



SCANGROUP

GROUP UNAUDITED RESULTS FOR SIX MONTHS PERIOD ENDED 30TH JUNE 2011

all amounts in Ksh'000

| Particulars | 30th June 2010 | 30th June 2011 | 31st December 2010 |
|-------------|----------------|----------------|--------------------|
| | (Six months) | (Six months) | (Twelve months) |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | | |
|---|--------------------|--------------------|--------------------|
| Billings | 3,290,069 | 5,605,946 | 11,363,839 |
| Revenues | 816,514 | 1,527,124 | 2,345,554 |
| Investment Income | 54,146 | 71,476 | 172,170 |
| Profit before Taxation | 265,543 | 520,951 | 838,396 |
| Taxation | (65,253) | (146,405) | (197,811) |
| Profit for the period after Tax | 200,290 | 374,546 | 640,585 |
| Other Comprehensive income: | | | |
| Currency translation differences | (3,754) | (3,541) | 5,684 |
| Gains on Revaluation of available for sale assets | 107,623 | - | 22,141 |
| Total Comprehensive Income for the period | 304,159 | 371,005 | 668,410 |
| Profit after tax attributable to : | | | |
| Equity holders of the company | 197,585 | 304,963 | 578,587 |
| Minority Interest | 2,705 | 69,583 | 61,998 |
| Total | 200,290 | 374,546 | 640,585 |
| Total Comprehensive Income attributable to : | | | |
| Equity holders of the company | 301,454 | 301,422 | 606,412 |
| Minority Interest | 2,705 | 69,583 | 61,998 |
| Total | 304,159 | 371,005 | 668,410 |
| Basic earning per share (EPS - Ksh, refer to Notes below) | 0.74 | 1.07 | 2.13 |
| Diluted earnings per share (Ksh) | 0.74 | 1.07 | 2.13 |
| Weighted average number of shares in issue : (refer to Notes below) | 268,154,510 shares | 284,500,008 shares | 271,368,855 shares |

Notes:

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

2. The Company issued 47,464,855 bonus shares in the proportion of 1 new ordinary share for every 5 fully paid up ordinary shares held on 25th May, 2011.

Consequently prior period EPS has been restated to reflect the same.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 30th June 2010 | As at 30th June 2011 | As at 31st December 2010 |
|--------------------------------|----------------------|----------------------|--------------------------|
| ASSETS | | | |
| Equipment | 107,180 | 225,197 | 221,491 |
| Goodwill | 83,548 | 315,671 | 315,671 |
| Other non current assets | 6,333 | 88,559 | 88,559 |
| Government of Kenya Securities | 636,620 | - | 265,818 |
| Current Assets | 3,509,442 | 6,462,426 | 7,117,892 |
| Total Assets | 4,343,123 | 7,091,853 | 8,009,431 |

EQUITY AND LIABILITIES

| | | | |
|--|------------------|------------------|------------------|
| Share Capital | 220,690 | 284,789 | 234,570 |
| Share Premium | 1,328,105 | 1,754,388 | 1,680,666 |
| Revenue Reserve | 867,759 | 1,387,597 | 1,248,761 |
| Investment revaluation reserve | 142,055 | - | 56,573 |
| Translation Reserve | (13,660) | (7,762) | (4,222) |
| Equity settled employee benefits reserve | - | - | 40,625 |
| Total Shareholder's Fund | 2,544,949 | 3,419,012 | 3,256,973 |
| Minority Interest | 15,087 | 390,414 | 320,831 |
| Non - Current Liabilities | 9,795 | 326,404 | 191,143 |
| Current Liabilities | 1,773,292 | 2,956,023 | 4,240,484 |
| Total Equity and Liabilities | 4,343,123 | 7,091,853 | 8,009,431 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

| | 30th June 2010 | 30th June 2011 | 31st December 2010 |
|--|----------------|------------------|--------------------|
| Cash generated from operations | 189,441 | (747,023) | 1,200,564 |
| Taxation paid | (84,158) | (181,638) | (187,712) |
| Net cash generated from operating activities | 105,283 | (928,660) | 1,012,852 |
| Net cash used in investing activities | 38,123 | 263,134 | 328,659 |
| Net cash generated from / (used in) financing activities | (5,297) | 58,265 | 123,051 |
| Increase / (decrease) in cash and cash equivalents | 138,109 | (607,261) | 1,464,562 |

