



SCANGROUP LIMITED

GROUP AUDITED RESULTS FOR THE TWELVE MONTHS PERIOD ENDED 31ST DECEMBER 2012

All amounts in Kshs'000

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | 2012 | 2011 |
|-----------------------------------------------------------------------------------------------------------|------------------|------------------|
| Billings | 13,056,890 | 11,763,664 |
| Revenue | 4,231,835 | 3,597,260 |
| Operating Expenses | (3,291,430) | (2,530,104) |
| Operating Profit before investment income & exchange differences <small>NOTE 1 & 2</small> | 940,405 | 1,067,156 |
| Investment Income <small>NOTE 3</small> | 166,133 | 139,916 |
| Exchange gain/(loss) <small>NOTE 4</small> | (14,030) | 60,186 |
| Other Income | 2,552 | 12,842 |
| Profit before Taxation | 1,095,060 | 1,280,100 |
| Taxation | (343,052) | (368,984) |
| Profit for the period after Tax | 752,008 | 911,116 |
| Other Comprehensive income: | | |
| Currency translation differences | (7,935) | 5,372 |
| Total Comprehensive Income for the period | 744,073 | 916,488 |
| Profit after tax attributable to: | | |
| Equity holders of the company | 628,378 | 724,965 |
| Minority Interest | 123,630 | 186,151 |
| Total | 752,008 | 911,116 |
| Total Comprehensive Income attributable to: | | |
| Equity holders of the company | 620,634 | 730,380 |
| Minority Interest | 123,439 | 186,108 |
| Total | 744,073 | 916,488 |
| Basic earnings per share (EPS) (Kshs) * | 2.21 | 2.55 |
| Diluted earnings per share (Kshs) | 2.21 | 2.55 |
| Weighted average number of shares in issue ('000) | 284,789 | 284,638 |

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

NOTES:

- Operating profit for the year is impacted by:
 - the startup of new operations namely Millward Brown Nigeria (April 2012) and Scanad Nigeria (August 2012)
 - the full year impact of operations in Ghana (October 2011)
- The net effect of the above on the operating profit for 2012 is a loss of Kshs 99.8 million (2011- profit of Kshs 9.3 million)
- Operating margins have declined due to investments in additional resources to support the expansion strategy and improve offerings to clients, as well as (1) above.
- Investment income in 2011 included a gain on the sale of Infrastructure bonds of Kshs 46.1 million (2012 - Nil)
- The exchange gain in 2011 arose primarily as a result of the significant volatility of the Kenya shilling against all major currencies during the latter part of 2011.

CONDENSED STATEMENT OF FINANCIAL POSITION

| | 31st Dec 2012 | 31st Dec 2011 |
|-------------------------------------|------------------|------------------|
| ASSETS | | |
| Equipment | 452,783 | 294,593 |
| Intangible Assets | 14,228 | 25,060 |
| Goodwill | 315,671 | 315,671 |
| Other non current assets | 128,704 | 81,691 |
| Current Assets | 7,735,575 | 7,772,923 |
| Total Assets | 8,646,961 | 8,489,938 |
| EQUITY AND LIABILITIES | | |
| Share Capital | 284,789 | 284,789 |
| Share Premium | 1,754,388 | 1,754,388 |
| Revenue Reserve | 2,230,074 | 1,808,792 |
| Total Shareholder Funds | 4,269,251 | 3,847,969 |
| Minority Interest | 630,379 | 506,940 |
| Non-Current Liabilities | 358,058 | 337,430 |
| Current Liabilities | 3,389,273 | 3,797,599 |
| Total Equity and Liabilities | 8,646,961 | 8,489,938 |

