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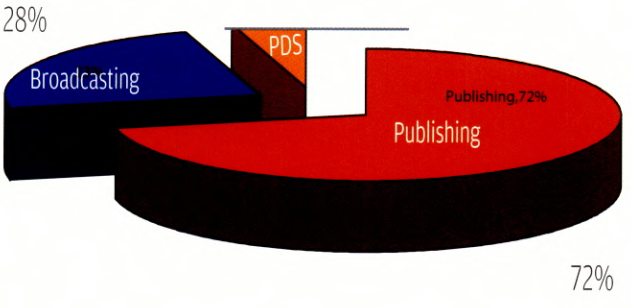
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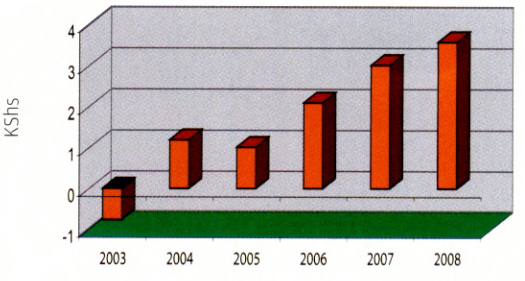
Financial Highlights

GROSS REVENUE

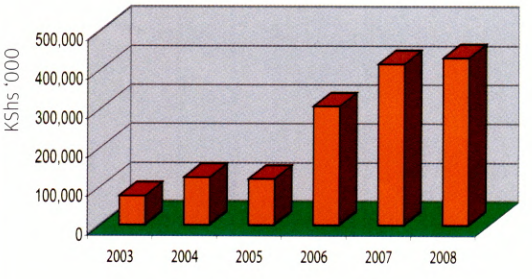


PERFORMANCE OVER 5 YEARS

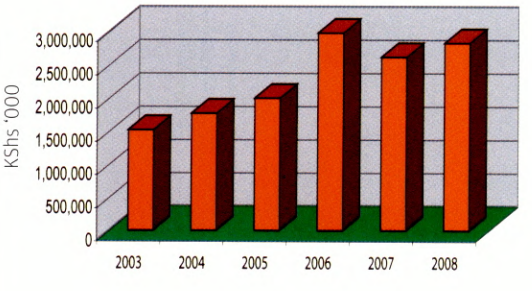
Earnings per share Before Tax



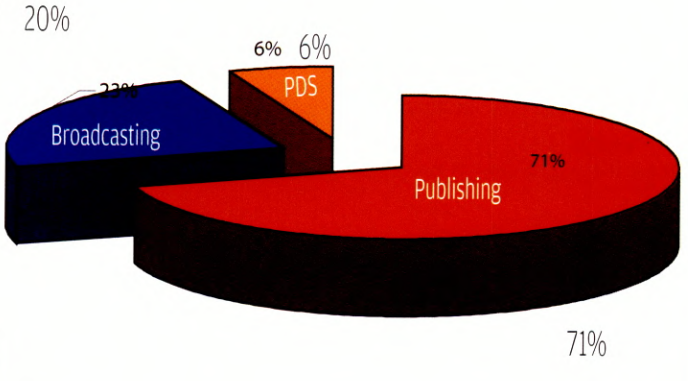
Profit Before Tax



Turnover



PROFIT BEFORE TAX



2009/1734

Corporate Information

DIRECTORS

Robin Sewell*	-Chairman
Paul Melly	-Deputy Chairman and Strategy Advisor
Paul Wanyagah	- Group Managing Director
Sarvjeet Channa	- GroupFinance &Comm Director
John Opiyo	- Group Operations & Tech Director
Zehrabanu Janmohamed	
Lerionka S. Tiampati	
James Boyd Mcfie	

* *British*

COMPANY SECRETARY
Nelly Matheka
Certified Public Secretary(Kenya)
I&M Bank Tower
Kenyatta Avenue
P O Box 30080 - 00100
Nairobi

REGISTERED OFFICE
I&M Bank Tower
Kenyatta Avenue
P O Box 30080 - 00100
Nairobi

AUDITORS
Deloitte & Touche
Certified Public Accountants (Kenya)
"Kirungii" Ring Road, Westlands
P O Box 40092 - 00100
Nairobi

COMPANY REGISTRARS
Image Registrars
Transnational Plaza, Mama Ngina Street
P O Box 9287 - 00100
Nairobi

ADVOCATES
Oraro & Company Advocates
ACK Garden House
P O Box 43170 - 00100
Nairobi

Ochieng, Onyango, Kibet & Ohaga Advocates
ACK Garden House
P O Box 43170 - 00100
Nairobi

PRINCIPAL PLACE OF BUSINESS
I&M Bank Tower, Kenyatta Avenue
P O Box 56985 - 00100
Nairobi

BANKERS
CFC Stanbic Bank Limited
Chiromo Road
P O Box 72833- 00200
Nairobi

Commercial Bank of Africa Limited
Wabera/Standard Street
P O Box 30437 - 00100
Nairobi

Kenya Commercial Bank Limited
Moi Avenue
P.O. Box 48400 - 00100
Nairobi

Standard Chartered Bank Limited
Kenyatta Avenue
P.O. Box 98683 - 00100
Nairobi

BOARD COMMITTEES

AUDIT COMMITTEE
J. McFie - Chairman
L. Tiampati
Z. Janmohamed

REMUNERATION COMMITTEE
L. Tiampati - Chairman
Z. Janmohamed
P. Melly

FINANCE & STRATEGY COMMITTEE
P. Melly - Chairman
Directors
Assistant Directors

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K46 S736
2008
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Board of Directors
THE STANDARD GROUP LIMITED



Seated (L-R)
Zehrabanu Janmohamed, Paul Melly, Robin Sewell, Paul Wanyagah.

Standing (L-R)
Samuel Tiampati, Nelly Matheka, John Opiyo, James Mcfie, Sarvjeet Channa

BOARD OF DIRECTORS

Robin Sewell*
Chairman

Paul Melly
Deputy Chairman and Strategy Advisor

James Mcfie
Independent Director

Samuel Tiampati
Independent Director

Zehrabanu Janmohamed
Independent Director

Paul Wanyagah
Group Managing Director

Servjeet Channa
Group Finance and Commercial Director

John Opiyo
Group Operations and Technical Director

Nelly Matheka
Company Secretary

* British

Report of the Directors

The directors present their report together with the audited financial statements of the group for the year ended 31 December 2008.

PRINCIPAL ACTIVITY

The principal activities of the group are the publishing of The Standard, Saturday Standard and The Sunday Standard newspapers, the distribution of selected local and international newspapers, magazines and periodicals, and television broadcasting under the name of KTN.

GROUP RESULTS

	Sh'000
Profit before taxation	428,774
Taxation charge	(142,582)
Profit after taxation	286,192
Attributable to:	
Minority interest	24,448
Shareholders of the parent company	261,744
Profit for the year transferred to retained earnings	286,192

CMA-LIBRARY

DIVIDEND

During the year, an interim dividend of Sh 1.10 per share amounting to Sh. 80,602,532 (2007 - Sh 1.00 amounting to Sh 65,133,000) was paid in respect of the year. The directors do not recommend the payment of a final dividend in respect of the year.

DIRECTORS

The present membership of the directors is set out on page 3. Mr Sarvjeet Channa was appointed as director on 15 May 2008.

AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with section 159(2) of the Companies Act.

BY ORDER OF THE BOARD

Secretary

13 March 2009



ROBIN SEWELL
Chairman:

Mr. Sewell aged fifty eight (58), is in accounting practice and presently is a partner in MGI Midgley Snelling, an English firm of Chartered Accountants. He is a fellow of the Institute of Chartered Accountants in England and Wales. He is the Chairman of the Group, a position he has held since 1st November, 2000.



PAUL MELLY
Deputy Chairman and Strategy Adviser:

Mr. Melly aged forty eight (48), has been the Deputy Chairman and Strategy Adviser since April 2005. He has also served as an independent business consultant on corporate and financial markets. Prior to joining the Group, he was the Chief Executive Officer of the Capital Markets Authority for a period of 9 years, besides having held several senior accounting positions. He is a holder of a B.Com in Accounting and a Masters Degree in Accounting and Finance. He is also holder of postgraduate diplomas in Financial Management, Financial Modelling and Marketing. He has over 20 years wealth of experience in various capacities in the public sector.



PAUL WANYAGAH
Group Managing Director:

Mr. Wanyagah aged forty nine (49), was appointed the Group Managing Director in March 2008 and was the Group Chief Operating Officer prior to this appointment. He holds a Masters degree and is a member of the Chartered Institute of Marketing (UK). Prior to joining the Group he worked with East African Breweries as the Diageo Regional Manager for the spirit brands in Eastern Africa. He brings to the position a wealth of experience in international strategic & business management, business development, sales and marketing gained in Eastern and Western Africa.



JOHN OPIYO
Group Operations and Technical Director:

Mr. Opiyo aged forty four (44), is an Executive Director of the Group, a position he has held since April 2005. He was assigned expanded duties in 2008. He is a holder of an MBA degree from Scotland and Bsc in Electrical/Electronics Engineering and Post Graduate Studies in Computer Science from the University of Nairobi. He has over 18 years experience in both public and private sectors. He worked with Price Waterhouse as a Consultant both locally and internationally and as a Business Consultant in Zambia, South Africa and Kenya.



SARVJEET S. CHANNA
Group Finance and Commercial Director:

Mr. Channa aged thirty eight years (38), was appointed the Group Finance and Commercial Director on May 15, 2008. He holds a Master of Business Administration degree from the Edinbrugh Business School, Heriot Watt University, Scotland, a Chartered Certified Accountant (FCCA) and a Certfied Public Accountant of Kenya (CPA(K)). He has over 15 years experience in the Finance and Commercial fields. He has previously worked with the Sameer Group and Chandaria Industries in senior positions.



Dr. JAMES BOYD McFIE
Independent Director:

Dr. Mcfie aged sixty fiver (65), was appointed an Independent Director in July 2007. He is a holder of a PhD. from the Graduate School of Business, University of Strathclyde, Glasgow, Scotland and is currently a Senior Lecturer at Strathmore Business School with over 39 years lecturing experience. He has also previously served as a Director of the Capital Markets Authority and a member of the Value Added Tax Tribunal of Kenya.



ZEHRABANU JANMOHAMED
Independent Director:

Ms. Janmohamed aged forty five (45), was appointed an Independent Director in July 2007. She is an Advocate of the High Court of Kenya and a Barrister at Lincolns Inn (UK) with over 19 years legal practice experience. She is a partner at Archer & Wilcock Advocates.



SAMUEL LERIONKA TIAMPATI
Independent Director:

Mr. Tiampati aged forty five (45) was appointed an Independent Director in July 2007. He holds a Msc. Degree in Marketing and Product Management from Cranfield University, United Kingdom and a Bachelor of commerce degree from the University of Nairobi. He previously served as the Managing Director of Kenya Tea Packers Association (KETEPA). He is currently the Chief Executive Officer of the Kenya Tea Development Agency (KTDA).

Statement of the Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure that the parent and its subsidiary companies keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of the group's operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Director

Director

13 March 2009



Assistant Directors

Standing from left: Peter Gichui (Creative Services), Lawrence Njiru (Commercial), John Bundotich (Group Chief Editor), and Sam Mutetei (Circulation and Distribution) Seated:Nelly Matheka (Legal and HR)

Independent Auditors' Report to The Members Of The Standard Group Limited

Report on the Financial Statements

We have audited the accompanying financial statements of The Standard Group Limited and its subsidiaries, set out on pages 14 to 43 which comprise the consolidated and parent company balance sheets as at 31 December 2008, and the consolidated income statement, consolidated and parent company statements of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of financial affairs of the group and of the company as at 31 December 2008 and of the group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Kenyan Companies Act.

