STANDARD GROUP
bringing your world to you.

2015

ANNUAL REPORT & FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31ST DECEMBER 2015

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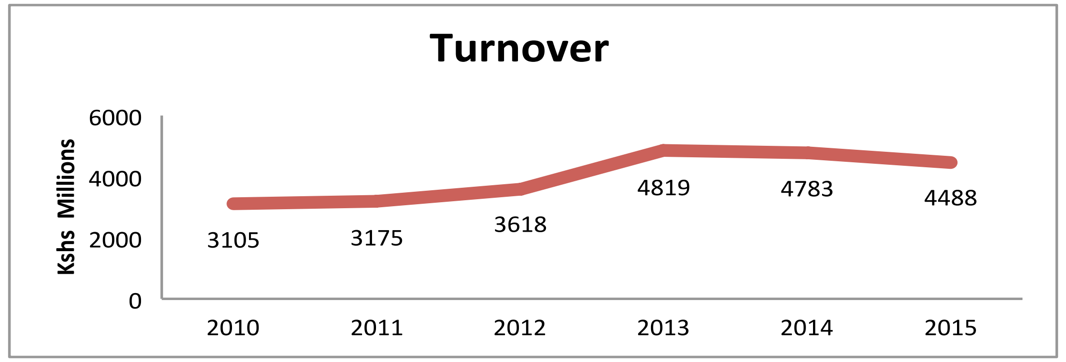
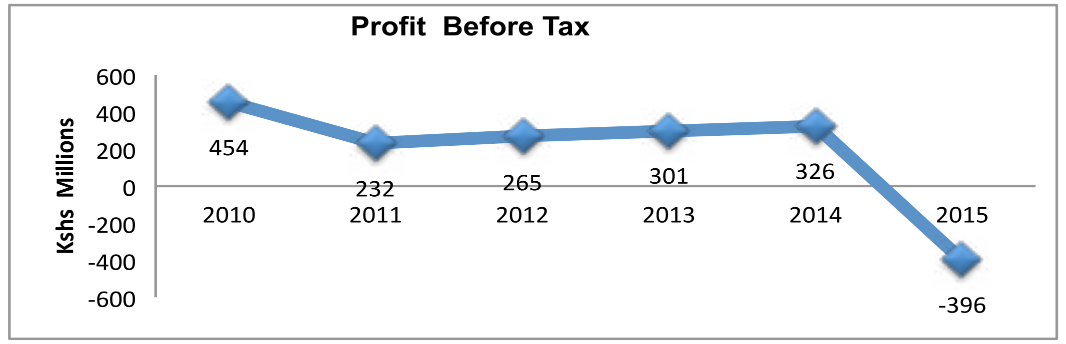
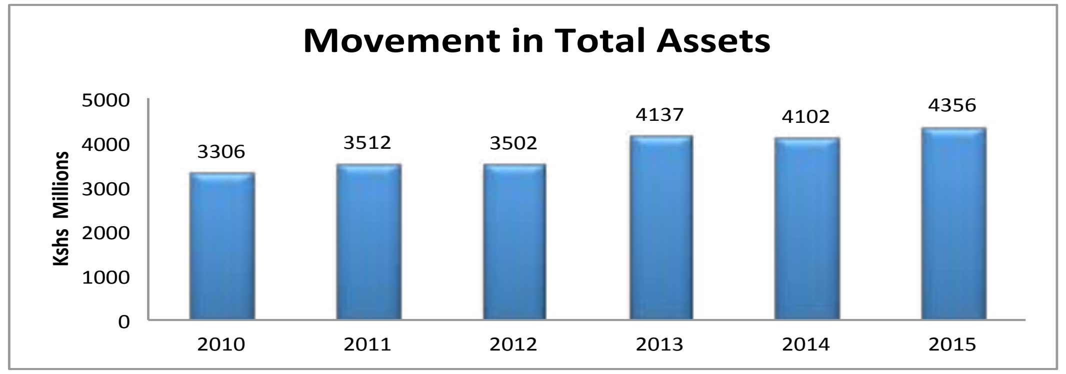
DIRECTORS AND STATUTORY INFORMATION

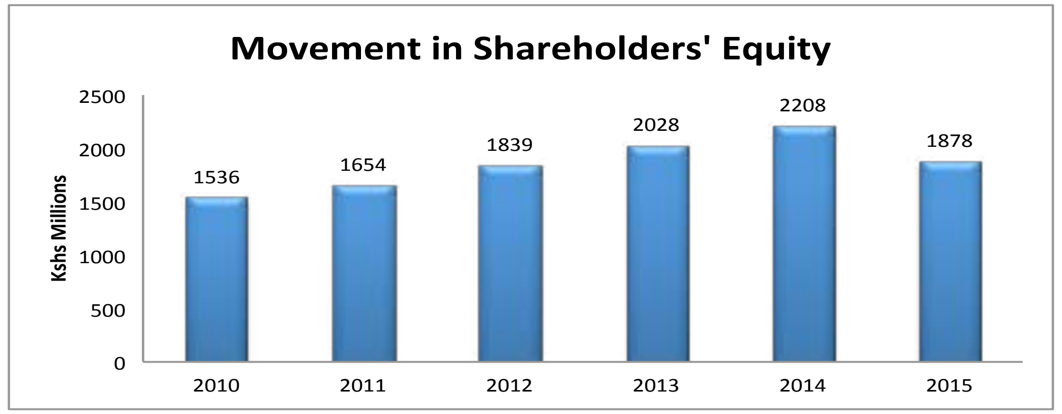
DIRECTORS	Robin Sewell*	- Chairman
	Sam Shollei	- Group Chief Executive Officer
	Orlando Lyomu	- Group Finance Director/COO
	Francis Munywoki	- Managing Director Print Operations
	Zehrabanu Janmohamed	- Non Executive Director
	Lerionka S. Tiampati	- Non Executive Director
	James Boyd Mcfie	- Non Executive Director
	Shaun Zambuni	- Non Executive Director
	* British	
FINANCE AND AUDIT COMMITEE	James Boyd Mcfie	- Chairman
	Zehrabanu Janmohamed	- Non Executive Director
	Samuel Lerionka Tiampati	- Non Executive Director
	Shaun Zambuni	- Non Executive Director
HUMAN RESOURCES AND REMUNERATION COMMITTEE	Samuel Lerionka Tiampati	- Chairman
	James Boyd Mcfie	- Non Executive Director
	Zehrabanu Janmohamed	- Non Executive Director
	Shaun Zambuni	- Non Executive Director
COMPANY SECRETARY	Lawrence Kibet Certified Public Secretary (Kenya) Image Registars 5th Floor, Barclays Plaza, Loita Street P.O. Box 9287-00100 Nairobi	
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Standard Group Centre Mombasa Road P.O. Box 30080 -00100 Nairobi	
AUDITORS	KPMG Kenya Certified Public Accountants of Kenya 8th Floor, ABC Towers Waiyaki Way P.O. Box 40612-00100 Nairobi	
LEGAL ADVISERS	TripleOK Law Advocates ACK Garden House, 5th Floor 1st Ngong Avenue, Off Bishop's Road P.O. Box 43170-00100 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 72833 –00200 Nairobi
COMPANY REGISTRARS	Image Registrars 5th Floor, Barclays Plaza, Loita Street P.O. Box 9287-00100 Nairobi	

PERFOMANCE AT A GLANCE









CHAIRMAN'S STATEMENT

It gives me great pleasure to present to you the Annual Report and Audited Financial results for the year ended 31st December 2015.

The year 2015 was a challenging year for the Group. The year started with a very difficult first quarter when the migration of television broadcasting from analogue to digital was finally effected resulting in a significant drop in television viewership. This had a serious impact on television advertising revenue which dropped by over 80% in the quarter. The problem was further compounded by a reduction in government advertising especially in the print media. In July of 2015 the government, in an effort to rationalize advertising expenditure centralized its advertising by creating the Government Advertising Agency (GAA). This institution became responsible for booking all government and parastatal advertising in the media. The introduction of this agency has not only reduced the level of government spending but has also led to significant delays in payments.

In the second half of the year, the company implemented a staff restructuring exercise which led to a reduction of the work force by 20%. The exercise was necessary because the investment that the Group has made in new technology has increased productivity and efficiency and therefore reduced the need for certain staff.

Annual turnover declined by 6% compared to 2014 to close at Kshs.4.5 billion. The revenue decline was mainly as a result of the drop in television advertising following the digital migration and reduced advertising expenditure by government. The impact of digital migration saw the Group's television revenue close at Kshs.193 million, 21% below that of the prior year. The print segment also declined by 8% due to a combination of a drop in circulation and lower advertising revenue.

The Group managed to reduce direct costs by 15% for the year, closing at Kshs.1.2 billion, down from Kshs.1.4 billion in 2014. Overheads, however increased by 17% in the year from Kshs. 3 billion in 2014 to Kshs.3.5 billion in 2015. The increase was mainly due to exceptional costs totaling Kshs.460 million and an increase in finance costs of Kshs.45 million

As a result of all of the above, the Group suffered a loss for 2015 of Kshs.396 million before tax against a profit in 2014 of Kshs.326 million.

DIVIDENDS

The board does not recommend payment of a dividend for the year.

BUSINESS ENVIRONMENT

A turbulent period in the second half of the year created monetary instability that resulted in a rapid depreciation of the Kenya shilling and a significant increase in interest rates. However, timely intervention by Central Bank calmed the market and the intervention restored stability in the currency markets and contained the 12-month inflation to 6.6% in December 2015.

Low commodity prices had a net positive impact on Kenya in 2015. The gains through low oil prices and rising earnings from tea offset the loss in earnings from other exports (mainly coffee and horticulture). As a result, the current account deficit contracted from 10.4% to 7.1% of GDP. The improvement in the current account deficit should continue to be supported by declining commodity prices and rising exports of tea.

Global newsprint prices have been on the decline and prudent cost management measures by the Group had a positive impact on the cost of production for the print business.

Radio Maisha continued to grow both in listenership and reach leading to a doubling of revenue from that segment of the business. The station is now ranked at position three (3) in the latest radio research rankings. Standard Digital continues to be the leading Kenyan website and revenues from this segment continue to grow.

Despite the uncertainty due to the digital migration in the first quarter of 2015, the group's television business registered an impressive recovery and performance in the second half of the year. The Group has entered into a partnership with Radio Africa Limited to implement its digital transmission infrastructure. This investment will enable the group to roll out more television channels. As the start, the Group launched a 24 hour news channel - KTN News - in the second half of the year. KTN News continues to gain traction amongst viewers across the country. The channel has been positioned as a fast news provider targeting audiences both in Kenya and the East African region.

In the year under review (2015), the group finalized implementation of various business automation projects commenced in 2014 which are aimed at creating operational efficiencies, increase productivity and assure sustainable growth.

SHARE PRICE AND MARKET CAPITALISATION

The Group had a total of 81.7 million issued shares as at 31st December 2015 with a market capitalization of Kshs.2.3 billion compared to Kshs.3.0 billion at the same time in 2014. The Group's earnings per share were negative in the period under review compared to Kshs.2.57 in 2014.

GROWTH AND PROSPECTS FOR 2016

Kenya is poised to be among the fastest growing economies in East Africa in 2016. Economic growth is projected to rise to 5.9% and the Group is looking to tap into this to spur its own business growth.

The Board is optimistic that with the strengthening of the economy, its business should grow, despite the challenges surrounding all newspapers. The board is of the view that with the strategies that have been put in place and the continued investment in television and radio broadcasting, the Group will achieve profitable results in 2016 and sustainable growth in the future.

ACKNOWLEDGEMENT

The Board wishes to acknowledge and thank management, staff, readers, other media consumers and business partners for their continued and invaluable support for the growth of the Group's business.

Thank you

Robin Sewell
CHAIRMAN

Sam Shollei
CHIEF EXECUTIVE OFFICER

CEO'S STATEMENT

It is my duty and obligation to present to you the business highlights for the year ended 31st December 2015.
The group turnover declined by 6% compared to 2014 to close at Kshs.4.5 billion. Revenue decline was mainly the result of the digital migration challenges that the group encountered around its broadcast business in the first quarter of 2015. This saw Television business segment close at Kshs.193 million (21%) below last year. In addition, the print segment being the flagship product also declined by 11% due to the business environment challenges.
The group direct costs reduced by 15% to close at Kshs.1.2 billion from Kshs.1.4 billion in 2014. Overheads costs increased by 17% in the period to Kshs.3.5 billion from Kshs. 3 billion. This was largely driven by exceptional items totaling Kshs.460 million which included; accelerated depreciation of analogue television equipment; write-off and increased depreciation of outdoor equipment; staff restructuring costs and increase in provision for bad debts to recognize the delinquent nature of these debtors
The group closed the period 2015 at a loss before tax of Kshs.396 million against a profit before tax of Kshs.326 million achieved in 2014.

CHALLENGES AND OPPORTUNITIES

The year 2015 presented a number of significant challenges and opportunities for the group. The challenges that affected the media sector included the rushed switch off of analogue television and decline in print advertising from the public sector. The group also undertook a staff rationalization exercise that resulted in the reduction of staff by 20% through a voluntary retirement and redundancy exercise. The group managed to finalize the automation processes commenced in 2014 resulting in significantly improved work processes and further enhanced management information systems. The implementation of SAP ERP won the bronze prize (The SAP Quality Awards Bronze Winner 2015 Africa). The systems have enabled the group have visibility and control over most of its operations.
During this period, the group continued its diversification into new revenue streams by launching a new television channel and further investing in the expansion of its Radio Maisha network as well as in our digital platforms. The investments and expansion saw audience grow across the three platforms.
These efforts have yielded significant growth around these segments with the radio revenue growing by 233% over last year and digital expanding by 50%.

PRODUCT PERFORMANCE

COPY CIRCULATION

Copy circulation was affected by changing readership that has seen more and more people migrate readership to online platforms as a result of increased penetration of internet through smart phones. This has affected mostly our flagship brand – The Standard. However, the Nairobian which was launched in 2013, has continued to grow readership and circulation. To stem the decline in mainstream newspaper readership, the group plans to revamp the content of its flagship brand, which will be spear headed through a redesign and content diversification.
The group remains optimistic that in the short and medium terms, newspaper readership will stabilize and register growth and to this extent, management will focus on delivering quality and competitive content for its readers.

