



SCANGROUP

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME FOR SIX MONTHS PERIOD ENDED 30TH JUNE 2013

All amounts in Ksh'000	30th June 2013 (Six months)	30th June 2012 (Six months) Restated	31st December 2012 (Twelve months) Restated
Revenue	1,805,381	1,881,280	3,922,762
Operating profit (loss)			
- All entities, excluding Scanad Nigeria Limited	160,813	471,566	1,030,466
- Scanad Nigeria Limited	(91,357)	-	(90,178)
Operating profit	69,456	471,566	940,288
Other income / exchange differences	12,166	4,404	(12,787)
Net interest income	19,546	102,447	167,560
Profit before tax	101,168	578,417	1,095,061
Income tax expense	(57,544)	(171,770)	(343,052)
Profit for the period after tax	43,624	406,647	752,009
Attributable to			
Equity shareholders of the company	5,504	320,421	628,379
Non-controlling interests	38,120	86,226	123,630
Other Comprehensive income			
Exchange difference on translations	(1,388)	(1,194)	(7,935)
Total comprehensive income	42,236	405,453	744,074
Attributable to			
Equity shareholders of the company	5,415	319,227	620,635
Non-controlling interests	36,821	86,226	123,439
Earnings per share (Ksh)			
Basic and Diluted Earning's per share (EPS)*	0.02	1.13	2.21
Weighted average number of shares in issue	284,789,128	284,789,128	284,789,128

* EPS calculated on Profit after tax attributable to shareholders and based on weighted average number of shares

Commentary on results for the half year ended 30th June 2013

- Overall, revenue dropped by Ksh 75.9 million (4%) compared to the same period last year.
 - Revenue from our Kenyan clients declined by 9% as compared to the first half of 2012 and this was largely attributable to the general trading conditions that prevailed in the months before and after the General Elections in Kenya. Most clients put new and current activity on hold and whilst our retained fee income remained intact, media spend and new business activity was significantly lower resulting in reduced media commission and related income.
 - On a positive note, revenues from territories outside Kenya (excluding Nigeria) saw growth of over 10%, (Ghana 49% and South Africa 10%), and digital revenues grew by 141%.
- Operating profit for the Group, excluding Nigeria, has dropped as a result of revenue decline and a 12% increased investment in operating costs. Operating costs were driven by inflationary increases and growth in staff costs arising from hiring of new talent and salary increases to retain key people. The Group has undertaken various cost saving measures, including restructuring and consolidation of the businesses, benefits of which will accrue in the second half of the year.
- As reported in the 2012 annual report, our subsidiary, Scanad Nigeria Limited, encountered a legal challenge early in its operations and the matter is still before the Courts in Nigeria. Whilst we await a decision, we have taken action in the first half to downsize the operations to minimise the on going costs. As a result, Scanad Nigeria Limited has reported an operating loss of Ksh 91.3 million (compared to nil in the same period in 2012), which includes severance and legal costs.
- Finally, the profit for the first half of the year has been impacted by lower interest income at Ksh 19.5 million compared to Ksh 102.4 million in first half of 2012.

Outlook for rest of the year

The Board is confident that given the current rebound in the advertising and marketing sector and cost savings in operations, there will be a marked improvement in the group's performance in the second half of the year.

On the basis of increased activity in the second half of the year, we expect to regain the lost ground in terms of revenues and anticipate that the operating profit for 2013 (before other income, interest and tax) will be at similar level as 2012, with the exception of Nigerian operations.

Accounting Policies

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 2012 annual financial statements except the policy for accounting for jointly controlled entities, which were previously proportionately consolidated are now accounted for using the equity method. The comparative figures have been restated as a result.

Dividends

The Board of Directors do not recommend an interim dividend for the year 2013.

By Order of the Board

Margaret M. Kipchumba
Company Secretary
28th August 2013

SCANGROUP LIMITED

GROUP UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS
PERIOD ENDED 30TH JUNE 2013

Particulars	30th June 2012	30th June 2013	31st December 2012
	(Six months) Restated	(Six months)	(Twelve months) Restated
	<i>Kshs'000</i>	<i>Kshs'000</i>	<i>Kshs'000</i>
Billings	5,685,006	6,485,363	12,472,198
Cost of Sales	(3,803,726)	(4,679,982)	(8,549,436)
Revenues	1,881,280	1,805,381	3,922,762
Operating Expenses	(1,426,503)	(1,766,293)	(3,059,285)
Other operating income	2,555	4,186	2,197
Income from Associates	16,789	30,368	76,810
Exchange (loss)/gain	1,849	7,980	(14,984)
Net interest income	102,447	19,546	167,560
Profit before Taxation	578,417	101,168	1,095,061
Taxation	(171,770)	(57,544)	(343,052)
Profit after taxation	406,647	43,624	752,009
Other Comprehensive income:			
Gains/Losses recognised directly in Equity			
Currency translation differences	(1,194)	(1,388)	(7,935)
Total Comprehensive Income for the period	405,453	42,236	744,074
Profit attributable to :			
Equity holders of the company	320,421	5,504	628,379
Non Controlling interest	86,226	38,120	123,630
Total	406,647	43,624	752,009
Total Comprehensive Income attributable to :			
Equity holders of the company	319,227	5,415	620,635
Non Controlling interest	86,226	36,821	123,439
Total	405,453	42,236	744,074
	Ksh	Ksh	Ksh
Basic earning per share	1.13	0.02	2.21
Diluted earnings per share	1.13	0.02	2.21
Number of shares in issue '000	284,789	284,789	284,789

