839.3
Non-current liabilities					
Borrowings	12	-	142.0	-	-
Deferred tax	13	151.6	135.7	151.6	-
		151.6	277.7	151.6	-
		1,832.8	1,771.7	1,744.2	839.3
REPRESENTED BY					
Non–current assets					
Property, plant and equipment	14	1,400.1	1,162.0	1,400.1	114.7
Intangible assets	15	21.2	23.5	-	-
Investment in associate	16	215.4	204.0	94.6	94.6
Investment in subsidiaries		-	-	20.8	20.8
		1,636.7	1,389.5	1,515.5	230.1
Current assets					
Inventories	17	192.1	200.5	192.1	-
Trade and other receivables	18	545.2	423.3	545.2	680.7
Cash and cash equivalents	19	224.4	185.7	224.4	2.5
		961.7	809.5	961.7	683.2
Current liabilities					
Trade and other payables	20	307.9	293.7	275.3	34.9
Current tax liabilities		(34.6)	16.4	(34.6)	-
Dividends payable		42.6	39.1	42.6	39.1
Borrowings	12	449.7	78.1	449.7	-
		765.6	427.3	733.0	74.0
Net current assets		196.1	382.2	228.7	609.2
		1,832.8	1,771.7	1,744.2	839.3

The financial statements on pages 20 to 37 were approved by the board of directors on 13th April 2000 and signed on its behalf by:

Director
B. M. Gecaga

Director
R. C. Henry

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December, 1999

	Note	Share Capital Shs.m	Capital Reserves Shs.m	Retained Earnings Shs.m	Total Shs.m
Balance as at 1 January 1998:					
as previously reported		89.1	255.5	925.3	1,269.9
effect of adopting IAS 12	13	-	(14.0)	(15.1)	(29.1)
effect of adopting IAS 19		-	-	(2.6)	(2.6)
prior year adjustment – treatment of associated company dividend		-	-	(3.5)	(3.5)
As restated		89.1	241.5	904.1	1,234.7
Capitalisation of reserves (bonus issue)	10	89.2	-	(89.2)	-
Depreciation transfer	11	-	(9.5)	9.5	-
Deferred tax on depreciation transfer	11	-	1.7	(1.7)	-
Share of associated company reserves	16	-	(0.9)	-	(0.9)
Profit after tax		-	-	315.9	315.9
Revaluation reserve on assets sold	11	-	(14.0)	14.0	-
Dividends	21	-	-	(58.8)	(58.8)
Balance as at 31 December 1998		178.3	218.8	1,093.8	1,490.9
Balance as at 1 January 1999:					
as previously reported		178.3	231.1	1,127.4	1,536.8
effect of adopting IAS 12	13	-	(14.0)	(16.7)	(30.7)
deferred tax on depreciation transfer	13	-	1.7	(1.7)	-
effect of adopting IAS 19		-	-	(11.7)	(11.7)
prior year adjustment – treatment of associated company dividend		-	-	(3.5)	(3.5)
As restated		178.3	218.8	1,093.8	1,490.9
Depreciation transfer	11	-	(8.3)	8.3	-
Deferred tax on depreciation transfer	13	-	1.2	(1.2)	-
Profit after tax		-	-	249.8	249.8
Dividends	21	-	-	(62.4)	(62.4)
Balance as at 31 December 1999		178.3	211.7	1,288.3	1,678.3

