



SCANGROUP LIMITED

FINANCIAL RESULTS FOR THE YEAR 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR 2014

All figures in Sh'000	2014	2013 (Restated)#
Billings	16,886,418	14,144,826
Revenue	5,125,162	3,838,912
Operating and administrative expenses	(4,474,706)	(3,614,667)
Operating Profit	650,456	224,245
Interest income	248,253	37,665
Other income	14,683	7,729
Foreign exchange loss	(1,115)	(14,858)
Share of profit from joint arrangement	-	84,456
Gain on revaluation of equity interest^^	-	623,866
Profit before tax	912,277	963,093
Tax charge	(286,801)	(131,766)
Profit for the year	625,476	831,327
Other Comprehensive Income:		
Exchange difference on translating foreign operations	(43,416)	(38,195)
Total comprehensive	582,060	793,132
Basic and diluted earnings per share (Sh)	1.50	2.60
Basic and diluted earnings per share excluding accounting gain (Sh)	1.50	0.47

^^Related to revaluation of Scangroup's 49% equity stake in Millward Brown East Africa Limited and Millward Brown Mauritius Limited pursuant to acquisition of remaining 51% equity stake on 30th November 2013 in compliance with IFRS 3 - Business Combinations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2014

All figures in Sh'000	31 st December 2014	31 st December 2013 (Restated)#
ASSETS		
Non-current assets		
Equipment	517,246	544,877
Intangible assets	-	5,078
Investments in associates and other equity investments	4,274	4,488
Deferred tax asset	227,190	117,952
Goodwill	1,612,235	1,612,235
	2,360,945	2,284,630
Current assets		
Trade and other receivables	6,765,229	7,304,149
Receivable from related parties	49,945	135,747
Work-in-progress	30,228	15,931
Tax recoverable	281,883	209,277
Cash and cash equivalents	3,795,874	2,794,849
	10,923,159	10,459,953
TOTAL ASSETS	13,284,104	12,744,583
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	378,865	378,865
Share premium	8,281,817	8,296,150
Revenue deficit	(147,545)	(540,567)
Translation deficit	(108,016)	(69,839)
Equity attributable to share holders of the holding company	8,405,121	8,064,609
Non-controlling interests (NCI)	137,510	61,841
Total equity	8,542,631	8,126,450
Non-current liabilities		
Deferred tax liability	7,754	5,310
Loan payable to related parties	293,710	353,073
	301,464	358,383
Current liabilities		
Trade and other payables	4,275,713	4,169,730
Payable to related parties	93,236	33,546
Tax payable	57,036	42,450
Dividends payable	14,024	14,024
	4,440,009	4,259,750
TOTAL EQUITY AND LIABILITIES	13,284,104	12,744,583

#The result for year 2013 and Balance sheet as at 31st December 2013 were restated to comply with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Profit after tax and Total comprehensive income for 2013 were revised downwards by Sh 36.03 million and Sh73.13m respectively. Total assets and Total equity were revised downwards by Sh205m and Sh125m respectively.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31ST DECEMBER 2014

All amounts in Sh'000	Share capital	Share premium	Revenue deficit	Trans- lation deficit	Non-con- trolling interests	Total
At 1 January 2013 (Restated)#	284,789	1,754,388	2,131,126	(27,867)	651,503	4,793,939
Shares issued	94,076	6,541,762	-	-	-	6,635,838
Profit for the year	-	-	760,566	-	70,761	831,327
Acquisition of NCI	-	-	(3,261,386)	-	(664,200)	(3,925,586)
Other comprehensive income	-	-	-	(41,972)	3,777	(38,195)
Dividend declared	-	-	(170,873)	-	-	(170,873)
At 31 December 2013 (Restated)]#	378,865	8,296,150	(540,567)	(69,839)	61,841	8,126,450
At 1 January 2014	378,865	8,296,150	(540,567)	(69,839)	61,841	8,126,450
Profit for the year	-	-	567,007	-	58,469	625,476
Share issue expenses	-	(14,333)	-	-	-	(14,333)
Acquisition of NCI	-	-	(22,439)	-	22,349	-
Other comprehensive income	-	-	-	(38,177)	(5,239)	(43,416)
Dividend declared	-	-	(151,546)	-	-	(151,546)
At 31 December 2014	378,865	8,281,817	(147,545)	(108,016)	137,510	8,542,631

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR 2014

All figures in Sh'000	2014	2013 (Restated)#
Cash generated from operating activities before working capital changes	816,859	304,359
Working capital changes	746,087	(886,517)
Tax paid	(457,299)	(255,334)
Cash generated from / (used in) operating activities	1,105,647	(837,492)
Cash generated from investing activities	155,271	110,618
Cash (used in) / generated from financing activities	(229,242)	1,662,531
Cash and cash equivalent at the beginning of the year	2,794,849	1,875,595
Net increase / (decrease) in cash and cash equivalent	1,031,676	935,657
Effect of fluctuation in exchange rate	(30,651)	(16,403)
Cash and cash equivalent at the end of the year	3,795,874	2,794,849

DIRECTORS' NOTE

The Group had a good year in 2014 with strong growth in revenue and operating profit. Organic revenue growth was over 10%, whilst reportable revenue growth was 33.5% as a result of the acquisitions in late 2013 as part of the Cavendish Square Holding BV transaction. Organic revenue growth in Kenya was 5%, whilst growth rates were much higher in our operations outside of Kenya as we continue to develop these newer businesses. Performance in Ghana, Nigeria and South Africa was particularly pleasing. Kenya now represents 67% of the Group billings. In terms of disciplines, we continue to see growth across all disciplines. Digital and Market Research grew faster than other disciplines. With the improved revenue position and a continuing focus on efficiencies across the Group, Operating Profit increased from Ksh224m to Ksh650m. PBT increased from Ksh339m to Ksh912m (excluding accounting gain of Ksh624m in 2013), and PBT margin improved from 8.8% to 17.8%. Overall, Earnings Per Share (EPS) increased from Sh0.47 (excluding accounting gain) in 2013 to Sh1.50 in 2014.

The Board of Directors' are confident that the business will continue to show growth during 2015.

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of Scangroup Limited

The accompanying summary financial statements, which comprise the condensed consolidated statement of financial position as at 31st December 2014, the condensed consolidated statement of profit or loss and other comprehensive income for the year 2014, the condensed consolidated statement of changes in equity as at 31st December 2014 and the condensed consolidated statement of cash flow for the year 2014, are derived from the audited financial statements of Scangroup Limited and its subsidiaries (the Group) for the year ended 31st December 2014. We expressed an unqualified audit opinion on those financial statements in our report dated 28th April 2015.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the group.

Directors' Responsibility for the Summary Financial Statements

Directors are responsible for the preparation of a summary of the audited financial statements in accordance with Article 148 (b) of the company's Articles of Association.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing ISA 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Scangroup Limited and its subsidiaries for the year ended 31st December 2014 are consistent, in all material respects, with those financial statements and in accordance with Article 148(b) of the Company's Articles of Association.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Anne Muraya - P/No 1697.

Deloitte & Touche
Certified Public Accountants (Kenya)
28th April 2015 Nairobi