Movement in Cash and Cash Equivalent

| | | | |
|---|----------------|------------------|------------------|
| At the beginning of the period | 676,768 | 2,178,652 | 676,768 |
| Increase / Decrease during the year | 138,109 | (607,261) | 1,464,562 |
| Effect of exchange rates | (3,754) | (3,541) | 3,822 |
| Cash balance acquired on acquisition of Ogilvy entities | - | - | 33,500 |
| Increase / (decrease) in cash and cash equivalents | 811,123 | 1,567,850 | 2,178,652 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share Capital | Share Premium account | Revenue Reserve | Investment Revaluation | ESOP Reserve | Translation Reserve | Minority Interest | Total |
|---------------------------------------|----------------|-----------------------|------------------|------------------------|--------------|---------------------|-------------------|------------------|
| As at Dec 2010 | 234,570 | 1,680,666 | 1,248,761 | 56,573 | 40,625 | (4,221) | 320,831 | 3,577,805 |
| Issue of new shares | 2,754 | 80,562 | - | - | - | - | - | 83,316 |
| Reversal of ESOP | - | 40,625 | - | - | (40,625) | - | - | - |
| Issue of Bonus shares | 47,465 | (47,465) | - | - | - | - | - | - |
| Net Profit for the period | - | - | 304,963 | - | - | - | 69,583 | 374,546 |
| Dividend declared | - | - | (166,127) | - | - | - | - | (166,127) |
| Reversal of Investment Revaluation | - | - | - | (56,573) | - | - | - | (56,573) |
| Other Comprehensive income / (Losses) | - | - | - | - | - | (3,541) | - | (3,541) |
| As at 30th June 2011 | 284,789 | 1,754,388 | 1,387,597 | - | - | (7,762) | 390,414 | 3,809,426 |
| As at Dec 2009 | 220,690 | 1,328,105 | 780,519 | 34,432 | - | (9,906) | 12,382 | 2,366,222 |
| Dividend paid | - | - | (110,345) | - | - | - | - | (110,345) |
| Other Comprehensive income / (Losses) | - | - | - | 107,623 | - | (3,754) | - | 103,869 |
| Net Profit for the period | - | - | 197,585 | - | - | - | 2,705 | 200,290 |
| As at 30th June 2010 | 220,690 | 1,328,105 | 867,759 | 142,055 | - | (13,660) | 15,087 | 2,560,036 |

Basis of preparation

The condensed interim consolidated comprehensive income statements have been prepared in accordance with international accounting standard (IAS) 34 on Interim Financial Reporting. The accounting policies are consistent with those used for the group's 2010 annual financial statements.

DIRECTORS COMMENTS:

Highlights :

Revenues Up by 87%
 Profit Before Tax Up by 96%
 Profit After Tax Up by 87%

The Financial results for the six months period to 30th June 2011 include consolidation of the Ogilvy entities which were acquired in October 2010. Profit Before Tax is after accounting for gain from sale of Government of Kenya Securities of Ksh 35.6 Million (30th June 2010: nil).

Dividends :

The Board of Directors do not recommend an interim dividend for the year 2011.