THE STANDARD

The flagship brand will be redesigned and content revamped in 2016. The product experienced decline in readership and circulation due to cover price increase and shift from traditional media to the digital space. In order to revert the trends, the company introduced County News strengthening the pages in the Standard.
Creative selling through speciality supplements helped boost revenue while review of the distribution channels helped increase circulation revenue. There was an overhaul in content presentation with editioning and content analysis being part of the Group's turnaround strategy. The Group is in the process of launching a re-design strategy that is expected to not only drive sales but also bring out a new look for the entire business.

THE NAIROBIAN

Launched in 2013, The Nairobian has grown to be one of the leading circulating papers in the Kenyan market today. Owing to the rising number of unresolved public complaints, The Nairobian launched a new column dubbed 'The Nairobian Defender'. It is a platform that tackles a diverse range of specific confirmed cases where services have been denied or delayed for the everyday Kenyan; from health malpractices to missing benefits. Since the launch of The Nairobian Defender column, the paper has attracted new adopters and boosted circulation figures to over 100,000 copies on a weekly basis in quite a number of issues. Additionally, the number of submissions to the Nairobian Defender has grown exponentially. With its unique and exciting content this product is expected to continue its growth trajectory.

The group intends to take advantage of the wide circulation of the paper to grow its advertising revenue base.

KENYA TELEVISION NETWORK (HOME CHANNEL)

KTN maintained its second position in share of viewing. The station has been driven by its impetus of remaining different and unique with the introduction of new programmes to tap into the market share. Specifically, KTN used the advantage of having the best journalists to introduce new news segments.

KTN NEWS

KTN News was launched in July 2015, becoming the first 24 hour channel in Kenya focusing solely on comprehensive, political, business, investigative, current affairs, county and lifestyle news in Kenya and within the East African region. The station has managed to stay relevant in a highly competitive environment, reaffirming KTN News

CEO'S STATEMENT (Continued)

position as the leader in in-depth news coverage and capturing interest of the Kenyan market by growing both reach and market share. The group is pleased that this new addition to the group media platforms has shown tremendous growth and recent ratings indicate that the station is now one of the four top rated television brands in Kenya.

RADIO MAISHA

Radio Maisha continued its growth trajectory, solidifying its position as the third rated station in terms of viewership. Consequently, revenue grew by over 200% in 2015. The station will continue to do well in 2016 with expectation of further increase in viewership and revenue

STANDARD DIGITAL

The Standard digital maintained its top position in the market as the most visited Kenyan website. Being a platform that aggregates all our products, it receives the highest traffic flow. The site is driven by news and entertainment content. The group plans to strengthen this platform by offering expanded content and searching for additional revenue sources. Revenue from this business unit grew by over 50% in 2015

AUTOMATION

In order to align the operations of the Group to world class practice, the Company has over the last three years invested in the latest technology to automate its key processes and operations. The group managed to automate its processes by implementing SAP ERP added to PPI which automated editorial and advertising work processes. These systems have enabled the group to have visibility and control over its operations. PPI specifically provides a turnaround time for output management because it is easy to tell progress of publications from any central place.
SAP is designed to integrate all areas of the business by providing a central platform or database where all business processes can be executed in real time. It provides end to end solutions for financials, procurement, sales and distribution.

HUMAN RESOURCES AND CHANGE MANAGEMENT

The year kicked off with HR Consultancy exercise geared toward re-organization of the Company. The project was facilitated in-conjunction with Deloitte and successfully concluded with findings and recommendations being tabled to the Board and Management Team for implementation.
One of the outcomes of the consultancy was the restructuring process through which 20% of the staff left the Group through a combination of an early retirement scheme and redundancy.
The group continued its talent management program by completing the training of 12 trainees under the "Scribes Inc.". Standard Group's inaugural Graduate Trainee Program graduated in December 2015. 8 trainees were offered positions in Print Editorial, KTN Editorial and Radio departments in the capacity of Trainee Reporter. The trainees form part of the organization's talent pool.

FUTURE PROSPECTS

The Board and management remain optimistic that the group will return to profitability in 2016 as the benefits of the automation and reorganization of the workforce begin to be felt in the year. In addition, improvements around the revenue streams, particularly television, with the challenges of digital migration now out of the way, reinforcement of editorial team to further improve content and introduction of backlit billboards should positively contribute towards return to profitability in 2016. Further investments in new business lines and new partnerships are also areas the group is keen to explore in diversification strategy. The group will continue to invest in training to increase the skills sets of staff to assure greater productivity and quality content and overall product offering.
I sincerely thank the Directors, management team, staff and all our stakeholders for the support and commitment to the company.

SAM SHOLLEI
CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE STATEMENT

The Standard Group continues to comply with the Corporate Governance regulations and guidelines issued by the Capital Markets Authority. In addition to these, the group complies with the Companies Act, the International Financial Reporting Standards and regulations set out by the media industry in Kenya. The Board recognizes that good corporate governance is essential in its quest to create and sustain growth in shareholder value and is therefore committed to ensure that adequate structures and processes have been put in place to achieve the highest standards. The responsibility for formulation of the overall strategic direction, policies, objectives and effective controls to safeguard the asset of the group lies with the board of directors.

COMPOSITION OF THE BOARD

The Board currently consists of 8 Directors, 5 of whom are Non- Executive Directors. The Directors possess broad a range of expertise, diverse professional backgrounds from various sectors and experience required to effectively run the business.
The Board together with the Company Secretary plan the agenda and annual programmes for the Board that enables it to have detailed review of the groups operations, approve business plans, budgets and financial statements. The Board meets at least four times a year. The Board receives all information relevant to the discharge of its obligations in accurate and timely manner enabling it to maintain effective control over strategic, financial, operational and compliance issues.

Board Meetings attendance for 2015

Director	13 March 2015	16 April 2015	24 April 2015	29 May 2015	25 September 2015	24 November 2015	27 November 2015
Robin Sewell	√	√	√	√	√	√	√
James Mcfie	√	√	√	√	√	√	√
Zehrabanu Janmohamed	√	√	√	√	√	√	√
Samuel Lerionka Tiampati	√	√	√	√	√	√	√
Shaun Zambuni	√	√	√	√	√	√	√
Sam Shollei	√	√	√	√	√	√	√
Orlando Lyomu	√	√	√	√	√	√	√
Francis Munywoki	√	√	√	√	√	√	√

BOARD COMMITTEES

The Board's established committees and their roles include;

1. FINANCE AND AUDIT COMMITTEE

This Committee consists of 4 Directors, comprising the Chairman who is an Independent Non-Executive Director and other Directors. The Committee meets quarterly or as required.
The Committee plays a vital role in ensuring the Integrity of the financial statements. It assists the Board in evaluating financial and management controls and recommending improvements. To further strengthen and ensure independent reports on internal audit, the Board has hired Internal Auditors. Internal audit reports, findings and recommendations are presented to the Committee to ensure implementation. The Committee further ensures that the financial reporting is accurate and timely.

Finance and Audit Committee Meetings attendance for 2015

Director	6 March 2015	14 April 2015	21 August 2015	24 November 2015
James Mcfie	√	√	√	√
Zehrabanu Janmohamed	√	—	—	√
Samuel Lerionka Tiampati	√	√	√	√
Shaun Zambuni	√	√	√	√

2. HUMAN RESOURCES AND REMUNERATION COMMITTEE

This Committee consists of 4 Directors, comprising the Chairman who is a Non- Executive Director and other Directors. The Committee meets quarterly or as required.

The Committee assists the Board in addressing issues relating to remuneration of Directors and general employee development and motivation. It also ensures that the remuneration set is within the principles of equity and appropriateness. This Committee is also responsible for monitoring and appraising the performance of senior management and review of all human resource policies. In addition, the Committee oversees a transparent process for recruitment of Directors to the Board.

Human Resources and Remuneration Committee Meetings attendance for 2015

Director	6 March 2015	19 June 2015	21 August 2015	24 November 2015
Samuel Lerionka Tiampati	√	√	√	√
James Mcfie	√	√	√	√
Zehrabanu Janmohamed	√	√	—	√
Shaun Zambuni	√	√	√	√

CORPORATE GOVERNANCE STATEMENT (Continued)

List of Top 10 Shareholders

Shareholders	Shares	Percentage
1. S.N.G HOLDINGS LIMITED	56,422,699	69.03%
2. TRADE WORLD KENYA LIMITED	8,906,068	10.90%
3. MILLER TRUSTEES LIMITED	8,608,569	10.53%
4. GULAMALI ISMAIL	1,018,700	1.25%
5. KIRTESH PREMCHAND SHAH	429,716	0.53%
6. THE STANDARD GROUP LIMITED ESOP TRUST	266,880	0.33%
7. SARAJ PROPERTIES LIMITED	256,000	0.31%
8. DENROMA INVESTMENT LIMITED	238,640	0.29%
9. JULIUS GECAU	220,793	0.27%
10. SAVITABEN VELJI RAICHAND SHAH	208,070	0.25%

The Head of ICT, Robert Toroitich (third right) with the SAP Implementation Team and SAP Africa officials when the Standard Group was presented with the prestigious SAP Quality Award in Santon, Johannesburg, South Africa, on March 3, 2016.

The Standard Group won a Bronze Award in the Fast Delivery category at the prestigious "SAP Quality Awards" in Africa for its successful implementation of SAP Enterprise Resource Planning (ERP) and IS-Media Solution.
The systems are designed to integrate all areas of the business by providing a central platform or database where all business processes can be executed in real time.
SAP has integrated all business units of the Group providing management with a better visibility of various operations, including financials, procurement, sales and distribution. At the same time, there is less paper work, translating to overall efficiency and timely decision-making.
The prestigious award recognises customers who use SAP's quality principles to, among other things, effectively plan, execute and manage their implementations while achieving today's demand for rapid time to value.

Annual Report and accounts for the year ended 31st December 2015 STANDARD GROUP

DIRECTORS' PROFILE

MR. ROBIN SEWELL
Chairman

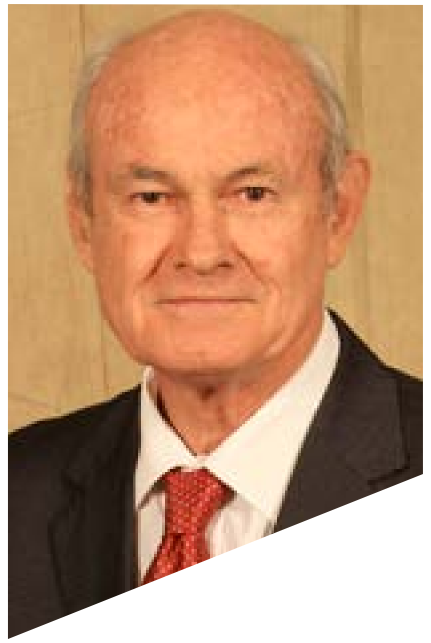
Mr. Sewell, is a partner in MGI Midgley Snelling, an English firm of Chartered Accountants. He is a fellow of the Institute of Chartered Accountants in England and Wales.
He is the Chairman of the Group, a position he has held since 1st November, 2000.

MR. SAM SHOLLEI
Chief Executive Officer

Mr. Sam Shollei has vast experience in the media industry and is credited with having held the position of Managing Director – Mwananchi Communications in Tanzania - a business that saw tremendous growth during his tenure.
He served as Director – Business Development at Nation Media Group and GM – Monitor Publications in Uganda. He has also held director and senior management positions in companies in Nairobi, including Transnational Bank. Mr. Shollei holds both MBA and Bachelor of Commerce degrees from the University of Nairobi.

DR. JAMES BOYD MCFIE
Non-Executive Director

Dr. Mcfie was appointed a Non- Executive 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 fourty (40) 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.



MS. ZEHRABANU JANMOHAMED
Non-Executive Director

Ms. Janmohamed was appointed a Non-Executive Director in July 2007. She is an Advocate of the High Court of Kenya and a Barrister at Lincolns Inn (UK) with over twenty (20) years legal practice experience. She is a partner at Archer & Wilcock Advocates.

MR. SHAUN ZAMBUNI
Non-Executive Director

Mr. Zambuni has a BSc in Management Systems from City University, London. He has extensive commercial and operational experience in businesses spanning energy, health care and business service sectors in the UK, Australia and Kenya. He is currently CEO of a private investment group.

MR. SAMUEL LERIONKA TIAMPATI
Non-Executive Director

Mr. Tiampati was appointed a Non-Executive 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 Limited (KETEPA). He is currently the Chief Executive Officer of the Kenya Tea Development Agency (KTDA).

MR. FRANCIS MUNYWOKI
Managing Director, Print Operations

Mr. Munywoki holds a BSc — Electrical and Communication Engineering and MBA from the London Business School. He brings invaluable senior management experience spanning more than ten (10) years with multinational organisations leading in information management, strategy and projects that leveraged revenue growth and improved customer service. He previously worked with Barclays Bank, The Coca-Cola Company and Pepsico Europe.

MR. ORLANDO LYOMU
Group Finance Director and Chief Operations Officer

Mr. Orlando has over fifteen (15) years' experience in Finance gained from dynamic and multi-cultural organisations. Before joining The Standard Group, he worked at Total Kenya Limited, where he started his career and rapidly rose through the ranks to hold various positions, including Treasury Manager and Chief Accountant, and at Gulf Energy Limited, where he served as a CFO in charge of the group companies. He was instrumental in the transformation and rapid growth of the business from a start-up, into one of the leading oil importers and traders in the region, with a presence in various East and Central African countries. He holds a Bachelor of Commerce degree from the University of Nairobi and is finalizing on his MBA for Executives at the Strathmore Business School. He is a CPA (K) and a member of ICPAK.

CORPORATE SOCIAL INVESTMENT

SOCIAL REPORT

The Standard Group has a CSR portfolio that has embraced the main themes of education, health, and the environment. The Company has engaged in programs revolving around these pillars, which span a cross-section of society and regions of the country.

