

**SCANGROUP LIMITED**
**SUMMARY OF AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2013**
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2013**

All figures in Sh'000	2013	2012 (Restated)#
Billings	14,168,001	12,472,198
Direct costs	(10,317,607)	(8,549,435)
<b>Revenue</b>	<b>3,850,394</b>	<b>3,922,763</b>
Interest income	40,347	167,466
Other income	14,721	2,198
Share of profit from joint arrangement	91,306	50,873
Gain on revaluation of equity interest	605,474	-
Operating and administrative expenses	(3,547,430)	(3,058,750)
Foreign exchange loss	(16,396)	(14,984)
<b>Profit before tax</b>	<b>1,038,416</b>	<b>1,069,566</b>
Tax charge	(171,058)	(317,557)
<b>Profit for the year</b>	<b>867,358</b>	<b>752,009</b>
Exchange difference on translating foreign operation	(1,093)	(7,935)
<b>Total comprehensive income for the year</b>	<b>866,265</b>	<b>744,074</b>
Profit attributable to:		
Equity holders of the parent company	790,143	628,379
Non-controlling interests	77,215	123,630
	<b>867,358</b>	<b>752,009</b>
Total comprehensive income attributable to:		
Equity holders of the parent company	789,891	620,635
Non-controlling interests	76,374	123,439
	<b>866,265</b>	<b>744,074</b>
Basic earnings per share (Sh)	2.70	2.21
Diluted earnings per share (Sh)	2.70	2.21

# Result for year 2012 was restated to comply with changes in accounting standard - IFRS 11 (Joint arrangements). No effect on Profit after tax and Total Comprehensive Income

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31<sup>ST</sup> DECEMBER 2013**

All figures in Sh'000	31 December 2013	31 December 2012 (Restated)#
<b>ASSETS</b>		
<b>Non-current assets</b>		
Equipment and intangible assets	550,016	441,795
Investment in joint venture	-	130,977
Goodwill	1,548,183	315,671
Other non-current assets	130,711	126,617
	<b>2,228,910</b>	<b>1,015,060</b>
<b>Current assets</b>		
Trade and other receivables	7,618,004	5,361,947
Cash and cash equivalents	2,795,611	1,875,595
Other current assets	307,140	109,042
	<b>10,720,755</b>	<b>7,346,585</b>
<b>Total assets</b>	<b>12,949,665</b>	<b>8,361,645</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	378,865	284,789
Share premium account	8,296,150	1,754,388
Revenue (deficit) / reserve ^	(479,877)	2,236,625
Translation reserve	(6,803)	(6,551)
Equity attributable to share holders of the holding company	8,188,335	4,269,251
Non-controlling interests	63,450	630,379
<b>Total equity</b>	<b>8,251,785</b>	<b>4,899,630</b>
Borrowings and other non-current liabilities	346,178	306,536
Trade and other payable	4,257,599	3,081,765
Tax payable	80,079	59,690
Dividends payable	14,024	14,024
<b>Total liabilities</b>	<b>4,597,880</b>	<b>3,462,015</b>
<b>Total equity and liabilities</b>	<b>12,949,665</b>	<b>8,361,645</b>

# Balance as at 31<sup>st</sup> December 2012 was restated to comply with changes in accounting standard - IFRS 11 (Joint arrangements). No effect on Total equity

^ IFRS 10 (Consolidated Financial Statements) require consideration paid over and above the net asset value of the subsidiary in which an existing stake is increased, to be written off against the revenue reserves during the year, as has been disclosed in the statement of changes in equity. This accounting treatment caused consolidated revenue reserves to become a revenue deficit of Sh 479.9 million. As part of the same transaction Share premium increased by Sh 6,541.8 million.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2013**

All figures in Sh'000	2013	2012 (Restated)#
<b>Cash generated from operating activities before working capital changes</b>	<b>415,775</b>	<b>952,571</b>
Working capital changes	(897,252)	(977,768)
Tax paid	(341,560)	(426,431)
<b>Cash used in operating activities</b>	<b>(823,037)</b>	<b>(451,628)</b>
<b>Cash generated from / (used in) investing activities</b>	<b>70,840</b>	<b>(83,372)</b>
<b>Cash generated from financing activities</b>	<b>1,662,531</b>	<b>(195,100)</b>
Cash and cash equivalent at the beginning of the year	1,875,595	2,605,241
Net increase / (decrease) in cash and cash equivalent	910,334	(730,100)
Effect of fluctuation in exchange rate	9,682	454
<b>Cash and cash equivalent at the end of the year</b>	<b>2,795,611</b>	<b>1,875,595</b>