Report on Other Legal Requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) the company's balance sheet is in agreement with the books of account.

Certified Public Accountants (Kenya)

Deloitte & Touche

23 April 2009
Nairobi



Editors

Standing from left: **Kizito Namulanda (KTN), Kipkoech Tanui (Print), Katua Nzile (KTN), John Bundotich (Group Chief Editor), Oketch Kendo (Print), Linus Kaikai (KTN) Ziporah Musau (print).** Seated from left: **Munyori Mbuku (Print), Jane Godia (Print) and Woka Nyagwoka (Print)**

Chairman's Report



Robbin Sewell

Dear Shareholders

I am delighted once again to present to you my report on the performance of your Company and the audited financial results for the year ended 31st December 2008. The Group sustained the momentum in its growth over the last three years to increase its turnover and profitability despite the challenging operating environment and competition. This sustained growth and profitability is a demonstration of the positive impact of our strategic initiatives and efficiency improvements. Details of the operating results and the group's operations are contained in the Managing Director's report in the subsequent pages.

Operating Environment Outlook

The Kenyan economy slowed down dramatically last year due to the major disruptions caused by the post election violence. In that year, the economy grew a paltry 1.7% down from 7% in 2007 and this was reflected in all major sectors of the economy. Towards the end of 2008, some parts of the country started feeling the effects of poor rainfall in crop failure and loss of livestock. Indeed, this has escalated into a drought situation in the early part of 2009 with several million people needing food assistance.

The rate of the exchange between the Kenya shilling and other major currencies depreciated significantly from an average of Ksh 78 to one USD by end of 2008, compared with an average of Ksh 63 in 2007. This depreciation, coupled with the increasing international prices of newsprint contributed to an increase in production costs.

Additionally, there was an increase in interest rates with some leading Banks increasing their base lending rates by up to 1.5 basis points. Inflation increased to about 25% on the back of increasing food prices, and the depreciating Kenya shilling. With the drought at its peak in 2009, the inflation rate for the first half of the year is estimated to remain high. The disposable income of Kenyans has reduced due to high prices and this will result in a slow down of demand for other products, thereby slowing down the economy further.

The international financial meltdown has hit Kenya through the increasing deficit in the balance of payments. This has put pressure on the Government foreign exchange cover and has put the Kenya Shilling under pressure. Demand for Kenyan exports has reduced in International markets. Tourism will not increase this year due to the recession in our main tourist market countries. Companies in Kenya are being very careful in spending and most are holding back on expansion plans. This will make 2009 a very difficult year for doing business in Kenya. Financial analysts forecast the growth in the gross domestic product to be at about 2.5% for 2009.

The Media Industry in Kenya still remains vibrant and competitive with more players venturing into the sector. The Group continues to grow its circulation, readership and viewership numbers.

In July last year, the new look Standard was unveiled and launched. It has been received very well in the market. The editorial policy embodied by the principles of boldness, fairness and balanced reporting, serving the public interest remains the key guiding principle.

In December, your premier television channel, KTN was revamped. Its tag line "your channel your choice" was changed to ALWAYS AUTHORITATIVE, ALWAYS INFORMATIVE, ALWAYS ENTERTAINING or simply 'ALWAYS KTN'. The graphics are now created in the virtual studio, which was installed in the earlier part of the year as part of our modernization and investment programme. During the year, KTN also embarked on the production of a series of local quality 'reality' programmes.

Headline Financial Results

The turnover of the Group increased to Kshs 2.8 billion compared to Kshs2.6 billion in 2007. The profit before tax grew to Kshs 428 Million in 2008 from Kshs 413 Million in 2007. The operating costs increased by Kshs 144 million. This increase was mainly due to additional financing costs of Kshs 32 Million and additional depreciation charges of Kshs 31 million necessitated by the infrastructure investment programme. The significant increases in international newsprint costs and the depreciation of the Kenya Shilling further increased the cost of raw materials in the year.

The balance sheet strengthened further with total assets closing at Kshs2.68 Billion in 2008 compared to Kshs2.20 Billion in 2007.

Infrastructure Investments and Diversification

The Group over the last two years has invested an estimated Ksh

Senior Managers



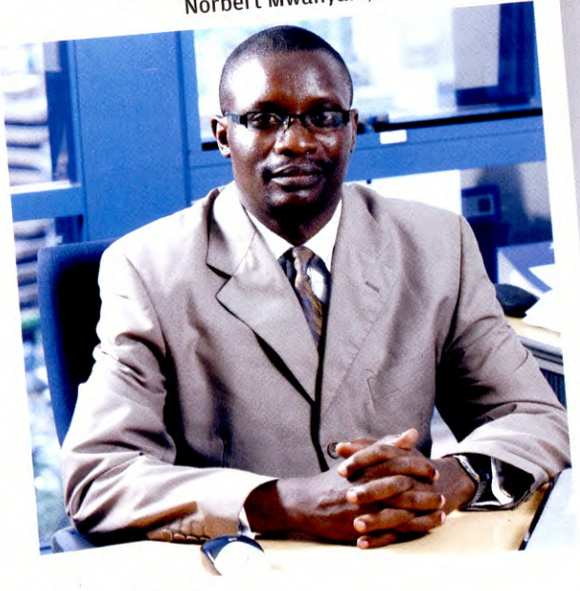
Norbert Mwanyalo, ICT



Mike Ndetei, TV Production



Moses Ochola, Circualtion



Thomas Owuor,
Technical



Zainab Mohamed, Finance



Frank Ojoo,
Design

Chairman's Statement (Continued)

1.2 billion of which Ksh 0.6 billion was from internally generated resources. The Group completed the construction of the ultra modern STANDARD GROUP CENTRE. Most of the Group's operations are now conducted from this facility with only limited presence left at the I & M Towers for operational and other strategic reasons. We have acquired an additional extension to the new printing solution to further enhance our production capability.

As part of the diversification and transformation of your group into a true multi media house, the Group is now venturing into RADIO after having acquired a 100% shareholding in Toads Media Group Limited, which holds the necessary broadcasting frequencies. Cutting- edge technology equipment for radio broadcasting has been ordered. It is envisaged that the radio station will go on air before the end of 2009. We continue to invest in enhancing the clarity and reach of the KTN TV signal to ensure that our viewers receive the best picture possible.

Employee Share Ownership Scheme

This scheme has been submitted to the Capital Markets Authority and approval will hopefully have been obtained and implemented before July 2009.

Dividends

The Board declared an interim dividend of Kshs 1.10 per share



George Okoth, Print Production



Veronica Ochola, Commercial



Betty Kuremwa, Commercial



James Sogoti, Commercial



Robert Nderitu, Commercial

which was paid to all Shareholders on 15th August 2008. Due to the ongoing investment in infrastructure and the recessionary economic climate expected in 2009, the Board has thought it prudent not to declare any further dividend for the year.

Future Outlook

The international financial meltdown and the slow down of the Kenya economy, necessitates a cautionary but optimistic view of our performance in 2009. Your Board will continue to monitor the economy and take all necessary measures to respond to any adverse events. With the entry into radio, the Group will, however, become a truly multi media house. Thanks

Finally, the Board once again wishes to register its appreciation for the continued support from our advertising clientele, readers, viewers, financial partners and of course to you, our shareholders. The Board also commends the management and the entire staff of the Group for their continued dedication and loyalty, which has ensured not only sustained growth but has reaffirmed the Standard Group as the authoritative media house in this Region.

Thank you.

ROBIN SEWELL
CHAIRMAN

Report On Operations And Strategic Initiatives

We believe that it is useful in the first instance, to let you the shareholder, know and perhaps appreciate the journey, the paces and the milestones that your company has gone through, most notable in the last four years. This journey has not been easy in a competitive and challenging operating environment, but through determination and collective efforts of the staff, management and the Board, your company has made bold steps forward.

A Historical Overview

Where has The Standard Group come from?

In the year 2003, the Group delivered a consolidated turnover of Ksh. 1.5 Billion compared to Ksh.2.8 Billion realized in 2008. The profit before tax level was only Ksh.75 million compared to Ksh 428 Million achieved in 2008. The business was characterized by a weak financial base with the balance sheet in 2005 reflecting an accumulated revenue deficit of Ksh 373.6 Million compared to 2008 positive position of retained earnings of Ksh 363.7 million. Further, shareholders equity reflected a negative equity of Ksh 11.1 million in 2005 compared to a strengthened positive equity position of Ksh 998 Million. The business had a weak management, which in turn meant that it delivered to the market weak products and services. The Group was in the Alternative Investment Market (AIMS) at the Nairobi Stock Exchange due to its weak financial base and capitalization. The consequence of this state of affairs was a low investor confidence, low staff morale, low market share, less than adequate business processes, poor bargaining power and a fragmentation of business units and management, as well as limited support from financial partners.

What Key Steps were taken to address key Challenges highlighted above?

The year 2005 saw a major exercise, which saw the creation of the position of Deputy Chairman and strategy Advisor to lead strategic initiatives and turnaround measures. As part of this process a strategic and operational audit of the business was initiated heralding the development of a strategic plan. This marked the beginning of the implementation of a turnaround strategy and a re-orientation of the Group into winning ways. The strategic measures embraced 2005, included re-organization of management, strengthening of the Board as well as the streamlining of key business processes .A deliberate and sustained organization cultural transformation was engaged to realign the business to the challenges and opportunities in the market place. A significant initiative was the injection of human talent at all levels of the business, including the introduction into the management structure of the Assistant Director level as additional management pillar in order to deliver a more effective and efficient organization.

What key Infrastructure and products investment steps were taken?

In the period 2007/8, and based on the identified and agreed strategic way forward initiatives, The Group rapidly began to address its weak infrastructure in both its print and broadcast arms of the business. A state of the art printing and broadcasting solutions were identified, competitively sourced and installed. The Group rapidly engaged in renewing its product and service pledges resulting into increased market share and profitability. Primary distribution of newspapers which thus far had been outsourced, was injected with a new fleet of owned and internally run vehicles, ensuring that our products got into the market at predetermined and agreed times. The staff remuneration was streamlined, harmonized and that of senior management is now performance linked. Significant time was input in with respect to streamlining the operations, purchasing and processing. After many years of moving from one place to another, The Group in this period initiated steps of investing in a permanent home along Mombasa Road-The Standard Group Centre. Today, this is a reality.

What were the immediate results of these strategic initiatives?

The Group has witnessed tremendous transformation as evidenced by its strengthened financial base, bankable balance sheet, growing turnover and profitability. Further, the Group's shares were re-admitted to the Main Investment Market (MIMS) of the Nairobi Stock Exchange. The Group has now consolidated its functional management structure, human capital and strategy. Moreover, the Group started to deliver a dividend paying culture

The Group re-thought its approach to market with significant re-orientation of its commercial, sales and distribution divisions, with the objective of ensuring superior and value added client service. A significant milestone has further seen the launch of the new bold Standard and the new look KTN. Improved business performance has also enabled the Group to execute a much desired and previously unrealized dream- that of diversification into the radio sub sector. The Group continues to identify winning formulae and strategies to ensure that it continues to satisfy a rapidly evolving consumer and customer need-state.

2008, Perspective

The year under review from a business perspective, presented a unique set of challenges and opportunities across the country. It is important to state that all businesses in the country were negatively affected and The Standard Group was no exception. All things considered, we are happy to report that various measures put in place by the Board and management ensured that we closed the year under review with positive results of Ksh. 2.8Billion turnover and a profit of Ksh. 428Million. The outcome of these results is that we are on track with our long-term growth strategy. We continue to consolidate these positive results on the investments both in human capital and infrastructure that the Group has made in the three to four years with further diversifications and growth initiatives in 2009 and beyond.