EDUCATION

Scribes Inc Programme: 12 trainees of the Standard Group's inaugural Graduate Trainee Program "Scribes Inc." graduated in December 2015. Eight trainees were offered positions in Print Editorial, KTN Editorial and Radio departments as Trainee Reporters. The trainees form part of the organisation's talent pool.

Tegla Loroupe Foundation Run: The Group sponsored the Tegla Loroupe Foundation Education Marathon that was held in Turkana. Staff participated in the event adding impetus to the noble cause aimed at not only providing scholarships for needy students but also promoting peace in Turkana and neighbouring communities.

Jim McFie Education Fund: The Group sponsored the Jim McFie Education Fund that is aimed at raising money to support bright but needy students in society.

Kenya Community Center for Learning (KCCL Walk): The Group sponsored the learning disabilities campaign with the proceeds of the walk going towards raising school fees for children with disabilities, among other needs.

HEALTH

The Standard Group has been actively engaged in promoting the society's well-being by supporting various healthcare focused initiatives. Standard Group has partnered with like-minded stakeholders in the following campaigns:

Mater Heart Run: The Company, through the Corporate Affairs Department, partnered with Mater Hospital to support this year's Mater Heart Run. This is an annual event that aims to assist children from families who cannot afford the cost of cardiac surgery. The run attracted thousands of Kenyans, providing the group with a strong brand visibility. Staff from across the company also got the opportunity to participate in the event.

My Eyes Your Eyes Campaign: This is a campaign by the Kenya Society for the Blind (KSB) to provide free medical screening to residents of Limuru area in Kiambu County. The Group partnered with KSB to publicise the campaign and mobilise the public to support the cause. The highlight of the campaign was the Mt Longonot Climb.

The Standard Group also partnered with KSB during the World Sight Day Blind Walk campaign where blind-folded participants join those who are blind or with visual impairments in a charity walk in Nairobi. This initiative aims at creating awareness on the needs of the blind and on measures to prevent blindness. The funds raised helped the Society to purchase assistive devices for blind children.

Kenya Re Niko Fiti Campaign: This is a joint initiative by Kenya Reinsurance Corporation, the Standard Group and the Association for the Physically Disabled of Kenya (APDK). The campaign raises awareness about the needs of persons living with physical disabilities and mobility impairments, advocates policy change to promote their ease of access to facilities for their self-development and raises funds to purchase assistive devices.

Beyond Zero Campaign: The Group sponsored The Beyond Zero Campaign that raises funds to reduce maternal deaths in counties across the country. The campaign, spearheaded by First Lady Margaret Kenyatta, raises funds through sponsorship of the First Lady's Half Marathon.

ENVIRONMENT

The Standard Group is keen on promoting sustainable development through the conservation of the environment. The Standard Group partnered with community based organizations in the following initiatives:

The Chemususu Dam Race: A partnership with Chemususu Dam Community-based organisation to publicise a charity half-marathon that raised funds to conserve Chemususu Dam catchment area. The aim is to increase accessibility to clean water for 50% of communities living in the environs of the dam.

Sustainable Environment Restoration Programme (SERP): This is an initiative developed by the Kenya Red Cross Society (KRCS) and the Ministry of Environment and Natural Resources, with the Standard Group as the media partner. The objective of this countrywide programme is to contribute to the attainment of a sustainable natural environment in Kenya. A key component of this initiative is the planting, nurturing and sustenance of 2.5 billion trees and wood shrubs by the year 2018 through the support of corporates, county governments, institutions and individuals.

Annual Report and accounts for the year ended 31st December 2015

EXECUTIVE MANAGEMENT

MR. JOSEPH ODINDO
Group Editorial Director

MR. JOE MUNENE
Managing Director, Broadcast

MS. IRENE KIMANI
Commercial Director

MR. KENNETH MUOKI
Head of Audit

MR. CHARLES KIMATHI
Head of Corporate Affairs

MR. AUSTIN OKOTH
Head of Finance

MS. DOREEN MBAYA
Head of Marketing

MR. ROBERT TOROITICH
Head of ICT

MS. MILLICENT NGETICH
Head of Legal

MR. KIZITO NAMULANDA
Head of Outdoor

Annual Report and accounts for the year ended 31st December 2015

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2015

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of the Company and the Group.

1. Principal activities

The principal activities of the Group are the publishing of The Standard Newspaper, television broadcasting under the name of Kenya Television Network (KTN), radio broadcasting under the name of Radio Maisha, outdoor media advertising under the trade name of Think Outdoor and online business under the trade name of Standard Digital.

2. Group results

	2015 KShs'000	2014 KShs'000
(Loss)/profit before taxation	(395,801)	326,083
Taxation credit/(expense)	106,198	(105,569)
Profit for the year transferred to retained earnings	**(289,603)**	**220,514**
Attributable to:		
Non-controlling interests	(48,700)	10,644
Owners of the Company	(240,903)	209,870
	(289,603)	**220,514**

3. Dividend

The directors do not recommend a final dividend for the year ended 31 December 2015 (2014 – KShs 40,867,000).

4. Directors

The directors who served since 1 January 2015 and upto the date of this report are set out on page 16-17.

5. Auditors

The auditors, KPMG Kenya, continue in office in accordance with the Kenyan Companies Act.

6. Approval of financial statements

The financial statements were approved at a meeting of the directors held on 24th March 2016.

BY ORDER OF THE BOARD

LAWRENCE KIBET
Secretary
Date: 24th March 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the consolidated financial statements of The Standard Group Limited and its subsidiaries set out on pages 23 to 66 which comprise the consolidated and company statements of financial positions as at 31 December 2015, and the consolidated statement profit or loss and other comprehensive income, the consolidated and company statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, the Directors are required 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 the Company and its subsidiaries keep proper accounting records which disclose with reasonable accuracy the financial position of the group and the Company.

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 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.

The Directors have made an assessment of the Company and its subsidiaries ability to continue as a going concern and have no reason to believe that the Company and its subsidiaries will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on on 24th March 2016 and were signed on its behalf by:

Director **Director**

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE STANDARD GROUP LIMITED

Report on the financial statements

We have audited the financial statements of The Standard Group Limited and its subsidiaries set out on pages 23 to 66 which comprise the consolidated and company statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated and company statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As stated on page 21, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant 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 consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on other legal requirements

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

(i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 statement of financial position of the Company is in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditors' report is CPA Joseph Kariuki P/2102.

KPMG Kenya

Date: 24th March 2016

KPMG Kenya
Certified Public Accountants of Kenya
8th Floor, ABC Towers, Waiyaki Way
P.O. Box 40612-00100, Nairobi, Kenya.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 KShs'000	2014 KShs'000
Revenue	7	4,488,399	4,782,649
Direct costs	8	(1,203,053)	(1,415,041)
Other (losses)/gains	9	(26,113)	61,574
Selling and distribution costs	10	(521,208)	(537,304)
Administrative expenses	11	(2,970,188)	(2,447,379)
Finance costs	12	(163,638)	(118,416)
Profit before taxation	13	**(395,801)**	**326,083**
Taxation credit/(expense)	15 (a)	106,198	(105,569)
(Loss)/profit for the year		**(289,603)**	**220,514**
Total comprehensive income for the year		**(289,603)**	**220,514**
Attributable to:			
Non-controlling interests	25	(48,700)	10,644
Owners of the parent		(240,903)	209,870
		(289,603)	**220,514**
Earnings per share – Basic and diluted (KShs)		**(2.95)**	**2.57**

The notes set out on pages 29 to 66 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2015

ASSETS	Note	2015 KShs'000	2014 KShs'000
Non-current assets			
Property, plant and equipment	17(a)	2,029,434	2,266,952
Prepaid operating lease rentals	18	117,291	118,924
Intangible assets	19(a)	447,497	209,356
Deferred tax asset	27(a)	56,946	15,498
		2,651,168	2,610,730
Current assets			
Inventories	21(a)	147,141	201,950
Trade and other receivables	22(a)	1,502,434	1,250,323
Taxation recoverable	15(c)	20,418	6,724
Bank and cash balances	31(b)	34,453	32,022
		1,704,446	1,491,019
TOTAL ASSETS		**4,355,614**	**4,101,749**
EQUITY AND LIABILITIES			
Capital and reserves (Page 26)			
Share capital	23(a)	408,654	408,654
Share premium	23(b)	39,380	39,380
Capital redemption reserve	24(a)	102	102
Retained earnings	24(b)	1,252,721	1,534,491
Attributable to owners of the Company		1,700,857	1,982,627
Non-controlling interests	25	176,716	225,416
Total equity		**1,877,573**	**2,208,043**
Non-current liabilities			
Due to related parties	26(b)	-	107,489
Deferred tax liability	27(a)	160,775	272,104
Borrowings	28(a)	530,021	291,172
		690,796	670,765
Current liabilities			
Taxation payable	15(c)	-	16,984
Borrowings	28(a)	956,929	613,534
Due to related parties	26(b)	105,991	-
Trade and other payables	29(a)	677,563	561,003
Dividends payable	14	25,392	-
Employee benefit	30(a)	21,370	31,420
		1,787,245	**1,222,941**
TOTAL EQUITY AND LIABILITIES		**4,355,614**	**4,101,749**

The financial statements on pages 23 to 66 were approved by the Board of Directors on 24th March 2016 and were signed on its behalf by:

Director Director

The notes set out on pages 29 to 66 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2015

ASSETS	Note	2015 KShs'000	2014 KShs'000
Non-current assets			
Property, plant and equipment	17(b)	1,706,899	1,864,765
Prepaid operating lease	18	117,291	118,924
Intangible assets	19(b)	380,623	142,481
Investments	20	70,367	70,367
		2,275,180	2,196,537
Current assets			
Inventories	21(b)	132,447	177,981
Trade and other receivables	22(b)	1,161,356	949,579
Due from a group company	26(a)	255,562	228,277
Tax recoverable	15(c)	13,694	-
Bank and cash balances		34,253	23,036
		1,597,312	**1,378,873**
TOTAL ASSETS		3,872,492	3,575,410
EQUITY AND LIABILITIES			
Capital and reserves (Page 27)			
Share capital	23(a)	408,654	408,654
Share premium	23(b)	39,380	39,380
Capital redemption reserve	24(a)	102	102
Retained earnings	24(b)	1,061,690	1,292,772
Shareholders' equity		1,509,826	1,740,908
Non-current liabilities			
Due to related parties	26(b)	-	118,079
Deferred tax liability	27(b)	160,775	272,104
Borrowings	28(b)	530,021	291,172
		690,796	681,355
Current liabilities			
Tax payable	15(c)	-	16,984
Borrowings	28(b)	941,971	612,727
Due to related parties	26(b)	116,587	-
Trade and other payables	29(b)	572,498	497,939
Dividends payable	14	25,392	-
Employee benefit	30(b)	15,422	25,497
		1,671,870	**1,153,147**
TOTAL EQUITY AND LIABILITIES		**3,872,492**	**3,575,410**

The financial statements on pages 23 to 66 were approved by the Board of Directors on 24th March 2016 and were signed on its behalf by:

Director Director

The notes set out on pages 29 to 66 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital KShs'000	Share premium KShs'000	Capital redemption reserve KShs'000	Retained earnings KShs'000	Attributable to equity holders of parent KShs'000	Non-controlling interests KShs'000	Total Shareholders' equity KShs'000
2014:							
At 1 January 2014	408,654	39,380	102	1,365,487	1,813,623	214,772	2,028,395
Total comprehensive income							
Profit for the year	-	-	-	209,870	209,870	10,644	220,514
Transaction with shareholders recorded directly in equity							
Dividend paid in June 2014	-	-	-	(40,866)	(40,866)	-	(40,866)
At 31 December 2014	408,654	39,380	102	1,534,491	1,982,627	225,416	2,208,043
2015:							
At 1 January 2015	408,654	39,380	102	1,534,491	1,982,627	225,416	2,208,043
Total comprehensive income							
Loss for the year	-	-	-	(240,903)	(240,903)	(48,700)	(289,603)
2014 Dividends declared	-	-	-	(40,867)	(40,867)	-	(40,867)
At 31 December 2015	408,654	39,380	102	1,252,721	1,700,857	176,716	1,877,573

The notes set out on pages 29 to 66 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital KShs'000	Share premium KShs'000	Capital redemption reserve KShs'000	Retained earnings KShs'000	Total KShs'000
2014:					
At 1 January 2014	408,654	39,380	102	1,134,849	1,582,985
Total comprehensive income for the year					
Profit for the year	-	-	-	198,789	198,789
Transaction with shareholders recorded directly in equity					
Dividend paid in June 2014	-	-	-	(40,866)	(40,866)
At 31 December 2014	**408,654**	**39,380**	**102**	**1,292,772**	**1,740,908**
2015:					
At 1 January 2015	408,654	39,380	102	1,292,772	1,740,908
Total comprehensive income for the year					
Profit for the year	-	-	-	(190,215)	(190,215)
2014 dividends	-	-	-	(40,867)	(40,867)
At 31 December 2015	408,654	39,380	102	1,061,690	1,509,826

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 KShs'000	2014 KShs'000
Cash flows from operating activities			
Cash generated from operations	31(a)	128,650	685,955
Interest paid	12	(163,638)	(118,416)
Tax paid	15(c)	(77,256)	(83,491)
Net cash generated from operating activities		**(112,244)**	**484,048**
Cash flows from investing activities			
Purchase of intangible assets	19(a)	(8,653)	(82,568)
Purchase of property, plant and equipment	17(c)	(456,334)	(331,335)
Proceeds from disposal of property, plant and equipment		12,894	6,098
Net cash used in investing activities		(452,093)	(407,805)
Cash flows from financing activities			
Dividends paid	14	(15,476)	(40,866)
Bank loans received	31(d)	1,219,372	397,563
Bank loans repaid	28(a)	(810,629)	(388,683)
Net cash generated from/(used in) financing activities		393,267	(31,986)
Net (decrease)/increase in cash and cash equivalents		(171,070)	44,257
Cash and cash equivalents at 1 January		(279,332)	(323,589)
Cash and cash equivalents at 31 December	31(b)	**(450,402)**	**(279,332)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

The Standard Group Limited ("the Company") is a limited liability Company incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the publishing of The Standard Newspaper, television broadcasting under the name of Kenya Television Network (KTN), radio broadcasting under the name of Radio Maisha and outdoor media advertising under the trade name of Think Outdoor and online business under the trade name of Standard Digital.