By Order of the Board

M. M. Kipchumba
 Company Secretary
9th August 2011

| SCANGROUP LIMITED | | | | |
|--|------------------|------------------|-------------------------|--------------------|
| CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | | | | |
| Particulars | 30th June 2010 | 30th June 2011 | % Change over June 2010 | 31st December 2010 |
| | (Six months) | (Six months) | (Six months) | (Twelve months) |
| | Kshs'000 | Kshs'000 | % | Kshs'000 |
| Billings | 3,290,069 | 5,605,946 | 70% | 11,363,839 |
| Cost of Sales | (2,473,555) | (4,078,822) | 65% | (9,018,285) |
| Revenues | 816,514 | 1,527,124 | 87% | 2,345,554 |
| Other operating income | 573 | 1,378 | 140% | 899 |
| Overheads: | | | | |
| Administrative Expenses | (568,566) | (977,866) | -72% | (1,515,076) |
| Operating Expenses | (56,437) | (113,236) | -101% | (171,200) |
| Finance Cost/Exchange (loss)/gain | 19,314 | 12,076 | 37% | 6,049 |
| Investment income | 54,146 | 71,476 | 32% | 172,170 |
| Profit before Taxation | 265,544 | 520,951 | 96% | 838,396 |
| Taxation | (65,253) | (146,405) | -124% | (197,811) |
| Profit after taxation | 200,291 | 374,546 | 87% | 640,585 |
| Other Comprehensive income: | | | | |
| Gains/Losses recognised directly in Equity | | | | |
| Currency translation differences | (3,754) | (3,541) | 6% | 5,684 |
| Gains on Revaluation of available for sale assets | 107,623 | --- | 100% | 22,141 |
| Total Comprehensive Income for the period | 304,160 | 371,005 | 22% | 668,410 |
| Profit attributable to : | | | | |
| Equity holders of the company | 197,585 | 304,963 | 54% | 578,587 |
| Non Controlling interest | 2,705 | 69,583 | 2472% | 61,998 |
| Total | 200,290 | 374,546 | 87% | 640,585 |
| Total Comprehensive Income attributable to : | | | | |
| Equity holders of the company | 301,455 | 301,422 | | 606,412 |
| Non Controlling interest | 2,705 | 69,583 | | 61,998 |
| Total | 304,160 | 371,005 | 22% | 668,410 |
| | Ksh | Ksh | Ksh | Ksh |
| Basic earning per share (restated) | 0.74 | 1.07 | 45% | 2.13 |
| Diluted earnings per share | 0.74 | 1.07 | 45% | 2.13 |
| Number of shares in issue (restated) - Note | 268,154,510 | 284,500,008 | | 271,386,855 |

Note: The Company issued 47,464,855 bonus shares in the proportion of 1 new ordinary share for every 5 fully paid up ordinary shares held in 2011. Consequently, as per IAS 33, prior period EPS has been restated to reflect the same.

SCANGROUP LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Ksh'000 | 30th June 2010 | 30th June 2011 | 31st December 2010 |
|--|-----------------------|-----------------------|---------------------------|
| Non-Current Assets | | | |
| Equipment | 107,180 | 225,197 | 221,492 |
| Deferred tax asset | 6,333 | 88,559 | 88,559 |
| Goodwill | 83,548 | 315,671 | 315,671 |
| | | --- | |
| | 197,060 | 629,428 | 625,722 |
| Current Assets | | | |
| Trade & other receivables | 2,688,205 | 4,887,221 | 4,856,416 |
| Work in progress | 10,115 | 7,356 | 61,672 |
| Investment in Government Securities | 636,620 | --- | 265,818 |
| Bank Deposits | 500,696 | 750,748 | 1,512,547 |
| Cash and Bank balances | 310,427 | 817,101 | 687,257 |
| | 4,146,062 | 6,462,426 | 7,383,710 |
| | | | |
| Total Assets | 4,343,122 | 7,091,854 | 8,009,432 |
| | | | |
| Capital and Reserves | | | |
| Share Capital | 220,690 | 284,789 | 234,570 |
| Share Premium | 1,328,105 | 1,754,388 | 1,248,761 |
| Revenue Reserves | 850,898 | 1,379,835 | 1,680,666 |
| Investment revaluation reserve | 142,055 | --- | 56,573 |
| Equity settled employee benefits reserve | --- | --- | 40,625 |
| Translation Reserve | 3,200 | --- | (4,221) |
| Equity attributable to equity holders of the parent | 2,544,948 | 3,419,012 | 3,256,974 |
| Non controlling interest | 15,087 | 390,414 | 320,831 |
| Total Equity | 2,560,035 | 3,809,427 | 3,577,805 |
| Non-Current Liabilities | | | |
| Loan due to a related party | 9,795 | 326,404 | 186,937 |
| Deferred Taxation | --- | --- | 3,694 |
| Finance Leases | --- | --- | 512 |
| | 9,795 | 326,404 | 191,143 |
| Non Controlling interest | | | |
| Trade and other payables | 1,656,796 | 2,912,736 | 4,141,174 |
| Due to related companies | | --- | |
| Finance Leases | --- | --- | 2,394 |
| Bank Overdraft | --- | --- | 21,152 |
| Non Controlling interest | --- | 9,796 | 69,767 |
| Dividend Payable | 116,496 | 33,492 | 5,996 |
| | 1,773,292 | 2,956,023 | 4,240,483 |
| Total Equity and Liabilities | 4,343,122 | 7,091,854 | 8,009,432 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Ksh'000 | Share capital | Share premium account | Revenue reserve | Revaluation reserve | Translation reserve | Equity settled employee benefit reserve | Non controlling interest | Total Equity |
|--|----------------|-----------------------|------------------|---------------------|---------------------|---|--------------------------|------------------|
| As at Dec 2010 | 234,570 | 1,680,666 | 1,248,761 | 56,573 | (4,221) | 40,625 | 320,831 | 3,577,805 |
| Issue of new shares (ESOP) | 2,754 | 80,562 | --- | --- | --- | --- | --- | 83,316 |
| Reversal of reserves arising from share based payments | --- | 40,625 | --- | --- | --- | (40,625) | --- | --- |
| Issue of Bonus shares | 47,465 | (47,465) | --- | --- | --- | --- | --- | --- |
| Net Profit for the period | --- | --- | 304,963 | --- | --- | --- | 69,583 | 374,546 |
| Dividend declared | --- | --- | (166,127) | --- | --- | --- | --- | (166,127) |
| Reversal of Investment Revaluation | --- | --- | --- | (56,573) | --- | --- | --- | (56,573) |
| Other Comprehensive income/Losses | --- | --- | --- | --- | (3,541) | --- | --- | (3,541) |
| As at 30th June 2011 | 284,789 | 1,754,388 | 1,387,596 | --- | (7,762) | --- | 390,414 | 3,809,427 |
| As at Dec 2009 | 220,690 | 1,328,105 | 780,519 | 34,432 | (9,906) | --- | 12,382 | 2,366,222 |
| Dividend paid | --- | --- | (110,345) | --- | --- | --- | --- | (110,345) |
| Other Comprehensive income/Losses | --- | --- | --- | 107,623 | (3,754) | --- | --- | 103,869 |
| Net Profit for the period | --- | --- | 197,585 | --- | --- | --- | 2,705 | 200,290 |
| As at 30th June 2010 | 220,690 | 1,328,105 | 867,759 | 142,055 | (13,660) | --- | 15,087 | 2,560,035 |

