

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

All figures in Ksh'000	H1 2020	H1 2019 Re-stated*
Continuing operations		
Net sales	1,089,337	1,371,348
Operating (loss)/profit before provision for bad debts	(267,513)	51,537
Provision for bad and doubtful debts	(328,820)	(53,054)
Interest income net of interest expense	39,058	115,309
Other income	8,671	7,659
Foreign exchange gain	31,523	6,314
(Loss)/profit before tax from continuing operations	(517,081)	127,765
Tax charge	(14,939)	(48,436)
(Loss)/profit for the period from continuing operations	(532,020)	79,329
Discontinued operations		
(Loss)/profit for the period from discontinued operations	(126,682)	170,524
Net gain on disposal of discontinued operations	2,242,028	-
Profit for the period	1,583,326	249,853
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translating foreign operations	(106,423)	(7,996)
Total comprehensive income for the period	1,476,903	241,857
Profit attributable to:		
Shareholders of the holding company	1,627,155	218,580
Non-controlling interests	(43,829)	31,273
	1,583,326	249,853
Total comprehensive income attributable to:		
Shareholders of the holding company	1,543,097	213,382
Non-controlling interests	(66,194)	28,475
	1,476,903	241,857
Basic and diluted earnings per share (Sh)	3.77	0.51
Number of shares '000	432,156	432,156

* Comparative figures for 30th June 2019 has been re-stated by disclosing results of discontinued operations separately

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

All figures in Ksh'000	30 June 2020	30 June 2019
ASSETS		
Non-current assets	1,967,512	3,605,159
Current assets	10,858,841	10,012,809
TOTAL ASSETS	12,826,353	13,617,968
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	432,156	432,156
Share premium	9,155,166	9,155,166
Revenue reserve / (accumulated deficit)	708,516	(2,347,803)
Translation deficit	(514,281)	(412,292)
Equity attributable to shareholders of the holding company	9,781,557	6,827,227
Non-controlling interests	80,785	142,048
Total equity	9,862,342	6,969,275
Non-current liabilities	218,395	801,816
Current liabilities	2,745,616	5,846,877
TOTAL EQUITY AND LIABILITIES	12,826,353	13,617,968

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

All figures in Sh'000	H1 2020	H1 2019
Cash (used in)/generated from operating activities	(70,076)	573,505
Tax paid	(144,783)	(322,600)
Net cash (used in) / generated from operating activities	(214,859)	250,905
Net cash flows from investing activities (including net proceeds from disposal of subsidiaries)	5,569,204	4,102
Net cash flows from financing activities	(35,217)	(908,131)
Net increase / (decrease) in cash and cash equivalents	5,319,128	(653,124)
Movement in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	2,133,713	4,424,749
Net increase / (decrease) during the period	5,319,128	(653,124)
Effect of fluctuations in exchange rates	(12,865)	10,640
Cash and cash equivalents at end of the period	7,439,976	3,782,265

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

All figures in KES'000	Share capital	Share premium	Revenue reserve	Translation reserve	Non-controlling interests	Total
At 1 January 2019	432,156	9,155,166	(837,759)	(407,094)	122,950	8,465,419
Profit for the period	-	-	218,580	-	31,273	249,853
Other comprehensive loss	-	-	-	(5,198)	(2,798)	(7,996)
Dividend declared - 2018	-	-	(1,728,624)	-	(9,377)	(1,738,001)
At 30 June 2019	432,156	9,155,166	(2,347,803)	(412,292)	142,048	6,969,275
At 1 January 2020	432,156	9,155,166	(2,128,152)	(430,223)	163,625	7,192,572
Profit for the period	-	-	1,627,155	-	(43,829)	1,583,326
Other comprehensive loss	-	-	-	(84,058)	(22,365)	(106,423)
Release of reserve upon disposal of subsidiary previously acquired under common control	-	-	1,209,513	-	-	1,209,513
Non-controlling interests released upon disposal of subsidiary	-	-	-	-	(16,646)	(16,646)
At 30 June 2020	432,156	9,155,166	708,516	(514,281)	80,785	9,862,342

Management Observations

The Board of Directors hereby announce the unaudited results of the Group for the six months period ended June 30, 2020.

As previously announced, the Group completed the sale of its interest in Millward Brown East Africa Limited, Millward Brown Nigeria Limited, Millward Brown West Africa Limited and Research & Marketing Group Investment Limited on 30 June 2020, whose results have been included as part of discontinued operations. The Group made a net gain on disposal of KShs 2.24 billion.

Consolidated results for continuing operations: Net sales has reduced by 21% as the advertising business was significantly affected due to cost-cutting measures taken by a number of our clients as a result of the COVID 19 outbreak. The Group has also undertaken measures to reduce its costs. Despite these measures, the Group made a operating loss before provision for bad debts of Ksh 267m (2019 - Profit Ksh 51 m) from its continuing operations. An additional bad debt provision of Ksh 329m has been made in this period, primarily relating to an overdue amount from a parastatal client. Foreign exchange gain increased by Ksh 25m from Ksh 6m in previous period. Interest income reduced by Ksh 76m mainly due to reduction in deposits used to pay the special dividend in 2019.

Group results

Group profit after tax increased from Ksh 250m to Ksh 1,583m primarily as a result of the gain on disposal of discontinued operations. The profit attributable to shareholders is Ksh 1,627m (2019 Ksh 219m).

Accounting Policies

The accounting policies used in preparing these financial statements are consistent with those used for the Group's 2019 annual financial statements.

Special interim dividend

On 6 July 2020, the Company announced that the Board of Directors has approved a payment of a special interim dividend of Shs 8.00 per share to the shareholders on the register on 28 July and payable on or before 27 August 2020.

Outlook for the rest of the year

We expect the results of the second half of the year to improve as compared to the first half. The company continues to identify efficiency enhancements.

By Order of the Board

Reuben Mwangi, Company Secretary, 06 August 2020