The address of its registered office and principal place of business is as follows:

Standard Group Centre
Mombasa Road
PO Box 30080 - 00100
Nairobi

2. BASIS OF PREPARATION

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Kenyan Companies Act.
For the Kenyan Companies Act reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and profit and loss account is represented by the statement of profit or loss and other comprehensive income.

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency
These consolidated financial statements are presented in Kenya shillings (KShs), which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand ("KShs'000") except where otherwise indicated.

(d) Use of estimates and judgements
In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(d) Use of estimates and judgements (continued)
In particular information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 5.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

Subsidiaries
Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
The holding Company accounts for dividends from subsidiary companies only when the right to receive the dividends is established.

(b) Revenue and other income 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. Advertising revenue is recognised when advertisements are published in the newspaper or aired on television or radio. Revenue is measured at the fair value of the consideration received or receivable, net of VAT and discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Interest income is recognised as it accrues in profit or loss using the effective interest method, unless its collectability is in doubt.

Other income is recognised on an accrual basis.

(c) Taxation
Tax expense in profit or loss for the year comprises current tax and the change in deferred tax. Current tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.
Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.
The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax is recognised for unused tax losses and deductible temporary differences to the extent that is probable that future profits will be available against which the tax asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is calculated on the basis of the tax rates enacted at the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(d) Provisions
A provision is recognised in the financial statements when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(e) Segmental reporting
IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group's chief decision maker is the chief executive officer. The Group organizes its activity by business lines and these are defined as the Group's reportable segments. The three business segments are Publishing, Television and Radio.

(f) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.
Cost includes expenditures that are directly attributable to the acquisition of the asset.
Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, capitalised borrowing costs.
Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Subsequent costs
The cost of replacing a component of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) 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:

Buildings	2%
Plant and machinery	5% - 10%
Motor vehicles	25% - 67%
Furniture, fittings and equipment	10% 33%

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Disposal of property, plant and equipment
Gains and losses on disposal of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(g) Intangible assets

(i) Software
Computer software and other intangible assets are measured at cost less accumulated amortisation and impairment losses. The costs are amortised over the expected useful lives of the software on the straight line basis. The annual rates used for amortisation are:

Computer software	33%

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ii) Trademarks and frequency
Trademarks and frequency are initially recognised at cost. At each reporting date, the group reviews the carrying amount of the trademarks and frequency to determine whether there is any indication that these assets have suffered an impairment loss. The trademarks and frequency have indefinite useful lives and are tested for impairment at each reporting date.

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

(i) Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.
An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(j) 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. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. All other leases are classified as operating leases.

Rentals payable under operating leases are recognised in profit or loss on the straight line basis over the term of the relevant lease.

(k) Inventories
Inventories are measured 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 and general consumable stores are determined on the weighted average cost basis. Net realisable value represents the estimated selling price less the estimated cost to completion and costs to be incurred in marketing, selling and distribution. Film stock is expensed when aired.

(l) Foreign currency translations
In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses on exchange are dealt with in the profit or loss.

(m) Financial instruments
The Group classifies its current non – derivative financial assets under loans and receivables. The Group classifies its non – derivative financial liabilities into other financial liabilities category.

EDITORIAL PRINT



"The Standard has adopted world class publishing technologies that are ***Transforming*** *the way we gather and deliver news to our readers, even as we get bolder, more incisive and broader in our coverage and product range."*

Kipkoech Tanui — *Deputy Editorial Director*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

(i) Non-derivative financial assets and financial liabilities – recognition and de-recognition

The Group recognizes loans and receivables on the date when they are originated. All other non – derivative financial assets and liabilities are recognised on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows of the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers or retains substantially all the risks and reward of ownership and does not retain control over the transferred asset. Any interest in such a derecognized financial asset that is created or retained by the Group is recognised as separate asset or liability. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(ii) Non-derivative financial assets – measurement

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest method.

Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents include overdrafts that are repayable on demand and form an integral part of the Group's cash management policies.

(iii) Non-derivative financial liabilities - measurement
Non- derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Offsetting
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(n) Impairment

(i) Financial assets
At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through the statement of profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the asset than can be estimated reliably.

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by combining together financial assets with similar risk characteristics. Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would otherwise not consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security or other observable data relating to a Group of assets such as adverse changes in the payment status of borrowers or issuers in the Group or economic conditions that correlate with defaults in the Group.
In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.
Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in the statement of profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.
When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the statement of profit or loss.

(o) Employee benefits

(i) Defined contribution plan
The Group operates a defined contribution retirement benefit scheme for its permanent and pensionable employees. The assets of the scheme are held in separate trustee administered fund, which is funded by contributions from both the group companies and employees. The Group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The Group's contributions to the defined contribution schemes are recognised in the profit or loss in the period which related services are rendered by employees. The Group has no further obligation once the contributions have been paid.

(ii) Staff gratuity (Defined Benefit Plan)
The Group also has a defined benefit plan for senior management staff. The Group's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.
The provision for liability recognised in the financial statements is the estimated entitlement as a result of services rendered by employees up to the financial reporting date. The defined benefit scheme is unfunded.
The calculation is performed every three years by a qualified actuary using the projected unit credit method. The Group recognises all expenses related to defined benefit plan in employee costs in profit or loss and all actuarial gains or losses in other comprehensive income.
The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Short term employee benefits
Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment
The grant date fair value of equity settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share based payment awards with non-vesting conditions, the grant date fair value of share based payment is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

(p) Cash and cash equivalents
For the purpose of the statement of cash flows, 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.

(q) 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.

(r) Related party transactions
The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the directors, executive officers and Group or related companies.

(s) Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(t) Share capital
Ordinary shares are classified as 'share capital' in equity. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a reduction from equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

(u) Finance income and finance costs

Interest expense on borrowings is recognized in profit or loss using the effective interest rate unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized to that asset.

Foreign exchange gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(v) New standards and interpretations

(i) New standards, amendments and interpretations effective and adopted during the year

• Defined benefit plans – Employee contributions (Amendments to IAS 19) (Effective for annual periods beginning on or after 1 July 2014)

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The adoption of these changes will not affect the amounts and disclosures of the Group's financial statements.

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2015

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2015, and have not been early adopted by the Group. The directors are in the process of assessing the impact of these standards on the Group

New standard or amendments	Effective for annual periods beginning on or after
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
• Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
• Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciations and Amortisation	1 January 2016
• Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
• IFRS 14 Regulatory Deferral Accounts	1 January 2016
• Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
• Disclosure Initiative (Amendments to IAS 1)	1 January 2016
• IFRS 15 Revenue from Contracts with Customers	1 January 2018
• IFRS 9 Financial Instruments (2014)	1 January 2018
• IFRS 16 Leases	1 January 2019

(v) New standards and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2015 - continued

Apart from the standards noted below, the application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

• *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised

The amendments will be effective from annual periods commencing on or after 1 January 2016.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

• *Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)*

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The application of this amendment will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

• *Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)*

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41.

(v) New standards and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2015 - continued

• *Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41) - continued*

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements, since the Group does not have bearer plants.

• *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Application of these amendments will have no material impact on the Group's financial statements since the Group does not apply revenue based methods of depreciation and amortisation.

• *Equity Method in Separate Financial Statements (Amendments to IAS 27)*

Amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries

amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with early adoption permitted.

The application of this amendment is not expected to have a material impact on the disclosures or on the amounts recognised in the Group's financial statements.

• *IFRS 14 Regulatory Deferral Accounts*

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption is permitted.

The application of this standard is not expected to have a material impact on the disclosures or on the amounts recognised in the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

(v) New standards and interpretations (continued)
(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2015 - continued

• Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements.
The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.
The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.
The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.
The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted. The application of these amendments is not expected to have a material impact on the disclosures or on the amounts recognised in the Group's financial statements.

• IFRS 9: Financial Instruments (2010)
It replaces parts of IAS 39 - Financial Instruments, Recognition and Measurement that relates to classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified, at initial recognition as either measured at fair value or at amortised cost. The classification depends on the entity's business model for managing its financial instruments and the characteristics of the contractual cash flows of the instrument. For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in cases where the fair value option is applied for financial liabilities, the part of a fair value change arising from a change in an entity's own credit risk is recorded in other comprehensive income rather than in the profit or loss, unless this creates an accounting mismatch.
The is currently evaluating the impact of the new standard on the financial statements. The standard is effective for periods beginning on or after 1 January 2018.

(v) New standards and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2015 - continued

• IFRS 15 Revenue from Contracts with Customers (Effective 31 December 2018)
The IFRS specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: identify the contract(s) with a customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

The is currently evaluating the impact of the new standard on the financial statements.

• Disclosure Initiative (Amendments to IAS 1)
The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.
The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of the amendments to IAS 1.

• IFRS 16: Leases
On 13 January 2016 the IASB issued IFRS 16 Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an

asset for a period of time in exchange for consideration. A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.
The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

(i) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments;
.
(v) New standards and interpretations (continued)

(ii) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2015 - continued

• IFRS 16: Leases - continued
(ii) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and
(iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.
IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a company to recognise assets and liabilities for:

(i) short-term leases (i.e. leases of 12 months or less), and;
(ii) leases of low-value assets

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied).

The Group did not early adopt new or amended standards in the year ended 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt, liquidity risk, 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.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, South Africa Rand (SAR) and GBP. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The carrying amounts of the group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows: At 31 December 2015, if the Shilling had weakened/strengthened by 1% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been KShs 612,230 (2014 - KShs 247,050).

Group and Company

	USD KShs'000	EURO KShs'000	SAR KShs'000	GBP KShs'000	TOTAL KShs'000
2015:					
Financial assets Cash at bank	(4,438)	6,015	-	-	1,577
Financial liabilities Trade payables	(28,896)	(18,878)	-	(15,026)	(62,800)
Net foreign currency liability	(33,334)	(12,863)	-	(15,026)	(61,223)
2014:					
Financial assets Cash at bank	8,100	2,009	-	-	10,109
Financial liabilities Trade payables	(23,564)	(1,136)	(124)	(9,990)	(34,814)
Net foreign currency liability	(15,464)	873	(124)	(9,990)	(24,705)

The following significant exchange rates have been applied during the year:

	Average		Closing	
	2015	**2014**	**2015**	**2014**
USD	98.5	90.2	102.2	90.3
EURO	109.0	112.3	111.8	112.4
SAR	7.6	8.2	6.5	8.2
GBP	150.7	141.1	151.7	141.3

(ii) Price risk

The Group does not hold financial instruments that would be subject to price risk.

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

The Group has borrowings in the form of overdraft facilities and 5 year term loans with three banks namely Commercial Bank of Africa Limited and CfC Stanbic Bank Limited and Diamond Trust Bank Limited with a combined overdraft limit of KShs 350 million (2014 - KShs 353 million) at rates determined by prevailing market conditions.

As at 31 December 2015, an increase/decrease of 1% on average borrowing rates would have resulted in an increase/decrease in profit before taxation for Group and Company by KShs 1,632,000 (2014 - KShs 1,184,000).

(b) Credit risk

Credit risk is managed on a group-wide basis. Credit risk arises from trade receivables. The credit committee 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 2015 is made up as follows:

Group	**Fully performing KShs'000**	**Past due KShs'000**	**Impaired KShs'000**	**Total KShs'000**
Receivables				
Advertising	726,050	245,090	263,515	1,234,655
Circulation	33,200	32,719	181,873	247,792
Trade debtors – Baraza Limited	219,883	96,498	80,559	396,940
	979,133	**374,307**	**525,947**	**1,879,387**
Company				
Advertising	404,959	245,090	263,515	913,564
Circulation	33,200	32,719	181,873	247,792
	438,159	**277,809**	**445,388**	**1,161,356**

The amount that best represented the group's maximum exposure to credit risk as at 31 December 2014 was made up as follows:

Group	**Fully performing KShs'000**	**Past due KShs'000**	**Impaired KShs'000**	**Total KShs'000**
Receivables				
Advertising	652,635	122,628	146,298	921,561
Circulation	60,493	12,580	15,928	89,001
Trade debtors – PDS	32,214	11,972	46,780	90,966
Trade debtors – Baraza Limited	239,732	54,502	42,327	336,561
	985,074	**201,682**	**251,333**	**1,438,089**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (continued)

Company	Fully performing KShs'000	Past due KShs'000	Impaired KShs'000	Total KShs'000
Receivables				
Advertising	652,635	122,628	146,298	921,561
Circulation	60,493	12,580	15,928	89,001
Trade debtors – PDS	32,214	11,972	46,780	90,966
	745,342	**147,180**	**209,006**	**1,101,528**

The analysis above is based on the ageing below:

Circulation

Fully performing	0-60 days
Past due	61-90 days
Impaired	Over 91 days

Advertising

Fully performing	0-90 days
Past due	91-180 days
Impaired	Over 181 days

PDS

Fully performing	0-90 days
Past due	91-120 days
Impaired	Over 121 days

The movement in the provision for impaired receivables during the year was as below:

Group:	2015 KShs '000	2014 KShs '000
Balance brought forward	251,333	340,971
Charge for the year	372,537	236,402
Bad debt write offs and credit notes	(19,590)	(212,632)
Bad debts recoveries	(78,333)	(113,408)
Balance carried forward	**525,947**	**251,333**

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b)Credit risk (continued)

Company:	2015 KShs '000	2014 KShs '000
Balance brought forward	209,006	292,999
Charge for the year	316,855	190,547
Bad debt write offs and credit notes	(19,365)	(177,509)
Bad debts recoveries	(61,108)	(97,031)
Balance carried forward	**445,388**	**209,006**

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 KShs 99 million as at December 2015 (2014 – KShs 29.5 million), 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.
Other financial instruments for which the Group and company is exposed to credit risk are as follows:

Group:	2015 KShs '000	2014 KShs '000
Bank and cash balances	34,453	32,022
Other receivables (Note 22)	136,038	48,381
	170,94	**80,403**
Company:		
Bank and cash balances	34,253	23,036
Other receivables (Note 22)	100,741	44,192
	134,994	**67,228**

There was no significant credit risk exposure on bank and cash balances and other receivables.