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December, 1999

	Note	Share Capital Shs.m	Capital Reserves Shs.m	Retained Earnings Shs.m	Total Shs.m
Balance as at 1 January 1998:					
as previously reported		89.1	115.3	493.0	697.4
effect of adopting IAS 19		-	-	(2.6)	(2.6)
As restated		89.1	115.3	490.4	694.8
Capitalisation of reserve (bonus issue)	10	89.2	-	(89.2)	-
Depreciation transfer		-	(4.2)	4.2	-
Revaluation reserve on assets sold		-	(14.0)	14.0	-
Profit after tax		-	-	203.3	203.3
Dividends		-	-	(58.8)	(58.8)
Balance as at 31 December 1998		178.3	97.1	563.9	839.3
Balance as at 1 January 1999:					
as previously reported		178.3	97.1	575.6	851.0
effect of adopting IAS 19		-	-	(11.7)	(11.7)
As restated		178.3	97.1	563.9	839.3
Capital reserves transferred from Nation Newspapers Limited		-	37.7	-	37.7
Depreciation transfer		-	(8.3)	8.3	-
Deferred tax on depreciation transfer		-	1.2	(1.2)	-
Profit after tax		-	-	778.0	778.0
Dividends		-	-	(62.4)	(62.4)
Balance as at 31 December 1999		178.3	127.7	1,286.6	1,592.6

GROUP CASH FLOW STATEMENT

Group cash flow statement for the year ended 31st December, 1999

	Note	1999 Shs.m	1998 Shs.m
Operating activities			
Cash generated from operations	24	417.7	484.4
Interest received		19.4	57.3
Interest paid		(57.7)	(75.5)
Tax paid		(121.3)	(248.3)
Net cash from operating activities		258.1	217.9
Investing activities			
Purchase of property, plant and equipment		(408.0)	(293.3)
Proceeds from the sale of property, plant and equipment		20.4	40.6
Dividends received		-	3.1
Acquisition of The Weekly Advertiser	25	(2.5)	(10.0)
Net cash used in investing activities		(390.1)	(259.6)
Financing activities			
Proceeds from commercial paper		449.7	-
Repayments of borrowings		(220.1)	(62.6)
Dividends paid		(58.9)	(50.8)
Net cash used in financing activities		170.7	(113.4)
Increase/(decrease) in cash and cash equivalents		38.7	(155.1)
Movement in cash and cash equivalents			
At 1 January		185.7	340.8
Increase/(decrease) in cash and cash equivalents		38.7	(155.1)
At 31 December	19	224.4	185.7

1 **Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Accounting Standards, which have been adopted with effect from 1 January 1999. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain of the company's property, plant and equipment.

b) Consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made of minority interests.

A listing of the Group's principal subsidiaries is set out in note 29.

c) Investments in associates

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Group has between 20% and 50% of the voting rights, and over which the Group exercises significant influence, but which it does not control. Provisions are recorded for long-term impairment in value.

Equity accounting involves recognising in the income statement the Group's share of the associates' profit or loss for the year. The Group's interest in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill on acquisition.

The Group's principal associated undertakings are shown in note 29.

d) Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at market value and plant and equipment revalued at depreciated replacement cost based on periodic valuations by external independent valuers, less subsequent depreciation. All other property, and motor vehicles are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit and loss account. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

e) Property, plant and equipment (continued)

Depreciation 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:

Freehold land	2.5%
Leasehold land and buildings	2.5% (or over the period of lease)
Plant and machinery	6.7% - 25%
Motor vehicles	25% - 50%
Furniture, office equipment and computers	12.5% - 20%

f) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associated undertaking at the date of acquisition and is shown on the balance sheet as an intangible asset.

Goodwill is generally amortised using the straight line method over a period not exceeding 10 years.

The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

g) Other intangible assets

Expenditure on acquired patents, trademarks and licences (including broadcasting licences) is capitalised and amortised using the straight-line method over their useful lives, generally over 10 years. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

h) Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method and includes transport and handling costs. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of realisation. Goods in transit are stated at cost. Provision is made for obsolete, slow moving and defective inventories.

j) Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

k) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

l) Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of VAT and discounts. Interest income is recognised as it accrues unless collectibility is in doubt.

m) Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

Under this method the Group is required to make provision for deferred tax on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

n) Provisions for severance pay

Employee entitlement to long-service severance pay is recognised when it accrues to employees. A provision is made for the estimated liability for long-service pay as a result of services rendered by employees up to the balance sheet date.

o) Pension obligations

The group operates a defined contribution scheme. The assets are held in trustee administered funds and the group's contributions to the scheme are charged to the profit and loss account in the year to which they relate.

p) Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year-end exchange rates.