SCANGROUP LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW**

In Ksh'000

| OPERATING ACTIVITIES | 30th June 2010 | 30th June 2011 | 31st December 2010 |
|---|---------------------------|-----------------------|---------------------------|
| Cash generated from operations | 189,441 | (747,023) | 1,200,564 |
| Taxation paid | (84,158) | (181,638) | (187,712) |
| Net cash generated from operating activities | 105,283 | (928,660) | 1,012,852 |
| INVESTING ACTIVITIES | | | |
| Purchase of equipment | (17,077) | (36,873) | (153,249) |
| Proceeds from sale of equipment | --- | --- | 2,915 |
| Acquisition of Ogilvy entities (cash portion) | --- | --- | (53,609) |
| Funds from sale of Treasury Bonds | --- | 246,389 | 368,965 |
| Interest received from investments | 55,201 | 53,618 | 163,637 |
| Net cash used in investing activities | 38,123 | 263,134 | 328,659 |
| FINANCING ACTIVITIES | | | |
| New Share capital (ESOP) | --- | 83,316 | --- |
| Dividends paid to equity holders of parent company | (1,467) | (138,631) | (111,967) |
| Hire Purchase Loans repaid | (3,830) | (2,906) | (3,446) |
| Loan and capital received from other shareholder | --- | 116,486 | 238,464 |
| Net cash generated from financing activities | (5,297) | 58,265 | 123,051 |
| Increase / (Decrease) in cash and cash Equivalents | 138,109 | (607,261) | 1,464,562 |
| Movement in Cash and Cash Equivalents | | | |
| At the beginning of the year | 676,768 | 2,178,652 | 676,768 |
| Increase / (Decrease) during the year | 138,109 | (607,261) | 1,464,562 |
| Effect of fluctuations in exchange rates | (3,754) | (3,541) | 3,822 |
| Cash balance acquired on acquisition of Ogilvy entities | | | 33,500 |
| Cash and cash equivalent at the end of period | 811,123 | 1,567,850 | 2,178,652 |