(c) 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 KShs 350 million (2014 – KShs 353 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 end of the reporting period 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.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (continued)

Group	Less than 1 month KShs'000	Between 1 – 3 months KShs'000	Between 3 – 12 months KShs'000	Over 1year KShs'000	Total KShs'000
At 31 December 2015					
Borrowings – Shareholder loans	-	-	105,991	-	105,991
Borrowings – Bank borrowings	21,984	39,217	393,349	522,811	977,361
Hire purchase loans	2,171	4,228	11,125	7,210	24,734
Overdraft facility	484,855	-	-	-	484,855
Trade and other payables	112,654	511,245	18,213	-	642,112
At 31 December 2014					
Borrowings – Shareholder loans	-	-	-	107,489	107,489
Borrowings – Bank borrowings	9,297	14,090	239,563	263,274	526,224
Hire purchase loans	7,177	3,447	28,606	27,898	67,128
Overdraft facility	311,354	-	-	-	311,354
Trade and other payables	152,977	354,020	12,004	-	519,001
Company					
At 31 December 2015					
Borrowings – Related parties loans	-	-	116,584	-	116,584
Borrowings – Bank borrowings	21,984	39,217	393,349	522,811	977,361
Hire purchase loans	2,171	4,228	11,125	7,210	24,734
Overdraft facility	469,897	-	-	-	469,897
Trade and other payables	79,666	454,391	15,292	-	549,349
At 31 December 2014					
Borrowings – Related parties loans	-	-	-	118,079	118,079
Borrowings – Bank borrowings	9,297	14,090	239,563	263,274	526,224
Hire purchase loans	7,177	3,447	28,606	27,898	67,128
Overdraft facility	310,547	-	-	-	310,547
Trade and other payables	156,980	301,193	10,474		- 468,647

(d) Fair values

None of the Group's financial instruments are measured at fair value. The Group has not disclosed fair values for financial instruments not measured at fair value, such as short term trade receivables and payables and long term borrowings, because their carrying amounts are a reasonable estimation of their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group'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:

Property, plant and equipment

The company tests annually whether the useful lives and residual values are appropriate and in accordance with its accounting policy. Useful lives and residual values of property, plant and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

Impairment

At each reporting date, the Group reviews the carrying amounts of its 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.

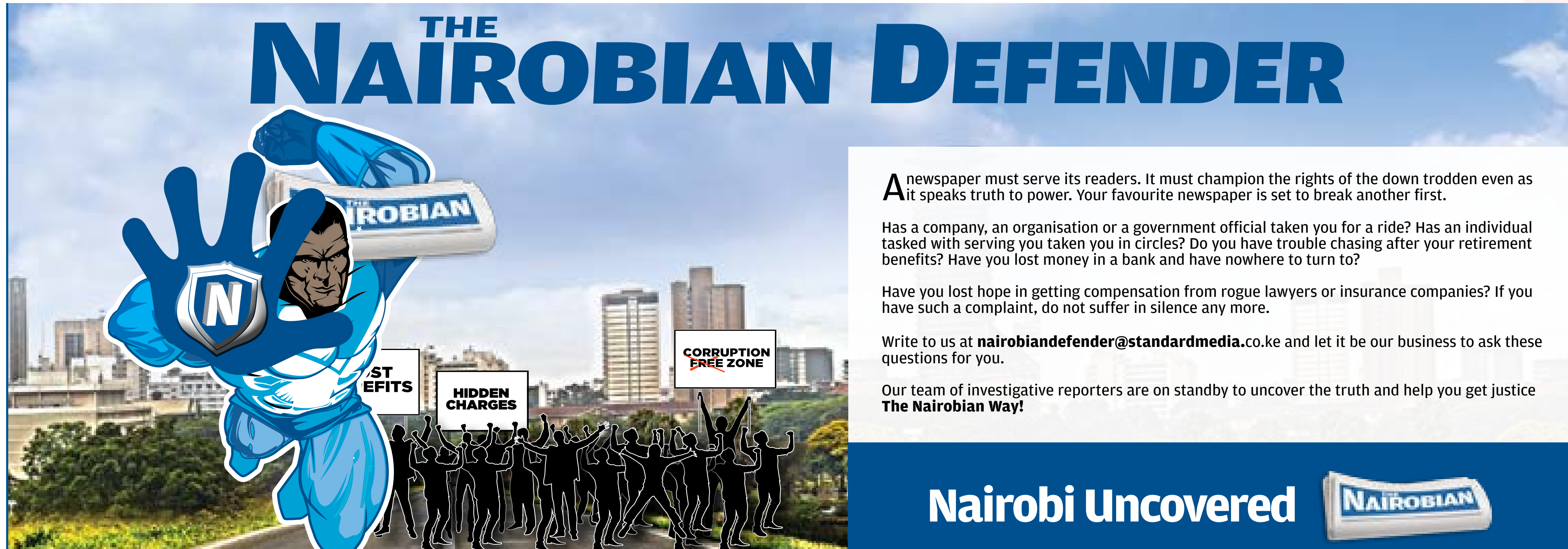
Contingent liabilities

As disclosed in Note 38 to these financial statements, the Group is exposed to various contingent liabilities in the normal course of business including a number of legal cases.

The Directors evaluate the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the financial statements where, based on the Directors' evaluation, a present obligation has been established.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group'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:

Property, plant and equipment
The company tests annually whether the useful lives and residual values are appropriate and in accordance with its accounting policy. Useful lives and residual values of property, plant and equipment have been determined based on previous experience and anticipated disposal values when the assets are disposed.

Impairment
At each reporting date, the Group reviews the carrying amounts of its 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.

Contingent liabilities
As disclosed in Note 38 to these financial statements, the Group is exposed to various contingent liabilities in the normal course of business including a number of legal cases.
The Directors evaluate the status of these exposures on a regular basis to assess the probability of the Group incurring related liabilities. However, provisions are only made in the financial statements where, based on the Directors' evaluation, a present obligation has been established.

Taxation
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

6. SEGMENT REPORTING

(a) Products and services from which reportable segments derive their revenues
Information reported to the operating segment decision makers for the purposes of resource allocation and assessment of segment performance is focused on the means of delivery of the good or service to the customer. The goods and services are delivered through publishing and broadcasting. The Group's reportable segments under IFRS 8 are publishing, television and radio.

(b) Segment revenues and results
The following is an analysis of the group's revenue and results for continuing operations by reportable segment. The segment assets and liabilities exclude current and deferred tax assets and liabilities:

	2015					2014				
	Publishing KShs'000	Television KShs'000	Radio KShs'000	Elimination KShs'000	Total KShs'000	Publishing KShs'000	Television KShs'000	Radio KShs'000	Elimination KShs'000	Total KShs'000
External sales	3,442,726	739,523	306,150	-	4,488,399	3,758,441	932,343	91,865	-	4,782,649
Other gains and losses	(29,700)	3,587	-	-	(26,113)	60,876	698	-	-	61,574
Expenses	(3,645,647)	(881,927)	(166,875)	-	(4,694,449)	(3,398,665)	(899,539)	(101,520)	-	(4,399,724)
Finance costs	(161,618)	(2020)	-	-	(163,638)	(113,461)	(1,568)	(3,387)	-	(118,416)
Segment profit/(loss) before taxation	**(394,239)**	**(140,837)**	**139,275**	**-**	**(395,801)**	**307,191**	**31,934**	**(13,042)**	**-**	**326,083**
Income tax (expense)/ credit	64,749	41,448	-	-	106,198	(95,360)	(10,209)	-	-	(105,569)
Profit/(loss) after taxation	**(329,490)**	**(99,389)**	**139,275**	**-**	**(289,603)**	**211,831**	**21,725**	**(13,042)**	**-**	**220,514**

c) Segment assets and liabilities

	Publishing KShs'000	Television KShs'000	Radio KShs'000	Elimination KShs'000	Total KShs'000	Publishing KShs'000	Television KShs'000	Radio KShs'000	Elimination KShs'000	Total KShs'000
Segment assets	3,884,907	678,508	98,898	(384,063)	4,278,250	3,292,558	758,106	338,099	(309,236)	4,079,527
Segment liabilities	2,238,836	381,534	50,572	(384,063)	2,286,879	1,615,781	298,072	-	(309,236)	1,604,617
Capital expenditure	459,840	2,172	2,976	-	464,988	308,963	56,630	48,310	-	413,903
Depreciation and amortisation expense	280,409	81,825	18,429	-	380,663	218,430	67,567	17,593	-	303,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

7. REVENUE

	2015 KShs'000	2014 KShs'000
Newspaper circulation	1,143,546	1,145,557
Newspaper advertising	2,057,713	2,320,539
Digital advertising	175,677	116,956
Magazines and newspapers	-	111,372
Outdoor advertising	65,790	64,016
Television advertising	739,523	901,586
Radio advertising	306,150	91,865
Production and other revenue	-	30,758
	4,488,399	4,782,649

8. DIRECT COSTS

	2015	2014
Material cost	555,978	621,993
Programmes	177,901	219,640
Magazine purchases	31,885	124,510
Depreciation	124,198	92,242
News contribution costs	90,935	91,003
Advertising commission	25,343	43,819
Billboard costs	6,163	26,823
Production salaries	3,773	39,733
Maintenance	50,228	35,973
News service	37,905	42,955
Air freight	-	10,128
Rent	-	10,984
TV licenses	49,438	45,022
Machine and equipment hire	(79)	1,390
Operating lease	47,656	-
Others	1,729	8,826
	1,203,053	1,415,041

9. OTHER (LOSSES)/GAINS

	2015	2014
Sale of returns, production waste and other income	23,139	40,209
Printing services	3,140	22,873
Write back of impairment losses	-	1,546
Miscellaneous income	31,939	632
Leasing fees	1,557	1,557
Gain on disposal of property and equipment	12,894	1,733
Net foreign exchange loss	(13,088)	(6,976)
Loss on impaired assets	(85,694)	-
	(26,113)	61,574

10. SELLING AND DISTRIBUTION

	2015	2014
Commission	330,094	342,042
Transport and distribution costs	106,193	83,536
Marketing and promotion	82,331	99,672
Packing materials	2,590	12,054
	521,208	537,304

11. ADMINISTRATIVE EXPENSES

	2015 KShs'000	2014 KShs'000
Staff costs	1,567,405	1,402,139
Vehicle running and hire	72,320	113,839
Depreciation charge	158,985	198,957
Impairment losses	286,582	114,962
Rent and office expenses	139,224	102,418
Professional fees	189,054	134,262
Electricity and water	47,605	66,325
Telephone and postages	52,767	57,258
General insurance	34,806	42,213
Licences	54,097	30,788
Printing and stationery	19,639	27,560
Repairs and maintenance	93,863	22,452
Bank charges	32,304	20,451
Travel and accommodation	49,773	58,122
Amortisation	97,119	12,392
Mileage	3,236	3,025
Directors' fees	13,590	6,595
Entertainment	15,529	10,698
Training	19,316	10,086
Subscription and donation	12,744	10,375
Others	10,230	2,462
	2,970,188	2,447,379

Staff costs include:

	2015	2014
Salaries and wages	1,294,002	1,167,757
Staff welfare	213,045	177,301
Pension contributions	55,970	54,244
Others	4,388	2,837
	1,567,405	1,402,139

12. FINANCE COSTS

	2015	2014
Interest on term loans	112,135	67,153
Interest on overdrafts	39,435	33,778
Interest on shareholder loans	5,190	3,525
Interest on hire purchase loans	6,878	13,960
	163,638	118,416

13. PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging/(crediting):

	2015	2014
Depreciation	283,184	291,198
Amortisation		
- intangible assets	95,486	10,761
- prepaid operating lease rentals	1,633	1,631
Directors' emoluments:		
- Fees - non-executive	8,496	6,335
- Other emoluments – executive	70,269	117,164
Auditors' remuneration - current year	4,659	4,235
Gain on disposal of plant and equipment	(12,894)	1,733
Loss on impaired assets	85,964	-

14. DIVIDEND PER SHARE

Group and Company	2015 KShs '000	2014 KShs '000
Dividends – Ordinary shares	-	40,866

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an Annual General Meeting.

At the Annual General Meeting held on 29 May 2015, a final dividend in respect of the year ended 31 December 2014 of KShs 0.50 for every ordinary share was approved by the shareholders. This brought the total dividend to KShs 40,866,000.A total of KShs 15,476,000 was paid out to shareholders with KShs 25,392,000 remaining as dividends payable.