Products and Services

During 2008, we reaffirmed our position in the market with the launch of the new bold Standard and the new look KTN. These two strategic initiatives have consolidated the Standard Group in the hearts and minds of our readers, viewers and advertising clientele. Increased circulation, readership and advertising spend by our clientele have buoyed the Group into a dependable and reliable key media player in the industry. The coming on stream of Radio will truly make the Standard Group a multi-media player.

The multiplicity media channels can only make the market environment competitive, a position the Group is now well placed to compete and deliver further growth to the business.

Human Capital

The human capital represents a critical resource with respect to content value creation on which, our business growth depends. In harmony with the fast paced and rapidly changing operating



environment, The Group continues to expose its human capital to training and coaching to build a multi-skilled culture to ensure that the business remains competitive and continuously innovative, in a dynamic market environment. Our human resources is valued by the market, as exhibited by sustained market demand for its service. Further, the continued imitation of our product and services and luring of our staff by competition on pay scales that would otherwise be unsustainable, remains a challenge.

Social Investment

As a Group, we are committed towards making a difference ,as a good corporate citizen with our social investments programmes. Towards, this end, we have chosen the conservation of the environment as a core focus area in cognizance of the fact that mother Earth is currently in the danger of choking, due to decades of human degradation and effects of industrial production. We believe that we can make a sustainable sensitization difference towards this critical and threatened area that currently occupies the world agenda .The operating framework, including the rallying of key stakeholders towards the realization of a meaningful positive impact by The Group, is under development.

Standard Group Centre

The movement to the Standard Group Centre is not just a shift from one site to other. This significant key strategic initiative will deliver further organizational cultural re-orientation and operational excellence to further support our revenue generation and maximize productivity, as well as efficiencies, leveraging on technology, innovation and the capital of our people. We have no doubt, that the new Home will facilitate previously unseen synergies and opportunities, in the way we do business raising the Group's overall business game plan to another level.

Conclusion

For the Standard Group, 2005, 2006, 2007 and 2008 have been years of foundation building and consolidation in terms of human capital, infrastructure, organizational culture, business processes, as critical future growth pillars. The time has now come for our readers, viewers, listeners and advertising clientele to witness and experience a radical differentiation and development into an outstanding multimedia services provider. We remain confident that The Standard Group of tomorrow will occupy that pedestal.

With Kind Regards,

Paul Melly
Deputy Chairman & Strategy Adviser

Paul Wanyagah
Group Managing Director

Consolidated Income Statement for the year ended 31 December 2008

	Note	2008 Sh'000	2007 Sh'000
Revenue	2	2,818,860	2,608,218
Direct Costs		(959,686)	(858,786)
Net Revenue		1,859,174	1,749,432
Other Income	3	77,432	26,759
Selling And Distribution Costs		(182,405)	(162,443)
Administrative Expenses		(1,239,752)	(1,164,229)
Finance Costs	4	(85,675)	(36,399)
Profit Before Taxation	5	428,774	413,120
Taxation Expense	7	(142,582)	(123,300)
Profit For The Year	8	286,192	289,820
Attributable To:			
Minority Interest	19	24,448	69,018
Shareholders Of The Parent		261,744	220,802
		286,192	289,820
		Sh	Sh
Earnings Per Share - Basic & Diluted	9(A)	3.57	3.01
Dividend Per Share - Interim Paid	9(B)	1.10	1.00

Consolidated Balance Sheet
31 December 2008

	Note	2008 Sh'000	2007 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	10(a)	1,442,001	1,217,867
Prepaid operating lease	11	86,628	43,726
Intangible assets	12	3,429	10,916
Investment	13	-	630
		1,532,058	1,273,139
Current assets			
Plant and machinery held for sale	14	68,325	-
Inventories	15	303,562	148,798
Trade and other receivables	16	776,632	775,970
Bank and cash balances	17	3,671	6,143
Taxation recoverable	7(c)	1,965	-
		1,154,155	930,911
Total assets		**2,686,213**	**2,204,050**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18(a)	366,375	366,375
Share premium		3,765	3,765
Retained earnings		363,750	182,609
Attributable to equity holders of the parent		733,890	552,749
Minority interest	19	264,154	239,706
Total shareholders' equity		**998,044**	**792,455**
Non current liabilities			
Due to related parties	20	120,397	122,095
Deferred tax liability	21	255,194	135,616
Borrowings	22	467,267	451,465
Preference shares	18(b)	102	102
		842,960	709,278
Current liabilities			
Borrowings	22	357,094	250,318
Trade and other payables	23	486,307	435,030
Taxation payable	7(c)	1,808	16,969
		845,209	702,317
Total equity and liabilities		**2,686,213**	**2,204,050**

The financial statements on pages 12 to 43 were approved by the board of directors on **13 March 2009** and were signed on its behalf by:

Director

Director

Company Balance Sheet
31 December 2008

	Note	2008 Sh'000	2007 (Restated) Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	10(b)	1,173,352	959,876
Prepaid operating lease	11	86,628	43,726
Intangible assets	12	3,429	10,916
Investments	13	3,492	4,122
		1,266,901	**1,018,640**
Current assets			
Plant and machinery held for sale	14	68,325	-
Inventories	15	253,469	102,978
Trade and other receivables	16	556,683	543,317
Bank and cash balances	17	3,669	5,953
		882,146	652,248
Total assets		**2,149,047**	**1,670,888**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18(a)	366,375	366,375
Share premium		3,765	3,765
Retained earnings /(deficit)		73,735	(81,961)
Shareholders' equity		443,875	288,179
Non current liabilities			
Due to related parties	20	299,064	241,108
Deferred tax liability	21	210,375	117,508
Borrowings	22	449,683	411,807
Preference shares	18(b)	102	102
		959,224	**770,525**
Current liabilities			
Borrowings	22	315,431	223,278
Trade and other payables	23	428,709	386,964
Taxation payable		1,808	1,942
		745,948	612,184
Total equity and liabilities		**2,149,047**	**1,670,888**

The financial statements on pages 12 to 43 were approved by the board of directors on **13 March 2009** and were signed on its behalf by:

Director

Director

Consolidated Statement Of Changes In Equity 31 December 2008

GROUP	Share capital Sh'000	Share premium Sh'000	Retained earnings Sh'000	Shareholders' equity (group) Sh'000	Minority Interest Sh'000	Shareholders' equity Total Sh'000
At 1 January 2007	325,667	44,473	26,940	397,080	170,688	567,768
Bonus shares issued	40,708	(40,708)	-	-	-	-
Interim dividend paid	-	-	(65,133)	(65,133)	-	(65,133)
Profit for the year	-	-	220,802	220,802	69,018	289,820
At 31 December 2007	366,375	3,765	182,609	552,749	239,706	792,455
At 1 January 2008	366,375	3,765	182,609	552,749	239,706	792,455
Interim dividend paid	-	-	(80,603)	(80,603)	-	(80,603)
Profit for the year	-	-	261,744	261,744	24,448	286,192
At 31 December 2008	366,375	3,765	363,750	733,890	264,154	998,044



KTN Prime News Anchors

From left: Esther Arunga, Beatrice Marshall, Robert Soi, Janet Mbugua, Ram Manyan, Cynthia Makuyu, Michael Oyier and Lilian Muli

Company Statement Of Changes In Equity For The Year Ended 31 December 2008

	Share Capital Sh'000	Share premium Sh'000	Retained earnings/ (deficit) Sh'000	Total equity Sh'000
At 1 January 2007:				
As previously stated	325,667	44,473	(384,486)	(14,346)
Prior year adjustments:				
- Dividends posted into inter-Company instead of retained earning [1]	-	-	(65,133)	(65,133)
- Reclassification of related party payables [2]	-	-	91,736	91,736
As restated:	325,667	44,473	(357,883)	12,257
Bonus shares issued	40,708	(40,708)	-	-
Interim dividend paid	-	-	(65,133)	(65,133)
Profit for the year	-	-	341,055	341,055
At 31 December 2007	**366,375**	**3,765**	**(81,961)**	**288,179**
At 1 January 2008:				
As previously reported	366,375	3,765	(300,653)	69,487
Prior year adjustments:				
- Dividends posted into inter-Company instead of retained earning [1]	-	-	(65,133)	(65,133)
- Reclassification of related party payables [2]	-	-	91,736	91,736
- Dividends from a subsidiary [3]	-	-	192,089	192,089
As restated	366,375	3,765	(81,961)	288,179
Interim dividend paid	-	-	(80,603)	(80,603)
Profit for the year	-	-	236,299	236,299
At 31 December 2008	**366,375**	**3,765**	**73,735**	**443,875**

Prior year adjustments relate to:

1)Relates to dividends erroneously debited to intercompany accounts instead of revenue reserves on transfer of assets and liabilities from The Standard Limited to The Standard Group Limited as part of the balance sheet restructuring entries.
2)Reclassification of retained earnings for Publishing Distribution Services, a division of The Standard Group Limited, which were erroneously disclosed as due from a related party in 2007.
3)Dividend declared to The Standard Group Limited by its wholly owned subsidiary, The Standard Limited, in 2007 but not reflected in The Standard Group Limited accounts.

Consolidated Cash Flow Statement For The Year Ended 31 December 2008

	Note	2008 Sh'000	2007 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24(a)	562,311	362,423
Interest paid		(85,183)	(36,356)
Tax paid	7(c)	(40,130)	(14,612)
Net cash generated from operating activities		436,998	311,455
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10(a)	(457,901)	(840,809)
Proceeds from sale of property, plant and equipment		22,154	5,217
Purchase of leasehold land	11	(44,000)	(44,000)
Purchase of intangible assets		-	(4,669)
Net cash used in investing activities		(479,747)	(884,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shareholders' loans repaid		(1,698)	(587)
Bank loan received		211,646	518,326
Bank loan repaid		(136,599)	(31,392)
Dividends paid		(80,603)	(65,133)
Net cash (used in)/generated from financing activities		(7,254)	421,214
NET DECREASE IN CASH AND CASH EQUIVALENTS		(50,003)	(151,592)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		(159,355)	(7,763)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	24(b)	(209,358)	(159,355)

Notes To The Consolidated Financial Statements For The Year Ended 31 December 2008

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted are set out below:

Adoption of new and revised International Financial Reporting Standards

Standards and Interpretations effective in the current period

The following new interpretations issued by the International Financial Reporting Interpretations Committee and revised standard are effective for the current period:

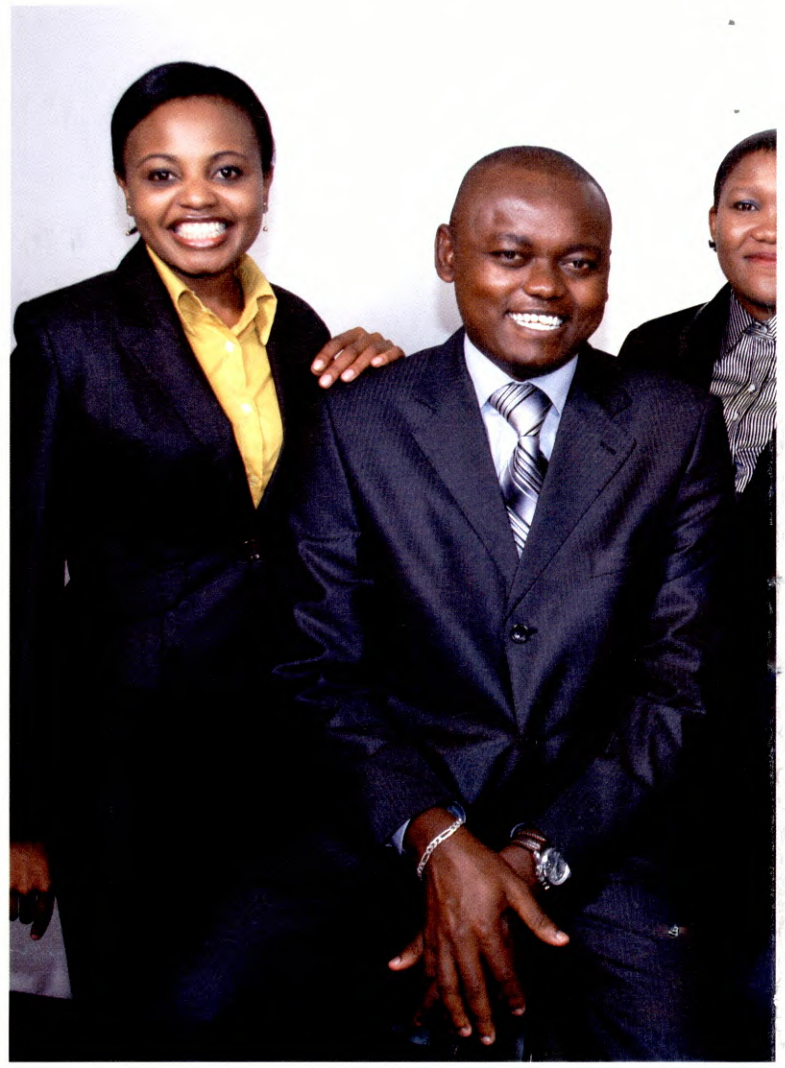
- IFRIC 12, Service Concession Arrangements (effective 1 January 2008);
- IFRIC 13, Customer Loyalty Programmes (effective 1 July 2008);
- IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective 1 January 2008);
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008).
- IAS 39, Financial Instruments: Recognition and Measurement: Reclassification of financial assets (effective for accounting periods beginning on or after 1 November 2008)

The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following revised standards and interpretations were in issue but not yet effective.

