

SAFARICOM LIMITED

Condensed unaudited financial statements for the six month period ended 30 September 2013

Condensed consolidated Statement of Comprehensive Income	Group		Change %
	30-Sep-13	30-Sep-12	
KShs '000			
Revenue	69,201,287	59,118,149	17.1%
Cost of sales	(30,215,501)	(27,529,922)	9.8%
Gross Profit	38,985,786	31,588,227	23.4%
Operating expenses (selling, distribution, administration and other expenses/income)	(22,829,489)	(19,206,278)	18.9%
Operating Profit	16,156,298	12,381,949	30.5%
Net financing cost	(247,486)	(871,586)	(71.6%)
Share of associate loss	-	(365)	100.0%
Profit before tax	15,908,812	11,509,998	38.2%
Income tax expense	(4,648,570)	(3,735,149)	24.5%
Total comprehensive income for the period	11,260,242	7,774,849	44.8%
Attributed to:			
Equity holders of the Company	11,260,242	7,774,849	44.8%
Gross Margin			
	56.3%	53.4%	
Earnings per share for profit attributable to the equity holders of the Company			
- basic and diluted (Kshs per share)	0.28	0.19	47.4%

Condensed consolidated Statement of Financial Position	Group		Change %
	30-Sep-13	31-Mar-13	
KShs '000			
Capital Employed			
Share capital (including share premium)	4,044,303	3,850,000	5.0%
Retained earnings	75,275,370	64,015,128	17.6%
Hedge reserve	(65,342)	-	-
Proposed dividends	-	12,400,000	-
Shareholders Funds	79,254,331	80,265,128	(1.3%)
Non current borrowings	12,000,000	12,000,000	0.0%
Represented by	91,254,331	92,265,128	(1.1%)
Non Current Assets	102,331,629	103,500,133	(1.1%)
Current Assets:			
Inventories	2,489,172	2,234,294	11.4%
Receivables and prepayments	10,947,290	8,124,808	34.7%
Current income tax	567,625	-	-
Cash and cash equivalents	19,808,642	14,996,922	32.1%
	33,812,589	25,356,024	33.4%
Current Liabilities:			
Payables and accrued expenses	32,424,545	27,825,322	16.5%
Current income tax	-	537,749	(100.0%)
Derivative financial liability	65,342	-	-
Dividend payable	12,400,000	-	-
Borrowings	44,889,887	36,591,029	22.7%
	(11,077,298)	(11,235,005)	(1.4%)
Net current liabilities	91,254,331	92,265,128	(1.1%)

Condensed consolidated Statement of Cash Flows	Group		Change %
	30-Sep-13	30-Sep-12	
KShs '000			
Operating activities			
Cash generated from operations	30,982,628	16,317,286	89.9%
Net interest paid	(316,553)	(870,939)	(63.7%)
Income tax paid	(6,344,564)	(2,002,559)	216.8%
Net cash from operating activities	24,321,511	13,443,888	80.9%
Investing activities			
	(11,476,136)	(9,066,027)	26.6%
Financing activities			
	(8,033,655)	18,026	>(100%)
Net movement in cash and cash equivalents	4,811,720	4,393,887	
Movement in cash and cash equivalents			
At start of year	14,996,922	8,806,058	
Increase	4,811,720	4,393,887	
At end of the period	19,808,642	13,201,945	

Commentary on results

The Board of Directors is pleased to announce the unaudited results for the six month period ended 30 September 2013. The same accounting policies and methods of computation have been used as were in the last annual consolidated financial statements. During the period there was an increase in the number of customers to 20,821m as at 30 September 2013 from 19,221m as at 30 September 2012. In order to support this growth, the Company continued to invest heavily in both the expansion and modernization of 2G and 3G networks.

Capital expenditure during the six month period stood at Kshs 10.52bn (excluding acquisitions and investment in indefeasible Rights of Use - RUs). Capex spend is expected to increase to Kshs 16.0bn in the second half of FY14 assuming a favourable economic and regulatory environment. To finance this expansion, the Company will continue to reinvest a significant portion of internally generated cashflows.

Total borrowings as at 30 September 2013 stood at Kshs 12.0bn. Cash and cash equivalents stood at Kshs 19.81bn, leaving net cash of Kshs 7.81bn, up from net debt of Kshs 5.83bn for the period ended 30 September 2012.

Taxation

The Group continues to be the major contributor to the revenues of the Government and remitted Kshs 23.06bn in duties, taxes and license fees for the six month period ended 30 September 2013.

Dividends

As in previous years the Directors do not propose the payment of an interim dividend.

By order of the Board



Nicholas Nganga
Chairman

Date 5th November 2013

- ### Key highlights for the period ended 30 September 2013
- Customer numbers have increased by 8.3% to 20.821m as at September 2013 from 19.221m as at September 2012
 - Mobile data customers who were active in the last 30 days increased by 51.7% to 8.48m as at September 2013 from 5.59m as at September 2012
 - M-PESA customers who were active in the last 30 days grew to 11.55m as at September 2013 compared to 9.72m as at September 2012
 - Revenue increased by 17.1% to Kshs 69.20bn compared to Kshs 59.12bn in a similar six month period ended September 2012
 - Voice revenue increased by 12.0% to Kshs 41.92bn compared to Kshs 37.42bn in a similar six month period ended September 2012
 - SMS revenue grew by 48.7% to Kshs 6.35bn compared to Kshs 4.27bn in a similar six month period ended September 2012
 - Data revenue increased by 37.4% to Kshs 5.47bn compared to Kshs 3.98bn in a similar six month period ended September 2012
 - Growth in M-PESA revenue of 19.9% to Kshs 12.50bn compared to Kshs 10.43bn in a similar six month period ended September 2012
 - M-PESA/SMS/Data revenues increased to 35.1% of total revenues from 31.6% in a similar six month period ended September 2012
 - EBITDA increased by 29.4% to Kshs 28.85bn compared to Kshs 22.29bn in a similar six month period ended September 2012
 - Net income increased by 44.9% to Kshs 11.26bn compared to Kshs 7.77bn in a similar six month period ended September 2012.