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

15. TAXATION

Group

a) Taxation expense	**2015 KShs'000**	**2014 KShs'000**
Current taxation charge	46,578	109,586
Deferred tax in respect of the current year	(154,864)	(5,208)
Adjustments recognised in the current year in relation to the deferred tax of prior year (Note 27)	2,088	321
Under provision of current tax in prior year	-	870
Total income tax expense recognised in the current year	**(106,198)**	**105,569**

b) Reconciliation of expected tax based on accounting profit to taxation expense

	2015	2014
(Loss)/profit before taxation	**(395,801)**	**326,083**
Tax at the applicable rate of 30%	(118,740)	97,825
Tax effect of non-deductible costs	10,454	6,553
Prior year (over)/under provision of deferred tax	2,088	321
Under provision of current tax in prior year	-	870
	(106,198)	105,569

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Joe Ageyo— *Managing Editor, KTN*



c) Taxation payable/(recoverable) Group

	2015 KShs '000	2014 KShs '000
At beginning of the year	10,260	(16,313)
Under provision prior year	-	478
Current tax - charge for the year	46,578	109,586
Tax paid in the year	(77,256)	(83,491)
At 31 December	**(20,418)**	**10,260**
Comprising:		
Tax payable	-	16,984
Tax recoverable	(20,418)	(6,724)
	(20,418)	**10,260**
Company		
At beginning of the year	16,984	(9,589)
Under provision prior year	-	478
Current tax - charge for the year	46,578	109,586
- tax paid in the year	(77,256)	(83,491)
At 31 December	**(13,694)**	**16,984**
Comprising:		
Tax payable	-	16,984
Tax recoverable	13,694	-
	13,694	**16,984**

16. BASIC AND DILUTED EARNINGS PER SHARE

	2015	2014
(Loss)/profit attributable to owners of the Company – KShs'000	(240,903)	209,870
Number of shares during the year	81,730,854	81,730,854
Basic earnings per share – KShs	**(2.95)**	**2.57**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT

(a) Group	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture fittings & equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
2015:						
At 1 January 2015	664,646	2,178,969	182,072	491,622	168,402	3,685,711
Additions	1,103	43,154	10,013	54,045	348,019	456,334
Disposals	-	-	(23,676)	(3,878)	-	(27,554)
Write off	-	(79,768)	-	-	(28,116)	(107,884)
Transfers from WIP	10,925	-	-	-	(10,925)	-
Transfers to intangible	-	-	-	-	(324,974)	(324,974)
At 31 December 2015	676,674	2,142,355	168,409	541,789	152,406	3,681,633
Depreciation						
At 1 January 2015	52,221	857,173	164,337	345,028	-	1,418,759
Charge for the year	13,503	115,387	13,528	140,766	-	283,184
Eliminated on write off	-	(22,190)	-	-	-	(22,190)
Eliminated on disposal	-	-	(23,676)	(3,878)	-	(27,554)
At 31 December 2015	65,724	950,370	154,189	481,916	-	1,652,199
Carrying amount						
At 31 December 2015	610,950	1,191,985	14,220	59,873	152,406	2,029,434
2014:						
Cost						
At 1 January 2014	664,646	2,066,562	199,335	507,551	3,292	3,441,386
Additions	-	126,974	3,830	89,014	111,517	331,335
Disposals	-	(4,728)	(19,022)	(2,036)	-	(25,786)
Write off	-	(9,839)	(2,071)	(102,907)	-	(114,817)
Transfers from intangible	-	-	-	-	53,593	53,593
At 31 December 2014	664,646	2,178,969	182,072	491,622	168,402	3,685,711
Depreciation						
At 1 January 2014	47,125	703,924	127,930	380,919	-	1,259,898
Charge for the year	13,504	155,069	55,429	67,196	-	291,198
Write off	(8,408)	(777)	-	(101,493)	-	(110,678)
Eliminated on disposal	-	(1,043)	(19,022)	(1,594)	-	(21,659)
At 31 December 2014	52,221	857,173	164,337	345,028	-	1,418,759
Carrying amount						
At 31 December 2014	**612,425**	**1,321,796**	**17,735**	**146,594**	**168,402**	**2,266,952**

At 31 December 2015, property, plant and equipment with cost of KShs 476,174,510 (2014 – KShs 502,534,793) were fully depreciated. The notional depreciation charge on these assets would have been KShs 114,817,196 (2014 – KShs 120,970,971).
During the year, management carried out a review of the working conditions of the group's property, plant and equipment and booked impairment losses for impaired assets. Impairment losses for the year were KShs 85,696,000 (2014: KShs 3,509,000).

PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company

	Buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Furniture fittings & equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
2015:						
Cost						
At January 2015	584,041	1,539,267	182,466	414,409	167,720	2,887,903
Additions	1,103	43,154	10,013	51,873	348,019	454,162
Write offs	-	(79,768)	-	-	(28,116)	(107,884)
Disposals	-	-	(23,676)	(3,878)	-	(27,554)
Transfers from WIP	10,925	-	-	-	(10,925)	-
Transfer to intangible	-	-	-	-	(324,974)	(324,974)
At 31 December 2015	596,069	1,502,653	168,803	462,404	151,724	2,881,653
Depreciation						
At January 2015	52,848	523,638	163,217	283,435	-	1,023,138
Charge for the year	11,891	115,388	13,528	60,553	-	201,360
Eliminated on write offs	-	(22,190)	-	-	-	(22,190)
Eliminated on disposals	-	-	(23,676)	(3,878)	-	(27,554)
At 31 December 2015	64,739	616,836	153,069	340,110	-	1,174,754
Carrying amount						
At 31 December 2015	**531,330**	**885,817**	**15,734**	**122,294**	**151,724**	**1,706,899**
2014:						
Cost						
At January 2014	584,041	1,472,920	199,188	412,703	3,293	2,672,145
Additions	-	73,585	4,371	85,916	110,834	274,706
Write offs	-	(2,510)	(2,071)	(82,174)	-	(86,755)
Disposals	-	(4,728)	(19,022)	(2,036)	-	(25,786)
Transfer from intangible	-	-	-	-	53,593	53,593
At 31 December 2014	584,041	1,539,267	182,466	414,409	167,720	2,887,903
Depreciation						
At January 2014	40,965	426,448	127,781	310,446	-	905,640
Charge for the year	11,883	100,611	55,429	55,709	-	223,632
Write off	-	(2,252)	(777)	(81,127)	-	(84,156)
Eliminated on disposals	-	(1,169)	(19,216)	(1,593)	-	(21,978)
At 31 December 2014	52,848	523,638	163,217	283,435	-	1,023,138
Carrying amount						
At 31 December 2014	**531,193**	**1,015,629**	**19,249**	**130,974**	**167,720**	**1,864,765**

At 31 December 2015, property, plant and equipment with cost of KShs 341,882,118 (2014 – KShs 394,036,676) were fully depreciated. The notional depreciation charge on these assets would have been KShs 97,769,475 (2014 – KShs 104,002,674).

18. PREPAID OPERATING LEASE RENTALS	2015 KShs'000	2014 KShs'000
Group and Company		
Cost		
At 1 January	128,000	128,000
Additions during the year	-	-
At 31 December	128,000	128,000
Amortisation		
At 1 January	9,076	7,445
Charge for the year	1,633	1,631
At 31 December	10,709	9,076
Carrying amount		
At 31 December	**117,291**	**118,924**

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

19.INTANGIBLE ASSETS				Broadcasting	
(a) Group	Trademarks KShs'000	Software KShs'000	Licenses KShs'000	2015 KShs'000	2014 KShs'000
Cost					
At 1 January	6,000	161,628	117,655	285,283	256,308
Additions	-	8,653	-	8,653	82,568
Transfer from plant and equipment	-	324,974	-	324,974	(53,593)
At 31 December	6,000	495,255	117,655	618,910	285,283
Amortisation					
At 1 January	-	75,927	-	75,927	65,166
Charge for the year	-	95,486	-	95,486	10,761
At 31 December	-	171,413	-	171,413	75,927
Carrying amount					
At 31 December	**6,000**	**323,842**	**117,655**	**447,497**	**209,356**
(b) Company					
Cost					
At 1 January	6,000	161,628	50,780	218,408	189,433
Additions	-	8,653	-	8,653	82,568
Transfer from property, plant and equipment	-	324,974	-	324,974	(53,593)
At 31 December	6,000	495,255	50,780	552,035	218,408
Amortisation					
At 1 January	-	75,927	-	75,927	65,166
Charge for the year	-	95,485	-	95,485	10,761
At 31 December	**-**	**171,412**	**-**	**171,412**	**75,927**
Carrying amount					
At 31 December	6,000	323,843	50,780	380,623	142,481

INTANGIBLE ASSETS (Continued)

The group acquired the rights to distribute the Eve trademark on 17 April 2009. An agreement was signed transferring full title and guaranteeing all rights, titles and interest in the publication to the Group.

The Group acquired licenses for radio frequencies through its subsidiary, Toads Media Group Limited and additional frequencies acquired directly by the parent. The Group made reference to the cash generating ability of radio Maisha and projected consistent revenue growth for the foreseeable future and assessed these as not impaired.

At the end of the year, the Group assessed the recoverable amounts of both its investments in trademarks and the frequency for impairment. The Group used reference to their cash generating ability and assessed them as not impaired. For the Eve trademark, the assumption made was that the publication (Eve Woman) will continue to accrue commercial benefits in the foreseeable future. No impairment losses have therefore been recognized in these financial statements.

20. INVESTMENTS

Investment in subsidiaries (unquoted)	Principal activity	Shareholding %	2015 KShs'000	2014 KShs'000
The Standard Limited	Dormant	100%	3,398	3,398
Baraza Limited	Broadcasting	51%	92	92
Agency Sales and Promotion Limited	Dormant	100%	2	2
Toads Media Group Limited	Leasing	100%	66,875	66,875
			70,367	70,367

The investments in the subsidiaries are carried at cost. Toads Media Group Limited holds the licence for the frequencies for Radio Maisha, which operates as a division of The Standard Group Limited.

21. INVENTORIES

	2015 KShs'000	2014 KShs'000
(a) Group		
Raw materials	49,502	66,261
Consumables	85,924	101,781
Goods in transit	-	19,747
Broadcast programmes	11,715	14,161
	147,141	**201,950**

Inventories expensed during the year amounted to KShs 752,502,000 (2014 - KShs 857,841,000).

INVENTORIES (Continued)

(b) Company	2015 KShs'000	2014 KShs'000
Raw materials	49,502	66,261
Consumables	82,945	93,666
Goods in transit	-	18,054
	132,447	177,981

Inventories expensed during the year amounted to KShs 613,298,000 (2014 - KShs 731,570,000).

22. TRADE AND OTHER RECEIVABLES

	2015 KShs'000	2014 KShs'000
(a) Group		
Trade receivables	1,879,387	1,438,089
Impairment losses	(525,947)	(251,333)
	1,353,440	1,186,756
Other receivables	136,038	48,381
Prepayments	12,956	15,186
	1,502,434	**1,250,323**
(b) Company		
Trade receivables	1,493,916	1,101,528
Impairment losses	(445,388)	(209,006)
	1,048,528	892,522
Other receivables	100,741	44,192
Prepayments	12,087	12,865
	1,161,356	**949,579**

23. SHARE CAPITAL

	2015	2014
(a) Ordinary shares		
Authorised:		
103,979,600 ordinary shares of KShs 5 each	**519,898**	**519,898**
Issued and fully paid:		
81,730,854 Ordinary shares of KShs 5 each	**408,654**	**408,654**
(b) Share premium		
Share premium comprises:		
Ordinary shares at 31 December	**39,380**	**39,380**

(c) Movement in fully paid ordinary shares

	No. of shares	Share capital KShs'000	Share premium KShs'000	Total KShs'000
At 31 December 2014	81,730,854	408,654	39,380	448,034
At 31 December 2015	81,730,854	408,654	39,380	448,034

There was no increase in share capital during the year.

24. RESERVES

(a) Capital redemption reserve

In accordance with Section 60 (1) of the Kenyan Companies Act, the redemption of the preference share capital was made through a transfer to a capital redemption reserve fund.

(b) Retained earnings

Retained earnings represent accumulated profits retained by the Group after payment of dividends to the shareholders.

25. NON-CONTROLLING INTERESTS	2015 KShs'000	2014 KShs'000
At 1 January	225,416	214,772
Share of results for the year	(48,700)	10,644
At 31 December	**176,716**	**225,416**

26. RELATED PARTY BALANCES

(a) Due from related companies

	Group		Company	
	2015 KShs'000	2014 KShs'000	2015 KShs'000	2014 KShs'000
Baraza Limited	-	-	255,562	228,277

The amounts due from the group Company are fully performing and are recoverable within the next 12 months.

Balances due to related parties are repayable as follows:

	2015 KShs'000	2014 KShs'000
Group		
Within 1 year	105,991	-
Between 2 and 5 years	-	107,489
	105,991	107,489
Company		
Within 1 year	116,587	-
Between 2 and 5 years	-	118,079
	116,587	**118,079**

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 one year and is interest free. The loans from Miller Trustees Limited and Trade World (K) Limited are repayable within the next one year and attract interest at a rate of 8%. All loans are unsecured. The loan from The Standard Limited is unsecured and is due within the next twelve months.

The group has transactions with shareholders and companies in which directors of The Standard Group Limited are also directors (Note 34).

RELATED PARTY BALANCES (Continued)

(b) Due to related parties **Group**	Effective interest rate %	2015 KShs'000	2014 KShs'000
(i) Loans			
The Standard Media Group Holdings Limited (common shareholding)	-	36,703	42,609
Trade World (K) Limited (shareholders)	8.0	23,819	22,308
Miller Trustees (shareholders)	8.0	45,469	42,572
		105,991	**107,489**
Company			
Standard Media Group Holdings Limited	-	36,703	42,609
Trade World (K) Limited	8.0	23,825	22,308
Miller Trustees Limited	8.0	45,469	42,572
The Standard Limited	-	10,590	10,590
		116,587	**118,079**

The balances due to related parties are due within the next twelve months in the current financial year.