- IFRIC 15, Agreements for the construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for accounting periods beginning on or after 1 January 2009)
- IFRIC 18, Transfers of Assets from Customers (effective for accounting periods beginning on or after 1 July 2009)
- IFRS 1, First-Time Adoption of International Financial Reporting Standards - Amendment relating to cost of an investment on first-time adoption (effective for accounting periods beginning on or after 1 January 2009)
- IFRS 3, Business Combinations - Comprehension revision on applying the acquisition method (effective for accounting periods beginning on or after 1 July 2009)
- IFRS 8, Operating Segments (effective for accounting period beginning on or after 1 January 2009)
- IAS 1, Presentation of Financial Statements (effective for accounting period beginning on or after 1 January 2009)
- IAS 23 (Revised), Borrowing Costs (effective for accounting period beginning on or after 1 January 2009)
- IAS 27, Consolidated and Separate Financial Statements: Consequential amendments arising from amendments to IFRS 3 (effective for accounting period beginning on or after 1 July 2009)
- IAS 28, Investments in Associates: Consequential amendments arising from amendments to IFRS 3 (effective for accounting period beginning on or after 1 July 2009).
- IAS 31, Interests in Joint Ventures: Consequential amendments arising from amendments to IFRS 3 (effective for accounting period beginning on or after 1 July 2009).
- IAS 32, Financial Instruments: Presentation: Amendments relating to puttable instruments and obligations arising on liquidation (effective for accounting period beginning on or after 1 January 2009)



The KTN Leo News Anchors

From left: Mwanaisha Chidzuga, Ali Manzu, Ann Ngugi, Ahmed Daruwesh and Lulu Hassan.

Notes To The Consolidated Financial Statements (Continued)

ACCOUNTING POLICIES (Continued)

1 ACCOUNTING POLICIES (Continued)

New and revised standards and interpretations in issue not yet adopted (Continued)

•IAS 39, Financial Instruments: Recognition and Measurement: Amendments for eligible hedged items (effective for accounting periods beginning on or after 1 July 2009)
•"Improvements to IFRSs" was issued in May 2008 and its requirements are effective over a range of dates, with the earliest effective date being for annual periods beginning on or after 1 January 2009. The IASB's annual improvements process deals with non-urgent, minor amendments to the standards.

The directors are currently accessing the impact and expected timing of adoption of these amendments on the Group results and financial position.



Basis of accounting

The financial statements have been prepared under the historical cost convention. The principal accounting policies are set out below.

Basis of consolidation

Subsidiary undertakings, being those companies in which the group either directly or indirectly has an interest of more than 50% 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 as from the date of disposal. All inter company balances and unrealised surpluses and deficits on transactions with the subsidiary companies have been eliminated.

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries: The Standard Limited, Baraza Limited and Agency Sales and Promotion Limited, all made up to 31 December. Kenya Television Network Limited (in receivership) has not been consolidated as, in the opinion of the directors, control is intended to be temporary as the subsidiary is held with a view to subsequent disposal.

Minority interests in the net assets of the consolidated subsidiaries are identified separately from the group's entity therein. Minority interests consist of the amount of these interests at the date of the original business combination and the minority's share of the changes in equity since the date of the combination.

Revenue recognition

Revenue from the sale of newspapers and magazines is recognised upon the delivery of goods to customers or when title has passed to customers. Advertisement revenue is recognised when advertisements are published in the newspaper or aired on television. All revenue is stated net of VAT and discounts.

Interest income is recognised as it accrues, unless its collectability is in doubt.

Other income is recognised on an accrual basis.

Taxation

Tax on the profit or loss for the period comprises current tax and the change in deferred tax.

Current taxation is provided on the basis of the results for the period, as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred income 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 income tax.

Notes To The Consolidated Financial Statements (Continued)

1 ACCOUNTING POLICIES (Continued)

Segmental reporting

A segment is a distinguishable component of the group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The operating segments are based on the group's management and internal reporting structure. For the key segments (or business clusters) see note 2.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Intangible assets

Computer software costs are stated at cost less amortisation. The costs are amortised over the expected useful lives of the software on the straight line basis.

Depreciation

Depreciation on property, plant and equipment is calculated to write off the cost in equal annual instalments over their expected useful lives. The annual rates used are:

Plant and machinery	10%
Motor vehicles	25%
Furniture, fittings and equipment	10% - 33 1/3%

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the group as the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are amortised on the straight line basis over the term of the relevant lease.

Leasehold land

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortised over the period of the lease.

Investment in subsidiaries

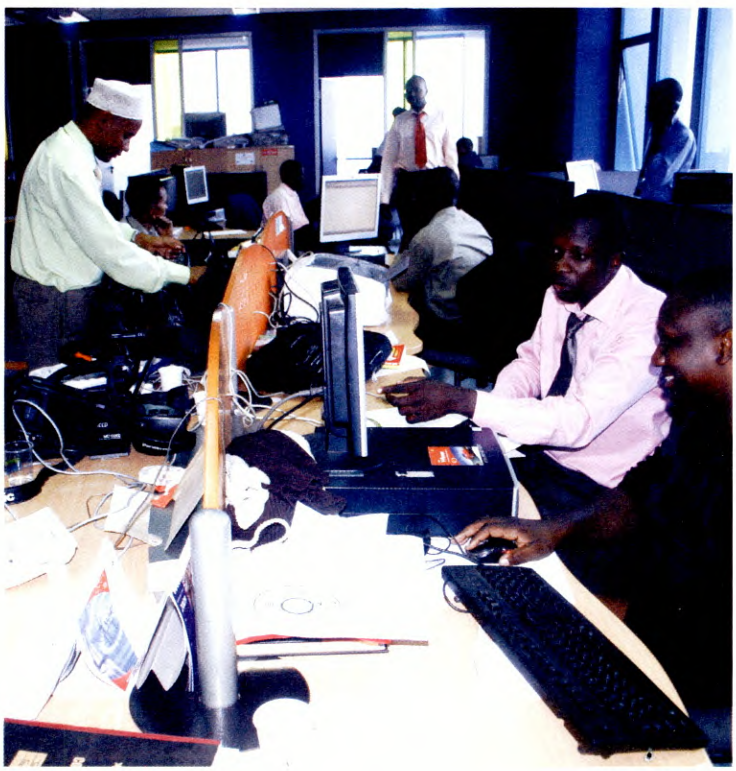
Investment in subsidiaries is stated at cost less any impairment losses. The holding company accounts for dividends from subsidiary companies only when they are received

Impairment

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.



KTN's Newsroom

Notes To The Consolidated Financial Statements (Continued)

1 ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and the overheads incurred in bringing the inventories to their present location and condition. Costs of direct materials are determined on the first-in first-out basis, while those of general consumable stores are determined on the weighted average cost basis. Film stock is expensed when aired. Net realisable value represents the estimated selling price less the estimated cost to completion and costs to be incurred in marketing, selling and distribution.

Currency translations

Assets and liabilities that are denominated in foreign currencies are translated into Kenya shillings at the rates of exchange ruling on the balance sheet date. Transactions during the year, which are expressed in foreign currencies, are translated at the rates ruling on the dates of the transactions. Gains and losses on exchange are dealt with in the income statement.

Financial instruments

A financial asset or liability is recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets

(i)Classification

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans, advances and receivables, held-to-maturity investments and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading.

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 period-end. Bad debts are written off when all reasonable steps to recover them have failed.

Held to maturity investments

(ii)Classification

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs other than an insignificant amount of held-to-maturity assets, the entire category is classified as available for sale.

(ii)Recognition and derecognition

Available-for-sale financial assets

These are financial assets that are not financial assets at fair value through profit or loss, loans, advances and receivables, or financial assets held to maturity.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the company has transferred substantially all risks and rewards of ownership.

CMA - LIBRARY



Standard Newspaper's Newsroom

Notes To The Consolidated Financial Statements (Continued)

1 ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(ii) Recognition and de-recognition (Continued)

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans, advances and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are measured at cost less impairment.

(iii) Impairment and uncollectability of financial assets

At each balance sheet date, all financial assets are subject to review for impairment.

If it is probable that the group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment loss has occurred. The amount of the loss is the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate (recoverable amount). The carrying amount of the asset is reduced to its estimated recoverable amount. The amount of the loss incurred is included in the income statement for the period.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised directly in equity is removed from equity and recognised in the income statement for the period even though the financial asset has not been derecognised.

Financial liabilities

After initial recognition, the group measures all financial liabilities other than liabilities held for trading at amortised cost. Liabilities held for trading (financial liabilities acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin) are subsequently measured at their fair values.

Retirement Benefit Costs

The group operates a defined contribution pension scheme for eligible employees. The scheme is externally administered and is funded by contributions from both the group companies and employees.

The companies in the group also contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Fund Act. The companies obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Sh 200 per employee per month.

The company's obligations to these schemes are recognized in the income statement as they fall due.



KTN Virtual gallery

Notes To The Consolidated Financial Statements (Continued)

1 ACCOUNTING POLICIES (Continued)

Provision for employee entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the balance sheet date.

Cash and cash equivalents
For the purpose of the cash flow statement, cash and cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired less advances from banks repayable within three months from date of disbursement or confirmation of the advance.

Group overheads

Direct costs are charged to the respective group companies while all shared group expenses are apportioned to the respective companies on the basis of turnover.

Comparatives

Where necessary, comparative figures have been amended to conform to changes in presentation. In particular, retained earnings and balances due to related parties in the company balance sheet have been amended in line with the prior year adjustments as disclosed on page 10

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
In the process of applying the company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below.
(i)Critical judgement's in applying the company's accounting policies

The company 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 discussed below.