# Cash flows for year 2012 were restated to comply with changes in accounting standard - IFRS 11 (Joint arrangements). Net cash decreased by Sh 48,216,000.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31<sup>ST</sup> DECEMBER 2013**

All amounts in Sh'000	Share capital	Share premium account	Revenue (deficit) / reserve	Trans- lation reserve	Attribut- able to share holders of the holding company	Non-con- trolling interests	Total
At 1 January 2012	284,789	1,754,388	1,807,599	1,193	3,847,969	506,940	4,354,909
Profit for the year	-	-	628,379	-	628,379	123,630	752,009
Other comprehensive income	-	-	-	(7,744)	(7,744)	(191)	(7,935)
Dividend declared	-	-	(199,352)	-	(199,352)	-	(199,352)
<b>At 31 December 2012</b>	<b>284,789</b>	<b>1,754,388</b>	<b>2,236,423</b>	<b>(6,551)</b>	<b>4,269,252</b>	<b>630,379</b>	<b>4,899,631</b>
At 1 January 2013	284,789	1,754,388	2,236,423	(6,551)	4,269,252	630,379	4,899,631
Shares issued	94,076	6,541,762	-	-	6,635,838	-	6,635,838
Profit for the year	-	-	790,143	-	790,143	77,215	867,358
Fair value adjustment for equity interests	-	-	(3,335,773)	-	(3,335,773)	-	(3,335,773)
Non-controlling interest acquired	-	-	-	-	-	(643,303)	(643,303)
Other comprehensive income	-	-	-	(252)	(252)	(841)	(1,092)
Dividend declared	-	-	(170,873)	-	(170,873)	-	(170,873)
<b>At 31 December 2013</b>	<b>378,865</b>	<b>8,296,150</b>	<b>(479,877)</b>	<b>(6,803)</b>	<b>8,188,335</b>	<b>63,450</b>	<b>8,251,785</b>

**Financial Statements:**

The financial statements for the year ended 31 December 2013 were audited by Deloitte & Touche, Certified Public Accountants (Kenya) and received an unqualified opinion. The above statement of accounts are extracted from the audited financial statements.

**Directors' Comments:**

As reported at the half year, the level of client spend in the first half was subdued due to the General Elections. Whilst there was a recovery in the second half, the change in mix of business resulted in a 2% drop in full year revenue. The continued investment in growth disciplines, in particular Digital and PR, and further developing our presence and potential in Ghana, Nigeria, South Africa and Tanzania, led to a 16% increase in operating costs. Profits were further impacted by a 70% decline in interest income. The drop in operating profit was offset by a gain arising on revaluation of our existing investment in Millward Brown. This revaluation gain is in compliance with IFRS 3 (Business Combination) and arises as a result of the completed transaction with Cavendish Square Holding BV. Overall, Earning Per Share (EPS) is up 26%, but the underlying EPS (excluding the revaluation gain) shows a drop of 70% to Sh 0.63.

The Board is confident that the positive turnaround during the second half of 2013 will continue into 2014. Unaudited results for first quarter 2014 show revenues are up by 24% and EPS is Sh 0.22 compared to Sh 0.10 loss per share during the same period last year.

**Proposed Dividend:**

The directors propose a first and final dividend of Sh 0.40 per share for the year 2013 totalling Sh 151,546,041 based on 378,865,102 shares in issue (2012: Sh 0.60 per share totalling Sh 170,873,476 based on 284,789,128 shares). Subject to shareholders' approval, this dividend will be paid to shareholders registered at the close of business on 30<sup>th</sup> May 2014 and will be paid on or about 30<sup>th</sup> June 2014. The register of members will be closed on 2<sup>nd</sup> June 2014 for one day for the purpose of dividend calculation.

**Annual General Meeting:**

The Annual General Meeting of the Company will be held at the Moi International Sports Center Kasarani - Safaricom Indoor Arena, Nairobi, Kenya on Friday 30 May 2014. Notice of the meeting will be published in due course.

**By Order of the Board**

Margaret M. Kipchumba  
Company Secretary  
29<sup>th</sup> April 2014