CONDENSED STATEMENT OF CASH FLOW

| | 2012 | 2011 |
|-----------------------------------------------------------|------------------|------------------|
| Operating profit before working capital changes | 1,036,317 | 1,214,660 |
| Increase / (decrease) Working Capital | (980,534) | (626,062) |
| Cash generated from operations | 55,783 | 588,598 |
| Tax paid | (461,141) | (369,375) |
| Net cash generated from / (used in) operating activities | (405,358) | 219,223 |
| Net cash used in investing activities | (97,265) | 187,006 |
| Net cash generated from / (used in) financing activities | (179,261) | 68,552 |
| Increase / (decrease) in cash and cash equivalents | (681,884) | 474,781 |
| Movement in Cash and Cash Equivalents | | |
| As at the beginning 1st January 2012 | 2,648,740 | 2,178,652 |
| Increase / (decrease) during the year | (681,884) | 474,781 |
| Effect of exchange differences | (11,979) | (4,693) |
| At the end of the Period | 1,954,877 | 2,648,740 |

CONDENSED STATEMENT OF CHANGES IN EQUITY

| | Share Capital | Share Premium Account | Revenue Reserves | Investment Revaluation Reserve | Equity settled employee benefit Reserve | Translation Reserve | Attributable to equity holders of the Parent company | Minority Interest | Total |
|-------------------------------------|----------------|-----------------------|------------------|--------------------------------|-----------------------------------------|---------------------|------------------------------------------------------|-------------------|------------------|
| As at 1st 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 | - | - | 628,378 | - | - | - | 628,378 | 123,630 | 752,008 |
| Dividend declared | - | - | (199,352) | - | - | - | (199,352) | - | (199,352) |
| Other comprehensive income/(losses) | - | - | - | - | - | (7,744) | (7,744) | (191) | (7,935) |
| As at 31st December 2012 | 284,789 | 1,754,388 | 2,236,625 | - | - | (6,551) | 4,269,251 | 630,379 | 4,899,630 |
| As at 1st January 2011 | 234,570 | 1,680,666 | 1,248,761 | 56,573 | 40,625 | (4,222) | 3,256,973 | 320,832 | 3,577,805 |
| Issue of new shares | 2,754 | 121,187 | - | - | (40,625) | - | 83,316 | - | 83,316 |
| Issue of Bonus shares | 47,465 | (47,465) | - | - | - | - | - | - | - |
| Net Profit for the period | - | - | 724,965 | - | - | - | 724,965 | 186,151 | 911,116 |
| Dividend declared | - | - | (166,127) | - | - | - | (166,127) | - | (166,127) |
| Investment revaluation reserve | - | - | - | (56,573) | - | - | (56,573) | - | (56,573) |
| Other comprehensive income/(losses) | - | - | - | - | - | 5,415 | 5,415 | (43) | 5,372 |
| As at 31st December 2011 | 284,789 | 1,754,388 | 1,807,599 | - | - | 1,193 | 3,847,969 | 506,940 | 4,354,909 |

Financial Statements:

The financial statements for the year ended 31st December 2012 were audited by Deloitte & Touché, Certified Public Accountants and received an unqualified opinion. The results above are extracted from the audited financial statements.

Directors Comments:

As explained in the Notes on the results, the setting up of new operations in West Africa had an impact on profitability. The expansion in West Africa is in line with the Group's long term strategy and we believe that the benefits of these investments will be realised over the medium to long term.

Proposed Dividend:

The Directors propose a first and final dividend of Kshs 0.60 per share totaling Kshs 170,873,476 (2011: Kshs 199,352,390 being Kshs 0.70 per share). Subject to Shareholders' approval, this dividend will be paid to Shareholders registered at the close of business on 27th June 2013 and will be paid on or about 30th July 2013. The Register of Members will be closed on 28th June 2013 for one day for the purpose of dividend calculation.

Annual General Meeting:

The Annual General Meeting of the Company will be held at the Bomas of Kenya on Thursday 27th June 2013. Notice of the meeting will be published in due course.

By Order of the Board

Margaret M. Kipchumba
Company Secretary
27th February 2013