



WPP SCANGROUP LIMITED

FINANCIAL RESULTS FOR THE YEAR 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR 2015

All figures in Sh'000	2015	2014
Billings	16,791,084	16,886,418
Revenue	5,022,408	5,125,162
Operating and administrative expenses	(4,669,817)	(4,479,007)
Operating Profit	352,591	646,155
Net interest income	436,098	248,253
Other income	39,369	18,984
Foreign exchange gain / (loss)	47,213	(1,115)
Profit before tax	875,271	912,277
Tax charge	(396,599)	(286,801)
Profit for the year	478,672	625,476
Other Comprehensive Income:		
Exchange difference on translating foreign operations	(203,368)	(43,416)
Total comprehensive	275,304	582,060
Basic and diluted earnings per share (Sh)	1.12	1.50

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

All figures in Sh'000	2015	2014
ASSETS		
Non-current assets		
Equipment	492,429	517,246
Investments in associates and other equity investments	3,603	4,274
Deferred tax asset	223,308	227,190
Goodwill	1,612,235	1,612,235
	2,331,575	2,360,945
Current assets		
Trade and other receivables	5,469,701	6,765,229
Receivable from related parties	80,253	49,945
Work-in-progress	15,283	30,228
Tax recoverable	410,376	281,883
Cash and bank balances	4,161,291	3,795,874
	10,136,904	10,923,159
TOTAL ASSETS	12,468,479	13,284,104
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	378,865	378,865
Share premium	8,281,817	8,281,817
Revenue reserve / (deficit)	86,598	(147,545)
Translation deficit	(302,865)	(108,016)
Equity attributable to share holders of the holding company	8,444,415	8,405,121
Non-controlling interests (NCI)	159,845	137,510
Total equity	8,604,260	8,542,631
Non-current liabilities		
Deferred tax liability	9,356	7,754
Loan payable to related parties	176,400	293,710
	185,756	301,464
Current liabilities		
Trade and other payable	3,559,384	4,275,713
Payable to related parties	29,411	93,236
Tax payable	77,597	57,036
Dividends payable	12,071	14,024
	3,678,463	4,440,009
TOTAL EQUITY AND LIABILITIES	12,468,479	13,284,104

DIRECTORS NOTE

The Group faced tough trading environment during 2015 in Kenya, its largest market. As a consequence the Group's revenue declined by 2%. Kenya now accounts for 66% (2014: 70%) of the Groups revenue and we anticipate it to reduce further to ~60% in 2016/17. Performance of operations outside of Kenya was strong as we continue to develop these newer markets. Results in Ghana, Nigeria, South Africa and Uganda were particularly pleasing. In terms of disciplines, we saw faster growth in PR and Digital business than in our core Advertising and Media business, which continues to grow at a slower pace. Due to the revenue decline and investments in PR and Digital businesses, our operating profit (OP) in 2015 declined from Sh646m to Sh353m. The Group PBT declined by only 4% on account of strong cash management. Our effective tax rate increased from 31% to 45% due to deferred tax adjustments. Groups PAT, at Sh478m, was 23% down and its EPS decreased 25% from Sh1.50 in 2014 to Sh1.12 in 2015.

2016 YTD Revenue, OP and PBT have shown positive growth and the Board of Directors' is confident this will continue.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

All amounts in Sh'000	Share capital	Share premium	Revenue reserve / (deficit)	Trans-lation deficit	NCI	Total
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)	(4,239)	(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
At 1 January 2015	378,865	8,281,817	(147,545)	(108,016)	137,510	8,542,631
Profit for the year	-	-	423,576	-	55,096	478,672
Other comprehensive income	-	-	-	(194,849)	(8,519)	(203,368)
Dividend declared	-	-	(189,433)	-	(24,242)	(213,675)
At 31 December 2015	378,865	8,281,817	86,598	(302,865)	159,845	8,604,260

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR 2015

All figures in Sh'000	2015	2014
Cash generated from operating activities before working capital changes	594,860	816,859
Working capital changes	469,359	746,087
Tax paid on operating income	(444,798)	(422,324)
Cash generated from operating activities	619,421	1,140,623
Cash generated from investing activities	202,495	87,537
Cash used in financing activities	(349,658)	(229,242)
Cash and cash equivalent at the beginning of the year	2,794,849	2,794,849
Net increase in cash and cash equivalent	472,258	998,917
Effect of fluctuation in exchange rate	(173,160)	(30,651)
Cash and cash equivalent at the end of the year (Note 1)	4,062,213	3,763,115

Note 1: Excludes accrued interest on deposits (2015:Sh99,078 ; 2014:Sh32,759) which is included in cash and bank balances.

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of WPP Scangroup Limited (erstwhile Scangroup Limited)

The accompanying summary financial statements, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of comprehensive income are derived from the audited financial statements of WPP Scangroup Limited and its subsidiaries (the Group) for the year ended 31 December 2015. We expressed an unqualified audit opinion on those financial statements in our report dated 27 April 2016.

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 WPP Scangroup Limited and its subsidiaries for the year ended 31 December 2015 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)
27 April 2016
Nairobi