Non-monetary assets and liabilities, which are carried at historical cost, denominated in foreign currencies, are translated at the historical transaction rate.

q) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year on adoption of International Accounting Standards.

2 Segmental reporting

The predominant business of the group is the publication, printing and distribution of newspapers. The other activities of the group do not come within the "significant" parameters as set out in International Accounting Standard 14 and accordingly have not been separately reported.

3 Sales

	1999 Shs.m	1998 Shs.m
Circulation and advertising income	2,413.0	2,378.0
Service income	37.5	31.6
	2,450.5	2,409.6

4 Operating profit

The following items have been charged in arriving at operating profit		
Depreciation	162.5	129.8
Profit on disposal of property, plant and equipment	13.2	6.6
Operating lease rentals	42.0	38.1
Staff costs (note 5)	423.8	352.4
Auditors' remuneration	2.2	2.0
Directors' remuneration		
fees	5.1	4.9
other	33.1	32.5

5 Staff costs

Wages and salaries	376.9	301.3
Termination benefits	26.2	34.4
Social security costs	1.2	1.2
Pension costs - defined contribution plans	19.5	15.5
	423.8	352.4

The number of persons employed by the company at the year end was	Number	Number
Full time	653	589
Part time	185	166
	838	755

6 Finance costs

	Shs.m	Shs.m
Interest income	19.4	57.3
Net foreign exchange transaction gains	2.8	7.3
Interest on bank borrowings	(57.7)	(75.5)
	(35.5)	(10.9)

7 Tax

Current tax	70.3	159.8
Deferred tax (note 13)	15.9	9.1
Share of associated company tax (note 16)	6.2	3.8
	92.4	172.7

7 Tax *(continued)*

The tax on thecompany's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows

	1999 Shs.m	1998 Shs.m
Profit before tax	342.2	488.6
Tax calculated at a tax rate of 32.5 % (1998: 32.5%)	111.2	158.8
Tax effect of		
income not subject to tax	(4.2)	(3.7)
expenses not deductible for tax purposes	4.7	17.6
tax rate change on deferred tax	(19.3)	-
Tax charge	92.4	172.7

Further information about deferred tax is presented in note 13.

8 Profit after tax

As permitted by the Kenyan Companies Act, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit after tax for the financial year was Shs. 778.0 million (1998: Shs.203.3 million).

9 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Net profit attributable to shareholders (Shs.million)	249.8	315.9
Weighted average number of ordinary shares in issue (million)	35.6	35.6
Basic earnings per share (Shs)	7.01	8.86

There is no dilution of the earnings per share.

10 Ordinary share capital

	Number of Shares.m	Shs.m
Authorised	60.0	300.0
Issued and fully paid		
At 1 January 1998	17.8	89.1
Bonus issue	17.8	89.2
At 31 December 1998	35.6	178.3
At 31 December 1999	35.6	178.3

11 Revaluation reserve

	1999 Shs.m	1998 Shs.m
Revaluation reserves may be analysed as follows		
land and buildings	108.1	112.8
plant and equipment	7.3	9.7
group's share of the capital reserves of the associate	96.3	96.3
	211.7	218.8

11 Revaluation reserve *(continued)*

The movement in each category of reserves was as follows

	1999 Shs.m	1998 Shs.m
Land and buildings		
At beginning of year		
as previously stated	120.4	139.3
deferred tax on revaluation	(7.6)	(7.8)
As restated	112.8	131.5
Depreciation transfer to retained earnings	(4.9)	(4.9)
Deferred tax on depreciation transfer	0.2	0.2
Transfer to retained earnings on disposal of land	-	(14.0)
	108.1	112.8
Plant and equipment		
At beginning of year		
as previously stated	14.4	19.0
deferred tax on revaluation	(4.7)	(6.2)
As restated	9.7	12.8
Depreciation transfer to retained earnings	(3.4)	(4.6)
Deferred tax on depreciation transfer	1.0	1.5
At end of year	7.3	9.7
Group's share of capital reserves of the associate		
At beginning of year	96.3	97.2
Share of associated company reserves	-	(0.9)
At end of year	96.3	96.3
Total revaluation reserves		
At beginning of year		
as previously stated	231.1	255.5
deferred tax on revaluation	(14.0)	(14.0)
deferred tax on depreciation transfer	1.7	-
As restated	218.8	241.5
Depreciation transfer to retained earnings	(8.3)	(9.5)
Deferred tax on depreciation transfer	1.2	1.7
Transfer to retained earnings on disposal of land	-	(14.0)
Share of associated company reserves (note 16)	-	(0.9)
	211.7	218.8

