

# THE STANDARD GROUP LIMITED

## Audited Group Results for the year ended 31 December 2011

The Board of Directors of The Standard Group Limited is pleased to announce the Audited results for the year ended 31 December 2011

### Consolidated Statement of Comprehensive Income for the year ended 31 December 2011

|  | 31-Dec-2011<br>Audited<br>Kshs'000 | 31-Dec-2010<br>Audited<br>Kshs'000 |
|--|------------------------------------|------------------------------------|
| Revenue  | 3,174,907                          | 3,105,436                          |
| Operating Profit   | 1,899,205                          | 2,130,674                          |
| Finance Costs  | (117,454)                          | (104,890)                          |
| Taxation   | (84,752)                           | (173,866)                          |
| Minority Interests   | (71,953)                           | 30,545                             |
| <b>Profit Attributable to Equity Holders of the Parent Company</b> | <b>219,298</b>                     | <b>249,239</b>                     |
| <b>Earnings per share Basic - Kshs</b>                             | <b>2.96</b>                        | <b>3.39</b>                        |
| <b>Earnings per share Diluted - Kshs</b>                           | <b>2.96</b>                        | <b>3.39</b>                        |
| <b>Dividend per Share - Kshs</b>                                   | <b>-</b>                           | <b>-</b>                           |

### Consolidated Statement of Financial Position as at 31 December 2011

|  | 31-Dec-2011<br>Audited<br>Kshs'000 | 31-Dec-2010<br>Audited<br>Kshs'000 |
|--|------------------------------------|------------------------------------|
| <b>ASSETS</b>                          |                                    |                                    |
| Non Current Assets                     | 2,224,574                          | 1,936,713                          |
| Current Assets                         | 1,287,683                          | 1,369,287                          |
| <b>Total Assets</b>                    | <b>3,512,257</b>                   | <b>3,306,000</b>                   |
| <b>EQUITY AND LIABILITIES</b>          |                                    |                                    |
| <b>Capital and Reserves</b>            |                                    |                                    |
| Share Capital                          | 371,123                            | 370,295                            |
| Share Premium                          | 36,522                             | 31,048                             |
| Retained Earnings                      | 996,346                            | 814,262                            |
| Capital Redemption Reserve             | 102                                | -                                  |
| Cash-Settled Employees Benefit Reserve | 1,753                              | -                                  |
|  | 1,405,846                          | 1,215,605                          |
| Minority Interest                      | 248,220                            | 320,173                            |
| <b>Total Shareholders Equity</b>       | <b>1,654,066</b>                   | <b>1,535,778</b>                   |
| Non Current Liabilities                | 663,672                            | 734,550                            |
| Current Liabilities                    | 1,194,519                          | 1,035,672                          |
| <b>Total Equity and Liabilities</b>    | <b>3,512,257</b>                   | <b>3,306,000</b>                   |

### Condensed Consolidated Cashflow Statement for the year ended 31 December 2011

|  | 31-Dec-2011<br>Kshs'000 | 31-Dec-2010<br>Kshs'000 |
|--|-------------------------|-------------------------|
| <b>CASHFLOWS FROM OPERATING ACTIVITIES</b>             |                         |                         |
| Cash generated from operations                         | 654,713                 | 622,429                 |
| Interest Paid  | (117,454)               | (104,890)               |
| Tax paid   | (214,777)               | (21,108)                |
| <b>Net cash generated from operating activities</b>    | <b>322,482</b>          | <b>496,431</b>          |
| Cashflows: Investing activities                        | (469,459)               | (199,839)               |
| Cashflows: Financing activities                        | 35,680                  | (241,120)               |
| Net (Decrease)/ Increase in Cash and Cash Equivalents  | (111,297)               | 55,472                  |
| Cash and cash equivalents at the beginning of the year | (166,850)               | (222,322)               |
| <b>Cash and cash equivalents at 31 December</b>        | <b>(278,147)</b>        | <b>(166,850)</b>        |