SCANGROUP LIMITED

GROUP UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

Figures in Ksh'000	30th June 2012 (Restated)	30th June 2013	31st December 2012 (Restated)
ASSETS			
Non-Current Assets			
Equipment	368,357	493,280	427,568
Intangible Assets	23,970	11,523	14,228
Deferred tax assets	76,027	108,046	118,051
Goodwill	315,671	315,671	315,671
Receivable from related parties	56,173	56,980	57,837
Other equity investment	105,437	158,438	136,565
	945,635	1,143,938	1,069,920
Current Assets			
Trade & Other receivables	4,981,966	6,440,985	5,372,699
Taxation	46,882	239,763	100,766
Cash and Bank balance	2,303,711	730,161	1,875,594
	7,332,558	7,410,909	7,349,060
Total Assets	8,278,193	8,554,847	8,418,980
EQUITY AND LIABILITIES			
Share Capital	284,789	284,789	284,789
Share Premium	1,754,388	1,754,388	1,754,388
Revenue Reserve	1,928,668	2,064,616	2,237,379
	3,967,845	4,103,794	4,276,556
Equity attributable to equity holders of the parent			
Non controlling interest	593,166	667,200	631,188
Total Equity	4,561,011	4,770,994	4,907,744
Non-Current Liabilities			
Loan due to a related party	296,867	297,954	300,195
Deferred tax liability	---	---	3,223
	296,867	297,954	303,418
Current Liabilities			
Trade and other payables	3,211,191	3,297,359	3,134,103
Taxation	---	16,727	59,691
Dividend Payable	209,125	171,813	14,024
	3,420,316	3,485,899	3,207,818
Total Equity and Liabilities	8,278,193	8,554,847	8,418,980

SCANGROUP LIMITED

GROUP UNAUDITED CONSOLIDATED CASHFLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED
30TH JUNE 2013

Ksh '000	30th June 2012 (Restated)	30th June 2013	31st December 2012 (Restated)
OPERATING ACTIVITIES			
Cash generated from Operations	(23,232)	(833,902)	(18,885)
Taxation paid	(230,566)	(223,613)	(440,467)
Net cash generated from operating activities	(253,798)	(1,057,515)	(459,352)
INVESTING ACTIVITIES			
Purchase of Equipment	(128,397)	(130,806)	(239,538)
Proceeds on sale of Equipment	---	10,578	8,841
Interest received from Investments	82,056	40,481	151,840
Net cash used in investing activities	(46,341)	(79,747)	(78,857)
FINANCING ACTIVITIES			
Dividends paid to equity holders of the parent company	---	---	(195,100)
Loan and capital received from other shareholders	---	---	15,839
Net cash generated from financing activities	---	---	(179,261)
Increase / (Decrease) in cash and cash Equivalents	(300,139)	(1,137,262)	(717,469)
Movement in Cash and Cash Equivalents			
At the beginning of the year	2,605,043	1,875,594	2,605,043
Increase / (Decrease) during the year	(300,139)	(1,137,262)	(717,469)
Effect of fluctuations in exchange rates	(1,193)	(8,171)	(11,979)
Cash and cash equivalent at the end of period	2,303,711	730,161	1,875,594

SCANGROUP LIMITED

GROUP UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30TH JUNE 2013

Figures in Ksh'000	Share Capital	Share Premium	Revenue Reserve	Translation reserve	Attributable to equity holders of parent	Non controlling interest	Total
As at January 2012	284,789	1,754,388	1,807,599	1,193	3,847,969	506,940	4,354,909
Net Profit for the period	---	---	628,379	---	628,379	123,630	752,009
Dividend declared	---	---	(199,352)	---	(199,352)	---	(199,352)
Other comprehensive income / loss	---	---	---	(7,744)	(7,744)	(191)	(7,935)
As at December 2012	284,789	1,754,388	2,236,625	(6,551)	4,269,251	630,379	4,899,630
As at January 2013	284,789	1,754,388	2,236,625	(6,551)	4,269,251	630,379	4,899,630
Net Profit for the period	---	---	5,505	---	5,505	38,119	43,624
Dividend declared	---	---	(170,873)	---	(170,873)	---	(170,873)
Other comprehensive income / loss	---	---	---	(89)	(89)	(1,298)	(1,387)
As at June 2013	284,789	1,754,388	2,071,257	(6,640)	4,103,794	667,200	4,770,994