12 Borrowings

	1999 Shs.m	1998 Shs.m
Total borrowings	449.7	220.1
Less current portion	(449.7)	(78.1)
Non-current portion	-	142.0

12 Borrowings *(continued)*

	1999 Shs.m	1998 Shs.m
Weighted average effective interest rates		
commercial paper	14.5%	-
bank borrowings	19.8%	26.6%
Maturity of borrowings		
Not later than 1 year	449.7	78.1
Later than one year but not later than 5 years	-	142.0
	449.7	220.1

All loans outstanding at 31 December 1998 amounting to Shs. 220.1 million, were repaid during 1999.

13 Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (1998: 32.5%). The movement on the deferred tax account is as follows

	1999 Shs.m	1998 Shs.m
At beginning of year		
as previously stated	105.0	97.5
prior year adjustment to retained earnings	16.7	15.1
deferred tax on revaluation (note 11)	14.0	14.0
As restated	135.7	126.6
Profit and loss charge (note 7) attributed to		
accelarated tax depreciation	16.3	9.1
provision	(0.4)	-
at year end	151.6	135.7

The prior year adjustment resulted from adoption of IAS 12 (income taxes) by the group.

Movement in deferred tax assets and liabilities are attributable to the following items

	1.1.99 Shs.m	Charged to P&L Shs.m	31.12.99 Shs.m
Deferred tax liabilities			
Accelarated depreciation	122.1	15.9	138.0
Property revaluation	14.0	-	14.0
	136.1	15.9	152.0
Deferred tax asset			
Provision	(0.4)	-	(0.4)
Net deferred tax liability	135.7	15.9	151.6

Deferred tax of Shs.1.2 million was transferred within shareholders' equity from revaluation reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of property, plant and equipment.

14 **Property, plant and equipment**

	Land and buildings Freehold Shs.m	Leasehold Shs.m	Plant and equipment Shs.m	Motor vehicles Shs.m	Total Shs.m
Group					
Cost or valuation					
At 1st January 1999	67.0	274.4	1100.8	97.2	1,539.4
Additions	5.1	7.4	366.0	29.5	408.0
Disposals	-	-	(32.9)	(15.0)	(47.9)
At 31st December 1999	72.1	281.8	1,433.9	111.7	1,899.5
Depreciation					
At 1st January 1999	2.0	19.2	308.4	47.8	377.4
Charge for the year	0.7	8.3	126.4	27.1	162.5
Adjustments for disposals	-	-	(26.8)	(13.7)	(40.5)
At 31st December 1999	2.7	27.5	408.0	61.2	499.4
Net book amount					
At 31st December, 1999	69.4	254.3	1,025.9	50.5	1,400.1
At 31st December, 1998	65.0	255.2	792.4	49.4	1,162.0
Company					
Cost or valuation					
At 1st January 1999	67.0	51.5	13.2	2.5	134.2
Additions	5.1	7.4	362.6	14.6	389.7
Transfers	-	222.9	1,064.1	107.6	1,394.6
Disposals	-	-	(6.0)	(13.0)	(19.0)
At 31st December 1999	72.1	281.8	1,433.9	111.7	1,899.5
Depreciation					
At 1st January 1999	2.0	7.4	8.4	1.8	19.6
Charge for the year	0.7	6.0	81.1	14.2	102.0
Transfers	-	14.1	322.4	56.3	392.8
Adjustments for disposals	-	-	(3.9)	(11.1)	(15.0)
At 31st December 1999	2.7	27.5	408.0	61.2	499.4
Net book amount					
At 31st December 1999	69.4	254.3	1,025.9	50.5	1,400.1
At 31st December, 1998	65.0	44.1	4.8	0.7	114.6