### Consolidated Statement of Changes in Equity Statement for the year ended 31 December 2011

|  | Share Capital<br>Kshs'000 | Share Premium<br>Kshs'000 | Capital Redemption Reserve<br>Kshs'000 | Retained Earnings<br>Kshs'000 | Cash-Settled Employees Benefit Reserve<br>Kshs'000 | Shareholders equity Group<br>Kshs'000 | Minority Interest<br>Kshs'000 | Shareholders equity Total<br>Kshs'000 |
|--|---------------------------|---------------------------|--|-------------------------------|--|---------------------------------------|-------------------------------|---------------------------------------|
| As at 1 January 2010                           | 366,375                   | 3,765                     | -                                      | 601,660                       | -  | 971,800                               | 289,628                       | 1,261,428                             |
| Total Comprehensive Income for the Year        | -                         | -                         | -                                      | 249,239                       | -  | 249,239                               | 30,545                        | 279,784                               |
| Script dividend-2009                           | -                         | -                         | -                                      | -                             | -  | -                                     | -                             | -                                     |
| -Shares taken up                               | 3,920                     | 27,283                    | -                                      | (31,203)                      | -  | -                                     | -                             | -                                     |
| -Dividends paid                                | -                         | -                         | -                                      | (5,434)                       | -  | (5,434)                               | -                             | (5,434)                               |
| <b>At 31 December 2010</b>                     | <b>370,295</b>            | <b>31,048</b>             | <b>-</b>                               | <b>814,262</b>                | <b>-</b>   | <b>1,215,605</b>                      | <b>320,173</b>                | <b>1,535,778</b>                      |
| As at 1 January 2011                           | 370,295                   | 31,048                    | -                                      | 814,262                       | -  | 1,215,605                             | 320,173                       | 1,535,778                             |
| Total Comprehensive Income/(loss) for the Year | -                         | -                         | -                                      | 219,298                       | -  | 219,298                               | (71,953)                      | 147,345                               |
| Final dividend for 2010 declared & paid        | -                         | -                         | -                                      | (37,112)                      | -  | (37,112)                              | -                             | (37,112)                              |
| Redemption of Preference Shares                | -                         | (102)                     | 102                                    | (102)                         | -  | (102)                                 | -                             | (102)                                 |
| Issue of Ordinary Share under ESOP             | 828                       | 5,576                     | -                                      | -                             | -  | 6,404                                 | -                             | 6,404                                 |
| Funds Received                                 | -                         | -                         | -                                      | -                             | 1,126  | 1,126                                 | -                             | 1,126                                 |
| Recognition of Share Based Payments            | -                         | -                         | -                                      | -                             | 627  | 627                                   | -                             | 627                                   |
| <b>At 31 December 2011</b>                     | <b>371,123</b>            | <b>36,522</b>             | <b>102</b>                             | <b>996,346</b>                | <b>1,753</b>                                       | <b>1,405,846</b>                      | <b>248,220</b>                | <b>1,654,066</b>                      |

### GROUP RESULTS

In the year under review, the Group achieved mixed results with sustained growth in print circulation and advertising business while the broadcast side underwent a challenging phase.

The print business grew by 15% in 2011 over the position realised in 2010 with the circulation revenues rising by 16% and advertising revenues growing by 8%. The print business profitability before tax grew by 9% to Ksh446 million notwithstanding the rise in the cost of raw materials due to accelerated depreciation of the shilling against international currencies.

As indicated, the broadcast side of the business witnessed a challenging year due to transitional impact of moving operations from the previous location to the Standard Group Centre, Nairobi, and the cost impact arising from a change in the entertainment content mix to adapt to viewer expectations. This led to a loss of Ksh109 million before tax adjustments. The measures implemented thus far are already yielding positive results. Additional strategic initiatives to consolidate the broadcast operations is underway.

Overall, the Group's revenues largely remained the same at Ksh3.17 billion compared to Ksh3.10 billion in the previous year. The profit after tax attributable to equity holders of the parent company reduced to Ksh219 million from Ksh249 million in 2010.

The Group's financial base continued to strengthen with the total assets now standing at Ksh3.51 billion while shareholders equity is at Ksh1.6 billion.

#### ACQUISITION OF MINORITY INTEREST

As previously approved by the shareholders, the acquisition of minority interest in Baraza Ltd that had been deferred has now been revived as part of a strategic initiative to strengthen the broadcast side of the business. This process shall be subject to regulatory approval.

#### OUTLOOK FOR 2012

In view of the continued uncertainty with respect to the prospect of the Kenyan economy, volatility of the foreign exchange market, sustained inflationary pressure and high financing costs, the Board is cautiously optimistic that with the measures being pursued to mitigate against this challenging environment, the business growth momentum will be sustained.

#### FINAL DIVIDEND

As a result of a constraining business environment and investment commitments at hand, the Board has found it prudent to preserve cash flow and therefore has not recommended any payment of dividend with respect to the financial year under review.

However, in recognition of the fact that the Group retained earnings have witnessed sustained growth and in order to compensate the shareholders with respect to future dividend earning capacity, the Directors have recommended a share bonus issue of one share for every 10 fully paid shares held subject to shareholders and regulatory approval.

For this purpose, the Register of Members of the Company will be closed from 24th April 2012 to 26th April 2012 to facilitate determination of entitlements.

#### ACKNOWLEDGEMENT

The Board acknowledges the efforts of Management and Staff, as well as those of media consumers — especially our readers, viewers, listeners, advertising clientele, distribution and other business partners — for their invaluable contribution to the business.

#### BY ORDER OF THE BOARD

Nelly Matheka  
Company Secretary  
3-April-2012