Fair values of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, investments held for trading is determined by using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

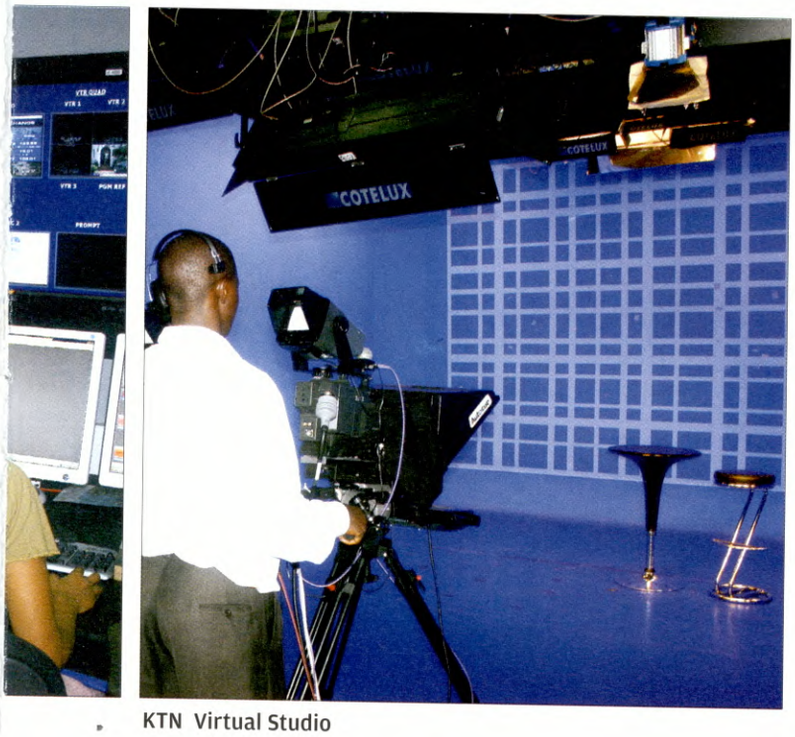
(ii)Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Plant and Equipment

Critical estimates are made by the directors in determining depreciation rates of plant and equipment.

Impairment

At each balance sheet date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.



KTN Virtual Studio

Corporate Social Responsibility





National Assembly Speaker Mr Kenneth Marende flags off a Mercy train carrying relief food from the Nairobi Railway headquarters.

Minister for Special Programmes Naomi Shaban is joined by Standard Group Deputy Chairman and Strategy Advisor Paul Melly (center) and Managing Director Kenya Railways Nduva Muli flag off of Mercy Train at the Nairobi Railways Station.

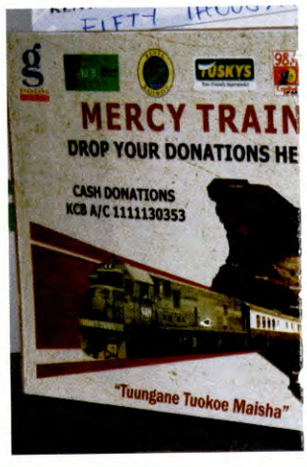


The Mercy train heads to Nyanza after delivering food stuff in Nakuru



National Assembly Speaker Mr Kenneth Marende flags off a Mercy truck carrying relief food from the Nairobi Railway headquarters to Western Kenya. Looking on is Standard Group Deputy Chairman and Strategy Advisor Mr Paul Melly and Standard Group staff members.







A Mercy Train takes off from the Nairobi Railways Station.





Minister for Special Programmes Naomi Shaban flags off a Mercy Truck at the Nairobi Railways Station





Standard Group employees display a cheque of Shs 2,019,570.60 donated by the company staff towards the Mercy train initiative at the Nairobi Railway; headquarters before flagging off trucks and a train carrying relief food.



Kenya railways, Redcross volunteers and Standard Group staff help offload food donations at Londiani in Nakuru.



Mercy Train Donation Drop Box at The Standard Group offices.

Notes To The Consolidated Financial Statements (Continued)

2 SEGMENT REPORTING

a) Primary reporting format - business segments

	PUBLISHING		BROADCASTING		OTHERS		ELIMINATIONS		CONSOLIDATED	
	2008 Sh '000	2007 Sh '000	2008 Sh '000	2007 Sh '000	2008 Sh '000	2007 Sh '000	2008 Sh '000	2007 Sh '000	2008 Sh '000	2007 Sh '000
External Sales	2,156,558	1,913,912	662,302	694,306	-	-	-	-	2,818,860	2,608,218
Inter-segmental sales	12,959	44,889	12,959	44,889	-	-	(25,918)	(89,778)	-	-
Total Sales	2,169,517	1,958,801	675,261	739,195	-	-	(25,918)	(89,778)	2,818,860	2,608,218
Segment profit before taxation	329,166	269,119	99,608	180,400	-	-	-	-	428,774	413,120
Income tax expense	(92,867)	(90,984)	(49,715)	(32,316)	-	-	-	-	(142,582)	(123,300)
Profit after taxation	236,299	148,966	49,893	140,854	-	-	-	-	286,192	289,820
Attributable to:										
Minority Interest									24,448	69,018
Shareholders of the parent									261,744	220,802
									286,192	289,820
OTHER INFORMATION										
Segment Assets	2,149,047	1,670,888	708,734	645,075	10,590	-	(182,158)	(111,913)	2,686,213	2,204,050
Segment Liabilities	1,705,172	1,382,607	169,643	155,877	-	-	(186,646)	(126,991)	1,688,169	1,411,493
Capital Expenditure	446,943	767,771	54,958	121,707	-	-	-	-	501,901	889,478
Depreciation and Amortisation Expense	113,142	82,122	44,304	37,008	-	-	-	-	157,446	119,130

Notes To The Consolidated Financial Statements (Continued)

2. SEGMENT REPORTING (Continued)

b) Secondary reporting format - geographical segments

The group's sales to Uganda and Tanzania constitute less than 10% of gross revenue and have therefore not been reported separately.

	GROUP	
	2008 Sh'000	**2007 Sh'000**
3. OTHER INCOME		
Sale of newspaper returns and production waste	48,570	14,508
Sale of dubbings	548	2,319
Voiceovers	2,327	-
Leasing fees	7,205	3,644
Others	13,790	3,560
Write back of bad debts provision	4,992	2,728
	77,432	26,759
4. FINANCE COSTS		
Interest expense	85,183	36,356
Foreign exchange loss	492	43
	85,675	36,399
5. PROFIT BEFORE TAXATION		
The profit before taxation is arrived at after charging/(crediting):		
Depreciation	148,857	110,376
Amortisation	8,585	8,754
Directors' remuneration - fees	309	4,438
- other emoluments	66,272	62,622
Auditors' remuneration	2,720	2,926
Staff costs (note 6)	696,174	643,497
Gain on disposal of plant and equipment	(5,569)	(3,616)
Operating leases - rental property	118,358	65,800
Write back of bad debts provision	(4,992)	-
6. STAFF COSTS		
Salaries and wages	585,543	575,510
Pension contributions	16,851	16,059
Staff welfare	93,780	51,928
	696,174	643,497

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Notes To The Consolidated Financial Statements (Continued)

7 TAXATION - GROUP	2008 Sh'000	2007 Sh'000
a) TAXATION EXPENSE		
Current taxation charge based on adjusted profit at 30%	23,004	22,701
Deferred tax charge		
-current year (note 21)	113,229	75,520
-prior year under provision (note 21)	6,349	25,079
Net deferred tax charge	119,578	100,599
Total tax expense	142,582	123,300
b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAXATION EXPENSE		
Profit before taxation	428,774	413,120
Tax at the applicable rate of 30%	128,632	123,936
Tax effect of non-deductible costs/(non-taxable income)	7,601	(25,715)
Prior year under provision of deferred tax	6,349	25,079
	142,582	123,300
c) TAXATION (RECOVERABLE)/PAYABLE		
At beginning of the year	16,969	8,880
Current tax charge for the year	23,004	22,701
Tax paid in the year	(40,130)	(14,612)
At 31 December	(157)	16,969
Comprising:		
Tax payable	1,808	16,969
Tax recoverable	(1,965)	-
	(157)	16,969

8 PROFIT FOR THE YEAR

A profit of Sh 236,299,000 (2007 - profit of Sh 341,055,000) has been dealt with in the books of The Standard Group Limited.

9 (a) EARNINGS PER SHARE - BASIC & DILUTED	2008	2007
Profit attributable to ordinary shareholders - Sh'000	261,744	220,802
Shares in issue during the year	73,275,029	73,275,029
Basic earnings per share - Sh	3.57	3.01

The basic and diluted earnings per share were the same as at 31 December 2008 and 31 December 2007 as there were no potentially dilutive shares.

b) DIVIDENDS PER SHARE

During the year, an interim dividend of Sh 1.10 per share amounting to Sh. 80,802,884 (2007 - Sh 1.00 amounting to Sh. 65,133,000) was paid. Payment of dividends is subject to withholding tax at the rate of 5% or 10%, depending on the country of residence of the individual shareholders.

Notes To The Consolidated Financial Statements (Continued)

10. PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

COST	Buildings Sh'000	Plant & machinery Sh'000	Motor vehicles Sh'000	Furniture fittings & equipment Sh'000	Capital Work In Progress Sh'000	Total Sh'000
At 1 January 2007	-	590,142	90,398	265,093	-	945,633
Transfers to intangible assets	-	-	-	(33,778)	-	(33,778)
Additions	146,870	620,478	42,432	31,029	-	840,809
Disposals	-	-	(23,793)	-	-	(23,793)
At 31 December 2007	146,870	1,210,620	109,037	262,344	-	1,728,871
At 1 January 2008	146,870	1,210,620	109,037	262,344	-	1,728,871
Additions	-	197,797	48,959	21,082	190,063	457,901
Disposals	-	-	(45,470)	(3,543)	-	(49,013)
Transfer to assets held for sale (Note 14)	-	(147,692)	-	-	-	(147,692)
Reclassification	(92)	-	-	92	-	-
Scrapped Assets	-	-	-	(977)	-	(977)
At 31 December 2008	146,778	1,260,725	112,526	278,998	190,063	1,989,090
DEPRECIATION						
At 1 January 2007	-	224,630	50,597	166,644	-	441,871
Transfers to intangible assets	-	-	-	(19,051)	-	(19,051)
Charge for the year	245	59,532	20,824	29,775	-	110,376
Eliminated on disposals	-	-	(22,192)	-	-	(22,192)
At 31 December 2007	245	284,162	49,229	177,368	-	511,004
At 1 January 2008	245	284,162	49,229	177,368	-	511,004
Charge for the year	2,935	90,859	25,992	29,071	-	148,857
Eliminated on disposals	-	-	(29,159)	(3,269)	-	(32,428)
Transfer to assets held for sale (Note 14)		-	-	(79,367)	-	-
(79,367)						
Eliminated on scrapped assets	-	-	-	(977)	-	(977)
At 31 December 2008	3,180	295,654	46,062	202,193	-	547,089
NET BOOK VALUE						
At 31 December 2008	143,598	965,071	66,464	76,805	190,063	1,442,001
At 31 December 2007	146,625	926,458	59,808	84,976	-	1,217,867

At 31 December 2008, plant and machinery, motor vehicles and furniture and equipment with cost of Sh 72,551,071, Sh 12,543,536 and Sh 156,912,569 respectively (2007 - Sh 57,824,032, Sh 20,096,482 and Sh 132,458,659) were fully depreciated. The notional depreciation charge on these assets would have been Sh 7,518,523, Sh 3,136,084 and Sh 50,105,918 respectively (2007 - Sh 5,782,403, Sh 4,442,778, and Sh 42,607,967).

- Legal charges of Sh 325 million in favour of CFC Stanbic Bank Ltd and Shs 490 million in favour of Commercial Bank of Africa Ltd have been placed on the assets of the group to cover the borrowings of both the company and a subsidiary, The Baraza Limited as disclosed under note 20.

Included in plant and equipment are motor vehicles with a net book value of Sh 58,496,000(2007-Sh 54,910,000) which are subject of finance leases as disclosed under note 20.