The properties and the major items of plant and equipment of the group were revalued at 31 December 1995 in accordance with a valuation carried out by registered valuers, Lloyd Masika, as at that date. The basis for the valuation of land and buildings was open market value for existing use. The basis for the plant was depreciated replacement. The book values of the properties were adjusted to the revaluations and the resultant surplus net of deferred tax was credited to the revaluation reserve in shareholders equity.

14 Property, plant and equipment *(continued)*

If the land and buildings for the group and company were stated on the historical cost basis, the amounts would be as follows

	1999 Shs.m	1998 Shs.m
Cost	233.4	220.9
Accumulated depreciation	(19.9)	(18.8)
Net book amount	213.5	202.1

15 Intangible assets

	Goodwill Shs.m	Broadcasting licences Shs.m	Total Shs.m
Year ended 31 December 1998			
Opening net book amount	-	-	-
Expenditure on acquired broadcasting frequencies	-	23.5	23.5
Net book amount	-	23.5	23.5
At 31 December 1998			
Cost	-	23.5	23.5
Accumulated amortisation	-	-	-
Net book amount	-	23.5	23.5
Year ended 31 December 1999			
Opening net book amount	-	23.5	23.5
Addition	2.5	-	2.5
Amortisation charge	(0.1)	(4.7)	(4.8)
Net book amount	2.4	18.8	21.2
At 31 December 1999			
Cost	2.5	23.5	26.0
Accumulated amortisation	(0.1)	(4.7)	(4.8)
Net book amount	2.4	18.8	21.2

16 Investment in associate (group)

	1999 Shs.m	1998 Shs.m
Opening net book amount	204.0	199.1
Share of results before tax	17.6	9.6
Share of tax (note 7)	(6.2)	(3.8)
Other movements (note 11)	-	(0.9)
Closing net book amount	215.4	204.0

The company's investment in the associate is shown at cost

17 Inventories

	Group		Company	
	1999 Shs.m	1998 Shs.m	1999 Shs.m	1998 Shs.m
Raw materials at cost	145.6	163.0	145.6	-
Engineering spares at cost	22.7	17.5	22.7	-
Other stocks at cost	23.8	20.0	23.8	-
	192.1	200.5	192.1	-

18 Trade and other receivables

Trade receivables	278.9	251.4	278.9	-
Other receivables	183.9	160.5	183.9	680.7
Prepayments	82.4	11.4	82.4	-
	545.2	423.3	545.2	680.7

19 Cash and cash equivalents

Cash at bank and in hand	42.0	39.0	42.0	2.5
Short term bank deposits	182.4	146.7	182.4	-
	224.4	185.7	224.4	2.5

The weighted average effective interest rate on short term bank deposits was 13% (1998: 12%.)

20 Trade and other payables

Trade payables	91.6	53.4	91.6	0.2
Social security and other taxes	-	14.1	-	2.7
Accrued expenses	147.5	130.3	147.5	23.4
Other payables	68.8	95.9	36.2	8.6
	307.9	293.7	275.3	34.9

21 Dividends per share

At the Annual General Meeting on 8 June 2000 a dividend in respect of 1999 of Shs 1.75 per share (1998 dividend Shs.1.65 per share) amounting to a total of Shs.62.4 million (1998: actual Shs 58.8 million) will be proposed.

In accordance with the Kenyan Companies Act, these financial statements reflect this dividend payable, which is accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 1999.

Payment of dividends is subject to withholding tax at the rate of 5% for residents and 10% for non residents.

22 Contingent liabilities

At 31 December 1999 the company had an ongoing court case in respect of the ownership of EATN, which is included in the financial statements at a carrying amount of Shs. 18.8 million.