27. DEFERRED TAX (ASSET) / LIABILITY

(a) Group	2015 KShs'000	2014 KShs'000
Movement on the deferred tax liability is as follows:		
At 1 January	272,104	287,200
Deferred tax credit in respect of the current year	(113,417)	(15,417)
Adjustments recognised in the current year in relation to the deferred tax of prior year (Note 15(a))	2,088	321
At 31 December	**160,775**	**272,104**
The make up of deferred tax liability is disclosed in Note 27(b). The net deferred tax asset is attributable to the following items;		
Accelerated capital allowances	53,757	70,890
Leave pay provision	(876)	(459)
Gratuity provision	(1,784)	(1,777)
Doubtful debts provision	(24,168)	(12,698)
Tax losses	(83,875)	(71,454)
At 31 December	**(56,946)**	**(15,498)**

27. DEFERRED TAX LIABILITY (Continued)

(a) Group (continued)

	2015 KShs'000	2014 KShs'000
The movement on the deferred tax asset is as follows:		
At 1 January	(15,498)	(25,707)
(Credit) / expense	(41,448)	10,209
At 31 December	**(56,946)**	**(15,498)**
(b) Company		
Deferred tax liability/(assets)		
Accelerated capital allowances	303,606	345,597
Gratuity provision	(4,626)	(7,649)
Leave provision	(4,587)	(3,142)
General provisions for doubtful receivables	(133,618)	(62,702)
Net deferred tax liability	**160,775**	**272,104**

28. BORROWINGS

(a) Group

The borrowings are repayable as follows:

	HP Loans KShs'000	Term Loans KShs'000	Overdrafts KShs'000	2015 Total KShs'000	2014 Total KShs'000
On demand and within one year	17,524	454,550	484,855	956,929	613,534
Between 1 and 2 years	7,210	203,623	-	210,833	144,357
Between 2 and 5 years	-	319,188-	319,188	146,815	
	24,734	**977,361**	**484,855**	**1,486,950**	**904,706**
Amounts due for settlement within one year	17,524	454,550	484,855	956,929	613,534
Amount due after one year	7,210	522,811	-	530,021	291,172
	24,734	**977,361**	**484,855**	**1,486,950**	**904,706**
The movement in the year was as follows:					
Beginning of the year	67,128	526,224	311,354	904,706	927,576
Additions	-	1,219,372	-	1,219,372	397,563
Repayments	(42,394)	(768,235)	-	(810,629)	(388,683)
Movement in overdrafts	-	-	173,501	173,501	(31,750)
At 31 December	**24,734**	**977,361**	**484,855**	**1,486,950**	**904,706**

28. BORROWINGS (Continued)

(a) Group - continued

	HP Loans KShs'000	Term loans KShs'000	Overdrafts KShs'000	Total KShs'000
At 31 December 2015:				
CfC Stanbic Bank Limited	8,549	251,279	253,164	512,992
CfC Stanbic Bank Limited (Short term raw materials)	-	191,233	-	191,233
Commercial Bank of Africa Limited (Short term raw materials)		29,000	-	29,000
Commercial Bank of Africa Limited	16,185	505,849	227,609	749,643
Kenya commercial Bank Limited	-	-	4,082	4,082
	24,734	977,361	484,855	1,486,950
At 31 December 2014:				
CfC Stanbic Bank Limited	13,744	159,816	141,819	315,379
CfC Stanbic Bank Limited (Short term raw materials)	-	94,525	-	94,525
Commercial Bank of Africa Limited	52,305	271,883	169,535	493,723
Diamond Trust Bank Kenya Limited	1,079	-	-	1,079
	67,128	526,224	311,354	904,706

(b) **Company**

The borrowings are repayable as follows:

	HP Loans KShs'000	Term loans KShs'000	Overdrafts KShs'000	2015 Total KShs'000	2014 Total KShs'000
On demand and within one year	17,524	454,550	469,897	941,971	612,727
Between 1 and 2 years	7,210	203,623	-	210,833	144,357
Between 2 and 5 years	-	319,188	-	319,188	146,815
	24,734	**977,361**	**469,897**	**1,471,992**	**903,899**
Amount due for settlement within one year	**17,524**	**454,550**	**469,897**	**941,971**	**612,727**
Amount due after one year	**7,210**	**522,811**	**-**	**530,021**	**291,172**
Beginning of the year	67,128	526,224	310,547	903,899	896,321
Additions	-	1,219,372	-	1,219,372	397,563
Repayments	(42,394)	(768,235)	-	(810,629)	(388,684)
Movement in overdrafts	-	-	159,350	159,350	(1,301)
At 31 December	**24,734**	**977,361**	**469,897**	**1,471,992**	**903,899**

BORROWINGS (Continued)
(a) Company - continued

At 31 December 2015:	HP Loans KShs'000	Term loans KShs'000	Overdrafts KShs'000	Total KShs'000
CfC Stanbic Bank Limited	8,549	251,279	241,205	501,033
CfC Stanbic Bank Limited (Short term raw materials)	-	191,233	-	191,233
Commercial Bank of Africa Limited (Short term raw materials)		29,000		29,000
Commercial Bank of Africa Limited	16,185	505,849	224,610	746,644
Kenya commercial Bank Limited	-	-	4,082	4,082
	24,734	**977,361**	**469,897**	**1,471,992**
At 31 December 2014:				
CfC Stanbic Bank Limited	13,743	159,816	141,012	314,571
CfC Stanbic Bank Limited	-	94,525	-	94,525
Commercial Bank of Africa Limited	52,306	271,883	169,535	493,724
Diamond Trust Bank Kenya Limited	1,079	-	-	1,079
	67,128	**526,224**	**310,547**	**903,899**

The bank facilities are denominated in Kenya shillings with variable interest rates. The term loans and overdrafts for CfC Stanbic Bank Limited are secured as follows:

- Joint and several debenture for KShs 130 million, a variation of joint and several debenture for KShs 243 million, a second further joint and several debenture for KShs 117 million and a third further joint and several debenture for KShs 400 million (all together securing an aggregate amount of KShs 890 million) created by the borrower and The Standard Limited ranking pari passu with a debenture created by the borrower in favour of Commercial Bank of Africa;
- Legal charge, being supplemental to the above debentures, for KShs 490 million created by Standard Group Limited in favour of the bank over Land Reference Number 209/18213, Nairobi ranking pari passu with a legal charge created over the said property in favour of Commercial Bank of Africa Limited;
- Corporate guarantee and indemnity for KShs 518,000,000 by Baraza Limited in favour of the Bank on account of The Standard Group Limited supported by the Board of Director's resolution authorising issuance of the same;
- Corporate guarantee and indemnity for KShs 359,000,000 by Baraza Limited in favour of the bank and on account of The Standard Limited ;
- Letter of undertaking by The Standard Production Services Limited consenting to the sale of Land Reference Number 209/9717, Nairobi in the event of default by the Company;
- Inter-lenders' agreement between the Bank, Commercial Bank of Africa and the borrower; and
- Hire Purchase Agreements executed between the bank and the Company and lodgements with the bank of all the relevant logbooks together with blank transfer forms for the assets financed under the Vehicle and Asset Finance Facility.

28. BORROWINGS (Continued)

The term loans and overdrafts for Commercial Bank of Africa Limited are secured as follows:

- Joint and several, fixed and floating debenture charge over all the assets of the Company, Baraza Limited and The Standard Limited for KShs 890 million;
- Joint and several, fixed and floating debenture for KShs 110 million over all the assets of the Company and Toads Media Group Limited;
- Legal charges for an aggregate of KShs 890 million over Land Reference Number 209/18213 in the name of the Company together with the title, ranking pari passu with charges of CfC Stanbic Bank Kenya Limited;
- Corporate guarantee from Baraza Limited for KShs 890 million;
- Corporate guarantees from Toads Media Group Limited in the amount of KShs 110 million;
- Hire purchase loans are secured by the assets that are the subject of those loans;
- Deed of assignment of all the rights under the assets financed;
- Inter-lenders' agreement between the Bank, Commercial Bank of Africa and the borrower; and
- Original log books and blank transfer forms for various motor vehicles.

The effective interest rates on the borrowings were as follows:

	HP Loans %	Term loans %	Overdraft %
Year ended 31 December 2015			
CfC Stanbic Bank Limited	15.41	15.41	15.41
Commercial Bank of Africa Limited	19.58	19.58	19.58
Year ended 31 December 2014			
CfC Stanbic Bank Limited	13.50	13.5	13.5
Commercial Bank of Africa Limited	15.25	15.25	15.25
Diamond Trust Bank Kenya Limited	15.50	-	-

29. TRADE AND OTHER PAYABLES

	2015 KShs'000	2014 KShs'000
(a) Group		
Trade	151,923	152,977
Accruals and other payables	471,976	354,020
Value Added Tax payable	35,451	42,002
Leave pay accrual	18,213	12,004
	677,563	561,003
(b) Company		
Trade	134,530	156,980
Accruals and other payables	399,527	301,193
Value Added Tax payable	23,149	29,292
Leave pay accrual	15,292	10,474
	572,498	**497,939**


Radio Maisha
Tuko mbele pamoja!


WEBUYE
GARISSA
106.3 TAITA/VOI
102.3 NAROK
102.7 NAIROBI
MOMBASA 105.1
KERICHO 90.5
Maisha
Tuko mbele pa
Pioneer
STANDARD GROUP
Radio Maisha
Tuko mbele pamoja!
Miaka
6

Radio Maisha
Tuko mbele pamoja!

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2015

30. EMPLOYEE BENEFIT

(a) Group	2015 KShs'000	2014 KShs'000
Gratuity provision	21,370	31,420
Movement in gratuity provision is as shown below:		
At 1 January	31,420	27,722
Amounts paid in the year	(49,263)	(12,736)
Additional provision	39,213	16,434
At 31 December	**21,370**	**31,420**
(b) Company		
Gratuity provision	**15,422**	**25,497**
Movement in gratuity provision is as shown below:		
At 1 January	25,497	22,724
Amounts paid in the year	(48,741)	(12,107)
Additional provision	38,666	14,880
At 31 December	**15,422**	**25,497**

The provision is made based on the contract period. The assumptions made are that all the employees will reach the end of the contract period and that there will be no decrease in salaries paid over the duration of the contracts.

31. NOTES TO THE STATEMENT OF CASH FLOWS

	2015 KShs'000	2014 KShs'000
(a) Reconciliation of (loss)/profit before tax to cash generated from operations		
(Loss)/profit before tax	(395,801)	326,083
Adjustments for:		
Depreciation (Note 17 (a))	283,184	291,198
Amortisation - intangible assets (Note 19 (a))	95,486	10,761
- prepaid operating lease rentals (Note 18)	1,633	1,631
Gain on sale of plant and equipment (Note 9)	(12,894)	(1,733)
Loss on write off of plant and equipment	85,694	3,509
Interest expense (Note 12)	163,638	118,416
Operating profit before tax and working capital changes	**220,940**	**749,865**
Decrease in inventories	54,809	101,085
(Increase)/decrease in trade and other receivables	(252,111)	(54,392)
Increase/(decrease) in trade and other payables	(116,560)	(219,903)
(Decrease)/increase in employee benefits	(10,050)	(3,698)
Net movement in related party balances	(1,498)	(3,182)
Cash generated from operations	**128,650**	**685,955**

31. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	2015 KShs'000	2016 KShs'000
(b) Cash and cash equivalents		
Bank and cash balances	34,453	32,022
Bank overdraft (Note 28)	(484,855)	(311,354)
	(450,402)	(279,332)
(c) Analysis of purchase of property and equipment		
Additions in the year (Note 17(a))	456,334	331,335
(d) Analysis of bank loans received		
Loan additions during the year (Note 28)	1,219,372	397,563

32. RETIREMENT BENEFIT OBLIGATIONS

The group contributes to a pension 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 7.5% of the employee's pensionable salary.

During the year, the group expensed KShs 55,969,536 (2014– KShs 57,080,422) in contributions payable.

33. OPERATING LEASES

Outstanding commitments under operating leases are as follows:

	2015 KShs'000	2016 KShs'000
Tenancy payable:		
Not later than one year	40,485	54,790
Between one and two years	16,216	43,059
Between two and five years	9,993	25,700
Over 5 years	4,293	28,321
	70,987	151,870
Amounts charged to profit or loss in the year in respect of operating leases	90,730	70,235

34. RELATED PARTY TRANSACTIONS

Related parties balances not settled at year end are disclosed under note 26.

(a) Key management compensation

The remuneration of Directors and members of key management during the year were as follows:

	2015 KShs'000	2014 KShs'000
Fees for services as a director		
Non-executive directors	8,496	6,335
Other emoluments		
Salaries and other short-term employment benefits:		
Executive directors' and key management	70,269	77,499
Total	78,765	83,834
(b) Cash transfers		
Cash transfers from The Standard Group Limited to Baraza Limited	81,076	45,742
Cash transfers from Baraza Limited to The Standard Group Limited	353,021	387,707
(c) Payments on behalf		
Payments by The Standard Group Limited on behalf of Baraza Limited	918,709	557,379
Payments by Baraza Limited on behalf of The Standard Group Limited	637,514	198,043
(d) Interest expens		
Interest on shareholder loan	5,190	3,526

35. CAPITAL COMMITMENTS

	KShs'000	KShs'000
Authorised and contracted for	164,000	276,477
Authorised but not contracted for	329,576	617,899
	493,576	894,376

Capital commitments mainly relate to acquisition of new equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

36. CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group 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.

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

	2015 KShs'000	2014 KShs'000
Share capital	408,654	408,654
Share premium	39,380	39,380
Capital redemption reserve	102	102
Retained earnings	1,252,721	1,534,491
Non - controlling interests	176,716	225,416
Equity	**1,877,573**	**2,208,043**
Total borrowings	1,486,950	904,706
Less: cash balances	(34,453)	(32,022)
Net debt	**1,452,497**	**872,684**
Gearing	**77%**	**40%**

37.EMPLOYEE SHARE OPTION PLAN

Company

Details of the employee share option plan of the Company

The Board proposed to the shareholders to set up an Employee Share Ownership Plan (ESOP) as part of strategic measures to align shareholders and employee interests. The shareholders approved the same on May 18, 2007. The Trust Deed to the Scheme was approved by the Capital Markets Authority on 20 August 2009 and registered on 11 September 2009. Consequently, 5,198,980 unissued ordinary shares of the Company are reserved for the ESOP. In accordance with the Trust Deed, employees with more than one year's service with the Group may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of the Company on exercise. Share options consist of

(a) free seed shares where no amounts are paid or are payable by the recipient on receipt of the option; and
(b) shares offered to employees at a discounted price. The options carry rights to dividends and voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

37. EMPLOYEE SHARE OPTION PLAN (Continued)

The following share-based payment arrangements were in existence during the current and prior years:

	Number	Expiry date	Exercise price KShs	Fair value at grant date KShs
(1) Granted on 24 June 2011	90,640	Not applicable	38.69	36.75
(2) Granted on 20 July 2011	165,500	Not applicable	38.69	31.00

5,366 options granted on 24 June 2011 were not taken up during the vesting period.

Fair value of share options granted in the year

The weighted average fair value of share options granted in 2011 was KShs 33.03. Options were valued with reference to quoted market prices. There were no share options granted in 2015 and 2014.