Notes To The Consolidated Financial Statements (Continued)

10. PROPERTY, PLANT AND EQUIPMENT

(b) COMPANY

COST	Buildings Sh'000	Plant & machinery Sh'000	Motor vehicles Sh'000	Furniture fittings & equipment Sh'000	Capital Work In Progress Sh'000	Total Sh'000
At January 2007	-	-	-	-	-	-
Transfer of assets from subsidiary	-	297,464	81,493	234,529	-	613,486
Transfer to intangible assets	-	-	-	(33,778)	-	(33,778)
Additions	146,870	510,256	42,432	19,544	-	719,102
Disposals	-	-	(17,508)	-	-	(17,508)
At 31 December 2007	146,870	807,720	106,417	220,295	-	1,281,302
At January 2008	146,870	807,720	106,417	220,295	-	1,281,302
Additions	-	149,965	48,960	13,955	190,063	402,943
Disposals	-	-	(45,470)	(3,543)	-	(49,013)
Transfer to held for sale (Note 14)	-	(147,692)	-	-	-	(147,692)
Reclassification	(92)	-	-	92	-	-
At 31 December 2008	146,778	809,993	109,907	230,799	190,063	1,487,540
DEPRECIATION						
At January 2007	-	-	-	-	-	-
Transfer of assets from subsidiary	-	96,875	41,723	144,418	-	283,016
Transfer to intangible assets	-	-	-	(19,051)	-	(19,051)
Additions	245	29,057	20,793	23,273	-	73,368
Disposals	-	-	(15,907)	-	-	(15,907)
At 31 December 2007	245	125,932	46,609	148,640	-	321,426
At January 2008	245	125,932	46,609	148,640	-	321,426
Charge for the year	2,935	53,396	25,992	22,234	-	104,557
Eliminated on disposals	-	-	(29,159)	(3,269)		(32,428)
Transfer to held for sale (Note 14)	-	(79,367)	-	-	-	(79,367)
At 31 December 2008	3,180	99,961	43,442	167,605	-	314,188
NET BOOK VALUE						
At 31 December 2008	143,598	710,032	66,465	63,194	190,063	1,173,352
At 31 December 2007	146,625	681,788	59,808	71,655	-	959,876

At 31 December 2008, plant and machinery, motor vehicles and furniture and equipment with cost of Sh 28,608,112, Sh 9,924,112 and Sh 138,131,481 respectively (2007 - Sh20,878,978, Sh 17, 477,058 and Sh 114,165,873) were fully depreciated. The notional depreciation charge on these assets would have been Sh 3,124,227, Sh 2,481,228, and Sh 45,200,836 respectively (2007 - Sh 2,087,898, Sh 4,369,265, and Sh 37,025,054).

Legal charges of Sh 325 million in favour of CFC Stanbic Bank Ltd and Shs 490 million in favour of Commercial Bank of Africa Ltd have been placed on the assets of the group to cover the borrowings of both the company and a subsidiary, The Baraza Limited as disclosed under note 20.

Included in plant and equipment are motor vehicles with a net book value of Sh 58,496,000(2007-Sh 54,910,000) which are subject of finance leases as disclosed under note 20.

Notes To The Consolidated Financial Statements (Continued)

		2008 Sh'000	2007 Sh'000
11.	**PREPAID OPERATING LEASE**		
	GROUP AND COMPANY		
	COST		-
	At 1 January	44,000	44,000
	Additions	44,000	
	At 31 December	88,000	44,000
	AMORTISATION		-
	At 1 January	274	274
	Charge for the year	1,098	
	At 31 December	1,372	274
	NET BOOK VALUE		
	At 31 December	86,628	43,726

The prepaid operating lease relates to leasehold land where The Standard Group Centre is located.

		2008 Sh'000	2007 Sh'000
12.	**INTANGIBLE ASSETS - COMPUTER SOFTWARE**		
	GROUP AND COMPANY		
	COST		-
	At 1January	38,447	33,778
	Transfer from property, plant and equipment	-	4,669
	Additions	-	
	At 31 December	38,447	38,447
	AMORTISATION		-
	At 1 January	27,531	19,051
	Transfer from property, plant and equipment	-	8,480
	Charge for the year	7,487	
	At 31 December	35,018	27,531
	NET BOOK VALUE		
	At 31 December	3,429	10,916

Notes To The Consolidated Financial Statements (Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. INVESTMENTS

	2008 Sh'000	2007 Sh'000
GROUP		
Kenya Television Network Limited (in receivership)	-	630

This balance, representing an equity investment in Kenya Television Network Limited (in receivership), was found to be impaired and has been written off through profit and loss in the current year.

COMPANY

	Principal Activity	Shareholding holding %	2008 Sh'000	2007 Sh'000
Investment in subsidiaries (unquoted)				
The Standard Limited	Dormant	100%	3,398	3,398
Baraza Limited	Broadcasting	51%	92	92
Agency Sales and Promotion Limited	Dormant	100%	2	2
Kenya Television Network Limited (in receivership)	Dormant	100%	-	630
			3,492	4,122

The investments in The Standard Limited, Baraza Limited and Agency Sales and Promotion Limited are carried at cost. The investment in Kenya Television Network Limited (in receivership) is fully impaired.

14. PLANT AND MACHINERY HELD FOR SALE

GROUP AND COMPANY

	2008 Sh'000
COST	
At 1 January 2008	-
Transfers from plant & machinery(note 10)	147,692
At 31 December 2008	147,692
DEPRECIATION	
At 1 January 2008	-
Transfers from plant & machinery(note 10)	79,367
At 31 December 2008	79,367
NET BOOK VALUE	
At 31 December 2008	68,325
At 31 December 2007	-

Non-current assets held for sale relate to the old printing press located at Likoni Road premises.

Notes To The Consolidated Financial Statements (Continued)

		2008 Sh'000	2007 Sh'000
15.	**INVENTORIES**		
	GROUP		
	Raw materials	108,173	82,262
	Consumables	51,820	23,846
	Goods in transit	96,280	856
	Stocks for resale	5,036	1,606
	Broadcast programmes	42,253	40,228
		303,562	148,798
	COMPANY		
	Raw materials	108,173	81,832
	Consumables	43,980	18,684
	Goods in transit	96,280	856
	Stocks for resale	5,036	1,606
		253,469	102,978
16.	**TRADE AND OTHER RECEIVABLES**		
	GROUP		
	Trade receivables	693,346	738,279
	Provision for doubtful receivables	(76,706)	(135,859)
		616,640	602,420
	Other receivables and prepayments	69,722	139,735
	Value Added tax (VAT) recoverable	90,070	33,815
		776,432	775,970
	COMPANY		
	Trade receivables	486,541	522,874
	Provision for doubtful receivables	(66,561)	(109,545)
		419,980	413,329
	Other receivables and prepayments	46,633	96,173
	Value Added Tax (VAT) recoverable	90,070	33,815
		556,683	543,317

Notes To The Consolidated Financial Statements (Continued)

		2008 Sh'000	2007 Sh'000
17.	**BANK AND CASH BALANCES**		
	GROUP		
	Cash in hand	782	1,193
	Bank balance	2,889	4,950
		3,671	6,143
	COMPANY		
	Cash in hand	780	1,003
	Bank balance	2,889	4,950
		3,669	5,953
18.	**SHARE CAPITAL**		
	GROUP AND COMPANY		
	a)Ordinary shares		
	Authorised: 103,979,600 ordinary shares of Sh 5 each	519,898	519,898
	Issued and fully paid: 73,275,029 (2007 - 73,275,029) ordinary shares of Sh 5 each	366,375	366,375
	b)Preference shares		
	Authorised issued and fully paid 20,400 8% preference shares of Sh 5 each	102	102
	The preference shares are redeemable and non cumulative.		
19.	**MINORITY INTEREST**		
	At 1 January	239,706	170,688
	Share of results for the year	24,448	69,018
	At 31 December	264,154	239,706

Notes To The Consolidated Financial Statements (Continued)

20. DUE TO RELATED PARTIES

	2008 Sh'000	2007 Sh'000
GROUP		
The Standard Media Group Holdings Limited (common shareholding)	59,677	61,375
Trade World Kenya Limited (shareholders)	20,240	20,240
Miller Trustees (shareholders)	40,480	40,480
	120,397	122,095
Balances due to related parties are repayable as follows:		
On demand and within one year	-	-
Between 1 and 2 years	-	-
Between 2 and 5 years	120,397	122,095
	120,397	122,095
Amount due for settlement within one year	-	-
Amount due for settlement after one year	120,397	122,095
COMPANY		
Baraza Limited	168,077	108,423
Standard Media Group Holdings Limited	59,677	61,375
Trade World (K) Limited	20,240	20,240
Miller Trustees Limited	40,480	40,480
The Standard Limited	10,590	10,590
	299,064	241,108

The balances due to related parties are all denominated in Kenya shillings.

The loan from The Standard Media Group Holdings Limited is repayable within the next three years and is interest free. The loans from Miller Trustees and Trade World Limited are repayable within the next three years and attract interest at a rate of 8%. All loans are unsecured.

The group has transactions with shareholders and companies in which directors of The Standard Group Limited (TSL) are also directors (see note 27).

Notes To The Consolidated Financial Statements (Continued)

21. DEFERRED TAX

	2008 Sh'000	2007 Sh'000
GROUP		
Deferred tax assets:		
General provisions	(5,402)	(2,830)
Tax losses carried forward	(33,413)	(113,675)
	(38,815)	(116,505)
Deferred tax liability:		
Accelerated capital allowances	294,009	252,121
Net deferred tax liability	255,194	135,616
Movement on the deferred tax liability is as follows:		
At 1 January	135,616	35,017
Income statement charge - current year (note 7(a))	113,229	75,520
- prior year (over)/under provision (note 7(a))	6,349	25,079
At 31 December	255,194	135,616
COMPANY		
Deferred tax liability		
Accelerated capital allowances	247,932	232,622
Tax losses carried forward	(33,413)	(113,974)
Leave provision	(4,144)	(1,140)
Net deferred tax liability	210,375	117,508

Notes To The Consolidated Financial Statements (Continued)

22. BORROWINGS

GROUP

At 31 December 2008

	HP Loans Sh'000	Term loans Sh'000	Overdraft Sh'000	Total Sh'000
CFC Stanbic Bank Limited	36,905	227,609	149,456	413,970
Kenya Commercial Bank Limited	3,029	-	2,578	5,607
Commercial Bank of Africa Limited	23,279	320,510	60,995	404,784
	63,213	548,119	213,029	824,361

At 31 December 2007

CFC Stanbic Bank Limited	37,951	160,426	165,798	363,175
Kenya Commercial Bank Limited	6,393	-	457	6,850
Commercial Bank of Africa Limited	-	331,515	243	331,758
	44,344	491,941	166,498	701,783

The borrowings are repayable as follows:

	2008 HP Loans Sh'000	2008 Term Loans Sh'000	2008 Overdraft Sh'000	2008 Total Sh'000	2007 Total Sh'000
On demand and within one year	19,804	124,261	213,029	357,094	250,318
Between 1 and 2 years	20,862	133,963	-	154,825	104,363
Between 2 and 5 years	22,547	289,895	-	312,442	347,102
	63,213	548,119	213,029	824,361	701,783
Amount due for settlement within one year	(19,804)	(124,261)	(213,029)	(357,094)	(250,318)
	43,409	423,858	-	467,267	451,465

Notes To The Consolidated Financial Statements (Continued)

22. BORROWINGS

COMPANY

At 31 December 2008

	HP Loans Sh'000	Term loans Sh'000	Overdraft Sh'000	Total Sh'000
CFC Stanbic Bank Limited	36,905	227,609	138,017	402,531
Kenya Commercial Bank Limited	3,029	-	2,578	5,607
Commercial Bank of Africa Limited	23,279	282,805	50,892	356,976
	63,213	510,414	191,487	765,114

At 31 December 2007

CFC Stanbic Bank Limited	37,951	160,882	151,912	350,745
Kenya Commercial Bank Limited	6,393	-	457	6,850
Commercial Bank of Africa Limited	-	277,490	-	277,490
	44,344	438,372	152,369	635,085

The borrowings are repayable as follows:

	HP Loans Sh'000	Term Loans Sh'000	Overdraft Sh'000	2008 Total Sh'000	2007 Total Sh'000
On demand and within one year	19,804	104,140	191,487	315,431	223,278
Between 1 and 2 years	20,862	119,072	-	139,934	89,997
Between 2 and 5 years	22,547	287,202	-	309,749	321,810
	63,213	510,414	191,487	765,114	635,085
Amount due for settlement within one year	(19,804)	(104,140)	(191,487)	(315,431)	(223,278)
	43,409	406,274	-	449,683	411,807

The bank facilities are denominated in Kenya shillings with variable interest rates. The term loans and overdrafts are secured by joint and several debentures over the assets of the group, stamped and registered to secure Sh 490 million in favour of Commercial Bank of Africa Limited and ranking pari passu with the debenture in the amounts of Sh 325 million in favour of CFC Stanbic Bank Limited. Hire purchase loans are secured by the assets that are the subject of those loans.