23 Commitments

Capital commitments
Commitments for capital expenditure at the balance sheet date are as follows

	1999 Shs.m	1998 Shs.m
Contracted for but not provided for in the accounts	-	83.8
	-	83.8

Operating lease commitments
The future minimum lease payments under non cancellable operating leases are as follows

	1999 Shs.m	1998 Shs.m
Not later than 1 year	38.1	45.3
Later than 1 year but not later than 5 years	145.3	173.2
Later than 5 years	1.3	11.5
	184.7	230.0

24 Cash generated from operations

	1999 Shs.m	1998 Shs.m
Reconciliation of profit before tax to cash generated from operations		
Profit before tax	342.2	488.6
Adjustments for		
Depreciation	162.5	129.8
Profit on sale of property, plant and equipment	(13.2)	(6.6)
Interest income	(19.4)	(57.3)
Interest expense	57.7	75.5
Share of result before tax of associate	(17.6)	(9.6)
Amortisation of intangible assets	4.8	-
Changes in working capital		
trade and other receivables	(121.9)	(111.0)
inventories	8.4	(80.9)
trade and other payables	14.2	55.9
Cash generated from operations	417.7	484.4

25 Acquisition

During the year the group acquired the business of The Weekly Advertiser for Shs 2.5 million. The purchase price represents goodwill since no tangible assets were acquired.

26 Related party transaction

There are a number of companies which are related to the Nation Media Group Limited through common shareholdings or common directorships. The following transactions were carried out with related parties

Purchase of services	**1999 Shs.m**	**1998 Shs.m**
Purchases	63.0	51.6

Purchases from related parties were made on terms and conditions similar to those offered to major customers.

Loan from related party		
Balance at 1 January	52.7	120.0
Repaid	(52.7)	(67.3)
Balance at 31 December	-	52.7

The loan was given on commercial terms and conditions.

Loans to directors		
Balance at the beginning of the year	6.7	5.0
Loans advanced during the year	1.0	2.5
Loans repaid during the year	(3.1)	(0.8)
Aggregate receivables from executive directors	4.6	6.7

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

27 Country of incorporation and registered office

The company is incorporated in Kenya under the Companies Act and domiciled in Kenya. It's registered office is: Nation Centre, Kimathi Street, P.O.Box 49010, Nairobi.

28 Currency

These financial statements are presented in Kenya Shillings.

29 Investments in group undertakings

	Country of incorporation	Shares	Holding %	Business
Subsidiary companies				
Nation Newspapers Limited	Kenya	784,000	100	Dormant
Nation Carriers Limited	Kenya	37,500	100	Dormant
Africa Broadcasting Limited	Kenya	1,000	100	Dormant
Nation Marketing & Publishing Limited	Kenya	22,500	100	Publishing
Nation Infotech Limited	Kenya	75,000	60	Dormant
East Africa Televisions Network Limited	Kenya	20,000	90	Dormant
Associated company				
Industrial Promotion Building Limited	Kenya	1,095,380	20	Property investment

During the year Nation Media Group Limited adopted a divisional structure for its core activities and the operating subsidiaries, Nation Newspapers Limited, Nation Carriers Limited and Africa Broadcasting Limited became dormant companies

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST DECEMBER

	1999 Shs.m	1998 Shs.m	1997 Shs.m	1996 Shs.m	1995 Shs.m
Results					
Turnover	2,450.5	2,409.6	2,182.0	1,895.7	1,537.9
Profit before tax	342.2	488.6	417.7	262.1	296.9
Profit attributable to shareholders	249.8	315.9	284.3	206.9	195.1
Net assets					
Fixed assets	1,636.7	1,389.5	1,231.7	1,196.9	803.3
Net current assets	196.1	382.2	349.9	280.4	185.7
Non- current liabilities	(151.6)	(277.7)	(311.0)	(473.4)	(31.3)
Minority interests	(2.9)	(3.1)	(0.7)	(0.4)	(3.3)
Shareholders funds	1,678.3	1,490.9	1,269.9	1,003.5	954.4
Profit before tax as a percentage of turnover(%)	13.96	20.28	19.14	13.83	19.30
Earnings per share (Shs)*	7.01	8.86	7.99	5.80	5.47
Dividends per share (Shs)*	1.75	1.65	1.38	0.92	0.75
Dividend cover (times)	4.00	5.37	5.80	6.33	7.30

*Adjusted for bonus issues.