Movements in share options during the year

The following share options were exercised during year:

Options series	Number exercised	Exercise date	Share price at exercise date KShs
(1) Granted 24 June 2011	39,956	July 2012	*26.3

* Represents the weighted average share price during the period of exercise as the options were exercised on a regular basis throughout the period.

Share options outstanding at the end of the year
There were no share options outstanding as at 31 December 2015 and 2014.

38. CONTINGENT LIABILITIES

As at 31 December 2014, the group had outstanding contingent liabilities amounting to KShs 545,650,000 (2014 - KShs 533,350,000) in respect of on-going litigation mainly relating to libel charges arising in the normal course of business. KShs 404,166,309 (2014 – KShs 329,474,033) of the contingent liabilities have been insured while a total of KShs 140,926,035 (2014 – KShs 67,958,656) have been provided for by the group to cover both the balance and the cost of professional legal services. Legal opinion obtained from the group's advocates by the director's show that no additional liability will arise.

39. SUBSEQUENT EVENTS

Post year end, the Company formed a partnership with The Radio Africa Group to broadcast digital content and sell set top boxes.

40. INCORPORATION

The Standard Group Limited is a limited liability Company incorporated and domiciled in Kenya under the Kenyan Companies Act. The ultimate holding company is SNG Holdings Limited and is incorporated in the United Kingdom.

DETAILED COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		2015 KShs'000	2014 KShs'000
REVENUE	Appendix II	3,748,877	3,850,305
DIRECT COSTS	Appendix II	(919,447	(1,078,353)
STAFF COSTS	Appendix II	(1,217,779)	(1,068,101)
SELLING AND DISTRIBUTION COSTS	Appendix III	(501,431)	(523,654)
ADMINISTRATION EXPENSES	Appendix III	(1,173,866)	(830,583)
OTHER GAINS AND LOSSES	Appendix IV	(29,700)	(61,384)
FINANCE COSTS	Appendix IV	(161,618)	(116,849)
PROFIT BEFORE TAXATION		(254,964)	(294,149)
TAXATION CREDIT/(EXPENSE)		64,749	(95,360)
(LOSS)/PROFIT AFTER TAXATION		(190,215)	(198,789)

Appendix II

DETAILED COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	2015 KShs'000	2014 KShs'000
REVENUE		
Newspaper circulation	1,101,092	1,145,557
Newspaper and online advertising	2,539,541	2,529,360
Magazines and newspapers	42,454	111,372
Outdoor advertising	65,790	64,016
	3,748,877	**3,850,305**
DIRECT COSTS		
Material cost	478,817	624,107
Cost of sales PDS	31,885	124,510
Depreciation	201,359	92,242
Contribution	78,929	81,456
Bonus – advertising	-	9,315
Cost of sales outdoor advertising	6,163	26,823
Production salaries	3,772	39,733
Maintenance	50,228	35,972
News service	20,638	23,083
Air freight	-	10,128
Rent	-	10,984
Operating lease	47,656	-
	919,447	**1,078,353**
STAFF COSTS		
Salaries and wages	1,019,324	903,686
Personnel costs – other	151,143	120,295
Pension contribution	43,365	41,740
Other	3,947	2,380
	1,217,779	**1,068,101**

Appendix III

DETAILED COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	2015 KShs'000	2014 KShs'000
SELLING AND DISTRIBUTION COSTS		
Commission	330,094	342,042
Transport and distribution costs	106,193	83,536
Marketing and promotion	65,144	86,022
Packing materials	-	12,054
	501,431	**523,654**
ADMINISTRATION EXPENSES		
Vehicle running and hire	60,086	107,380
Depreciation charge	77,160	131,389
Rent and office expenses	125,155	79,956
Electricity and water	42,225	45,476
Telephone and postages	49,876	55,114
General insurance	27,821	38,661
Licences	54,097	29,708
Printing and Stationery	16,885	26,831
Bad debts	248,349	89,238
Bank charges	31,646	19,758
Travel and accommodation	45,254	50,350
Repair and Maintenance	65,160	-
Amortisation	97,119	12,392
Training	19,316	10,086
Subscription and donation	11,091	9,771
Others	9,400	1,390
Directors' fees	13,590	6,595
Entertainment	15,393	10,500
Professional fees	164,243	105,988
	1,173,866	**830,583**

DETAILED COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	2015 KShs'000	2014 KShs'000
OTHER GAINS AND LOSSES		
Sale of newspapers/magazines returns and production waste	23,139	41,700
Printing services	3,140	22,873
Bad debts recoveries	-	1,546
Miscellaneous income	1,398	-
Gain on disposal of property, plant and equipment	12,894	1,733
Exchange gain	(12,692)	(6,468)
Scrapped assets	(57,579)	-
	(29,700)	61,384
FINANCE COSTS		
Interest expenses	161,618	116,849

SHAREHOLDERS INFORMATION

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nighty Eighth (98th) Annual General Meeting of the Company will be held at the Standard Group Centre along Mombasa Road, Nairobi on Friday, 24th June 2016 at 11.00 a.m. to transact the following business:

1. ORDINARY BUSINESS

A. To table the proxies and confirm presence of a quorum.
B. To read the notice convening the meeting.
C. To receive, consider and, if thought fit, to adopt the audited Financial Statements for the year ended 31st December 2015, the Report of the Directors and the Report of the Auditor's thereon.
D. To note that the Directors do not recommend payment of dividends for the year ended 31st December 2015.
E. Re-election of Directors:

i. In accordance with Article 101 of the Company's Articles of Association, **Mr. Samuel Lerionka Tiampati,** who is a non-executive Director, retires by rotation and being eligible, offers himself for re-election.
ii. In accordance with Article 101 of the Company's Articles of Association, **Dr. James Boyd Mcfie**, who is a non-executive Director, retires by rotation and being eligible, offers himself for re-election.
iii. In accordance with Article 101 of the Company's Articles of Association, **Mr. Orlando Lyomu**, who is a Director, retires by rotation and being eligible, offers himself for re-election.

F. To approve the Directors' remuneration for the year ended 31st December 2015.
G. To re-appoint Messrs KPMG Kenya, Certified Public Accounts, as the Auditors of the Company for the ensuing financial year and to authorize the Directors to fix their remuneration.

2. SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

THAT the Articles of Association of the Company be amended by deleting the existing Article 89 and inserting the following as Article 89:

"The Directors may exercise all powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debenture, debenture stock, and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party."

3. Any other Business for which due notice has been given.

BY ORDER OF THE BOARD

LAWRENCE KIBET
COMPANY SECRETARY
Date: 26th May 2016

NOTE

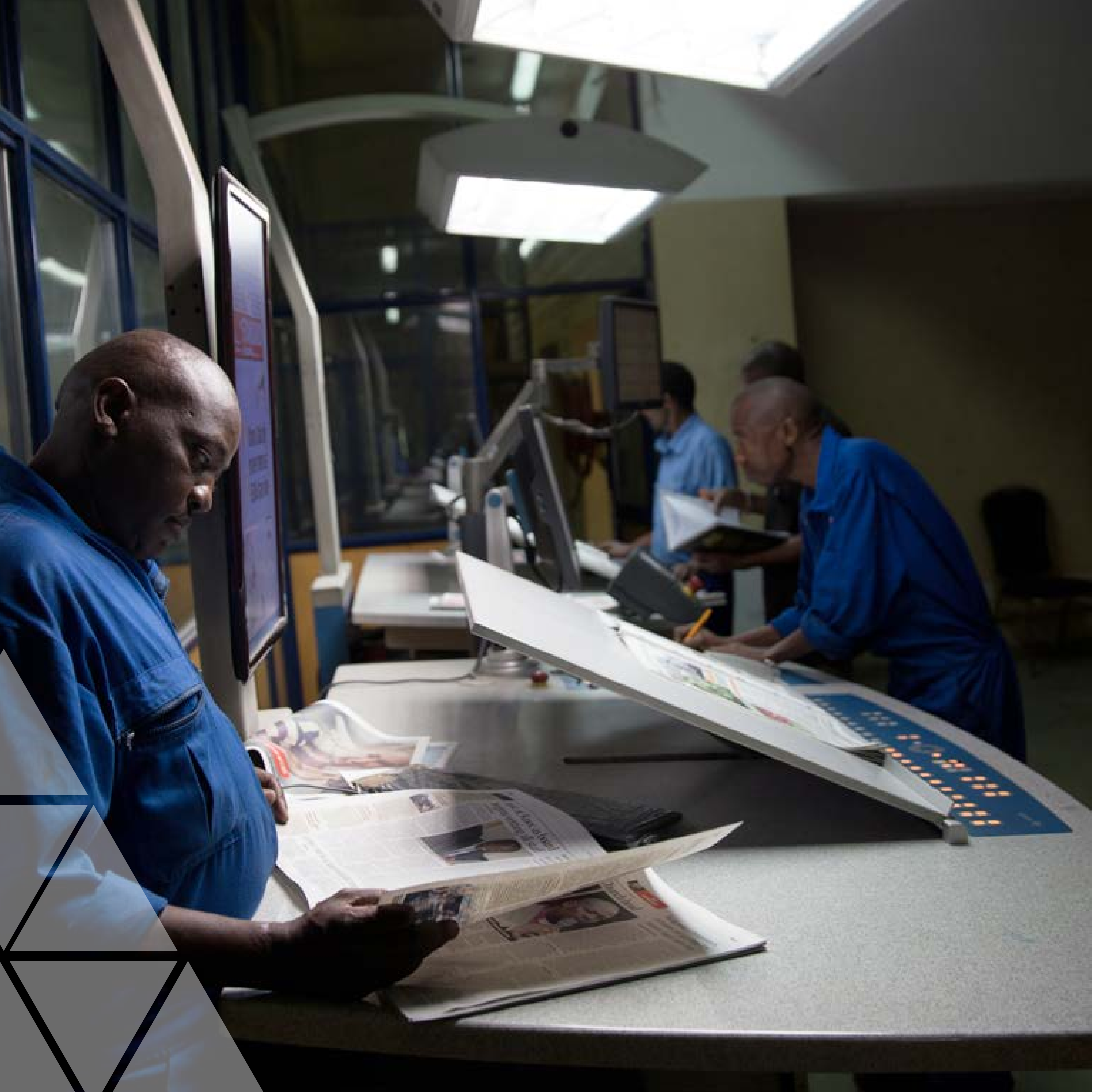
1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. If the member is a corporation, the proxy shall be appointed in accordance with the Articles of the Company, or be represented in accordance with the Articles. Such a proxy need not be a member.

2. A proxy form may be obtained from our website **http://www.standardmedia.co.ke/corporate/investors**, and if used, shall be deposited with the Secretary of the Company, or at the Company's Share Registrar, Image Registrars Ltd, 5th Floor, Barclays Plaza, Loita Street P. O. Box 9287-00100 G.P.O Nairobi, no later than 48 hours before the time appointed for holding the meeting.

3. The full annual report may be downloaded from our website **http://www.standardmedia.co.ke/corporate/investors**

For further inquiries kindly call 020 3222140/3222010 or send an email to mngetich@standardmedia.co.ke

Please Note: transport will be offered to the shareholders from outside I&M Bank Towers, along Kenyatta Avenue, from 9.00 a.m. and back to GPO after the close of the meeting.



PROXY FORM

The Secretary
Standard Group Ltd
P.O. Box 30080-00100
NAIROBI

I/We...

of P.O Box...

being a member(s) of the above named Company, hereby appoint;

....

of P.O Box...

or failing whom, the Chairman of the meeting, as my/our proxy, to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 24th June 2016 at 11.00 a.m. and at any adjournment thereof.

As witness my/our hand this..................................day of 2016

Signed...Signed...

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.

2. In the case of a member being a limited Company this form must be completed under its common seal or under the hand of an officer or attorney duly authorized in writing.

3. Proxies must be in the hands of the Secretary not later than 48 hours before the time of holding the meeting. All proxies should be sent by Post to Image Registrars of P.O. Box 9287 - 00100, Nairobi. Alternatively, duly signed proxies can be scanned and emailed to info@image.co.ke in PDF format, or deposited at their offices at Loita Street, Barclays Plaza, 5th Floor.

Monday

Crazy Monday offers the perfect way kick off your week with hilarious stories on the bizarre happenings in society. Borrowing heavily from cultural influences, Crazy Monday's satirical approach will definitely leave you in stitches.

Tuesday

Every Tuesday, Business Beat offers the most accurate business analysis and the latest in the techsphere. It gives valuable tips on entrepreneurship and wealth creation to inspire both young and old into job creation.

Saturday

Eve Woman magazine is a go-to guide for all that a woman needs. From matters of health, personal finances and relationships to beauty, fashion and food, Eve Woman magazine addresses it all.

Smart Harvest

A weekly section in your favourite newspaper, The Standard on Saturday, that helps you improve the productivity of your agro-enterprise, shows you how to make money from agriculture and tells you what works and what doesn't.

Sunday

ONLY WITH THE STANDARD
SUNDAY MAGAZINE

Sunday magazine covers inspirational stories that will motivate you for the week ahead. It looks at heroes and heroines in society who have overcome adversity in various areas of their lives to emerge at the top.

Generation Next keeps the young entertained all day long, every Sunday. Its juicy stories, interesting brainteasers, fun games and goodies offer great edutainment. Its Career walk segment is sure to inspire and nurture those young dreams aspiring for different professions.

STANDARD Devolution@Work

..... uplifting stories of how county governments are implementing projects that are positively impacting lives of Kenyans.

Wednesday

Wednesday Life is a wholesome read that thrills and enlivens your week with stories that touch on life and society. Catch your weekly articles on innovation, the environment, lost without a trace and what is trending on social media.

Thursday

Home and Away gives you the real deal in real estate every Thursday. It critically analyzes topical issues and proposes viable solutions. Moreover, our interior décor columnist is at hand to give tips on how to transform dull spaces into appealing environments.

Friday

Pulse magazine gets you a life every Friday. From the latest celebrity and showbiz scoops, trendiest fashion, hottest rides in town, up-close and candid entertainment interviews and everything trendy in the showbiz arena, the Pulse magazine breaks it as it happens.

www.standardmedia.co.ke