Notes To The Consolidated Financial Statements (Continued)

22. BORROWINGS (Continued)

The effective interest rates on the borrowings are as follows:

	HP Loans %	Term loans %	Overdraft %
Year ended 31 December 2008			
CFC Stanbic Bank Limited	13.75	13.75	14.75
Kenya Commercial Bank Limited	14.75	-	14.75
Commercial Bank of Africa Limited	13.75	13.75	14.75
Year ended 31 December 2007			
CFC Stanbic Bank Limited	12.00	12.00	13.00
Kenya Commercial Bank Limited	12.00	-	13.00
Commercial Bank of Africa Limited	-	12.00	-

23. TRADE AND OTHER PAYABLES

	2008 Sh'000	2007 Sh'000
GROUP		
Trade	284,709	186,477
Accruals and other	185,073	236,331
VAT payable	7,427	6,590
Leave pay provision	9,098	5,632
	486,307	435,030
COMPANY		
Trade	272,172	163,396
Accruals and other	149,850	219,765
Leave pay provision	6,687	3,803
	428,709	386,964

24. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of profit before tax to cash generated from operations		
Profit before tax	428,774	413,120
Adjustments for:		
Depreciation	148,857	110,376
Amortisation	8,585	8,754
Gain on sale of plant and equipment	(5,569)	(3,616)
Interest expense	85,183	36,356
Operating profit before working capital changes	665,830	564,990
Increase in inventories	(154,764)	(61)
Increase in trade and other receivables	(662)	(175,557)
Increase/(decrease) in trade and other payables	52,363	(26,949)
Cash generated from operations	562,767	362,423

Notes To The Consolidated Financial Statements (Continued)

24. NOTES TO THE CASH FLOW STATEMENT (Continued)

	2008 Sh'000	2007 Sh'000
(b) Cash and cash equivalents		
Bank and cash balances	3,671	6,143
Bank overdraft	(213,029)	(165,498)
	(209,358)	(159,355)

25. RETIREMENT BENEFIT OBLIGATIONS

The group contributes to a pension and provident plan established for the benefit of its employees. The pension plan is a defined contribution scheme, whereby the group matches contributions to the fund made by employees up to 5% of the employee's pensionable salary. The provident fund is a defined non-contributory scheme whereby the employer contributes Sh 300 per month for each employee.

During the year, the group expensed Sh 16,851,000 (2007 - Sh 16,059,000) in contributions payable.

26. OPERATING LEASES

	2008 Sh'000	2007 Sh'000
Outstanding commitments under operating leases are as follows:		
Tenancy payable:		
Not later than one year	71,422	65,800
Between one and two years	87,047	36,608
Between two and five years	39,551	109,822
	198,020	212,230
Amounts charged to profit and loss account in the year in respect of operating leases	118,358	65,800

27. RELATED PARTIES' TRANSACTIONS

The group has transactions with shareholders and companies in which directors of The Standard Group Limited are also directors.

Intercompany transactions

Transactions with:	2008	2007
- Trade World Limited	Nil	Nil
- Miller Trustees Limited	Nil	Nil
- The Standard Media Group Holdings Limited - loan repayment	1,698	587

Related parties balances not settled at year end are disclosed under note 20.

Key management compensation

	2008 Sh'000	2007 Sh'000
Salaries and other benefits	87,608	98,636
Directors' remuneration		
Fees for services as directors	309	4,438
Other emoluments (included in key management compensation above)	87,299	62,622
	87,608	67,060

Notes To The Consolidated Financial Statements (Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	GROUP		GROUP	
		2008 Sh'000		2007 Sh'000
28.	CAPITAL COMMITMENTS			
	Authorised and contracted for	230,227		213,777
	Authorised but not contracted for	230,110		100,500
		460,337		314,277

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

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

The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

Market risk

Foreign exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The exposure is minimal and the group absorbs any loses arising there from.

Price risk

The group does not hold investments that would be subject to price risk; hence this risk is not relevant.

Cash flow and fair value interest rate risk

The group has borrowings in the form of overdraft facilities and 5 year term loans with two banks namely Commercial Bank of Africa Limited and CFC Bank Limited with a combined limit of Sh 140 million at rates determined by prevailing market conditions.

Notes To The Consolidated Financial Statements (Continued)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Credit risk is managed on a group-wide basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and other receivables. The group Finance Director assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The amount that best represents the group's maximum exposure to credit risk as at 31 December 2008 is made up as follows:

Receivables	**Fully performing Sh'000**	**Past due Sh'000**	**Impaired Sh'000**
Advertising	253,949	59,632	28,753
Circulation	21,316	6,066	12,931
Trade Debtors - PDS	32,516	17,986	24,878
Trade Debtors - Baraza	166,680	29,980	10,145
Others	82,874	15,363	-
Totals	557,335	129,027	76,707

The amount that best represented the group's maximum exposure to credit risk as at 31 December 2007 was made up as follows:

Receivables Sh'000	**Fully performing Sh'000**	**Past due Sh'000**	**Impaired**
Advertising	224,813	77,066	63,124
Circulation	42,940	8,018	21,340
Trade Debtors - PDS	67,071	21,195	25,081
Trade Debtors - Baraza	189,001	26,404	26,314
Others	42,866	10,468	-
Totals	566,691	143,151	135,859

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.
The debt that is overdue is not impaired and continues to be paid. The credit control department is actively following this debt. In addition, the Group has bank guarantees of Shs 15.16 million as at December 2008, which can be enforced in the event of customer default. Further, for Circulation, the debt is partially covered by cumulative cash deposits by Vendors and Agents.

The debt that is impaired has been fully provided for. However, debt collectors as well as the legal department are following up on the impaired debt.

Cash and cash equivalents

	Fully performing Sh'000	**Past due Sh'000**	**Impaired Sh'000**
At 31 December 2008	3,671	-	-
At 31 December 2007	6,143	-	-

Cash and cash equivalents are fully performing.

Notes To The Consolidated Financial Statements (Continued)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet group obligations. The treasury function reviews the cash forecast monthly and determines the cash requirement. Cash generated from operations is healthy but if a heavy cash requirement is necessary there exists overdraft facilities with Commercial Bank of Africa Limited and CFC Stanbic Bank Limited with a combined limit of Sh. 140 million.

The table below analyses the group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet 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.

Sh'000	Less than 1 month Sh'000	Between 1 - 3 months Sh'000	Over 3 months
At 31 December 2008			
Borrowings - Shareholder Loans	-	-	120,859
Borrowings - Bank Borrowings	35,996	33,907	567,454
Hire Purchase Loans	3,906	7,784	56,122
Overdraft Facility	213,029	-	-
Trade and other payables	93,424	201,349	191,534
At 31 December 2007			
Borrowings - Shareholder Loans	-	-	122,095
Borrowings - Bank Borrowings	-	-	536,285
Hire Purchase Loans	-	9,712	34,631
Overdraft Facility	166,798	-	-
Trade and other payables	262,088	90,081	76,271

30. CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard 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 company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The constitution of capital managed by The Standard Group Limited is as shown below:

	2008 Sh'000	2007 Sh'000
Share capital	366,375	366,375
Share premium	3,765	3,765
Retained earnings	363,750	182,609
Minority interest	264,154	239,706
Equity	998,044	792,455
Total borrowings	824,361	701,783
Less: cash balances	(3,671)	(6,143)
Net debt	820,690	695,640
Total capital	1,818,734	1,488,095
Gearing	45%	47%

Notes To The Consolidated Financial Statements (Continued)

31. SHARE CAPITAL

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Annual General Meeting of the Group.

The distribution of the shareholders as at 31 December 2008 was as follows:

Share Range	No. of shareholders	%	Shares held	%
1 -500	1,803	55.80	293,659	0.40
501-1,000	474	14.70	349,887	0.50
1,001-5,000	692	21.40	1,341,418	1.80
5,001-10,000	148	4.60	1,007,030	1.40
1,001-25,000	76	2.40	1,132,100	1.50
25,001-50,000	22	0.70	744,421	1.00
50,001-100,000	3	0.10	187,610	0.30
100,001-150,000	2	0.10	238,770	0.30
150,000 and above	10	0.30	67,980,134	92.80
Total	3,230	100.00	73,275,029	100.00

TOP 10 SHAREHOLDERS

Shareholders	No. Of Shares	%
SNG HOLDINGS LIMITED	50,719,898	69.20
MILLER TRUSTEES LIMITED	7,733,675	10.60
TRADE WORLD KENYA LIMITED	7,550,938	10.30
TRADE WORLD KENYA LIMITED	450,000	0.60
KIRTESH PREMCHAND SHAH	386,044	0.50
BALOOBHAI PATEL	369,700	0.50
DENROMA INVESTMENT LIMITED	224,600	0.30
JULIUS GECAU	198,354	0.30
SAVITABEN VELJI RAICHAND SHAH	186,925	0.30
EUFRAZIO JULIAO GOES	160,000	0.20
SHERALI GULAMHUSSEIN PARPIA	119,617	0.20
	68,099,751	

32. CONTINGENT LIABILITIES

As at 31 December 2008, the group had outstanding contingent liabilities amounting to Sh 81 million (2007 - Sh 62 million) in respect of on-going litigation mainly relating to libel charges arising in the normal course of business. Legal opinion obtained from the group's advocates by the directors show that no liability is likely to arise.

33. ULTIMATE HOLDING COMPANY

The ultimate holding company is SNG Holdings Limited, which is incorporated in the United Kingdom.

34. INCORPORATION

The company is domiciled and incorporated in Kenya under the Companies Act.

35. CURRENCY

The financial statements are presented in Kenya Shillings Thousands (Sh'000)

Notice of Annual General Meeting For the year ended 31st December 2008

The Ninety first Annual General Meeting of The Standard Group Limited will be held on July 16, 2009 at 12.00 noon at The Standard Group Centre, along Mombasa Road, Nairobi to transact the following business.

AGENDA

1. Confirmation of the Minutes of the 90th Annual General Meeting held on July 16, 2008
2. Matters arising
3. Financial performance and strategic initiatives
4. To receive and consider the Accounts for the year ended 31st December 2008 together with the Reports of the Chairman and the Directors, and the Auditors Report thereon
5. To approve payment of dividend to the holders of 8% Preference shares for the year ended 31st December 2008
6. Re-election of Directors:
   - 6.1 Mr. Robin Sewel, who is a Director and Chairman retires by rotation and being eligible, offers himself for re-election.
   - 6.2 Mr. Paul Melly, who is a Director, Deputy Chairman and Strategy Advisor, retires by rotation and being eligible, offers himself for re-election.
7. To approve the Directors' remuneration for the year ended 31st December 2008
8. To approve the re-appointment of Messrs Delloite & Touche as external auditors for the year 2009 in accordance with Section 159 (2) of the Companies Act Cap 486, and to authorize the Directors to fix the auditors remuneration
9. To consider any other business that may be legally transacted at the meeting

By Order of the Board

NELLY MATHEKA (MRS)

COMPANY SECRETARY

Dated April 21, 2009

Note: A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote. If the member in a corporation, the proxy shall be appointed in accordancewith the Articles of the Company, or represented in accordance with Article 63 of the Company's Act. such a proxy need not be a member.