TAARIFA FUPI YA KIFEDHA YA MIAKA MITANO ILIOISHIA DESEMBA 31

	1999 Shs.m	1998 Shs.m	1997 Shs.m	1996 Shs.m	1995 Shs.m
Matokeo					
Jumla ya mapato	2,450.5	2,409.6	2,182.0	1,895.7	1,537.9
Faida kabla ya kodi	342.2	488.6	417.7	262.1	296.9
Faida kwa wenyehisa	249.8	315.9	284.3	206.9	195.1
Mali halisi					
Mali thabiti	1,636.7	1,389.5	1,231.7	1,196.9	803.3
Mali halisi za sasa	196.1	382.2	349.9	280.4	185.7
Madeni ya muda mrefu	(151.6)	(277.7)	(311.0)	(473.4)	(31.3)
Wenyehisa wachache	(2.9)	(3.1)	(0.7)	(0.4)	(3.3)
Malipo ya wenyehisa	1,678.3	1,490.9	1,269.9	1,003.5	954.4
Faida kabla ya kodi kama asilimia ya mapato	13.96	20.28	19.14	13.83	19.30
Mapato kwa kila hisa (Shilingi)*	7.01	8.86	7.99	5.80	5.47
Migawo kwa kila hisa (Shilingi)*	1.75	1.65	1.38	0.92	0.75
Malipo ya hisa (mara)	4.00	5.37	5.80	6.33	7.30

* Badiliko kuhusu hisa za bonasi

PROXY FORM

I/We ____

____ being a member/members of Nation Media

Group Limited, hereby appoint ____

of ____

and failing him ____ and failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 8 June, 2000 and at any adjournment thereof.

As witness my hand this ____

Signature ____

Important notes:

1. *If you are unable to attend this meeting personally this form of proxy should be completed and returned to the Secretary, Nation Media Group Limited, P.O. Box 49010 Nairobi, to reach him not later than 48 hours before the time appointed for holding the meeting.*

2. *A person appointed to act as a proxy need not be a member of the company.*

3. *If the appointer is a corporation, this form of proxy must be under seal or under the hand of an officer or attorney duly authorised in writing.*

FOMU YA UWAKILISHI

Mimi/sisi ____

____ kama mwanachama/wanachama Nation

Media Group Limited, nateua/tunateua ____

wa ____

na akikosa yeye ____

na akikosa yeye, mwenyekiti wa mkutano kama mwakilishi/wawakilishi wangu/wetu kunipigia kura/kutupigia kura na kwa niaba yangu/yetu kwenye mkutano wa kila mwaka wa kampuni utakaofanywa mnamo Juni 8, 2000, saa tisa alasiri na wakati wa ahirisho lo lote litakalotokea baadaye.

Kama Shahidi siku hii ____

Sahihi ____

Maelezo Muhimu:

1. Iwapo hutaweza kuhudhuria mkutano huu wewe mwenyewe binafsi, fomu hii ya kura ya uwakilishi (proxy) lazima ijazwe kwa ukamilifu na kurudishwa kwa Katibu, Nation Media Group Limited, P.O. Box 49010, Nairobi, imfikie kabla ya masaa 48 kabla ya muda wa kufanya mkutano kuwadia.

2. Mtu anayeteuliwa kuwa mwakilishi si lazima awe mwanachama wa kampuni.

3. Ikiwa mteuaji ni shirika, fomu hii ya uwakilishi lazima ifungwe kwa lakiri (seal) au ipitie mikononi mwa afisa au wakili mwenye kibali cha maandishi.