A Proxy form is attached herewith, and if used shall be deposited with the Company Secretary not later than 48 hours before the time appointed for holding the meeting.

Further enquiries
Contact: 0203222105

Please Note: Transport will be offered to shareholders to the new Standard Group Centre along Mombasa Road, the Venue of the Annual General Meeting from outside I&M Bank Towers along Kenyatta Avenue as from 10.30 a.m.

Minutes of the 90th Annual General Meeting Of the company held on wednesday July 16, 2008 at 12 noon at the Panari Hotel

PRESENT

R. Sewell	-	Chairman
P. Melly	-	Deputy Chairman/ Strategy Adviser
P. Wanyagah	-	Group Managing Director
Z. Janmohamed	-	Independent Director
J. Mcfie	-	Independent Director
L. Tiampati	-	Independent Director
J. Opiyo	-	Group Operations & Technical Director
S. Channa	-	Group Finance and Commercial Director

IN ATTENDANCE

N. Matheka	-	Group Company Secretary (Secretary)

SHAREHOLDERS

1. Joseph Ndungu Kamau
2. Erick Mureithi Kamau
3. Enoch Mureithi
4. Emma Beryl Akinyi
5. Erick Elisha Mwale Ambuka
6. John Mbithe Munuve
7. Catherine Karambu Githinji
8. George W Odhiambo Onayngo
9. Hunderson D Njuku Mwazo
10. Dianah S Mwakna
11. William Franci K Daniel
12. Shah Anish A. Premchand
13. Albert B. Owuor Yamo
14. Timothy Okello Matolo
15. Anajna Devi Shah
16. Sudhir Harilall Shah
17. Paul Gituhi Kaburia
18. Anne Wanjiru Njagi
19. Wambugu Munyiri
20. Sabastian Elex Ongola
21. Paul Waita Kinyanjui
22. Elias Ngugi Kieya
23. Elizabeth Gathoni Aranja
24. Samuel Mwangi Wanjuu
25. Brigit Njoki Murru
26. Lawrence Murage Wamai
27. Moses Kariuki Mwangi
28. Peter Mwita Gesowana
29. John Githinji Maina
30. Shem Wanjohi Muchiri
31. Musa Kiptum Komen
32. Arthur Karanja
33. James Mburu Karwin
34. Peter Gacheri N Mwangi
35. Simon Njugna Karemere
36. Harrison Mukuria Kamau
37. Jennifer Kagwiria Mwarania
38. Joseph M Mute Gitumah
39. Enoch Odhiambo Ojwang
40. Anderson Mwau Wambua
41. John Mungai Muriti
42. Alexander Gichuhi Wanjiku
43. Margaret Waithira Njoroge
44. Peter Hwai Kungu
45. Samuel Riungi M'ikiao
46. Francis Nyauma Ondieki
47. George Kibugi Waruingi
48. George Kibugi Waruingi & Lilian
49. Cleophas Ojwang Adede
50. Patience Chao Menya
51. Mary Wanjiku Karume
52. Joseph Kuria Gitau
53. Paul Odhiambo Owino
54. Paul Mugo Kathutwa
55. Stephen Kiregi & Mary Nyambura
56. Naomi Nyambura Wagereka
57. Francis Patrick Addikah
58. Steve Mundu Kingoo
59. Peter Mungai Kimani
60. Byrum Bulali Ambuko
61. Charles Maganga Omumba
62. Muchiri Kinyanjui
63. Silvia Kathambi Muriithi
64. Mary Mokumu Kinyanjui
65. Jeremiah Ottaro Owichi
66. Geoffrey Bethwel Maoga
67. Mansukhlal Jamnadas Morjaria
68. David Oduor Oludhe
69. Jotham Kangara Gakuo
70. Charles Ndeda Manera
71. Nthuku Jones Ndutu
72. Odiyo Onyango Awuor
73. Peter Thiga Njugun A
74. Anne Njeri Kamito
75. Siam Investments Limited
76. Paul Thumbi Mwangi

Minutes of the 90th Annual General Meeting Of the company held on wednesday July 16, 2008 at 12 noon at the Panari Hotel (Continued)

SHAREHOLDERS (CONTINUED)

77. Samson Augustine Wanyangu
78. Jimmy G. Muchemi
79. Catherine Njeri Ngungi
80. Aaron Mwatha Mwangi
81. Martin Nyagaya Awega
82. Joel Juma Ogere
83. Hezron Bogonko Machuki
84. Samuel Moturi
85. Ibrahim Mng'ong'o Chigogo
86. Elizabeth Njeri Muruo
87. Kiarie Muchai
88. James Gatoru
89. Julius Andafu
90. Paul Mutuku
91. Eliud Maina
92. Danson Ngeru
93. Regina Muruu
94. Patrick Ngui Mutua
95. Josphat Kiplimo
96. Zecharia Muchere
97. Peter Macharia Nganga
98. Grace Ohidi
99. Francis Kwalwa
100. Eunice Waithira Kihara
101. George Mbugua Ndirangu
102. Dominic Kamami Ngigi
103. Kennedy Irungi Mwangi
104. Bernard Cheruiyot Langat
105. Caroline Jessica Asamba
106. Francis Kamenwa Chege
107. John B. K. Mwangi
108. Jesi M. Mungai
109. Stephen W. Kibule
110. Daniel Kimotho
111. Simon Peter Thairu Gichango
112. Peter Murigu Maina
113. John Mwaniki
114. Moses Nderitu
115. Grace Kiarie
116. Haron N. Biyogo
117. Jervasio Kithaka Mbogoh
118. James Mburu Karwino
119. James Kavivya Nzau
120. Wambui Maina
121. Esther Otieno
122. Collins Audi Ogola
123. Albanus Koko Wambua
124. Ellyocheng Samba
125. Amina Mohamed Khamis
126. Daniel Njoroge Kiarie
127. Nicholas Ogola Juma
128. Mary Mmbone Okoth
129. Isaac Thumbi Gichuha
130. Rose Njeri Njuguna
131. Lilian Wanjiku Gitau
132. Jason Munawa Okata
133. Mohamed Ashfaque
134. Dominic Otieno Ondoro
135. Fred Ogolla Osong
136. Damaris Rose Njeri
137. Elizabeth Wanyi Muchugu

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Minutes of the 90th Annual General Meeting Of the company held on wednesday July 16, 2008 at 12 noon at the Panari Hotel (Continued)

IT WAS NOTED THAT THE MEETING WAS PROPERLY CONSTITUTED WITH 51 PROXIES OF 66,458,311 SHARES BEING RECEIVED BY THE COMPANY.

MIN. 01/2008: CONFIRMATION OF PREVIOUS MINUTES

Mr Oludhe proposed and Mr. Madoro seconded the confirmation of the minutes of the previous Annual General Meeting held on May 18, 2007 at the Grand Regency Hotel.

MIN. 02/2008: OVERVIEW OF STRATEGIC INITIATIVES

Acquisition of Minority Interest in Baraza Limited

The meeting was informed that pursuant to the shareholders approval and resolution that the Board proceeds with the intended acquisition of minority interest in Baraza Limited, the same was underway and a second valuation is to be conducted to establish the real value of the Baraza Limited. It was further noted that the price of acquisition will then be negotiated with the minority interest to achieve convergence of undertaking.

Printing solution

The meeting was informed that the Group had acquired a new state of the art printing solution which has been installed at the new standard group centre. The shareholders were taken before the meeting to see the site and commended the management for acquiring the new printing solution.

Re-organisation of the Board of Directors

In order to balance the skills, knowledge and experience and taking into account the challenges and opportunities facing the Group, the Group's Board of Directors proposed the appointment of three new Independent Directors namely; Ms. Zehrabanu Janmohamed, Dr. James Boyd Mcfie and Mr. Samuel Lerionka Tiampati and Mr.Sarvjeet Singh Channa as the Group Finance and Commercial Director.

MIN. 03/2008: DIRECTORS REPORTS AND ACCOUNTS

The Chairman's, Directors' and the Auditor's accounts for the year ended 31 December 2007 were taken as read. After lengthy deliberations, Mr. Nzau proposed that the accounts be approved and Mr. Kiarie seconded. The motion to approve the accounts was then carried unanimously. It was noted that the published accounts should have signatories sign where required.

MIN. 04/2008: PAYMENT OF 8% PREFERENCE DIVIDEND

Following a proposal by Mr. Nzau and seconded by Mr. Kamau it was unanimously resolved that the payment of dividend to the holders of 8% preference shares for the year ended 31st December 2007 be and is hereby approved.

MIN. 05/2008: RE-ELECTION OF INDEPENDENT DIRECTORS

Mr. Chami proposed and seconded by Mr. Ogola. As per Article 75 of the Company's Articles of Association, it was resolved that the following Independent Directors be and are hereby re-elected to the Board:-

Z. Janmohamed	-	Independent Director
J. Mcfie	-	Independent Director
L. Tiampati	-	Independent Director

MIN. 06/2008: RE-ELECTION OF EXECUTIVE DIRECTORS

Mr. Chege proposed and seconded by Mr. Chami. It was resolved that the following two executives be and are hereby re-elected to the Board:

J. Opiyo - Group Operations & Technical Director

S. Channa - Group Finance and Commercial Director

MIN. 07/2008: DIRECTORS FEES

Ms. Wagereka proposed and seconded by Mr. Njeru it was resolved that Directors' remuneration for the year ended 31st December 2007 be and hereby approved.

MIN. 08/2008: APPOINTMENT OF AUDITORS

Ms. Wagereka proposed and seconded by Mr. Gakuo. It was resolved that the present Auditors, Messrs Deloitte and Touche continue in office in accordance with Section 159(2) of the Companies Act (Chapter 486 of the Laws of Kenya), the Directors are authorised to fix their remuneration.

MIN. 09/2008: ANY OTHER BUSINESS

The Members congratulated the Board, Management and staff for the improved results and hoped that profitability will continue.

Meeting ended at 1pm with lunch.

CHAIRMAN..... DATE.....

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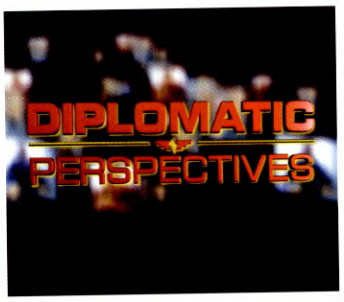
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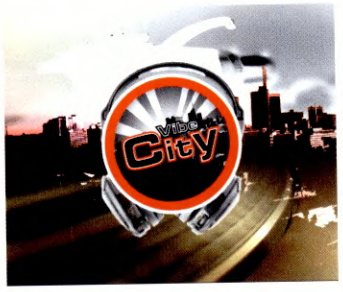

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Proxy form

THE STANDARD GROUP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2008

I/We _____

of _____ being member(s) of the

above named Company appoint _____

of _____ or failing him _____

_____ of _____

to vote for me/us on my/our behalf at the eighty eighth Annual General Meeting of the said Company to be held on July 16, 2009 at 12.00 noon and at any adjournment thereof.

Signed _____

_____ day of _____ 2009

Signature _____

A member entitled to attend and vote at this meeting to appoint a proxy who need not be a member.

N.B. This Form of proxy must be deposited at the Registered Office, I&M Building, P.O. Box 30080, Nairobi, not less than 48 hours before the appointment time for the holding of the meeting.

Notes

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